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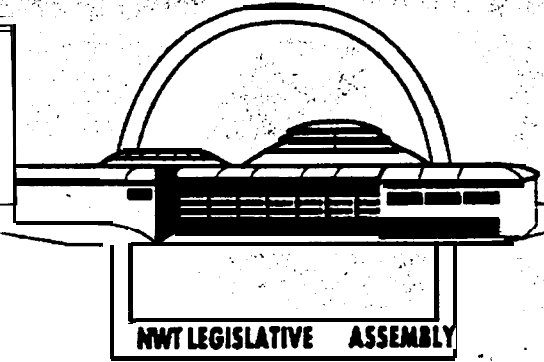
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INVESTING IN OUR FUTURE

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STANDING COMMITTEE ON FINANCE

INVESTING IN OUR FUTURE

OCTOBER 1994

**Jim Antoine, M.L.A.,
Chairperson**

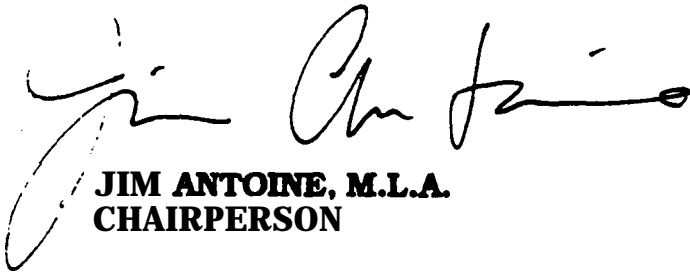
12th Assembly

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**THE HONORABLE JEANNIE MARIE-JEWELL, M.L.A.
SPEAKER, LEGISLATIVE ASSEMBLY
NORTHWEST TERRITORIES**

In accordance with its Terms of Reference, the Standing Committee on Finance is pleased to submit its report on Investing in Our Future. This report describes the major overall policy and strategic Issues that the Committee discussed during the September meetings.



**JIM ANTOINE, M.L.A.
CHAIRPERSON**

STANDING COMMITTEE ON FINANCE

“MISSION STATEMENT

The Mission of the Standing Committee on Finance **is** to advise the **Legislative** Assembly, on behalf of the Public, in all areas related to financial management and the proposed expenditure of funds -- and to hold government accountable for its spending.

GUIDING PRINCIPLES

The Standing Committee on Finance will be guided by the following principles in **carrying** out this Mission.

1. Government spending and financial management must respond **first** to fundamental human needs.
2. It must be guided by a strategic framework and be based upon sound fiscal policies.
3. It must ensure equity, fairness and universality of benefit to all residents of the Northwest Territories.
4. And it must be effective, **efficient**, and economical.

STANDING COMMITTEE ON FINANCE

CHAIRPERSON

Mr. Jim Antoine
M.L.A., Nahendeh

DEPUTY CHAIRPERSON

Mr. Kelvin Ng, M. L.A., Kitikmeot

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Mr. Michael Ballantine, M. L.A., Yellowknife North
Mr. Charles Dent, M. L.A., Yellowknife Frame Lake
Mr. Dennis Patterson, M. L.A., Iqaluit
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Mr. Sam Gargan, M. L.A., Deh Cho
Mr. John Ningark, M. L.A., Natilikmiot

"STAFF

Mr. Doug Schauerte, Committee Clerk
Ms. Joan Irwin, Committee Researcher
Mr. Robert Slaven, Committee Researcher

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SEPTEMBER 1994 REVIEW

The Standing Committee on Finance's budget review in September 1994 departed slightly from reviews in past years. Since February 1992 when the Capital Estimates were first considered in advance of the Main Estimates, the Committee has reviewed the Capital Estimates in the fall and the Main Estimates early the following year. It has become increasingly apparent that reviewing capital plans, in the absence of considering the "big picture", is unrealistic. As well, the Committee is fully aware of the tremendous pressures on the fiscal resources of the Government of the Northwest Territories (GNWT). The present government is entering the last year of its term and Committee Members felt that it was necessary to consider the whole budget in anticipation of the transition to a new government. Therefore, the Committee decided that it was necessary and timely to examine both the budget process as a whole, and outstanding issues related to the operating budget, in addition to the proposed capital expenditures.

REVIEW THEME

The Committee's review was conducted in the context of the larger issues of overall government fiscal policy and effective resource management. Committee Members carefully reviewed fiscal strategies and plans as well as spending priorities.

Throughout the review, Committee Members focused on finding solutions to problems identified. New and innovative approaches to conducting the business of government were explored and are reported in this and other Committee reports.

REVIEW PROCESS

The review was undertaken in two stages. The first was conducted in Nunavut and the second in the Western N'WT.,

CONSULTATION AND LEARNING

Committees of the Legislative Assembly of the Northwest Territories have committed to visiting and consulting with communities across the Territories. In response to this commitment, the Standing Committee on Finance visited Iqaluit, Katannilik Park and Lake Harbour.

Katannilik Park and Lake Harbour

In its report on the 1994/95 Capital Estimates, the Standing Committee on Finance raised the issue of the cost-effectiveness of the parks and tourism program. Specifically, the Committee had this to say on the issue:

“The Committee is very concerned about the absence of a strong rationale for the overall allocation of capital funding to tourism projects. It is imperative that a comprehensive economic assessment, which clearly identifies the real and potential benefits to communities, be conducted. The results of such an assessment are necessary to determine the appropriate allocation of overall capital funding to parks development and other tourism projects. In light of the 4.5 million dollars that the government plans to commit next year, this type of information will prove invaluable.

A specific example, of the need for further information, is provided by the Katannilik Park near Lake Harbour on Baffin Island. The planned investment in this park, between 1992 and 1998, is 1.4 million dollars. Katannilik is a ‘destination’ park where visitors come specifically to experience its remote location and Arctic environment. The park undoubtedly contributes directly to the community’s economy, in terms of employment generation and local purchasing, but adequate measures of indirect benefit to the community and region have not been quantified.

The Committee would like to see the Department use Katannilik Park, specifically, for a detailed forecast of economic costs and benefits associated with the parks program.”

Committee Members toured Katannilik Park and met with Lake Harbour’s Economic Development Officer, the community’s Parks and Tourism Committee, the Hamlet Council, local outfitters and residents. These consultations allowed the Committee to collect information first hand.

Iqaluit

In Iqaluit, the Committee held in-camera budget review sessions, toured facilities and met with local and regional groups. Specifically, Committee Members undertook the following activities:

- met with elders and toured the elders' residence;
- met with members of the **Baffin** Regional Inuit Association;
- met with members of the **Baffin** Chamber of Commerce;
- met with members of the **Iqaluit** Chamber of Commerce;
- toured the new Young Offenders' facility and consulted with staff
- visited the new Apex school;
- visited an archaeological site; and
- met with local outfitters and residents.

Yellowknife

The Standing Committee on Finance met in **Yellowknife** from September 12 to September 23, 1994 to conduct the budget review with **Ministers** and Departmental staff. An initial briefing session was held with the Chairman of the Financial Management Board on September 12. This was followed by Departmental reviews and a final review session with the Chairman of the Financial Management Board to address remaining outstanding issues.

Committee Members would like to express their appreciation to the Chairman of the Financial Management Board for his cooperation and efforts throughout the Committee's review.

COMMITTEE REPORTS - SEPTEMBER 1994 REVIEW

The Standing Committee on Finance has prepared three separate reports as a result of the September deliberations. This document, as the first report, describes the major overall policy and strategic issues that the Committee discuss-ed and contains five comprehensive recommendations.

The second report describes the Committee's review of the Five Year Capital Forecasts from 1995 /96 to 1999/2000. This report focuses on policy and major financial issues, leaving the detailed line by line scrutiny of the 1995/96 Capital Estimates for review in the Legislative Assembly - Committee of the Whole.

The third report is a status report on the Government's response to Standing Committee of Finance recommendations made during the review of the 1994/95 Main Estimates.

CANADA AND THE NORTHWEST TERRITORIES

NWT PROFILE

The Northwest Territories has experienced tremendous change over the last few years. While much of this change has been positive, for example, technological advances in medicine and education, the change itself has created increasing volumes of social problems. Reported sexual assaults have increased by 25% in 1993 over 1992 and violent crime in the Northwest Territories is six times the national average.

Pauktuuttit, in their brief to the Fourth Round of Public Hearings held by the Royal Commission on Aboriginal Peoples, presented what they believe should be the government's approach to these problems.

“Government should abandon, once and for all, the idea that society's problems can be separated, categorized and ordered . . . The over-all health and well-being of our people is intrinsically tied to the social, political and economic development of our communities. We can no longer afford to pay the price of dividing issues into manageable portfolios, programs and services. A holistic integrated approach is necessary at every level and in relation to every issue or problem.”

The Northwest Territories is unique, both in this country and in the world. The challenges facing governments in providing for its citizens are tremendous. The land mass of the Northwest Territories comprises one third of the area of Canada and is larger than many countries in the world. There are over 60 communities spread across this vast area. Many of these communities are remote, have very few inhabitants and no road access. Residents endure harsh climatic conditions. As a result of these and other factors, living costs are significantly higher in the Northwest Territories than in the provinces.

The Territories is composed of many different cultures and has eight official languages. In addition, many people wish to support traditional lifestyles and values. Many of the smaller, traditional communities suffer from high levels of unemployment, high dependence on social assistance and limited employment opportunities. While the Government sector provides about 50 percent of all jobs, government funding, at all levels, is getting tighter. In addition, the Northwest Territories has a limited tax base and, as a result, depends on federal funding for about 80 percent of its expenditure needs.

Preparations are now underway for 1999 when the NWT will be divided and two new territories will be created. Organizations in both areas are involved in developing constitutions and government structures. The situation in the Western Arctic is complicated by the fact that some aboriginal organizations are in the process of settling land claims. In addition, some organizations are negotiating self government.

THE NEW LIBERAL GOVERNMENT AND THE CANADIAN ECONOMY

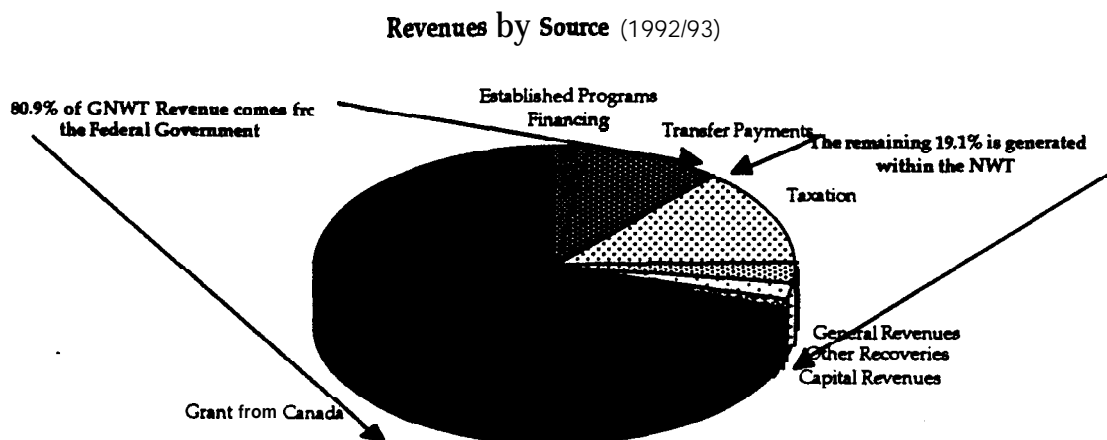
In October 1993, the Liberals were elected nationally on a platform of making change: of challenging conventional thinking, being innovative, restoring public confidence in government and "getting government right". The Liberals' approach to economic policy was presented in their campaign "Red Book" and is summarized, as follows, in a document entitled "**How Ottawa Spends, 1994-95: Making Change**":

"A two-track fiscal policy is emphasized, directed at job creation and growth while simultaneously reducing the deficit to 3 percent of gross domestic product (GDP) by the fall of 1996. A large number of specific commitments are made, including a capital infrastructure program; reductions in defense spending; a 15 percent cut in the 4.1 billion dollar consulting and professional services budget of the federal government; renegotiation of federal-provincial arrangements (especially Established Programs Financing) that are expiring in the near future; replacement of the GST with a system that is perceived to be fairer, but that generates equivalent revenues; and renegotiation of the free trade agreements to iron out certain details." (page 14)

The Liberal government introduced its first budget on February 22, 1994. This budget took a relatively mild overall approach to deficit cutting and was seen by many as not very different from previous budgets put forward by the Progressive Conservatives. There was an indication, however, that Canadians could expect to see, in the next budget, major reductions in transfers to the provinces and territories. Overall, the first budget impressed few people, and the real test for the Liberal government is expected to come in its 1995 budget. The 1995 budget will be expected to deliver job creation and social policy reform while at the same time addressing the need to reduce the deficit. The GNWT must remain vigilant to ensure that federal deficit reduction measures do not put the well-being of NWT residents at risk.

NEGOTIATING WITH THE FEDERAL GOVERNMENT

The majority of funding for the Government of the Northwest Territories comes from the federal government. Figure 1, below, illustrates GNWT revenues by source for the fiscal year ended March 31, 1993 (these are the latest available figures). Appendix C provides a more detailed description of revenues. It provides a summary of revenues, by source, for the fiscal years 1988/89 to 1992/93 inclusive.



Revenues from Canada come through four different sources:

- Formula Financing Agreement (70%)
The Formula Financing Agreement with the federal government is described in Appendix A.
- Established Programs Financing (2%)
This category includes health insured services, post-secondary education and extended health care.
- Transfer Payments (9%)
Transfer payments include health care -- Indian and Inuit, Canada Assistance Plan, health related services, continuing education, Young Offender Act, Legal and Correctional Services, Economic Development Agreement.
- Recoveries from Canada (.002%)
Recoveries from Canada include airport development, Tuvvik Treatment Centre, recreational facilities, Federal Sales Tax rebate and correctional institutes.

FORMULA FINANCING AGREEMENT

The Formula Financing Agreement with the Government of Canada expires March 31, 1995. Negotiations for a new funding arrangement are currently underway. Committee Members remain concerned that the Government of the Northwest Territories does not appear to have a comprehensive strategic plan and fiscal policy in place to guide these critical negotiations. Members feel there is an urgency associated with the development and implementation of a long term fiscal strategy. Further, it is imperative that such a strategy govern negotiations with the federal government, which is also facing an ever worsening fiscal situation.

The present Formula Financing Agreement, although flawed in some areas, has provided a good measure of stability. However, the federal government has been reducing funding to the Northwest Territories in areas not covered by the Agreement. Prime and significant examples of this type of funding cut are health billings and the reduction of funding to support social housing.

It is in view of these considerations, the Standing Committee made the following recommendation in February 1994:

The Committee recommends that the Financial Management Board develop an integrated plan and political strategy that brings together the major financial issues facing the GNWT. There should be one package presented to the federal government that incorporates such issues as Health billings, forest fire suppression costs, Formula Financing Agreement, and incremental added costs for Division, Land Claims implementation and others. It should include revenue producing responsibilities such as the Northern Accord including a Mining Accord. The Financial Management Board should develop possible compromises and tradeoffs among these issues and develop a political strategy to achieve the following results:

- Certainty of adequate funding to create and sustain two new Territories with no diminished level of service.
- Each territory to be given the economic tools necessary to lessen their dependence on the federal government - eg. Northern Accord.

OTHER EXISTING FUNDING AGREEMENTS

During the September review, the Committee was informed of the possibility that there could be significantly reduced federal contributions to support official languages. Committee Members are very concerned about the impact of these reductions in a jurisdiction where there are eight official languages and where language is seen as the primary means for preserving aboriginal cultures.

Committee Members would be extremely disappointed if the federal government failed to provide adequate funding to assist in preserving aboriginal cultures through language. Significantly reduced funding support would demonstrate a disregard for the spirit and intention of the original agreement between the Government of Canada and the GNWT. The federal government has a legal responsibility and constitutional obligation to protect aboriginal rights of which aboriginal languages are fundamental.

The GNWT entered into the original Canada-NWT Cooperation Agreement for French and Aboriginal Languages in good faith. Programs were designed assuming that funding would be available. Funding reductions will have an immediate negative impact on both aboriginal languages and the provision of French language services in the Northwest Territories.

This agreement is still in the negotiating stage and the Committee strongly urges the GNWT to consider the impact of recent and proposed funding cuts as part of the total "package" of financial arrangements that need to be addressed between the GNWT and the Government of Canada.

NEW AGREEMENTS BEING NEGOTIATED

The Committee was informed during its recent review, that an agreement will likely be reached soon with the federal government, regarding the transfer of Arctic "A" Airports to the GNWT. Under the new agreement the GNWT would own the airports and have responsibility to plan, design, construct, manage, operate, maintain and finance all Arctic "A" airports. Transport Canada would retain responsibility for aviation safety and security, air navigation systems and services, and air carrier matters.

The Committee was informed that the benefits associated with the proposed transfer of responsibility, include the following:

- improved system planning;
- increased business and employment opportunities for Northerners;
 - ability to share resources;
- secure funding levels;

- increased local control; and
- increased technical resources.

The risks associated with the potential transfer were also discussed. One of the most important considerations in assessing risk is the potential impact of the transfer on the future Formula Financing Agreement. Committee Members would like reassurance that this pending agreement be considered as part of the "package" when negotiating with the federal government.

OUTSTANDING FINANCIAL ISSUES

At this time, when the Formula Financing Agreement is being renegotiated, there are a number of outstanding financial issues. These outstanding issues are causing a great deal of uncertainty about the long term fiscal stability of the GNWT. These issues include the following items:

- Health Billings Dispute:
- Federal Funding for Social Housing;
- RCMP Billings; and
- Pay Equity.

Health Billings

The GNWT's claims to Canada for Indian and Inuit hospital care have been disputed by Canada. In November 1992, the Government filed a Statement of Claim in Federal Court. This litigation action is in process. The Auditor General of Canada described the financial situation facing the GNWT in this dispute, in the following passage:

"If the courts award the full amount the government (GNWT) has claimed, the government will receive 62 million dollars more than it has shown as receivable in the financial statements . . . In the worst case scenario, the government would receive nothing and would have to write off about 60 million dollars currently booked as receivables. " (Auditor General's Report to the Legislative Assembly for the year ended March 31, 1993.)

Federal Funding for Social Housing

Federal funding to support housing programs in the Northwest Territories, through Central Mortgage and Housing, has been decimated in the last three years. The Minister responsible for the NWT Housing Corporation and the NWT federal Members of Parliament are continuing

efforts to persuade the federal government to reinstate this crucial finding. Committee Members feel that it is imperative that the federal government honour its fiduciary responsibility to aboriginal people and its overall responsibility to all people of the NWT.

Therefore, the Committee urges the GNWT to pursue funding support for social housing as part of the "package" of issues currently being negotiated with the federal government.

RCMP Billings - Royal Oak Labour Dispute

The issue of financial responsibility for policing during the Royal Oak Mine labour dispute remains outstanding. The Department of Justice reported to the Auditor General that no one can accurately guess how an arbitrator or a court will resolve the political, constitutional, legal and public policy aspects of the policing costs for the labour dispute. (Report of the Auditor General to the Legislative Assembly for the year ended March 31, 1993). The issues in dispute in this case must be considered in Formula Financing negotiations with the federal government.

Pay Equity

In March 1989, the Union of Northern Workers filed an equal pay complaint against the Government under the Canadian Human Rights Act. Negotiations to settle this complaint concluded unsuccessfully in February 1993. The GNWT has subsequently filed a motion in the Federal Court of Canada applying for a declaration that the Canadian Human Rights Commission has no jurisdiction to deal with the complaint. The issue remains unsettled and it is not possible to reasonably determine the liability, if any, that may result from the claim.

NEW FEDERAL GOVERNMENT INITIATIVES

Infrastructure Agreement

On December 21, 1993, Canada's First Ministers agreed to proceed with signing federal-provincial and federal-territorial agreements governing the Infrastructure Program. In August 1994, the Infrastructure Program Agreement between the GNWT and the Government of Canada was signed. The Program is intended to create short and long-term employment through investment in local communities, while meeting the need to enhance physical infrastructure in those communities.

Program funding will be allocated to communities based on the number of working age people, in each community, who are not employed.

Maximum and minimum amounts will be applied to ensure that all communities have a basic amount of funding with which to work.

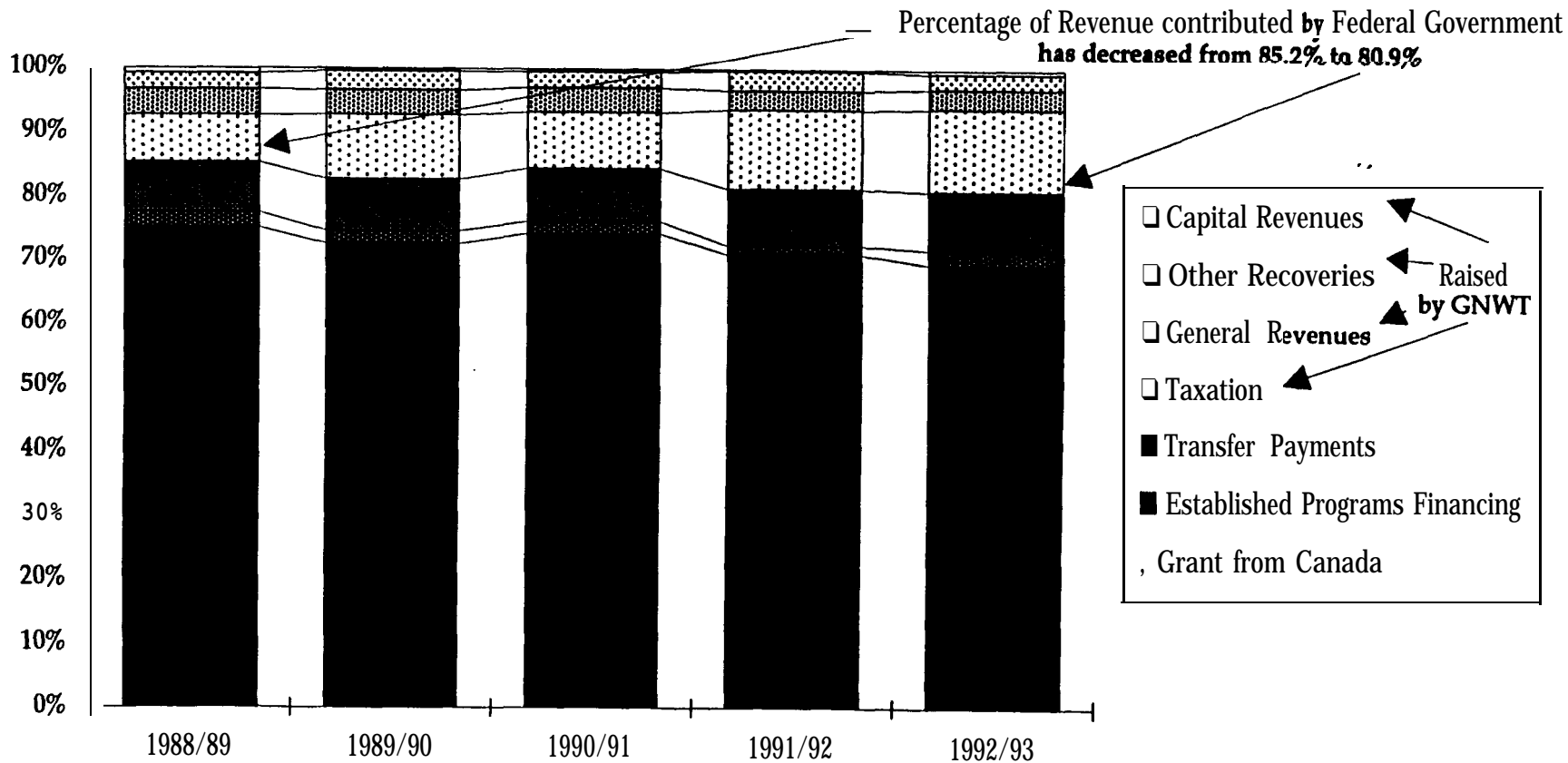
The Program is essentially a two-year, cost-shared initiative to which the federal government will contribute 5.4 million dollars. This amount includes nearly 1 million dollars allocated through the First Nations Infrastructure Initiative. The GNWT will match this contribution. Potential contributions from tax-based communities may provide up to 1.6 million dollars additional funding towards infrastructure projects.

The Committee was pleased with the GNWT's success in negotiating the Infrastructure Agreement with the federal government. However, Members caution the Minister of Finance to ensure that gains made in this area are not offset by losses in other areas. The GNWT must be vigilant and must consider all negotiated financial issues with the federal government together -- the "package" approach must be maintained. The Minister of Finance must be constantly aware of the "balance sheet" with the federal government.

CHANGES IN REVENUE SOURCES

The bar chart shown on the following page shows how the proportion of revenue coming from various sources has changed over the five year period 1988/89 to 1992/93. The percentage of total revenue provided by the federal government has decreased from 85.2% in 1988/89 to 80.9% in 1992/93.

Changes in GNWT Revenue Sources



MANAGING INTERNALLY

STRATEGIC PLANNING

Too Many Initiatives

While reviewing the 1994/95 Main Estimates, the Committee noted an extremely ambitious schedule of recent and new initiatives being proposed for the current fiscal year. While most of the proposed initiatives sound very good by themselves, Committee Members are very concerned about the Government's ability to accomplish all that has been set out, within the limits of the resources available. This is particularly important in view of the relatively short time left in this government's term.

The Committee would prefer to see **Departments** and the Government as a whole assess and **establish** priorities for all of these initiatives and tackle only the top priorities. There is a need to produce significant results. Committee Members feel that it is important that government resources be allocated in a planned and focused manner. These limited resources should not be spread too thinly. The Government must decide what it wishes to accomplish in the next year.

Setting Priorities

In the Committee report on the 1994/95 Capital Estimates and again in the report on the 1994/95 Main Estimates, Members indicated that education should be established as the number one priority for the GNWT over the long term. The Committee's rationale for this suggestion was based on a number of considerations, including the following:

- the Committee believes that, through a significant investment in education, we may become more independent of the federal government:
- by educating our youth, we will be able to build a stronger economic base: and
- with an educated population, there should be less reliance on other programs such as social housing and social services.

Rethinking High Cost Programs

Social Housing

The Standing Committee on Finance asked, during last year's review of the Capital Estimates, for a plan on how the government proposes to deal with housing shortfalls and the withdrawal of federal finding. Such a plan was never produced. The Committee has seen little indication that either the Government or the Corporation has a strategic plan to deal with these shortfalls in housing stock and funding.

When questioned during the Committee's September review, the Minister responsible for the NWT Housing Corporation said that, given all of the funding cuts, it is not possible to plan the housing program and instead decisions need to be made from year to year. Further, he said the Corporation needs direction from the Legislative Assembly and target funding allocations from the Cabinet before it is possible to begin planning. The Minister did say, however, that the Corporation could develop different options for the delivery of the social housing program.

Committee Members noted that even though federal funding has been cut substantially, and we are now using funds previously targeted elsewhere to provide fewer housing units than in the previous year, the size of the Corporation's staff remains the same. In fact, Committee Members noted that it appears to have grown by one or two PYs last year.

The Standing Committee on Finance strongly urges the Government and the NWT Housing Corporation to develop a realistic strategic plan for the delivery of social housing well into the future. The plan should address the difference between identified housing needs and the ability of the GNWT to meet those needs. In light of reduced funding from the federal government, the plan should address various options for fundamentally restructuring the organization responsible for delivering the housing program.

Fire Suppression

The latest information available to the Committee indicates that fire suppression activities, this year, are going to cost the GNWT over 20 million dollars. Committee Members are very concerned with the magnitude of expenditures for fire suppression, particularly when expenditures are viewed in the context of cost-benefit. The Committee recognizes the difficulty facing the government in attempting to deal with this issue. It is, for example, very difficult to satisfy everyone's concerns no matter what action is taken and it is also difficult to develop an objective measure of success in managing forest fires. However, it is evident that we have to find a more efficient and effective way of dealing with fire suppression in the Northwest Territories.

The Chairman of the Financial Management Board has directed the Department of Renewable Resources to develop a plan of how the Government can reduce its financial exposure during bad fire years. The Department will have to address the following issues in developing its plan:

- the method used to fight fires,
- the effectiveness of the decision making process,
- the type of resources consumed,
- the level of community involvement in planning and decision making, and
- the proportion of government expenditures for fire suppression that stay in the North.

Committee Members look forward to reviewing the results of this planning initiative.

GOVERNMENT ORGANIZATION

Cabinet Unity and Leadership

Committee Members noted, during the recent review, that the Cabinet is not as unified as it should be. Members are aware of the obstacles and challenges presently facing the Cabinet and the Legislative Assembly. They also recognize the need to develop innovative approaches to managing scarce resources.

Committee Members have noted, on a number of occasions, the importance of the Cabinet presenting a united front. This did not happen during the review. The Committee is looking for leadership as well. Members feel that departmental leadership comes from Cabinet Members but the Premier and the Chairman of the Financial Management Board have an overall responsibility to ensure that issues are brought together and dealt with in a strategic manner.

Organizational Changes

The Government of the Northwest Territories has undertaken a tremendous number of organizational restructuring initiatives during the term of the present government. Some of this restructuring, such as the amalgamation of the Departments of Health and Social Services, was imperative in order to streamline and enhance the provision of services to people in the communities.

On the other hand, Committee Members have heard about significant changes taking place in the Department of Municipal and Community Affairs. The Committee was unaware of the need for such dramatic changes. The need was not documented and was not presented to the Legislative Assembly for consideration and discussion.

Members are left wondering why these changes were felt to be necessary and why they were made in such a hurry, apparently without the benefit of a well thought-out plan. The Committee, therefore, makes the following recommendation:

Recommendation #1

The Standing Committee on Finance recommends that the Department of Municipal and Community Affairs report on the organizational restructuring, the rationale for the changes and the anticipated benefits. Further, the Committee recommends that this report be provided to the Committee by December 23, 1994.

Committee Members were also very concerned with the massive restructuring within the Department of the Executive. These concerns are well documented in the Report on the Review of the 1994/95 Main Estimates.

As is the case with the large number of initiatives currently being undertaken by this government, Committee Members feel that the Government may be overdoing the structural changes and may not, in the end be able to produce the desired results. The Committee is concerned that the bureaucracy is becoming consumed by adapting to

structural change and is therefore not able to focus on the very real and critical needs of the citizens of the Northwest Territories.

Coordinating Inter-Departmental Initiatives

As was noted earlier in this report, the time has come for governments to abandon the compartmental approach to providing public services. Political, social and economic issues of the day do not lend themselves to being dealt with in this fashion. Individual departments can no longer afford to categorize and build fences around their particular areas of responsibility. Turf battles are no longer affordable.

Committee Members are aware that the Government has made progress in some areas such as the amalgamation of the Departments of Health and Social Services. However, reorganization in itself is not enough. What is required is a fundamental change of attitude among the Ministers and the senior bureaucrats. Further, the Premier and the Chairman of the Financial Management Board should assume responsibility for coordinating inter-departmental initiatives.

More and more it is becoming evident that the over-all health and wellbeing of our people requires that the Government develop a holistic, integrated approach to service delivery. Current approaches need rethinking. This requirement is well illustrated by the number of interdepartmental committees currently in existence and by the number of initiatives that require a new and separate organizational structure for planning, design and implementation. Examples of such initiatives include zero tolerance for violence, income support reform and planning for Division.

STRATEGIC MANAGEMENT

The Budget as a Management Tool

The budget is increasingly becoming recognized as an important, perhaps the most important, management tool. The budget spans the entire government organization. It addresses policy issues and resource requirements across government. It responds to the needs of the people. It is the means by which the Government announces its priorities.

It became apparent during this last Committee review that the separation of the budget into two parts is artificial and may even be counter-productive. It is impossible to examine capital expenditure requirements without considering the fiscal framework. The fiscal framework contains both capital and operating elements that require joint consideration.

Soon after the two budget sessions were implemented, the Standing Committee on Finance recognized that it was unrealistic to review proposed capital expenditures without considering the associated direct and indirect incremental operating costs. It did not make sense, for example, to recommend approval of funding for a school when it was not known if funds would be available to operate the school. The Committee, therefore, recommended that the Government submit the associated incremental costs for consideration in concert with the capital expenditure plans. The incremental operating costs are now provided. Now the Committee reviews incremental operating costs of capital projects outside of the context of departmental operating budgets. However, the picture still is not complete.

Government spending priorities do not sort themselves nicely into capital and operating categories. This is plainly demonstrated by the different approaches to developing definitive objectives taken by the various departments. In some departments, the definitive objectives are the same in the Capital and Main Estimates. In other departments, the definitive objectives cited for the Main Estimates are very different from those presented for the Department in the Capital Estimates. Committee Members wonder how this can be. How can departmental objectives change according to the type of expenditure being considered? Perhaps this contradiction helps to explain the Government's inability to develop and articulate a clear set of spending priorities.

The Committee understands the rationale, and supports the underlying principle, for separating the budgets and reviewing them in two separate sessions in the Legislative Assembly. There is a real need in this environment to plan ahead so that capital projects can proceed when conditions allow. There is a real advantage to tendering projects earlier in the process. However, while the rationale is solid, the reality is that tenders are not being let early. There appear to be real obstacles in the way of changing the tendering system to meet the established objectives.

Another very real consideration is the amount of resources consumed by the budget process. Public service bureaucracies are overwhelmed at budget time. When the budget is considered in two separate sessions of the Legislature, the resource consumption is doubled. In our system, the Standing Committee on Finance reviews the budget before it is reviewed in the House. Splitting the budget dramatically increases the workload of this Committee as well as that of the departments.

In view of the above-noted considerations, the Committee makes the following recommendation:

Recommendation #2

The Standing Committee on Finance recommends that the *Financial Management Board* undertake a full review of the . costs and benefits associated with separating the capital and operating budgets. The review should include an assessment of alternative methods of achieving the objective of early tendering of capital projects. Further, the Committee recommends that the Chair of the Financial Management Board provide a comprehensive report on its findings to the Standing Committee on Finance along with the 1995 /96 Operations and Maintenance documents currently scheduled to be provided December 23, 1994.

Generating Revenue

One of the critical elements in ensuring future fiscal stability for the N.W.T. lies in the development of a stronger local revenue base. The more revenue we as northerners can generate and control, the more we will be in control of our future. It is for this reason, that the successful negotiation of the Northern Accord is so crucial. Successful completion of this agreement with the federal government will allow us to make our own decisions about priorities in areas such as finance, economic development, and environmental protection.

In view of the fact that all of these fiscal policy matters are interrelated, Members would like to emphasize a message contained in the Committee's Response to the Government's ***Options Paper Report on Deficit Management***. That is, the Committee encourages the Government to continue developing and implementing a budget strategy using the concept of a "package" approach. The package approach is comprehensive and incorporates issues such as health billings, funding for social housing, incremental added costs for Division, land claims implementation, the formula financing agreement and others. Also included are revenue producing initiatives such as the Northern Accord including a Mineral Accord.

Managing Government Business Effectively

Business Incentive Policy

The Committee supports the objectives of the Business Incentive Policy. Members want to keep money in the North. We want to ensure that Northerners receive the maximum benefit from the money the government is spending.

However, the Committee sees the present policy creating an increasingly convoluted system of criteria for evaluating and awarding contracts. People in the communities see the system as excessively bureaucratic and, in many cases, detrimental to the well being of the business community.

The Department of Public Works and Services has agreed to undertake extensive consultations with a view to revising and improving the Business Incentive Policy. Departmental officials have developed a new policy proposal to serve as the basis for community consultation. From the information that Committee Members have seen regarding the proposed new policy, it appears that the difficulties with the present policy will not be adequately addressed.

Therefore, Committee Members feel that an innovative way of accomplishing the objectives of the Business Incentive Policy must be found. Committee Members encourage the Department to look for new and innovative ways through the consultative process.

Negotiated Contracts

During its review of the 1994/95 Main Estimates, the Committee noted a number of concerns relating to the Government's way of negotiating contracts. These concerns are summarized in the following excerpt from the Committee Report:

“In many communities, negotiated contracts have helped establish successful aboriginal enterprises. However, there is a perception that negotiated contracts may be, somehow, less ‘fair’ than tendered contracts. As well, there have been serious problems with some negotiated contracts. Committee Members feel that all contracts, whether negotiated or tendered, must be better monitored. The Committee also believes that full public disclosure of negotiated contracts would help to ensure that value for money could be assessed.”

The Committee, therefore, recommended that the Government develop policies and procedures for providing full public disclosure of the details

of negotiated contracts, and for monitoring all contracts in order to avoid cost overruns and poor management. The Committee asked that this policy and these procedures be in place before August 1, 1994, and that copies of the policy and procedures be provided to the Standing Committee on Finance.

The Committee did not receive a response to its recommendation by the deadline date. However, on September 13, 1994 the Committee was informed that the Department of Public Works and Services had undertaken to draft policies and procedures, in conjunction with the Financial Management Board Secretariat, the Department of Transportation, the NWT Housing corporation, and the Department of Economic Development and Tourism. The response suggests that the Departments are working toward a completion date of December 1994. No indication was given as to why an extension of the deadline is necessary. The Standing Committee on Finance will follow up on this issue when it meets in January 1995 to review the Main Estimates.

Project Management

Concerns arose throughout the Committee's September 1994 review about the way in which capital projects are planned, designed and managed by the Department of Public Works and Services. Committee Members wonder if the means of coordinating and managing capital projects adopted by the Department of Public Works and Services, on behalf of the government as a whole, are as efficient and effective as they should be.

There is a concern that the standards set by the Department may be higher than necessary. As a result, construction projects managed by the Department end up costing more than similar projects managed in a different way. Members noted that, in particular cases, projects funded through block funding arrangements have proven to be more cost effective than projects managed by the Department of Public Works and Services on behalf of a client Department. Members feel that the project management approach, adopted by the Department, can and should be streamlined. The Department should assess the current procedures and look for alternatives that are more cost effective.

While recognizing the significance of the project management function, it is important to remember that it is an overhead expense. In times of tight financial resources, it is particularly important to ensure that capital spending brings about maximum benefit to communities and that overhead expenses are minimized. It is also important to ensure that the procedures used for estimating capital expenditures be as accurate as possible because it is on the basis of these estimates that the Legislative Assembly approves the allocation of capital dollars.

Recommendation #3

The Standing Committee on Finance recommends that the *Financial Management Board*, in consultation with the *Department of Public Works and Services*, assess the efficiency and effectiveness of the current practices of managing capital projects, and provide a report on the results of that study to the Standing Committee on Finance on December 23, 1994, along with the 1995/96 Operations and Maintenance documents.

Government Tendering

During the recent review, a number of problems with the current means of tendering government projects were identified. The most critical problem relates to the timing of contract tendering. The Chairman of the Financial Management Board committed to investigate the reasons for contracts being tendered later than desired and offered to try to resolve the problem. The Committee looks forward to discussing, with the Chairman of FMB, the reasons why the process has not worked as planned and the proposed resolution. Committee Members expect this discussion to take place during the Committee's January 1995 budget review.

BRINGING IT ALL TOGETHER

FOCUS ON SOCIAL ISSUES

This government is perceived as a government focused on economic development. While Committee Members recognize the critical importance of economic development for the Northwest Territories, there is a fear that this focus may be diverting attention away from pressing social issues. There is a fear that basic social programs may be eroded. Committee Members feel that the time has come to focus on the pressing social problems facing our government today. A shift in philosophy is also required. The future of the Territories lies in its people. Therefore, what is required is investing in people -- a focus on the social issues. Further, the Committee feels that in order to support this shift in philosophy, a shift in resource allocation must follow.

Committee Members, during the September review, identified three areas where the government could focus for the next year. These three areas are consistent with emerging priorities and with the recommendations of the various Standing and Special Committees. of the Legislative Assembly.

Early Intervention - Children with Special Needs

More than half of the residents of the Northwest Territories are under 18 years of age. It is with these people that our future rests. It is imperative, therefore, that the needs of this group be identified and addressed.

The Special Committee on Health and Social Services identified a very serious gap in responsibility for services for youth. The Committee's final report describes the situation in the following excerpt:

"We were told about one complete gap in authority, in that no Department has the responsibility for providing services to special needs children, especially preschoolers. In 1985, a report was prepared, suggesting clarification of departmental roles and financial obligations and recommending early intervention with children with special needs. This recommendation arose, in part, out of the evaluation of a successful early intervention pilot project conducted in Pond Inlet. Despite this project's success, the government took no action to allocate the responsibility and funds for such programs.

Six years later, a triministerial committee (Education, Health and Social Services) was formed to review the issue. The committee made further recommendations but still no action

was taken. No one Department has the legislative mandate for such services so no funds were allocated, despite the continued acceptance that early intervention was crucial to helping these children.” (page 39)

Based on this assessment of the problem, the Special Committee on Health and Social Services made the following recommendation:

“Interdepartmental agreements must be put in place quickly to ensure that early intervention services are available right away. Due to the urgency of this matter, a report must be provided to the Legislative Assembly during the 1994 winter session.” (page 44)

The Standing Committee on Finance supports this recommendation and believes that it should be one of the three major initiatives undertaken by this Government in the next year. Committee Members expect to see specific budget plans to support this initiative in the 1995/96 Operations and Maintenance budget.

School-based Youth Service Model (‘Partners for Youth’)

During its review of the 1994/95 Main Estimates, the Committee identified a model for a school-based youth service program. The model, called “Partners for Youth”, was based on a pilot project being implemented in Edmonton. With this model, which was initially developed in San Diego, a social services *team’ is put together in the school. In the Edmonton example, at one of the schools the team includes a nurse, a police constable, a social worker, a probation officer, and a therapist. The goal of the project is to ensure that “at-risk and potentially at-risk” students and their families’ will have school-based access to a wide range of community services. Further, Committee Members noted that the program is designed to require little extra funding. Instead, existing resources are re-assigned. Based on this information, the Committee made the following recommendation:

That the Department of Education, Culture and Employment, in cooperation with the Departments of Social Services, Justice and Health, examine the ‘Partners for Youth’ model and implement pilot projects, based on that model, in one school in each region for the 1994/95 school year.

None of the Departments responded to this recommendation for the 1994/95 school year. Instead, the Standing Committee received the following status report on September 13, 1994:

“A Memorandum of Agreement has been signed by the Ministers of three Departments as the first step. The collaborative concept is already in place in many schools across the NWT, and is being promoted actively. This concept is not currently known by the title ‘Partners for Youth’. It is acknowledged as the most effective way to provide coordinated support to children and youth.”

When the Minister of the Department of Education, Culture and Employment appeared before the Committee, during the September 1994 review, this issue was discussed. Committee Members, once again, outlined the many benefits of this model and strongly urged the Department to “get on with it”. Committee Members noted that no action had been taken to implement pilot projects in the schools for the 1994/95 school year.

In response to this reluctance and because of the potential benefits for our youth and their families, Committee Members decided to follow up on the recommendation themselves. The Committee has invited the coordinator of the Edmonton project to make a presentation on the model to the Committee, other interested MLAs and Ministers. The meeting is scheduled to take place in late October, 1994.

Family Violence

The Standing Committee on Finance supports the efforts of the Department of Justice in preparing the Declaration on Family Violence on behalf of the Legislative Assembly of the Northwest Territories and in developing and tabling a strategy for dealing with violence. However, the Committee was very disappointed to find, during its review of the 1994/95 Main Estimates, that few, if any, new resources had been allocated, in any Department, to help ensure that the goals set out in the Declaration become a reality. If resources are not dedicated to this important statement of principle, it raises expectations without much chance of achieving objectives.

As a result of these concerns, the Committee recommended that the Department of Social Services, in consultation with social agencies and special interest groups, develop a range of program options and training plans for family violence prevention services, child sexual abuse programs and family counseling.

The government response to this recommendation, received on September 13, 1994, is as follows:

“The Department of Health and Social Services has begun work on a Community Wellness Strategy. The Strategy will develop a range of options for responding to family violence

and child sexual abuse issues, in the context of individual, family and community healing and development. Community involvement in service delivery, training, prevention and awareness will be emphasized.

The development of the Strategy is directed by a Working Group of representatives of approximately 35 non-government and community organizations. The Departments of Justice and Education, Culture and Employment are closely involved, and other Departments are being consulted.

A comprehensive progress report will be tabled in the Legislative Assembly this fall.”

The Standing Committee would like to see this initiative fast-tracked. Members would like to see very rapid progress in moving from strategy to implementation. Committee Members expect to see specific budget plans to support this initiative in the 1995/96 Operations and Maintenance budget.

There are many urgent problems that could be addressed by undertaking these three initiatives. These problems deserve prompt and proactive solutions. Therefore, the Standing Committee on Finance makes the following recommendation to the Government of the Northwest Territories:

Recommendation #4

The Standing Committee on Finance recommends that the Government of the Northwest Territories assess its spending priorities and current initiatives and, based on that assessment, develop a plan to deal with early intervention services for special needs children: a school-based youth services program and family violence. The goal of the plan is to focus on long term investments in the people of the Northwest Territories. The Committee further recommends that the plan be initiated and implemented during the final year of the Government's term.

A TRANSITION PLAN FOR THE NEXT GOVERNMENT

During the September 1994 review, the Standing Committee on Finance found itself, of necessity, working toward a deadline of October 1995 -- the date of the next Territorial election. Committee Members recognize that recommendations **and** expectations need to reflect the fact that the term of this government is drawing to a close.

With our consensus style of government, there are few mechanisms for easing the transition from one government to the next. Committee Members feel that it is important for the next government to have a blueprint to follow. This is particularly important in view of the potential consequences of a worsening financial reality -- a situation where a deficit may be accumulated. Committee Members feel, for example, that this government should be setting the scene to make the transition to two new Territories, with **all** the associated activities implied, as soon as possible.

The Institute of Public Administration of Canada, in its recent publication entitled ***"Taking Power -- Managing Government Transitions"*** offered the following comments about changes of government:

"Transitions of power represent a critical moment in our democratic systems. These 'peaceful' coups are greeted with a mixture of euphoria and anxiety. Intense activity occurs within a very limited time frame as efforts are made to mesh the new political apparatus with the administrative machinery. Attention must be paid to policy, machinery of government, and personnel issues all at once." (Foreword, p. ix)

Because of the consensus model of government, legislators in the Northwest Territories, unlike those in other jurisdictions, are well positioned to plan and execute a relatively smooth transition from one government to the next. The Standing Committee on Finance recommends that the current government assume responsibility for initiating transition planning. Assuming this responsibility would involve, as a first step, the development of a "blueprint" document that includes, at a minimum, the following elements:

- the current Government's vision of the future:
- government spending priorities and the supporting rationale: and
- fiscal and operational strategies and plans with particular emphasis on commitments made to interest groups and communities,

- a description of the planned evolution of organizational and program change over the long term: and
- a plan for moving toward Division.

The previous government, the Eleventh Assembly, submitted a report -- ***Strength at Two Levels*** -- to the Chairman of the Financial Management Board of the 12th Legislative Assembly. This report summarized the work of a review project that was intended to provide a blueprint for government organizational and program change over the next ten years. Even though the report was not fully implemented because of changing political and fiscal realities, it did serve as a reference point for the current government. While the Committee is not expecting the current government to undertake an initiative as extensive as the ***Project to Review the Operations and Structure of Northern Government***, Members would like to see a substantial transition plan as outlined above.

The Standing Committee on Finance would be pleased to assist the Government in undertaking this crucial initiative.

MOVING TOWARD DIVISION

Committee Members believe that there will be incremental costs associated with Division, with developing constitutions and governing structures, and with some models of self government. It is essential that these incremental costs be fully identified and recognized in government fiscal strategies, plans and funding agreements. It is also essential to recognize that in preparing for Division, it is necessary to target for a balanced budget. Committee Members feel strongly that it is highly desirable that the government's fiscal "house" be in order in anticipation of 1999 which promises to be very challenging year. It is important that dividing an accumulated deficit not be added to the problems of dividing the assets and the base budget.

BALANCED BUDGET LEGISLATION

The Standing Committee on Finance remains committed to targeting for a balanced budget. At the same time, Members are very cognizant of the many obstacles to prudent fiscal management in the current environment of turbulent change and increasing demands for government services. Members recognize how difficult is to maintain a delicate balance between avoiding an accumulated deficit while at the same time protecting the public interests. The Government has, over the last few years, been faced with tremendous fiscal pressures ranging from significant declines in the level of federal government support to the need to provide for extraordinary unanticipated expenditures.

As a response to the need to maintain the "delicate balance", the Standing Committee on Finance makes the following recommendation:

Recommendation #5

The Standing Committee on Finance recommends that the *Financial Management Board*, as part of its transition planning, seriously consider protecting the interests of the people of the Northwest Territories by introducing, during the life of this Legislative Assembly, legislation that requires the Government of the Northwest Territories, in preparation for Division, to ensure that, on March 31, 1998, no deficit has accumulated.

FINANCE COMMITTEE TO MAINTAIN A "WATCHDOG" ROLE

In concluding this report on *Investing in Our Future*, the Standing Committee on Finance wishes to assure all Members of this Legislative Assembly that the Committee will continue to comply with its mandate by serving as a financial "watchdog". Members of the Standing Committee are committed to finding solutions to problems identified and to exploring new and innovative approaches to conducting the business of government.

Appendix A
The Formula Financing Agreement

The **eligible** revenue **estimate** is calculated annually taking into account the following factors:

- GNWT revenues and recoveries calculated at 1987/88 tax rates (referred to as own-source);
- other revenue, -recoveries and transfer payments: and
- tax adjustment factors.

The tax adjustment factors are based on the following considerations:

- the capacity of the **GNWT** to generate tax revenue compared to other jurisdictions in 1987/88; and
- how other jurisdictions have increased their tax revenues since 1987/88.

These tax adjustment factors have been referred to as the “perversity factor” in the Formula. These adjustment factors were imposed by the federal government to force the **GNWT** to raise taxation levels, across the board, up to a national average. The result is that the **GNWT** is financially penalized every year depending on how much our tax rates are lower than a national average.

The Formula Financing Agreement also allows for new initiatives. Additional funds, outside of the agreement, may be provided to the **GNWT** to cover significant costs arising out of new initiatives created by Canada, or unforeseen events that create new responsibilities for the **GNWT** which are beyond the powers of the **GNWT** to control or to absorb financially. This funding is at the discretion of the federal government.

FORMULA FINANCING AGREEMENT

The "Formula Financing Agreement" is the agreement that authorizes the Government of Canada (Canada) to make payments to the Government of the Northwest Territories (GNWT). The agreement currently in place covers the fiscal years 1990/91 to 1994/95, inclusive.

The "Formula Financing Grant" is the amount of money that Canada pays to the GNWT for each of the fiscal years between 1990/91 to 1994/95.

The "Formula" refers to the method used by the federal Minister of Indian Affairs and Northern Development to calculate the annual formula financing grant.

The Formula Financing Grant is **administered** through an "Annual Implementation Agreement". The Annual Implementation Agreement specifies estimates of and adjustments to the amount of the annual grant and a schedule of monthly payments.

The formula funding grant is calculated by subtracting eligible revenues from an expenditure **base**.

For the first year of the Formula Funding Agreement, Canada and the GNWT agreed on the following:

- an amount of money to serve as the **expenditure base**,
- and**
- **revenues considered to be eligible in the formula.**

The expenditure base is adjusted annually by taking into account factors, such as population changes and an allowance for cost escalation, that affect the amount of funding entitlement for a given fiscal year.

The cost escalation allowance is based on spending levels across the country. This cost escalation allowance is assigned a maximum value (cap) based on the national Gross Domestic Product (GDP). This GDP cap was unilaterally imposed on the formula escalator several years ago by the federal government. The GNWT protested this move on the part of the federal government at the time and continues to protest.

Appendix B

The GNWT Budgeting Process

THE GNWT BUDGETING PROCESS

INTRODUCTION

At the present time, there are 2 parts to the budget:

- Main Estimates
- Capital Estimates

Both are for a 12 month period starting April 1 (fiscal year).

Main Estimates are a plan of action for the upcoming year and contain all anticipated expenditures and revenues for operations and maintenance.

Capital Estimates describe the resource requirements for departmental capital projects for the fiscal year.

PROCESS

DEVELOP FINANCIAL STRATEGY

The Fiscal Policy Division of the Department of Finance prepares what is called a "fiscal framework":

- this framework describes the financial position of the government:
- it includes revenues, expenditures and federal transfer payments:
and
- the fiscal framework is used as a management tool and allows the Government to look at the potential effect of alternative ways of doing things.

Instructions are issued to Departments for developing multi-year plans. These instructions are based on the following:

- the current financial position;
- program objectives; and
- the policy alternatives chosen in developing the fiscal framework.

DEVELOP MULTI-YEAR PLAN

Two expenditure plans are developed: one for Operations and Maintenance and one for Capital.

A. Operations and Maintenance(O&M)

Departments develop and document the following items:

- estimates of forced growth in existing programs:
- possible expenditure reductions:
- required increases to service levels: and
- anticipated program changes.

Departmental plans are submitted to the Financial Management Board Secretariat (FMBS) for review and analysis. FMBS then presents the consolidated plan to the Financial Management Board.

B. Capital

Development of the Capital budget involves consultation with community organizations.

Departments develop a five year plan for capital projects. Capital includes funding (either new, replacement, or major enhancements) for the following items:

- building and works:
- equipment - such as vehicles: and
- contributions - such as a contribution to a municipality for roads or sewers.

FINALIZATION OF MAIN AND CAPITAL ESTIMATES

The Main Estimates and Capital Estimates documents are reviewed by the Financial Management Board Secretariat to make sure that they are uniform, consistent and adhere to targets and guidelines. Draft documents are sent to the Financial Management Board for final approval. Requested changes are made and final versions are prepared.

Develop Budget Address

The Budget Address includes an outline of the following items:

- current trends;
- anticipated developments; and
- government plan of action for the upcoming year.

The Address also highlights or announces new tax and program initiatives and their expected impacts on the economy and government revenues or expenditures.

PRESENTATION TO LEGISLATIVE ASSEMBLY

A. Standing Committee on Finance

The Standing Committee on Finance (SCOF) meets, prior to the Capital Estimates and the Main Estimates being presented to the Legislative Assembly, to review the proposed budget for the upcoming fiscal year. SCOF meetings are not open to the public. The documents presented to SCOF are more detailed than those presented to the Legislative Assembly so that the Committee is able to conduct an **in-depth** review of the proposed budget.

The SCOF review process involves a number of steps, including:

- a review of the “big picture”:
 - a budget overview,
- a financial issues and policy overview,
 - a program and services overview,
- a detailed Department by Department review with Ministers:
 - a wrap up review with the **Chairman** of the Financial Management Board; and
 - the preparation of a report.

The SCOF Report is presented to the Legislative Assembly.

B. LEGISLATIVE ASSEMBLY

The Budget Address is presented to the Members of the Legislative Assembly by the Minister of Finance. The Main Estimates (or Capital Estimates) are released to Members of the Legislative Assembly, the general public, and the media. The Standing Committee on Finance report is presented to the Legislative Assembly by the Chair. Departmental budgets and SCOF comments are reviewed in Committee of the Whole.

SUPPLEMENTARY ESTIMATES

A. Supplementary Estimates

During the course of any given year, increases may be required to a Department's spending authority. This is accomplished using Supplementary Estimates. These can be presented to the Legislative Assembly during regular sittings of the House.

B. Special Warrant

In emergency situations, when the Legislature is not in session, the Financial Management Board may recommend a Special Warrant for advanced spending authority. The Special Warrant is included in the next set of **Supplementary** Estimates to be presented to the Legislature. Supplementary Estimates, including Special Warrants, are reviewed by the Standing Committee on Finance in the same way as the Main and Capital Estimates.

Appendix C
Schedule of Revenues by Source (Summary)
1988/89 -1992 /93

Schedule of Revenues by Source (Summary)

(thousands of dollars)

Source	1988/89	1989/90	1990/91	1991/92	1992/93
Grant from Canada	\$657 501	\$697 312	\$772 867	\$784 753	\$780 940
Established Programs Financing	\$21 186	\$19 360	\$20 297	\$15 212	\$26 235
Transfer Payments	\$68 459	\$78 907	\$85 926	\$99 233	\$103 873
Taxation	\$64 909	\$96 432	\$92 334	\$136 472	\$145 306
General Revenues	\$35 670	\$37 993	\$39 598	\$34 295	\$36 040
Other Recoveries	\$22 057	\$28 171	\$26 359	\$33 331	\$26 645
Capital Revenues	\$6 979	\$4 124	\$4 505	\$3 050	\$7 122
TOTAL	\$876 761	\$962 299	\$1 041 886	\$1 106 346	\$1 126 161
Total from Canada	\$747 146	\$795 579	\$879 090	\$899 198	\$911 048
Total generated in NWT	\$129 615	\$166 720	\$162 796	\$207 148	\$215 113