HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

House of Commons Standing Committee on Finance – Pre-budget Consultations 2013

This brief is submitted by:

◉ **an organization** **Organization name:** Northwest Territories Association of Communities

or

○ **an individual** **Name:** _____

Topic: Infrastructure

*Recommendation 1: Please provide a short summary of your recommendation.

Customize infrastructure funding programs for northern communities. The Gas Tax Fund works very well in the NWT, because it is flexible, predictable and does not require cost-sharing. The Building Canada Fund was adapted to the North through agreements with each territory, so that some of its funds could be allocated using "GTF -style" mechanisms.

The NWT Association of Communities endorses the recommendations in Federation of Canadian Municipalities 2012 Report, "The Road to Jobs and Growth: Solving Canada's Municipal Infrastructure Challenge", according to the specifics listed on page 16.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

unknown

Immediately

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Funding mechanisms suitable to NWT conditions can be achieved through the eligibility and program delivery criteria outlined in the FCM recommendations. These accommodations have been achieved in past GTF and BCF delivery through sensitive adjustments in program delivery requirements

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

Northern residents and their representative municipal governments will be the beneficiaries of infrastructure support programming crafted in recognition of unique regional conditions.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Equalization of regional opportunities, reduction of geographically based obstacles to improved standards of living and comparable economic development. Construction and service industries will benefit from the ability of municipalities to effectively access and spend funds in the northern economy and provide training and management development opportunities. Northerners' standard of living will be increased by the improvement of community services.

Topic: Please select from the pull-down menu

Recommendation 2: Please provide a short summary of your recommendation.

To entice people to remain in the territory, and move to, stay and invest in the NWT, the amount of the Northern Residents Tax Deduction should be substantially increased. The NRTD could be scaled according to distance from a major southern centre, increased to the post-inflation 1987 value, and/or indexed to the Territory's consumer price index. Basing the amount of the deduction on the cost of living differential data collected for each community would provide the most sensitive and accurate compensation in offsetting disparities in the cost of living.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

$10 million-$99.9 million

Immediately

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Finance Canada has estimated that the NRTD accounts for, on average, $132.5 million in lost revenue annually. This figure includes both the residency deduction and the travel deduction. If the residency portion of these amounts were increased by 50 per cent or were indexed to inflation, or increased by a specific amount per year, it is estimated that federal expenditures would increase by up to $60 million per year.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

NWT residents and workers who state the NWT as their place of residence for income tax purposes.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Economic development would be promoted by the attraction and retention of skilled workers, spending in the NWT of wealth generated in the NWT. National equalization of economic opportunity and access to comparable standards of living would be promoted. The NWT's severe levels of poverty and inequity of income distribution would be alleviated by this progressive tax measure. Standard of living will be improved by the increased ability of workers and families to meet the high northern costs of living.

Topic: Rural, remote and urban communities

Recommendation 3: Please provide a short summary of your recommendation.

A long-term federal funding commitment for housing is critical to address the unmet housing needs of Canadians. Affordable housing agreements must be flexible and respect provincial and territorial jurisdictions chronic homelessness and inadequacy of housing must be eliminated through proven strategies; tax incentives or other measures must be used to stimulate new rental and affordable housing construction; and, special, territorial funding transfers are required to preserve and renovate existing social housing units.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

unknown

Immediately

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

The dire state of housing inadequacy requires extra-ordinary allocation of federal funds to overcome the deficit in the housing supply.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

NWT residents generally, owing to the increase in general social well-being
Un- and under-housed NWT residents
Construction and service industries
Employers, through the ability of housed citizens to seek and hold employment
The economically disadvantaged, specifically the chronically homeless

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Decrease in the high rates of homelessness and inadequacy, inaffordability and unavailability of housing
Alleviation of disproportionately high costs of living among the employed, unemployed and impoverished
Increased employment and skills development through the stimulation of the construction and services economies

Please use this page if you wish to provide more explanation about your recommendation(s).

The unique conditions of Northern and remote communities greatly affect how municipal infrastructure is built and maintained. Northern communities face extreme isolation; a shorter and highly variable construction season; limited human resource availability and capacity; limited access to capital; growing demands on aging and existing infrastructure; early stages of corporate development; and unique project needs.

Extreme weather conditions shorten the life of many assets in the North, and climate change, which is occurring more rapidly than in the south, exacerbates this effect. The private marketplace has not been efficient in delivering assets considered critical to social and economic development in the region, including housing, communications infrastructure, recreational facilities and deep seaports.

To accommodate and respond to these unique conditions, infrastructure funding programs must be designed and customized for northern communities. For example, with the North's much higher construction costs, most Northern communities have limited resources to contribute the proportional share of costs required by traditional application-based funding programs. In some cases, capital planning and project funding is managed by the territorial government in consultation with communities. This model addresses many of the challenges with traditional application-based programs, by reducing administrative burdens, maximizing project flexibility and increasing the federal share of eligible costs. These elements need to incorporated in any federal Long Term Infrastructure Planning mechanism.

The Gas Tax Fund works very well in the territorial North, because of its flexibility and predictability and because it does not require cost-sharing. The Building Canada Fund was adapted to the North through agreements with each territory, so that some of its funds could be allocated using "GTF -style" mechanisms.

Best practices should include:

• Use "base + population" or a similar approach for the national allocation formula to ensure the territories receive funding adequate to their unique needs.

• Generally disburse funds using a transfer-style mechanism like the GTF ; very few funds should be application based;

• Maximize the ability of communities to "stack" federal funds from various programs, given the limited local availability of capital;

• Application forms and reporting requirements should be simplified, and designed specifically for the territories;

• Ensure territorial municipal associations or other partners are allowed to apply for funding on behalf of northern municipalities;

• Broaden the list of eligible project categories, including recreational infrastructure, in recognition of the importance of all public infrastructure in these small communities.

*Please note that at least one recommendation must be provided