FINANCE

1. OVERVIEW

MISSION

The mission of the Department of Finance is to foster an environment for stable, effective and efficient government by:

1. Acquiring and managing the necessary financial resources to ensure delivery of programs and services to residents in an affordable, sustainable and accountable manner.
2. Maintaining a fair and stable taxation regime that meets the needs of individuals and businesses, supports a strong economy, and is responsive to economic, social and environmental matters.
3. Managing the information resources of the government.
4. Manage liquor distribution and sales, and enforce liquor legislation and regulations.

GOALS

1. A strong sustainable financial position for the Government of the Northwest Territories.
2. The fiscal regime of the Northwest Territories supports a stable political environment and a strong economy that is able to address key social, economic and environmental initiatives.
3. The Government of the Northwest Territories has the fiscal and financial information and analysis necessary to support policy development and decision making.
4. The Government of the Northwest Territories' assets and liabilities are managed effectively.
5. The Government of the Northwest Territories is organized for maximum efficiency.
6. The Department of Finance is responsive to client needs.
7. Public confidence in the prudence and integrity of the Government of the Northwest Territories is maintained through a financially open and accountable government.

PROPOSED BUDGET ($000)

Total Operating Expenses	$75,855
Compensation & Benefits	$12,874
Grants & Contributions	$51,168
Other O&M	$10,368
Amortization	$1,445
Infrastructure Investment	$630

PROPOSED POSITIONS

Headquarters (HQ)	99 positions
Regional/Other Communities	9 positions
Regional/Other Communities - Liquor Revolving Fund	13 positions

Finance

KEY ACTIVITIES

- Deputy Minister's Office
- Fiscal Policy
- Budget, Treasury and Debt Management
- Office of the Comptroller General
- Office of the Chief Information Officer
- Liquor Revolving Fund

STRATEGIC ACTIONS

Refocusing Government

- Manage the Cost of Government
  - Financial Shared Services & Procurement
  - Duty travel policy directives

- Strengthen Service Delivery
  - Knowledge Management Strategy Renewal
  - Support to non-government organizations

2. EMERGING ISSUES

Economic Environment

The NWT economy experienced very strong growth from Division in 1999 until 2007, driven largely by the diamond mining industry. However, Gross Domestic Product (GDP) decreased by 6.1 per cent in 2008 and a further larger decrease is expected in 2009 as a result of reduced investment by the diamond mines and reductions in operations in 2009. The global recession has led to lower global demand for diamonds and a corresponding decrease in diamond prices. The mining companies have responded by reducing costs and supply through scheduled shut downs and delayed investments. The NWT labour market weakened in the first seven months of 2009 as participation and employment rates fell from 2008.

The outlook for the NWT economy over the next ten years is good, although recent fluctuations in global capital markets may have an impact in the short term. Recent turmoil in financial markets may affect the pace of development for two reasons. First, many commodity prices, including oil, gas, and metals, have fallen significantly from the peaks of 2008. Secondly, financing has become more difficult, both for resource companies and for other businesses.

Mineral exploration in the NWT is down significantly from previous years. In the short term this has an impact on jobs and business opportunities relating to exploration. In the medium and longer term, if mineral reserves are not found to replace those being depleted, there will be fewer opportunities in mining. In the longer term, significant economic benefits will be realized should the Mackenzie Valley Pipeline proceed.

However, the economic growth experienced in recent years has not been matched by population growth, as the NWT population grew by 6.5 per cent between 1999 and 2008, compared to GDP growth of 83 per cent. In fact, in recent years the population of the NWT has declined. A lower population will make it more difficult to ensure jobs in new development go to NWT residents. It is also likely to increase average costs for residents of the NWT, since fixed costs will have to be spread over fewer residents.

Fiscal Environment

GNWT revenues are expected to grow by about 3.8 per cent per year over the Business Planning period. The GNWT will continue to rely on federal transfers for the bulk of its revenues. However, demands for programs and services continue to place pressure on expenditures. Spending has grown by an average of 5.8 per cent a year from 2000-01 to 2009-10, although the average since 2008-09 has fallen by 2 per cent.

The GNWT has adopted a fiscal strategy which will align spending growth with anticipated revenue growth while allowing for investment in priority areas, including infrastructure. To achieve this, forced growth will be capped at $25 million in 2010-11, not including compensation and benefits, and new investments will be capped at $18 million. From 2011-12 on, new funding will be capped at 3 per cent annual growth so that forced growth and new investments will be about $32 million in 2011-12. Government spending programs and policies will continue to be reviewed by the Department of Executive's Program Review Office to find efficiencies.

During 2008, the Department of Finance undertook a public review of the GNWT's revenue options. Concerns about increasing the cost of living and about the impact on northern businesses already affected by the recession led the GNWT to limit tax increases to less than $10 million in 2009-10. In

2009-10, the government's revenue structure will be reviewed to determine if there are any potential changes that can be made to the tax system that might further the Government's economic, social and environmental objectives without increasing the overall tax burden.

Federal legislation was established in 2007 which describes the formula used to calculate the Territorial Formula Financing Grant for the term of this Business Plan. While the level of the Grant is more certain under this formula, tax revenues will continue to fluctuate. Although the Grant will change to offset most of any revenue fluctuations, it will no longer do so immediately, as was previously the case. Future fluctuations in tax revenues will affect the Grant two to four years after they are first felt.

The GNWT continues to discuss devolution with Canada and Aboriginal governments. Should a devolution agreement be reached, the GNWT and Aboriginal governments will receive more revenue, along with increased responsibilities. While negotiations will continue throughout the Business Planning period, the actual transfer of program authority and revenues is not likely to occur during this period.

The GNWT, Canada, and a number of Aboriginal groups are currently discussing self-government agreements. Such agreements may include provisions for transferring GNWT funding and some tax room to future Aboriginal governments. The Department of Finance provides support to the GNWT negotiating and implementation teams with respect to taxation jurisdiction and other financial transfer matters.

Modern Management

Modern Management is a reform focused on the sound management of resources and effective decision-making. Its focus goes beyond the financial accountability that was traditionally associated with the comptrollership activity and involves not only financial officers, but also includes all departmental managers. Modern management aspects of comptrollership seek to ensure:

- A stronger focus on ethical behaviour,
- The adoption of formal risk management practices,
- Improved accountability and stewardship of resources, and
- A greater focus on the results being achieved for the dollars spent through integrated performance information, both financial and non-financial.

Enabling modern management practices within the GNWT is a long-term commitment that will require ongoing support and active departmental participation. The degree to which modern management principles become an integral part of the GNWT business culture will directly impact the ultimate success of the overarching management reforms. A supporting framework of legislation, policy, information systems and skilled government staff are critical components of a modern management environment. The Department of Finance has begun building this framework by undertaking a re-write and modernization of the *Financial Administration Act* with corresponding changes to the policies, directives and procedures that support the Act. The replacement of the GNWT's 25 year-old financial information system with the new System for Accountability and Management will provide managers and decision makers with an enhanced tool that better supports the GNWT's information, analytical, reporting and business requirements.

Looking into the future, and building upon the modern management framework that has been introduced, the Department of Finance, in partnership with GNWT departments, will be looking to strengthen the existing capabilities of our public service so that better decisions are made, better service provided to clients, and effective measures and reports on results are available to the public and stakeholders. Advancement of this objective will require managerial and professional capacity development along with the acceptance of new and changing responsibilities. It will also require the development of systems, policies and controls that better support the reporting of integrated performance information, risk based management practices, appropriate accountabilities and an ethics and values foundation that enables managers and staff to choose the right course of action when faced with ethical dilemmas.

Achieving a desired state of modern management within the GNWT will at times be resource intensive but the benefits will be realized over a prolonged period of time. Therefore it is critical that the focus be on the end goal rather than on shorter term results and payback.

Technology

Rapid advances continue to be made in information and communications technology throughout the world that are changing the way we do business and live our lives. Improvements to northern communications infrastructure mean that most northerners now have access to high-speed internet connectivity. This, combined with the next generation of northern youth comfortable with technology, will result in increased expectations for access to GNWT programs and services online.

In response to this, the GNWT must ensure that it is in a position to respond to these expectations. By continuing to refine the management of the GNWT's information resources we can improve the quality of information available for the management of the organization. Information must also be viewed as any other resources (e.g. human or financial) and managed throughout its lifecycle – from acquisition to disposition. Technology can be employed to ensure that the correct information is being captured, delivered to the right people at the right time, and disposed of when no longer required. Technology can also be employed to enhance the delivery of GNWT programs and services. This is currently being demonstrated in the areas of Telemedicine and Distance Education and is likely to be increasingly used in the future.

Northerners also have an expectation that their personal information that is held in trust by the GNWT is managed with the highest expectations of security and privacy. With increasing amounts of personal data being retained in electronic formats that are both portable and readily replicated, the associated security risks must be managed with all due diligence.

Finally, the GNWT must recognize that with an aging workforce, many of its most experienced employees will be leaving the organization over the next several years. With them will go a significant amount of corporate knowledge that cannot be easily replaced. Efforts must be made to capture the knowledge of these employees and transfer it to the next generation of GNWT management. The application of technology to the concept of Knowledge Management can help the GNWT better retain and manage these knowledge resources.

Program Cost Drivers

Interest Rates

Interest rates in Canada are expected to gradually increase, after being at record low levels for the last 12 months. The Bank of Canada and other Central Banks around the world have lowered rates to promote lending activities by commercial banks in order to spark economic activity. The Bank of Canada's overnight target rate, which influences bank policy, is forecast to remain below 2 per cent for at least the next 12 to 18 months.

Canada's economy moved into a recession in 2009, and economists express different views about its expected duration. Some economists suggest that economic recovery is underway, while others believe it will take several more quarters to see consistent growth, leading to higher interest rates.

Finance

The GNWT is anticipating incurring some short-term borrowing at the end of the 2009-10 fiscal period. This borrowing will be repaid in April of 2010. Short-term borrowing in 2010-11 will be required earlier, likely by September 2010, as the GNWT continues to work on completing its increased capital plan. Higher interest rates will increase borrowing costs.

Insurance

The general liability insurance market, while under some negative pressure, has remained relatively stable, resulting in modest overall rate increases. The property insurance market, with its increased "insurance to value" emphasis, may see some hardening. The construction market continues to be competitive, and barring catastrophic events affecting the entire industry, there should only be modest increases in rates. Underwriting information will continue to be of critical importance in securing competitive rates.

Territorial Power Subsidy Program

The Power Subsidy Contribution Policy is designed to support the development of northern business and encourage private home ownership in the Northwest Territories by providing for equitable power rates for small commercial enterprises and private residential power customers. In accordance with the policy, the Territorial Power Subsidy Program (TPSP) provides a subsidy to NWT residents and small commercial enterprises, residing in communities where power rates are higher than those in Yellowknife. The subsidy is based on the cost differential between Yellowknife power rates and those of the community, up to the following specified consumption levels: 700 kWh/month for residential customers, and 1000 kWh/month for small commercial customers.

Costs under the TPSP are significantly impacted by the Northwest Territories Power Corporation power rates, which are regulated and approved by the NWT Public Utilities Board. Utility power rates are impacted by the cost of diesel fuel, particularly for diesel-powered communities, as well as the operating costs of the utility company. Permanent cost increases in the provision of power are typically accommodated through an increase in community power rates filed through a General Rate Application; whereas, temporary cost increases are typically accommodated through interim riders.

Under the direction of the Ministerial Energy Coordinating Committee (MECC), the Committee to Review Electricity Regulation, Rate Setting and the Power Subsidy Program has been established to review electricity regulation, rates and the TPSP. One of the stated objectives of the Committee is to examine the GNWT Commercial and Territorial Power Subsidy Programs, analyze their effectiveness in ensuring that NWT residents and businesses have access to affordable power, and develop options for change if required. The findings of this Committee may potentially have a significant impact on the operation of TPSP and its associated costs.

3. 2010-11 Planning Information

The detailed description of planned activities for the department includes the following sections:

a) Fiscal Position and Budget
b) Update on Key Activities and Results Reporting
c) Update on Strategic Activities
d) Overview of Infrastructure Investments
e) Legislative Initiatives
f) Human Resource Overview
g) Information System and Management Overview

a) Fiscal Position and Budget

Departmental Summary

	Proposed Main Estimates 2010-11	Revised Estimates 2009-10	Main Estimates 2009-10	Main Estimates 2008-09
			($000)	
OPERATIONS EXPENSE				
Deputy Minister's Office	41,783	42,942	42,266	57,673
Fiscal Policy	1,279	1,239	1,205	1,201
Budget, Treasury and Debt Management	9,826	9,730	9,620	9,493
Office of the Comptroller General	21,221	20,624	20,475	14,221
Office of the Chief Information Officer	1,746	1,331	1,309	897
TOTAL OPERATIONS EXPENSE	**75,855**	**75,866**	**74,875**	**83,485**

Note: Revised Estimates for 2009-10 includes the 2009-10 allocation of the funding associated with the recently concluded Collective Agreement between the Government of the Northwest Territories and the Union of Northern Worker, in the amount of $991,000 (includes 497,000 for the Northwest Territories Housing Corporation).

OPERATION EXPENSE SUMMARY

	Main Estimates 2009-10	Revised Estimates 2009-10	PROPOSED ADJUSTMENTS Forced Growth	Strategic Initiatives	Sunsets and Other Adjustments	Internal Reallocations	Proposed Budget 2010-11
Deputy Minister's Office							
Deputy Minister's Office	**480**	**493**	17	-	-	-	**510**
Policy & Planning	**2,039**	**2,134**	43	-	-	-	**2,177**
Contribution to NWT Housing Corp	**37,820**	**38,317**	384	(1,500)	(152)	-	**37,049**
Financial Services	**1,927**	**1,998**	49	-	-	-	**2,047**
Total Activity	**42,266**	**42,942**	**493**	**(1,500)**	**(152)**	**-**	**41,783**
Fiscal Policy							
Fiscal Policy	**1,205**	**1,239**	40	-	-	-	**1,279**
Total Activity	**1,205**	**1,239**	**40**	**-**	**-**	**-**	**1,279**
Budget, Treasury and Debt Management							
Deputy Secretary	**251**	**256**	8	-	(14)	-	**250**
Management Board Secretariat	**1,260**	**1,303**	46	-	-	-	**1,349**
Treasury				-			**-**
Management	**376**	**388**	14	-	-	-	**402**
Banking & Cash Management	**3,984**	**3,988**	9	-	-	-	**3,997**
Risk Management & Insurance	**2,813**	**2,825**	9	-	-	-	**2,834**
Tax Administration	**936**	**970**	24	-	-	-	**994**
Total Activity	**9,620**	**9,730**	**110**	**-**	**(14)**	**-**	**9,826**
Office of the Comptroller General							
Comptroller General	**234**	**239**	9	125	-	-	**373**
Audit Bureau	**1,514**	**1,558**	37	-	-	-	**1,595**
Accounting Services							**-**
Management	**375**	**384**	12	-	-	-	**396**
Financial Policy & Systems	**1,787**	**1,837**	383	-	-	-	**2,220**
Territorial Power Subsidy Program	**14,085**	**14,085**	-	-	-	-	**14,085**
Financial Reporting and Collections	**1,035**	**1,076**	31	-	-	-	**1,107**
Amortization	**1,445**	**1,445**	-	-	-	-	**1,445**
Total Activity	**20,475**	**20,624**	**472**	**125**	**-**	**-**	**21,221**
Office of the Chief Information Officer							
CIO	**1,309**	**1,331**	215	200	-	-	**1,746**
Total Activity	**1,309**	**1,331**	**215**	**200**	**-**	**-**	**1,746**
TOTAL DEPARTMENT	**74,875**	**75,866**	**1,330**	**(1,175)**	**(166)**	**-**	**75,855**

Note: Revised Estimates for 2009-10 includes the 2009-10 allocation of the funding associated with the recently concluded Collective Agreement between the Government of the Northwest Territories and the Union of Northern Worker, in the amount of $991,000 (includes 497,000 for the Northwest Territories Housing Corporation).

Forced Growth under Proposed Adjustments includes funding associated with the increased cost of delivering services and also the 2010-11 allocation of the funding associated with the recently concluded Collective Agreement between the Government of the Northwest Territories and the Union of Northern Worker, in the amount of $797,000 (includes 384,000 for the Northwest Territories Housing Corporation).

REVENUE SUMMARY

	Proposed Main Estimates 2010-11	Revised Main Estimates 2009-10	Main Estimates 2009-10	Revised Estimates 2008-09	Main Estimates 2008-09
			($000)		
GRANT FROM CANADA	**919,435**	**864,161**	**864,161**	**804,858**	**804,858**
TRANSFER PAYMENT					
Canada Health Transfer	23,446	26,385	26,639	32,392	20,424
Canada Social Transfer	14,278	13,850	14,142	14,775	13,651
Community Development Trust	-	-	-	4,200	4,200
	37,724	**40,235**	**40,781**	**51,367**	**38,275**
TAXATION					
Personal Income Tax	69,626	65,717	65,910	74,803	65,154
Corporate Income Tax	66,371	44,244	82,235	68,802	64,287
Tobacco Tax	16,444	16,432	14,651	14,672	14,090
Fuel Tax	16,207	16,026	17,487	17,224	18,799
Payroll Tax	38,288	37,404	38,976	38,687	37,694
Property Taxes and School Levies	24,252	23,940	20,143	20,924	19,734
Basic Insurance Premium Tax	4,000	3,270	3,270	3,290	3,290
Fire Insurance Premium Tax	250	230	230	210	210
	235,438	**207,263**	**242,902**	**238,612**	**223,258**
GENERAL					
Liquor Commission Net Revenues	24,226	24,209	22,879	22,431	22,431
Housing - Interest	2	2	2	2	2
NSF Handling Fees	4	4	4	4	4
Debt Settlement	34	48	48	62	62
Loan Repayment	287	269	271	287	287
Investment Interest	300	300	1,700	4,000	4,000
Insurance License Fees	260	260	240	225	225
	25,113	25,092	25,144	27,011	27,011
RECOVERIES					
Power Subsidy Dividend	3,500	3,500	3,500	3,500	3,500
Insured and Third Party Recoveries	60	60	60	60	60
Investment Pool Cost Recoveries	200	200	245	260	260
Property Tax Administrator Fee	12	11	11	11	11
	3,772	3,771	3,816	3,831	3,831
	1,221,482	**1,140,522**	**1,176,804**	**1,125,679**	**1,097,233**

LIQUOR REVOLVING FUND

The Liquor Revolving Fund was established under the *Liquor Act* and provides working capital to finance the operations of the Liquor Licensing Board, the Liquor Commission and the administration and enforcement of the Act. The Liquor Licensing Board holds compliance hearings when violations of the *Liquor Act* and Regulations are brought forward by Enforcement. The Board also issues liquor licenses and permits. Liquor Licensing and Enforcement is responsible for the enforcement of the Act and provides training to licensees and permit holders on their obligations under the Act. Communities wishing to exercise their options under the *Liquor Act* receive assistance from Licensing and Enforcement. The Liquor Commission is responsible for the purchase, warehousing, distribution and sale of all alcoholic beverages in the Northwest Territories. The operations of the Board, the Commission and Liquor Licensing and Enforcement are funded by the sale of alcoholic beverages.

	Proposed Main Estimates 2010-11	Revised Main Estimates 2009-10	Main Estimates 2009-10	Main Estimates 2008-09
		($000)		
Authorized Fund Limit	6,500	6,500	6,500	6,500
OPERATING RESULTS				
Income				
Liquor Sales	46,429	46,336	45,462	43,473
Less: Cost of goods sold	17,008	16,925	17,412	16,520
Gross profit from sale of liquor	**29,421**	**29,411**	**28,050**	**26,953**
Liquor Licensing fees	430	451	466	428
Other income	5	5	6	5
	29,856	**29,867**	**28,522**	**27,386**
Liquor Commission Expenses				
Agency Commissions	3,202	3,237	3,273	3,185
Compensation and Benefits	1,084	1,036	974	783
Other Expenses	724	758	658	442
Liquor Licensing Board and Enforcement Expenses				
Compensation and Benefits	363	369	361	289
Other Expenses	257	258	377	256
	5,630	**5,658**	**5,643**	**4,955**
NET REVENUE	**24,226**	**24,209**	**22,879**	**22,431**

b) Update on Key Activities and Results Reporting

DEPUTY MINISTER'S OFFICE

Description

The Deputy Minister's Office includes the Office of the Deputy Minister/Secretary of the Financial Management Board, the Policy and Planning Branch and the Financial Services Branch.

The duties and responsibilities of the Deputy Minister of Finance/Secretary of the Financial Management Board are conducted as described in the *Financial Administration Act* (FAA). In addition, this Branch directs the support of the Financial Management Board and provides financial and administrative leadership for the Government of the Northwest Territories.

The Policy and Planning Branch is responsible for developing and maintaining departmental policies, the department's budget management program, records management program, the provision of information systems and information management support to the department and coordinating the department's involvement in the self-government and devolution processes.

The Financial Services Branch is responsible for providing a full suite of expenditure management services to the Departments of Finance, Executive, Human Resources and Aboriginal Affairs and Intergovernmental Relations.

Major Program and Service Initiatives 2010/11

Public Private Partnerships (P3)

The GNWT P3 policy and management framework review and approval processes will be completed and the policy implemented.

Financial Administration Act

The last major review and revisions to the *Financial Administration Act* (FAA) were undertaken in 1987. As a result of the changes in the operating environment and other issues that have arisen over time, the current FAA provisions no longer effectively meet the needs of GNWT operations.

The legislative proposal is being developed in two parts:

1. The first part deals solely with the authority for multi-year appropriations for capital investment expenditures.

2. The second part deals with all other proposed amendments to the *Financial Administration Act* that will bring the legislation in line with the GNWT's current operating environment and best practices and provide a legislative framework for improved accountability and effective and efficient use of government resources.

With the completion of the review processes associated with these two items, legislation, regulations and updates/new financial policies and directives will be finalized.

Finance

Northern Employee Benefits Services Pension Plan (NEBS)

Determine and, where appropriate, implement solutions to the governance, regulatory and financial issues affecting the Northern Employee Benefits Services Pension Plan.

Four Year Business Plan Update

Results to Date

Public Private Partnerships

Government direction was to review and update the existing GNWT P3 policy and guidelines ensuring that the review clearly establishes the objectives of the GNWT in its use of P3's. A draft P3 policy and detailed management framework has been developed and provided to Standing Committee for input into the policy.

Financial Administration Act

A legislative proposal to amend the FAA to include a provision for multi-year appropriations for infrastructure expenditures has been developed and provided to the Standing Committee on Government Operations for their input into the proposal.

Northern Employee Benefits Services Pension Plan (NEBS)

An interim arrangement to provide protection from creditors for the pension entitlements of Northwest Territories members of the NEBS pension plan was finalized and as a result, the *Northern Employee Benefits Services Pension Plan Protection Act* was given assent in March 2009.

Finance Reorganization

The major activities to implement the consolidation of the Department of Finance and the Financial Management Board Secretariat have been completed including the approval of an Establishment Policy for the new department, the incorporation of the new structure into the 2009-10 Main Estimates and Business Plans and the finalization of office moves. Still to be completed is a Strategic Action Plan for the Department.

Changes to Four Year Plan

Mission

At the time of presentation of the Department of Finance's 2008-12 Business Plan, a decision on the location of the liquor function within the GNWT organization had not been finalized. The 2009-10 Main Estimates include a mission statement that reflects the decision to locate the Liquor Licensing and Enforcement and Liquor Commission functions within the Department of Finance. The mission statement for this business plan has been rewritten to change the reference from regulating consumption to managing distribution and sales.

Goals

From the 2008-12 Business Plan to the 2010-11 Business Plan, Goal 2 has been reworded to address comments and suggestions from the Standing Committee. by adding "… that is able to address key social, economic and environmental initiatives. This addition was incorporated into the 2009-10 Main Estimates.

KEY ACTIVITY 1: FISCAL POLICY

Description

Fiscal Policy is responsible for providing research, analysis and recommendations on the fiscal policies of the government; monitoring economic conditions as they affect the government's fiscal position; providing macroeconomic research and policy advice; providing analysis and advice on Canadian and NWT tax policies; monitoring and advising on intergovernmental fiscal relations; and preparing the annual budget address. The division also provides technical support for the Minister and Deputy Minister of Finance in federal-provincial-territorial discussions and represents the GNWT on intergovernmental Finance committees.

Major Program and Service Initiatives 2010/11

Potential Revenue Initiatives

In 2010-11 proposals will be developed for potential revenue initiatives.

The Department is developing an implementation strategy for use of the Macroeconomic Policy Framework. The implementation strategy includes the following elements:

- preparation of the report of the Indicators of Progress as specified in the Framework;
- formal inclusion of the Framework's investment criteria with the Financial Management Board submission process; and
- increased awareness of the Framework within the GNWT agencies.

The use of the investment criteria will be monitored with a view towards making recommendations for revision and/or clarification of the criteria. In addition, the findings of the initial progress report will be reviewed with departments and appropriate suggestions and recommendations solicited.

Discussions towards a Devolution Agreement will continue, led by the Department of the Executive. Fiscal Policy will assist in financial negotiations, particularly those related to the determination of net fiscal benefit from the transfer of non-renewable resource revenues.

Self-government negotiations will continue over the next four years. Fiscal Policy will assist in financial negotiations.

NWT Heritage Fund

A Discussion Paper has been presented to Standing Committee that considers the creation of a Heritage Fund to set aside income from resource development to fund long-term investments in infrastructure or financial assets that would allow NWT residents to receive long-term benefits from the development of the territory's resources. This proposal will be further advanced once advice and direction is received from Standing Committee and Cabinet.

Economic Investment Plan

Under the direction of the Maximizing Opportunities Committee, the NWT Economic Investment Framework and an Economic Investment Plan will be prepared. GNWT programs that support the GNWT strategic priorities will be identified and assessed using the investment criteria established under the Macroeconomic Policy Framework. Opportunities for strategic coordination of the programs as well as program gaps will be detailed in the implementation plan.

Four Year Business Plan Update

Results to Date

New Revenues

In October 2009 the Department will hold a roundtable meeting with representatives of various interest groups in the NWT to further the work of the revenue consultations held in 2008. The 2009 revenue forum of NWT stakeholders will be convened to determine if the Government's revenue structure could be changed to further economic, social and environmental objectives without increasing the overall tax burden. The results of these consultations will be used to guide revenue decisions for the 2010-11 Budget.

Changes to Four Year Plan

NWT Heritage Fund (added)

(See Major Program and Service Indicators 2010/11)

Measures Reporting

Measure 1 – Regular, accurate forecasts of revenue are prepared

Regular forecasts of revenues have been prepared. Corporate income tax revenues continue to be volatile and therefore difficult to forecast, however the department is working with the Canada Revenue Agency and Finance Canada to improve ongoing reporting.

Measure 2 – Self-government and devolution negotiations progress within constraints of approved financial mandates of the GNWT

Both Self-Government and Devolution negotiations are continuing.

Measure 3 – Number of changes to the investment criteria of the Macroeconomic Policy Framework

Findings of the initial report of the Indicators of Progress have been reviewed to identify gaps and strategies to address them. The results will be included in the 2009 Progress Report.

Measure 4 – Fiscal independence

GNWT own-source revenues represent about 26 per cent of total revenues.

The GNWT will continue to work to increase its financial independence from the federal government through increased own source revenues. Success will be measured by comparing the percentage of transfers in other provinces and territories to the percentage of federal transfers in the GNWT.

Measure 5 – Personal tax rates

The NWT maintains personal tax rates lower than the average of Canadian provinces and territories.

Measure 6 - Corporate income tax rates

The NWT maintains corporate income tax rates lower than the average of Canadian provinces and territories.

KEY ACTIVITY 2: BUDGET, TREASURY, AND DEBT MANAGEMENT

Description

The Budget, Treasury and Debt Management Branch is responsible for the management of the government's financial resources to ensure that public funds are properly budgeted and monitored, that the return on investments is maximized, and the government's cash and debt management costs are minimized within required risk parameters. The branch is also responsible for supporting the operations of the Financial Management Board (FMB), licensing and regulating insurance companies, agents, brokers and adjusters operating in the NWT, administering legislated tax programs, and administering the GNWT's insurance and self-insurance programs.

Major Program and Service Initiatives 2010/11

Budget Development

When implemented, amendments to the *Financial Administration Act*, including multi-year appropriations, will have an impact on the budget planning process and the format of budget documents.

Petroleum Products Tax Act

The *Petroleum Products Tax Act*, has existed substantially in its present form since it was promulgated in 1988. In the interim, the fuel tax environment in the NWT has been subject to substantial change, and the Act needs to be re-drafted to reflect the current environment.

Risk Management

The Department will continue initiatives to identify alternative risk financing options for the Insurance and Self Insurance programs, for promoting risk awareness within the GNWT, and for reducing the GNWT's risk profile.

Four Year Business Plan Update

Results to Date

Budget Development

Timing of the Capital Estimates: Beginning with the 2009-10 fiscal year, the Capital Estimates portion of the GNWT budget was tabled and approved by the Legislative Assembly during the Fall 2008 session. This revised schedule for the Capital Estimates allows the tendering process to begin earlier, thus allowing contractors to fit projects into their schedule and encouraging more bidders.

Treasury

Petroleum Products Tax Act

Changes to the Regulations for the *Petroleum Products Tax Act* have been promulgated to require transporters of fuel in to and out of the NWT to report volumes to the GNWT. Field audits have been performed on various entities across the NWT, and planning is in process to address collection issues.

Risk Management and Insurance

The replacement value appraisal program for Petroleum Products Division tank farms has been completed in 16 communities, ensuring that accurate values have been submitted to insurers so that the appropriate insurance premium is charged for these assets and that appropriate recovery in the event of damage or loss can be achieved.

Changes to Four Year Plan

Petroleum Products Tax Act

A legislative proposal for rewriting the *Petroleum Products Tax Act* will be prepared during the 2010-11 fiscal year and legislation submitted after that.

Risk Management and Insurance

A report outlining costs, savings, risks and benefits of alternative risk financing will be prepared and risk awareness will be promoted throughout the government through the Department of Finance website.

Measures Reporting

Measure 1 – Number of Financial Management Board submissions reviewed per year

For 2008-09, 311 documents were reviewed (247 decision items and 64 information items). To date for 2009-10, 175 documents have been reviewed (157 decision items and 18 information items).

Measure 2 – Accurate replacement values for Government Assets

The property appraisal program is ongoing, with current focus on assets valued between $1,000,000 and $2,000,000 and new acquisitions.

Measure 3 – Minimized banking, investment, and borrowing costs

Volatility in financial markets has disrupted the planning process. Currently cash held on deposit provides the best rate of return, and the government is not projected to require short-term borrowing until sometime in the Fall 2010. A borrowing plan will be completed by March 31, 2010

Measure 5 – Increased tax assessments for non-compliance with tax statutes

The Payroll Tax database has been compared to the Workers' Safety and Compensation Commission listing of employers, and unregistered employers have been contacted. A project to assess non-compliant employers is in process.

Measure 6 – Compliance with the GNWT's Fiscal Responsibility Policy

The Fiscal Responsibility Policy contains performance criteria on fiscal management and borrowing:

a) Debt to Revenue – Revenue growth compared to debt growth. A declining ratio is a positive indicator that revenue growth is exceeding the rate of growth of debt.
   - Goal – lowest 4 among provinces/territories
   - 2005-06 – 3rd lowest

b) Debt per Capita – measure of debt burden of NWT residents. A decreasing measure indicates debt burden per person is declining.
   - Goal - lowest 4 among provinces/territories
   - 2005-06 – 3rd lowest

c) Debt Servicing Costs – Interest costs
   - Goal – lowest 3rd among provinces/territories
   - 2005-06 – 2nd lowest among provinces/territories

d) Debt Servicing Payments as a per cent of Revenues – measure of burden on revenues to finance debt payments
   - Goal – Cannot exceed 5.0% of revenues
   - 2005-06 - 0.36%
   - 2006-07 - 0.29%
   - 2007-08 - 0.24%

e) Net Debt, as a per cent of GDP – declining percentage indicates economic growth exceeding rate of growth of debt
   - Goal - lowest 4 among provinces/territories
   - 2005-06 – 3rd lowest

f) Net Debt per Capita – indicator of ability to finance activities and meet obligations
- Goal - lowest 4 among provinces/territories
- 2005-06 – 3rd lowest

<u>Measure 7 – GNWT Credit Rating</u> – measure of sound fiscal policies, adherence to these policies and current and future debt burden
- Goal – maintenance of stable investment grade rating
- 2009 – Aa1 (Moody's)

<u>Measure 8 – Active Payroll Tax Files</u> – the volume of active payroll files at March 31 is:
- 2006 2357
- 2007 2352
- 2008 2412
- 2009 2441

KEY ACTIVITY 3: OFFICE OF THE COMPTROLLER GENERAL

Description

The Office of the Comptroller General is responsible for control of the administration of the consolidated revenue fund with respect to the receipt and payment of public money, accounting policy, the financial records of the GNWT, reporting responsibilities, financial analysis, advice and interpretation, internal auditing and related matters.

The Audit Bureau provides an independent, objective assurance and consulting service to improve the GNWT's operations by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls and governance processes.

Accounting Services is responsible for the development of corporate accounting procedures and policies, administration and integrity of the government's financial information system, revenue, accounts receivable and accounts payable functions, making territorial power subsidy payments, management of the environmental liability fund, external financing reporting, and providing collections and credit granting functions.

Major Program and Service Initiatives 2010/11

System for Accountability and Management

A major initiative will be to ensure the System for Accountability and Management (SAM) is operating effectively and as intended. This will entail the implementation of an interdepartmental governance structure, a user advisory group, and on-going user training.

A training program directed towards providing program managers with the financial skills necessary to effectively manage the resources under their responsibility will be researched and developed. Best practice, capacity gaps and information available in the GNWT's new financial system will be combined to produce the program. The training program for program managers will begin to be delivered in 2010-11.

Implementation plans for a financial shared services model will be developed that will include government structure, service level agreements, resource implications and an implementation schedule.

Four Year Business Plan Update

Results to Date

The selection and purchase of the software and hardware associated with the financial information system replacement project began in 2008-09. Configuring and implementation of the system is scheduled for completion in 2009-10. Due to escalating costs, the scope and budget were revised in 2008-09 with the project remaining within the revised budget.

Module 1 of the Financial Training program was developed to provide GNWT finance staff with basic accounting concepts and related these concepts to the GNWT public sector environment. The training of GNWT financial staff took place in all major regional centers from September 2008 to December 2008. The training has been temporarily suspended while resources have been focused on the implementation of the GNWT's new financial system (SAM). The training is expected to resume in the winter of 2009-10 and be provided on an ongoing basis.

Changes to Four Year Plan

System for Accountability and Management ongoing operations (added)
(See Major Program and Service Indicators 2010/11)

Evidence of a comprehensive and systematic audit program (measure deleted)

Measures Reporting

Measure 1 – Percentage of audit time on direct audits, unscheduled audits and professional development.

The total available hours were allocated as follows:

Categories	2007-08	2008-09
Operational audits	41%	35%
Unscheduled audits	19%	3%
Other indirect hours	19%	24%
Professional Development hours	11%	15%
Information technology audits	7%	20%
Other consulting and audit hours	3%	3%

Measure 2 – Number of audit staff with, or working towards, professional designations

Categories	2007-08	2008-09
Staff with professional designation	4	2
Staff working on designation	3	3

Measure 3 – Number of irregularities

Categories	2007-08	2008-09
Irregularities reported	8	6
Audit reports issued dealing with irregularities	3	2

Measure 4 – Percentage of work plan completed

2007-2008 - 52% of the annual audit work plan was initiated
2008-2009 - 60% of the annual audit work plan was initiated.

Measure 5 – Financial system in place, processes transactions and meets needs
Replacement of the existing financial system is in process and on schedule with a “go-live” date of September 1, 2009.

Implementation of an interdepartmental governance structure, a user advisory group, and on-going user training to ensure the System for Accountability and Management is operating effectively and as intended.

Measure 6 – Evidence that financial policies and directives are in place, readily accessible to users and regularly reviewed to keep current
Financial procedures and directives will be reviewed and revised as required to support the

implementation of a new financial system.

Measure 7 – Timeliness of the publication of Public Accounts
In 2001, notwithstanding the *Financial Administration Act* deadline requirement for Public Accounts to be tabled on or before December 31 if the Legislative Assembly is in session, or no later than 15 days after commencement of the next session, the Standing Committee recommended a three-year timeline to progressively table the Public Accounts earlier, with a deadline of August 31 for 2003 and subsequent years. To facilitate this deadline, the Public Accounts can be submitted to the Standing Committee should the Legislative Assembly not be in session at the time that the Public Accounts are completed.

The Public Accounts for 2007-08 were completed in January 2009 because of delays in government entities' information being available to consolidate with that of the GNWT. A plan has been developed in conjunction with the Auditor General of Canada and GNWT government entities that targets a completion date of October 31 for the 2008-09 Public Accounts.

Measure 8 – Evidence of adequate training sessions to demonstrate that employees are knowledgeable about financial procedures, policies and directives.
Accounting training was deployed in the fall of 2008 with most of the GNWT financial staff identified as requiring either increased capacity or skills refreshers being trained. Follow up sessions for staff that were unavailable and for new staff was suspended until later in 2009-10 due to the training development and delivery required to support the financial system implementation.

Training development for the new system includes a computer-based learning tool that will allow new employees to be easily trained and existing employees to refresh or expand their skills, as and when required. In addition, classroom training or "web presentations" will supplement the system training, with additional training around the GNWT business processes related to processing financial transactions.

KEY ACTIVITY 4: OFFICE OF THE CHIEF INFORMATION OFFICER

Description

The Office of the Chief Information Officer (OCIO) is the lead for the development of an effective, comprehensive and current strategy for the development, management and use of the government's information resources in a manner that supports the government's strategic business goals and operational needs.

Major Program and Service Initiatives 2010/11

Knowledge Management Strategy Implementation
Implementation of the updated Knowledge Management Strategy will commence in 2010-11 although specific details will not be finalized until the KMS is updated (scheduled for completion in 2009-10). In support of the KMS implementation efforts, $500,000 was approved through the Strategic Initiatives funding process under the "Refocusing Government" initiative.

Strategic Security Plan (SSP) Implementation
The SSP will allow the GNWT: protect the electronic information assets of the GNWT, meet user requirements, allow for future enhancements and accommodate change, meet legislative requirements, meet contractual requirements, withstand scrutiny of both internal and external audits and be cost effective and justifiable.

The key activities for 2010-11 are to:

- Conduct vulnerability assessments of the GNWT's IT environment
- Undertake an operational review of the Technology Service Centre's security practices
- Engage an independent (external) review of the GNWT's IS security procedures.
- Develop a Disaster Recover and Business Continuity Framework for IS and IT related operations.

Electronic Records and Document Management System (ERDMS)
The ERDMS will be used to store, organize and access electronic business records. Vendor selection was completed in 2009. The plan is to phase in the system beginning in 2009-10 for those departments that are ready, with the remaining departments being phased in over the following two fiscal years. The system will enhance functionality in the following areas:

- Improve and mitigate corporate risk by providing improved response times when searching/retrieving information with respect to ATIPP and Discovery requests.
- Reduce duplication across our networks thereby reducing the increasing demands on storage and storage costs.
- Enhance abilities to share information within and across departments.
- Provide savings in office space and equipment, and storage space (physical and virtual)
- Reduce hidden costs such as; time lost searching for records, time spent creating duplicate records, time and costs associated with the transfer of records to offsite storage and time and costs associated with the authorized disposition of public records)
- Ensure compliance with legislative requirements (Archives Act and ATIPP)

GNWT Participation in CRTC Regulatory Hearings
The key activities regarding CRTC regulatory matters are:

- Improve GNWT awareness of the CRTC regulatory environment
- Identify issues of concern to the GNWT arising from CRTC regulatory actions

Finance

- Develop and present the GNWT's positions on such matters at the formal CRTC hearings scheduled for 2010 (if required)

Four Year Business Plan Update

Results to Date

Planning Processes

Updated the IM/IS/IT Capital Planning Process to include more relevant information and a more comprehensive review and prioritization methodology.

Completed the 2010-11 Capital IM/IS/IT Planning Process resulting in the recommendation of twelve projects across seven departments totalling $5,000,000 for inclusion in the 2010-11 Capital Plan.

Policies

Completed updates to both the Internet and the E-Mail Acceptable Use Policies for implementation across the GNWT.

Security

Completed two threat/risk analyses for the Department of Health and Social Services as required by Canada Health Infoway.

Information and Communication Technology Initiatives.

Entered into GNWT-wide licensing agreements with both Oracle and Microsoft for database software ensuring both optimum pricing and licensing compliance.

Developed, issued and managed a Request for Proposals for the Preliminary Requirements Analysis of document management needs across the GNWT.

Participated on the project team for the implementation of BlackBerry service across the GNWT.

Network Services

Maintained liaison with key stakeholders to ensure that Broadband network services are successfully deployed in all NWT communities.

Changes to Four Year Plan

Measure 3 (removed)

Number of GNWT IS projects that exceed original budget projections.

Electronic Records and Document Management system (added)

(See Major Program and Service Indicators 2010/11)

GNWT participation in CRTC Regulatory hearings (added)

(See Major Program and Service Indicators 2010/11)

Measures Reporting

Measure 1 – Knowledge Management Strategy

The current Knowledge Management Strategy (KMS) is in the process of being updated to reflect significant changes in both the business environment of the GNWT and the technological changes that have occurred since the development of the original KMS in 2001. Implementation of the updated KMS will commence in 2010-11.

As the updated strategy is being developed, performance measures will not be known for several months. However, it is expected that these measures will include determining the value of Capital investments in IT, better outcomes (on-time, on-budget) for major IT initiatives, favourable benchmark comparisons for overall IT spending as compared to other government (provincial and state) and the increase in the use of IT for the delivery of programs and services online. A measurement framework is required to clearly demonstrate how IT adds value and ultimately improves GNWT operational efficiency and effectiveness as well as the delivery and accessibility of programs and services to Northerners.

Measure 2 – Strategic Security Plan

The ongoing implementation of the Strategic Security Plan will result in the following measures for 2010-11:

- A complete and approved Electronic Information Security Management Framework for the GNWT
- Improved awareness of the Security Framework by all GNWT staff
- A working Security Incident Response Plan for the GNWT
- Ongoing provision of expert advice on security and security-related issues to the GNWT

Measure 3 – ERDMS Implementation Project

The next phase of the ERDMS project scheduled for 2010-11 includes the rollout of the selected solution to pilot departments (approximately 3-4 departments). The measures for this initiative for 2010-11 are:

- Successful implementation of the ERDMS solution in the pilot departments
- User acceptance and utilization of the solution
- Reduction of the number of electronic documents stored by these departments
- Reduction in electronic storage requirements resulting from the above
- Reduced time to locate and retrieve electronic documents

Measure 4 – CRTC Regulatory Matters

The ongoing monitoring of and participation in CRTC regulatory matters will result in the following measures:

- Identification of key issues to both the GNWT specifically and the NWT in general resulting from CRTC regulatory hearings
- The development of a GNWT position(s) on these issues
- Participation by the GNWT in the CRTC hearings (if required)

KEY ACTIVITY 5: LIQUOR REVOLVING FUND

Description

The Liquor Revolving Fund is established under the *Liquor Act* and provides working capital to finance the operations of the Liquor Licensing Board, Liquor Licensing and Enforcement and the Liquor Commission.

The Liquor Licensing Board holds compliance hearings when violations of the *Liquor Act* and Regulations are brought forward by Enforcement. The Board also issues liquor licenses and permits.

Liquor Licensing and Enforcement is responsible for the enforcement of the Act and to provide training to licensees and permit holders on their obligations under the Act. Communities wishing to exercise their options under the *Liquor Act* receive assistance from Licensing and Enforcement.

The Liquor Commission is responsible for the purchase, warehousing, distribution and sale of all alcoholic beverages in the Northwest Territories.

The Board, Commission and Liquor Licensing and Enforcement are funded by the sale of alcoholic beverages.

Major Program and Service Initiatives 2010/11

Liquor Commission
Investigate liquor store requirements and develop business models that will deliver best results for liquor distribution in each community with liquor store service.

Research and advise on best approach and options for development of regulations relevant to liquor stores and liquor sales and distribution.

Licensing and Enforcement
The Licensee Handbook and forms will be accessible on line and licensees will be encouraged to use this means of communication where possible.

Continue to educate licensees and their staff on the *Liquor Act* as staff turnover in this type of business is high – i.e. server training.

Communities will continue to be advised of their options under the Liquor Act and will be provided with information on a yearly basis and when required for specific requests.

Four Year Business Plan Update

Results to Date
All licensees were provided with a handbook geared to the classification of license they hold that summarizes the new *Liquor Act* and regulations. The handbook is to assist the licensees to better understand their obligations under the *Liquor Act*.

Server Training was provided to 97 participants in 2008-2009. From April 1, 2009 to July 21, 2009 a total of 102 participants have taken the course.

In 2008-2009 inspector training was provided to 27 RCMP members and Inspectors with regard to the new *Liquor Act*. From April 1, 2009 to June 2009, total of 12 RCMP members have taken training.

All communities were provided with information on the new *Liquor Act* regarding community options.

Changes to Four Year Plan

Addition
The Liquor Revolving Fund has been included as a Key Activity of the Department of Finance.

Measures Reporting

Measure 1 - Liquor net income ratio will be equal to at least 50% of gross liquor revenue
The NWT Liquor Commission achieved financial targets in the 2008 – 2009 fiscal year. Gross sales were $44.6 million, an increase of 4.4% over 2007 – 2008. Net income of $22.8 million, was 3.5% higher than 2007 – 2008 levels.

Five Year Performance History

For the year ending March 31	2009	2008	2007	2006	2005
($ooo's)					
Gross Sales	44,649	42,771	39,654	38,776	37,673
Gross Profit	27,460	26,444	24,585	24,200	23,457
as a Percentage of Sales	61.5%	61.8%	62.0%	62.4%	62.3%
Net Profit	22,798	21,880	20,520	20,333	20,101
as a Percentage of Sales	51.1%	51.2%	51.7%	52.4%	53.4%
Operating Expenses	4,668	4,568	4,069	3,872	3,598
as a Percentage of Sales	10.5%	10.7%	10.3%	10.0%	9.6%

Measure 2 - Number of violations by liquor store operators
Operational compliance with contracts, regulation and legislation by the store and warehouse operators was good throughout the year. The operations of all liquor outlets are monitored monthly and visited periodically by headquarters management.

Measure 3 - Number of social responsibility campaigns and programs
The Liquor Commission supports the responsible use of alcohol through various awareness programs and initiatives. During the fiscal year, the Liquor Commission, in cooperation with nine other Canadian liquor jurisdictions, supported the launch of a national campaign to support the use of beverage alcohol in moderation.

The Techniques of Alcohol Management (TAM) is a Liquor Commission Liquor Store Server Training program that has been provided to liquor store staff over the past two years. It is mandatory that all liquor store service personnel receive and demonstrate competence in the service of beverage alcohol in accordance with the TAM program before they can serve customers.

The Check 25 program is intended to strengthen controls in place concerning service to minors. The program conditions our customers to expect to be asked for proof of identification if they appear to be under the age of 25. The specific forms of identification papers allowed have been standardized.

Warnings messaging with regard to the dangers of alcohol consumption during pregnancy were delivered to all retail customers, in the form of warning labels on all beverage containers and paper bags used at the point of sale.

In conjunction with Educ' Alcool, a booklet titled "Be Prepared To Talk To Your Children About Alcohol" was distributed through the liquor stores and sent to medical clinics, schools and drug and alcohol committees throughout the Northwest Territories.

In support of MADD Canada, all liquor stores participated in the Red Ribbon Program, "It's Time to Change the meaning of Tie one on, Drive Safe, Drive Sober".

The Commission participates on the Canadian Liquor Jurisdictions' Social Responsibility Committee, and strives to provide products that are socially responsible and incorporates responsible messaging into product sales.

Measure 4 - Operations are managed efficiently and comply with legislation, regulation and policy.
The operational structure of the Liquor Commission consists of a headquarters administrative staff of nine and a network of seven stores and two warehouses, operated by private contractors. Five of the private agency stores operate with inventory on consignment from the Commission and the two Yellowknife stores purchase inventory directly from the Yellowknife warehouse. Sales to consumers and licensees are incurred through sales by the consignment stores. Sales to private stores are realized through their purchase of liquor products from our warehouse. The cost to deliver the sales and administration throughout the year was 11 per cent of sales revenue, of which 7 per cent was paid as commissions to liquor store and warehouse contractors.

Measure 5 - Education of licensees with regard to the *Act*

- 100% of the licensees will be provided with a licensee handbook
- 100% of requests from licensees for server training will be delivered within 3 months of the request
- 100% of reported violations will be investigated and responded to within 30 days of the incident
  During 2008-2009 all targets were met.

Measure 6 - Training of Liquor Inspectors

- 100% of the Inspectors will received training and will be provided with on-going support
- 100% of requests from RCMP detachments for inspector training will be provided within 30 days of the request
  During 2008-2009 all targets were met.

Measure 7 - Provide advice to communities (community options)

- 100% of the communities who request advice will be acknowledged within 48 hours
  During 2008-2009 all targets were met.

c) Update on Strategic Activities

STRATEGIC INITIATIVE: REFOCUSING GOVERNMENT

Action: Manage the Cost of Government

1. Description

Financial Shared Services Centre

As part of the Modern Management concept, the *Financial Administrative Renewal Strategy* and the *Financial Administrative Renewal Initiative Project Charter* were approved in 2007. Both the *Strategy* and the *Charter* included the proposal for a Financial Shared Services Center for transaction based activities including aspects of: procurement of goods and services; accounts payable; general ledger; cashier and accounts receivable; financial systems operations; and other financial activities.

The proposed activity is to complete the planning, design and transition activities required to implement a Financial Shared Services Centre (FSSC), including a shared services procurement model (SSPM), for the GNWT at the beginning of the 2011-12 fiscal year. This initiative will be coordinated with Public Works and Services.

The intent of this activity is to provide for a consistent level of service across government that is compliant with GNWT policies through the consolidation of the financial processing and procurement process activities. Departments will maintain responsibility for determining what expenditures they deem necessary to incur and what goods and services they require to meet their program needs. Departments will also maintain the resources and responsibilities to do their own financial planning and analysis.

Activity to Date

As part of the Modern Management concept, a project charter was developed for the replacement of the government's financial system, rewriting of the *Financial Administration Act* and implementing a FSSC. A design for the FSSC, a governance structure and a general implementation plan were included in the Program Charter. However, in 2008, the FMB deferred implementation of the FSSC proposal due to capacity challenges in trying to implement a new system and service delivery model at the same time and provided direction to return with an implementation plan/proposal when the new financial information system has been implemented.

Planned Activities – 2010/11

Planning activities include review of best practices within other jurisdictions, developing an organization model for the FSSC, defining a governance structure, defining the delivery model, assessing infrastructure requirements, developing a human resource plan detailing job requirements, assessing impact on employees and developing transition and staffing plans and defining services levels.

Planned Activities – 2011/12 and Future Years

With implementation on April 1, 2011, activities will be focused on monitoring and evaluating the performance of the FSSC.

2. Description

Government Duty Travel Policies and Procedures

Review current duty travel directives to ensure they are clear and usable to properly control, monitor, and report on travel by GNWT employees.

Activity to Date

The current Financial Administration Manual (FAM) directive on GNWT travel has been revised to clarify the rules and procedures for approving travel. A checklist was developed to compliment the directive to assist with compliance with the directive.

The revised FAM has been reviewed internally within the Department of Finance, and it is anticipated the directive will be submitted to the Financial Management Board for approval in September 2009.

A new FAM directive on the proactive disclosure of travel by Senior Managers and Deputy Ministers of the GNWT has also been drafted. This directive has been reviewed internally within the Department of Finance and by the Office of the Deputy Secretary to Cabinet to ensure consistency with the reporting of Ministerial travel. A final review is being undertaken by the Office of the Comptroller General and the office implementing the System for Accountability and Management to ensure required disclosures are consistent with reporting available through SAM. It is anticipated the directive will be submitted to the Financial Management Board for final approval in January 2010.

Planned Activities – 2010/11

Continued review and analysis of GNWT travel expenditures to ascertain other options that can be developed to reduce GNWT travel costs and ongoing reporting of GNWT travel as required by the directive.

Planned Activities – 2011/12 and Future Years

Ongoing reporting of GNWT travel as required by the directive.

Action: Strengthen Service Delivery

3. Description

Knowledge Management Strategy Renewal

The renewal of the Knowledge Management Strategy (KMS) is required in order for the GNWT to accomplish its goals for IM/IS/IT, and effectively manage its electronic information resources. The cost for this project in 2009-10 will be $300,000 (primarily for contract services) with future years' costs being determined once the strategy update is complete and specific initiatives identified. In order to meet business planning timeframes, $500,000 has been identified for implementation activities across the GNWT in 2010-11. This amount will be refined once the updated strategy and associated implementation plan have been finalized in late 2009-10.

Activity to Date

A Project Charter has been developed for the KMS initiative for approval by the Informatics Policy Committee.

A Deputy Ministers Steering Committee, reporting to IPC, has been established.

A Request for Proposals for the KMS update process is being developed.

Planned Activities – 2010/11

Although the activities planned for 2010-11 will not be finalized until the Strategy update is completed in late 2009-10 it is anticipated that the KMS strategic initiatives will involve:

- Activities to improve the management of the information resources of the GNWT. This may include developing data, information and application architectures and data standards.
- More fully articulating the GNWT's approach to service delivery, and particularly e-Government. Associated with this will be specific IT initiatives that will be necessary to support more online services.
- In order to help achieve better outcomes from large (Capital) IT projects, consideration may be given to the establishment of a Project Management Office (PMO). This office will provide expert advice, guidance and assistance to all departments in the management of large, complex IT projects.

Planned Activities – 2011/12 and Future Years

The activities planned for 2011-12 and future years will be to complete those items identified in the KMS implementation plan and will likely include the continuation of the 2010-11 activities.

4. Description

Support to non-government organizations

Stabilize GNWT support to Non-Government Organizations (NGOs) by clarifying and/or enhancing the draft Program Manager's Guide and developing of a Plain Language User Guide for NGOs. This also includes working with the Department of the Executive to help develop funding criteria for NGOs.

Activity to Date

On March 7, 2009, the Department of Finance hosted a Focus Group to hear directly from NGOs about their concerns and issues with current funding arrangements with GNWT departments. The Focus Group consisted of representatives from twenty-four NGOs, six of which were from a region.

In addition to suggestions to improve the Program Managers Guide and develop a complementary guide for NGOs, common concerns regarding funding arrangements with the GNWT were raised. The themes that emerged were:

- Addressing the inflationary pressures on costs which has deteriorated the funding NGOs are provided to deliver programs and services
- Improving the relationships between the NGOs and the GNWT
- Providing NGOs better information on GNWT policies and guidelines and improving access to this information
- Simplifying the processes NGOs need to undertake to obtain and report on funding received from the GNWT

This feedback highlighted that the GNWT will likely need to consider some policy changes in order to stabilize the sector. However, while some of these changes may mean simply providing clearer direction to departments, others will take some time to review and assess.

A Working Group, consisting of NGOs and senior GNWT staff, was established to start the work necessary to finalize the Program Managers Guide and development of the complementary guide.

Draft funding allocation criteria have been developed and are being reviewed by Departments. It is anticipated that increased funding to targeted NGOs will be distributed in the Fall 2009.

Finance

Planned Activities – 2010/11

The 2009-10 funding allocation will be reviewed and if needed, the allocation revised to address any feedback/recommendations heard from the NGO sector. The ongoing funding will be built into departmental budgets.

Finalize the Program Managers Guide and Plain Language Guide for NGOs and continue to engage the Working Group to review and assess other tools and resources that could be developed to provided continued support to the NGO sector.

Planned Activities – 2011/12 and Future Years

Continue to engage the Working Group to review and assess other tools and resources that could be developed to provide continued support to the NGO sector.

d) Overview of Infrastructure Investments

Activity to Date

The FIS Replacement Project, referred to as the System for Accountability and Management, is a multi-year project with an approved investment of $20,260,000. The target go-live date was September 1, 2009. Initial implementation activities such as training and reorganizing to meet new roles required to sustain the system will continue until December 2009.

Planned Activities – 2010/11

See information system and management overview

Planned Activities – 2011/12

See information system and management overview

e) Legislative Initiatives

Activity to Date

Financial Administration Act

A legislative proposal to amend the FAA to include a provision for multi-year appropriations for infrastructure expenditures has been developed and provided to the Standing Committee on Government Operations for their input into the proposal.

Northern Employee Benefits Services Pension Plan

The *Northern Employee Benefits Services Pension Plan Protection Act* was given assent in March 2009 to provide protection from creditors for the pension entitlements of Northwest Territories members of the NEBS pension plan.

Tax Legislation

The Department typically amends legislation in order to implement any tax initiatives in the annual territorial budget. These initiatives generally cannot be known in advance. Amendments to NWT tax legislation may be proposed following revenue consultations.

Planned Activities – 2010/11

Financial Administration Act

If approved, legislative drafting will be required to amend the *Financial Administration Act* to provide for multi-year appropriations for infrastructure expenditures.

If approved, legislative drafting will be required to amend the *Financial Administration Act* to bring the legislation in line with the GNWT's current operating environment and best practices and provide a legislative framework for improved accountability and effective and efficient use of government resources.

Petroleum Products Tax Act

The effectiveness of the *Petroleum Products Tax Act* (1988) as a means of collection of Petroleum Products Tax in the NWT has been reduced. The entire Act is to be re-written to reflect the current environment for fuel distribution in the NWT and to improve the collection and administration of the tax.

Tax Legislation

Legislation may be required to implement tax measures associated with the annual territorial budget.

Planned Activities – 2011/12

Petroleum Products Tax Act

Redrafting of the *Petroleum Products Tax Act*

- Complete Drafting Instructions

Tax Legislation

Legislation may be required to implement tax measures associated with future territorial budgets.

f) Human Resource Overview

Overall Human Resource Statistics

All Employees

	2009	%	2008	%	2007	%	2006	%
Total	109	100%	97	100%	109	100%	102	100%
Indigenous Employees	48	44%	47	49%	49	45%	48	47%
Aboriginal	27	25%	23	24%	24	22%	26	25%
Non-Aboriginal	21	19%	24	25%	25	23%	22	22%
Non-Indigenous Employees	61	56%	50	51%	60	55%	54	53%

Note: Information as of March 31 each year.

Senior Management Employees

	2009	%	2008	%	2007	%	2006	%
Total	11	100%	13	100%	12	100%	15	100%
Indigenous Employees	4	37%	5	39%	5	42%	6	40%
Aboriginal	1	9%	1	8%	1	8%	3	20%
Non-Aboriginal	3	27%	4	31%	4	34%	3	20%
Non-Indigenous Employees	7	64%	8	61%	7	58%	9	60%
Male	9	82%	10	77%	10	83%	12	80%
Female	2	18%	3	23%	2	17%	3	20%

Note: Information as of March 31 each year.

Non-Traditional Occupations

	2009	%	2008	%	2007	%	2006	%
Total	13	100%	11	100%	10	100%	4	100%
Female	4	31%	2	18%	4	40%	1	25%
Male	9	69%	9	82%	6	60%	3	75%

Note: Information as of March 31 each year.

Employees with Disabilities

	2009	%	2008	%	2007	%	2006	%
Total	109	100%	97	100%	109	100%	102	100%
Employees with disabilities	1	1%	1	1%	1	1%	1	1%
Other	108	99%	96	99%	108	99%	101	99%

Note: Information as of March 31 each year.

Position Reconciliation

This information differs from the employee information on the preceding page. Employee information reflects actual employees on March 31 of each year, and the information presented below reflects position expenditures approved through the budget process for each fiscal year.

Active Positions

Summary:

	2009-10 Main Estimates	Change	2010-11 Business Plan
Total	120	1	121
Indeterminate full-time	107	1	108
Indeterminate part-time	-	-	-
Seasonal	-	-	-
Liquor Revolving Fund	13	-	13

Adjustments During the Year:

Position	Community	Region	Added/ Deleted	Explanation
Project Manager	Yellowknife	Headquarters	Added	Financial Shared Services and Procurement
IS Support Technician	Hay River	South Slave	Added	Information Systems Support
IS Support Intern	Hay River	South Slave	Deleted	Information Systems Support

Other Positions

The following positions are associated with the financial information system replacement project and are funded through the capital appropriation established for the project.

Summary:

	2009-10 Main Estimates	Change	2010-11 Business Plan
Total	14	(14)	-
Indeterminate full-time – SAM Project	14	(14)	-
Indeterminate part-time	-	-	-
Seasonal	-	-	-

Adjustments During the Year:

Position	Community	Region	Added/ Deleted	Explanation
Various	Yellowknife	Headquarters	Deleted	Project to be completed during 2009-10

Other Human Resource Information

One of the stated priorities of the Legislative Assembly is to "improve human resource management within the GNWT." To address this priority, a ten-year NWT Public Service Strategic Plan, *20/20: A Brilliant North* and accompanying three-year Action Plan were developed and tabled in the Legislative Assembly on June 4, 2009. The Strategic Plan outlines specific actions to address the goal to both promote Affirmative Action throughout the GNWT and to develop Human Resource Plans for each department.

The three-year Action Plan includes the development of a framework for departmental plans to be developed by August 31, 2010. It would be expected that departments could complete their HR Plans by the end of 2010-11 and these would be incorporated into subsequent business plans. The creation of these plans will ensure a consistent and coordinated approach across government, providing equitable opportunities for all staff.

The tables below indicate the statistics on the Department of Finance's human resource activities with respect to summer students, interns and transfer assignments for 2009.

Summer Students				
Total Students	Indigenous Employees (Aboriginal + Non Aboriginal	Indigenous Aboriginal	Indigenous Non-Aboriginal	Non-Indigenous
18	17	5	12	1

Interns				
Total Interns	Indigenous Employees (Aboriginal + Non Aboriginal	Indigenous Aboriginal	Indigenous Non-Aboriginal	Non-Indigenous
3	2	-	2	1

Transfer Assignments				
Total Transfer Assignments	Indigenous Employees (Aboriginal + Non Aboriginal	Indigenous Aboriginal	Indigenous Non-Aboriginal	Non-Indigenous
15	6	5	1	9

Activities Associated with Staff Training & Development

The Department allocates financial resources and identifies training and development opportunities for employees to demonstrate its commitment to the professional growth of staff. Examples of this commitment include:

- The Department of Finance hosted the 27th Interprovincial Investigations Conference in June, 2009. Forty federal and provincial Tobacco Tax investigators registered and attended. Five Department of Finance staff attended the conference and were provided exposure and training which would not otherwise been available.

- Two representatives from the Department of Finance attended the annual Canadian Risk and Insurance Management Society convention in 2009 to take advantage of the industry training opportunities offered there. The Loss Control Specialist is now a certified Playground Inspector and has begun to inspect GNWT owned playground equipment.

- Two representatives from the Department attended the annual Interprovincial Budget Conference in 2009. This conference provides a forum to discuss common issues and challenges being faced by all jurisdictions. Current economic conditions have been the primary topics of discussions.

- One representative from the Department attended the annual conference held by the Treasury Management Association of Canada, which is Canada's national association of treasury and finance professionals. The conference provides educational seminars and an opportunity to learn about current trends and advancements fom all sectors.

- An employee from the Department was approved short-term education leave to complete a Graduate Certificate in Program Management. The completion of the Graduate Certificate will contribute to the employee's longer term goal of completing a Masters in Business Administration program, as well as, provide additional professional development to help advance career goals within the department.

- Six employees of the Department of Finance are enrolled in professional accounting and auditing education programs.

g) Information System & Management Overview

Overview

System for Accountability and Management (SAM)

Formal planning for the replacement of the existing financial information system (FIS) began in 2003 with the establishment of a three-phase project:

- Phase I was completed in December 2003 and involved a high level assessment of the GNWT's business requirements;
- Phase II was completed in July 2007 and resulted in the identification and selection of a specific system solution to meet the GNWT's business needs; and
- Phase III of the project is the implementation. This phase required a System Implementer (SI) to assist in the project implementation. The SI Partner provided implementation assistance and support in a variety of areas ranging from:
  - system design, development and configuration;
  - system specific functional and technical expertise;
  - change management; system testing and quality assurance;
  - user training and knowledge transfer;
  - old system data conversion; and
  - post implementation operational support.

A dedicated project team, comprised of both internal GNWT staff and external-consulting resources was been established and the system went into production during 2009-10.

Electronic Records and Document Management System (ERDMS)

The ERDMS project was started in 2008-09 with vendor selection occurring in 2009-10. The implementation plan is to phase the solution in to those departments that are ready for implementation in 2009-10 with the remaining departments being phased in over the following two years (2010-11 and 2011-12). The ERDMS will be used to store, organize and access electronic business records. It will enhance functionality in the following areas:

- Improve and mitigate corporate risk by providing improved response times when searching/retrieving information with respect to ATIPP and Discovery requests.
- Reduce duplication across our networks thereby reducing the increasing demands on storage and storage costs.
- Enhance abilities to share information within and across departments.
- Provide savings in office space and equipment, and storage space (physical and virtual)
- Reduce hidden costs such as; time lost searching for records, time spent creating duplicate records, time and costs associated with the transfer of records to offsite storage and time and costs associated with the authorized disposition of public records)
- Ensure compliance with legislative requirements (Archives Act and ATIPP)

This is a major initiative that will take 3 years to implement and will involve all GNWT staff that use personal computers as part of their job. Upon successful implementation of the pilot departments, the OCIO will work with PWS to develop a transition plan for the transfer of responsibility for the maintenance and support of this system to PWS.

Finance

Strategic Security Plan (SSP) Implementation

The SSP was approved by Informatics Policy Council in January 2009. This strategy will allow the GNWT to reach a security position that will:

- Protect the electronic information assets of the GNWT.
- Meet user requirements, allow for future enhancements and accommodate change.
- Meet legislative requirements.
- Meet contractual requirements.
- Withstand scrutiny of both internal and external audits.
- Be cost effective and justifiable.

Planned Activities – 2010-11

System for Accountability and Management (SAM)

There are no major initiatives planned as the focus for 2010-11 will be on ensuring that the system is operating as intended and identifying areas of improvement.

Electronic Records and Document Management System (ERDMS)

The next phase of the ERDMS project scheduled for 2010-11 includes the rollout of the selected solution to pilot departments (i.e. those that are ready for ERDMS implementation – approximately 3-4 departments).

Strategic Security Plan (SSP) Implementation

The key activities in implementing the SSP in 2010-11 are:

- Conduct vulnerability assessments of the GNWT's IT environment
- Undertake an operational review of the Technology Service Centre's security practices
- Engage an independent (external) review of the GNWT's IS security procedures.
- Develop a Disaster Recover and Business Continuity Framework (and template) for IS and IT related operations

Planned Activities - 2011-12

System for Accountability and Management (SAM)

Implementation of Peoplesoft modules to support the Shared Services Procurement Model is being proposed pending the provision of funding through the capital planning process. This would include two modules, Strategic Sourcing and Supplier Contract Management that would allow for complete integration of the GNWT's procurement processes with its financial reporting system.

Electronic Records and Document Management System (ERDMS)

The final phase of the ERDMS project is scheduled for 2011-12 and beyond and includes the rollout of the selected solution to all remaining departments.

Strategic Security Plan (SSP) Implementation

Future years' implementation activities for the SSP will depend of the outcomes of a prioritization process for security related initiatives. This prioritization will be undertaken in consultation with key stakeholders and will be completed in 2009-10.

4. FUTURE STRATEGIC DIRECTION FOR THE DEPARTMENT

Fiscal Sustainability

The GNWT has historically been, and remains, highly dependent on Canada for the majority of its revenues. The NWT's vast size, small and dispersed population, and challenging climate make the cost of delivering services and building infrastructure many times the value of its tax base. Although the economy has grown substantially in the last decade, historically linkages between the resource sector and the rest of the economy have not been strong. Together with lack of jurisdiction over non-renewable resources this has limited the government's capacity to invest in initiatives that will generate the long-term economic, social and environmental returns that will, over time, increase the territory's self-reliance.

To this end, the Department of Finance will need to play a critical role in developing and implementing fiscal strategies that will enable the GNWT to achieve its goals.

On the revenue side, this will mean continuing to present tax policy options that strike the appropriate balance between revenue needs, economic growth and environmental sustainability and that provide incentives for individuals to live and work in the NWT. It will mean working with other departments, governments and Aboriginal and private sector partners to develop and implement strategies that will create a future economy for the NWT that is balanced, diversified and sustainable. This will include finding opportunities to create economies of scale and lower costs through an expanded population base. It will also mean continuing to pursue devolution and resource revenue sharing and to prepare for the eventual transfer of these responsibilities and revenues to the NWT.

Recognizing that fiscal independence is a long-term goal, the Department will need to continue to work with Canada to ensure that fiscal transfers are adequate and appropriate. And while the GNWT cannot incur debt to a level where debt servicing costs are unaffordable or reduce program and service budgets, some debt, specifically that which supports infrastructure, may be required to sustain economic growth.

Given that expenditure demands are expected to continue to outpace revenue growth, the Department will need to continue to play a leadership role in assisting decision makers to establish affordable frameworks for spending and investment that reflect government priorities, and assist departments in managing their expenditure and resource requirements.

Modern Management

Public governments are facing increasing pressures to adapt their comptrollership and management practices as a result of changes that are occurring within the business environments they administer. The GNWT management environment has been significantly impacted by changes in:

- Technology: resulting in the use and reliance upon electronic information systems in support of corporate administration functions (Human Resources, Financial Management, Procurement, etc).
- Knowledge and Risk Management: resulting in the need for increased information and knowledge by decision makers to effectively manage government programs and services.

- Public Expectations: resulting in increasing expectations with respect to transparency, accountability and program effectiveness; and
- Business Relationships: as seen in the increasing complexity of the business relationships that we have with other jurisdictions, Aboriginal governments, Public/Private partnerships, or through development initiatives such as the secondary diamond industry.

In response to the changing business environment, the GNWT has embarked on an administrative renewal initiative in support of modern management practices that will ensure: a stronger focus on ethical behaviour; the adoption of formal risk management practices; improved accountability and stewardship of resources, and a focus on the results being achieved for the dollars spent.

Administrative renewal initiatives being advanced include:

1. The renewal of the Knowledge Management Strategy (KMS). Through the original KMS, the GNWT outlined its commitment to improve the delivery of programs and services through better information and knowledge management. It is recognized that the existing KMS is dated, and a renewal initiative is underway, as described in other sections of this Business Plan.
2. The future management and direction of the public service. The Department of Human Resources has recently released a corporate human resource strategic plan for the Northwest Territories public service that will guide the public service towards becoming the employer of choice in the NWT.
3. Adopting the modern management approach to financial management functions and includes:
    a. re-writing and modernizing the *Financial Administration Act* with corresponding changes to financial policies, procedures and directives;
    b. replacing the GNWT's 25 year-old financial information system with an enhanced tool that better supports the GNWT's informational, analytical, reporting and business requirements;
    c. moving towards a financial shared services delivery model and updating the Knowledge Management Strategy.

Building on the modern management framework, the Department of Finance, along with GNWT departments, will need to continue to strengthen the existing capabilities of our public service so that better decisions are made, better service is provided to clients, and effective measures and reports on results are available to the public and stakeholders.

A supporting framework of legislation, policy, information systems and skilled government staff are critical components of a modern management environment. Advancing modern management will require continued improvements to systems, policies and controls that support the reporting of integrated performance information, risk based management practices, appropriate accountabilities and an ethics and values foundation that enables managers and staff to choose the right course of action when faced with ethical dilemmas.

Enabling modern management practices within the GNWT is a long-term commitment that will require ongoing support and active departmental participation. The degree to which modern management principles become an integral part of the GNWT business culture will directly impact the ultimate success of the overarching management reforms.

This Business Plan summarizes activities over the past few years and departmental plans over the next two years. Looking into the medium term, and beyond the current 16th Legislative Assembly, the Department of Finance's Strategic Action Plan, currently under development, will provide strategic direction and expectations to guide the department.