



# NUNATSIAVUT

kavamanga Government

## Financial Plan 2018-2019 Amendment #1

### **\*\*NOTE\*\***

**THIS IS NOT THE OFFICIAL VERSION, AS TABLED AT THE NUNATSIAVUT ASSEMBLY. THIS VERSION REFLECTS THE AMENDMENT APPROVED BY THE NUNATSIAVUT ASSEMBLY WITH REGARDS TO THE BUDGET OF THE NUNATSIAVUT ASSEMBLY.**

# Preface

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The Department of Finance, Human Resources and Information Technology is responsible for the completion of the annual financial plan for the Nunatsiavut Government (“NG”). As noted in the Labrador Inuit Constitution, this financial plan must be approved by the Nunatsiavut Assembly.

Appendix A denotes the Financial Plan as included in the annex to the Budget Act 2018.

# Sources of Revenue

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## *Fiscal Financing Agreement*

The Nunatsiavut Government (“NG”) will receive approximately \$50.5 million from the Government of Canada through the Fiscal Financing Agreement (“FFA”) in the 2018-2019 fiscal year. The FFA sets out certain programs and services that the Nunatsiavut Government has to provide; however, the Nunatsiavut Government does have the authority to set the dollar amounts for these programs and services. Under the current FFA, there is a limited amount of funds currently for capital works projects in the Inuit Communities (~\$4.8M) and significant demands for these funds. One such demand is the need for subdivision/land development. Even with the funds currently received for housing, there is an issue with the availability of land in the five Inuit communities to build new houses or complexes. This limits the NG’s ability to have new housing units constructed. As such, the Budget Act 2018 appropriates an additional \$2,600,000 to be used for the development of land/subdivisions in Nunatsiavut, with the condition that the lots becoming available are used specifically to address the issues of overcrowding.

The FFA also gives the NG the ability to carryover funds that are not expended in any year and allow us the opportunity to plan for projects that require larger amounts of funds. In Section 2 of Annex 2, there is currently \$18,000,000 in internally restricted funds related to FFA funds. Of these funds, approximately \$10,650,000 relates to housing initiatives, \$4,600,000 for education programs and services, \$1,350,000 for economic development initiatives and \$1,500,000 for the new Department of Health and Social Development building in Hopedale.

## *Own Source Revenues*

Personal income tax revenue is projected to be \$4,793,000 for the 2018-2019 fiscal year. This is composed of the annual remittance from the Government of Canada, at \$3,800,000, as well as an part of an additional payment (\$993,000) made in regards to personal income taxes for the 2013 and 2014 calendar years. Additional payments may be received in any given year as the Canada Revenue Agency completes its annual audit on the personal income tax returns submitted. Goods and Service Tax (GST) is based on an estimate from the Government of Canada and is \$1,414,000 for the 2018-2019 fiscal year.

Interest and investment income is based on interest earned on the NG bank accounts and from the investment with Optimum Asset Management. Under the Labrador Inuit Lands Claims Implementation Trust, the NG receives 50% of the investment income earned in the previous calendar year, which has been budgeted at \$7,244,000.

The NG collects access fees from fishers for use of the NG fishing licenses. This has been occurring for the last four years and is in accordance with the NG commercial fishing policy. Fishers were consulted in the development of the policy and sign an agreement with the NG to remit access fees which is expected to be approximately \$300,000.

Due to the additional revenues raised from personal income taxes and investment income, the NG does not have to appropriate any internally restricted mining royalties for the 2018-2019 fiscal year. It is also important to note that the NG did not receive any mining royalties under Part 7.5 of the LILCA for the 2016-2017 and 2017-2018 fiscal years.

# Projected Budget and 5 Year Plan

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As per the Labrador Inuit Constitution (Section 8.5.5), the Government is required to maintain a contingency fund that may be used by the Executive Council for the following reasons:

- Meeting a temporary excess of authorized expenditures paid out of the Nunatsiavut Fund over revenues paid into the Nunatsiavut Fund;
- Providing a working balance for the Nunatsiavut Fund;
- Meeting an unforeseen emergency; or
- Responding to an urgent and immediate need to implement a new program or service for the good of Labrador Inuit.

We have budgeted \$486,500 into this fund for the 2018-2019 year bringing the accumulated contingency reserve to \$3,800,000.

The Labrador Inuit Constitution gives the authority for approval of the budgets of the Inuit Community Corporations to the Nunatsiavut Executive Council. In approving the budgets, the Labrador Inuit Constitution (Section 11.1.2), outlining the mandate of the Inuit Community Corporations, guides the decision process. The mandate of the Inuit Community Corporations is to provide a liaison and contact between the NG and Labrador Inuit normally residing in an urban area, inform the NG about the views of Labrador Inuit residing in an urban area and provide a vehicle through which the NG programs and services for Labrador Inuit living outside Nunatsiavut may be delivered to Labrador Inuit ordinarily residing in the urban area.

The budgets of the Inuit Community Corporations were approved by the Nunatsiavut Government for a total of \$154,000.

In December 2017, the NG was informed by the Government of Canada that there will be a moratorium on Own Source Revenue offsets against the FFA. This moratorium is in effect up to three (3) years from April 1, 2017 to March 31, 2020. As a result, there is no OSR payment to the Government of Canada budgeted for the current year.

## *Five Year Plan*

Please note that the total budget for 2020 onwards will decrease significantly as capital infrastructure projects are completed.

# Total Department Budgets

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Employees are the key to the success of the Nunatsiavut Government; key to the programs and services that the NG deliver to Beneficiaries of LILCA. To reflect the commitment of the NG to its civil service and the increased cost of living, there was a 2% increase budgeted for employees in the employee and casual divisions starting April 1, 2018 for each of the next three fiscal years.

The mandate or functions of each department of the Nunatsiavut Government are outlined in the *Nunatsiavut Government Organizational Order*. These functions, as well as strategic planning of the Nunatsiavut Government, guide each department as it prepares its budgetary requirements each year.

## *Nunatsiavut Secretariat*

The Nunatsiavut Secretariat is responsible for the planning and priority setting of the Nunatsiavut Government, developing the legislative agenda, as well as intergovernmental relations.

In the 2018-2019 fiscal year, the department will continue to support Inuit Tapiriit Kanatami and Inuit Circumpolar Council activities, as well as to participate in the Inuit-Crown Partnership Committee. The department has budgeted for a new position to focus on the implementation of the Nunatsiavut Energy Security Plan. This has not resulted in a significant change in the overall budget request as funds have been re-profiled from professional fees to salaries and benefits.

This department is also responsible for external public information, communications and for the operations of Nunatsiavut Visual Design. There is a plan to replace the wide-format printer in the 2018-2019 fiscal year. There are no other significant changes in the operations of these divisions from previous years.

## *Nunatsiavut Affairs*

Nunatsiavut Affairs is responsible for implementation of the Labrador Inuit Lands Claims Agreement, housing, legal services, the Registrar of Beneficiaries' office and public property.

With the growth in the number of public properties, the department has planned to hire a seasonal worker to assist with maintenance. There has been an increase in the rent and maintenance costs due to addition of Illusuak Cultural Centre and storage facilities in Nain as well as planned required maintenance on the other NG buildings. There is a projected increase in the expenditures for the Membership Committee and Inuit Appeal Board meetings based on feedback from the annual workshop.

Housing continues to be a priority for the NG, with a significant amount of time and effort being invested by the interdepartmental housing group in finalizing a housing strategy and draft housing act for Nunatsiavut. With the approval of the housing strategy and housing act, the internally restricted funds allocated to housing will be used for implementation of these goals and objectives.

## *Finance, Human Resources & Information Technology*

Finance, Human Resources and Information Technology is responsible for the financial affairs, human resource needs and supplying and managing the information technology needs and resources of the Nunatsiavut Government.

There is an insignificant change in the budget request for the department for the 2018-2019 fiscal year. This is driven by two items: additional professional fees for planned projects related to the transition plan, general human resource matters and firewall and routing plans. There is a requirement to replace capital assets related to onsite back-ups. There is \$280,500 budgeted for subscriptions, mainly for the I.T. division for items such as Microsoft volume licenses, Blackberry licenses, Computrace Security licenses, to name a few.

## *Lands and Natural Resources*

Lands and Natural Resources (LNR) is responsible for Labrador Inuit Lands and all natural resources in Labrador Inuit Lands, both renewable and non-renewable; the management and regulation of Inuit Harvesting; protection of the Environment; establishment of Exploration Standards and the approval of Work Plans; the establishment and management of protected areas in Labrador Inuit Lands; and the implementation and administration of impacts and benefits agreements.

While there are no significant changes planned with the programs and services of the Non-Renewable Division, the division is continuing to be involved in marine protection in particular as it relates to offshore development. A major activity of this division continues to be the promotion of Nunatsiavut to encourage exploration within Nunatsiavut and to promote resource service sector businesses operating in the region

The Lands Division, in partnership with the Non-Renewable Division, is planning to conduct inspections of various sites on Labrador Inuit Lands with potential environmental concerns as recommended by the CLARC committees.

Program expenses for the Renewable Resources Division have increased in the 2018-2019 again, related directly to the fishery fund. As noted in prior years, the Nunatsiavut Government has restricted all access fees received from fishers into a fund for the purchase of fishing opportunities such as quotas or licenses. Since opportunities arise with short notice and need to be acted quickly upon, having the appropriation completed in the Budget Act will allow the Nunatsiavut Government to avail of these opportunities. This division is also developing a formal plan for the use of the fishery fund and has budgeted funds for consultants to assist on this project. The Renewable Resources division will be again participating in the research of the Davis Strait polar bear survey and the annual fishery workshop. There is an allocation for the construction of a quonset hut for storage of equipment in Nain.

The Environment Division will continue to support the Lake Melville Base Line Study with community-based monitoring of water, fish and seals and associated analysis, expansion of current monitoring program to include other species within the Lake Melville ecosystem. The division will continue its work on the Northern Contaminants Program, waste management, SmartICE, and Imappivut, to name a few programs. The division will continue the implementation of a research

program in the Torngat Mountains, through a partnership with the Weston Foundation and Parks Canada.

### *Health and Social Development*

Health and Social Development is responsible for establishing and administering health and social policies, programs and services for the Nunatsiavut Government and for promoting the health and well-being of Inuit.

The majority of the funding (~\$26 million) for the operations of this department comes from the Fiscal Financing Agreement; with no significant planned changes to their programs and services. The departmental budget requested from the NG's own source revenue is composed of the expenditures related to a position and programming to address food security issues in Nunatsiavut, youth and elders programming and the Status of Women Coordinator position and program funding.

### *Education and Economic Development*

Education and Economic Development is responsible for establishing and administering education and economic development policies, programs and services for the Nunatsiavut Government and promoting the economic development of Nunatsiavut and the education of Inuit.

The department continues to implement programs in relation to education, capacity building for Labrador Inuit and Inuit businesses and development of economic opportunities. They continue to budget \$300,000 for the Community Economic Development Program.

### *Culture, Recreation and Tourism*

Culture, Recreation and Tourism is responsible for administering the cultural and linguistic affairs of the Inuit and the Nunatsiavut Government. This includes: policies, programs and services for the preservation, use and development of Inuktitut; the protection and management of archaeological and historic resources; and protecting and developing the cultural heritage of the Inuit and fostering Inuit creativity through the arts. The department also administers Nunatsiavut Government policies, programs and services in relation to tourism. CRT promotes tourism, strengthens Inuit participation in the tourism industry, and promotes economic growth and employment throughout Nunatsiavut in the area of tourism.

The Cultural Division has budgeted an additional \$200,000 to specifically address one of the NG's key priorities – language. The plan includes the recruitment of a Language Researcher to carry out an Inuktitut language needs survey to gather baseline data regarding current comprehension levels, interest, exposure levels and barriers. A best practice assessment is also planned to be carried out to learn from other Inuit regions and would be used to inform a language strategy. There will also be a Language Summit held to learn from Beneficiaries and language specialists from other Inuit regions and Nunatsiavut regarding how to best address language needs in Nunatsiavut. The department is also requesting additional funding to develop and implement new cultural programming in partnership with other departments of the Nunatsiavut Government.

Funding continues to be appropriated for current programs such as the Inuktitut radio hour on the OK Society radio station, Inuagguait Language Nest, the Labrador Inuktitut Training Program, the

Interpreter/Translator annual workshops and the Inuktitut Master Apprenticeship program. The Archaeologists will continue with projects such as the Digital Outreach and Oral History Initiative, the Labrador Kayak Revival project, the Model T Salvage Project, the annual Heritage Forum, the identification and designation of historically significant buildings in Nunatsiavut and the commemoration of Labrador Inuit contributions to the Great War.

With the approval of the Nunatsiavut Tourism Strategy, plans for the Tourism Division will focus on the development of the implementation plan with community sessions planned as well as development of an experience development network. Funds are also appropriated for partnerships, market readiness programs and experience packages in Nunatsiavut and the Torngat Mountains National Park Base Camp and Research Centre. Hebron is a very important part of the Labrador Inuit history; as such, the Tourism Division has planned for the continuation of the Hebron Ambassador Program and the Hebron Restoration project.

The Nunatsiavut Government will continue to contribute \$75,000 to the activities of the Torngat Recreation Commission.

### *Administration*

The Nunatsiavut Government has made a very concerted effort to keep the administration costs at a minimum level. Administration costs for the government include telephone, heat and light, insurance, office supplies, bank charges and mortgage payments.



# Nunatsiavut Assembly

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The budget for the Nunatsiavut Assembly has increased for the 2018-2019 fiscal year. In 2017-2018, the Nunatsiavut Assembly approved a new method for calculating the salaries for Elected Officials. The salary for an Elected Official for the 2017-2018 was increased to \$75,000 effective April 1, 2017 and will be increased annually using the Consumer Price Index for the preceding calendar year. For the 2018-2019 fiscal year, the salary for an Elected Official was increased by 1.4% to \$76,050, resulting in an overall increase in salaries and benefits of \$25,000. The remaining variance for salaries and benefits is due to the fact that this is an election year, as such, all Elected Officials are budgeted to have dependents for purposes of the Labrador Allowance and the Travel Benefit.

In May 2018, there will be a general election, as such there are election costs budgeted for the general election as well as a reserve in the event a bi-election is required.

## Implementation Plan

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The budget for Implementation Plan is set under Annex D of the Implementation Plan and subject to the approval of the Implementation Committee.

## Capital Infrastructure

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In the 2018-2019 year, the NG will continue to budget for three capital projects: Illusuak Cultural Centre, a new office and programming space for the Department of Health and Social Development in Hopedale and staff housing.

Illusuak Cultural Centre is substantially complete; however, during the 2018-2019 fiscal year, the theatre and landscaping will be finalized, as such there are budgeted expenditures for these items. As noted in the 2017-2018 budget, there is currently inadequate and insufficient office and programming space for the Department of Health and Social Development in Hopedale. Land has been purchased for this building and building design is underway. There are funds budgeted to begin the construction of the new building in 2018-2019 fiscal year. The funds for this capital project will come from the deferred revenue from the Fiscal Financing Agreement related to capital purchases, internally restricted FFA funds and secured funds from the Government of Canada.

With insufficient and inadequate apartments currently available, staff housing continues to be an issue as we recruit and retain employees for the Government. Funds have been budgeted to address the issues noted in the building assessment report from Stantec.

# Equitable Division of FFA for Inuit Community Government Operations

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At the March 2017 sitting of the Nunatsiavut Assembly, there were concerns raised about the usage of the number of households as the basis for the division of the operational funds for the ICGs. As such, the Nunatsiavut Government completed a review of the methodology and with advice from the Inuit Community Governments, has implemented a new methodology for the allocation of the operational funds for the Inuit Community Governments.

The funds are now being allocated based on two factors: a set amount for core functions that are carried out regardless of the size of the Inuit Community and a variable amount based on the number of private and commercial dwellings as provided by each Inuit Community to the Nunatsiavut Government. This new approach is being phased in so not to cause undue hardship with the funding levels being red-circled for Nain and Hopedale.