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**Oral Question 428-18(3) Infrastructure Funding Priorities**

This letter is in follow-up to the Oral Question you raised on October 23, 2018, regarding the analysis done prior to applying for federal infrastructure funding. I committed to providing you with information on the criteria that are used to determine which projects should be submitted for federal infrastructure funding, and how that information could be shared with the public.

The process the Government of the Northwest Territories (GNWT) followed to identify priority projects under the Investing in Canada Plan (ICP) was outlined in a confidential briefing to the Standing Committee on Priorities and Planning (SCOPP) when the Integrated Bilateral Agreement (IBA) was signed this past March 2018.

To determine priority projects that would make up the GNWT's ten-year investment plan under the ICP, a three-step process was followed:

1. The first step was to go through the priorities of the 18<sup>th</sup> Legislative Assembly and mandate commitments of all departments to identify infrastructure-related items that fit with the objectives and outcomes of the various streams announced under the IBA.
2. Departments then reviewed the federal outcomes for each funding stream and identified what types of priority infrastructure projects, or "priority area", could potentially be funded under each. From there, the funding being provided under the IBA was allocated for each of these priority areas.
3. After determining these proposed allocations, Departments developed a listing of what kind of projects were priorities that could be advanced within the allocations to meet federal funding objectives.

Each of these steps is discussed further on the following pages.

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The GNWT and the federal government share many similar objectives when it comes to making infrastructure investments. The first step in determining priority projects was to match the priorities of the 18<sup>th</sup> Legislative Assembly, noted in the mandate, with federal ICP objectives to determine potential program areas to allocate funding. The federal government identified three overarching objectives for its ICP, as follows:

- Creating long-term economic growth, which is consistent with the GNWT's priorities to invest in infrastructure, including the expansion of the transportation system and increased energy production that supports industries like mining, agriculture, fisheries, forestry, manufacturing, and tourism, and contributes to the development of a strong northern workforce.
- Building inclusive communities, which links to mandate priorities aimed at increasing services to communities, including enhancing local infrastructure such as roads and solid waste facilities, improving transportation links, lowering the cost of energy, providing infrastructure that meets the communication needs of residents, and increasing food security.
- Support a low-carbon green economy, which is also an objective of the GNWT.

The federal government provided a list of outcomes for each funding program. This new approach was intended to provide greater flexibility for the federal government to select projects that did not previously fit into eligible asset categories. The GNWT's challenge was to match proposed projects to the outcomes provided by the federal government. Under the ICP, there are a number of funding streams available:

- Green Infrastructure: energy projects, road projects that support adaptation, community energy efficiency and solid waste site upgrades.
- Public Transit: Canada has required this funding to be provided only to communities with existing transit systems and ridership. As such, the City of Yellowknife is the only community currently eligible under the Public Transit stream. The City will be asked to identify a plan for utilizing this funding to enhance the public transit system.

- Community, Culture and Recreation: community cultural spaces.
- Rural and Northern Communities: food security, community roads, highway rehabilitation, and new fibre link projects.
- Arctic Energy: provides an opportunity to support renewable energy options for communities.

Health and educational facilities are ineligible under the ICP, except where they respond to recommendations of the Truth and Reconciliation Commission (TRC), in which case they would be eligible under the Community, Culture and Recreation stream and the Rural and Northern Communities stream.

Guidance was also taken from GNWT strategic documents that identify specific long-term goals, objectives and projects for the Northwest Territories (NWT) for which federal infrastructure funding programs could be a good fit. These include the *2030 Energy Strategy and Action Plan*, the *Economic Opportunities Strategy*, the *Transportation Strategy 2015–2040*, the *Mineral Development Strategy*, and the *Climate Change Strategic Framework*. In addition, community needs have been identified through the municipal funding review completed by the Department of Municipal and Community Affairs (MACA), which identified not only the funding gap but also the types of infrastructure where the gap was most significant.

Based on federal outcomes and the priorities of the 18<sup>th</sup> Legislative Assembly, five priority areas for infrastructure investment were identified: communities, transportation, energy, food security and broadband. Based on the matching of federal programs to these GNWT priority areas, departments identified an allocation of federal funding to each of these priority areas.

All GNWT Departments with responsibilities in the priority areas identified infrastructure priorities and discussions were undertaken to match these priority areas to the outcomes provided by the federal government to determine eligibility for each stream. This was a combination of matching the known needs and projects to the various federal outcomes and involved several discussions with the federal government to ensure projects fit with its outcomes and priorities.

Since federal funding is allocated over a 10-year period, the process to bring forward projects to determine eligibility is still ongoing. As project funding is required, departments will bring forward projects for approval to the federal government and as part of the ongoing Legislative Assembly processes for approval of capital projects.

Members of the Legislative Assembly (MLAs) have had considerable opportunity to provide significant input into all of these guiding documents, from the mandate to the various strategies and action plans that have been developed, to reviewing and providing input into the Capital Plan and participating in its approval. All of these documents are public documents, and there was also considerable public engagement in the development of the strategies and associated action plans that identify potential projects.

While not included in the ICP, there may be other specific federal funding programs for other kinds of infrastructure, like social infrastructure. For example, where there is federal funding for housing, the federal programs are targeted directly at that kind of investment.

As the GNWT develops proposals for funding, the Department of Infrastructure has kept MLAs informed at every turn, with briefings to the relevant standing committee on funding opportunities and the development of the various strategies that have fed into this process. In addition, regular updates on the proposed projects for submission have been provided, and the appropriate standing committees on the projects have been advised when project applications are successful in securing funding.

While the public has not been engaged specifically on which GNWT projects should be put forward for federal funding, the GNWT has engaged the public on proposed infrastructure projects through the development of the various strategies noted above, as well as through MLAs who bring forward needs and concerns, and through departmental ongoing discussions, meetings and engagements with the public and stakeholders on programs.

For community infrastructure projects, MACA will work with the NWT Association of Communities (NWTAC) to create scoring criteria for use in consideration of applications submitted by Indigenous and community governments. MACA will manage an application process and identification of priority projects, which will then be submitted to Canada for final approval. As noted previously, priority is intended to be given to solid waste, energy and road projects for community governments, and priority will be given to cultural projects for the Indigenous government applications. Applications will identify applicant ability to provide for their 25% cost share requirements, and applicants will also be asked to identify employment benefits and procurement approaches.

Where the GNWT has identified projects and priorities that do not fit federal eligibility criteria, territorial officials continue to advocate for the adjustment of program requirements or to identify other solutions to help address the infrastructure deficit in the NWT.



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