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Operational Focus

Mission Statement

To obtain, manage and control the financial resources required to support the priorities identified by the Legislative Assembly through implementation of Government of the Northwest Territories' policies and programs and ensuring effective, efficient and economical management of financial and information resources.

Principles

1. A strong focus on ethical behaviour.
2. The adoption of formal risk based management practices.
3. Improved accountability, transparency and stewardship of resources.
4. A focus on the results being achieved for the dollars spent.

Values

Integrity

We will be fair and honest in our work, respect the confidentiality of privileged information, and maintain a high standard of personal and ethical conduct.

Continuous Improvement

We will use creative new ideas and original solutions in our work, and we will continually improve business practices to ensure excellence in service to the public.

Professionalism

We will be respectful, understanding and work to the highest professional standard and level of excellence. Our work will be timely and accurate and will incorporate sound judgement.

Accountability

We will be accountable and responsible for our actions and for our contributions to the Public Service.

Operating Environment

The fiscal reality of the Government of Northwest Territories (GNWT) is that we depend on Canada for the majority of our revenues. The Territorial Formula Financing, our main federal transfer, largely depends on provincial-local government spending and NWT population growth rates to determine growth of the transfer. The provinces are attempting to return to balanced budgets through reduced spending, and a stagnant, or declining, NWT population will slow the growth in Territorial Formula Financing and therefore total revenues. Consequently, the revenue growth rate is expected to slow to just over 2 per cent per year, on average; less than half the growth that was experienced over the last five years. Furthermore, 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, and therefore its ability to raise its own revenues is limited.

The net fiscal benefit from resource revenues following the transfer of jurisdiction over non-renewable resources will not change the GNWT fiscal reality. However, GNWT control over the management of NWT lands, waters and resources will provide more opportunities to strategically invest in initiatives that will generate the long-term economic, social and environmental returns that will, over time, increase the territory's self-reliance.

Although the economy has grown substantially in the last decade, it has entered a phase of low growth at a level significantly lower than the double digit growth of the last decade. The NWT economy depends on the large government sector and resource developments. However, historically linkages between the resource sector and the rest of the economy have not been strong. Notwithstanding the proposed development at the Ekati mine, the potential developments that may occur over the next few years are not large enough to replace the large diamond mines that are expected to close within the next 10 years. In the medium to long-term, this is not sustainable and the NWT population is starting to decline. This is why the GNWT has embarked on an objective to increase the NWT population by 2,000 people by the year 2019.

The uncertain economic environment is not a new challenge and the GNWT is poised, through its Land Use Sustainability Framework, Economic Development Strategy, Mineral Development Strategy, and Energy Plan, to meet these challenges with actions that support a healthy and growing business sector by addressing weaknesses in the NWT investment environment and restoring the NWT's competitive edge. Part of the solution is investment in public infrastructure – from roads and airports, to communications networks, to quality remote community housing to attract and retain skilled people.

The Government must ensure that it has adequate fiscal resources to take actions under its various economic development strategies while continuing to provide quality Government programs and services. These programs and services are needed by NWT residents to maintain and improve the quality of life in the NWT and allow residents to take advantage of opportunities as they arise. The Government must ensure it has adequate fiscal resources to provide programs and have the flexibility to deal with changing circumstances and take advantage of new developments in governance or in new technology.

/ Action Plan

This Strategic Action Plan describes how the Department will fulfill its mission, strategic priorities, goals and objectives through an action based approach.

The pillar of this Action Plan is the Department's two strategic priorities of Fiscal Sustainability and Modern Management which have been identified as being critical to the long-term success of the Government.

Flowing from these strategic priorities are the goals, objectives, and action items that lay out the steps that will fulfill the Departments' mandate.

The Department will monitor achievements made towards accomplishing these goals and objectives and will measure results through the annual business planning process.

By working closely with other Government Departments, Public Agencies, and other stakeholders the Department intends to make a strong, effective contribution to the achievement of the goals of the 17th and 18th Legislative Assemblies.

Strategic Priorities

Fiscal Sustainability

Fiscal sustainability means that the actions we take to provide programs and services and invest in infrastructure must not exceed our ability to pay for these expenditures through the revenues we receive and the borrowing limits we are bound by. In other words, the GNWT's fiscal framework remains sustainable as long the projected revenues are sufficient to provide for the current levels of programs and services, meet our debt obligations and not exceed the federally-imposed limit on borrowing authority.

The fiscal reality is that the GNWT depends on Canada for the majority of its revenues. The main federal transfer, Territorial Formula Financing, largely depends on provincial-local government spending and NWT population growth rates to determine its growth. Both the provinces' attempts to return to balanced budgets through reduced spending, and a stagnant, or declining, NWT population will slow the growth in Territorial Formula Financing and therefore total 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, and therefore its ability to raise its own revenues is limited. 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. The net fiscal benefit from resource revenues following the transfer of jurisdiction over non-renewable resources will not change this reality. However, GNWT control over the management of NWT lands, waters and resources will provide more opportunities to strategically invest in initiatives that will generate the long-term economic, social and environmental returns that will, over time, increase the territory's self-reliance.

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On the revenue side, this will mean continuing to present tax and resource royalty policy options that strike the appropriate balance between revenue needs, economic growth, environmental sustainability and providing incentives for individuals to live and work in the NWT. This means working with other departments, governments, 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 also means treating resource revenues in a manner consistent with the goals and priorities of the Legislative Assembly.

Recognizing that fiscal independence is a long-term goal, the Department will work with Canada to ensure that fiscal transfers are adequate and appropriate. 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.

The Department will also work with Finance Canada to secure more flexibility to make critical infrastructure investments to support economic development through a further increase to the federally-imposed borrowing limit. The additional borrowing capacity is key to the GNWT's efforts to unlock the NWTs' tremendous economic potential through infrastructure investments such as hydro and transportation. The Department will ensure that its debt burden size is affordable by adhering to the Fiscal Responsibility Policy, which sets the annual debt servicing costs at a maximum of 5 per cent of total revenues.

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, borrowing and investment that reflect government priorities, and in assisting departments to manage their expenditure and resource requirements.

Modern Management

The GNWT is facing increasing pressure to adapt its comptrollership and management practices as a result of changes that are occurring within our business environment.

There has been a significant impact on the GNWT management environment from changes in:

- Technology: Technological change is increasing at such a rate that it is difficult to keep pace. The delivery of Government programs and services are tightly integrated and reliant on technology; modern management practices are necessary to keep up with technological change;
- Knowledge Management: resulting in the need for increased information and knowledge by decision makers to effectively manage government programs and services;

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- Risk Based Management: analysis to assist decision makers in dealing with change and uncertainty to enable decision making;
- Public Expectations: resulting in increasing expectations with respect to transparency, accountability and program effectiveness;
- 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; and,
- Velocity of change: change is always occurring; however the speed of change is increasing rapidly.

In response to the changing business environment, the GNWT has embarked on a long-term administrative renewal initiative in support of modern management practices. Initiatives being advanced include:

1. The Service Innovation Strategy, a renewal of the original Knowledge Management Strategy (KMS). Through this renewal, the GNWT has outlined its commitment to improve the delivery of programs and services through better use of technology. The Strategy provides a renewed approach to leveraging Information and Communications (ICT) related technologies, to improve access to existing programs and services, via the use of online service delivery channels, and improved management of ICT resources.
2. Adopting a modern management approach to financial management functions. This includes:
 - Re-writing and modernizing the Financial Administration Act with corresponding changes to the Financial Administration manual, and other policies procedures and directives;
 - With a new financial information system in place, shifting focus to clustering the System for Accountability and Management (SAM) with the PeopleSoft Human Capital Management System (HCM), to better leverage both management systems to further support the Government's information, analytical, reporting, and business requirements;
 - Continuing to advance the shared service delivery model for financial processing, as well as for payroll and benefits.
3. The future management and direction of the public service. DHR has recently released a corporate human resource strategic plan for the NWTs' public service that will guide the public service towards becoming the employer of choice in the NWT.



Strategic Goal 1

Maintain a fiscal regime that facilitates economic growth while supporting social and environmental goals.

The GNWTs' fiscal regime is the foundation for the business of government. Key components are obtaining revenues in an economically sustainable way, controlling expenditure growth, and making responsible borrowing choices to invest for the future. This fiscal foundation is built on a *Fiscal Responsibility Policy* that guides responsible spending, borrowing and debt management.

Objectives

- 1.1 Provide sound fiscal planning through prudent economic and revenue forecasting to help sustain government programs, services and infrastructure over the longer term.
- 1.2 Decrease reliance on federal transfers through increasing own source revenues by growing the economy.
- 1.3 Develop a fiscal framework to strengthen the Government's long-term fiscal position.
- 1.4 Work with other departments to provide economic and fiscal policy advice for key sectoral strategies.
- 1.5 Modernize and strengthen the Government's budget process.
- 1.6 Ensure tax revenues due under NWT taxation legislation are assessed and collected.

Actions

1.1 Sound Fiscal Planning

Sound fiscal planning means managing expenditure growth so that it does not exceed revenue growth in order to provide operating surpluses to invest in necessary infrastructure and manage debt. This requires reliable information on future revenues and expenditures and a full assessment of the risk in the forecasts. The Department provides a five year forecast of revenues and expenditures which is used as the base of the fiscal framework.

Action 1.1.1 Provide regular revenue forecasts

Deliverable Improved revenue forecasting (Ongoing)

Action 1.1.2 Strive to maintain annual expenditure targets

Deliverable Increased operating surpluses for infrastructure investments (Ongoing)

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Strategic Goal 2

Provide the necessary financial information, based on sound fiscal analysis, to support Government policy development and decision making.

A success factor for any organization is to be able to make sound decisions and develop sustainable policies. This requires rigorous fiscal analysis and program evaluation of existing and planned activities. This will be made possible through ensuring the availability of financial information that is relevant, complete, accurate, reliable, timely and available to users.

Objectives

- 2.1 Integrate the GNWT Macroeconomic Policy Framework and Risk Management Framework into the analysis undertaken to support policy development and decision making.
- 2.2 Provide relevant, reliable, complete accurate and timely financial information and results to decision makers.
- 2.3 Integrate activities from the Program Review Office work plan into the GNWT planning and budgeting processes.

Actions

2.1 Policy Development and Decision Making

A variety of financial and policy analysis tools are available for use in the review and development of government policies and programs and for making allocative decisions. The Department provides the data and tools for use by senior managers, program managers, and decision makers, to measure the efficiency, effectiveness, and sustainability of programs and services. The use of two new tools is being further advanced through this Strategic Plan. These are expanded use of the Macroeconomic Policy Framework and the development and use of risk assessment at the department and corporate level.

Although the Department has a role in other departments' initiatives and programs to ensure that GNWT future flows of revenues and possible liabilities are identified, Departments are responsible to implement the initiatives/programs and measure the economic outcomes. Departments need to be provided with the economic tools to increase their capacity to provide evidence-based advice for economic decisions and policies.

Risk analysis considers the strategic, operational and tactical impact of risks associated with government programs and services, and can be used to develop priorities for policy action or financial allocation decisions.



Strategic Goal 3

Oversee the management and protection of the Government's information resources.

Information is a foundational component of all government services and must be safeguarded on behalf of residents, businesses and visitors. We have a responsibility to protect and manage this information in accordance with legislation and policy while at the same time enabling the safe collection and analysis of information to support policy development, program evaluation and service delivery. We have a further responsibility to ensure there are reliable and robust telecommunications and broadband delivery networks in place to support the protection and delivery of information.

Objectives

- 3.1 Improve online service delivery to NWT residents, businesses and visitors.
- 3.2 Protect the confidentiality, integrity and availability of information.
- 3.3 Ensure information is managed in accordance with legislation and policy.
- 3.4 Ensure we make informed investments in information and communications technology (ICT) and improve performance of our ICT projects.
- 3.5 Represent the GNWT interests in Broadband and Telecommunications-related activities.
- 3.6 Ensure government has the statistical information necessary to support policy development, monitoring of socio-economic conditions and program evaluation.

Actions

3.1 Online Service Delivery

Technology has the ability to improve how we deliver programs and services and requires a collaborative approach across all departments to ensure the best usage of our technology resources in a manner which improves program and service outcomes. This requires a coordinated cross-department Strategy with common and consistent approaches to enable online services.

Action 3.1.1 Develop a government-wide ICT Strategy to guide online service delivery and future investments in ICT

Deliverable ICT Strategy developed and approved (Complete)

Action 3.1.2 Lead implementation of the ICT Strategy

Deliverable Coordinated implementation of the ICT Strategy (Ongoing)



Strategic Goal 3

3.6 Statistical Information

Timely and accurate statistics are key tools for the government and other organizations to use in making informed decisions. Developing policies, monitoring programs and identifying emerging issues are all facilitated with the availability of quality data and analysis.

Action 3.6.1 Develop, interpret and disseminate economic, social and demographic statistics

Deliverable Reporting on the range of available statistics (Ongoing)

Action 3.6.2 Provide statistical advice and expertise to departments, boards, Aboriginal Governments and the public

Deliverable Form and maintain partnerships with organizations to provide statistical analysis (Ongoing)

Action 3.6.3 Represent territorial interests within the national statistical system

Deliverable Participation on the Council for Statistical Policy and its sub-committees (Ongoing)

Outcomes – Strategic Goal 3

- **Effective and efficient use of Information and Communications Technology**
- **Improved client satisfaction with Electronic Service Delivery**
- **Ensure protection and security of information through online services**
- **Ensure NWT participation in Federal Regulatory matters impacting the North**
- **Ensure NWT participation in Federal Broadband programs**
- **Relevant statistical information**



Strategic Goal 4

Action 4.1.3 Establish a corporate-level approach to process improvement and service innovation

Deliverable Approved approach to monitor, track and evaluate improvements/innovation (Ongoing)

4.2 GNWT SAM System

Implement new and leverage existing functionality within GNWTs' SAM system to support paying vendors for goods and services, receiving payments from customers and at the same time improving our overall vendor and customer satisfaction.

Action 4.2.1 Enhance the Government's payment systems to fully implement electronic funds transfers to clients

Deliverable Implement eSettlement functionality to support a procure to pay solution (Ongoing)

Action 4.2.2 Expand the capacity of the Government to receive electronic payments and documents from clients

Deliverable Improved online payment and document submission options for customers (Ongoing)

Action 4.2.3 Working with Public Works and Services, implement eProcurement to support procurement activities across the GNWT and improve vendor satisfaction

Deliverable Implement eProcurement functionality (Ongoing)

4.3 Business Processes

One of the benefits of the shared services model is standardized business processes in order to avoid duplication and unnecessary processes. Under the shared services model each party has certain responsibilities under each business process in order to complete a transaction. This requires that user groups are involved in the development and modification of business processes to ensure the processes are clear, well-defined and easy to understand for all users.

Action 4.3.1 Establish and publish business processes plain language

Deliverable Business processes that are easy to understand by users (Ongoing)

Action 4.3.2 Develop a process to obtain regular feedback from users

Deliverable Process in place to collect and respond to feedback (Ongoing)

Action 4.3.3 Establish a process to disseminate changes in established processes

Deliverable Governance Committee in place to review and approve changes (Ongoing)



Strategic Goal 4

Outcomes – Strategic Goal 3

- **Compliance with performance criteria within Service Partnership Agreements**
- **Ability to continuously improve service delivery and related business processes**
- **Promotion of alcohol awareness campaigns**
- **Operations are managed efficiently and comply with legislation, regulation and policy**



Strategic Goal 5

Maintain a financially transparent and accountable Government so that there can be public confidence in the prudence and integrity of Government operations.

Governments are fully accountable and responsible to the public to demonstrate that the financial resources which it has been entrusted to manage have been used prudently and for the purposes intended. The public should have a view into the Government's fiscal planning and receive full disclosure of the use of financial resources.

The GNWT does this by providing the Legislative Assembly with comprehensive fiscal information including a fiscal framework, borrowing plan, infrastructure plan, operations plan, and a comprehensive analysis of the GNWT financial health including a synopsis of the Public Accounts.

Objectives

- 5.1 Provide the public with full disclosure of Government fiscal plans.
- 5.2 Provide the Legislative Assembly with comprehensive financial information about the Government's fiscal plans.
- 5.3 Provide accurate and timely information on the Government's fiscal performance compared to its plan.
- 5.4 Provide a comprehensive policy and legislative framework for financial management and operations based on accountability.
- 5.5 Enhance the transparency and accountability of large scale capital projects being procured as a Public-Private Partnership (P3).

Actions

5.1 Fiscal Plans – Public Disclosure

The GNWT has limited resources and revenue generating capacity and must therefore ensure that those resources are directed in a manner consistent with the concerns, needs and priorities of stakeholders. The Department promotes stakeholder participation in discussing and communicating values and issues that are of concern to them.

Action 5.1.1 Undertake periodic budget consultations with the public

Deliverable Annual consultations on the GNWT budget (Ongoing)

Action 5.1.2 Provide the public with the fiscal outlook for the GNWT annually.

Deliverable Fiscal review as part of the Budget and a Fiscal Update (Ongoing)



Strategic Goal 5

5.4 Fiscal Plans – Legislative Assembly

The Financial Administration Act (FAA) is intended to provide a legislative framework for the effective and efficient stewardship of GNWT resources including the accountability requirements for the management and use of those resources. The framework is further extended through regulations under the FAA, the Financial Administration Manual (FAM) which includes financial policies, directives, guidelines and procedures.

The Department will be amending the legislative and policy framework in order for an improved focus on accountability, transparency and fiscal responsibility in the stewardship of government resources.

Action 5.4.1 Implement a new Financial Administration Act (FAA)

Deliverable Revised FAA enacted (2015)

Action 5.4.2 Complete and implement a new principle based Financial Administration Manual (FAM)

Deliverable Revised principle based FAM in place (2016)

Action 5.4.3 Complete and implement a new framework of financial directives and procedures in conjunction with revised FAA and FAM

Deliverable Framework of procedures/directives in place (2016)

5.5 Public-Private Partnerships

P3's are a way for governments to obtain and utilize infrastructure by partnering with the private sector and assign project risks to the partner best able to manage it. The Department of Finance established a P3 Policy and Management Framework in 2011 that applies to all GNWT P3 projects to provide guidance for these partnerships. The Department needs to ensure that capital projects that proceed under the P3 process are as transparent as possible to the public and the Legislative Assembly. The entire P3 process should be transparent, accountable and ensure that public control is preserved. In order to ensure these objectives for P3 projects are adhered to the Department will play a role in all GNWT P3 projects. .

Action 5.5.1 Undertake the Mackenzie Valley Fibre Link as a P3 project

Deliverable Mackenzie Valley Fibre Link Project Agreement (2014)

Action 5.5.2 Collaboratively work with the Departments of Health and Social Services and Public Works and Services to undertake the Stanton Territorial Hospital Renewal as a P3 project

Deliverable Stanton Renewal proceeds in accordance with the P3 Policy and Management Framework (Project Agreement – 2015)

Action 5.5.3 Establish legislation for the transparency and accountability of P3 Projects

Deliverable Enactment of P3 Legislation (2015)



Strategic Goal 5

Outcomes – Strategic Goal 5

- Annual tabling of GNWT fiscal framework and borrowing plan
- Conducting and tabling results of public Budget consultations
- Timely tabling and public review of the Public Accounts

