

Additional Information for Written Question 12-20(1): Cost of Living

In response to Written Question 12-20(1): Cost of Living dated November 1, 2024, this document outlines the Government of the Northwest Territories' (GNWT) comprehensive approach to addressing cost-of-living challenges while maintaining fiscal stability.

Following a decade of relatively low inflation, consumer prices rose significantly beginning in late 2021 and throughout 2022. While inflation is now lower - remaining at or around 2% for the past year - and interest rates are declining, reducing the cost of borrowing, the effects of earlier inflationary pressures continue to impact many residents. While average weekly earnings rose by 6% in the Northwest Territories (NWT) in 2024, suggesting some improvement in the cost of living, despite these positive trends, there are still people who are struggling with cost-of-living in the NWT.

While the GNWT has limited ability to directly influence inflation, it maintains active monitoring and implements strategic actions to ensure residents, particularly those in remote and high-cost communities, have reliable access to essential services and resources.

To address cost-of-living challenges, the GNWT employs multiple policy levers across various domains. This response details our comprehensive approach, which balances immediate support measures with long-term structural solutions.

What cost-of-living reductions are currently being worked on, considered, or actioned, which will directly impact the day-to-day lives of our residents?

The GNWT currently maintains the following programs and measures aimed at reducing the cost-of-living for targeted residents across the NWT:

Direct Financial Supports

Provides immediate financial relief to residents, particularly benefiting low-income households and those facing acute cost pressures. These supports help offset daily living expenses and essential needs:

- NWT Child Benefit (NWTCB):
 - The NWTCB provides financial assistance to families with low to modest income to help with the costs associated with raising children;
 - As of March 31, 2024, the NWTCB has provided benefits to approximately 1,841 families during the 2023-24 fiscal year. This is an increase of approximately 66 families compared to the previous year.
- Cost-of-Living Offset (COLO) with zone-based payments aligned to regional heating cost (expenditures in 2023-24 were \$17.7M, and to date in 2024-25 are \$18.1M);
- Income Assistance Program to provide financial assistance to NWT residents to help meet their basic needs;
- NWT Senior Citizen Supplementary Benefit:
 - The Senior Citizen Supplementary Benefit provides financial assistance to seniors with low income to help pay for the cost of living;

- As of March 31, 2024, the SCSB has provided benefits to approximately 1,373 seniors each month during the 2023-2024 fiscal year. This is an increase of approximately 45 seniors compared to last year.
- Emergency Evacuation Relief Program supports:
 - This year to date, \$214,000 was paid to residents in 2024-25, who evacuated from the Fort Good Hope 2024 Wildfire;
 - In 2023-24 this program was split into two components: Evacuation Income Disruption Program (\$3.6M) that provided NWT residents who were evacuated by wildfire funding due to employment income loss, as well as the Evacuation Travel Support Program (\$6.1M) for residents who evacuated by vehicle during the 2023 NWT Wildfires.

Tax Policy Measures

Creates predictable cost environments for residents, while providing targeted relief to specific populations, helping to maintain household purchasing power:

- Senior Citizens and Disabled Persons Property Tax Relief program
- Cost-of-Living Tax Credit
- Carbon Tax exemptions and rebates under federal carbon pricing benchmarks.

Wage and Employment Measures

Ensures baseline income security and maintains purchasing power for workers while supporting workforce participation and skill development:

- Minimum wage indexing to economic indicators;
- Employment Assistance Services;
- Skills development initiatives, such as the Skills Development Program, to support eligible individuals to participate in short-term training opportunities for up to 52 weeks, which upgrade or develop essential employability skills.

Market Interventions and Subsidies

Reduces direct costs to residents for essential services and goods, making critical services more affordable and accessible:

- NTPC subsidies supporting residents regarding increased electricity costs (\$15.2 million in 2023-24);
- Power support program to decrease electricity rates in communities fed by thermal generation (\$8.4 million in 2023-24);
- Energy efficiency subsidies through Arctic Energy Alliance to help residents save on energy;
- Canada-NWT Housing Benefit (federally funded program to help with rental costs for eligible households);
- Seniors Home Heating Subsidy (\$2 million in 2023-24):
 - The Seniors Home Heating Subsidy rate was temporarily increased for seniors in Norman Wells for October 2024 and November 2024 as a responsive measure to the impact of barge cancellations within the Sahtu region.
- Child Care Fee Reduction to reduce childcare costs to an average of \$10/day.

Structural Reforms and Infrastructure

Creates long-term cost reductions through improved efficiency and accessibility of services and resources, as well as supports economic development:

- Transportation infrastructure improvements (such as continued investment in the Mackenzie Valley Highway and the Slave Geological Province Corridor.
- Energy infrastructure initiatives (such as investment in the Taltson Hydro Expansion)
- Strategic winter road planning and construction.
- Community connectivity projects (such as the Inuvik to Tuktoyaktuk fibre line extension of the Mackenzie Valley Fibre Link).
- Support for community infrastructure (water and waste facilities) and community operation and maintenance spending.

What taxes are being reduced, eliminated, or contemplated in a manner that will aid in the cost-of-living challenges Northerners facing?

The GNWT maintains a stable and predictable tax regime with competitive rates, complemented by targeted exemptions and supports. While recognizing the impact of taxes on living costs, the GNWT has determined that broad tax reductions would undermine the funding of essential services and programs.

Instead, the government focuses on maintaining competitive tax rates, providing targeted relief through existing tax credits and benefits, ensuring stable revenue generation for critical services, and supporting economic stability through consistent tax policies. This balanced approach allows the GNWT to sustain government service capacity while offering targeted financial relief.

What service fees are being reduced, eliminated, or contemplated to aid in the cost-of-living challenges Northerners are facing?

Service fees are a key tool for the GNWT to offset the costs of specific government services. The government supports affordability and service sustainability by providing targeted subsidies where needed, assessing the impact of fees on vulnerable populations, and prioritizing service efficiency to manage costs, ensuring continued access to essential services. These actions balance service sustainability with affordability while protecting access to essential services.

What are the direct cost-of-living initiatives that are being considered or actioned that will directly support Northerners with respect to reducing the cost-of-living?

The GNWT's response to cost-of-living challenges operates at multiple levels, from territory-wide programs to targeted regional interventions. Our approach combines immediate financial relief measures with strategic infrastructure investments and intergovernmental advocacy which allows us to address both acute cost pressures and underlying structural factors, while recognizing the diverse needs of different regions and communities across the territory.

Territory-wide Initiatives

Provides comprehensive support across the territory through coordinated programs that address multiple aspects of living costs:

- Enhanced Income Support Benefits.
- Senior Citizens and Disabled Persons Property Tax Relief Program.
- Food security measures supporting the growth of local agriculture and commercial fisheries sectors and through the development of territorial meat inspection regulations;
- Programs to provide food to children and others vulnerable to food insecurity.
- Support for traditional harvesting (the Hide and Fur Program; Genuine Mackenzie Valley Fur Program);
- Indexed minimum wage adjustments;
- Enhanced COLO payments with geographic considerations;
- NTPC subsidies for electricity rate stability.

Regional Support: Norman Wells Case Study

Addresses specific regional challenges through targeted interventions that respond to local cost pressures:

- Reduced wholesale fuel costs by up to \$0.86 per litre
- \$1.8 million allocation for transportation expenses
- Enhanced heating subsidies
- \$150,000 contribution to local food bank
- The GNWT is working with the Sahtu Secretariat Inc. to deploy wood stoves in the Sahtu, including Norman Wells, and help fight the current energy crisis, in a \$500,000 project funded by the Federal Government.

Strategic Infrastructure Advocacy

The GNWT leverages intergovernmental relationships to address cost-of-living pressures through federal engagement on key priorities as well as investment attraction initiatives. These efforts focus on securing strategic investments, such as infrastructure and telecommunications projects, that drive economic development, support supply chain movement and redundancy, enhance service delivery, and reduce costs for residents.

This comprehensive approach demonstrates the GNWT's commitment to addressing cost-of-living challenges through multiple policy levers while maintaining fiscal responsibility and long-term economic stability in the NWT.