

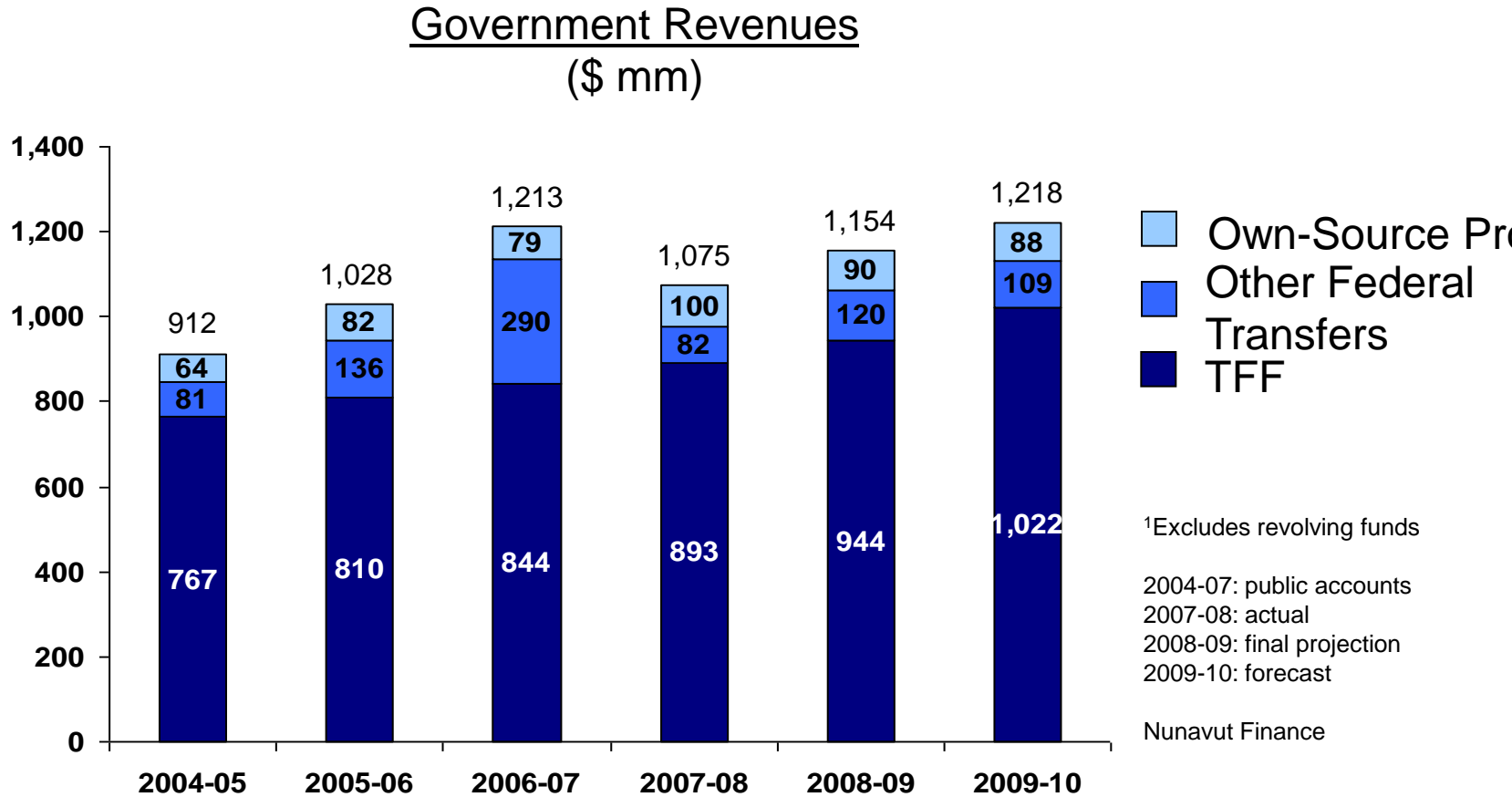
Fiscal Federalism in Nunavut



Constitutional Arrangements

- *Nunavut Act* was passed by the federal Parliament in 1993
- Passed pursuant to Article 4 of the Nunavut Land Claims Agreement
- Not a constitutional document
- Section 23 gives the Nunavut legislature power over:
 - direct taxation within Nunavut in order to raise revenue for territorial, municipal or local purposes; and
 - Licensing **licenciamento** in order to raise revenue for territorial, municipal or local purposes

Government Revenues





Federal Source Revenues

- Makes up over 90 percent of government revenue
- Comprised of:
 - Territorial Formula Financing (TFF) 86.8%
 - Canada Health Transfer (CHT) 2.4%
 - Canada Social Transfer (CST) 0.7%
 - Other Federal Funds 3.3%



Territorial Formula Financing

- Similar to Equalization Payments to Provinces
- Intended to ensure that residents have access to similar services at similar taxation levels as those in other areas of Canada
- Not constitutionally protected
- Nunavut has the highest TTF grant of the three territories (NWT – 60% of revenues; Yukon – 65% of revenues)



Canada Health Transfer

- CHT is the largest major federal transfer to the provinces and territories
- Provides long-term predictable funding for health care, and supports the principles of the *Canada Health Act* which are:
 - universality;
 - comprehensiveness;
 - portability; accessibility; and
 - public administration.
- CHT transfer payments are made on an equal per capita basis, and include both cash and tax point transfers



Canada Social Transfer

- General block (em bloco) transfer to provinces and territories in support of post-secondary education, social assistance and social services, and early childhood development and early learning and childcare.
- Calculated on an equal per capita cash basis to reflect the Government's commitment to ensure that general-purpose transfers provide equal support for all Canadians.



Other Federal Transfers

- Variety of short-term federal programs and one-time grants
- Fluctuating source of additional funds
- Example is the Territorial Health System Sustainability Initiative
 - \$90 million over three years to the three territories to undertake health system innovation and management, participate in pan-territorial health initiatives, and offset medical transportation expenses



Own Source Revenues

- Flow mainly from taxes and miscellaneous income streams.
- Accounts for 7.1 percent of revenues

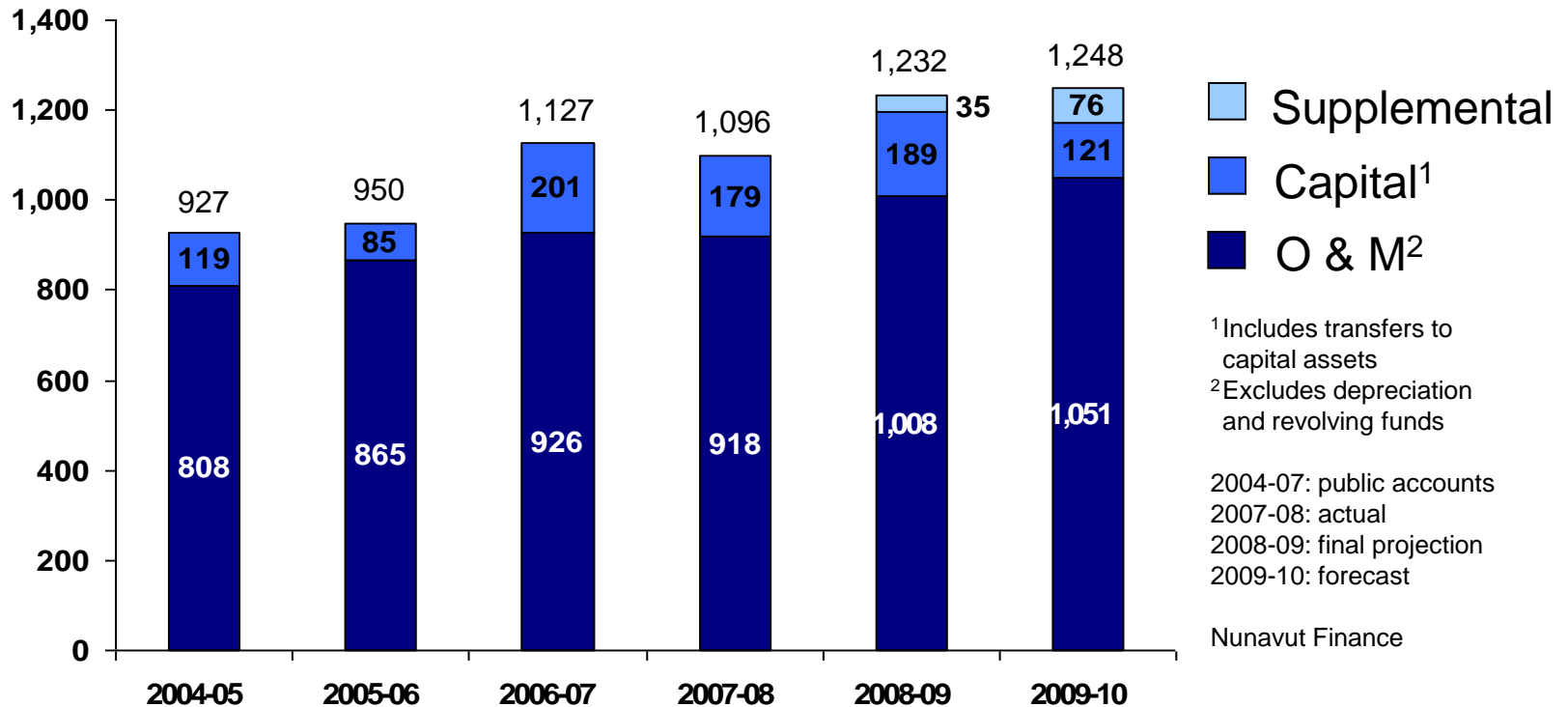


Tax Revenues

(\$ millions)	2011-12	2010-11	2009-10
Personal Income Tax	17.0	15.3	17.9
Corporate Income Tax	7.5	6.5	5.2
Fuel Tax (net of Rebate)	3.1	3.1	7.7
Property Tax	1.7	1.6	1.5
Tobacco Tax	12.7	12.4	12.3
Payroll Tax	20.3	19.2	17.6
Insurance Taxes and Fees	0.7	0.7	0.9
Total Tax Receipts	63.0	58.8	63.2

Expenditures

Government Expenditures
(\$ mm)





9. Nunavut Land Claims Agreement

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- serves to outline the working relationship between NTI and the GN
- provides a framework for the Parties to work together effectively by identifying:
 - Areas of mutual interest, and associated priorities, work plans and timelines;
 - Working relationships and responsible officials;
 - A process for periodic meetings to measure progress; and,
 - A process for discussing and resolving disputes.



8. Intergovernmental Affairs

d) Transboundary transfronteira

- Nunavut is participating as part of the Federal team in negotiations between Canada and the Crees of Quebec.
- GN is also participating as an observer in negotiations with Manitoba and Athabasca Denesuline. We will revisit that participation once Canada's and Manitoba's mandates become clear.
- The GN concluded an agreement with Inuit in Northern Quebec in the last mandate and is now implementing this agreement. The GN is implementing the agreement and has appointed members to the IPGs created by the Nunavik Inuit Land Claims Agreement.
- There may be other potential claims.



9. Nunavut Land Claims Agreement

Implementation contract

- The Implementation Panel continues to meet but the contract has not been renegotiated since it expired in 2003.
- Implementation funding is one of the main focuses of the NTI litigation
- GN continues to work with NTI and GN to implement claim including annual reports and an upcoming five-year review.



9. Nunavut Land Claims Agreement

NTI litigation

- NTI commenced a \$1 billion action against the federal government in 2006.
- GN will likely be added as a third party in the early part of 2009.