



# Yellowknife Chamber of Commerce

#21, 4910-50<sup>th</sup> Ave. YELLOWKNIFE, NORTHWEST TERRITORIES X1A 3S5

Street Address: 3<sup>rd</sup> Floor – 4921-49<sup>th</sup> Street

Tel: (867) 920-4944 Fax: (867) 920-4640

Website: [www.ykchamber.com](http://www.ykchamber.com)

## 2008-2009 Executive and Board of Directors

Jon Liv Jaque  
**President**

Tim Zehr  
**1<sup>st</sup> Vice President**

Patrick Doyle  
**2<sup>nd</sup> Vice President**

Linda Benedict  
**Treasurer**

Jim Eirikson  
**Past President**

**Directors:**  
Pat Thagard  
Neil McDougall  
Jeff Barbutza  
Warren McLeod  
Andreas Tesfaye  
Stuart Impett  
Dave Monroe  
Peter Austin  
Thom Jarvis  
Stuart Wallis

## Chamber Staff:

Ellie Sasseville  
**Executive Director**

Rachel Beaulieu  
**Administrative  
Assistant**

**Website**  
[www.ykchamber.com](http://www.ykchamber.com)

Letter to Premier and Minister of Finance

### Re: Fiscal Leadership - Reducing Costs and Generating Revenue

Thank you for the invitation to respond to the GNWT's Revenue Options paper. Since the Yellowknife Chamber's initial response we have consulted extensively with our member businesses, independent experts, labour and business organizations.

Government and business leaders at all levels have warned that the national economy is in serious decline. Commodity based economies, including the NWT, are feeling the reductions in exploration expenditures, retail and wholesale, as well as manufacturing, tourism, real estate values and retirement savings. Our 365 member firms provide the majority of private sector employment and small businesses in the NWT. We are committed to working with the GNWT, labour, and others to address this challenge to our well being.

Similar to businesses, families and other governments, we encourage the GNWT to promptly make hard decisions that significantly reduce spending, cut the cost of living and generate revenues.

**Increasing Revenues** – The Chamber believes a significant way to increase revenues is to introduce policies directed at increasing the population and as a result the federal transfer payments.

Sixty-five percent of GNWT revenue comes from transfer payments of \$22,000 per NWT resident. Retaining present residents and attracting new ones will generate the most income to fund current and future programs. This can be achieved by;

- Providing financial incentives for southern Canadians and returning Northerners ;
- Facilitating foreign immigration as Saskatchewan and Yukon have done; and,
- Reducing the cost of living.

**Northern Incentive** - We recommend a per person incentive for new and returning Northerners. This incentive could be three tiered in structure: \$20,000 for people going to smaller communities to increase their appeal, \$15,000 for regional centers, and \$10,000 for Yellowknife. We suggest the incentive start at \$10,000 per person, being an amount sufficient to encourage people to move to the NWT. The incentive could be offered through a multi-year GNWT tax holiday. The GNWT would incur no cash cost, the burden could be spread over several years and it would be easy to administer. The tax holiday would reduce the cost of living and increase the disposable income for newcomers. The GNWT could market this with great vigor and success, and benefit all Northerners through increased transfer payments.

**Fast tracking immigration** – Similar to other jurisdictions, we recommend arrangements with the federal government to fast-track immigrants for which NWT employees are not available. In addition to meeting labour market needs, each immigrant employee and family member generates \$22,000 in federal transfer payments annually.

**Cutting Costs** - We urge the government to continue to focus on significant cost reductions that have a minimal impact on front line deliverers of needed services. These cuts could

# *Yellowknife Chamber of Commerce*

*#21, 4910-50<sup>th</sup> Ave. YELLOWKNIFE, NORTHWEST TERRITORIES X1A 3S5*

*Street Address: 3<sup>rd</sup> Floor – 4921-49<sup>th</sup> Street*

*Tel: (867) 920-4944 Fax: (867) 920-4640*

*Website: www.ykchamber.com*

include: prioritizing capital projects, controlling the costs and standardizing the design of capital projects, and reducing headquarter expenditures and suspending bonuses as the private sector has done.

We recommend financial incentives for employees who identify cost saving opportunities. We applaud the objectives of the GNWT's proposals to increase structural efficiencies and reduce duplication and the cost of administration. Strategic cost reductions should be seriously and independently evaluated. These include: consolidating GNWT funded organizations; contracting out the WSCC to a province; and selling or contracting out the management of the Power Corporation. These decisions call for political courage and strong leadership. We recognize that much of this pain may fall on Yellowknife. However significant cuts, new thinking, and sharing the pain are a necessary and responsible part of the solution.

**Increasing Taxes** – We strongly oppose increasing or adding new taxes. Many tax revenues are clawed back by the Federal government, not retained by the GNWT. Taxes increase the cost of living. Taxes indirectly reduce the transfer payments to the NWT by making the NWT a less competitive place to live and do business.

If the government is to keep the already high cost of living from getting even higher, government must focus on lowering spending and not increasing taxes. With the relentlessly increasing costs of living in the North we have seen a consistent decrease in population. The fiscal benefits of living here no longer exceed those in other jurisdictions in Canada as they once did.

**Growing Through Business** - According to the GNWT the number of small businesses has declined more than 10% Small business is acknowledged as an engine of growth and employment. New employees generate transfer payments, income tax and payroll tax. Small business can respond quickly to incentives. The GNWT small business corporate tax is currently at 4%. This is a small revenue source for the GNWT. We recommend cutting the rate to between 0% and 2%.

Large corporation tax rates, which are competitive with other Canadian jurisdictions, will ensure large businesses stay in the North and may encourage others to situate here. In addition, the GNWT could actively seek opportunities to participate as an equity partner in natural resource developments. This strategy has reduced deficits and taxes in other jurisdictions.

**Summary** – The GNWT cannot tax itself out of a deficit during an economic down turn. The GNWT must make hard decisions now to reduce and reprioritize its spending and to reduce the cost of living. At the same time we recommend an aggressive program to attract new and returning residents which would generate significant revenue for the government, business and their payrolls.

Yours sincerely,

Jon Jaque

President, Yellowknife Chamber of Commerce

c.c.

Members Yellowknife Chamber of Commerce

President and Board of the NWT Association of Municipalities

President and Board of the NWT Chamber of Commerce

President and Board of the, NWT Construction Association

President and Board of the NWT and Nunavut Chamber of Mines

Yellowknife MLA's