



News Release

Minister Simailak pleased with findings of Panel Report on Fiscal Issues

IQALUIT, Nunavut (June 5, 2006) - Minister of Finance David Simailak has expressed agreement with the recommendations of the Expert Panel on Equalization and Territorial Formula Financing (TFF) that was released today.

“Clearly, the Expert Panel on Equalization and Territorial Formula Financing agrees with me when I say that Nunavut needs special attention. They have listened to the points that I raised throughout the course of our discussions” explained Simailak.

Some of the key findings of the Expert Panel included:

- Replace the fixed pool TFF arrangement under the current New Framework with a formula driven approach that takes into consideration population growth.
- Address concerns with the adequacy of TFF through an adjustment to the Gross Expenditure Base.
- Simplify the TFF formula by measuring revenue capacity using a Representative Tax System.
- Exclude resource revenues from the calculation of revenues included in TFF.
- Improve the incentives for Territories to raise their own revenues.
- Undertake a review of expenditure needs and higher costs of providing public services in Nunavut.

The recommendations of the Expert Panel closely mirrored the findings that have been expressed by others. The Minister cited an earlier report commissioned by the Council of the Federation that recognized that the long-term development of Nunavut will require a considerable catch-up effort to provide the most basic social and economic infrastructure.

“Strategic investments, outside the TFF, will be required to help Nunavut and its people begin to narrow the gap and reduce dependence on the federal government over the long term.” said Simailak.

Simailak noted that any future TFF arrangement must adequately address the social and economic needs of the territory.

“We believe that base funding of TFF needs to be revisited. This was also recommended by the Council of the Federation panel, which stated that transitional implementation fund for start-up of the new government along with initial expenditure base was negotiated before Nunavut came into existence. As a result, there is no solid evidence or history to determine its adequacy.” Simailak explained.

“I have strived to make a strong case for fiscal arrangements that will help us become more self-sufficient. Our arguments have been heard and I think this is evident in the findings of both the Council of the Federation’s report and the Expert Panel’s report. Both documents will serve as starting points in our work with the federal government on achieving a TFF arrangement that adequately provides for the social and economic needs of Nunavummiut” said Simailak.

Simailak has called on the federal government for a quick resolution to signing a new TFF agreement. “There is absolutely no need for a new TFF agreement to be delayed due to the discussions that will go on over settling the Equalization issue. We would like to proceed with discussions on the future of our transfer payments as quickly as possible and we urge the federal government to treat TFF and Equalization on two separate tracts” said Simailak.

“Later this month, I will be meeting with the Federal Finance Minister to push for a quick resolution to the TFF issue. I am looking forward to working with the federal government in concluding a TFF agreement that serves our needs.” said Simailak.

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