



MVEIRB Funding Options Paper

Issue:

The Mackenzie Valley Environmental Impact Review Board (Review Board or MVEIRB) is funded by the Implementation Plan for the Gwich'in Comprehensive Land Claim Agreement. Annual funding received from the Gwich'in Implementation Plan is a fixed amount set for the ten year period ending December 21, 2012 and is already significantly less than the base funding needed to support the Board's operations. This gap will continue to increase and become unmanageable if additional funding source(s) are not identified as soon as possible.

Background:

Funding to support the Review Board's operations is provided by the Implementation Plan for the Gwich'in Comprehensive Land Claim Agreement between the Government of Canada, the Government of the Northwest Territories and the Gwich'in Tribal Council. The funding level is subject to a review once every ten years. The current ten year period began December 22, 2002 and expires December 21, 2012.

Historically the Review Board received funding from the Implementation Plans for both the Gwich'in Comprehensive Land Claim and the Sahtu Dene and Metis Comprehensive Land Claim Agreements. However following the 2002 review of the Gwich'in Implementation Plan and the 2004 review of the Sahtu Implementation Plan, the parties decided to consolidate all implementation funding for the Review Board into the one Implementation Plan pursuant to the Gwich'in Comprehensive Land Claim Agreement.

Funding provided by the Gwich'in Implementation Plan is fixed on an annual basis and is only renegotiated at the end of each ten year cycle.

It is noteworthy that previous attempts by the Board to seek additional funding from the Gwich'in Implementation Committee have been denied based on the observation that the majority of the Board's work is outside of the Gwich'in Settlement Area and the Board is solely funded by the Gwich'in Implementation Plan. The current funding arrangement suggests the Gwich'in Claim is funding the MVEIRB operations for the entire Mackenzie Valley.

Currently, funding is fixed at \$2,348,324 per year adjusted annually by approximately 1-2% as set by a federal government inflation price index known as the "FIDIPI" factor. The Review Board's 2006/07 Business Plan estimates its funding requirements to be \$5.5

million and an annual forecast increase of approximately 3% per year in future years. This represents a current shortfall of approximately \$3,200,000.

The Review Board's shortfall for the 2005/06 fiscal year forecast was \$1,443,256. Fortunately this shortfall has been addressed partially by \$500,000 in additional funding found internally by INAC. The remaining shortfall has been addressed by expenditure reductions to priority initiatives and by reducing cost assumptions related to anticipated work volumes. However, should those work volumes materialize it will be necessary to seek further funding on an emergency basis to address environmental assessments that have been referred or preliminary screening reports which require the attention of the Board.

The Review Board faces this funding situation annually; in spite of five years of progressively improved strategic planning and annual business planning submissions, all portraying a similar and significant gap between what is available from Claims Implementation Plans and what is required. In some years the amount of funding INAC has been able to find internally has been greater than \$500,000 however the end result has been that the Board has been funded at a level significantly lower than its base funding need. For each annual budget development cycle the Review Board must justify its base requirements once again.

A more appropriate budget development process would provide a reasonable level of funding so that the annual budget development process could then focus on substantiating forced growth requirements to its base requirements such as increasing price levels and changing work volumes that may occur from one fiscal year to the next.

The funding shortfall is only exacerbated when special funding initiatives must also be considered, as is the case this fiscal year. The Review Board is seeking approval of a Participant Program at an annual cost of \$874,000.

The nature of the Review Board's business is that the number of preliminary screenings and environmental assessments and reviews varies from year to year based upon the growth in the economy of the Mackenzie Valley and the expressed concerns with that development by Northerners. The greater the growth in the economy the more developments that are proposed, and in turn, the more projects that are referred to the Board for assessment.

The Review Board is also a relatively young organization and is growing as it determines the necessary functions, expertise and services it requires to do its job as effectively and efficiently as possible.

To fund the Review Board through a ten year "no growth" funding arrangement pursuant to the Gwich'in Implementation Plan is simply not practical. Economic development in the Northwest Territories is expected to grow substantially over the coming decade. The Review Board's funding is already insufficient to meet its needs and it will be eight more

years before the funding available from the Implementation Plan will be subject to reconsideration. Clearly additional and stable sources of funding are required.

Funding Options:

Following are options which may be considered to address the need for stable and adequate funding to support the Review Board's annual operations. They range from maintaining the status quo to partial and full solutions to the funding challenges faced by the Review Board.

Option 1 – Maintain the Status Quo

Advantages

- Funds provided by Implementation Plans of settled Land Claims are more secure from one fiscal year to the next than other sources as they are in support of constitutionally protected Land Claims Agreements.

Disadvantages

- Proper strategic and business planning (needs assessment) will continue to be frustrated by an unresponsive resource allocation process.
- The gap between base funding needs and available funds will continue to grow to unmanageable levels.
- Not responsive to unanticipated changes in work volume that may occur during the fiscal year
- Industry will be frustrated by the slow response to assessments of proposed developments.
- Funding of the “Valley Wide” MVEIRB will continue to be derived from the Implementation Plan for a single Land Claim Agreement; rather than more equitably from Implementation Plans for all Land Claim Agreements.
- Conclusion of the required budget development/approval process is unlikely to occur prior to March 31st.
- Funding uncertainty will affect the ability of the Board to maintain certain staff positions from one fiscal year to the next and staff morale generally.

Option 2 - Secure additional funding from Implementation Plans of other Land Claim Agreements in the Mackenzie Valley

Advantages

- May provide additional funding. Each Land Claim Agreement that is finalized provides an opportunity to secure additional funds to support the Review Board's operations.

- More equitable sharing of costs by Implementation Plans for all Land Claim Agreements
- More opportunities to adjust funding requirements as each respective Implementation Plan will likely expire in a different year within any ten year period and be subject to renegotiation.
- Funds provided by Implementation Plans of settled Land Claims are more secure from one fiscal year to the next than other sources as they are in support of constitutionally protected Land Claims Agreements.

Disadvantages

- Uncertainties in funding levels will continue to negatively affect planning of Review Board operations from one fiscal year to the next.
- Implementation Plans already in place may not be able to be revisited until the current Plans expire.
- Funding gaps will continue to occur as opportunities to readjust the Base funding available to the Review Board may only be available once every two to four years.
- Perceptions that the Review Board is funded by some Land Claims and not others will still persist as some Land Claims have not yet been settled.
- Conclusion of the required budget development/approval process is unlikely to occur prior to March 31st.
- Not responsive to unanticipated changes in work volume that may occur during the fiscal year

Option 3 – Establish a separate Implementation Plan for the Mackenzie Valley Environmental Impact Review Board

Advantages

- Assuming in this case an Implementation Plan solely dedicated to the MVEIRB (similar to the Yukon Environmental and Socio-economic Assessment Board funding model) may be subject to an annual funding review; it may be possible to directly correlate funding to the Review Board's Strategic and Business Plans i.e. funding gaps can then be addressed from one fiscal year to the next.
- Perceptions of inequitable funding by individual Land Claim Agreements would no longer exist
- Funds provided by Implementation Plans of settled Land Claims are more secure from one fiscal year to the next than other sources as they are in support of constitutionally protected Land Claims Agreements.
- Conclusion of the required budget development/approval process prior to March 31st.

Disadvantages

- Not responsive to unanticipated changes in work volume that may occur during the fiscal year

Option 4 - Establish a Funding Pool to support the variable portion of the Board's Workload

Advantages

- Responsive to unanticipated changes in work volume that may occur during the fiscal year
- The “variable” budget requirement could be drawn from a Funding Pool; the same or similar funding pool established by INAC to fund Environmental Impact Reviews undertaken by the Review Board e.g. the Joint Review Panel Process for the Mackenzie Gas Project. (Note: The “variable” portion of the Boards budget includes the work associated with Preliminary Screenings, Environmental Assessments, Environmental Impact Reviews).
- Conclusion of the required budget development/approval process prior to March 31st.

Disadvantages

- The gap between base funding needs and available funds will continue to grow although not as quickly.
- Uncertainties in funding levels will continue to negatively affect planning of Review Board operations from one fiscal year to the next, although to a lesser degree than previous options.
- Perceptions of inequitable funding by individual Land Claim Agreements would continue to exist.

Option 5 - Secure (Supplementary or Total) Multi-Year Funding from the federal Treasury Board; including the incorporation of a funding pool to address mid year changes in work volumes.

Advantages

- Funding requirements directly correlated to the Review Board's Strategic and Business Plans i.e. funding gaps can then be addressed from one fiscal year to the next.
- Equitable sharing of costs by Implementation Plans of all Land Claim Agreements i.e. Implementation Plans would no longer need to support MVEIRB operations
- Responsive to unanticipated changes in work volume that may occur during the fiscal year

- Conclusion of the required budget development/approval process prior to March 31st.

Disadvantages

- May lose the security of funding associated with an Implementation Plan pursuant to a settled Land Claim Agreement unless only supplementary funding was derived from a multi-year Treasury Board Submission.

Option 6 – Combination of Options 3 and 5

Advantages

- Funding requirements directly correlated to the Review Board's Strategic and Business Plans i.e. funding gaps can then be addressed from one fiscal year to the next.
- Equitable sharing of costs by Implementation Plans of all Mackenzie Valley Land Claim Agreements
- Responsive to unanticipated changes in work volume that may occur during the fiscal year
- Funds provided by Implementation Plans of settled Land Claims are more secure from one fiscal year to the next than other sources as they are in support of constitutionally protected Land Claims Agreements.
- Conclusion of the required budget development/approval process prior to March 31st.

Disadvantages

- None

Conclusion:

It is the conclusion of the Review Board that Option 6 is the best approach to secure stable funding from one fiscal year to the next. By establishing a single Implementation Plan dedicated to the MVEIRB and securing those funds through a multi-year funding approach approved by Treasury Board (incorporating the funding pool concept to offset variable work volumes that may occur during the fiscal year); the Review Board will have year to year funding in line with its base needs; the security that is offered by having its funding attached to an Implementation Plan pursuant to settled Land Claims Agreements and a stable funding environment for planning from one fiscal year to the next.

For further information please contact:

Vern Christensen, Executive Director
Mackenzie Valley Environmental Impact Review Board
Box, 938, 5102-50th Avenue
Yellowknife, NT X1A 2N7
Phone: 867-766-7055
Fax: 867-766-7074
e-mail: vchristensen@mveirb.nt.ca