

# **Budget Address**

## **2017 - 2018**

### ***NORTHWEST TERRITORIES***

**The Honourable Robert C. McLeod**  
Minister of Finance

**Second Session of the  
Eighteenth Legislative Assembly**

**February 1, 2017**



English

French

Cree

# Tłuchó

## Chipewyan

## South Slavey

## North Slavey

## Gwich'in

## Inuvialuktun

# Inuktitut

Inuinnaqtun

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## Introduction

Mr. Speaker, there is a tradition of Finance Ministers in Canada wearing new shoes when delivering the budget address as a symbol for the direction described in the annual budget. Today, I am wearing my mukluks. I do this as a reminder to myself of where we come from and the importance of the work we do here for residents in all communities, large and small, throughout the Northwest Territories.

A budget address not only describes important activities that the government is investing in the upcoming fiscal year, but also how we will manage the public resources that we are responsible for. My mukluks remind me of my past, but also how the decisions we make on investments and managing the Government's resources impact not only today's generation, but also future generations.

At the beginning of the 18<sup>th</sup> Assembly, Members of this House worked together to produce a mandate that would contribute to creating strong individuals, families and communities that would share in the benefits and responsibilities of an economically prosperous and environmentally sustainable Northwest Territories.

This Government's first Budget, last June, set the course for achieving this by making difficult choices to begin to put our fiscal house in order. The 2017-18 Budget continues this effort to guarantee that we can provide the core programs and services that Northwest Territories residents need, and deliver on the priorities identified in this Assembly's Mandate.

As we enter the second year of our Mandate, we are clear on our priorities. These priorities can be summarized as follows.

We want to foster lifelong learning, skills development, training and employability. We need to start our children off on the right foot. We need to see they get every opportunity to lead fulfilling and productive lives. We need to ensure that Northerners have the skills and training to fill jobs that will be available over the coming decades.

We want to lower the cost of living for NWT residents by increasing the amount of affordable housing, supporting the use of energy-efficient technology and providing the infrastructure to reduce major cost drivers for both residents and industry.

We want to foster community wellness and safety by providing the core social programs that support our residents to live healthy lifestyles in their home communities.

We want to invest in our economy, encourage economic diversification, lead in environmental stewardship and create business and employment opportunities for Northerners.

As a government we want to improve accountability and transparency in how we operate and to work together with Aboriginal and community governments, the federal government, industry, and NWT residents to ensure our future prosperity.

In short, we want to invest today in a better tomorrow, but we have to do this without breaking the bank.

This is a budget about building a prosperous future on a sustainable fiscal foundation. This Budget continues our strategy for making crucial investments to strengthen our communities and develop our economy within an environment of flat revenue growth.

## **Economic Outlook**

Mr. Speaker, the economic outlook for the Northwest Territories continues to be mixed. While the economy did not grow in 2016, we do expect it to grow faster than any other province or territory next year because of the economic activity created by the first full year of commercial production at our newest diamond mine and higher diamond mine production in general. However, we must not lose sight of the fact that while growth will be strong next year, the underlying outlook for the economy continues to show troubling signs.

Our non-renewable resource sector has been good to us and continues to be the cornerstone of our economy. When the last gold mine shut down we opened the first diamond mine. But just because we have three world-class diamond mines providing good paying jobs in our territory doesn't mean that all is well. Oil and gas is not coming back in the near term as shown by work bids that were returned in December. And while diamond mine production is increasing in the immediate future, investment for mineral exploration fell by one half in 2016 from the previous year. This is not good news for the discovery and development of the next generation of Northwest Territories mines.

The Northwest Territories economy competes in the global market, whether it is marketing diamonds or attracting tourists. We remain vulnerable to global financial conditions, currency movements, and global economic stability.

For years we have been saying that we must build on our resource industry and diversify our economy. We need to remember that these world-class mines don't last forever and the next mine closure may come as early as seven years from now.

We cannot leave our economic future to luck.

We need to support the expansion and diversification of the economy, which will create new opportunities for businesses and jobs. In today's economy capital is almost free because interest rates are so low. Access to capital is not an obstacle but attracting that capital is. This is especially true for the capital-intensive mining industry. Strategic GNWT

investments in transportation, communications, and energy infrastructure can reduce costs and make business opportunities more economically viable.

We also need to create an environment that supports innovation and risk-taking for Northwest Territories residents and businesses to build a lasting economy.

Building an strong economic future goes hand in hand with investing in our people to ensure we have a healthy, educated workforce to take advantage of the opportunities available in the Northwest Territories.

## **Fiscal Strategy**

Mr. Speaker, this Assembly inherited an unsustainable fiscal situation. Projections before our first budget showed that unless we took action, the GNWT would start running operating deficits in 2018-19. To cover deficits, we need to borrow, and this in turn adds to net debt.

To get our fiscal house in order, we started to make the difficult decisions in last year's Budget to reduce spending and re-profile our funds to meet the Mandate and priorities of the 18<sup>th</sup> Assembly. Budget 2017-18 is part of a multi-year plan to return the GNWT to fiscal sustainability.

We are projecting to spend \$1.7 billion to deliver government programs and services in 2017-18 and we have approved a capital budget of \$266 million for this year. It is important to remember that both our operating expenses and capital investments need to be paid with our \$1.9 billion in revenues.

As we have committed to in our *Fiscal Responsibility Policy*, we have managed to keep operating expenditures below revenues for the last seven years. However, over the same seven years and further into the past, we have borrowed to invest in infrastructure and other capital investments. As a consequence, every year we have needed to borrow more and our debt continues to rise. In particular, our short-term debt is expected to grow to \$320 million by the end of 2016-17. This Assembly is left with a choice: we either start paying this back to restore fiscal sustainability or expose the GNWT to serious cuts in capital investment and operating expenditures because we would be out of other options.

Our fiscal strategy is simple. We have to reduce the amount we spend on programs and services to ensure we are able to deliver our core programs and services, and pay for our on-going infrastructure needs, without adding to our short-term debt. We need to carefully manage the growth in our operating and maintenance budget to ensure it doesn't exceed the growth in our revenues. We have to reduce our reliance on short-term borrowing to finance our operations. Or put even more simply, we shouldn't spend what we don't have.

Our fiscal strategy is working despite a flat revenue forecast over the medium term. We are reducing and re-profiling expenditures and increasing revenues where we can without

compromising our delivery of essential programs and services. These are difficult decisions to make, as we need to balance service delivery and infrastructure investment in all regions of the Northwest Territories with our Mandate and the fiscal realities that we face.

This Budget includes \$27 million in expenditure reductions, building on the efforts outlined in the 2016-17 Budget. In total, we have identified approximately \$100 million in expenditure reduction and revenue initiatives when fully implemented during the life of the 18<sup>th</sup> Legislative Assembly. By staying the course with our fiscal strategy and implementing the actions we have identified, we will start to lower our debt levels in the next three years, while still allowing us to deliver on promises made in the 18<sup>th</sup> Assembly's Mandate.

## **Budget Highlights**

This Budget proposes an operating and maintenance budget of \$1.7 billion, a 0.4 per cent decrease from the 2016-17 revised estimates. Total revenue is projected to increase only 0.7 per cent from last year to almost \$1.9 billion in 2017-18.

While we have found savings of \$68 million from programs that were already scheduled to end in 2017-18 and on-going program reductions, we have also added \$55 million in new initiatives and to strengthen existing programs.

The difficult decisions made in this Budget will produce an operating surplus of \$167 million. After the capital investment is taken into account, we expect to have an overall cash surplus of \$15 million for 2017-18. While this is a very modest cash surplus, 2017-18 will mark only the second time in the last ten fiscal years that the GNWT will generate a cash surplus, reversing the trend of continuing to increase the short-term debt. I think it is fair to say that our fiscal management efforts have allowed us to begin to turn the corner on our over-reliance on short-term borrowing.

## **Revenues**

Mr. Speaker, at the start of the 18<sup>th</sup> Legislative Assembly we reviewed our tax regime to ensure that we are raising the revenues we need to fund important programs and services, while also encouraging people to live and work in the NWT and for businesses to invest in growing our economy. As always, we need to balance our need for revenues with real concerns about the high cost of living in our territory. The few options that that could generate significant revenues would leave individuals and families with fewer dollars in their pockets and risk discouraging business investment and economic growth.

Although there will be no new taxes announced in this Budget, we intend to adjust some taxes and fees for inflation and to better reflect the cost of providing services. We also will

raise tobacco taxes to 30.4 cents per cigarette and 27.2 cents per gram of loose tobacco, effective April 1, 2017.

With the amendments to the *Revolving Fund Act* we are proposing, we will be setting up a revolving fund for the Yellowknife Airport so that the revenues that the airport generates are used to fund ongoing capital and operations and maintenance expenditures. The revolving fund will give the Airport the flexibility to make improvements to support air carrier operations, increase the number of services available to travellers, create new business opportunities, and transform the Airport into a key asset to shape our future economy.

We have signed the *Pan-Canadian Climate Change Framework* and have committed to investigating the introduction of a price on carbon of \$10 per tonne of greenhouse gas emissions in 2018-19. Significant work remains before a carbon price could be introduced, including developing appropriate offsets to mitigate adding to the already high cost of living and doing business in the Northwest Territories. The purpose of carbon pricing is to provide price incentives to reduce greenhouse gas emissions. However, we know that until there are economically-viable alternatives, carbon pricing mechanisms alone will not significantly reduce greenhouse gas emissions in the Northwest Territories, especially since the high fuel prices already create an incentive to curtail consumption of carbon-intensive fuels in the territory's communities and within the business sector.

This Assembly already has made investments in alternative energy options for territorial residents and businesses a priority. We expect to continue to make investments in alternative energy and to work closely with the federal government in our efforts to provide reliable, affordable alternatives to carbon-intensive fuels for our communities and businesses.

Mr. Speaker, next year we also intend to investigate introducing a sugary drink tax as a price incentive to discourage the consumption of sugary drinks that are linked to health issues such as obesity and diabetes. While our intention is to introduce a sugary drink tax in 2018-19, we will take the time during the upcoming fiscal year to ensure our approach is as effective as possible.

The tax and fee increases proposed for this year, while important, will not solve our fiscal problems. Instead we intend, through our commitment to our fiscal strategy, to not only introduce modest revenue initiatives but also to carefully manage expenditures so that we will have the fiscal flexibility to make investments to support and grow our economy so that our tax base expands and our revenues increase.

## **Expenditures**

Mr. Speaker, despite the seriousness of our revenue outlook and our absolute commitment to responsible fiscal management, we are still making significant expenditures. Our

\$1.7 billion operating budget is the equivalent of spending \$37,500 on every Northwest Territories resident.

Our core social programs delivered by the departments of Health and Social Services, Education Culture and Employment, Municipal and Community Affairs and Justice and by the NWT Housing Corporation make up over \$1.0 billion, or 63 per cent of our \$1.7 billion operating budget.

We are also providing \$92 million through this Budget to protect and manage our environment and wildlife through the Department of Environment and Natural Resources and \$26 million for the Department of Lands to manage sustainable use of public lands in a fair and transparent way, respecting ecological, social, cultural and economic values.

Protection of our natural environment is part of the legacy that this Assembly will leave to future generations and improving the environment for the Northwest Territories economy to grow and prosper is another important gift of the 18<sup>th</sup> Assembly to the future. We are supporting the Department of Industry, Tourism and Investment with \$56 million to manage mineral and petroleum resources responsibly, and partner with others to promote and support economic prosperity, diversification and community self-reliance.

Without investments in schools, health clinics, community infrastructure and other public works, we cannot deliver programs and services and without investments in transportation infrastructure our economic potential is reduced. We have provided the new Department of Infrastructure with a budget of \$240 million to provide residents with public transportation infrastructure and to support the facilities and technology infrastructure required for the government to deliver its programs and services and to support the Northwest Territories economy.

### ***Education, Training and Youth Development***

Curtailing expenditures is difficult when the initiatives we start today bear fruit in the future. Almost 40 per cent of Northwest Territories five-year old children are not at the social, emotional and knowledge levels that they should be at that age. How can we expect our children to do well in school when practically half need support to bring them to a level ready for kindergarten, let alone grade one? We have added \$1.5 million to the Budget to help offset the costs of the junior kindergarten program as it is rolled out in all Northwest Territories communities for four-year old children to provide the foundation for our children to learn. I am also committing today that we will add an additional \$2.7 million to the funding for schools before the end of the 18<sup>th</sup> Legislative Assembly to ensure that the junior kindergarten program can be implemented in all communities.

We need to provide opportunities for youth outside of the regular classroom and the Arctic Winter Games is a venue that provides a host of opportunities for youth to learn and develop, whether it is through participation in the sporting events themselves or volunteering to help host the Games. We are proposing to increase our support for Hay



River and Fort Smith's joint bid for the Arctic Winter Games to \$1.5 million in 2017-18 with an additional \$500,000 in this Budget.

Mr. Speaker, the best social program is a good paying job. The need to support employment opportunities in smaller communities is a message we often hear. This Budget proposes an additional \$3 million to be added to the Small Community Employment Support program that provides opportunities for youth in small and remote communities to gain work experience and opportunities for all residents in these communities to gain the skills that lead to employment and increased self-reliance. A portion of this funding will be used in 2017-18 to develop and implement a *Small Community Employment Strategy* that will be used to improve the effectiveness of the Small Community Employment Support program's enhanced \$4.3 million annual budget.

This Budget proposes \$220,000 in one-time funding to upgrade the security systems of our existing schools to meet the new Safe Schools legislated requirements.

### ***Cost of living***

Lowering the cost of living in the Northwest Territories will help reduce many challenges in the economy and is a vital support for Northwest Territories residents in their daily lives. This Budget proposes an additional \$4.2 million in increased support for income assistance, including \$2.2 million because of the increased number of income assistance recipients and \$2 million to increase allowances to address higher prices for food and other basic necessities.

Not every family that struggles to make ends meet uses the Income Assistance Program. This Budget provides an additional \$750,000 in support for the NWT Child Benefit. This funding depends on approval of the amendments to the NWT *Income Tax Act* proposed in the 2016-17 Budget and will be used to enhance direct support for children in families to \$1.9 million in 2017-18 and \$2.2 million annually in the following years. When fully phased-in, this enhancement will add \$1 million to the current program and will provide benefits to more than 2,000 NWT families with children whose annual income is under \$80,000. This compares to the current program that completely eliminates benefits for a one-child family at annual income of \$41,000 and a five-child family at annual income of \$61,000.

We also continue to provide \$22 million in tax relief to NWT residents through the refundable Cost of Living Tax Credit to help defray the high cost of living in the North. This Budget proposes adding another \$250,000 to cover the expected increased cost of this credit as employment income for low to middle income earners rises.

Government programs support many aspects of this Assembly's Mandate and the proposed \$500,000 in this Budget to provide a home repair program that assists seniors with income below the core need threshold to make necessary repairs to their residences is one such example. This new program will provide help for repairs to make a senior's home healthier, safer and more energy efficient and that in turn will help these seniors to live

independently for as long as possible in their home community with a support system of their families and friends.

### ***Community Wellness and Safety***

The 18<sup>th</sup> Legislative Assembly Mandate calls for actions to foster community wellness and safety; actions that will enhance the lives of Northwest Territories residents and over the longer term reduce the need for some social programs. The 2017-18 Budget proposes to deliver almost \$19 million in new funding that directly supports actions to improve the health of our communities.

We are proposing to support actions to address homelessness in Yellowknife that were outlined in the last October's Yellowknife Homelessness Road Map Action Plan, with \$230,000 to extend the hours that the Yellowknife Day Shelter is open from 8 to 12 hours per day and \$520,000 to help offset the costs of creating a sobering centre in Yellowknife. Plans are already underway for the program design for the sobering centre based on the goal to operate up to 14 hours a day every day with separate male and female areas, a meal each evening, and capacity for 30 to 40 people.

We take our responsibility to meet the most fundamental and primary needs of our most vulnerable residents for shelter seriously. This Budget proposes adding \$103,000 in emergency shelter funding to help shelter providers address increased demand to temporarily house people in need and to address increased rent and food costs. A further \$294,000 is proposed in this Budget to offset increased costs to support operations at the Charlotte Vehus, Billy Moore and Inuvik Community Group Homes. In keeping with the Government's priority to take action on the crisis of family violence, \$120,000 is included to offset increased operating costs at family violence shelters across the Northwest Territories.

With the passage of this Budget, we will provide \$616,000 in one-time funding to implement a territorial-wide 9-1-1 service. This funding will allow for a Basic 9-1-1 service with a single Public Safety Answering Point that will give Northwest Territories residents improved emergency response to available medical, fire protection and police services in all communities.

We need medical travel to provide access to medical services for all Northwest Territories residents. Both the need for medical travel and the costs to provide this travel continue to increase annually. As a result, this Budget proposes to add \$6.4 million to address cost pressures in the medical travel budget. Some of the shortfall relates to increased air ambulance costs that include improvements to service, safety and quality. New initiatives to modernize the Medical Travel Policy and investments in overall health program improvements should help reduce the use of medical travel and improve services to remote communities while at the same time containing costs.

We have a growing number of Northwest Territories residents with a diverse range of special needs and these residents are better placed in southern facilities where they can

receive specialized treatment for severe and difficult to treat conditions that require clinical, residential, and educational programming services that are beyond the financial ability of the GNWT to provide. This Budget provides an additional \$3.2 million to address the shortfall in funding this vital program and preserve the quality of life for these individuals, many of whom will remain in care for the remainder of their lives.

The cost to deliver critical health services to NWT residents continues to increase. This Budget proposes an additional \$3.3 million to address the operating costs of new health centres in Hay River and Norman Wells, increased costs of medical supplies, and increased security needs at Stanton Territorial Hospital. In keeping with the Government's priority of ensuring support is in place for seniors who can no longer live in their homes, we are proposing \$877,000 for operating costs associated with the expansion of long term care at the Jimmy Erasmus Seniors Home in Behchokò, and \$778,000 in funding to maintain long term care beds at the H.H. Williams Hospital until the expansion of Woodland Manor is completed.

There is \$1.6 million included in this Budget to support the transition of all health and social services authorities to the Government's Technology Service Centre. This transition is necessary to implement shared systems such as the territorial Electronic Medical Records, which will not only improve care for residents, but will allow improved tracking and analysis of health data and expenditures for evidence-based decision-making.

We are proposing to inject another \$1.5 million for justice activities. This includes the GNWT's share of RCMP costs of \$429,000 to create an Internet Child Exploitation Unit to address the cost pressures caused by increased investigations of NWT residents' involvement in internet child pornography, \$385,000 to increase the number of relief positions needed because of increased mandatory training hours for the Emergency Response Team, \$182,000 for cell and interview room recording systems upgrades to maintain safety and security for the RCMP, the public and offenders, and \$78,000 for RCMP isolated post allowances. This funding also provides \$224,000 to add two Sheriff Officers to address the increasing workload demand including increased vehicle seizures and increased provision of security coverage for Justice of the Peace Court.

In co-operation with the federal government, we are continuing to fund the *Framework for Enhancing Victim Services Agreement* with \$749,000 in on-going funding starting in this Budget. This funding will help the Community Justice program support communities to develop and implement sustainable local justice programming in the areas of restorative justice, victim services, community policing and crime prevention.

## ***Economy, Environment and Climate Change***

Mr. Speaker, Canada as a whole has moved a long way on the environment since we presented the 2016-17 Budget, including the development of the *Pan-Canadian Framework on Climate Change*. Over the next year we will continue to work with the rest of Canada to

ensure the success of this pan-Canadian initiative while recognizing the unique challenges for our territorial economy and environment.

We have extended the funding of almost \$2.1 million for transboundary water management agreements under the *Water Stewardship Strategy and Action Plan* and propose adding \$82,000 to expand the hydrometric networking program. We are continuing \$253,000 in funding for permafrost research and development.

We are also proposing to use \$130,000 in this Budget to fund an Unmanned Aircraft Systems Coordinator. This small investment will help GNWT departments expand their environmental and infrastructure monitoring capabilities at a reduced cost and use this more accurate and comprehensive information to improve decision-making and knowledge sharing.

Budget 2017-18 includes \$15.3 million in various initiatives that will assist in developing the economy including almost \$14 million for operations for the Mackenzie Valley Fibre Link project. This critical piece of infrastructure is expected to be completed this winter and is already providing interim services that are improving internet capacity for residents, businesses and government in communities along the route and providing a critical link between the expanding satellite stations located at Inuvik and the rest of the world.

We need fresh ideas and energy to build a more diversified economy and the 18<sup>th</sup> Legislative Assembly Mandate supports this need, in part, through its goal to increase the number of immigrants working and investing in the NWT. We propose to support an immigration strategy that improves the application processes, increases awareness of immigration programs, and combines administrative supports through a \$132,000 investment to fund an Investment and Immigration Officer position dedicated to support the Northwest Territories Nominee Program.

We also propose to spend more to maintain the quality of the services we provide to our growing tourism industry with \$132,000 in additional resources for a North Slave Tourism Development Officer. Over the past few years the North Slave region has added 15 new tour operators because of increased demand, especially from the adventure travellers who want to experience winter activities in our pristine environments.

As always, we need transportation infrastructure to connect our communities and keep our economy on the move. While the 2017-18 investments in transportation infrastructure is part of the *Capital Estimates* approved last October, the operation and maintenance of our infrastructure investments is a significant part of this Budget. We propose to provide an additional \$698,000 for increased costs related to the Fort Simpson Region Highway and Winter Road contracts, \$298,000 for the operation and maintenance of the Inuvik to Tuktoyaktuk Highway, which is scheduled to begin operation later this year, and the remaining amount of the \$182,000 invested over three years for construction and maintenance of the Wekweètì winter road.

The Assembly has included completion of the all-season road from Highway 3 to Whatì in its Mandate. With the recent federal announcement to fund a portion of the Tłıchq All Season Road through their P3 Canada Fund, our Government intends to move forward as quickly as possible on this initiative. The Tłıchq All Season Road will provide the benefits of year-round access to the highway corridor for Whatì residents and increases the potential for resource development in the area. In the near term, this important piece of infrastructure will provide an economic boost for local employment and business opportunities.

### ***Governance: Improving Accountability, Transparency and Collaboration***

Effective April 1, 2017, we are amalgamating the central agency departments of Executive and Aboriginal Affairs and Intergovernmental Relations into one department called Executive and Indigenous Affairs and amalgamating the Department of Human Resources and the Department of Finance. These amalgamations are reflected in this Budget and are expected to strengthen overall service delivery and save approximately \$1 million in expenditures. Much of the savings will be realized by the creation of a shared corporate services function that will support the two new departments.

The amalgamation of the departments of Transportation and Public Works and Services into the Department of Infrastructure on April 1, 2017 will save more than \$5 million in expenditures when fully implemented and lead to more effective program delivery to NWT residents and businesses and to the GNWT.

The Single Window Service Centres that provide residents in smaller communities with one-stop access to GNWT programs and services are an excellent example of action to improve transparency for NWT residents in dealing with the GNWT. Our 20 Single Window Service Centres staffed by Government Service Officers who serve as community liaisons and provide outreach services, including home visits, are becoming the face of the GNWT for many of our residents. We are pleased to propose expanding the program by adding \$95,000 in this Budget for a single-window service centre on the Kátł'odeeche First Nation reserve.

We continue to work to make the machinery of government as efficient and effective as possible. As part of our ongoing Financial Renewal Strategy, we are upgrading our core financial, procurement, human resource and payroll systems. This \$3.9 million investment will support the upgrade and allow for delivery of support for our administrative systems as well as standard maintenance updates for the next seven years.

We can't borrow without paying the piper and have added \$200,000 to the Budget to meet the interest expense on our long-term debt.

Mr. Speaker, the results of the 2014 Municipal Funding Review show that our funding to help community governments provide municipal services is not enough to meet the needs of community governments. We made a commitment in our Mandate to do better to close

the gap in funding levels to meet municipal core needs. As part of the larger strategy to improve asset management and encourage communities to become as self-sufficient as their economic bases allow, we propose to add \$528,000 to begin to address community operating and maintenance budget shortfalls and a further \$601,000 in additional water and services transfers to our communities in this Budget. This additional water and services funding will provide community governments with resources to maintain solid waste sites and provide garbage collection services.

The Property Taxation Revenue Grant Program is used to grant the property tax revenue generated in the General Taxation Area communities to the respective municipal governments in an effort to transfer more decision-making authority and resources to community governments. While the property tax revenues increase in these communities, the grant budget has not and in this Budget we are adding \$90,000 to cover the shortfall.

This Budget also adds almost \$5.5 million in one-time funding to continue the construction of 45 market rental units for leasing to RCMP members in Inuvik, Norman Wells, Hay River, Fort Smith and Fort Simpson. This one-time funding initiative is a northern solution for a housing problem where the NWT Housing Corporation and the Department of Justice are working in partnership with the RCMP to meet their housing needs so that they are better able to deliver policing services to NWT residents and not worry about constructing and maintaining housing units for their members. This initiative gives the NWT Housing Corporation an opportunity to generate more revenues and, through its procurement approach and use of the existing property management services of its Local Housing Organizations, will provide employment opportunities for northern communities for years.

## Looking Ahead

Mr. Speaker, despite the serious fiscal challenges, we have continued to provide quality programs and services to the residents of the Northwest Territories. We have made investments and initiated policy changes in key areas that will benefit the Northwest Territories for years to come. This Budget builds on the foundation we laid in last year's Budget and is very much part of the work in progress to achieve the goals and priorities of the 18<sup>th</sup> Legislative Assembly. We made some difficult fiscal choices in these two Budgets to put us on a sound long-term fiscal plan so that we can have the flexibility to continue to make investments today that will produce, in the longer-term, the benefits of a protected environment, a stronger, more diversified economy, and healthy, self-reliant people.

We know there will be more difficult decisions ahead but if we keep our focus clearly on the Mandate that has been set by this Legislative Assembly, we will be able to achieve a powerful legacy that will benefit our territory for years to come. Our focus must be broad enough to encompass a longer-term perspective and be able to look ahead to ensure that we have the resources to make future investments in our people, in the land, and in the economy.

## Conclusion

Mr. Speaker, I believe this Budget should provide cautious optimism that we have turned the corner towards a more sustainable financial footing as a government.

The decisions we have made to reduce our spending on programs and services and implement initiatives to increase our revenues are a solid start. This stronger footing is reflected in the small forecast cash surplus for 2017-18, reversing the pattern of the last several years where we spent more in the year than we brought in as revenue.

But we are not there yet. Just one unpleasant shock to our revenues or another disastrous forest fire season, and we will be back to adding to the debt that future residents will have to pay. We also know that our revenue outlook shows modest growth for the immediate future which means we will need to continue to manage spending growth in the coming years.

However, we must also not lose sight of what we have achieved while coping with our fiscal environment.

We are protecting our core programs and services for our residents and in many cases have managed to enhance them.

We are advancing this Assembly's Mandate through investments in our priorities.

We are investing in infrastructure to provide programs and services to our residents and to support our economy now and in the future.

We are doing all this without adding to the debt our grandchildren will have to pay.

With the support of this Assembly and residents we will continue this responsible fiscal path to invest in individuals, families and communities to ensure the Northwest Territories is a place where our people can thrive and be healthy, where a well-managed environment contributes to our economic wellbeing and quality of life, and where a strong economy provides jobs and opportunities for our communities.

Thank you, Mr. Speaker.