

Fiscal Update

Mr. Speaker, I want to take this opportunity to update Members on our fiscal situation and on-going challenges that we are facing for the next few years.

Yesterday, the Premier talked about the government's vision for the future. Twenty years from now, we want to see a healthy and prosperous territory where people have good paying jobs built on the foundation of responsible resource development. We see residents who have achieved economic independence and who do not have to rely on income assistance to get by. We see people who can own their own homes, provide for their children and purchase healthy foods. As a government, we need to make sure we are managing our financial resources responsibly, so we can continue to fund the programs and investments that will make this vision a reality.

When I presented the 2017-2018 Budget in February, I was cautiously optimistic that we had started to turn the corner towards a more sustainable financial footing. The decisions we have made to reduce our spending on programs and services and implement initiatives to increase our revenues were intended to reverse the pattern where we spent more in the year than we bring in as revenue.

Preliminary actuals for the 2016-2017 fiscal year show we achieved a \$155 million operating surplus last year, which allowed us to deliver our capital program without adding to our short term debt.

Mr. Speaker, the actions that we took to better align our expenditures with our revenues were a necessary first step. However, the challenge of the expected slow growth in revenues over the medium term means we will need to continue to manage spending in the coming years. Over the next five years, we are forecasting revenues to increase, on average, by 1.8% or about \$34 million dollars annually. It is from these increases that we will fund new programs or services and respond to forced growth from increases in demand or in the cost for delivery of existing programs and services.

Mr. Speaker, our fiscal pressures are significant. However, to achieve our collective vision, we cannot just manage our financial resources and not make investments into our population and our infrastructure to help create a future 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 the necessary jobs and opportunities for our communities as well as funding for essential government programs.

Planning has already started for the 2018-2019 budget, including the capital estimates which were tabled yesterday. The 2018-2019 capital plan totals \$237 million and includes investments:

- for health facility replacements, renovations and equipment, including for the Stanton Territorial Hospital Renewal project and initial work to build a 48 bed long term care facilities in Hay River and Inuvik and to invest to improve long term care facilities in Yellowknife. This funding will also be used to begin the replacement of the health center in Tulita and to complete the health center in Saamba K'e.
- for highways including the GNWT contribution to the Tłıchǫ All-Season Road, and additional Building Canada projects;

- to begin the work needed for the replacement of the air terminal building in Inuvik;
- to continue providing funding to community government for their infrastructure needs;
- for new education facilities and renovations to existing facilities including completing the school in Łutselk'e, the addition of the gym and classrooms to Ecole Allain St-Cyr in Yellowknife, and the on-going work on the renovation and addition to the school in Tuktoyaktuk; and
- for deferred maintenance and energy upgrades to existing GNWT assets.

In addition to our own capital plan, we are working closely with the federal government on the significant infrastructure investment programs that they have recently announced. While we continue to get more information on program criteria, there is little doubt of the potential for significant and transformational investments that may come from these programs. As GNWT contributions will be required on these projects we will need to plan carefully to ensure alignment with our overall fiscal planning.

Mr. Speaker, this government's fiscal strategy has yielded results and has put us on a much stronger financial footing. That gives us the flexibility we need to fund investments in our economy and our residents, but only if we maintain our discipline. We know that infrastructure investments have a significant impact on our short term economic conditions while also providing the base for sustainable economic growth and improved social conditions.

We also know infrastructure spending alone will not address all of the challenges facing our territory. Our government remains committed to working with Regular Members as we move into the business plan review which is an important step in the development of the

2018-2019 Budget. The business plans describe the steps we are taking to ensure our programs and services are addressing the priorities of the Legislative Assembly and implementing our mandate.

Mr. Speaker, within this fiscal context the assurance that I can provide to this House and to residents of the NWT is that this government will remain mindful of our long term financial objectives, and the future well-being of our constituents, as we move into the second half of this Legislative Assembly.

Thank you, Mr. Speaker.