

Fiscal and Economic Update

Mr. Speaker, I want to take this opportunity to update Members on our fiscal and economic situation and some of our on-going challenges.

When I presented the 2018-2019 Budget in February, I noted the progress we had made towards our fiscal strategy but also described our revenue challenges with total revenue for 2018-2019 expected to be about \$120 million less than 2016-2017 revenues. This decline in revenue over a two-year period has presented an enormous challenge for our government. We have met that challenge through careful management of expenditure growth, while still advancing actions described in the Mandate of the 18th Legislative Assembly.

Mr. Speaker, we are now a about the mid-point of the fiscal year, and I can report that we continue to be on track, with signs of very modest improvements in our fiscal environment in the future.

For 2018-2019, federal infrastructure contributions are responsible for slightly higher revenues than expected at the time of the 2018-2019 Main Estimates. As the planned infrastructure contributions grow over the next few years, our revenues will also grow. Additionally, we are seeing indicators of improved stability in our

own source revenues over the next few years and modest increases in our Territorial Financing Formula Grant from Canada.

Mr. Speaker as Members know, we need to balance revenue growth with expenditure growth unless we plan to continually take on more debt. We are all aware of our expenditure pressures including the impacts of the aging population, the need for strategic investments in education and wellness, the importance of strategic infrastructure and other investments to support our economy, and the importance of reaching a fair collective agreement with our employees.

This Legislative Assembly, and future Legislative Assemblies, will need to continue to carefully manage our financial resources to ensure our overall sustainability to help create a future where our people can thrive and be healthy, where a well-managed environment contributes to our economic well-being and quality of life, and where a strong economy provides jobs and opportunities for our communities as well as funding for government programs.

Mr. Speaker, the NWT economy continues to show mixed results. Indicators like retail and wholesale trade, labour income, and diamond production all show strong growth on a year to date basis compared to the same period in 2017. Information on resident employment, income support cases, and the overall territorial population show deterioration compared with the same period in 2017.

The medium-term forecast for our economy needs to reflect the reality that the NWT economy continues to be built on the foundation of resource development and will continue to be into the future. We need to face the reality that our diamond mines are maturing and we cannot take our economic foundation for granted. We need to continue to make strategic investments in our infrastructure and continue to build our base through diversifying our economy. The Northern Prosperity Economic Symposium that was held in early October and included leaders from the GNWT and Indigenous governments reinforced the importance of finding concrete ways to work together to create a prosperous and strong territory.

Mr. Speaker, during this Sitting we will be considering the Capital Estimates (2019-2020). As part of this plan we are proposing \$118 million for highways, \$93 million for social infrastructure, \$42 million for energy projects, \$29 million for community governments, and \$62 million in other projects in support of program delivery. This investment creates important economic activity and jobs throughout the Northwest Territories.

The Northwest Territories and our government is facing significant economic challenges but I hope that I can provide to this House and to residents of our territory with some assurance that this government will always remain mindful of our long-term financial objectives, and the future well-being of the people we were elected to serve. Thank you, Mr. Speaker.