



RESPONSE TO PETITION

No.

1-18(2)

EXECUTIVE COUNCIL

Petition tabled by Ms. Julie Green on June 2, 2016

Response by the Honourable Robert C. McLeod, Minister of Finance

2016 GOVERNMENT OF THE NORTHWEST TERRITORIES BUDGET

The petition calls upon the Government of the Northwest Territories (GNWT) to prioritize GNWT employees and their families, protect government jobs, support communities and residents by maintaining programs and services, and put people before bridges and roads.

It should be noted that the petition brief provided to petition signatories contained misleading information.

- The petition brief suggests that there would be \$150 million of expenditure cuts in the 2016 budget.

On February 19, 2016, the Minister of Finance stated that the GNWT needed to curtail expenditures and/or grow revenues by approximately \$150 million over the life of the Assembly. While Budget 2016 included initiatives to begin to achieve that target, it was clear that actions associated with expenditure reductions and new revenues would take place over multiple years.

- The petition's briefing suggests that because there are operating surpluses the expenditure reductions and new revenues are not needed.

On June 1, 2016, the Minister of Finance tabled the *Fiscal Responsibility Policy* during the 2nd Session of the 18th Legislative Assembly. The *Policy* clearly states that a minimum of 50 per cent of annual capital investment must be funded by cash generated by the operating surplus.

Public investments in capital are part of service delivery. Budget 2016-17 earmarks investments in not only bridges and roads, but also health facilities, such as the new Hay River Regional Health Centre that opened on June 11 of this year. The Budget invests in schools, parks, housing, and infrastructure for the knowledge-based economy. Other infrastructure investments include community investments for their infrastructure needs for service delivery, and modernizing the air tanker fleet for forest fire suppression operations.

As the Budget 2016 clearly indicated, the GNWT is forecasting a flat revenue outlook coupled with rising expenditure pressures. This reality requires actions today to ensure fiscal sustainability over the long term. Given the reliance of the territory on federal transfers, which are not growing significantly, the ability to raise revenue to relieve spending pressure is limited. Expenditure management is the most direct way to control the territory's fiscal situation.

On June 23, 2016, the Minister of Finance tabled the impacts of the GNWT job losses, which indicated that there was a reduction of 124 positions, with 71 people in the eliminated positions, associated with the reductions being implemented by the GNWT as part of its fiscal strategy. In accordance with the *Staff Retention Policy*, the GNWT has made efforts to mitigate the impact of the job reductions through eliminating vacant positions, granting job offers to other positions, transferring employees internally, and prioritizing hiring.

The fiscal strategy of the GNWT supports the 18th Assembly's vision, mandate and priorities. A multi-year approach to align expenditure growth to revenue growth is a necessary part of the fiscal strategy to achieve long term fiscal sustainability that will ensure that essential programs are protected and remain viable for all residents of the NWT.