

REPLY TO THE BUDGET ADDRESS—JULIE GREEN, MLA YELLOWKNIFE CENTRE

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June 7, 2016

MS. GREEN: Mahsi, Mr. Speaker. The difference of opinion between Cabinet and Regular MLAs with the 2015-16 budget reflects some unfinished business around the mandate. Our problem is what then-vice president George Bush senior described as the Vision Thing.

As an interesting aside, I want to provide some context for this quote. Bush was considering a run at the presidency as Ronald Reagan's second term in office came to an end. You might recall that Reagan was known as the Great Communicator, but up to that point in 1987, Bush hadn't been very effective in articulating what he stood for, so a friend suggested he spend some time thinking about his fundamental values and beliefs. Then he could tell voters where he wanted to take them. Bush's response was dismissive. "Oh, the Vision Thing".

We 19 MLAs spent hours and days coming up with a mandate for this 18th Assembly. We looked at the transition documents our colleagues in the 17th left us. We looked at the promises each of us had made to voters. We considered the briefings provided by government departments, and our draft mandate got bigger and bigger and bigger. The mandate included a section called fiscal context, which made the case for cuts in order to generate a cash surplus to invest in infrastructure.

At that point, the question of how much cash and what infrastructure remained unanswered. We debated this point as a Caucus without coming to a common understanding of the issue. Government wanted it in. We Regular MLAs wanted it out. Ultimately, Regular MLAs voted to remove this section during the debate of the mandate in February.

In hindsight, this debate turns out to be most significant, the most significant the Members of the 18th Assembly have had to date. Almost everything we have done since has been related by the Government to the need to create a surplus by making cuts to the Government's operating budget. Despite taking out the fiscal context section, the discussion about the need for a \$150 million surplus didn't and won't go away.

The Minister of Finance told the House in February that, "unless we find a way to curtail our expenditures and/or grow our economy by approximately \$150 million over the next five years, the GNWT will continue to use short-term borrowing to pay for operating expenditures and to finance infrastructure investment."

The Minister of Finance also announced that there would be no new taxes, so the emphasis was on cuts. The regular MLAs interpreted this action as austerity and warned they wanted to see greater balance between generating new revenue and cuts. The government introduced a revenue options paper that dismissed most ideas as unworkable because they would increase the cost of living. Still, we wanted the government to take the public's advice on how to get this balance right. The Minister of Finance responded by setting up an e-mail address backed by a small-scale awareness campaign to gather their responses to four specific questions. They asked which programs and services could be cut, how to be more efficient, which taxes to increase, but most importantly, the balance that I just discussed.

The Minister tabled that document with the budget last week. There were 36 responses from individuals and organizations, and I would like to thank everyone who took the time to participate. The responses don't represent a consensus on what to cut or whether new taxes are acceptable, and it is not clear how the Finance Minister incorporated their responses in the

budget he delivered last week. I will say the budget he delivered last week is the budget he promised in February, a budget that marched us towards a surplus so we can invest in infrastructure. In the meantime, between the February sitting of the House and the budget delivered last week, Regular MLAs reviewed business plans developed by each of the Departments and asked Ministers and department staff questions just the way we are now when we sit as Committee of the Whole.

It soon became clear through this process that departments were also struggling with the Vision Thing. Cabinet gave them targets for cuts. If there were principles for making cuts, it's not clear what they were. I can't find a way to relate them to the mandate priorities which should have been the overarching guidance. What we ended up with is a mixture of staff and program reductions. It is as if we went through the House to gather stuff for a garage sale. Whoa, there's this fondue set we got for a wedding present we never use. When was the last time anyone played this game? This was an expensive winter coat, but it never did fit properly.

Without a clear vision at the top, there wasn't a vision to share with the civil service about our common values and there still isn't. As recently as mid-May, Regular MLAs warned the Government that they were unconvinced that generated a \$150 million surplus was either realistic or necessary, yet in last week's budget, the Finance Minister said, and I quote, "Our target is \$150 million in savings or new revenues to establish a short-term cash surplus position by the end of the 18th Assembly." Mr. McLeod goes on to report that the budget he presented last week represents 45 per cent of that total, so that means the exercise we've just been going through is going to come around again as soon as this fall when business plans for the next fiscal year are presented to Regular MLAs, and once again, we will be balancing cuts against tax increases in order to generate a cash surplus to invest in infrastructure.

There are some things we could do differently next time starting with the Vision Thing. We as 19 MLAs need to make another effort to come up with a common vision for this 18th Assembly. The process that led us to create five priority areas, then 25 explanatory priorities and 136 commitments is not helping us in this budget process. We need a strong, simple statement about what we are doing financially, and most importantly, we have to try to reach consensus on this point.

This is the first time we have attempted to create an overarching mandate on the basis of agreed priorities, and it is fair to say it hasn't totally worked. We need to learn from this and adjust the process. A second change is to agree on what we are creating a surplus for. The Minister has reported an infrastructure deficit of more than \$3 billion. What are our priorities within that need? Houses, schools, health centers, roads? They are all vying for position.

We need to create and agree on a list of priorities that reflect territory-wide benefits. I don't disagree with building a road to Whatì. I just think the community needs housing more. A third change is about how the Government communicates what it is doing with its budget. In the financial update delivered in February, the Minister said, "unless we make changes to expenditure management, we will not have the fiscal resources to make strategic economic investments, let alone sustained current programs and services."

We have zigzagged from talking about impending crisis to a budget that, despite the cuts, delivers more spending than last years did. During that evolution, people who live, work, and invest in the NWT worried about their future, the future of government services, and the future of the territorial economy. Not that there aren't things to worry about with our volatile resource-based economy and small population, but it's time to better match words with the actions. We need to stop talking about an impending crisis and start talking about what is being

delivered, which is incremental change. The budget address, I hope, will begin a new dialogue about our finances.

A fourth change is how to involve the public in budgeting. Historically, the Finance Minister has appeared at public meetings to hear what voters have to say in communities all around the NWT. He has met with lobby groups and NGOs to hear their thoughts. He has encouraged the public to write e-mails and letters. The Finance Minister needs to ramp up his efforts, to gather public input for the next budget. He also needs to find a way to reflect the advice he's being given. Consultation isn't only about listening. It's about synthesizing the input into coherent direction and making a clear response to the trends in that direction, and above all, it's about being willing to change the end result.

Mr. Speaker, we are, of course, going to press on with our consideration of the budget that is now before us. It is a budget that has more benefits than any of us expected, and some good ones such as increases to student financial assistance, the creation of the NWT child benefit, and restructured day care funding, to name a few that are important to me. But before we look at the budget for the next fiscal year, we need to revisit our understanding of our fiscal context to see whether we can come to terms with the Vision Thing. Mahsi, Mr. Speaker.