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REPLY TO BUDGET ADDRESS

February 20, 2018

Mahsi, Mr. Speaker. Mr. Speaker, two years ago the Finance Minister told residents of the NWT that he had a plan for the 18th Assembly: to reduce spending on operations and maintenance in order to generate a surplus to pay for infrastructure. The plan was for two budgets of program cuts and layoffs, followed by two years of spending. The Minister made good on his plan for restraint by cutting \$100 million from the first two budgets and issuing layoff notices to about 100 people, most of them working here in Yellowknife.

This year's budget was supposed to represent a turnaround, yet it offers one third less new spending than last year. Revenue is estimated to drop by more than \$50 million in the next fiscal year. Clearly, the problems the Finance Minister flagged on the revenue side are worse than anticipated and need our immediate attention. I will come back to this point later.

There are several investments which will be of direct benefit to the residents of Yellowknife Centre. The government has heard and responded to the needs of people who gather downtown to drink, along with concerns and complaints from residents who live and work downtown. The government investment in the temporary sobering centre, first at the Yellowknife Arena and now at the Salvation Army, provides a safe place for people to sleep off their intoxication.

The GNWT has partnered with the City and the federal government to fund the Safe Ride program that transports clients to various locations, including the sobering centre. This service meets the immediate needs of people with addictions and mental wellness challenges. I note the federal government funding for this program is only for one year. I urge the Minister of Health and Social Services to negotiate long-term funding for this program.

Later this year, the Sobering Centre and the Day Shelter will move to a permanent location on 50th Street. It is my hope that once this move happens, the Minister of Health and Social Services will provide further harm reduction for chronic alcoholics by launching a managed alcohol program. This is a program that provides regular and measured doses of alcohol to help people cope with their addictions in a more constructive way than drinking non-beverage alcohol or involving themselves in criminal activity to support their needs.

Mr. Speaker, the NWT Housing Corporation has improved housing options for people who are chronically homeless. Just before Christmas, I was pleased to join the Minister responsible for the Housing Corporation for the opening of eight new semi-independent units in my riding at the Yellowknife Women's Centre. The Women's Centre also operates a Housing First program for both men and women. They are housed in market rentals downtown. The Side Door is offering a Housing First program for youth. I hope that the Minister will soon reach an agreement with the Salvation Army to create semi-

independent units for men. These initiatives have strengthened housing options for vulnerable populations.

I am happy to see continued support for the Housing First program in this budget, but note that the total funding has remained the same for three years in spite of the fact that we still have a significant homeless population living in emergency shelters. It is time to increase funding in this area. It is, of course, a better investment to provide people with a home than to house them in emergency shelters. Having a home gives them an opportunity to stabilize in order to make productive choices for their future.

Mr. Speaker, I welcome the announcement of the new Transitional Rent Supplement Program to help low-income people reduce their total spending on accommodation to less than 30 per cent of their gross income. Almost one in five households in Yellowknife reported shelter affordability as a problem in the 2014 housing survey. My hope is that the new program will be widely promoted and easier to access than its predecessor.

Finally, on the topic of housing, last fall, the Minister responded to a motion from Regular MLAs to produce a report that provides a plan for reducing core housing need across the territory, including a budget. This plan can best be described as sketchy, since it is not broken down in terms of how various program supports will be implemented on a regional basis or where the \$67 million budgeted is going to come from. This budget decreases spending on housing by almost \$1 million.

Mr. Speaker, I spent many hours listening to the heartbreaking testimony at the Missing and Murdered Indigenous Women and Girls Inquiry when hearings were held here in Yellowknife last month. A sister of one of the NWT missing women talked about the difficulty to getting information about what action police had taken to find her sister. I hope that the creation of a Historical Case Unit within the RCMP will help this woman, and all of the other families who have murdered and missing loved ones, seek justice and closure.

Mr. Speaker, there is a significant population of people in Yellowknife Centre who are elderly. They will benefit from the increase to the NWT Seniors' Supplement Benefit announced last September, as well as various forms of housing assistance provided by the NWT Housing Corporation, but we still have a long way to go to provide long-term care and independent housing for seniors, especially here in Yellowknife, where waiting lists are long and very slow-moving.

Mr. Speaker, a year ago, Regular MLAs demanded government fully fund the introduction of junior kindergarten across the NWT. Unfortunately, the program started without all of the money in place, but I am happy to see an additional \$881,000 available for inclusive schooling for three- and four-year-olds in this budget. The next step is to revamp the funding formula for inclusive schooling so that the growing number of children who have learning challenges get the support that they need as quickly as possible.

The issue of providing bussing for junior kindergarten students was also unresolved in the last fiscal year, and the issue is not mentioned in this budget. It is my understanding

that there is now a territory-wide study under way of bussing needs for all grades. Trustees at the Yellowknife school boards have told us that their bussing programs run a substantial deficit that is unsustainable. Funding for education must include getting students to school where they live too far away to walk.

Mr. Speaker, I applaud the government for its new Child and Youth Mental Health Counsellors program. While there are some loose ends to resolve, I think we can all agree that providing new support for mental health for young people is of vital importance. I understand this new model is going to be tested in two regions starting this fall. My hope is that the program will be ready to roll out in Yellowknife sooner than the government's planned introduction date of 2021.

Finally, on the topic of children, I want to revisit the issue of how unaffordable childcare is for many families. I appreciate the increased subsidies the Minister of Education, Culture and Employment has offered to childcare operators. Even so, a family with a child in full-time childcare and one in after-school care will spend almost as much on care for them as they will on shelter. This situation often prompts caregivers, usually women, to take time out of the workforce to provide childcare. For them, it is a better investment of time vis-a-vis the amount they are paying someone else to do the job. When this happens, the government also loses the tax income the care giver is paying while at work. This is tax income we can't afford to lose. There is a better way: to subsidize childcare costs for families on an income-tested basis. There is no money in this budget for this initiative, but I am looking forward to an announcement by the Minister now that negotiations with the federal government on early childhood development are complete.

Mr. Speaker, many residents of Yellowknife Centre are employed directly or indirectly by the mineral resource sector, whether in exploration, development, or mining. They want to see a continued government focus in this area to ensure their livelihood over the long term. I applaud the government's continued investment in the Mining Incentive Program. If anything, investment in this program should be increased, since exploration is the gateway to identifying economic potential of new deposits.

At the same time, the government needs to work harder on advancing land rights negotiations and agreements. Despite some lofty talk by the Premier at the beginning of our term, progress towards signed agreements has varied from non-existent to very slow. I realize the GNWT is not the only party at the table, but we would be better served if the Premier talked about the need to advance Indigenous land rights as a Red Alert issue, rather than trying to revive the oil and gas sector in the Beaufort Sea. Certainty of land tenure is the foundation of economic development, whether mining, agriculture, or forestry.

Mr. Speaker, the investment that government is making in economic diversification is inadequate. While tourism, fishing, and agriculture are small contributors to the GDP of the Northwest Territories in comparison to industry and public administration, these sectors continue to grow in value and provide new employment opportunities. These ventures offer good economic multipliers of job creation and are worthy of greater support, whether that means building or expanding campgrounds or increasing the film industry rebate program, to name just two possibilities. I note that, while investment in

fisheries and agriculture has increased in the last two budgets, funding for the fur program, the Great Northern Arts Festival, and the film industry has remained static for the last three years. It is time to change that.

Tourism is the fastest growing sector of our economy. The budget papers from two years ago don't include a measurement for tourism. This budget notes that over 100,000 visitors came to the NWT in the last fiscal year and spent over \$200 million. Residents have seen business opportunities, creating a boom in hotel construction and increasing traffic in restaurants. I would like to see the government provide additional assistance to businesses that want to create additional activities for leisure tourists and aurora viewers to enjoy. Further, it is time for the Minister of Industry, Tourism and Investment to tell us the plan for providing tourism information services in Yellowknife. I commend the City of Yellowknife for helping out in a pinch, but it is time for the territorial government to step up.

Mr. Speaker, I am now going to turn my attention from the spending side of the budget to revenue generation.

In his February 2016 paper on revenue options, the Finance Minister said that, in order to generate operating surpluses to build infrastructure, he has three choices; to reduce expenditures, to increase revenues, or to implement a combination of both. Let's leave aside the question of exactly what kind of infrastructure we are going to invest in and agree that we do, in fact, have an infrastructure deficit. Ottawa has pledged the better part of \$600 million over the next 10 years to begin to fill that gap, but we need money of our own to access that money. The Ottawa offer is cost-shared, with the NWT contributing 25 per cent or about \$150 million of that total. The operating surplus for the next fiscal year is projected to be just \$23 million. We need to ensure that we have money available for these cost-shared projects when federal funding starts to flow.

Part of the Finance Minister's problem is that revenue from most sources is down. Corporate income tax was down in this fiscal year, and it will fall another \$30 million in the next fiscal year. Personal income tax is also down by more than a quarter. I understand that these revenue sources are the most variable in the budget, and often for reasons that are beyond the government's control, but that does not mean we are powerless to increase revenue.

Mr. Speaker, it is worth noting a fact we are all familiar with: the NWT economy is small and fragile. If world commodity prices drop, the NWT takes a fall. The Premier has said time and again that our economy has not recovered from the 2008 financial crisis. The crisis knocked our economy off its peak; peak GDP, peak workforce size, peak employment, and peak resource revenues. The territorial government collected \$119 million in corporate income tax during this peak period 10 years ago. In the next fiscal year, it is forecasting corporate tax of just \$31 million, a decline of two thirds over that high point.

What can we do to increase revenue? That is the perennial question examined in the 2016 Revenue Options paper. Various options were examined using the criteria of how much money they would raise, the impact they would have on the economy, and the principles of a predictable, fair, and simple tax policy. The largest source of revenue for

the GNWT is, of course, the grant from Canada. It is increasing by \$24 million in the next fiscal year and accounts for about 70 per cent of our total revenue. The problem with the grant from Canada is that it does not encourage the GNWT to increase its own-source revenues, such as they are. If the GNWT grows its own-source revenues, the territorial formula financing goes down and, in good years, vice versa. There is not much incentive for the GNWT to increase its own-source revenues, so it has not; but it could, and that is the discussion we need to have. I am going to go even further and say that it is also time to rethink the territorial formula financing so that the promise of devolution is fulfilled in greater financial independence for the NWT.

Mr. Speaker, the revenue options paper lays out several possibilities to raise more money. A tax bracket for high individual income earners would net \$2 million a year. A 1 per cent increase in the payroll tax would bring in \$20 million. A 1 per cent increase in corporate tax would yield \$5 million. The revenue options paper dismisses all of these options because they would increase the cost of living, the cost of doing business, and/or generally make the NWT a less desirable place to live and work. There is no evidence presented to support this conclusion. It is simply a Finance Department mantra.

Mr. Speaker, let's take a closer look at corporate tax as an example. Our corporate tax rate for large businesses is 11.5 per cent, while Nunavut is at 12 per cent and Yukon at 15 per cent. The Nunavut and Yukon economies are not suffering as a result of the higher rate. In fact, both Nunavut's and Yukon's populations have increased, and so has their economic activity, particularly mining. If the NWT raised its corporate rate to 15 per cent, it would potentially raise an additional \$18 million in revenues each year. This is a sum of money worth talking about. It would, at least in theory, almost double the operating surplus for the next fiscal year.

Mr. Speaker, my colleague, the MLA for Frame Lake, pointed out that the GNWT will earn more from the tobacco tax in the next fiscal year than it will from royalties on minerals, oil, and gas. I realize this is a blip, due in part to the suspended oil production in Norman Wells, but it could soon be the new normal as hydrocarbon production there continues to decline.

Mr. Speaker, a report commissioned by the Minister of Industry, Tourism and Investment concludes there is "a significant opportunity for the NWT to benefit more from mining." I have already mentioned some ideas in the report, such as increasing incentives for exploration, expediting land rights negotiations to create certainty about which land is available for exploration and development, and renegotiating the share of resource revenues that the GNWT can retain without losses on the grant from Canada.

I was shocked to read that the NWT take on mineral resources is among the lowest in the world because of this government's generous deductions on royalties and corporate taxes along with lax oversight of tax avoidance. In short, we could and should be benefiting more from mining in the NWT.

Mr. Speaker, I seek unanimous consent to conclude this statement. Mahsi.

---Unanimous consent granted

MS. GREEN: Mahsi, Mr. Speaker. Mahsi, colleagues. For reasons I do not understand, the Minister of ITI says now is not the time to revisit royalties, even though he is developing a new Mineral Resources Act. Instead, he would like to delay this discussion until the mines begin to close. This situation is totally unacceptable. We need the money to help close our infrastructure gap, diversify our economy, and improve the well-being of our residents.

Mr. Speaker, you may have noticed I have not mentioned either of the forthcoming taxes on carbon and cannabis. Neither is mentioned in the budget because they are not yet in place. I believe that both of these taxes should be revenue neutral. Revenue from a carbon tax needs to be invested in shifting our territory away from its dependence on fossil fuels. NWT residents are, in fact, already paying a carbon tax on freight that enters from Alberta. I have heard only a few complaints, and this is on a tax which has no benefit to the NWT at all. Likewise, the cannabis tax should be revenue neutral. There will be considerable start-up costs related to legalizing cannabis that are absent from the budget. There will also be a need for ongoing and robust public education directed to youth about the potential harmful effects of this drug, even if it is legal.

Mr. Speaker, we face declining revenue and increased forced growth in spending. Either we continue to reduce expenditures or we raise revenue. In my view, we do not really have a choice. Government has already made more than \$100 million worth of cuts, yet our operating surplus will be smaller next year than last. The Finance Minister is forecasting a rebound for the final year of our term, but I am unclear what evidence that is based on or whether he is indulging in some wishful thinking.

We know now that we have additional expenses coming our way, such as completing the collective agreement with the Union of Northern Workers, meeting the increased needs of our elderly residents, and reinventing Aurora College, to name just a few examples.

It is time, Mr. Speaker, for the Finance Minister to do what he has not done before; that is, to initiate an open-ended public conversation about revenue generation in the NWT. Instead of having the Minister tell residents that all opportunities to increase revenue will not work, he needs to engage Northerners face-to-face to find solutions to this ongoing problem. The 2016 Revenue Options paper is the logical starting point for this conversation.

Once the Minister has completed this engagement, he needs to bring the results here so we can debate them and make decisions about how we are going to generate more revenue. I challenge the Minister to begin this work now so that it is ready in time for the next budget. Mahsi.