

MEMBER'S STATEMENT — JULIE GREEN, MLA YELLOWKNIFE CENTRE
REPLIES TO THE BUDGET ADDRESS
March 3, 2020

MS. GREEN: Mahsi, Madam Speaker. I seek your permission to deliver my reply sitting down as I find it difficult to stand in one place for a long time.

DEPUTY SPEAKER: Yes.

MS. GREEN: Thank you, Madam Speaker. Last Friday, the NWT Bureau of Statistics released more data from its 2019 community survey. This latest report focuses on financial security. As my colleague from Tu Nedhe-Willideh said in this House yesterday, the findings are shocking.

Fully one in five NWT households reported that they had trouble paying for their most basic needs, including housing, food, clothing, and transportation. Broken down by age, 2,271 children under 15 years of age are living in or near poverty. This is another shocking number, larger than most communities' populations, yet it's not surprising if you listen to statements by my colleagues that so many households and families are in dire need, and that need is heightened in small and remote communities.

A deeper dive into the report reveals significant detail about food insecurity. Almost a quarter of households say they were "often" or "sometimes" worried about having enough money for food during the previous 12 months. Again, this issue is most pressing in small communities. The place people are most worried about not being able to afford food is K'atlodeeche First Nation, the Hay River Reserve, followed by Wekweeti and Paulatuk.

Madam Speaker, the report also includes a section on housing insecurity. Across the NWT, 14 percent of households reported they have experienced significant financial difficulty in the previous year because of increases to rent or mortgage payments. That figure is highest in Behchoko, with Inuvik and Yellowknife close behind. As well, the report estimates that 9 percent of households include at least one person who would like to but does not have their own accommodation, and 242 people who said they were homeless at some point in the previous year. The bottom line is this: a significant number of households, including children, are going hungry at least some of the time, and finding affordable housing and preventing homelessness are chronic problems.

Madam Speaker, this information captured my attention because of my many years of advocacy on poverty in the NWT and also because we just started reviewing a budget that promises the better part of \$2 billion in spending. My question is: how can we spend this much money more effectively to meet the needs of residents? In particular, how do we help the one-in-five households living in poverty meet their food and shelter needs? How do we help alleviate the almost constant worry of having to make agonizing trade-offs such as paying the rent at the expense of buying food? Once someone's housing and food needs are met, they can get on with other important aspects of life.

Let me start by reiterating that \$2 billion is a lot of money. In fact, spread evenly among the 44,895 of us who live here, it is approximately \$45,000 each. It is the highest per capita spending of any province or territory, except Nunavut. Yes, our operating costs are high, but why isn't all this spending doing us more good? Not only with respect to food and housing, but health outcomes, graduation rates, and economic opportunity. How can we help one-fifth of residents who live in poverty to live free from want? Today, I am going to do my own deep dive for answers. I am going to review our revenue and spending with a focus on what is working, what isn't, and what needs to be assessed to ensure we are getting maximum value for each dollar spent.

Madam Speaker, let's start with revenue. Our largest source of revenue is, of course, the grant from Canada, and it is forecasted to go up in the next year to \$1.4 billion. The balance of our budget comes from own-source revenue streams, primarily taxation, and our taxation is focused around individuals. Personal income tax and the payroll tax account for more than half of our annual own-source revenue. Corporate income tax is very unpredictable. It was forecasted to deliver \$23 million to the GNWT in this fiscal year, but instead will produce a \$12 million shortfall. Non-renewable resource revenue amounts are also variable. The last budget predicted \$46 million, but that figure has now been revised downwards to \$39 million. The total is forecasted to drop again in the next fiscal year. We have a stagnant economy that is stable for now because of government spending, but it is not feasible to stay on this path for the life of this Assembly and beyond.

We are almost at our federally imposed debt wall. To make a comparison that is easy to understand, we have almost maxed out of federal credit card. Contrary to the advice I would give someone in this situation, the territorial government wants to increase our capacity to borrow. The question isn't about whether we have the fiscal capacity to handle the extra debt; we do. For me, it is more about how we are going to repay this

debt, given our weak revenue. I am also concerned about the speed with which we have been expanding our borrowing capacity.

Madam Speaker, each year, during the budget address, I talk about the need to increase revenue, and I am going to do that again today. The most recent revenue options paper from 2016 lays out several possibilities to raise more money. A tax bracket for high individual income earners would net \$2 million a year. A 1 percent increase in the payroll tax would bring in \$20 million. A 1 percent 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 work and live. There is no evidence presented to support this conclusion. It is instead a Department of Finance mantra and a common talking point for those subtly arguing for austerity.

A report commissioned by the previous Minister of Industry, Tourism and Investment concludes there is "a significant opportunity for the NWT to benefit more from mining." For me, that is a no-brainer. About \$30 billion worth of diamonds have been produced in the NWT in the last 20 years. How is it possible, then, that we are at our debt wall and that a fifth of households live below the poverty line? What we need is an open dialogue to look at mining income specifically and revenue generation generally, based on evidence rather than received wisdom. I am pleased to hear that the Minister of Finance wants to engage all residents on the question of government revenue. This conversation is long overdue. Madam Speaker, before I turn to spending, I want to look at the options that low-income households have to meet their needs. According to that same report I spoke about at the beginning, residents of small and hub communities are most likely to ask friends and family for money. A significant number also take on debt or sell something of value. Those who live in communities where non-profit organizations offer services use them. These solutions are obviously short-term and easily exhausted. They don't address the root causes of not having enough money to live.

Madam Speaker, someone somewhere is now asking, "Why don't the adults in those low income families just get a job?" Easier said than done in most places, even if people have skills in demand, someone to care for their children, their health, and transportation to and from work. The overall employment rate in Yellowknife and communities outside the capital is at its lowest point in 10 years. The rate is especially low at just over 50 percent in the small communities. In the 18th Assembly, we made efforts to increase small community employment by creating a special job fund. The revised estimates for this fiscal year peg spending at about \$5 million, but the budget for the next fiscal year is going down by almost three quarters of a million dollars. This area

should be a priority investment for this government. A job is preferable to income assistance, borrowing from family members, or going without for those who are able to work. The other way the government has tried to create employment is through infrastructure investment. Building the Inuvik to Tuktoyaktuk highway and the Stanton Territorial Hospital created jobs, but never as many as we hoped for or for as long as we would like. After two or three years, unemployment in the regions goes up again.

Madam Speaker, the most recent disappointment is the road to Whati. I had high hopes for increased employment in the Tlicho region and the positive effects jobs would have on high rates of inadequate housing and hunger in that region, but no. We learned last week that a little less than 50 percent of the workforce is comprised of NWT residents and, of that number, only 35 percent are Tlicho citizens. Further, only 40 percent of the contracts have gone to northern businesses. What are we getting for our \$411 million investment in the Tlicho road? Clearly not enough, at least when it comes to the number and duration of jobs created, and we haven't learned our lesson. It is astonishing to me that our priorities include three more large infrastructure projects that perpetuate the boom-and-bust cycle of employment. I believe we should make greater investments in the economic diversification ideas included in our mandate. My hope is that the regional economic plans will be completed sooner than the current timeline of 2023. Otherwise, we will continue to haemorrhage money, jobs, and opportunity to out-of-territory firms and workers.

Madam Speaker, you might be wondering why I am talking about roads when we are reviewing the operations and maintenance budget. The answer is because our operating budget is designed to generate surpluses, which help pay for our 25 percent share of infrastructure projects; or, if surpluses don't pan out, then we have to increase borrowing. Surpluses, Madam Speaker, are fickle. The finance Minister of the time forecasted a \$60 million surplus in last year's budget. What we are getting instead is a \$70 million deficit. When the current finance Minister says our surplus for the next fiscal year will be \$203 million, I think we have to take that with a grain of salt. Likewise, surpluses in future years that are forecasted to dwindle to just \$3 million in the last year of this Assembly.

We don't have a lot of choice about generating a surplus if we continue on our current path of cost-sharing big infrastructure projects with Ottawa. We need to come up with millions of dollars to pay our share of the planning and regulatory process for the Slave Geological Province and the Taltson hydroelectric system expansion during the life of this Assembly. At the same time, the GNWT is contributing \$37.5 million to build a bridge across the Great Bear River, as well as additional planning and feasibility studies for the Mackenzie Valley Highway.

Madam Speaker, these projects raise a lot of questions. Can we afford to work on all of them simultaneously? Do we have enough workforce and business capacity to maximize the benefits of these projects for Northerners? Is it reasonable for a jurisdiction with such weak revenue generation to come up with a 25-percent share of the millions of dollars required?

It feels to me as if the federal contributions to the start-up costs of these projects are the tail wagging the dog. Ottawa offers 75 percent, and it seems like a good deal, and it addresses our chronic and significant infrastructure deficit but, in our current economic situation, 25 percent for all these projects is just too ambitious. We are building roads at the expense of building houses. Houses, not roads, are our greatest need right now. House construction will also produce a variety of economic benefits, including jobs, for the NWT.

If there was ever a time to think outside the box on infrastructure spending, this is it. If there was ever a time to talk with federal counterparts about changing this federally imposed requirement for large infrastructure projects, this is it, and I'm glad this government is taking this issue on.

I'm now going to turn to spending. There are some good initiatives in budget 2020 to help low-income families, including more money for those on Income Assistance to offset increased rent and utility costs; carbon tax rebates for individuals; and funding to make the Integrated Case Management program permanent. There is, of course, other government spending that will benefit all of us, but if you are looking for money for those two areas which low-income people describe as their biggest concerns, you won't find it here. There is no new money for additional housing and no new money that will help alleviate hunger. I look forward to seeing these additional investments in a supplementary appropriation on our mandate.

Madam Speaker, I'm going to circle back to the question of value for money spent by the GNWT. This issue has new urgency, given the Minister of Finance's announcement that there is just \$25 million available over the life of this Assembly for our priorities. Clearly, we aren't going to get transformative change for that price. I welcome the Minister's interest in the value-for-money question and her focus on increased program evaluation. Given our current economic situation, the most important sentence in budget 2020 is: "The GNWT will undertake strategic reviews to ensure programs and services are meeting expectations and that budgeted expenditures for those programs are properly aligned with our mandate and additional revenue options are considered." This

rigorous assessment holds the promise of delivering more effective programs and services without spending more money. This is a promise I'm going to hold onto.

I started this reply by reflecting on the number of NWT households who are not making ends meet for their most basic expenses. I want us all to make our best efforts to improve their circumstances, to help them get a hand up. Whether it's jobs, housing, food, or increased tax benefits, we need to develop a plan now to lift low-income families into the middle class. We need to make sure that we are not allowing our most vulnerable to continue to fall through the cracks and be left behind. We need to give these families, and especially their children, hope for a better future, right here in the Northwest Territories. Mahsi, Madam Speaker