

Mr. Speaker, at the beginning of the Fourteenth Assembly, Members of this House laid out our vision for the Northwest Territories. We committed to work together toward a vibrant, prosperous and unified territory of which all Northerners can be proud. Since then, we have been building the foundations to make the vision expressed in *Towards a Better Tomorrow* a reality. As the Fourteenth Assembly enters the second half of its term, it is time to ensure that the foundations are level and the framework is appropriate for us to take the next steps in building our vision.

As our Premier, the Honourable Stephen Kakfwi, stressed in his address to the people of the Northwest Territories last month, "We can, and we will, complete the tasks we've set out for ourselves in our vision."

Over the last two years, we have worked hard to ensure that the Northwest Territories benefits from the growing demand for our resources. We are seeing the benefits in economic terms. Our economy is strong and more opportunities are opening up for Northwest Territories' residents and businesses.

It is time to assess our accomplishments and to evaluate our goals and priorities. We have made some critical investments in the development of the Northwest Territories including:

- ◆ developing a strategy to maximize northern employment;
- ◆ creating a Literacy Strategy;
- ◆ initiating the development of a Social Agenda;
- ◆ developing a transportation infrastructure strategy; and
- ◆ developing and implementing a non-renewable resource strategy.

However, the achievements that are bringing the benefits of economic growth are also producing pressures - pressures such as housing shortages, demands on community infrastructure and social and environmental concerns. We need to continue our efforts to promote economic growth and prosperity but unless we do so in a manner that balances economic development and sustainable growth, we risk building our vision on an unstable foundation.

This Budget is about maintaining that balance. We need to balance revenues with spending, to balance economic investments with social investments and to balance resource development with environmental protection.

We must address social issues, the need for community infrastructure, and the northern cost of living. We must also undertake initiatives to protect our environment, to foster our traditional economy and to protect our identity and cultures. We must focus on initiatives that support growth in small communities as well as in the major centres. We must ensure that our healthy economy benefits all Northwest Territories residents.

This Budget lays out our strategy for making crucial investments in strengthening our social fabric and in developing our economy within an environment of revenue uncertainty. This Budget confirms our commitment to our vision.

Mr. Speaker, in developing our Budget plan, we listened to the concerns of Northerners. This Budget responds to the recommendations and proposals put forward by the Members of this Legislative Assembly, by Chiefs, by community leaders, by non-government and business organizations, and by individuals. Because money is limited, choices are involved. This Budget cannot respond to all the needs that have been identified, but must have a balance. We believe that we have achieved this balance.

This Budget is about building on the foundations we have laid down in the first two years of our mandate. It is about building, together, our vision of a better tomorrow.

ECONOMIC REVIEW AND OUTLOOK

Mr. Speaker, I am very pleased to report on our territory's robust economic performance last year. We estimate that real gross domestic product grew by close to 32 per cent in 2001. This dramatic growth demonstrates a remarkable level of economic activity that includes massive increases in investment and substantial contributions from exports and consumer spending.

Exciting things are happening in the diamond and natural gas industries, two of the Northwest Territories' fastest growing economic sectors. Diavik estimates that close to \$700 million of the almost \$1 billion spent on goods and services so far in the construction of the Lac de Gras diamond mine were purchased from northern businesses. Oil and natural gas exploration and related activities were also engines for investment growth, with activity concentrated in the Mackenzie Delta, Fort Liard, Norman Wells, and Cameron Hills regions.

Exports grew by an estimated 19 per cent in 2001. The biggest contributors to the increase came from diamond shipments and natural gas deliveries. Diamond production from the Ekati mine was much higher than the previous year and the most prolific wells in the Fort Liard area provided a full year's production in 2001.

Marketing efforts are paying off for the fur industry. Indications are that the substantial growth experienced by the industry in the 1999-2000 season is continuing.

Tourism makes up an important part of the Northwest Territories' economy. Last year over 39,000 visitors spent approximately \$41 million in the Northwest Territories. Although the number of visitors has dropped following the events of September 11, we expect tourism to start to grow again in 2002.

We estimate that consumer expenditures grew about 9 per cent in 2001, as increased economic activity put more money in people's pockets. This figure is supported by the fact that retail sales grew by over 10 per cent in the first eleven months of 2001.

Unemployment rates in the Northwest Territories have fallen from almost 14 per cent in early 1999 to 9.8 per cent last month. Currently, our employment rate is the highest in Canada. Increased employment opportunities for Northwest Territories residents have lessened dependence on social assistance. Northwest Territories' social assistance payments have fallen consistently since 1999.

Our strong economic performance in 2001 resulted from very large increases in investment. Although we are not expecting the dramatic economic growth of 2001 to be repeated in 2002, we do expect the economy to remain stable. On balance, the Northwest Territories' GDP should grow approximately 2 per cent in 2002.

Mr. Speaker, our economy has impressive potential.

The Northwest Territories' second diamond mine at Diavik's Lac de Gras site should be producing early next year, and a third mine proposal by DeBeers Canada at Snap Lake is entering the regulatory review process. These projects require hundreds of millions of dollars in capital investment and employ hundreds of people.

Recent developments give us additional confidence that the Mackenzie Valley pipeline will be built. Following two years of intensive lobbying by our Government, the Mackenzie Delta Producers Group and the Mackenzie Valley Aboriginal Pipeline Corporation announced last month that they intend to spend between \$200 and \$250 million over the next three years to undertake project definition. This work will include the preparation of a pipeline application, with a submission expected in 2003. Current projections are for natural gas production by 2008. This is a very positive signal and we look forward to working with northern communities and industry to prepare for the project.

The performance of our economy has been impressive in recent years. The developments on the drawing board confirm that the Northwest Territories is on the road to becoming a "have" jurisdiction.

FISCAL REVIEW AND OUTLOOK

Mr. Speaker, I also have good news to report on our fiscal position. Since my last Budget, the Government of the Northwest Territories (GNWT) has benefited from some good financial news, improving our short-term fiscal situation.

Last year at this time I forecast an operating surplus of \$23 million for 2000-2001 and a balanced budget for 2001-2002. Our situation has improved since then.

2000-2001 Year End Results

Our 2000-2001 year-end financial results show a \$118 million operating surplus. A year ago, we knew we were going to benefit from a one-time increase in corporate income tax collections, but since then, we have also resolved an outstanding Formula Financing issue with the federal government, which added almost \$60 million to our 2000-2001 revenues.

2001-2002 Update

I am also pleased to announce that in the current fiscal year, 2001-2002, the GNWT has benefited from an additional large increase in corporate income tax collections. As a result, we should have revenues of \$985 million and close 2001-2002 with an operating surplus of \$160 million.

2002-2003 Outlook

Mr. Speaker, without additional one-time corporate tax collections, we expect our revenues to drop in 2002-2003 to \$856 million, while operating expenses will rise to \$868 million, leaving us with an operating deficit of \$12 million.

Operating expenditures are budgeted to be \$64 million higher than the current year's Main Estimates. This is a substantial increase and reflects both the need to keep pace with higher costs and greater program demands and the need to make critical investments in our economy, in our communities and in our people.

Longer-Term Outlook

Mr. Speaker, I would like to turn to our longer-term fiscal outlook. We have been very fortunate over the past two years in that revenue increases have provided us with significant operating surpluses and made it unnecessary for us to borrow.

These revenue increases have allowed us to make some important investments and meet many needs that we would otherwise have been unable to address without significant federal cost sharing. However, they have not changed the longer-term picture. In the long-term, our revenues will not likely be sufficient to maintain current expenditures and investments unless some fundamental changes occur. Consequently, Mr. Speaker, while we will invest a portion of

these one-time revenue increases in economic and social initiatives, we must set aside a portion to finance projected future deficits.

In fact, without the benefit of one-time revenues or increased federal investment, revenues in 2003-2004 could be \$67 million less than in 2002-2003. This would result in a \$118 million operating deficit in 2003-2004, falling to \$78 million the following year. If this occurs, these deficits will bring government borrowing close to our authorized limit of \$300 million by late 2004-2005.

Fiscal forecasting is challenging and difficult in the best of times. While there is relative optimism, there is some uncertainty about the Canadian economy and how it will affect our revenue forecasts. The GNWT depends on the Formula Financing Grant for much of its income. Future growth in the Grant depends in part on growth in provincial government spending and on the state of the Canadian economy. It also depends on our own economic performance and the growth in the Northwest Territories' population. Finally, we expect that resource development will begin to generate significant revenues in the next few years, which will not accrue to northern governments until devolution occurs. These circumstances make fiscal planning over the medium-term a challenge for this Government.

FISCAL STRATEGY

Our fiscal strategy, Mr. Speaker, must be about balance. Our strategy must allow us to balance revenue capacity with spending needs. It must allow us to continue the necessary investments to lay the groundwork for future economic development while paying for services that Northwest Territories' residents need now.

Our fundamental fiscal strategy has not changed. The strategy I outlined last year was based on some important assumptions:

- ◆ economic development will continue;
- ◆ northern governments will achieve devolution; and
- ◆ Northerners will benefit from resource development.

We were prepared to borrow to finance economic development initiatives and to mitigate any negative social impacts of large scale development. We were prepared to seek an increase in our borrowing authority to make the investments to ensure Northerners benefit from the economic activity that is coming to the Northwest Territories.

Mr. Speaker, in spite of projected deficits in future years, now is not the time to abandon our strategy to build future prosperity. While these projections mean that we must re-examine some investment plans, we must still invest to the

extent that we can. We will be using a portion of our one-time revenues to fund these investments. We remain committed to making the investments today that will provide economic benefits for Northwest Territories residents in the future.

Further, while our focus on economic matters must continue, we also need to take immediate action to address issues such as the high cost of living, the affordability and availability of housing, the adequacy of the social safety net, and the need for more community infrastructure and services. It is important that our decisions benefit small communities as well as the larger ones.

More than ever, we need federal investment. As major pipeline development becomes more certain, the federal government must make the commitments that match their responsibilities for resource development. We are prepared to work with the federal government, Aboriginal leaders and their governments and industry to make the necessary investments and to create the environment that will encourage economic development.

We still need to find a long-term solution to our highway and other transportation needs. The investment strategy to develop our highways will continue despite delaying plans for a highway trip permit fee. However, the rate of investment will be slower until we find new revenue sources.

We are moving forward on other key issues. Formal negotiations on devolution with the federal government and Aboriginal governments will begin soon through the Intergovernmental Forum. We expect significant progress by the end of the term of this Government in 2003. We are working closely with the Aboriginal Summit to ensure that post-devolution arrangements will provide the means for Northwest Territories governments to meet the needs of their citizens.

The ability to generate revenues from natural resources will provide all Northwest Territories governments with greater flexibility to offset government costs associated with resource development and to promote economic growth and development without onerous reliance on user fees. Furthermore, it will reduce our dependence on the federal government. In the meantime, the Formula Financing Grant remains an important source of funding. Preliminary discussions for renewal of the Formula Financing Agreement have started.

Progress continues to be made in negotiating self-government arrangements. An Agreement was signed last year to create the Salt River Reserve. An Agreement in Principle was recently initialled in the Beaufort-Delta self-government negotiations. A final land, resources and self-government agreement with the Dogrib First Nation is close to a reality.

Implementation of self-government will create the need for different funding arrangements, and we are prepared to address this. The federal, territorial and Aboriginal governments need to work together to ensure that long-term financial arrangements create fiscally strong territorial and Aboriginal governments.

In the post-self-government Northwest Territories, government programs and services will be delivered by different governments and in different ways in different regions. The arrangements to finance programs and services must be workable, sustainable and consistent. Fiscal arrangements must provide adequate funding and must include appropriate incentives to encourage economic development.

The GNWT recognizes the need to fully prepare all regions to assume greater responsibilities for making the decisions that affect their lives. To address this, we will concentrate our existing resources in a way that supports the building of capacity throughout the Territories. The GNWT is committed to completing self-government agreements that include plans to build capacity for Northwest Territories residents.

The Intergovernmental Forum has proven to be an excellent means for formalizing the 'government to government to government' relationship between Northwest Territories Aboriginal governments, Canada and ourselves. There is no other process like this throughout the country. Through the Intergovernmental Forum, we are making progress on key issues of concern to all governments in the Northwest Territories including economic development, capacity building, devolution and resource revenue sharing.

Mr. Speaker, our fiscal strategy is a work-in-progress. We will continue to work with other governments to ensure long-term fiscal arrangements are sustainable and we will continue to evaluate our spending and investment decisions to ensure balance with our revenues over time.

INITIATIVES

Support for Economic Development

The responsible development of the Northwest Territories' resources requires that governments strike a clear balance between the economic benefits of development and the longer-term goals of environmental protection and ecosystem health.

We have heard people throughout the Northwest Territories stress the importance of a balance between the environment and the economy. Residents say, "We want jobs. We want business opportunities and growth to continue. We want new revenues for Aboriginal and public governments. But we also want clean water, clean air, unspoiled land, and healthy fish and wildlife." We can have both, but we need the checks and balances in our decision-making that will reconcile these goals.

These checks and balances will come, in part, from how we organize ourselves to manage our resource development and environmental protection

responsibilities. We also continue to be guided by the recommendations of the Economic Strategy Panel in their report, *Common Ground*. The recommendations in *Common Ground* provide a balanced approach to moving the Northwest Territories towards economic self-sufficiency. The investments in this Budget in support of this balance implement a number of the *Common Ground* recommendations.

Environment

All of us understand the need to protect our environment.

In response to growing community concerns about industrial activity and community growth, this Budget provides nearly \$1.4 million to enable our Government and communities to ensure that the environment is protected. Initiatives funded in this Budget include:

- ◆ adding regional response and enforcement capacity;
- ◆ cumulative effects monitoring;
- ◆ gathering baseline biophysical data along the Mackenzie Valley in anticipation of a gas pipeline;
- ◆ environmental contamination clean-up;
- ◆ holding an Elders' Workshop on Climate Change; and
- ◆ continuing implementation of the protected areas strategy.

All of these actions must be taken in co-operation with Aboriginal governments.

Work that began last fall on our Energy Strategy continues. We anticipate having a draft strategy available for public consultation during the summer of 2002. The objective of this Strategy will be to define the Northwest Territories interests in energy and understand energy consumption patterns in our communities and how we can most economically provide environmentally friendly energy. The Strategy should identify new energy management initiatives in addition to the Renewable Energy Incentive Program begun in 2001-2002.

Non-Renewable Resource Development

Mr. Speaker, a cornerstone of the GNWT's vision for a prosperous future is the development of our resources for the maximum benefit of Northwest Territories' residents and businesses. Development will not occur unless Northwest Territories residents fully participate and benefit from that development. Almost two years ago, this Government took stock of the economic potential of the Northwest Territories' mineral and oil and gas resources, and developed a blueprint for promoting, managing and benefiting from the development of these resources. The *Non-Renewable Resource Development Strategy* continues to guide the GNWT in its investment decisions and we continue to urge the federal government to participate in funding the Strategy. This Budget proposes

substantial investments in support of the Strategy - in business development, in training, and in infrastructure.

We developed this strategy in response to a request from the federal government. The development we predicted has occurred. Meaningful federal investment is overdue.

This Government is committed to ensuring that Northwest Territories businesses and workers benefit from the development of our natural gas reserves and the construction of a Mackenzie Valley gas pipeline. This Budget includes \$1 million to support the Mackenzie Valley Development Project. This funding will be directed toward projects such as community-based entrepreneurial training, promotion of secondary value-added oil and gas industries, and natural gas conversion in Fort Liard.

As well, we will allocate over \$1 million to increase capacity in regional offices.

The recent agreement between the Mackenzie Valley Aboriginal Pipeline Corporation and the Mackenzie Delta Producers Group on equity participation in a gas pipeline is an example of meaningful Northwest Territories participation in development. This Agreement is a solid respectful business partnership - a partnership where each partner accepts the risks and rewards associated with investment in the gas pipeline.

The Mackenzie Valley Aboriginal Pipeline Corporation is a new business model for Aboriginal governments. It brings those with settled claims and economic resources together with those who are still striving towards these results. It is a worthy endeavour, whose success will mean prosperity not only for its shareholders, but for the entire Northwest Territories. For these reasons it merits government support and commitment. If the federal and territorial governments can share the vision, the vision can become reality. We will continue to provide support to the Mackenzie Valley Aboriginal Pipeline Corporation and accept a fair share of the financial risk if the Corporation is successful in securing federal government financial commitments to backstop its participation in the Mackenzie Valley Gas Pipeline.

Mr. Speaker, oil, gas and minerals are not the only resources of the Northwest Territories that have the potential to yield major economic benefits and result in large scale developments. For the past year, we have been researching the hydroelectric potential of the Northwest Territories' river systems. Almost every region possesses significant hydroelectric potential that regional Aboriginal governments may someday choose to develop. The Dogrib First Nations have already taken this initiative. The Government is ready to work with and support any region interested in researching their hydro potential and to help address the related economic and environmental questions. Funding to support this research is provided for in this Budget.

Roads and Infrastructure

Mr. Speaker, last year I announced this Government's intention to undertake an ambitious program of investment in the Northwest Territories' highway system. We proposed to invest \$100 million over four years to upgrade territorial roads. Much of the work proposed was needed to cope with the ever-increasing effects of resource development traffic, to improve safety and to stimulate economic growth and expansion.

To finance the strategy, we proposed the introduction of a highway trip permit fee on commercial trucking in the Northwest Territories. The fee was not our first, nor even our second choice for raising the needed funding. Our first choice was to convince the federal government that it should reinvest some of the growing resource revenues they were raising in the Northwest Territories. Our second choice was to find some way to finance these highway investments from general government revenues. However, health, education and other critical social demands on scarce government resources take higher priority.

As Members are aware, Mr. Speaker, while almost everyone agrees that our roads urgently need an investment of this magnitude, many people expressed concern about the impact of the proposed fee on the cost of living in the North. As a result of the many concerns we heard, the Government chose not to proceed with the highway trip permit fee legislation last session. We were prepared to give Northerners time to develop and propose alternatives.

This will not change our goal to improve our highway infrastructure through the use of Northwest Territories businesses and workers. Not only is an upgraded highway system necessary to ensure the safety of the travelling public, it is an essential element for resource development and economic growth in the Northwest Territories.

The current fiscal position of the GNWT enables us to make some one-time capital investments in the existing territorial highway system. I am pleased to announce that a \$33 million highway investment is proposed in this Budget for 2002-2003, including \$2.5 million to upgrade access roads. Not only will this investment provide the needed funds to preserve the existing essential infrastructure and facilities, but it will also be distributed across the highway network to improve highways linking communities and residents of the Northwest Territories.

The Government is pursuing alternatives to pay for needed highway improvements and is actively engaging stakeholders in the process of identifying the best means of funding highway infrastructure. The Department of Transportation is supporting the Northern Business Coalition, which is led by the NWT Chamber of Commerce and includes a number of other territorial stakeholder organizations, in their lobby effort to seek federal investment in Northwest Territories infrastructure.

Mr. Speaker, population, industry and traffic have all increased dramatically in the North Slave region. Interest rates are attractive. We are exploring the possibilities suggested through the Fort Providence Betterment Corporation's proposal to build a bridge over the Mackenzie River at the Fort Providence crossing. The proposal calls for some federal equity contribution, the dedication of GNWT ferry and ice road savings, and an ongoing contribution from the beneficiaries of a bridge - the people and businesses of the North Slave Region. The proposal has the potential to serve as a template for partially financing regional infrastructure investments that would otherwise not be made. If we can find a workable financing model, its application throughout the Northwest Territories may allow substantive protection of, and improvements in, regional transportation infrastructure.

Traditional Economy

Mr. Speaker, we recognize the very important economic benefits of large scale resource development, if balanced with appropriate environmental protection. We have also heard from Chiefs and other leaders, and we recognize the need to find a balance between large economic projects and the community level economy. A key component of this balance is enhancing the traditional economy, which includes fur harvesting, arts and crafts and cultural tourism. Elements of the traditional economy are especially appropriate for smaller communities. This priority was emphasized in *Common Ground*, which recommended support for the traditional economy, a clear regional development strategy and promotion of on-the-land programs for young people. The Honourable Jim Antoine, Minister of Resources, Wildlife and Economic Development, will be implementing a number of initiatives in support of this priority.

The GNWT is providing \$265,000 in new funds to implement the revised Northwest Territories Fur Strategy and to provide youth training programs in trapping. New investment will be made to support traditional tanning skill development, improve pelt quality, train trappers, maintain the fur marketing effort and monitor the furbearer population. We expect our efforts in strengthening and securing our capability for harvesting and marketing furs to meet the high expectations for northern furs already established in the marketplace.

In response to the *Common Ground* recommendations, the GNWT will provide \$150,000 in this Budget to establish a stakeholder committee to develop an Arts Policy and Strategy for the Northwest Territories. This Budget also contains new funding for research into traditional methods of arts and crafts production, and to identify product development and marketing.

Support for Business

To ensure that our businesses can take full advantage of the opportunities generated by economic growth, we need to ensure they have access to adequate levels of investment capital. The GNWT has invited a number of Canadian bankers and representatives from the northern business community to review this issue. The Bankers' Commission will identify gaps in service and provide practical recommendations aimed at improving access to capital for northern businesses.

Healthy local businesses support strong communities. We are providing \$275,000 in new funding for new investment and economic initiatives to complement current government initiatives that support local businesses. This new funding will be focussed on development of the arts and craft industry, promotion of the tourism industry and participation in trade shows.

As well, the NWT Development Corporation will receive \$750,000 in additional funding to meet increased demand for financial support for small businesses. These, and other initiatives, will maximize business opportunities in northern communities. We expect this to provide spin-off benefits for northern communities.

Support for Communities

Mr. Speaker, the initiatives I have outlined so far support economic development for the benefit of Northwest Territories' residents. However, we must recognize the need to balance this support with initiatives that will help residents cope with the pressures that change and economic development bring, particularly in community development, housing, health, education and social issues.

Capital Investments in Communities

Community governments have not been immune to the economic and social impacts of recent resource development activity. Pressures have been felt on community water and sewer infrastructure, community roads, social programs, rental housing and even municipal staff recruitment and retention. The Government has recognized the needs of many of our small communities and is responding.

In 2002-2003, we will be investing \$13.8 million in capital expenditures in the smaller communities of the Northwest Territories; \$4.5 million alone will be invested in water treatment and sewer facilities. The \$13.8 million includes other investments for building and upgrading warehouses, storage facilities, workshops, schools, health centres, offices and housing in various communities.

We are also providing \$3.4 million in funding for small community infrastructure through government contributions.

Northern Employers Benefits

This Budget proposes an ongoing increase of \$1.7 million in contributions to community governments and housing associations to offset benefit costs. This funding will help communities maintain their ability to recruit and retain staff and to cope with the recent increases in the costs for both employers and employees for participation in the pension and insurance programs offered by the Northern Employees Benefits Services Pension Plan.

Community Recreation and Sports

Sport activities promote healthy lifestyles within communities. The Honourable Vince Steen, Minister of Municipal and Community Affairs, will be announcing \$1.4 million in initiatives for improving recreation and sport opportunities for communities. This investment in health and well-being for our communities was made in response to the recommendations of community governments and our Northwest Territories recreation and sport partners.

Support for People

Mr. Speaker, we are making investments in our most valuable resource, our people. We know this investment will yield substantial returns.

Social Agenda

Last year, Aboriginal, territorial and municipal leaders met with service providers and non-governmental organizations to discuss the development of a social agenda that would provide a framework to effect change and improve the quality of life of our citizens, their families and Northwest Territories communities.

A twenty member Social Agenda Working Group, with members from the GNWT, non-government organizations, the federal government, Aboriginal governments, and the NWT Association of Municipalities will be reporting in April on progress made in developing this Agenda. Between April and June, the Group will work on developing indicators to measure the progress of social development over time.

This initiative provides a needed balance to the Government's overall agenda. We have a responsibility to ensure that our people are strong enough to take advantage of the opportunities being created by our growing economy.

Although the lion's share of our budget is allocated in support of social programs, we know that serious challenges still exist. We know we need comprehensive, collaborative and system-wide action that cuts across departments, sectors and specific issues. The issue may not be how much we spend on social programs but whether our expenditures effectively accomplish the desired outcomes. We look forward to receiving the Working Group's specific, focussed recommendations on how we can work together more closely to implement

creative and innovative solutions to problems that are not only this Government's concern but involve all public and Aboriginal governments, communities, families and individuals.

The Social Agenda Working Group is wrestling with these issues. The Working Group has invested considerable energy in thinking through recommendations that will hopefully support departments in implementing their strategies and plans and ultimately lead to more effective and targeted expenditures of public funds. Those recommendations that require new funding will be considered for the 2003-2004 fiscal year. This does not mean, however, that we cannot act in the meantime on those recommendations that can be implemented within existing budgets.

Housing Initiatives

The supply of affordable private rental accommodation is a growing concern in communities where rental housing supply has not kept pace with the growing housing needs of wage earners. Mine workers, oil and gas workers, government workers and employees of new Aboriginal governments and businesses all need affordable housing, and have the means to pay reasonable market rents. The shortage affects the Northwest Territories' potential for economic development and is an issue for GNWT recruitment and retention as well.

The GNWT intends to help the private sector to respond to the demand for affordable rental accommodation in non-tax based communities by introducing a four part program consisting of:

- ◆ ensuring private developer access to affordable financing by accepting contingent liability of mortgages for eligible projects;
- ◆ increasing availability of reasonably priced and financed lots by providing lot development financing from a revolving fund for non-tax based communities;
- ◆ providing developers with business plan development through existing GNWT staff expertise; and
- ◆ providing developers with information about cost effective techniques to encourage innovation and lower cost construction techniques.

Housing is not just an issue for smaller communities. Earlier this month, the Honourable Roger Allen, Minister Responsible for the NWT Housing Corporation, signed an Affordable Housing Agreement with the Government of Canada which will provide \$7.5 million in new federal funding over four years to help address housing issues in the Northwest Territories. The funds will be used for assisted rental housing for low-income seniors and singles and to increase the supply of affordable housing for low-income families. We will work to ensure that the new funds complement our other housing initiatives and do not distort the decisions of private developers. We are looking for long-term solutions to the affordable housing issue.

Maximizing Northern Employment

Mr. Speaker, last year the GNWT implemented a series of government-wide initiatives known as *Maximizing Northern Employment* to address the need for strategic investment in training and employment for Northwest Territories residents. We funded this initiative with a \$6.5 million investment, in addition to our existing training and employment programs. I am pleased to announce that for 2002-2003, all current initiatives will continue with an investment of \$7.3 million.

We want Northwest Territories residents to have the skills, knowledge and opportunity to participate fully in the northern economy. *Maximizing Northern Employment* initiatives are intended to address the real life challenges Northwest Territories residents, business and industry each confront in their efforts to contribute to the growing Northwest Territories economy.

Our efforts have already proven successful. Last summer, the Northern Student Program helped 342 students find summer jobs with the GNWT. These jobs provided students with work experience that can help them obtain full time work after graduation.

The Northern Graduate Program and the Graduate Transition Program provide full time work for recent post-secondary graduates in their field of study. Right now, 53 graduates are working in intern positions with the GNWT and the private sector. In addition, 16 graduate teachers and one social worker have obtained work through the Northern Graduate Program. Five northern teachers have been granted education leave to work toward the completion of their teaching degree as well.

The *Maximizing Northern Employment* Program has allowed us to enhance the Nurse Mentorship program and to develop a Social Work Mentorship program. These support programs are necessary given the demands placed on new graduates, especially those working in more isolated communities. During the past year, 18 graduate nurses accessed this program and the number will be increased in the coming year.

The growth in our economy has created great demand for skilled trades people. We are responding to that demand by significantly increasing opportunities for Northwest Territories residents to acquire new skills or to upgrade existing skills. Almost 300 participants have participated in 14 new training programs. The Drill Rig Training Program alone has put 64 people from across the North through the 18 day on-site training program last summer.

Some of the *Maximizing Northern Employment* programs will be funded through the Aboriginal Government/Private Sector Partnership fund. The fund is designed to encourage GNWT partnerships with Aboriginal economic organizations and the private sector to recruit and develop a northern workforce. This year 31

Northwest Territories businesses are sharing more than \$1.1 million to provide job training to more than 200 people.

Student Success Centres at Aurora College campuses in Yellowknife and Fort Smith are operational and a centre is planned for the Inuvik campus. The centres will help students be successful in their studies by providing a range of supports including tutoring, career mentoring and personal counselling services.

As well, our goal of a northern teaching force is being helped by an expansion of the Teacher Education Program to the three campuses in Inuvik, Fort Smith and Yellowknife and plans to introduce a Bachelor of Education program. This increased investment made it possible for 63 full time and five part time students to enrol in the Teacher Education Program this year.

Income Support

Increased employment opportunities for northern residents have reduced the number of people on social assistance. This has resulted in significant savings in support expenditures. We are proposing that \$1.5 million in income support savings be reinvested to enhance program benefits including the Singles Accommodation Benefit, the food allowances, the Disability Allowance, and the Seniors' Home Heating Subsidy. This investment will help to address the potential negative effects associated with increased economic activity in the Northwest Territories.

Health

Mr. Speaker, we all want to ensure a sustainable health and social services system. However, to achieve this, the system must change.

Last month, the Minister of Health and Social Services, the Honourable Michael Miltenberger, announced an Action Plan that will strengthen programs and services for all Northerners. The Plan listed 45 actions that will be carried out over the next three years. The actions are focused on improving the quality and effectiveness of health and social services. It places a primary focus on close collaboration and co-operation between health care providers, health and social services authorities, and the GNWT.

During 2002-2003 a number of new investments will be made to strengthen the health and social services system. We propose to invest \$250,000 for on-call centres to support clients and front line staff, \$320,000 for expanded action to address tuberculosis, and a \$270,000 pilot project to expand screening for breast cancer. In addition, over \$10 million has been added to the budget of Health and Social Services to meet the increased costs of providing existing services.

Funding for health initiatives also includes enhanced health protection measures. The Department of Public Works and Services, working closely with the

Departments of Municipal and Community Affairs and Health and Social Services, will spend \$300,000 to identify and correct existing or potential deficiencies in drinking water systems and services in Northwest Territories communities.

Support for Children and Youth

Mr. Speaker, providing funds for education today is an investment in tomorrow. It is an investment in people at the same time as it is an investment for the Northwest Territories. For these reasons, this Budget includes an additional \$2.7 million for student support services. Actions taken by this Government continue to fulfil our legislative requirement to establish a pupil/teacher ratio of 16.5 to one for 2002-2003. In addition, we will increase student support funding to 15 per cent of school contributions, one year in advance of the requirement set out in legislation.

Last year, we implemented an Early Childhood Development Action Plan to improve programs and services for our youngest residents through enhanced program spending and better co-ordination of programs and delivery mechanisms. We committed \$10.5 million over three years for this Plan. This Budget includes nearly \$2.9 million in 2002-2003 for initiatives under this Plan. This funding includes initiatives in speech development, literacy rates, screening tools for developmental delay tests, and a public awareness campaign to tackle key issues such as FAS/FAE and nutrition. In addition to these actions, we will be investing a further \$2 million for the implementation of the second year of a three year plan to enhance child protection. Ten additional social workers and expanded professional training for workers and foster parents will be provided using these funds.

All Members of this Assembly have heard strong, clear messages from the Status of Women Council of the NWT, the Native Women's Association of the NWT, and, in fact, all organizations represented on the Social Agenda Working Group, that many families need support in regaining self-sufficiency and pride. We need to provide families with access to quality, reliable childcare that is affordable for parents. Investing in children's early years provides more opportunity for children to reach their full potential in school performance. It also can help reduce future expenditures. The Honourable Jake Ootes, Minister of Education, Culture and Employment, will be implementing measures to increase daycare support funding. This Budget provides an additional \$1 million to fund these increases. This initiative will both increase educational opportunities for children and respond to the needs of low-income northern families by removing barriers to affordable childcare.

Mr. Speaker, our young people are our future. We need to help our youth become healthy, educated people with the experiences and mentoring examples to make responsible personal choices. This Budget includes \$1 million to develop and implement a Youth Corps. The Youth Corps will be designed to improve the

outlook and opportunities for young people by providing support and leadership for an extended time period. Activities in the Youth Corps will include work assignments, volunteer and community contribution assignments and skills improvement. We will also contribute funding to host another Youth Conference this year and will assist with the costs of youth activities delivered by community organizations.

Language and Culture

Our cultural diversity makes the Northwest Territories truly unique. It is one of our most precious resources and the source of our strength. This Government is committed to supporting and celebrating our traditions, our diverse cultures and our languages and people. This Budget includes a significant investment in this resource. First, an increased investment of \$919,000 will be provided to assist in the acquisition, maintenance and revitalization of our Aboriginal languages and culture. Second, \$521,000 has been allocated to facilitate the work of the Special Committee on the Review of the *Official Languages Act*.

Third, I am pleased to announce that, along with numerous sponsors from the public and private sector, our Government will be helping to sponsor the Living History Project with a \$100,000 contribution to the three day symposium the Society is hosting in June of this year. The Living History Project explores the evolving social and political landscape of the Northwest Territories over the last 25 years. The planned symposium will have representatives from communities across the North and will include a visit from the Governor General of Canada, Her Excellency the Right Honourable Adrienne Clarkson.

Finally, Mr. Speaker, as part of the celebration of our heritage, the GNWT has allocated \$500,000 to mark the inauguration of National Aboriginal Day as a statutory holiday in the Northwest Territories. This funding will be used to support the planning of activities throughout the territory and to provide contributions to municipal, community, regional and territorial organizations in support of community celebrations. We encourage all residents to join in the recognition of our Aboriginal heritage on June 21st.

Income Tax Initiatives

Mr. Speaker, one of the ways to help Northwest Territories residents deal with economic conditions in the North is through the tax system. Last year we changed the Northwest Territories personal income tax system from one of "Tax on Tax" to "Tax on Income". This change gave us more flexibility to design a system that meets our needs. In addition, we increased the maximum Cost of Living Tax Credit for Northwest Territories residents from \$645 to \$822, an increase of \$177. This change was effective for the 2001 tax year and residents will be receiving the increased credit after filing their tax returns in the next few months.

Last May, I established the Minister's Advisory Committee on Personal Income Taxation to provide recommendations on how the Tax on Income system could best serve the residents of the Northwest Territories. The Advisory Committee studied other provincial and territorial personal income tax regimes and reviewed public submissions. In October, the Committee provided a report on the options available to the Government of Northwest Territories, including specific recommendations for seniors, persons with disabilities and low-income residents.

Mr. Speaker, I am pleased to announce that I plan to take the necessary steps to implement the specific recommendations made by the Advisory Committee, which would lower taxes for all Northwest Territories taxpayers. I plan to increase effective July 1, 2002, the personal credit from \$550 to \$796, and the married credit from \$467 to \$796. In 2003, this change will save a single taxpayer \$246 and a single income couple \$575. These changes increase the level at which a single taxpayer pays no Northwest Territories income tax from \$14,447 to \$20,650 in 2003. For single earner couples, the income level will increase from \$26,076 to \$37,071.

Last summer, the NWT Seniors' Society recommended measures to ease the tax burden on low-income seniors. Effective July 1, 2002 I am proposing to increase the Age credit from \$268 to \$389 as a measure that will specifically benefit senior residents. In addition, Mr. Speaker, I intend to increase the disability credit from \$445 to \$645, again effective July 1, 2002.

We are all aware of the high cost of living in the North. Last year's change to the Cost of Living Tax Credit will help address this problem. However, as Members pointed out last year during debate on this measure, further action is needed to provide relief for low-income residents of the Northwest Territories. Mr. Speaker, I am very pleased to announce this Government's intention to introduce a minimum Cost of Living Tax Credit for low-income residents. This initiative will ensure a minimum Cost of Living Tax Credit of \$250 for an individual over the age of 18 and \$500 for a couple. This measure will be effective for the 2002 tax year.

These changes to our tax system will not only benefit seniors, disabled persons and low-income taxpayers but will allow the Northwest Territories to remain competitive with most other provincial jurisdictions. Increasing the tax credit amounts and the minimum Cost of Living Tax Credit will put extra money in the pockets of taxpayers, which in turn puts extra dollars into our communities. For example, the tax measures I have announced today will mean an additional \$62,000 on an annual basis in communities the size of Deline and Fort Resolution.

In total, Mr. Speaker, these measures will result in tax savings for Northwest Territories residents of \$4.3 million in 2002 and \$7.5 million in 2003.

These tax reductions respond to Northwest Territories residents' concerns about the cost of living in the North, especially for low-income individuals and families.

These initiatives also respond to the pressure for the Northwest Territories to remain competitive with other Canadian jurisdictions. I will be introducing the legislation necessary to implement these tax changes later during this session.

Other provinces are lowering both personal income and corporate income taxes. We will be monitoring the changes made in other provinces as part of our on-going efforts to keep the Northwest Territories tax structure comparable to the tax structures in the other provinces and territories.

CONCLUSION

Mr. Speaker, at this point we can clearly see our vision of a better tomorrow take shape. Our economy is strong, and the promise of future prosperity is enormous. Our people are working and our businesses are prospering.

But our vision is not yet complete. We know we have more work to do to ensure:

- ◆ that the benefits of development are shared between governments, communities and regions;
- ◆ that we have a diversified economy, and encourage growth in all sectors;
- ◆ that development balances economic benefits, social impacts, and protection of the environment;
- ◆ that our people, our families and our communities are strong, healthy, educated and self-reliant;
- ◆ that our young people are motivated and prepared to take advantage of the opportunities available; and
- ◆ that the diversity of languages and cultures of the Northwest Territories is respected and encouraged.

Our fiscal situation allows us to continue to make investments in building our future that we would otherwise be unable to make. We have responded to the concerns and recommendations made to us. This Budget sets out a balanced approach – a balance between investing in the economy, and in our people and our communities; a balance between developing our resources and protecting our land; and a balance between our current revenue capacity and our future spending needs.

Mr. Speaker, our approach is balanced, our foundations are level. We are ready to finish the job we have set out to do.