

Budget Address

Introduction

Mr. Speaker, Colleagues and Nunavummiut, I rise today to present to you the first budget of this Fifth Assembly. This budget advances our government's work to improve the lives of Nunavummiut and begins to deliver on priorities identified in Turaaqtavut.

I would like to thank my colleagues for their support and input into this mandate and budget, and for supporting the three months interim appropriation that kept this government operational during the transition period.

The Members of the Fifth Assembly were elected late October and have been very busy planning and developing the individual aspirations that got us elected. Through the process of developing the mandate, we were able to collectively take those and move towards implementing a number of initiative and shared approaches. Not all of these will take place overnight nor by this budget, however, I am confident that working together over this term, we will support one another in addressing many of the needs of Nunavummiut that we continue to hear about.

Turaaqtavut Overview

Mr. Speaker, Turaaqtavut expresses a clear vision for Nunavut and describes five priority areas for government action over the next four years.

Departments and territorial corporations are developing the initiatives that will enable us to achieve our mandate. Some of the early actions will be supported by this budget. Others will be included in the business plans and budget for next fiscal year and within the term of this Assembly.

Mr. Speaker, I will now comment on Turaaqtavut priorities and how they are reflected in this government's budget for 2018-19. I will also note examples of how we are using existing resources to advance our priorities.

Inuusivut

Our population is widely spread across the territory, which presents great challenges in the delivery of health and social programs and services. Each successive government has been concerned with improving the well-being and self-reliance of our people and our communities.

Mr. Speaker, the number of seniors in Nunavut has doubled since 2004. Our Elders help us remember the lessons of the past and use them to shape our future. It is a priority for our government to meet our Elders' needs for support and care in the territory so that they can be closer to their families, language, and culture.

Along with our recently approved capital plans and existing operational budgets, we will be taking steps to bring back our Elders to our territory by seeking partnership arrangements to build facilities and services in Nunavut. As a start, we will increase operational funding for the existing Elders' Homes by \$855,000 annually.

Mr. Speaker, our government will invest in basic needs such as housing and food security.

This government is now in the second year of implementing the Blueprint for Action on Housing and this year we will keep the momentum going on our whole-of-government approach to addressing Nunavut's housing crisis.

We will continue to strengthen the Income Assistance program. The Department of Family Services will receive \$22.7 million over three years to support changes to the program. These changes will ensure the food allowance covers the basic living expenses for households and fairly represents differences in the cost of living among communities.

We continue to spend too much on medical travel and care outside the territory, Mr. Speaker. Our government will enhance the health care services that are available in the territory so that care can be delivered as close to home as possible.

The Department of Health will receive \$1.5 million over the next three years so that two operating rooms at Qikiqtani General Hospital can be used simultaneously and for longer hours. This will help to address the waitlists for surgical procedures performed at our own hospital.

The department will also receive \$1.6 million over three years to enhance hearing assessment services in Nunavut. This funding will help to prevent high-cost treatment by focusing on early intervention.

We are committed to working in partnership with the Government of Canada and Inuit leadership in the country to eliminate tuberculosis. Our government is investing an initial \$5.8 million over three years to expand Nunavut's tuberculosis prevention and control program.

Mr. Speaker, mental wellness continues to be a priority for this government. In this budget, we will continue to invest in and improve the outcomes of mental health, addictions, and family counselling programs and services through a mix of traditional and contemporary approaches.

The Department of Health is expanding its pilot of specialized mental health and addiction services. The department will also introduce new initiatives in health and mental wellness under the new Northern Wellness Agreement signed with the Government of Canada.

Mr. Speaker, we must prepare for the legalization of cannabis in Canada. The Department of Health will receive \$1.8 million over three years to develop a cannabis harm-reduction program in Nunavut and train health care providers in communities.

The Department of Education is working with its partners to provide training that helps schools and community agencies prevent violence against children, promote healthy youth relationships, and prevent bullying and harassment. Our government is investing an additional \$1.1 million over the next three years to expand the availability of crisis support and counselling in schools and communities following a traumatic event.

Mr. Speaker, healthy, self-reliant communities are safe communities with culturally-relevant programs and services that support healing and restorative justice.

Foster parents play a crucial role in providing a safe and culturally-appropriate family setting that supports the well-being of children and youth while they are in care. The Department of Family Services will receive \$1.1 million over three years to strengthen its foster care program through training and other resources for foster parents.

The Department of Family Services will also receive \$2.6 million over three years to strengthen and expand the Public Guardianship program. Improvements to the program will ensure that vulnerable Nunavummiut are supported effectively.

Mr. Speaker, our government will increase funding for community-based justice programs.

The Department of Justice will receive \$1.2 million over three years to enhance the capacity of its Community Justice Division. This will enable the division to improve community services, support crime prevention, and focus on more culturally-appropriate ways to address crime and its impact on victims.

The RCMP “V” Division will receive funds to establish a special victims unit in Nunavut. This unit will enhance the RCMP’s ability to investigate sex crimes and address cases involving victims who are at-risk or particularly vulnerable, such as children and persons with mental disabilities.

The RCMP will also receive funds to add new Inuktitut-speaking civilian employees in six communities. These local staff members will assist with administrative tasks and provide a valuable connection between the RCMP and the community.

Pivaallirutivut

Mr. Speaker, we must develop our infrastructure and economy in ways that support a positive future for our people, our communities, and our land.

Our government is actively seeking opportunities to invest with partners in infrastructure that will enhance our well-being and connect us to one another.

The Department of Community and Government Services will receive \$13.5 million over the next three years to increase the capacity of the GN’s information technology infrastructure in preparation for migrating to a higher bandwidth. This will help us to deliver programs and services more efficiently.

Mr. Speaker, we must diversify and improve economic opportunities in all communities to encourage self-reliance and provide local employment.

The Department of Economic Development and Transportation will receive \$3.3 million over three years to assist companies involved in mining exploration to engage more effectively with communities. This program will replace the fuel tax rebate that was previously available to exploration companies.

The Department of Environment is realigning their harvester support programs to provide enhanced support to active harvesters.

Sivummuvaqpalliajjuvut

Mr. Speaker, education begins in early childhood and provides the foundation for a positive family and community life, as well as meaningful employment.

Through a new agreement with the Government of Canada, the Department of Education will work to make licensed childcare more readily available and affordable for families. Licensed childcare facilities will receive top-up operational funding on the condition that the facility maintains or lowers its fees. Communities will receive assistance to re-open previously closed childcare facilities.

Our government is committed to amending the Education Act and the Inuit Language Protection Act to support bilingual education, ensure quality schooling, and improve student outcomes.

The Department of Education is continuing to roll out the new Inuktitut Titiqqiriniq balanced literacy program. In addition, the department will develop new Inuit language and cultural materials for licensed childcare providers that will seamlessly transition into the K-12 literacy framework and Inuktitut Titiqqiriniq.

The Department of Education will receive \$12 million over the next three years to fund 40.5 positions for the student-educator ratio that meets the needs of students and schools. These positions were previously funded from within the department's budget. The department will receive an additional \$1.4 million to staff the new school in Igloodik.

Mr. Speaker, employers in the territory are relying too much on imported labour while many Inuit are under-employed or dependent on social assistance. We will put our communities first by offering more local skills and trades training.

Nunavut Arctic College offers the Environmental Technology Program each year. The College will reallocate funds this year to once again deliver an additional ETP program in Pond Inlet.

Mr. Speaker, our government will improve supports for postsecondary students and postsecondary programs that develop the knowledge and skills needed in the territory.

Nunavut Arctic College is implementing a re-organization with its own-source revenues to build institutional capacity and prepare for revitalized educational programming.

Mr. Speaker, as the territory's largest employer, the government must compete with other employers within and outside Nunavut. On-the-job training builds the capabilities of the public service, helps to attract and retain employees, and increases Inuit employment.

Our government will continue to provide workplace education and training for all public servants. We will also invest in education, training, and career development programs that are targeted to Inuit employees.

The Department of Education is establishing a new Inuit Employee Education Leave program called Sivummuakpaallirutiksats using internal funds to advance its Inuit employees' education and skills, and enable them to move into professional roles in schools.

Inuunivut

Nunavut is unique in our Arctic geography, our majority Inuit population, and the model of governance established by the Nunavut Agreement.

Mr. Speaker, our government will strengthen Nunavut as a distinct territory in Canada and the world.

Many visitors come to Nunavut to learn about Inuit culture and seek experiences on the land. Our people are welcoming and one of the highlights of any visit. As Nunavut's tourism industry grows, a significant number of part-time and full-time employment opportunities are being created.

To assist Nunavummiut who are interested in tourism-related work, our government is investing \$945,000 over the next three years to enable the Department of Economic Development and Transportation to provide training in cultural interpretation skills, hospitality and business skills, on-the-land guiding and survival skills, and the certificates needed for many jobs in tourism.

Nunavut's Official Languages Act and the Inuit Language Protection Act provide an unprecedented level of protection for an Indigenous language in a Canadian jurisdiction.

The first Uqausivut Plan for the implementation of the language Acts was tabled in 2012. The Department of Culture and Heritage is developing a follow-on Uqausivut plan that incorporates findings from a recent evaluation and input from language stakeholders across the territory. Nunavut Tunngavik Incorporated and the three Regional Inuit Associations were involved as key partners and stakeholders in the development of the new plan.

Implementation of Uqausivut 2.0 will be enabled by the Canada-Nunavut Agreement on French Services and Inuktitut Language, which was renewed last year and provides increased funding towards the protection and promotion of Inuktitut in the territory until 2020.

Our government is also working to enable the Inuit language as the working language of the public service.

Katujjiqatigiinnivut

Mr. Speaker, the Nunavut Agreement sets out governance and co-management arrangements that require the territorial government to work in partnership to advance the goals and aspirations of Nunavummiut.

We will work to establish more strategic partnerships with Inuit organizations, the federal government, and the private sector to meet the needs of our communities.

Mr. Speaker, it will take time to develop new partnerships. However, many of our departments are already working in innovative ways with other organizations.

The Department of Environment's Climate Change Secretariat is engaged with the provinces and other territories in implementing actions identified in the Pan-Canadian Framework on

Clean Growth and Climate Change. The Secretariat is also administering a \$1.7 million funding program with the federal government for climate change adaptation projects, including working with the Department of Economic Development and Transportation to monitor sea-ice through the community-based SmartICE program.

The Department of Health has established a partnership with Memorial University of Newfoundland. Residents in family medicine at the university have an opportunity to work in Nunavut for six month periods while completing their medical education. Our government will contribute \$1.6 million over three years to fund the NunaFam program, which will add medical capacity and help us to recruit physicians for the territory.

To be a fully effective partner, we must continue to develop capacity and capability in the public service.

The Human Resource Strategy will be updated this year. The Department of Finance will also design and develop a Respectful Workplace program to focus on conflict management and alternative dispute resolution, rooted in Inuit Societal Values. All departments and agencies will continue to work actively on increasing Inuit employment, recruiting skilled people, and developing our employees.

The Department of Community and Government Services is using internal funds to create more than 20 new permanent positions that will replace long-term casual work. Nunavut Arctic College is doing the same. Together, CGS and NAC are creating almost 50 new permanent positions in communities throughout the territory. These are secure jobs that can be entered without advanced education – jobs in which employees can learn and grow.

The Department of Executive and Intergovernmental Affairs will continue to provide GN-wide career development opportunities for Inuit employees, including the Sivuliqtiksat internship program. Our government continues to work in partnership with Nunavut Tunngavik Incorporated and the Government of Canada to best use Nunavut implementation funds to increase and enhance Inuit employment through education and training such as the Amaaqtaarniq Education Leave, Hivuliqtikhanut Emerging Leaders, and Policy Foundations programs.

Economic Outlook

Mr. Speaker, I will now turn to our territorial economy and our fiscal situation.

Nunavut's economy is growing. This growth is due largely to a strong mining sector. Mineral and petroleum exploration has declined over the past several years, but mine construction and mining operations are active and have the potential to expand throughout the territory.

Nunavut's tourism and cultural industries also contribute to our diversifying economy and help to create a positive reputation for Nunavut in Canada and abroad. In particular, our marine tourism sector is growing and has the potential to provide increasing economic benefits to communities, if managed correctly.

Mr. Speaker, gross domestic product (or "GDP") is the broadest measure of economic activity in our territory. The Conference Board of Canada estimates that Nunavut's real GDP will grow 4.4 per cent in 2018 and 9.1 per cent in 2019. This is much greater than the 2.1 per cent growth projected for Canada as a whole in 2018 and the 2.0 per cent growth projected nationally in 2019.

The unemployment rate in Nunavut improved slightly last year and wages grew by 4.3 per cent.

These are all signs of a positive economic outlook for the territory. It suggests that Nunavummiut will have increasing opportunities to seek full- and part-time employment outside of government.

However, growth in GDP and employment does not mean immediate or rapid growth in government revenues.

Fiscal Overview

Mr. Speaker, our revenues in 2018-2019 are expected to be \$2.18 billion, up 5.5 per cent from last fiscal year.

Approximately 10.6 per cent of our revenues, or \$229.8 million, is collected in Nunavut through income taxes, rent for staff housing, service fees, revolving funds, and other sources.

As with other territories, the majority of our revenues come from federal transfers and third-party agreements to fund particular programs or time-limited initiatives.

Federal transfers will provide us with over \$1.67 billion this fiscal year.

Mr. Speaker, the annual growth rate in these transfers has declined over the past five years.

Federal transfers are intended to help territorial governments pay for essential infrastructure and public services, including hospitals, schools, and social services. There were long-standing deficits in all these areas at the time of Nunavut's creation – and the underfunding has continued. This persistent social deficit undermines the health, well-being, and advancement of Nunavummiut.

Mr. Speaker, the government expects and is planning for slower growth in federal transfers, but it will reduce our flexibility in coming years and is not sustainable in the long term. We must find creative ways to make use of our financial resources and prepare for difficult choices to ensure that we can deliver the programs and services that Nunavummiut need.

Fiscal Update – 2017-2018

Mr. Speaker, the former government began its year by projecting a small fiscal surplus in 2017-18. We ended the year with a fiscal deficit of approximately \$39 million. This number is not final, as our books will not close until the end of June. But to put the amount in context, it is approximately 1.9 per cent of our expected revenues for 2017-18.

The main reason for the deficit is higher than expected spending, including supplemental funding for core areas within the departments of Health, Justice and Family Services.

Fiscal Strategy

For 2018-19, our government is projecting a fiscal deficit of approximately \$28 million.

This projected deficit prudently includes \$30 million for contingencies, which will allow the government to respond to issues and opportunities that we cannot plan for.

Mr. Speaker, it was not easy to plan a budget with the large social deficit that we face. The departments of Education and Family Services must respond to the needs of a growing

population and core areas in the departments of Health and Justice have required significant supplemental funding in each of the past few years.

Mr. Speaker, our budget reduces the uncertainties in core funding by recognizing and addressing these needs now. It is a first step in dealing with the issue of historical underfunding.

The Department of Health will receive new base funding to better meet the demands for medical travel and for mental health and addictions services. The Department of Justice will receive new base funding to address a systemic salary deficit. In addition, the Department of Education will receive new base funding to address the impact of the new collective agreement with the Nunavut Teachers' Association. These are necessary expenditures that our budget must address.

It is important to note, Mr. Speaker, that this fiscal strategy does not take into account revenues or spending associated with the legalization of cannabis or the carbon tax. These are two federally-driven initiatives that we expect will impact our budget later in the year.

Canada plans to set a national price on carbon pollution to encourage businesses and consumers to use "greener" alternatives to fossil fuels. Our government supports efforts to address climate change, but we do not think the carbon tax will be effective in Nunavut because we have few alternatives to the fuels we rely on for our power supply, air travel, home heating, and traditional activities. Mr. Speaker, I have met and corresponded with federal Finance Minister Morneau to highlight our concerns and to confirm that we do not intend to administer a territorial carbon tax ourselves.

We expect the federal government will implement its "backstop" tax of approximately 2.5 cents per litre on fuel in Nunavut. Revenues would be shared with Nunavut. Our government will need to consider how to best use this revenue starting with next year's budget.

Mr. Speaker, we will report on the carbon tax and legalization of cannabis in a fiscal update when we have a better sense of the impacts of these federal initiatives.

Conclusion

In speaking about our Assembly's first budget, I have emphasized necessary new funding commitments. It is important to note, Mr. Speaker, that most departments are budgeting within the same amounts as last year, and are funding enhanced programs and new positions from within their existing budgets.

Mr. Speaker, it is clear that there is not much flexibility within the government's fiscal situation. Our efforts to address just some of the historical underfunding have put us into a deficit budget.

Our housing stock remains inadequate for our population and our crucial infrastructure is aging beyond repair. We can address only small parts of the large social deficit that has been accumulating since long before Nunavut's creation.

Mr. Speaker, running back-to-back fiscal deficits is manageable, but not something we plan to sustain.

To continue adding necessary new programs and initiatives, we must question which programs we can eliminate, which costs we can reduce, and how we can raise new revenues. Our government will continue to identify and cancel programs such as the fuel tax rebate that are no longer effective or relevant to ensure that we operate in a fiscally responsible manner and better meet the needs of Nunavummiut.

Over the next few weeks, my colleagues will be in front of the Committee to provide specific details on their Turaaqtavut initiatives that I have outlined today as the approval process begins for the Fifth Assembly's budget.

Thank you, Mr. Speaker.