Budget Address
2012 - 2013

NORTHWEST TERRITORIES

The Honourable J. Michael Miltenberger
Minister of Finance

Third Session of the
Seventeenth Legislative Assembly
May 24, 2012

Introduction

Mr. Speaker, this Budget comes three months into the fiscal year. I would like to take this opportunity to thank all Members of the Legislative Assembly who worked individually and collectively to contribute to the interim appropriation for the current fiscal year.

We have started the 17th Legislative Assembly with a difficult fiscal reality and Members worked hard to help build this first budget of the 17th Assembly. We appreciate the advice of the Standing Committees during the recent business plan discussions. We are reviewing and considering the Committees' recommendations and the government will address these recommendations through the supplementary appropriations process later this session.

During the recent recession, the Government of the Northwest Territories spent over $1 billion on important capital projects such as schools, highways, housing and community infrastructure. This investment helped shore up our economy during the slowdown in the private sector.

Although we are proud of the way our last government responded to the worst recession since the Great Depression, we knew it was not sustainable. Circumstances are also now changing.

Private investment is returning to the NWT. With most industries recovering, it's time for government to step back, recalibrate and rebuild.

That's what this Budget is about. We are catching our breath after one of the most difficult economic downturns in modern times and restoring the balance between our revenues and expenditures so that in two years we will be ready to start re-investing in our growing infrastructure needs.

Economy

Mr. Speaker, the NWT economy is showing signs of recovery from the global economic downturn; however, we have not returned to our pre-recessionary peak. Although the economic outlook for the NWT is good, we are not expecting the double-digit growth we saw in the first half of the last decade.

Recovery in the NWT labour market is strong. The number of people working is the same as when the global recession first hit in 2008. In 2011 we added 1,200 new jobs.

Led by the diamond industry, mining is still the economic engine of the NWT, accounting for a third of our economy. Although carat production decreased in 2011, stronger diamond prices propelled diamond production values to $2.1 billion in 2011, the highest in seven years. Production targets are higher for 2012.

Exploration activity, a key precursor to actual mines, is set to increase by $20 million this year. However, while the other territories have exceeded their pre-recession peaks, we continue to lag behind. Our share of total exploration dollars has fallen from 7 per cent in 2007 to 3 per cent anticipated in 2012.

We're also seeing the return of oil and gas exploration. Chevron is starting seismic work in the Beaufort Sea and last summer 11 exploration licences representing over $500 million in work bids were granted in the Sahtu. This summer two more parcels will be awarded in the Sahtu, and six parcels were recently nominated in the Beaufort Sea.

Both retail and wholesale trade have picked up some growth over the past year, although they also remain below their pre-recession highs.

The private sector is reinvesting in the NWT. The extra $230 million expected in 2012 represents the largest percentage increase we've seen in more than five years. The Conference Board predicts a 14 per cent rise in economic activity and 1,800 more jobs over the next two years.

Even with this forecast growth, 2012 GDP will be 20 per cent lower than the highs reached in 2007. At that time, our two operating diamond mines were producing record carats and undertaking heavy construction and our third diamond mine was being built. To return to busy times like we saw in 2007 requires another large project.

The good news is, we've got quite a few in the wings. If approved, these projects could bring more than $2 billion in new investment, as well as 2,000 new jobs to a number of regions. Projects such as Avalon's Rare Earth Element Project provide opportunities for the establishment of a non-precious metals secondary processing industry in the territory. Projects such as Prairie Creek and Pine Point will facilitate economic growth in the Deh Cho and South Slave. These and other future mines are critical to our economy over the medium term as our existing mines reach their half lives.

Fiscal Strategy

As Canada's provincial and territorial economies recover, their governments face new fiscal realities. Recently, we've seen countries, states, and cities face downgrades in credit ratings and, in some cases, bankruptcies. Inadequate fiscal management is not an option and we must ensure our fiscal house is in order.

We remain one of the best managed jurisdictions in Canada. Our Aa1 credit rating is the second-highest rating obtainable from Moody's Investors Service with only Alberta and British Columbia receiving higher ratings in Canada. Our debt servicing costs are only 1 per cent of revenues, and we have one of the lowest debt to GDP ratios in the country. And we intend to keep it that way.

There are two reasons for this. First, we don't want to jeopardize our Aa1 credit rating by wavering in our commitment to the rules set in the *Fiscal Responsibility Policy*. We will not borrow for operating expenditures and we won't borrow for more than half the cost of infrastructure. A strong credit rating is not just about lower debt costs. It also signals a fiscally strong, stable environment for outside investment. We are determined to maintain that advantage.

The second reason is that we are constrained by the federally legislated borrowing limit. We worked collaboratively with Canada to secure an increase to our borrowing limit from $575 million to $800 million. This provides us with the added flexibility to invest in capital but is not as substantial as the new limit would suggest if fiscal discipline is not maintained.

Our borrowing is made up of both long-term and short-term debt. Most of our long-term debt is self-financing through user fees or ratepayers. On the other hand, our short-term debt needs to be carefully managed to ensure we have both the borrowing room and cash to pay for future investments.

Over the past few years, we used short-term borrowing to cover cash shortfalls created by increased infrastructure spending during the recession. Our short-term debt increased substantially.

As our private sector rebounds, we are assured that the decision to use short-term borrowing to invest in more capital has paid off. Now it is time to reduce our short-term borrowing and start to rebuild our cash to more sustainable levels.

This means generating sufficient operating surpluses to repay short-term borrowing and fund a minimum of half of new capital investments with cash. We will do this by constraining growth in our spending on existing and new programs at rates lower than the growth in revenues and returning to a more affordable level of capital investment.

At the same time, we recognize that our current level of capital investment will not address the GNWT's growing infrastructure deficit, which is currently estimated at $3 billion over the next five years. Just like the staff that occupy them, health centres, hospitals, schools and other facilities are essential tools needed to deliver our programs. Roads, airports, ice crossings, and bridges are the lifelines for food, supplies, tourists and resources.

That's why, Mr. Speaker, our plan for rebuilding will not be easy. Not only is our infrastructure deficit growing but increased costs challenge us at every turn. Rising fuel and electricity prices put pressure on all residents and our programs. We are also expecting increased demand for services such as health care due to changing demographics. In fifteen years, the number of people 60 years of age and older will double in the NWT.

We are also under no illusions about our potential revenue growth in the near term. Our Territorial Formula Financing Grant makes up 70 per cent of the GNWT's budget for programs and services. Although the federal Minister of Finance has assured us that the formula will not change through to 2018-19, we know that the Grant's growth will slow significantly because of stagnant population growth and restraint in provincial government spending. While we will continue to work with Canada to secure federal transfers in priority areas such as health and infrastructure, the March 29th federal budget is a clear indication that new funding through federal transfers should not be part of our plan.

Despite these pressures, this government is committed to protecting the programs and services our residents rely on. This Budget makes no cuts to the $1.4 billion earmarked for programs and services. We have worked hard through the collective bargaining processes to ensure that we retain the public service we need to deliver those programs. We are making good progress in finalizing the collective agreements and welcome the fiscal certainty this will provide to the end of this Assembly.

In the face of decreasing growth in revenues over the medium term and a growing infrastructure deficit, decisions will have to be made on what the priorities for spending are to make our vision for the NWT come true. Mr. Speaker, as we heard in the Throne speech, this government has made a commitment to doing things differently. We are reaching out to engage Northerners in building new partnerships. That means starting a conversation with residents about what they expect government to provide with limited resources.

We know we cannot fund everything. We also know we need the support of NWT residents to make these tough choices. This fall I will meet with residents, businesses and governments across the NWT. We want their input on how we can better serve our people and grow the economy.

Budget Highlights

Mr. Speaker, our fiscal strategy is highlighted by our return to operating surpluses with a $74 million surplus projected for 2012-13. We have accomplished this by holding 2012-13 operating expenditures to $1.4 billion; an increase of 3.7 per cent, or $51 million from the previous year.

Increasing demand for, and costs of, existing services account for $33 million of the increased expenditures. An additional $35 million will be invested in the priorities of this government. These increases will be partially offset by sunsets.

The increase in our operations expenditures will be financed through an estimated $1.5 billion in revenue, an increase of 9.5 per cent from the 2011-12 revised estimates.

Short-term debt is projected to be $216 million at the end of 2012-13. When combined with our long-term debt, and the debt of the NWT Power Corporation, NWT Housing Corporation and other public agencies, total GNWT debt will be $656 million at March 31, 2013.

Expenditures

Mr. Speaker, this Budget makes investments in the goals and priorities set out by the 17th Assembly in October.

Supporting our People

This Budget continues to support individuals, children, and families by protecting the critical services they rely on. It also makes a number of strategic investments.

In 2012-13, we've budgeted $818 million, or nearly 60 per cent of every dollar, for education, health care, social services, housing, policing, and corrections programs. Most of this money is an investment in health services and education to help us meet our goal of having healthy and educated people.

Our healthcare facilities are at the top of our list of critical infrastructure needs. To address our territory's health facilities deficit, we are spending $30 million this year on facility replacements and renovations.

New facilities such as the H.H. Williams Memorial Hospital in Hay River, and renovations like the Fort Smith Health Centre, ensure our health system remains capable of serving our regional centres. As well, $3 million will be spent on a planning study for the Stanton Territorial Hospital. This money is the first step in extending the life of a facility that provides critical healthcare services to residents from all across the territory.

But we also recognize that good physical and mental health starts at home. That is why improving housing conditions is a key priority of the 17th Assembly. This Budget commits $2.2 million in new funding to implement the priority areas for actions identified by our recently completed *Shelter Policy Review*. This funding includes $1 million for improving public housing rent scales and $1.2 million for a new rent supplement for private rentals.

Northerners have told us that existing public housing rents aren't working. The rents are complicated, unpredictable and create a disincentive to work. The additional $1 million starting in 2012-13 will be used on a new public housing rent scale to fix the problem. The new scale will be simple, predictable and fair. It represents a huge step in the right direction to ensure that public housing promotes self-reliance.

We're also improving the quality of our public housing through a $13.2 million investment for the Housing Corporation's capital plan. This investment will give a major refit to 118 public housing units and replace another 26 units. Twelve new or retrofitted units are for the Homeownership Entry Level Program, which provides assistance to prospective first-time homebuyers.

We are also lowering public housing utility costs. With declining federal funding for operating public housing we need to ensure our programs are as efficient as possible. The $700,000 budgeted for additional eco-energy retrofits will make the public housing program more affordable and sustainable over the long term by lowering operating costs.

Public housing is just part of the housing equation. We have too many working families that receive regular pay cheques but struggle to both pay the rent and put food on the table. These are people who are not eligible for public housing or income assistance. The $1.2 million rent supplement included in this Budget supports working families that are struggling to pay full market rents and is a step forward towards our goal of having healthy, educated people free from poverty.

High power costs also contribute significantly to our residents' cost of living. Recognizing how debilitating the rising cost of living can be, we are allocating $15.6 million to offset a portion of the NWT Power Corporation's upcoming rate increase. Although we are unable to absorb the entire power generation cost increases at the NTPC, this investment will moderate the transition to higher rates.

Going forward, we're looking at regulatory improvements that will avoid the need for such drastic price increases by providing for an annual indexing mechanism.

We also want to help families lower power bills through initiatives that support energy conservation. That's why we are continuing the popular Energy Efficiency Incentive Program with an investment of $350,000. Rebates on more efficient models of appliances such as fridges and washing machines can help decrease overall power consumption.

This Budget includes $500,000 to establish Child and Family Services Committees in five communities. These committees allow communities to take a more active role in supporting children and families in a culturally appropriate manner.

Children are our future and we all work together to ensure that they have the support they need. The legal system can be intimidating, difficult and stressful for them. The Children's Lawyer gives children a voice in child custody or child protection actions and helps the Court in resolving matters more quickly and with better outcomes for children. This Budget commits $150,000 to finalize the creation of this office.

This government understands that action is needed to address family violence. We remain committed to implementing recommendations of the *Framework for Action on Family Violence*. Part of our plan is an investment of $137,000 for a RCMP Family Violence Coordinator. This coordinator will ensure RCMP officers have consistent information and training to deal with family violence. The position can also provide a dedicated RCMP liaison for frontline workers and social program agencies. The result will be a more effective response to family violence.

Supporting our Communities

This Budget not only supports our residents but also the communities in which they live. We know that people flourish in sustainable, vibrant and safe communities.

The 2012-13 Budget provides over $69 million so community governments can provide a variety of programs such as municipal services, water and sewer, and community sport and recreation programs.

We will continue to provide stable and predictable funding so that communities can manage their infrastructure. This fiscal year, the GNWT will continue to provide $28 million to our 33 communities, in addition to the flow through of $15 million under the Federal Gas Tax Agreement to support community infrastructure priorities.

We also continue our efforts to improve delivery and access to programs and services in our communities. In 2012-13 we'll be opening five new single-window service centres in Sachs Harbour, Tsiigehtchic, Tulita, Fort Liard and Gamètì. Building on the eight already in existence, these service centres will continue to improve access to government services in small and remote communities.

We remain committed to developing governance and autonomy at the municipal level. To help make this happen, we're investing $185,000 to conduct legal surveys to help transfer title of Commissioner's Land in and around Délı̨ne as part of the implementation of the Délı̨ne Self-Government Agreement. To further the goal of effective and efficient government, we are spending $462,000 to continue the Regional Land Administration Program right across the NWT.

Another step towards building sustainable communities is our investment in local and renewable sources of energy that reduce reliance on environmentally unfriendly and costly diesel-generated power. An investment of $100,000 will help the NT Energy Corporation match communities with potential hydro and other renewable energy projects to reduce energy costs and greenhouse gas emissions. To promote more energy efficiency, $200,000 is budgeted for the work of Regional Energy Advisors that visit communities to conduct home energy audits, training and workshops. These investments support our goal of creating sustainable communities, and an environment that will sustain present and future generations.

The Town of Inuvik is facing the imminent depletion of its natural gas source and we are committing $100,000 to help the town's residents and businesses install wood pellet stoves and boilers. An additional $100,000 will be invested in exploring medium to long term options for Inuvik's natural gas shortage. We will use what is learnt in Inuvik to support other communities facing supply uncertainty, such as Norman Wells.

Mr. Speaker, community safety is a shared responsibility and we all have a role. While economic development is positive, we know that many communities are struggling with the impacts of high amounts of disposable income that can lead to higher levels of alcohol and drug abuse. This Budget invests $276,000 in actions to monitor the impact of economic development on our residents and implement a *Community Safety Strategy*. The work will involve assessing and sharing best practices and defining community strengths and resources that keep communities safer. This will include working in

conjunction with the RCMP to develop specific plans based on the priorities of the communities. Together we will build safer communities where people can thrive.

Supporting our Economy

As our economy recovers, we will make sure Northerners and their communities benefit as much as possible from this growth. We will do this by expanding the economic opportunities available across the NWT.

We have been talking about the need to secure lasting benefits from economic growth to smooth out the boom and bust cycles of our resource-based economy. The implementation of the *Macroeconomic Policy* developed in the last Assembly will allow us to bring economic considerations to bear more heavily in our business planning. The *Policy* will be used to evaluate investments made to grow the economy and to measure how our efforts are working.

We have to expand our conversation about economic diversification and growth from the need to do something to a plan to do something. In 2012-13, we will invest over $1 million to develop a *Mineral Development Strategy* and an *Economic Development Strategy* to guide our economic policies, programs and services. We look forward to hearing from Northerners about how we can craft strategies that will help us achieve our goal of a diversified economy where every community and region has opportunities and choices.

Mining is a cornerstone for robust growth in our economy. We have long heard about the rise of the west. Now it's time for the rise of the north, and a cohesive strategy for mineral development will ensure we play a leading role. The territory-wide *Mineral Development Strategy* for the NWT will celebrate the successes we've enjoyed as a result of mining, but it will also address the challenges. There is no time like the present to address the challenges of one diamond mine approaching the latter half of its life and the other nearing its mid-point. We also need to address exploration expenditures well below historical highs and unfavourable industry perceptions of the NWT's regulatory regime.

Developing a plan for mineral development, with input from all levels of government, citizens, and industry will help us sustainably realize our full mineral potential. As we near the completion of a devolution agreement for non-renewable resources, this *Strategy* will guide our activities during and after the transition of responsibilities.

At the same time, we will continue to maximize the benefits from the mines we already have. We continue to invest in the Mining Workforce Initiative which is aimed at increasing the number of mine employees living in the NWT. Increasing our population will grow our revenue and economic base.

A diversified economy needs more than just mines. It needs tourism operators, manufacturers, thriving service and creative industries, and much more. By engaging with our stakeholders we will produce a new *Economic Development Strategy* to help us achieve our goals to diversify and put us on a path to prosperity that works for everyone.

Once the proposed Land Use Sustainability Framework is completed, it will guide decisions on land use planning and management and will support the mineral and economic development strategies. These three pieces will support our vision for sustainable development in our territory in the years to come.

Our commitment to the traditional economy is highlighted in this year's tenth anniversary of the revitalized Genuine Mackenzie Valley Furs Program, a model for other programs across the country. This program works because it provides income directly to trappers, and because it gets youth out on the trap line. With this year's record-breaking fur prices, and nearly 2,300 youth in the Take a Kid Trapping Program, our traditional economy should continue to thrive for years to come.

Tourism remains a key economic priority in our plans for economic development and diversification. In 2012-13, the GNWT will invest $10.4 million in tourism. The new marketing plan from NWT Tourism contains some exciting ideas to bring new visitors to experience the natural beauty of our territory. As well, this year we're spending $100,000 to host the national Committee on Internal Trade meeting. This is an excellent opportunity to showcase the NWT's economic and tourism potential to the rest of Canada. We are continuing our ongoing support for our outfitting industry with $300,000 for the Sports Hunter Outfitter Marketing Support Program.

NWT businesses will also benefit from over $137 million in capital investment planned for 2012-13. Our capital investment will employ Northerners and continue to provide a strong activity base for our construction industry. Combined with the increased activity expected in private non-residential construction in 2012, our construction industry is well poised to see strong growth this year.

Recognizing the challenges experienced by small businesses, we continue to support small businesses in building our economy. In 2012-13, $3.9 million will be available under the Support for Entrepreneurs and Economic Development Program. We are also providing $200,000 in rebates to implement energy conservation and efficiency measures by NWT businesses that save on heating, water and electricity bills.

Supporting our Environment

Mr. Speaker, sustainable economic development is only achieved by protecting the environment. We expect to spend almost $66 million in 2012-13 to protect our environment by making sure our resources are used wisely and that people understand their part in keeping the environment healthy.

In addition to ongoing work to implement environmental protection strategies started in previous assemblies, we are investing $905,000 in this Budget to negotiate transboundary water agreements. These agreements will protect the quantity and quality of water entering the NWT from neighbouring jurisdictions, particularly Alberta, and they are a promise to protect the ecological integrity of the Mackenzie River Basin while allowing people to continue to choose a traditional way of life. This additional funding will bring our total investment in our *NWT Water Stewardship Action Plan* to $3.2 million.

We are committed to reducing greenhouse gas emissions, with the dual goal of reducing energy costs for residents and businesses. This Budget invests $6.4 million to fund new and ongoing energy projects and initiatives. This includes $1.8 million in base funding to the Arctic Energy Alliance, $470,000 for ongoing energy planning work, $654,000 for capital asset retrofits, and another $3.5 million in new initiatives.

The $3.5 million in new energy initiatives includes the $1.55 million previously mentioned for our energy efficiency programs, the NWT Housing Corporation's retrofits, and alternative energy options in communities. We are also including $150,000 in this Budget to renew the *NWT Energy Plan,* which will establish our priorities and approaches towards energy over the next decade.

We are exploring alternative energy sources such as biomass, geothermal, wind, water and solar that will help communities reduce their dependency on diesel-generated power. The forthcoming *Solar Energy Strategy*, exploration of our geothermal potential, and our $800,000 investment in the NT Energy Corporation continue our efforts to displace fossil fuels. Such investments use the natural endowments of the land to support our goal of creating an environment that sustains present and future generations.

Another $100,000 will be invested in the implementation of the *Biomass Energy Strategy*. As the price of fuel oil rises, generating heat and power using wood and wood pellets can help make our communities more sustainable. Over the long-term, locally produced pellets could also help diversify our economy.

We are continuing our program to reduce the government's dependence on non-renewable energy with an additional $850,000 for the installation of biomass and electric boiler systems at the Deh Gah School in Fort Providence and Fort Smith's Northern Lights Long Term Care Facility. This capital investment, which will be brought forward as a supplementary appropriation later this Session, will displace another 172,000 litres of fuel oil annually, saving us $136,000 per year. These two projects will reduce greenhouse gas emissions by an estimated 470 tonnes per year.

We also recognize the challenges resulting from climate change. This Budget adds $142,000 provided by the Building Canada Plan for research and pilot projects to be undertaken by the Department of Transportation to deal with the impacts of climate change on infrastructure, bringing total funding this year to $406,000. Such research will provide the GNWT and other interested stakeholders with best practices to mitigate and adapt infrastructure to the impacts of climate change, such as permafrost degradation.

Revenues

Mr. Speaker, this Budget introduces no new taxes. We will not be adding to the rising cost of living of Northerners. We also know that a stable and competitive tax system encourages job creation, as well as business and economic growth.

However, we will continue our policy of indexing taxes and fees to inflation where possible and practical. Steady and stable indexing avoids large painful adjustments in the future.

We expect our modest economic recovery will bring in more tax revenues. But we will continue to closely monitor our revenues, particularly if the economic recovery is slower than expected. As our most volatile revenue source, corporate income tax exposes our budgets to swings in balances.

We are investigating the possibility of a Revenue Stabilization Fund, similar to that in other provinces, to more actively manage sharp increases and decreases in revenues.

Looking Forward

Mr. Speaker, this Budget, and the fiscal plan it is built on, sets the path for achieving this Assembly's priorities. But this is a marathon, not a sprint. Today, we are strategically investing in priorities for our people, our environment and our economy while rebuilding our cash reserves. Tomorrow, we will be ready to invest in the big infrastructure projects that will further strengthen and diversify our economy.

Projects such as the Inuvik to Tuktoyaktuk portion of the Mackenzie Valley Highway in partnership with Canada. This 135 kilometre all-weather road is currently undergoing an environmental assessment and when complete will support sustainable economic development and lower the cost of living in the region. It will also advance the dream of connecting Canada from coast to coast to coast.

Lowering the cost of living is not only achieved through road access but also through access to lower cost power generated from hydro or other alternative energy initiatives. The last few years have demonstrated the need to think outside the box as the energy resources that our communities have relied on are depleted. We will continue to make development of renewable energy sources a priority of this government so that NWT residents will benefit from new technology that will lower costs, diversify our economy and energy base and reduce our greenhouse gas emissions.

Achieving our goal of healthy people free from poverty will require investments in improving our housing stock and addressing our health facilities deficit.

We will also continue to explore the possibility of a Public-Private-Partnership for a fibre optic cable from Fort Simpson to Inuvik. This $65 million fibre link project could transform the economic base of the NWT by promoting economic growth in knowledge-based industries, diversifying the private sector and improving its competitiveness. We also look forward to its potential to revolutionize government service delivery by improving community connectivity up and down the valley.

We're confident that these and other new projects will become realities over the medium-term as we build our cash reserves over the next two years through budgetary surpluses and fiscal restraint. We will talk to NWT residents, businesses and

governments to understand where they see opportunities for savings as well as how they see the GNWT allocating future fiscal resources to make investments.

But infrastructure is not the only precursor for a strong and sustainable future. We need control over our lands to ensure our future reflects the vision of Northerners.

We are in negotiations to finalize the Devolution Agreement-in-Principle signed in January 2011. Devolution means decisions about public land, resources and water will be made in the NWT, instead of Ottawa. The final agreement will establish the funding to run the devolved programs as well as provide a net fiscal benefit through a resource-revenue sharing agreement.

Every day without a final agreement means another $165,000 of resource revenue leaves the NWT – about $60 million a year. The resource-revenue sharing agreement will return these revenues to the North to be used to benefit our people, by helping meet the infrastructure needs of NWT communities and by building our legacy Heritage Fund.

The GNWT has offered to share 25 per cent of the resource royalties generated by development on public lands with Aboriginal governments. This would be in addition to any resource royalties the Aboriginal governments themselves receive from development on settlement lands.

This Budget provides $9.3 million for the negotiation and implementation of the final devolution agreement, including money for engaging Aboriginal governments and funding their participation in the final agreement negotiations. As this process unfolds, we must ensure all of the players have a voice and place at the negotiating table. We hope to have an agreement completed by the end of 2012 and will work on implementing it over the following 18 months.

Devolution is critical to ensure that decisions about our land and resources are based on northern priorities of sustainable development and that our future reflects our vision.

Conclusion

With this Budget, we are starting to build that future by firmly committing to our plan of long-term fiscal sustainability. This Budget makes progress towards the priorities we set just seven months ago. It won't all happen in one budget, but we present this Budget as a solid start.

Over the past three months, we've seen budget after budget tabled across Canada calling for curbs or cuts to spending to raise governments out of years of deficits. Our residents can take pride in a budget that returns us to balance while protecting the valuable programs and services we rely on.

This balance is critical to restoring fiscal sustainability, paying down short-term borrowing, and rebuilding cash reserves to invest in critically needed infrastructure in the future. Rebuilding today will put us on solid financial footing to invest aggressively tomorrow.

Mr. Speaker, we believe the best way to predict the future is to create the conditions to achieve it. We see the challenges facing our economy, but we also see the opportunities. Our sound financial management will allow us to address these challenges and seize these opportunities to plan and build the tomorrow we want for the NWT.