

MEMBER'S COMMENTS DURING 3rd READING OF BILL 8
– GREAT SLAVE – June 18, 2008

RESPONSE TO BILL 8

Thank you, Mr. Speaker.

Today is the final day for Bill 8, the Appropriation Act 2008/2009.

UNW

There has been a significant amount of debate on this bill both inside and outside of the house. We have heard a significant amount of talk from the Union of Northern Workers who continually stress that for years the GNWT has underestimated its budget surpluses and have over estimated their expenses. Further they stress that a job cut budget is a bad budget. They clearly want the regular members to vote down this budget.

Cabinet Messaging

Clearly, where the Union of Northern Workers have been very strong in their messaging and, unfortunately, Cabinet has been weak. Cabinet should have put together a comprehensive communications plan prior to announcing the fiscal realities and governments planed direction. Instead, they allowed information to enter the public forum with no concrete plan and had to respond to or react rather than announce their own plan. Obviously, this is not a good way to communicate a complicated message and clearly muddied or agitated the already murky waters. I hope that these and any subsequent Cabinet members have learned from this process and

understand the value in clear and concise messaging. The people of the NWT who are beneficiaries of the programs and services provided as well as the employees of the GNWT, our most valuable asset, clearly deserve better.

1996

When the fiscal realities of the GNWT first became public many of the 11 regular members expressed concerns about potential position eliminations. Many of us had been around in 1996 when the GNWT went through a similar process and can clearly state that 1996 was a failure. Departments that were amalgamated such as Economic Development and Tourism and Resources, Wildlife and Economic Development have once again split up and those departments that were decentralized, such as personnel have now reformed as a single centralized Department. Further, the mass exodus of employees from the GNWT and the NWT turned out to hurt the entire NWT as Federal Transfer payments reduce noticeably in subsequent years. Public Service position numbers have climbed steadily since 1996 and any cost saving that were intended have completely reversed themselves. In short 1996 was bad. We certainly can't re-live the same mistake.

Budget Involvement

Within this house the 11 regular members have continually expressed dissatisfaction with the budget process as a whole. We have felt that we were not actively engaged in or involved in the design of this budget or the setting of individual priorities suggested through the five

strategic investment committees. Clearly, given that these committees are responsible for setting and suggesting strategic reinvestment we, as regular members, should have been equal partners. Cabinet coming to us after they have made up their minds and telling us what they plan to do is clearly notification, but is definitely not engagement or involvement. Strategic reinvestment and direction is the job of all 19 members, not seven. By excluding the regular members from the process Cabinet is officially reducing or minimizing the role of 11 regular members. This is not appropriate.

Budget

The fiscal challenges faced by this government are a reality. We have traditionally spent more than we bring in. Where our revenues have grown at a fairly constant 3.5% our expenditures have increased at around 5 – 6% annually. Fortunately, in previous years the Government has been able to obtain additional, often one-time, funding to cover the difference. However, it is a bad practice to assume that the Government always will. We definitely need to get our house in order.

The Premier has indicated that we need to find \$135 Million over two years in order to assist us in getting our house in order and reinvest in priority areas suggested to us by constituents during the October 2007 election. Of the \$135 million, \$60 million was targeted for reduction whereas \$75 million was targeted for reinvestment into this government's strategic plan. Specifically, new initiatives identified by our constituents and incorporated into this Government's Strategic Plan.

Therefore, the Government is really only asking for a \$60 Million decrease to the annual budget to be realized over 2 years, or a 5% reduction to the budget as a whole, before forced growth, which runs around 3.5% per year. This would match our expenditures to our revenue.

As a regular member, I did share my colleagues' concerns about the potential loss of jobs. In fact, I went on record in February requesting that Cabinet pursue all options to streamline government and find efficiencies within government before looking at job cuts and that any job cuts should, absolutely, be as a last resort. Being a realist, I know that some positions would be affected. I was hoping that the majority of them would be vacant positions, excluding vacant health and social service related positions, which shouldn't be cut.

I appreciate the Premier's message that it's time to refocus government and change how we do business. There is entirely too much self-protection and empire building within Departments, Boards and Agencies. All of the Departments, Boards, and Agencies are supposed to be on the same team working for the good of all residents. Unfortunately, they are often more concerned with staking their individual ground and defending it at all costs without thinking about the big picture and the benefits, for people, that could be attained should they decide to work together.

Timing Of Budget

I do have to acknowledge that I along with the other 10 Regular Members did have a role in the timing of this budget. To his credit, the Premier and Finance Minister did originally request additional time to complete the budget. He wanted to have the official budget session in October, which he believed would provide Cabinet and senior bureaucrats with ample time to conduct thorough reviews of the departments and identify areas for reduction, which would minimize job cuts. Further, this time would allow Cabinet to work with the regular members in a more meaningful way and allow greater levels of interaction and consensus.

When we received the proposal we believed it to be unreasonable for the people of the NWT to wait on full year for this Legislatures first budget. We further believed that 8 months would provide the civil service with enough time to conduct the necessary reviews. In the end, with no guarantees that the budget would have been any different if we had waited the 12 months, there is certainly evidence that waiting would have, at least, improved the process we've just gone through, which may have resulted in a different budget.

Today, we are voting on the budget, but how to vote? There is clearly, as demonstrated by the UNW, a portion of the population who definitely wants this budget to fail. At the same time there are those who clearly want it to pass. I have received a number of e-mails and phone calls and have talked to people on the street who want it to

pass and those who want it to fail. Also, I have always said when making any decision as a Member of this Legislature, I'll make my decisions based on what is in the best interest of the people of the NWT.

What I feel that I must do in order to make the appropriate decision is get past all of the rhetoric and focus in on the facts and details of the budget itself.

UNW

I have read the UNWs report on the financial situation of the GNWT, and understand their point of view. However, I do believe that getting the government's house in order is an absolute necessity. This government bleeds out money on a daily basis. There are redundancies within the system, and traditionally we have had more growth in expenditures and than growth in revenue. We need to bring this in line.

I do agree that job cuts is not the best way to stream line the government. However, some cuts are a reality. Based on budget discussions, apparently 237 jobs were identified to be eliminated. Of these, 80 are vacant and a large number of positions are sunsetting, which would have occurred regardless of this budget reduction exercise. In total, the government has identified 104 affected employees. Of these, 30 or more have already been placed into new positions or have accepted early retirement, leaving 70 incumbents that still need to be either placed or provided with layoffs in the 2008-2009 fiscal year. At the same time, 124 positions are being created

as part of either forced growth and new initiatives as identified through the strategic initiative committees.

Finally, as we have heard today, Cabinet has accepted a large number of recommendations that we have made over the last four weeks, resulting in the return of around 30 positions, the majority of which have incumbents in them. As a result, the true number of employees that remain to either be laid off or placed drops to around 40 employees and a total of 207 positions being eliminated.

I remain worried about the future of these affected employees. However, should this budget pass I'm confident that the majority of those who want to continue working for this government will be placed. Should this budget pass I still have concerns about future lay offs. Coming is 2009/2010 and there will likely be some additional lay offs at that time. We have already been informed about a number that will occur with Arctic Airports during that fiscal year and have made a number of recommendations to Cabinet to reconsider their current path. Based on Cabinet's comments today, I hope and feel that they will review our motions with an open mind.

Cabinet Messaging

I talked earlier about Cabinet messaging around our fiscal realities and this budget. I'd like to take the opportunity to encourage this government to invest a little bit more time and effort into communicating their future budget plans. Messaging around this budget and these reductions was very minimal and, in my opinion, it caused the entire process a significant amount of confusion and

damage. Clear messaging would have helped all parties involved, including the public, better understand the reasons and rationale for government direction. I guarantee better communication will have positive results. Consider it.

Budget involvement

As discussed earlier, I've had concerns about the process we've been following with respect to the budget. Prior to the Premier's Budget Address, I was quite frustrated and felt that my input and the input of my colleagues on this side of the house was not valued or considered to the degree that it should have been.

However, coming into this session, 11 regular members have been united and strong. We have remained committed to the process and have worked extremely well together to get our message across to Cabinet.

I believe that they have heard us. The evidence is clear. As of today, Cabinet has officially acknowledged this by returning over 30 positions that were previously erased back into the Public Service. Further, they have acknowledge a number of our recommendations with a focus on the next fiscal year and I am optimistic that they will attempt to work with us to obtain a consensus during the business plan process and prior to the introduction of the 2009/2010 budget.

This has been, at times, a painful process; however, we have managed to work our way through it. I'm confident that both sides have learned from it. I'm confident that we, as 19 members, will find

a way to move forward and retain the ability to reach consensus as part of this consensus government.

Budget

Ultimately, the most important part of this entire process is the budget itself. As indicated previously, to go forward, I must believe that it is a good budget and that it is in the best interest of the people of the NWT. I must not get hung up on the rhetoric and I must focus on the people.

In review and discussing the budget over the last couple of weeks I believe that it's not the best budget that we could be presented with. However, with the changes agreed to by the Premier today it not a bad budget; in fact, it's all right.

Overall, we're talking about an investment of Operations Expenditures of around \$1.217 billion dollars and over \$179 in Infrastructure Expenditures and Contributions. Overall, this is an increase in over \$64 million in Operations Expenditures and \$34 million in infrastructure from the previous Main Estimates.

Included in this budget are a significant number of reinvestments in areas such as:

- increased support for Arts and Culture
- increased support to tourism
- investment of \$25 Million in health infrastructure
- enhancing Police Services

- Advancing devolution discussions
- Expanding early childhood development programs
- Support for our official languages
- Additional support to apprentices
- And many, many more

At the end of the day, with the additions the Premier announced this afternoon, resulting from motions made in this house I am confident that this is a good budget. Not a great budget but a good budget. When you factor in that this government has been in a holding pattern, in a no-go-anywhere position, standing still, for the last eight months and not moving forward with business, I believe that it is in the best interest of the citizens of this Territory if I support this budget. So I'll be supporting this budget.

In moving forward with the business planning process in October and future budget discussions, I hope that all of us here, including Cabinet, remember these four weeks and the value that clear communication, active involvement of all 19 members and the principles of consensus government can have in attaining reasonable and appropriate conclusions in the best interests of all Northerners.

In closing, I'd like to thank Cabinet for listening to us and meeting us half way.

Thank you, Mr. Speaker.