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Building *Nunavut* Together
Nunavu liuqatigiingniq
Bâtir le *Nunavut* ensemble

Budget 2014-2015

Budget Address

Delivered in the Legislative Assembly
By the Honourable Keith Peterson, MLA
Minister of Finance

May 2014

Budget Address

Mr. Speaker, I rise today to present the government's budget for the fiscal year 2014-15. This budget provides resources to achieve the mandate established in *Sivumut Abluqta*.

We aim to develop a strong, prosperous territory. Nunavummiut should have a positive outlook on life. We will be well educated, and self-reliant within successful communities. We will live comfortably in the modern world, guided by Inuit values and traditional culture. We will govern ourselves wisely and obtain full value from taxpayers' resources.

We can achieve this vision by stepping forward together. We are here to help all Nunavummiut build the future that we both desire and deserve. In stepping forward together, we can secure a better future for us all.

Fiscal Overview

Let me begin with the big picture.

This budget anticipates revenues of \$1.6 billion — an increase from last year of 4.8 per cent.

Fully 90 per cent of our revenue will come from the federal government, including nearly \$1.5 billion through Territorial Formula Financing. The federal government also provides funds through transfers for health and social programs.

Our budget includes about \$90 million of revenue raised primarily through taxes on personal and corporate incomes, and payrolls. Our revenues from all these sources are growing, which indicates that the territorial economy is also growing.

On the spending side, we have allocated \$1.4 billion to departments, plus \$150 million in capital infrastructure and a further \$150 in capital spending carried forward from last year. The overall spending amount is up from last year's Main Estimates by 4.4 per cent.

I will provide details on key programs and initiatives in a few minutes, but let me describe the overall approach first.

In line with *Sivumut Abluqta*, half of our spending will be invested in health, education and housing, the three pillars of our economic and social development. Investing in these programs will best prepare Nunavummiut for the future.

In balancing our spending against our revenues, we anticipate a surplus this year of almost \$36 million, and have set aside a further \$38 million for contingencies. Prudence remains my watchword, Mr. Speaker. It's an approach that meets today's needs while preserving our ability to respond to developments.

The overall picture is reasonably good. Our finances are in good shape, as attested by Moody's decision to maintain our credit rating at Aa1, in line with most provinces. Our economy is growing. Last year employment rose almost six per cent, with Nunavummiut finding jobs in government and construction. This year, the Conference Board of Canada predicts the Nunavut economy will grow a further four per cent or more. Last year the average weekly wage topped \$1,000 for the first time. With wages rising faster than inflation, Nunavummiut have more purchasing power. All of these are excellent signs for the future.

I am also encouraged by the progress our government is making in managing taxpayer dollars. We are positioned properly to deliver on our service commitments to Nunavummiut.

Self Reliance and Optimism

Let me turn now to the four main themes of *Sivumut Abluqta*. Our top priority is the self-reliance and optimism that Nunavummiut will bring to bear as they move ahead in today's economy. Our people need the capacity to work. They must find their way in a modern life that differs fundamentally from that of their ancestors.

The government's role is to provide quality education and training that prepare Nunavummiut for employment. Investments in education and employment are the way to reduce poverty, improve health, and realize our destiny.

Quality education and high student achievement depend on students' ability to find the right path at the earliest opportunity. The government recognizes the value of early childhood education. This budget provides increased funding for early childhood education, including nearly \$1.3 million for enhanced security systems and program supports.

Additionally, the Department of Education will create an Early Childhood Learning division to review the *Child Day Care Act* and support early childhood programs and facilities.

Moving up into the elementary and secondary schools, young Nunavummiut face challenges in sustaining their attendance. Through our work with district education

authorities, we will involve parents more actively in encouraging their children to attend school. This budget allocates an additional \$1 million to the district education authorities.

While we are talking about schools and daycares, let me point out that the government takes very seriously the Auditor General's comments about adequate fire protection. The Department of Community and Government Services is working with the school system to implement fire-safety guidelines and correct all of the problems raised in the Auditor General's report.

In enabling students to complete high school, we should expect that many of them will go on to college, university or career and vocational training. Through improving career training and professional development, we have helped Nunavummiut to find work. But we must recognize that education continues throughout one's career. Post-secondary education will also become attractive. Nunavummiut should have a wide range of options for advanced education and occupational training.

This budget provides the Nunavut Arctic College with an additional \$1 million this year to improve its community and distance-learning program and establish an Inuit Language and Culture Centre of Excellence within the college. These improvements will better equip Nunavummiut for employment, while integrating Inuit language and culture into all college programs.

While we take these steps to strengthen our education system, we will also address the unique challenges of providing for the health and well-being of Nunavummiut. It's important that we provide an adequate level of medical service in each community. Previously, we focused on the number and type of healthcare providers, and now we must focus on the actual needs of our people.

The better we understand the balance between the demand for health services and our ability to meet these needs, the better we can allocate our resources. Health care is the government's single largest expenditure. The health department, in spending nearly \$300 million, accounts for 22 cents of every dollar we spend. This is why we must strengthen our healthcare management, to ensure our health system is effective and efficient.

Healthy Families, Strong and Resilient Communities

Mr. Speaker, the success of *Sivumut Abluqta* depends on self-reliant Nunavummiut, living in healthy families and strong communities, contributing to our shared future.

We recognize the need to support the individual, and the need for community-based solutions to improve health, social well-being, and local economies. There are many challenges. Mental health, suicide, food security, social assistance — these are issues for too many families.

Investments in economic development will help, and we can see the signs of progress. Over the past five years, the number of working Nunavummiut increased by around 17-hundred. Employment has been growing around three per cent per year.

We need more jobs. We also need people who can fill them. But, many Nunavummiut struggle with challenges that prevent them from contributing their skills and knowledge.

Today, two families in five depend on income assistance. As their poverty endures, so do our challenges of food insecurity, poor health, and inadequate education.

In this fiscal year, the government will complete and implement the *Makimaniq* five-year poverty-reduction action plan. The Department of Family Services, working with NTI and other partners, is developing community initiatives and building social networks. It is bringing people together with a dedicated poverty reduction fund.

Too often, poverty coincides with suicide, criminal activity, and family violence. Inuit women experience violence 14 times more often than the national average. The government tabled the *Ilagiitsiarniq* Family Violence Prevention Strategy in this house last year. We are now recruiting staff to move the program forward.

At the same time, we must also renew and strengthen our efforts to prevent suicide. Part of the answer lies in our ability to provide mental health and addiction services in the communities. The Department of Health is working to expand its counseling and treatment services. The government has increased funding for mental health and addiction services to \$15 million. We will continue to work closely with our partners, including the RCMP and the Embrace Life Council.

Addiction remains a difficult issue for Nunavummiut. As my ministerial task force on liquor pointed out, there is a role for the government to play in helping Nunavummiut to make healthy and informed decisions about alcohol. These decisions would become increasingly important in the context of beer and wine stores. We should help Nunavummiut to avoid patterns that lead to individual and social harm. My department will take steps this year to strengthen the government's social and corporate responsibility with respect to liquor.

In strengthening our families and communities, we must also find a way to reduce crime. Nunavut's rate of violent crime is at least eight times greater than the Canadian average.

The Justice Department will move ahead this year with the development of a crime-prevention strategy, and deliver crime-prevention programs across the territory. Departmental officials have been consulting Nunavummiut in all the hamlets about their priorities.

Effective crime prevention requires that the police know and understand the communities in which they operate. The RCMP are stepping up their efforts to recruit Inuit language speakers, and to improve their own language skills. The police are holding monthly information sessions in all three districts. Their Aboriginal Pre-Cadet Training Program has expanded into Nunavut to attract young Inuit into careers with the RCMP. The police are also working with the Nunavut Arctic College to improve officers' knowledge and skills in the Inuit language.

Crime prevention will eventually reduce the stress on our corrections system. Overcrowding remains a serious challenge for the Baffin Correctional Centre. We have made some progress. The Justice Department will have a new building in Iqaluit ready by the end of this year. Looking further ahead, the Justice Department is developing a plan for a more effective long-term solution to the crowding problem.

Violent crime, domestic disputes, addictions and mental health issues are all linked to our continuing housing crisis. Nearly three in five Nunavummiut live in public housing. Nearly half of our children live in homes that are overcrowded. As our children grow up, they too will want homes of their own. Our housing shortage of roughly 3,600 units is a serious problem.

By providing us with \$100 million in last year's budget, the federal government has shown that it remains willing to help. The Nunavut Housing Corporation put \$30 million of that fund to work last year. The remaining \$70 million will support this year's housing construction.

But the scale of our housing problem requires a far greater investment than we can make now. The Government of Nunavut will continue to lobby Ottawa for long-term housing investments.

In the meantime, we will do what we can with what we have. This year the government will provide the Nunavut Housing Corporation with an extra \$7 million, mostly to cover the rising cost of utilities in public housing, and for additional staff housing.

At the same time, the housing corporation will advance its *Blueprint for Action*. The blueprint will focus on the need for housing that is more economical, more energy efficient,

and better able to meet our population's varied needs. In particular the Housing Corporation will target the needs of a growing elder population.

Economic Development

In developing self-reliance and optimism, healthy families and strong communities, our most powerful ally is a strong, growing economy.

Ours must not only grow but also diversify, so that Nunavummiut can choose their own path to our shared success. Today that path leads most probably to a job with the government, as we are the territory's dominant employer. But the private sector holds massive potential.

The number of jobs grew six per cent last year, with strong growth in construction. Some 12,500 Nunavummiut earned paycheques last year. Nearly three in five working-age Nunavummiut found work. Looking to the last five years, employment has been rising more than three per cent per year. The trend is positive, and now it must accelerate.

We will invest in projects and opportunities that provide our healthy, educated workforce with a wide range of choices.

Sivumut Abluqta points to the need for economic development that is responsible and sustainable. This is an important priority, and the Department of Economic Development and Transportation has several initiatives underway.

Transportation is central to our way of life. Health care, education, and training all depend on a safe and efficient transportation system. This year we expect to complete improvements at Rankin Inlet, and to start construction at the airports in Iqaluit and Cambridge Bay.

More broadly, the government is working closely with the Nunavut Economic Forum to renew the Nunavut Economic Development Strategy. This updated plan will guide our development through the next ten years. The Department of Economic Development and Transportation expects to release the updated strategy following the *Sivumut* Four conference next fall.

Creating opportunity for Nunavummiut also means a stronger focus on the intent of Article 24 of the *Nunavut Land Claims Agreement*. Following a comprehensive review and extensive discussions with Nunavut Tunngavik Incorporated, the government will draft a renewed N-N-I policy. This instrument should strengthen the ability of Inuit firms to sell

goods and services to the government. At the same time, we will preserve the government's ability to obtain the best value for money.

Successful economic development means that we manage our resources responsibly, and that we manage wildlife sustainably. Harvesting plays a critical role in social and economic development. Our wildlife management system recognizes that our fragile ecosystems have long recovery times. Future generations must be able to live from the land, as Inuit have always done.

The Department of the Environment will work this year to complete a management plan for Baffin Island Caribou. It will also implement a polar bear management plan across the territory, and continue the development of a management plan for grizzly bears. The department will also survey the bear populations in the M'Clintock Channel and Gulf of Boothia to determine the number of bears and where they live.

The Environment Department will also complete the renewal of the Nunavut Fisheries Strategy. And it will support the development of new commercial inshore fisheries in all regions.

The availability of land plays an important role in economic development. As members know, Nunavummiut decided in 1995 not to allow municipalities to sell their land for at least 20 years. As we approach that 20-year mark, the Department of Community and Government Services will prepare this year for a referendum on land sales in 2016.

Good Governance

Mr. Speaker, our plans to grow the economy, to strengthen families and communities, and to foster self-reliance all depend on the government's ability to manage its resources wisely. Our government must become very focused on achieving the results that Nunavummiut expect, and deserve. We will invest our human and financial resources to enable Nunavummiut to live healthy, productive lives.

Sivumut Abluqta commits us to provide good government through the wise use of our resources. This means that government employees need the skills and the tools to make management decisions based on timely, accurate information.

Our approach to good government reveals itself in our approach to developing policies and programs, and delivering services. We see it as well in our decisions about money.

The budget papers that I am presenting today are the result of thousands of decisions involving the elected members of this assembly, the public service, Nunavummiut and other

stakeholders. Good fiscal management depends on people with the right knowledge, skills, attitudes and resources. Our ability to forecast developments and budget for our activities is essential to our success.

The Finance Department has been holding fiscal workshops with all departments and public agencies. This is part of our work to adopt a standard and consistent process within the government for preparing, analyzing, and monitoring departmental budgets. As our internal processes improve, we will strengthen our ability to plan further into the future. As members know, we aim to plan three years forward, so that we gain greater control over our financial resources and improve our service to the public.

This year the government will fully implement the Expenditure Management Handbook, which guides public servants in making budgets and forecasts. By improving the analyses submitted to the Financial Management Board, the public service will contribute to better decision-making.

We must ensure that the Government of Nunavut provides full value for the taxpayers' dollar. Our government will review all its programs to ensure they are being delivered in ways that are economical, efficient, and effective.

We will also review processes this year for monitoring grants and contributions, to ensure that we receive good value from these agreements.

My department will work closely with the Department of Executive and Intergovernmental Affairs to conduct these reviews.

At the same time, these two departments will complete the government's Human Resources Strategy, and implement it this year.

The government took very seriously the observations made by the Auditor General during the Third Assembly. Mrs. Fraser told us that we needed to do better in identifying human resource shortages, and to improve the timeliness of staffing competitions.

It's important that we improve our ability to recruit and retain the employees we need, so that we can deliver programs and services to Nunavummiut. Staffing vacant positions has long been a challenge. As of December 31st, 24 per cent of government positions remained vacant.

Through the new Human Resources Strategy, we will gain the ability to place the right person in the right job at the right time.

It is important to this government that we make continued progress toward a representative level of Inuit employment. Our public service should reflect the population

that it serves. It must embrace Inuit societal values and improve its use of the Inuit language.

As of December 31st, Inuit represented 50 per cent of employees in the ten government departments. The Inuit Employment Plan provides departments with tools to increase this number. The measures include priority consideration for Inuit in all recruiting actions. The government also provides leadership development opportunities, training and internships. Our government remains committed to achieving a representative workforce.

We must ensure that our public service represents Nunavummiut. Through its Official Languages Program, the Department of Culture and Heritage continues to lead the government and public agencies in meeting our language obligations.

Government departments have been improving language training and proficiency testing, and expanding training for interpreters and translators. The government has increased its financial support for publications and other media that promote Inuit language use in communities and among our youth.

This year, Mr. Speaker, the government will establish a song-writing contest to promote new music in Inuktitut. And in the coming year we will establish an award to recognize the authors whose works promote Inuktitut literacy among youth and adults.

Conclusion

Mr. Speaker, there you have it. I've described how our government will marshal its resources to support fully the goals of *Sivumut Abluqta*.

We approach this challenge with optimism and a commitment to make progress. We are going in the right direction. We are building on the accomplishments of three previous legislative assemblies. Working together, this Fourth Assembly can help Nunavummiut to step forward toward a better future.