

Budget Address

2012 - 2013

NORTHWEST TERRITORIES

BUDGET PAPERS

B ♦ Fiscal Review

May 24, 2012

FISCAL REVIEW

The 2012-13 Budget focuses on restoring fiscal balance while protecting existing programs and services. By returning to a sustainable fiscal path, the Government of the Northwest Territories (GNWT) will build up resources to invest in the priorities of the Legislative Assembly and make strategic infrastructure investments. Responsible fiscal management is a cornerstone of creating an environment where strong individuals, families and communities share the benefits and responsibilities of a unified, environmentally sustainable and prosperous Northwest Territories (NWT).

Fiscal Situation

Despite being one of the most heavily hit jurisdictions by the economic recession, from a fiscal perspective the GNWT remains one of the healthiest jurisdictions in Canada. The GNWT continues to have manageable and affordable debt levels, with net debt to GDP and debt servicing cost ratios in the lowest third of all jurisdictions in Canada. As well, the GNWT has maintained its enviable Aa1 credit rating from Moody's Investors Service, the second highest obtainable rating.

The economic downturn provided the GNWT with the opportunity for an unprecedented capital investment program to offset some of the drop in private investment and to take advantage of decreased construction costs. Between 2009 and 2011, the GNWT spent more than \$1 billion on capital investment. Some of the investment was funded by constraining growth in operating expenditures and the remainder was paid for by short-term borrowing. Short-term debt is estimated at \$178 million at the end of 2011-12, and is forecast to reach a peak of \$216 million at March 31, 2013, despite a projected operating surplus of \$74 million.

Increased expenditures in 2011-12 due to higher forest fire suppression activity and increased demand for health services, Student Financial Assistance and Income Assistance programs, produced the fourth operating deficit in a row. At less than one per cent of GDP, the 2011-12 deficit is below the national average. The NWT is one of only four Canadian jurisdictions expected to post a surplus in 2012-13.

The key elements of the GNWT's fiscal situation have not changed:

- Transfers from the federal government continue to make up the majority of GNWT revenues. Funding formulas are set in federal legislation.

- Revenue-raising initiatives are limited by a small tax base and the need to be competitive with other jurisdictions.
- Expenditure pressures continue due to price pressures, such as rising fuel prices, and demand pressures like those arising from an aging population.

In March 2012, the GNWT achieved an increase in its territorial borrowing limit from \$575 to \$800 million as a result of a federal-territorial review of the definition and adequacy of the three territories' borrowing limits. The review resulted in the addition of new elements to the definition of borrowing for the purposes of the limit, which means that the actual borrowing room is lower than suggested by the increase. By March 31, 2013, a forecast \$144 million in borrowing room will be available.

The GNWT is governed by the parameters for responsible spending, borrowing and debt repayment set out in its *Fiscal Responsibility Policy*. The parameters ensure that at least half of infrastructure investment will be financed through cash generated from operating surpluses. Therefore, without operating surpluses, the GNWT will be unable to take advantage of the additional borrowing room under the federally-imposed borrowing limit.

After four years of unprecedented capital investment, the GNWT needs to restore fiscal sustainability by returning to significant operating surpluses.

The *Fiscal Responsibility Policy* and relatively low levels of debt figure strongly in the GNWT's Aa1 credit rating. Maintaining a strong credit rating to ensure low debt costs, as well as signalling strong fiscal management to investors, is an important advantage the GNWT will not jeopardize.

Fiscal Responsibility Policy:

The GNWT **WILL** borrow for capital infrastructure; self-liquidating investments; and repayable loan programs.

The GNWT will **NOT** borrow for operating expenses.

Investment in infrastructure will be financed with **minimum 50% from cash** generated from operating surpluses.

"Affordable debt" is debt where annual debt servicing payments do not exceed 5% of total annual revenues.

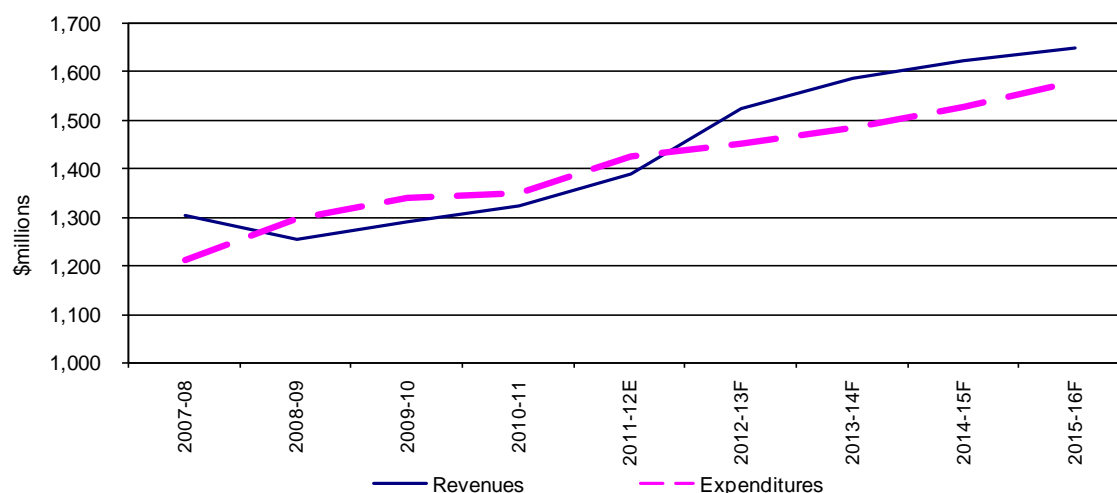
Fiscal Strategy

The GNWT remains committed to managing expenditure growth in line with revenue growth and adhering to the *Fiscal Responsibility Policy*. The fiscal strategy calls for a return to surpluses to pay down the short-term borrowing incurred for capital investments over the past few years and to generate cash to invest in future infrastructure projects.

In order to return to surplus, the 2012-13 fiscal strategy includes the following key components:

- Expenditure growth, net of compensation increases, will be capped at 3 per cent for both forced growth and new initiatives.
- Capital investment in core GNWT, community and housing infrastructure will be reduced to approximately \$137.5 million per year, starting in 2012-13.
- Short-term debt will be used temporarily until cash resources are recovered through surpluses over the next few years.

Revenues and Expenditures, 2007-08 to 2015-16



Between 2008-09 and 2011-12, annual revenue growth averaged 3.5 per cent. Over the same period, expenditure growth was constrained to 3.2 per cent. Following a strong recovery in revenues expected in 2012-13, annual revenue growth is projected below historical norms at 2.7 per cent until 2015-16. In order to remain in surplus over the medium term, the GNWT will need further expenditure growth constraint.

2012-13 Budget

The 2012-13 Budget proposes operating expenditures of \$1.41 billion and forecasts revenues of \$1.52 billion. After taking into account infrastructure contributions and supplementary reserve requirements, an operating surplus of \$74 million is projected.

Infrastructure investments for 2012-13, as approved in December 2011, will be \$124.2 million.

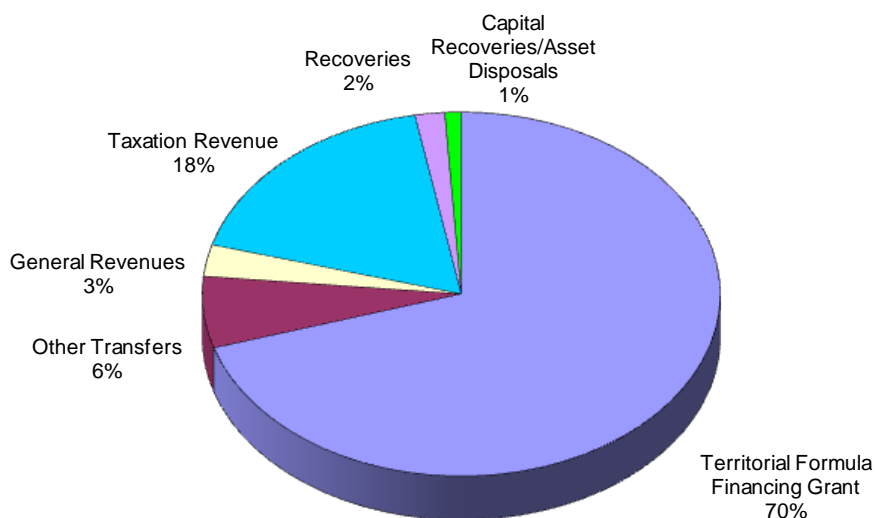
The cash generated from operations will not wholly cover the capital investments planned for 2012-13, resulting in a slight increase in short-term direct debt to \$216 million as of March 31, 2013. Long-term debt consists of both guaranteed debt and direct debt. Guaranteed debt of the NWT Power Corporation, the NWT Energy Corporation, the NWT Housing Corporation, and the Yellowknife Public Denominational District Education Authority totals \$259 million. Direct GNWT debt is estimated to be \$181 million incurred to finance the construction of the Deh Cho Bridge and capital leases. Total debt is projected to be \$656 million at March 31, 2013.

Revenues

Total revenues are forecast to increase by \$132 million to \$1.52 billion in 2012-13. This represents growth of 9.5 per cent over 2011-12 estimated revenues of \$1.39 billion. The majority of the growth is attributable to two revenue sources, the Territorial Formula Financing (TFF) Grant which grew by \$74 million from 2011-12 to 2012-13, and Corporate Income Tax (CIT) revenues, which are forecast to grow by \$55 million.

The TFF Grant continues to make up the majority of GNWT revenues, forecasted to be 70 per cent in 2012-13. GNWT own-source revenues are expected to account for 23 per cent of total revenues in 2012-13.

2012-13 GNWT Revenues by Source

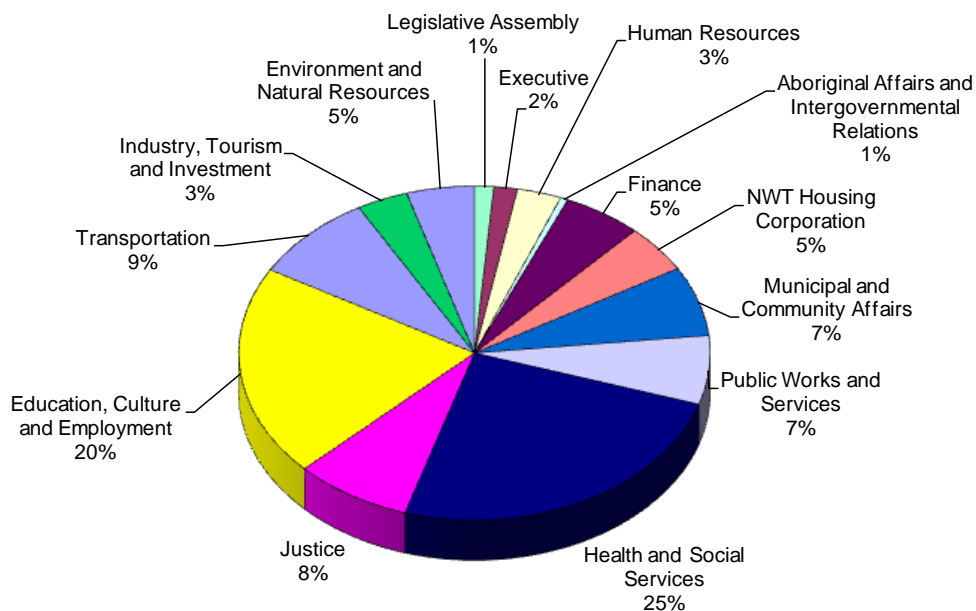


Expenditures

The 2012-13 Budget proposes \$1.41 billion in operating expenditures, of which \$818 million is budgeted for social programs such as education, health care, social services, housing, policing, and corrections.

Operating expenditures are forecast to increase \$50.9 million from 2011-12 Main Estimates. This growth primarily consists of increasing costs of existing programs and services, amounting to \$32.7 million, as well as \$34.7 million in strategic and corporate initiatives. The increases are partly offset through \$34.3 million in sunsetted programs and \$3.2 million in expenditure reductions.

2012-13 Operations Expenditures by Department



Initiatives

Budget 2012-13 invests in the goals and priorities set out by the 17th Legislative Assembly through spending on existing programs and new funding for programs in key priority areas. Investments in these initiatives will support strong individuals and families who can take advantage of increased economic opportunities and the benefits of a sustainable environment.

Supporting our People

A total of \$19.7 million will be invested in strategic initiatives in 2012-13 to support residents in improving their well-being and assist them in reaching their potential. Significant investments to stabilize the cost of living, address housing issues, increase community safety, and protect the most vulnerable will assist the GNWT in realizing its goal of healthy, educated people free from poverty.

- \$1 million to fund the previously announced new public housing rent scale that will be simple, predictable, and fair, while providing the incentive to work.
- \$700,000 for the continuation of eco-energy retrofits for public housing that minimize the cost of utility operations and increase the sustainability of the public housing program.
- \$1.2 million to support the working poor through a transitional rent supplement for market rentals.
- \$15.6 million to stabilize the cost of living by mitigating some of the required rate increase in the NWT Power Corp.'s (NTPC) General Rate Application for residents. Paying a share of the rate increase for three years will allow electricity rates to grow at a moderate and stable pace, ensuring a smoother transition for people and businesses to higher electricity rates.
- \$500,000 to support the establishment of Child and Family Services Committees in five communities, based on recommendations from the Standing Committee on Social Programs review of the *Child and Family Services Act*.
- \$150,000 in additional funding to establish the Office of the Children's Lawyer to increase access to justice for children in matters where a judge determines that a child needs independent legal representation.
- \$148,000 to implement the *Community Safety Strategy* to address community safety issues.
- \$128,000 for the Department of Justice to complete planning and coordination for additional RCMP resources during Mackenzie Gas Project construction.
- \$137,000 to implement the *Framework for Action on Family Violence* and hire an RCMP Family Violence Coordinator to facilitate a more effective response to family violence. The position will ensure RCMP officers have consistent information and training to deal with family violence, and provide a dedicated RCMP liaison for frontline workers and social program agencies.
- \$150,000 to improve government communications and services delivery to the public in French.

2012-13 Investments: Supporting Our People (thousands of dollars)
Improving Housing

New Public Housing Rent Scale	\$ 1,000	
Public Housing Energy Efficiency Retrofits	700	
New Rent Supplement Program for Market Rentals	1,173	
		<u>\$ 2,873</u>

Reducing the Cost of Living

15,600	
	<u>\$ 15,600</u>

Protecting Children

Child and Family Services Committees	500	
Office of the Children's Lawyer	150	
		<u>\$ 650</u>

Improving Safety and Security

Community Safety Strategy Implementation	148	
RCMP Contract for Managing Impacts of Development	128	
Implementing the <i>Family Violence Action Plan</i> - RCMP Coordinator	137	
		<u>\$ 413</u>

Other

Improving Program and Service Delivery to the Public in French	150	
		<u>\$ 150</u>
		<u><u>\$ 19,686</u></u>

Supporting our Economy

A total of \$10.7 million will be invested to make sure Northerners, and their communities, benefit from the economic recovery that is taking place. Investments in supporting sustainable resource development, taking authority over lands, and measures to support economic diversification are critical to the expansion of economic opportunities available to residents.

- \$643,000 to develop a *Mineral Development Strategy and Action Plan* that clearly articulates Northern principles and priorities for sustainable mineral development, and addresses challenges faced by the industry.
- \$2 million to support negotiations of the Devolution and Resource Revenue Sharing Agreement.
- \$6.1 million for costs associated with initial transition and implementation of activities outlined in the Devolution Agreement-in-Principle.
- \$1.3 million to engage Aboriginal governments in discussions concerning devolution and to fund their participation in negotiations towards a final agreement.

- \$100,000 to increase the number of mine employees living in the NWT under the Mining Workforce Initiative Memorandum of Understanding with the three diamond mines.
- \$397,000 to develop a new *Economic Development Strategy* to identify current and future opportunities for the NWT and identify gaps that obstruct economic development.
- \$100,000 to host the national Committee on Internal Trade meeting, an opportunity to showcase the NWT's economic and tourism potential.
- \$200,000 to continue to support NWT businesses in implementing energy conservation and efficiency measures that save on heating, water and electricity bills.

2012-13 Investments: Supporting Our Economy (thousands of dollars)

Supporting Sustainable Resource Development

<i>Mineral Development Strategy and Action Plan</i>	\$ 643
Devolution and Resource Revenue Sharing Agreement Negotiations	1,964
Devolution Implementation Activities	6,071
Funding for Aboriginal Government Participation in Devolution	1,266
Maximizing Northern Residency from Mining	100
	<hr/>
	\$ 10,044

Supporting Economic Diversification & Growth

<i>New Economic Development Strategy</i>	397
Hosting of Internal Trade Ministers Meeting	100
Commercial Energy Conservation and Efficiency Program	200
	<hr/>
	\$ 697
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	<u>\$ 10,741</u>

Supporting our Environment

Budget 2012-13 provides \$4.3 million for strategic initiatives that focus on improving environmental stewardship, energy conservation and efficiency and environmental governance. These investments support the goal of an environment that will sustain present and future generations.

- \$905,000 to negotiate transboundary water agreements to protect territorial waters by maintaining the quantity and quality of water that enters the NWT from neighbouring jurisdictions.
- \$100,000 to extend water monitoring activities that will increase our understanding of NWT water regimes in support of the draft *Hydro Strategy* and the *NWT Water Strategy*.

- \$700,000 to fund the NT Energy Corp. as they plan and develop NWT hydroelectric resources and explore alternative energy opportunities in biomass, geothermal and solar.
- \$150,000 to renew the *NWT Energy Plan* to establish priorities and approaches towards energy over the next decade.
- \$100,000 to continue implementation of actions under the *Biomass Energy Strategy*.
- \$100,000 to assist in the establishment of a biomass supply chain and help residents and small businesses install pellet stoves or small boilers in Inuvik.
- \$100,000 to explore medium to long-term solutions, such as biomass and liquefied natural gas, in response to the Inuvik natural gas shortage.
- \$150,000 to continue support for the continuously over-subscribed Energy Efficiency Incentive Program administered by Arctic Energy Alliance, bringing total funding to \$350,000 in 2012-13.
- \$100,000 to help NT Energy Corp. match communities and industry with potential hydro and other renewable energy projects to reduce energy costs and greenhouse gas emissions.
- \$200,000 to support the work of Regional Energy Advisors in visiting communities to conduct home energy audits, training and workshops.
- \$400,000 for the installation of an electric boiler system in Fort Smith's Northern Lights Long Term Care Facility, displacing 77,000 litres of fuel oil and realizing annual operational savings of \$80,000.
- \$450,000 to install a wood pellet boiler system at the Deh Gah School in Fort Providence, displacing 95,000 litres of fuel oil and realizing annual operational savings of \$56,000.
- \$142,000 provided by the Building Canada Plan for research into climate change impacts on infrastructure, providing the GNWT and stakeholders with best practices to mitigate and adapt infrastructure.
- \$462,000 to continue funding four regional Land Officer positions to respond to public demand for more timely and effective land administration services associated with the administration of Commissioner's Land.
- \$185,000 to increase funding to the Land Administration Survey Program to complete land surveys necessary to transfer community public infrastructure to municipal governments.
- \$50,000 to support the work of the Aboriginal Consultation unit to allow the GNWT to engage in meaningful consultation with Aboriginal organizations on projects and initiatives that might affect their rights.

2012-13 Investments: Supporting Our Environment (thousands of dollars)

Environmental Stewardship

Water Stewardship Strategy Action Plan	\$ 905	
Water Monitoring	100	
		<u>\$ 1,005</u>

Energy Conservation and Efficiency

NT Energy Core Funding	700	
NWT Energy Plan Renewal	150	
Biomass Energy Strategy	100	
Short-term Biomass Options for Inuvik	100	
Medium/Long-term Energy Options for Inuvik	100	
Energy Efficiency Incentive Program	150	
Regional Hydro and Renewable Energy Solutions	100	
Regional Energy Advisors	200	
Electric Boiler System (Fort Smith)*	400	
Wood Pellet Boiler (Fort Providence)*	450	
Infrastructure climate change impacts research	142	
		<u>\$ 2,592</u>

Governance Development

Land Administration Survey Program	185	
Regional Operations of Land Administration Program	462	
Aboriginal Consultation Unit	50	
		<u>\$ 697</u>
		<u><u>\$ 4,294</u></u>

* Supplementary appropriation to 2012-13 Capital Budget.

Infrastructure

The 2012-13 capital budget was approved on December 15, 2011. A total of \$95 million will be invested in infrastructure and \$29 million in infrastructure contributions, including:

- \$28 million in Formula Funding for community infrastructure;
- \$30 million for health facility replacements and renovations, including \$12 million for the H.H. Williams Memorial Hospital in Hay River and \$8.7 million for renovations to the Fort Smith Health Centre;
- \$25.6 million for highways and winter roads across the NWT;
- \$11 million for school replacements and renovations;
- \$11.9 million for small capital projects across all departments;
- \$1 million to complete the required planning for the Inuvik to Tuktoyaktuk highway;

- \$4 million for the deferred maintenance program; and
- \$654,000 to continue the Capital Asset Retrofit Fund Program for energy efficiency upgrades to existing GNWT buildings.

Included in the 2012-13 *Main Estimates* is \$13 million in housing investments delivered through the 2012-13 *Capital Plan* of the NWT Housing Corporation. Including the proposed NWT Housing Corporation investment, total planned infrastructure investment in 2012-13 is \$137.5 million.

Revenue Measures

The 2012-13 Budget does not include any new taxes.

Effective April 1, 2012, property tax mill rates, liquor mark-ups and a number of fees were adjusted for inflation. This is in line with the commitment made in the 2010-11 Budget that, where practicable, tobacco and property tax rates, liquor mark-ups, and fees would be adjusted each year at the rate of inflation.

Looking Ahead

Medium-Term Outlook

The following table shows the GNWT's medium-term outlook given current fiscal projections. The outlook includes all components of the fiscal strategy, including the rebuilding of cash through operating surpluses. Restrictions on expenditure growth and a reduction in infrastructure investment over the near term will reduce short-term borrowing beginning in 2013-14.

Medium-Term Outlook (\$millions)

	2011-12 Estimates	2012-13 Forecast	2013-14 Forecast	2014-15 Forecast	2015-16 Forecast
Revenues	1,392	1,524	1,587	1,624	1,650
Expenditures	(1,426)	(1,450)	(1,485)	(1,528)	(1,577)
Operating Surplus (Deficit)	(34)	74	102	96	73
Capital Investment Requirements	150	133	129	113	108
Accumulated Cash Surplus (Deficit) as of March 31 st	(178)	(216)	(215)	(210)	(185)
Total Guaranteed Debt ¹	(253)	(253)	(247)	(242)	(237)
Other Debt ²	(187)	(187)	(187)	(188)	(187)
Total Debt	(618)	(656)	(649)	(640)	(609)
Total Borrowing Authority	800	800	800	800	800
Available Borrowing Authority	182	144	151	160	191

¹ Includes debt of the NWT Power Corp., NWT Energy Corp. and NWT Housing Corp.

² Includes debt incurred to finance the construction of the Deh Cho Bridge, and debt of the Yellowknife Public Denominational District Educational Authority.

The GNWT will continue to actively monitor its fiscal situation to manage changing circumstances by making the necessary adjustments to ensure a balance between expenditure growth and the government's ability to pay.

The fiscal strategy will constrain spending growth to below forecast revenue growth, in order to generate adequate operating surpluses to pay back short-term borrowing and build up enough reserves to return to a more strategic infrastructure investment plan in two years' time.

Addressing the NWT's significant infrastructure deficit continues to be a priority for the GNWT. The following strategic infrastructure investments have been identified as priorities for strengthening and diversifying the NWT economy, addressing housing needs and the sustainability of health care delivery:

- The Inuvik-Tuktoyaktuk highway would help support sustainable development in the region, including oil and gas and other resource development, while reducing the cost of living and doing business. The highway will also reinforce Canadian sovereignty in the region and finally connect Canada coast to coast to coast by road.
- A P3 private sector investment for a high-speed fibre optic link up the Mackenzie Valley would improve community connectivity and support the Inuvik Satellite Station. This link will position the station to become a world class satellite receiving station, supporting economic diversification into more knowledge-based industries.
- Investments in higher density housing in communities and investments that address our health facilities deficit will help ensure the sustainability of key programs and services.
- Consideration of hydro initiatives that provide lower-cost and environmentally friendly power to lower the cost of living and doing business in the NWT.

Work continues to complete a final devolution agreement after the signing of the Devolution Agreement-in-Principle in January 2011. The final devolution agreement will provide a net fiscal benefit to the GNWT through resource revenue sharing; however, the broader goal is the transfer of authority over NWT lands and resources to the North so that NWT residents have control over resource management decisions.

Recognizing the dual pressures of rising operating expenditures and the growing infrastructure deficit, combined with slowing growth in revenues, over the medium term the GNWT will have to make some changes. Budget consultations focusing on expenditures are planned for the fall of 2012. Discussions will centre on residents' spending priorities, the optimal mix of operations and capital spending, and opportunities for savings or reallocation of resources. Results of the consultations will be used to prepare the 2013-14 Budget.

Risks to Medium-Term Outlook

The main risk to GNWT revenues comes from the Territorial Formula Financing (TFF) Grant because it makes up the majority of total revenues. In December 2011, the federal Finance Minister gave assurance that the current TFF formula will continue until March 31, 2019.

The certainty in the TFF formula does not remove downside risk associated with the Grant. The TFF Grant is calculated according to a formula that takes into account NWT population growth relative to Canada's, growth in spending by provincial and local governments, and the GNWT's own-source revenues. Slower population growth relative to Canada's or lower provincial and local government spending growth will reduce the growth in the TFF Grant. Current TFF projections have been made using the latest forecasts for these two variables. However, if relative population growth is lower than projected or provincial governments cut spending more severely than forecast, growth in TFF could slow more than already projected.

While own-source revenues are a smaller percentage of total revenues than TFF, they are more volatile because of corporate income tax revenue. Revenues from personal income tax, payroll tax and fuel tax tend to decrease during an economic downturn; however, they can usually be reliably forecast but the unique nature of corporate income tax makes reliable forecasting a challenge.

Corporate income tax can fluctuate significantly from year to year. While the gap filling design of TFF eventually offsets such fluctuations, the Grant is not immediately responsive to changes in own-source revenues. In fact, it takes the TFF Grant two years to respond to a change in corporate income tax. Given the exposure to such risks, the GNWT is investigating the possibility of a Revenue Stabilization Fund, similar to that in other provinces, to more actively manage sharp increases and decreases in revenues.

Own-source revenues over the medium to long-term are influenced by economic activity; particularly through resident employment and incomes. NWT gross domestic product (GDP) is particularly sensitive to fluctuations in diamond production. As the NWT's two largest mines shift to underground production or new kimberlite pipes, GDP is likely to fluctuate significantly. However, shocks to GDP will only influence own source revenues to the extent that employment, resident income, population or fuel consumption, are affected.

On the expenditure side of the budget, risks to the medium-term outlook are posed primarily by unexpected situations. Examples include a severe fire-suppression season, increased medical travel or an unanticipated investment in a capital asset, as was the case with NTPC's Bluefish hydro replacement. Rising fuel prices could pose a risk to the fiscal outlook if the GNWT's subsidy to offset NTPC's rising costs needs to be larger to offset rising fuel prices.

Summary of Operations

	(thousands of dollars)			
	2012/2013 Main Estimates	2011/2012 Revised Estimates	2011/2012 Main Estimates	2010/2011 Actuals
REVENUES	1,524,114	1,392,056	1,379,922	1,351,578
OPERATIONS EXPENSE				
Compensation and Benefits	294,183	291,594	285,969	282,019
Grants and Contributions	682,561	678,913	659,101	639,852
Other Expenses	361,761	359,990	345,340	335,643
Amortization	72,676	69,621	69,921	65,938
TOTAL OPERATIONS EXPENSE TO BE VOTED	1,411,181	1,400,118	1,360,331	1,323,452
OPERATING SURPLUS (DEFICIT) PRIOR TO ADJUSTMENTS	112,933	(8,062)	19,591	28,126
INFRASTRUCTURE CONTRIBUTIONS	(28,852)	(48,374)	(28,852)	(51,313)
SUPPLEMENTARY RESERVE	(20,000)	-	(10,000)	-
ESTIMATED APPROPRIATION LAPSES	10,000	22,752	36,000	-
WORK PERFORMED ON BEHALF OF OTHERS				
Recoveries	58,839	68,698	55,324	64,787
Expenditures	(58,839)	(68,698)	(55,324)	(64,787)
OPERATING SURPLUS (DEFICIT) FOR THE YEAR	74,081	(33,684)	16,739	(23,187)
ACCUMULATED SURPLUS AT THE BEGINNING OF THE YEAR	743,280	776,964	803,342	800,151
ACCUMULATED SURPLUS AT THE END OF THE YEAR	817,361	743,280	820,081	776,964

Summary of Revenues

	(thousands of dollars)			
	2012/2013 Main Estimates	2011/2012 Revised Estimates	2011/2012 Main Estimates	2010/2011 Actuals
GRANT FROM CANADA	1,070,023	996,143	996,143	919,872
TRANSFER PAYMENTS	96,854	97,938	94,835	105,113
TAXATION REVENUE				
Personal Income Tax	90,441	89,603	94,048	85,167
Corporate Income Tax	74,976	20,311	14,303	56,818
Tobacco Tax	17,326	16,917	16,792	17,016
Fuel Tax	16,586	16,414	14,292	16,104
Payroll Tax	41,488	39,578	37,992	36,960
Property Tax and School Levies	25,440	24,672	25,354	24,294
Insurance Taxes	4,400	4,580	4,580	4,283
	270,657	212,075	207,361	240,642
GENERAL REVENUES				
Revolving Funds Net Revenue	24,628	24,388	24,388	24,385
Regulatory Revenues	15,513	15,976	18,134	11,048
Investment Income	2,143	1,513	1,891	2,375
Other General Revenues	436	581	744	8,839
	42,720	42,458	45,157	46,647
OTHER RECOVERIES				
Lease and Accommodations	3,612	3,397	947	104
Service	1,748	1,701	1,868	567
Program	18,810	19,131	15,302	16,522
Commodity Sales	286	378	68	69
Insurance Proceeds	60	60	60	85
Other Miscellaneous Recoveries	150	500	220	-
Recovery of Prior Years' Expenditures	3,000	3,000	3,000	7,929
	27,666	28,167	21,465	25,276
GRANTS IN KIND	635	762	762	762
CAPITAL				
Deferred Capital Contributions	15,559	14,513	14,199	13,266
	15,559	14,513	14,199	13,266
TOTAL REVENUES	1,524,114	1,392,056	1,379,922	1,351,578

Summary of Operations Expenditures by Department

	(thousands of dollars)			
	2012/2013 Main Estimates	2011/2012 Revised Estimates	2011/2012 Main Estimates	2010/2011 Actuals
Legislative Assembly	18,508	19,768	19,544	17,329
Executive	22,862	19,132	14,005	13,447
Human Resources	42,796	43,220	42,421	38,823
Aboriginal Affairs and Intergovernmental Relations	7,304	7,888	7,619	7,474
Finance	142,121	128,013	121,989	119,588
Municipal and Community Affairs	95,533	93,571	93,225	91,690
Public Works and Services	93,682	93,088	92,988	92,195
Health and Social Services	349,926	358,795	344,505	336,252
Justice	113,674	108,465	106,644	104,534
Education, Culture and Employment	289,107	288,173	285,895	279,157
Transportation	120,415	111,578	110,777	103,649
Industry, Tourism and Investment	49,560	53,919	53,226	49,520
Environment and Natural Resources	65,693	74,508	67,493	69,794
TOTAL OPERATIONS EXPENDITURES	1,411,181	1,400,118	1,360,331	1,323,452

Summary of Infrastructure Investment by Department

	(thousands of dollars)			
	2012-2013 Main Estimates	2011-2012 Revised Estimates	2011-2012 Main Estimates	2010-2011 Actuals
Tangible Capital Assets				
Legislative Assembly	640	230	-	1,618
Human Resources	300	940	940	715
Finance	1,008	1,208	925	594
Municipal and Community Affairs	-	-	-	-
Public Works and Services	11,241	25,016	14,302	25,620
Health and Social Services	36,189	29,386	16,291	17,797
Justice	702	1,974	1,096	839
Education, Culture and Employment	12,895	57,248	27,669	62,579
Transportation	29,625	137,680	62,703	227,888
Industry, Tourism and Investment	1,241	1,489	599	2,359
Environment and Natural Resources	1,524	2,815	1,653	1,467
Total Tangible Capital Assets	95,365	257,986	126,178	341,476
Infrastructure Contributions				
Municipal and Community Affairs	28,002	46,733	28,002	50,133
Health and Social Services	-	-	-	-
Education, Culture and Employment	850	1,241	850	3,808
Transportation	-	-	-	1,070
Infrastructure Contributions	28,852	47,974	28,852	55,011
TOTAL INFRASTRUCTURE INVESTMENT	124,217	305,960	155,030	396,487

Summary of Cash Flows

	(thousands of dollars)			
	2012/2013 Main Estimates	2011/2012 Revised Estimates	2011/2012 Main Estimates	2010/2011 Actuals
OPERATING TRANSACTIONS				
Cash Received From:				
Canada	1,246,181	1,100,493	1,096,032	1,040,365
Other Revenues	243,635	299,446	236,253	683,245
	1,489,816	1,399,939	1,332,285	1,723,610
Cash Paid For:				
Operations Expenses	(1,376,467)	(1,352,987)	(1,271,927)	(1,285,402)
Projects Performed for Others	(13,000)	(3,000)	-	(359,067)
Cash Provided By (Used For) Operating Transactions	100,348	43,952	60,358	79,141
CAPITAL TRANSACTIONS				
Capital Investment (current year)	(125,861)	(161,210)	(155,383)	(339,286)
Capital Investment (prior year)	(7,050)	(11,298)	(10,592)	-
Capital Contributions Received and Deferred	-	22,000	-	47,164
Cash Provided By (Used For) Capital Transactions	(132,911)	(150,508)	(165,975)	(292,122)
INVESTING TRANSACTIONS	(4,200)	(4,200)	(4,200)	16,882
FINANCING TRANSACTIONS	(1,000)	(1,000)	19,000	171,981
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(37,762)	(111,757)	(90,817)	(24,118)
Cash and Cash Equivalents at the Beginning of the Year	(178,237)	(66,480)	(64,388)	(42,362)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	(215,999)	(178,237)	(155,205)	(66,480)

Summary of Total Debt and Estimated Borrowing Capacity

	(thousands of dollars)			
	2012/2013 Main Estimates	2011/2012 Revised Estimates	2011/2012 Main Estimates	2010/2011 Actuals
ESTIMATED SHORT TERM DEBT AT THE END OF THE YEAR	215,999	178,237	155,205	66,480
LONG TERM DEBT	181,248	180,661	178,012	173,939
PUBLIC AGENCY DEBT				
NWT Hydro Corporation	207,314	203,524	183,562	170,060
NWT Housing Corporation	45,275	49,295	13,977	14,506
Other	6,049	6,641	5,584	5,334
TOTAL PUBLIC AGENCY DEBT	258,638	259,460	203,123	189,900
TOTAL DEBT	655,885	618,358	536,340	430,319
AUTHORIZED BORROWING LIMIT	800,000	800,000	575,000	575,000
AVAILABLE BORROWING AUTHORITY	144,115	181,642	38,660	144,681

PROVINCIAL/TERRITORIAL TAX RATES AS OF MAY 1, 2012

	Combined Top Marginal Personal Income Tax Rate ^(a) (%)	Retail Sales Tax (%)	Fuel tax ^(b)		Tobacco Tax ^(c) (\$/carton)	Payroll Tax ^(d) (%)	Corporate Income Tax		Capital Tax on Financial Institutions ^(e) (%)
			Gasoline (¢/litre)	Diesel (¢/litre)			Small (%)	Large (%)	
Northwest Territories	43.05	-	10.70	9.10	57.20	2.00	4.0	11.5	-
Nunavut	40.50	-	6.40	9.10	42.00	2.00	4.0	12.0	-
Yukon	42.40	-	6.20	7.20	42.00	-	4.0	15.0	-
British Columbia	43.70	7.0	20.06	21.39	37.00	-	2.5	10.0	-
Alberta	39.00	0.0	9.00	9.00	40.00	-	3.0	10.0	-
Saskatchewan	44.00	5.0	15.00	15.00	42.00	-	2.0	12.0	3.25
Manitoba	46.40	7.0	14.00	14.00	50.00	2.15	0.0	12.0	4.0
Ontario	46.41	8.0	14.70	14.30	24.70	1.95	4.5	11.5	-
Quebec	48.22	9.5	18.20	19.20	21.80	4.26	8.0	11.9	-
New Brunswick	43.30	8.0	13.60	19.20	34.00	-	4.5	10.0	4.0
Nova Scotia	50.00	10.0	15.50	15.40	43.04	-	4.0	16.0	4.0
Prince Edward Island	47.37	10.0	15.80	20.20	50.80	-	1.0	16.0	5.0
Newfoundland & Labrador	42.30	8.0	16.50	16.50	38.00	2.00	4.0	14.0	4.0
Weighted average ^(f)	45.54	7.2	15.59	15.98	29.87	1.85	4.6	11.4	0.5

Notes:

(a) Combined federal-provincial/ territorial highest 2012 personal income tax rates and surtaxes.

(b) The NWT's off-highway gasoline tax rate is 6.4 cents/litre. British Columbia fuel tax rates include carbon tax, and are applicable in regions outside Victoria and the Lower Mainland. In British Columbia, carbon tax rates are uniform across the province; however, there are different fuel tax rates for different regions. Quebec fuel tax rates also vary regionally.

(c) British Columbia, Manitoba, New Brunswick, Newfoundland, Nova Scotia, Ontario and Saskatchewan apply sales tax to sales of tobacco.

(d) NWT and Nunavut levy payroll taxes on employees. Other provinces that levy payroll taxes provide exemptions for small business and/or rates vary depending on payroll size.

(e) Nova Scotia also has a 0.1% large corporations capital tax that is scheduled to be eliminated July 1, 2012.

(f) Average weighted by provincial/ territorial populations at July 1, 2011.