

# **Budget Address**

## **2013 - 2014**

***NORTHWEST TERRITORIES***

**BUDGET PAPERS**

**B ♦ Fiscal Review**

**February 7, 2013**

## FISCAL REVIEW

An operating surplus in 2011-12, and projected surpluses for 2012-13 and 2013-14, have created room for the GNWT to make some infrastructure investments. However, slow revenue growth forecasts, combined with ever-increasing pressures for social program spending and a huge infrastructure deficit, mean that the fiscal situation is still fragile.

Although revenues are expected to grow modestly in 2013-14, future growth in revenues is projected to be a third of its historical average. With a small tax base and heavy reliance on federal transfers, the GNWT is committed to living within its means by ensuring expenditure growth does not exceed revenue growth. A fiscal strategy centred on restraining expenditure growth within what is affordable is necessary to ensure the GNWT avoids borrowing to finance day-to-day operations and continues to adhere to its *Fiscal Responsibility Policy*.

### 2011-12 Final Results

The small operating surplus of \$1.3 million in 2011-12 was a strong improvement from the \$23 million deficit of the previous year, and the first surplus since 2007-08. Year over year growth of 3.5 per cent in operating expenditures to \$1.399 billion was more than offset by 5.6 per cent growth in revenues to \$1.401 billion. Revenues were \$42 million higher than 2011-12 Revised Estimates largely due to higher than forecast corporate income tax, fuel tax, recoveries of prior years' expenses, and other general revenues. Actual expenditures were \$31 million higher than 2011-12 Revised Estimates.

### 2012-13 Revised Estimates

The operating surplus for 2012-13 is projected to be \$99 million after adjustments, \$25 million higher than projected in the 2012-13 Main Estimates. Higher than forecast expenditures, due mostly to extraordinary expenses, were offset by higher revenues, particularly taxes.

The revised 2012-13 revenue forecast is \$45 million higher than the 2012-13 Main Estimates, having increased from \$1.524 billion to \$1.569 billion. The increase is due primarily to an extra \$31 million in prior year adjustments for corporate income tax.

Operating expenditure estimates are \$20 million higher than budgeted in the 2012-13 Main Estimates, having increased to \$1.47 billion. Increased expenditures resulted mainly from a severe fire suppression season and an emergency anthrax response.

Capital investment expenditures in 2012-13 are expected to be \$240 million, nearly double what was projected in the 2012-13 Main Estimates. Most of the increase was due to capital carry-overs from 2011-12. Total debt at March 31, 2013 is estimated to be \$561 million. Taking into account other borrowing instruments for purposes of the federally imposed borrowing limit, total GNWT borrowing at March 31, 2013 is projected to be \$609 million, leaving \$191 million in borrowing room.

## **2013-14 Budget**

The 2013-14 Budget continues the work of the first Budget of the 17<sup>th</sup> Legislative Assembly to restore and maintain fiscal balance while protecting existing programs and services. The Budget ensures operating expenditures are affordable within existing revenues, generating a surplus to repay some short-term borrowing and funding at least half of capital expenditures.

The 2013-14 Budget proposes operating expenditures of \$1.467 billion and forecasts revenues of \$1.609 billion. After taking into account infrastructure contributions and supplementary reserve requirements, an operating surplus of \$113 million is projected.

Infrastructure investments for 2013-14, approved in November 2012, are budgeted to be \$123 million. The cash generated from operations will more than cover the capital investments planned for 2013-14, resulting in a slight decrease in GNWT short-term debt to \$143 million at March 31, 2014.

Direct long-term debt is estimated to be \$182 million, while debt of public agencies such as the NWT Power Corporation, the NWT Housing Corporation, and the Yellowknife Catholic Schools will total \$211 million. After adding the projected \$51 million in other instruments included under the definition of borrowing for the purposes of the territorial borrowing limit such as capital lease obligations and loan guarantees, net of \$7 million in sinking funds, available borrowing room is expected to be \$219 million at March 31, 2014.

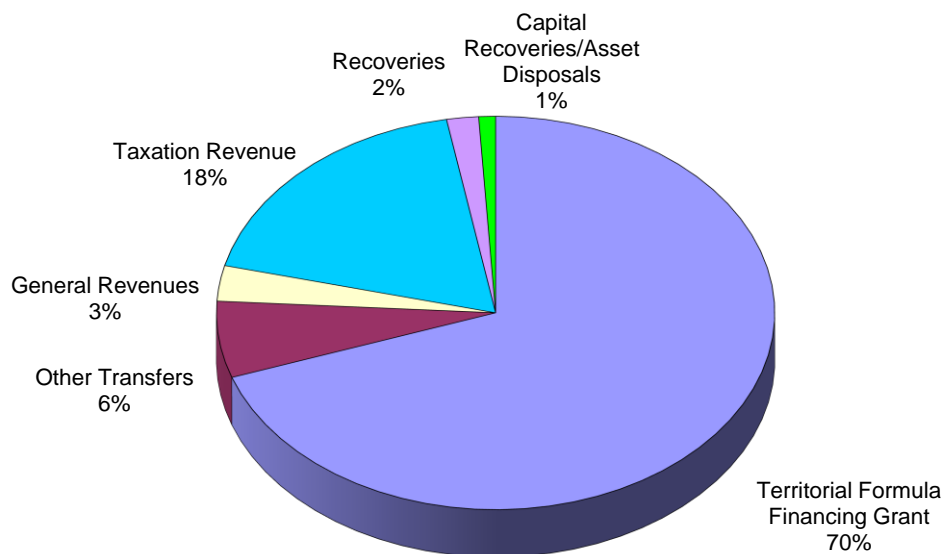
## ***Revenues***

Total revenues are forecast to increase by \$40 million to \$1.609 billion in 2013-14. This represents growth of 2.6 per cent over 2012-13 estimated revenues of \$1.569 billion. The majority of the growth is attributable to the Territorial Formula Financing Grant, which will grow by \$51 million from 2012-13 to 2013-14. The growth in the Grant will be partly offset by lower corporate income tax revenues in 2013-14 due to a large prior year adjustment increasing revenues in 2012-13.

The Territorial Formula Financing Grant continues to make up the majority of GNWT revenues, forecasted to be 70 per cent in 2013-14. GNWT own-source revenues are expected to account for 24 per cent of total revenues in 2013-14.

The 2013-14 Budget does not include any new taxes. Effective April 1, 2013, property tax mill rates and a number of fees will be 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 by the rate of inflation.

### ***2013-14 GNWT Revenues by Source***

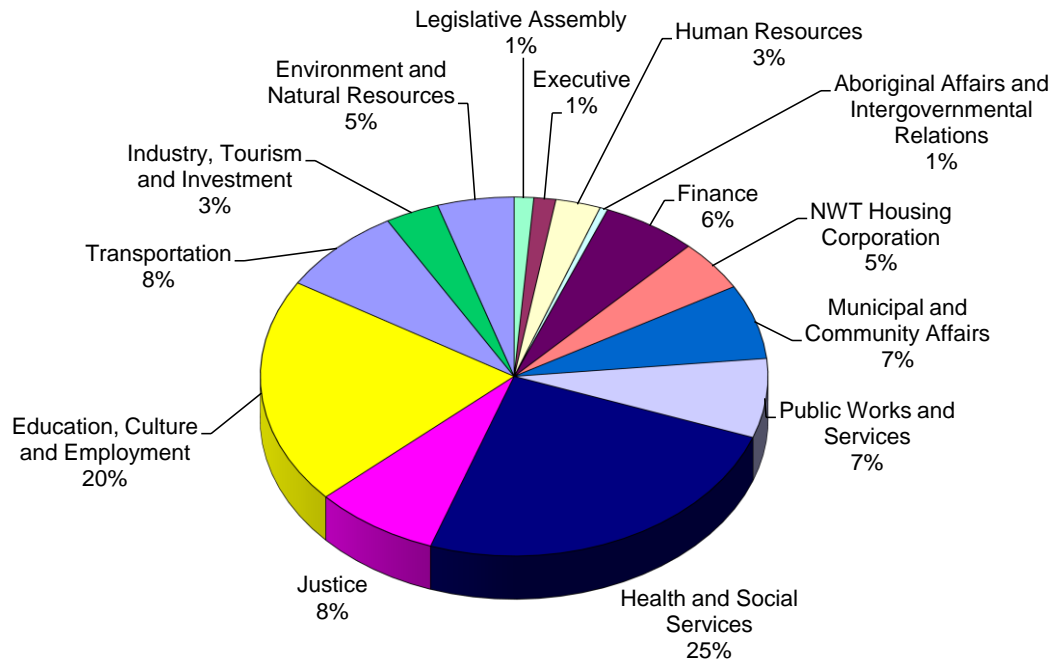


### ***Operating Expenditures***

The 2013-14 Budget proposes \$1.467 billion in operating expenditures, of which \$848 million is budgeted for social programs such as education, health care, social services, housing, policing and corrections.

Operating expenditures are forecast to increase \$56 million from 2012-13 Main Estimates. This growth primarily consists of increasing costs of existing programs and services, amounting to \$42 million, as well as \$22 million in strategic and corporate initiatives. Amortization and other adjustments contribute another \$19 million. These increases are partly offset by \$27 million in sunsetted programs.

### ***2013-14 Operations Expenditures by Department***



### ***Initiatives***

In the fall of 2012, the Minister of Finance travelled to seven regional centres to explain the fiscal choices facing the GNWT, emphasizing the importance of maintaining expenditure growth below revenue growth. The 2013-14 Budget invests in initiatives that address some of the shortfalls and priorities that Northerners voiced in the Budget Dialogue 2012 process.

### ***Prevention and Well-Being***

Investments in prevention not only improve the health and well-being of Northerners, they can yield efficiencies through decreased program demand and costs in the future.

The 2013-14 Budget provides \$3.3 million in funding for actions that support prevention and improve well-being. These investments span a wide spectrum of programming such as mental health and addictions, midwifery services, and long-term care.

- \$1.15 million funding for mental health and addictions prevention and promotion initiatives, focusing on youth, on-the-land programs, and improvements in case management for people dealing with mental health issues.
- \$449,000 to expand the Midwifery Program to improve client access throughout the NWT to midwifery care.

- \$142,000 to deliver routine vaccination programs for children in the NWT, in line with recommendations made by national expert bodies on pediatric immunization programs.
- \$1.13 million to increase staffing levels at three existing long-term care facilities, to provide effective, safe and culturally-appropriate care.
- \$229,000 to ensure dialysis services continue to be provided in the NWT with support from the Northern Alberta Renal Program.
- \$157,000 to fund the GNWT's share of costs for one RCMP constable to serve in Tulita.
- \$90,000 to establish a Victim Services program in Tulita.

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### 2013-14 Investments in Prevention and Well-Being (thousands of dollars)

#### *Investing in Prevention*

Mental Health and Addictions Prevention and Promotion	\$ 1,145
Midwifery Program Expansion	449
Vaccination Program for Children	142
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	\$ 1,736

#### *Investing in Well-Being*

Long-term Care Facility Staffing Increase	\$ 1,129
Dialysis Services - Northern Alberta Renal Program	229
RCMP and Victims Services Program Funding in Tulita	247
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	\$ 1,605
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	\$ 3,341

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### ***Sustainable Economic Development***

Strengthening and diversifying the NWT economy is one of the GNWT's five key priorities. In 2013-14, over \$16 million in investments will be made to enable the growth of a strong and diversified economy. These investments are focused on creating the right environment for economic growth and at reducing reliance on non-renewable sources of energy.

- \$6.1 million for costs associated with implementing the Devolution Final Agreement.
- \$7.0 million to continue advancing the Mackenzie Valley Fibre Optic Link project, a high-speed data link that will dramatically improve internet connectivity and provide opportunities for entry into other knowledge-based industries.

- \$600,000 to increase tourism marketing to protect the NWT's share of the aurora viewing market and to take advantage of new markets and opportunities.
- \$200,000 to continue support to NWT businesses in implementing energy conservation and efficiency measures that address the high cost of energy through the Commercial Energy Conservation and Efficiency Program.
- \$700,000 to fund NT Energy Corp.'s development of NWT hydroelectric resources and analysis of alternative energy opportunities such as biomass, geothermal and solar.
- \$100,000 to support communities, businesses and residents in converting to renewable energy sources through the Alternative Energy Technologies Program.
- \$100,000 to assist homeowners and consumers in purchasing new energy efficient models of home appliances and other equipment through the Energy Efficiency Incentive Program.

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## 2013-14 Investments in Sustainable Economic Development (thousands of dollars)

### *Supporting Economic Diversification & Growth*

Devolution Implementation Activities	\$ 6,071
Mackenzie Valley Fibre Optic Link Project (Capital Contribution)	7,000
Increased Tourism Industry Marketing Contribution	600
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	\$ 13,671

### *Energy Conservation and Diversification*

NT Energy Core Funding	\$ 700
Alternative Energy Technology Program	100
Commercial Energy Conservation and Efficiency Program	200
Energy Efficiency Incentive Program	100
Regional Energy Advisors	125
<i>Greenhouse Gas Strategy</i>	200
Liquid Natural Gas Solutions for Inuvik	100
Whati Connection to Hydro: Completion of Regulatory Application	250
Water Monitoring for Hydro Potential	50
<i>NWT Biomass Energy Strategy</i> Initiatives	400
Expansion of Solar Electricity Systems	250
Community Scale Wind Demonstration Project	100
Smart Microgrid Project	125
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	\$ 2,700
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	\$ 16,371

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- \$125,000 to support the work of Arctic Energy Alliance in promoting energy efficiency and conservation throughout the NWT, including conducting home energy audits.
- \$200,000 to support the delivery of the *Greenhouse Gas Strategy* and to maintain and report emission inventories to the Climate Registry.
- \$100,000 for the examination of liquid natural gas solutions for electricity and heating supply in Inuvik.
- \$50,000 for water monitoring on the Kakisa River to increase understanding of the NWT's hydro potential in support of the *NWT Hydro Strategy*.
- \$250,000 towards the development of a regulatory application for the proposed 65 km transmission line that would connect Whatì to the Snare hydro system.
- \$400,000 for initiatives in support of the *NWT Biomass Energy Strategy*.
- \$250,000 to add solar electricity systems to two diesel community grids, adding up to 40kW of installed capacity.
- \$100,000 to advance work on a small-scale community wind energy project through community consultation and site selection.
- \$125,000 to establish a remote smart microgrid community project in collaboration with Natural Resources Canada, which has the potential to reduce diesel consumption.

### ***Government Efficiency and Effectiveness***

In a fiscal environment of slow revenue growth and increasing cost pressures, the impetus for increased government efficiency is greater than ever. A total of \$2.3 million will be invested in initiatives that will yield internal efficiencies or improve the effectiveness of existing programs and services.

- \$489,000 to fund human resources required for a phased roll out of the Electronic Medical Records system.
- \$700,000 to install high energy-efficient wood pellet boilers in multi-unit public housing complexes.
- \$550,000 to build capacity in clinical governance, including resources to provide needed medical clinical leadership and developing, monitoring and auditing clinical practice guidelines, standards and protocols.
- \$472,000 to fund the first step in the establishment of a full Territorial Support Network to improve medevac services, ensuring all Northerners receive similar high standard levels of care.
- \$100,000 to develop an Investment Decision Framework that will incorporate decision-making best practices into the energy planning budget process.



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**2013-14 Investments in Efficient and Effective Government (thousands of dollars)**
***Improvements in Efficiency***

Electronic Medical Records Implementation	\$ 489	
Energy Efficiency in Public Housing Units	700	
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		\$ 1,189

***Improvements in Effectiveness***

Building Clinical Governance Capacity	\$ 550	
Territorial Support Network for Medical Evacuations and Travel	472	
Development of Energy Investment Decision Framework	100	
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		\$ 1,122
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		\$ 2,311

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***Infrastructure***

The 2013-14 capital budget, approved November 6, 2012, provides for investments of \$93 million in infrastructure and \$30 million in infrastructure contributions, including:

- \$28 million in Formula Funding for community infrastructure;
- \$35.4 million for health facility replacements and renovations, including \$18.3 million for the H.H. Williams Memorial Hospital in Hay River and \$5.2 million for the replacement of the Jimmy Erasmus Seniors Centre in Behchokò with a larger facility;
- \$23.5 million for highways and winter roads across the NWT;
- \$2.1 million for school replacements and renovations, including \$1.1 million for the construction of the Children's First Centre in Inuvik;
- \$2.1 million for capital improvements in NWT trails and parks;
- \$12 million for small capital projects across all departments;
- \$5 million for the deferred maintenance program; and
- \$1.2 million to continue the Capital Asset Retrofit Fund Program for energy efficiency upgrades to existing GNWT buildings.

Included in the 2013-14 Main Estimates is \$15 million in housing investments to be delivered through the 2013-14 Capital Plan of the NWT Housing Corporation. Including the proposed NWT Housing Corporation investment, total planned infrastructure investment in 2013-14 is \$138.6 million.

## Fiscal Strategy

The GNWT's fiscal strategy takes a medium-term view of revenue and expenditure trends and plans for continued surpluses to help fund at least half of infrastructure investment and ensures resources are available to respond to economic shocks and to support economic development.

### *Fiscal Environment and Outlook*

The GNWT operates in a fiscal environment characterized by heavy reliance on federal transfers, a limited tax base to raise revenues, and expenditure challenges associated with geographic remoteness and small and dispersed population centres.

Approximately three-quarters of GNWT revenues come from federal transfers, and total revenues are heavily influenced by changes in transfers. The Territorial Formula Financing Grant is the largest of the federal transfers, making up 70 per cent of total GNWT revenues. The GNWT has been working collaboratively with the federal government and the other territories on the technical work supporting the legislative renewal of Territorial Formula Financing on April 1, 2014. At the December 2012 Finance Ministers Meeting, federal Finance Minister Flaherty announced that the current gap-filling formula of the Grant will continue until at least 2018-19.

Nevertheless, certainty in the Territorial Formula Financing formula does not change the fact that the NWT's slow population growth, and the curbing of spending by other governments, will mean slower growth in entitlements over the next few years because the Grant calculation uses these variables to derive its escalator. Following 4.8 per cent growth in 2013-14, the Territorial Formula Financing Grant is forecast to remain flat in 2014-15 and 2015-16. As a result, growth in total revenues will slow to less than 1 per cent in each of 2014-15 and 2015-16, compared to 2.6 per cent in 2013-14.

Slower revenue growth will make it increasingly challenging to generate surpluses going forward. Expenditure pressures due to price increases, such as rising fuel prices, or increased demands for programs and services driven by such factors as an aging population, continue to strain the sustainability of the GNWT's fiscal plan.

The GNWT, restrained by a small tax base and a federally imposed borrowing limit, must be vigilant in ensuring expenditure growth is affordable within revenue growth. If revenues do not keep pace with the cost of government operations, capital investment will have to be reduced; otherwise, the GNWT would be in violation of its *Fiscal Responsibility Policy*.

#### ***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.

The GNWT's *Fiscal Responsibility Policy*, together with its relatively low level of debt, contribute to its success in maintaining an Aa1 credit rating from Moody's Investors Service for the past seven years.

## ***Fiscal Strategy***

The GNWT remains committed to a fiscal strategy of managing expenditure growth in line with revenue growth and adhering to the *Fiscal Responsibility Policy*. The fiscal strategy calls for surpluses that can be used to pay down short-term borrowing, while providing the necessary funds to invest in future infrastructure projects.

To ensure these operating surpluses, the fiscal strategy going forward will be to restrain the growth of existing programs and services to \$25 million in 2014-15, and 1.5 per cent growth thereafter. This will allow the GNWT to start addressing the growing infrastructure deficit by increasing infrastructure investment by \$50 million in 2014-15 and 2015-16 and make additional investments such as the Inuvik to Tuktoyaktuk highway and the Mackenzie Valley Fibre Optic Link. The fiscal strategy ensures that these infrastructure investments can be made while keeping the GNWT within the federally legislated borrowing limit of \$800 million.

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 in the short-term and additional strategic infrastructure investment in 2014-15 and 2015-16. The outlook does not take into account any resource revenues that may accrue to the GNWT following the implementation of a Final Devolution Agreement.

The signing of a Final Devolution Agreement will not change the fiscal strategy targets for operating expenditures. Resource revenues accruing from devolution will be used to fund strategic infrastructure, pay down debt and be saved in the Heritage Fund. The GNWT is committed to responsibly managing its share of revenues from non-renewable resources by not spending such revenues on the day-to-day operations of government.

### ***Medium-Term Outlook (\$ millions)***

	2011-12 Actuals	2012-13 Revised Estimates	2013-14 Main Estimates	2014-15 Forecast	2015-16 Forecast	2016-17 Forecast
Revenues	1,401	1,569	1,609	1,619	1,635	1,665
Expenditures	(1,400)	(1,470)	(1,496)	(1,536)	(1,566)	(1,607)
Operating Surplus (Deficit)	1	99	113	83	69	58
Capital Investment Requirements	145	132	134	168	161	140
Accumulated Cash Surplus (Deficit) as of March 31 <sup>st</sup>	(164)	(164)	(143)	(191)	(209)	(219)
Total Guaranteed Debt <sup>1</sup>	(250)	(258)	(251)	(239)	(241)	(245)
Other Debt <sup>2</sup>	(187)	(188)	(187)	(187)	(187)	(228)
Total Debt	(601)	(609)	(581)	(617)	(637)	(692)
Total Borrowing Authority	800	800	800	800	800	800
Available Borrowing Authority	199	191	219	183	163	108

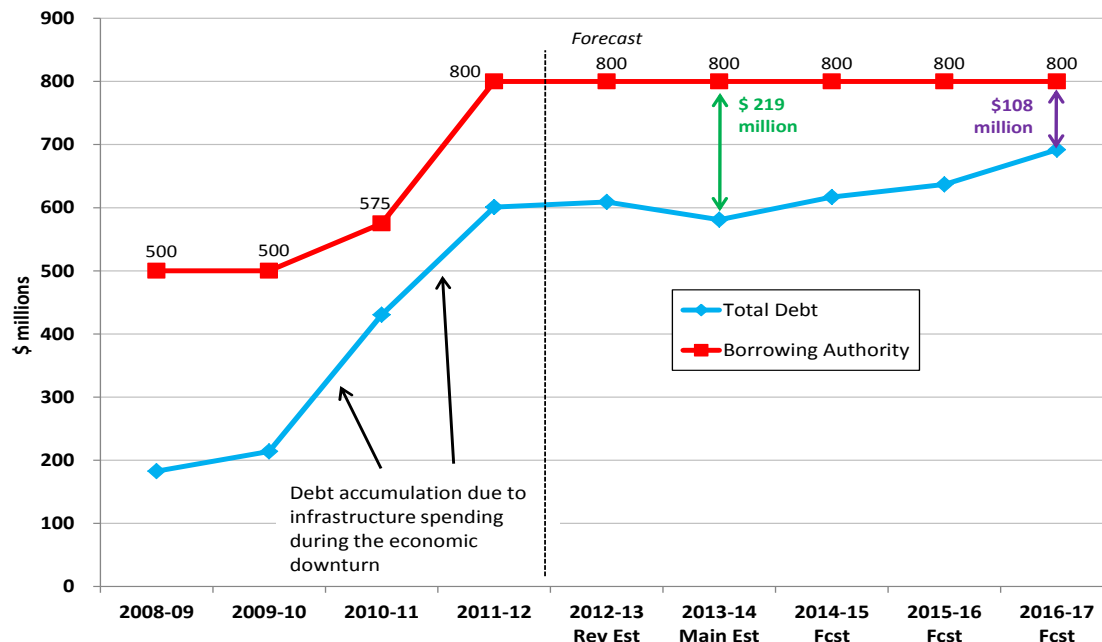
<sup>1</sup> Includes debt of the NWT Power Corp., NWT Energy Corp. and NWT Housing Corp.

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

Total may not equal sum of individual figures due to rounding.

Beyond 2015-16, the enhanced infrastructure plan is not sustainable without increased revenues. At March 31, 2014 the GNWT is forecast to have \$219 million in borrowing room under the territorial borrowing limit. With the increased infrastructure investment in the following two years, that room will be reduced to \$108 million by March 31, 2016. Infrastructure investment will have to be reduced in 2016-17 in order to ensure \$108 million in borrowing authority by the end of 2016-17.

### Total Debt and Borrowing Authority (\$ millions)



Note: Some of the debt increase from 2010-11 to 2011-12 reflects the change in the definition of borrowing that was part of the increase in the NWT borrowing limit to \$800 million on March 8, 2012.

### Risks to Outlook

There are risks to the medium-term outlook on both the revenue and expenditure sides. Since the Territorial Formula Financing represents about 70 per cent of total GNWT revenues, its responsiveness to changes in the GNWT's fiscal circumstances is crucial to overall revenue stability. A further 6 per cent of GNWT revenues are composed of other federal transfers, which do not vary significantly. However, own-source revenues, which represent about 24 per cent of total revenues, are subject to differing degrees of variability. Revenues from personal income tax, payroll tax and fuel tax tend to decrease during an economic downturn; however, corporate income tax can fluctuate significantly, with little connection to the underlying economic situation. Although Territorial Formula Financing does respond in time to changes in own-source revenues, the response is not immediate and does not cover the entire change in own-source revenues.

Over the longer term, continued stagnant growth in NWT population or reductions in provincial and local government spending pose risks to the growth in the Territorial Formula Financing Grant, which is forecast to increase slightly in 2016-17.

Short-term expenditure shocks are usually caused by natural disasters, such as flooding or fire, or shocks to prices of inputs such as diesel. The GNWT monitors historical trends in expenditures and adjusts allocations where appropriate in order to improve expenditure planning. For example, \$2.5 million was added to the fire suppression budget beginning in 2013-14 following a review of historical fire suppression expenditures against the budget amounts, which revealed consistent budget shortfalls.

Upward pressures on expenditures over the long term are primarily associated with an aging population, reliance on non-renewable resources for energy and heating, and expectations of enhanced program and service standards.

*Summary of Operations*

	(thousands of dollars)			
	2013/2014 Main Estimates	2012/2013 Revised Estimates	2012/2013 Main Estimates	2011/2012 Actuals
<b>REVENUES</b>	<b>1,609,354</b>	<b>1,569,067</b>	<b>1,524,382</b>	<b>1,401,411</b>
<b>OPERATIONS EXPENSE</b>				
Compensation and Benefits	306,660	301,318	294,183	295,300
Grants and Contributions	703,743	689,211	682,561	640,109
Other Expenses	374,896	381,505	361,761	363,201
Amortization	81,525	74,107	72,676	66,976
<b>TOTAL OPERATIONS EXPENSE TO BE VOTED</b>	<b>1,466,824</b>	<b>1,446,141</b>	<b>1,411,181</b>	<b>1,365,586</b>
<b>OPERATING SURPLUS (DEFICIT) PRIOR TO ADJUSTMENTS</b>	<b>142,530</b>	<b>122,926</b>	<b>113,201</b>	<b>35,825</b>
INFRASTRUCTURE CONTRIBUTIONS	(29,931)	(38,866)	(28,852)	(34,226)
Petroleum Products Stabilization Fund net profit	-	-	-	(281)
SUPPLEMENTARY RESERVE	(20,000)	-	(20,000)	-
ESTIMATED APPROPRIATION LAPSES	20,000	15,000	10,000	-
<b>WORK PERFORMED ON BEHALF OF OTHERS</b>				
Recoveries	60,025	65,310	58,839	67,825
Expenditures	(60,025)	(65,310)	(58,839)	(67,825)
<b>OPERATING SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>112,599</b>	<b>99,060</b>	<b>74,349</b>	<b>1,318</b>
<b>ACCUMULATED SURPLUS AT THE BEGINNING OF THE YEAR</b>	<b>877,342</b>	<b>778,282</b>	<b>743,280</b>	<b>776,964</b>
<b>ACCUMULATED SURPLUS AT THE END OF THE YEAR</b>	<b>989,941</b>	<b>877,342</b>	<b>817,629</b>	<b>778,282</b>

**Summary of Revenues**

	(thousands of dollars)			
	2013/2014 Main Estimates	2012/2013 Revised Estimates	2012/2013 Main Estimates	2011/2012 Actuals
<b>GRANT FROM CANADA</b>	<b>1,121,244</b>	<b>1,070,023</b>	<b>1,070,023</b>	<b>996,143</b>
<b>TRANSFER PAYMENTS</b>	<b>101,000</b>	<b>95,128</b>	<b>96,854</b>	<b>101,952</b>
<b>TAXATION REVENUE</b>				
Personal Income Tax	98,107	100,812	90,441	72,505
Corporate Income Tax	88,034	105,868	74,976	22,660
Tobacco Tax	16,591	16,686	17,326	17,108
Fuel Tax	18,456	18,348	16,586	18,851
Payroll Tax	43,180	41,345	41,488	39,662
Property Tax and School Levies	25,953	25,476	25,440	24,738
Insurance Taxes	4,445	4,400	4,400	4,505
	<b>294,766</b>	<b>312,935</b>	<b>270,657</b>	<b>200,029</b>
<b>GENERAL REVENUES</b>				
Revolving Funds Net Revenue	25,226	25,082	24,896	24,626
Regulatory Revenues	20,583	17,272	15,976	16,401
Investment Income	1,123	2,183	2,219	2,536
	<b>46,932</b>	<b>44,537</b>	<b>43,091</b>	<b>43,563</b>
<b>OTHER RECOVERIES</b>				
Lease	3,724	3,599	3,599	4,046
Service	256	443	443	633
Program	21,591	22,549	19,911	29,508
Commodity, asset sales and other	589	610	610	2,323
Recovery of Prior Years' Expenditures	3,000	3,000	3,000	7,483
	<b>29,160</b>	<b>30,201</b>	<b>27,563</b>	<b>43,993</b>
<b>GRANTS IN KIND</b>	<b>593</b>	<b>635</b>	<b>635</b>	<b>762</b>
<b>AMORTIZATION OF CAPITAL CONTRIBUTIONS</b>	<b>15,659</b>	<b>15,608</b>	<b>15,559</b>	<b>14,969</b>
<b>TOTAL REVENUES</b>	<b>1,609,354</b>	<b>1,569,067</b>	<b>1,524,382</b>	<b>1,401,411</b>

**Summary of Operations Expenditures by Department**

	(thousands of dollars)			
	2013/2014 Main Estimates	2012/2013 Revised Estimates	2012/2013 Main Estimates	2011/2012 Actuals
Legislative Assembly	18,239	18,549	18,508	19,265
Executive	20,464	22,961	22,862	14,578
Human Resources	42,099	42,994	42,796	42,123
Aboriginal Affairs and Intergovernmental Relations	7,416	7,354	7,304	7,395
Finance	156,278	143,988	142,121	107,218
Municipal and Community Affairs	98,786	95,826	95,533	91,842
Public Works and Services	104,505	97,767	93,682	93,531
Health and Social Services	363,856	355,794	349,926	360,217
Justice	116,759	114,534	113,674	106,736
Education, Culture and Employment	299,611	290,209	289,107	288,409
Transportation	117,011	120,641	120,415	111,922
Industry, Tourism and Investment	50,235	50,134	49,560	50,308
Environment and Natural Resources	71,565	85,390	65,693	72,042
<b>TOTAL OPERATIONS EXPENDITURES</b>	<b>1,466,824</b>	<b>1,446,141</b>	<b>1,411,181</b>	<b>1,365,586</b>

**Summary of Infrastructure Investment by Department**

	(thousands of dollars)			
	2013/2014 Main Estimates	2012/2013 Revised Estimates	2012/2013 Main Estimates	2011/2012 Actuals
<b>Tangible Capital Assets</b>				
Legislative Assembly	-	728	640	109
Human Resources	300	300	300	923
Finance	-	1,674	1,008	542
Municipal and Community Affairs	-	-	-	-
Public Works and Services	24,536	17,870	11,241	13,032
Health and Social Services	36,381	48,313	36,189	15,947
Justice	799	1,679	702	991
Education, Culture and Employment	1,276	24,750	12,895	43,424
Transportation	26,250	101,728	29,625	87,429
Industry, Tourism and Investment	2,060	1,305	1,241	1,033
Environment and Natural Resources	1,861	2,763	1,524	1,608
<b>Total Tangible Capital Assets</b>	<b>93,463</b>	<b>201,110</b>	<b>95,365</b>	<b>165,038</b>
<b>Infrastructure Contributions</b>				
Municipal and Community Affairs	28,002	37,869	28,002	33,513
Health and Social Services	-	-	-	-
Education, Culture and Employment	1,929	997	850	713
Transportation	-	-	-	-
<b>Infrastructure Contributions</b>	<b>29,931</b>	<b>38,866</b>	<b>28,852</b>	<b>34,226</b>
<b>TOTAL INFRASTRUCTURE INVESTMENT</b>	<b>123,394</b>	<b>239,976</b>	<b>124,217</b>	<b>199,264</b>



### Summary of Cash Flows

	(thousands of dollars)			
	2013/2014 Main Estimates	2012/2013 Revised Estimates	2012/2013 Main Estimates	2011/2012 Actuals
<b>OPERATING TRANSACTIONS</b>				
Cash Received From:				
Canada	1,213,273	1,159,280	1,163,056	1,098,095
Other Revenues	366,040	387,651	326,982	303,316
	<b>1,579,313</b>	<b>1,546,931</b>	<b>1,490,038</b>	<b>1,401,411</b>
Cash Paid For:				
Operations Expenses	(1,414,420)	(1,393,258)	(1,376,467)	(1,432,562)
Projects Performed for Others	(2,000)	(13,000)	(13,000)	81,684
<b>Cash Provided By (Used for) Operating Transactions</b>	<b>162,893</b>	<b>140,673</b>	<b>100,572</b>	<b>50,533</b>
<b>CAPITAL TRANSACTIONS</b>				
Capital Investment (current year)	(128,829)	(125,367)	(125,861)	(165,261)
Capital Investment (prior year)	(5,483)	(7,006)	(7,050)	-
Proceeds from Disposal of Capital Assets	-	-	-	-
Capital Contributions Received and Deferred	-	-	-	17,316
<b>Cash Provided By (Used for) Capital Transactions</b>	<b>(134,312)</b>	<b>(132,373)</b>	<b>(132,911)</b>	<b>(147,945)</b>
<b>INVESTING TRANSACTIONS</b>	<b>(4,200)</b>	<b>(4,200)</b>	<b>(4,200)</b>	<b>(506)</b>
<b>FINANCING TRANSACTIONS</b>	<b>(3,547)</b>	<b>(3,390)</b>	<b>(1,000)</b>	<b>63</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>20,834</b>	<b>710</b>	<b>(37,539)</b>	<b>(97,855)</b>
Cash and Cash Equivalents, Beginning of Year	(163,625)	(164,335)	(178,237)	(66,480)
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>(142,791)</b>	<b>(163,625)</b>	<b>(215,776)</b>	<b>(164,335)</b>

### *Summary of Debt and Estimated Borrowing Capacity*

	(thousands of dollars)			
	2013/2014 Main Estimates	2012/2013 Revised Estimates	2012/2013 Main Estimates	2011/2012 Actuals
<b>SHORT TERM DEBT</b>				
GNWT	142,791	163,625	215,776	164,335
NWT Hydro Corporation	8,000	9,000	3,000	16,351
	<b>150,791</b>	<b>172,625</b>	<b>218,776</b>	<b>180,686</b>
<b>GNWT LONG TERM DEBT</b>				
Deh Cho Bridge - Real Return Bonds	181,600	180,556	179,129	179,613
Canada Mortgage and Housing Corporation	802	867	867	930
<b>PUBLIC AGENCY DEBT</b>				
NWT Hydro Corporation	188,821	191,135	191,434	189,305
NWT Housing Corporation	11,525	12,245	12,358	12,875
Yellowknife Catholic Schools	2,979	3,609	4,992	4,230
<b>TOTAL DEBT</b>	<b>536,518</b>	<b>561,037</b>	<b>607,556</b>	<b>567,639</b>
<b>OBLIGATIONS UNDER CAPITAL LEASES</b>				
GNWT	1,915	2,238	2,119	2,815
NWT Housing Corporation	2,755	3,729	3,729	4,667
NWT Hydro Corporation	19,226	19,631	19,472	20,003
<b>LOAN GUARANTEES</b>				
NWT Housing Corporation	27,550	29,406	28,321	31,105
<b>TOTAL GROSS BORROWING PER BORROWING REGULATIONS</b>	<b>587,964</b>	<b>616,041</b>	<b>661,197</b>	<b>626,229</b>
<b>LESS:</b>				
<b>EXTERNALLY RESTRICTED SINKING FUNDS</b>				
NWT Power Corporation	(7,199)	(6,592)	(6,592)	(25,052)
<b>TERRITORIAL BORROWING</b>	<b>580,765</b>	<b>609,449</b>	<b>654,605</b>	<b>601,177</b>
<b>TERRITORIAL BORROWING LIMIT</b>	<b>800,000</b>	<b>800,000</b>	<b>800,000</b>	<b>800,000</b>
<b>AVAILABLE BORROWING AUTHORITY FOR FISCAL PLANNING PURPOSES</b>	<b>219,235</b>	<b>190,551</b>	<b>145,395</b>	<b>198,823</b>

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**PROVINCIAL/TERRITORIAL TAX RATES AS OF JANUARY 1, 2013**


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	Combined Top Marginal Personal Income Tax Rate <sup>(a)</sup> (%)	Retail Sales Tax (%)	Fuel tax <sup>(b)</sup> Gasoline (¢/litre) Diesel (¢/litre)		Tobacco Tax <sup>(c)</sup> (\$/carton)	Payroll Tax <sup>(d)</sup> (%)	Corporate Income Tax Small Large (%) (%)		Capital Tax on Financial Institutions (%)
Northwest Territories	43.05	-	10.70	9.10	57.20	2.00	4.0	11.5	-
Nunavut	40.50	-	6.40	9.10	50.00	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	21.17	22.67	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	3.0
Ontario	49.53	8.0	14.70	14.30	24.70	1.95	4.5	11.5	-
Quebec	48.22	9.5	18.20	19.20	25.80	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	-	3.5	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 <sup>(e)</sup>	46.74	7.2	15.72	16.14	30.83	1.85	4.6	11.4	0.5

## Notes:

(a) Combined federal-provincial/ territorial highest 2013 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) Average weighted by provincial/ territorial populations at July 1, 2012.