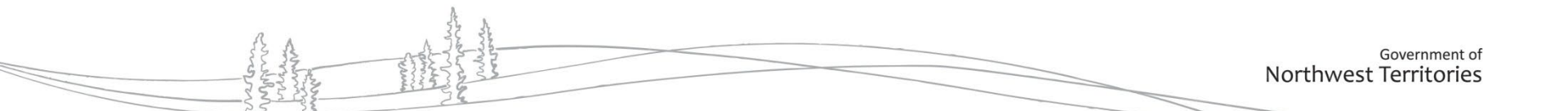




Budget Dialogues 2024

Department of Finance

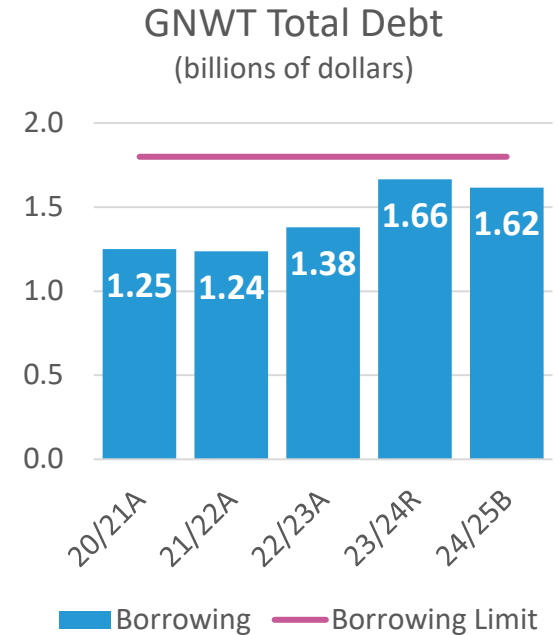
August 19, 2024



Government of
Northwest Territories

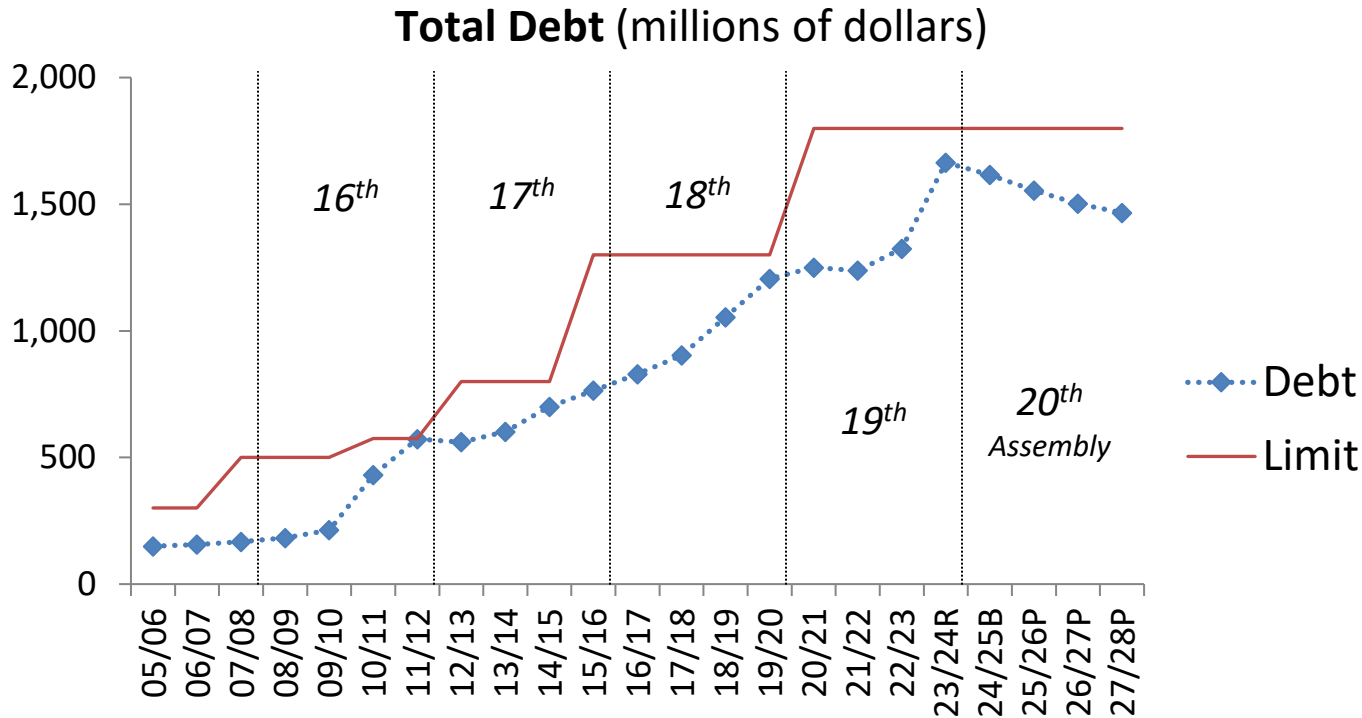
The Fiscal Situation

- 🚫 GNWT has a federally imposed borrowing limit of \$1.8 billion.
- 👉 Current borrowing room is \$135 million (2023/24) and could be wiped out with another unforeseen event, putting debt over the limit.
- 🔥 Unexpected spending sent the budgeted surplus down \$332 million in 2023/24 from \$182 million to a \$150-million operating deficit.
- ☁️ The GNWT does not have the fiscal capacity to handle any substantial shocks.



A: Actual, R: Revised, B: Budget

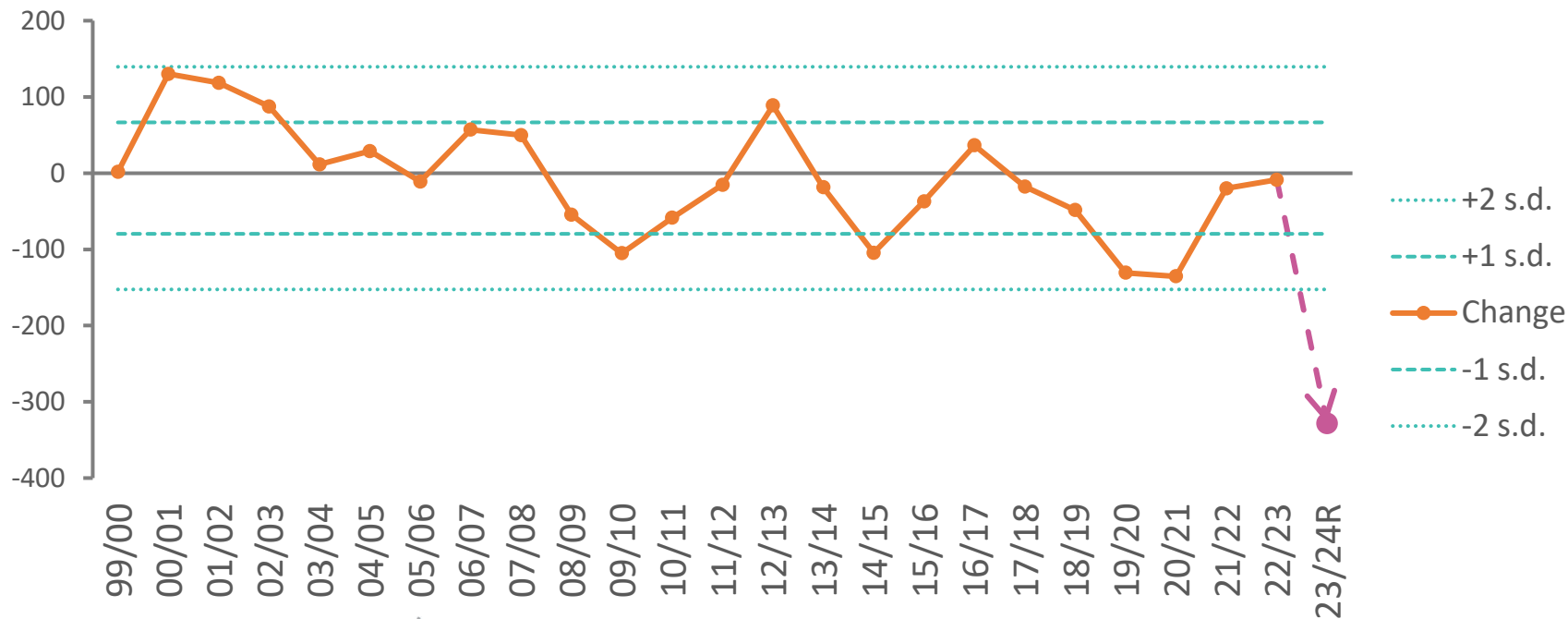
Debt in the Bigger Picture



R: Revised Estimate, B: Budget Estimate, P: Projection

Worst Year Ever Compared to Budget

Change from Budget Estimate (Mains) to Final Results (Actual), millions of dollars

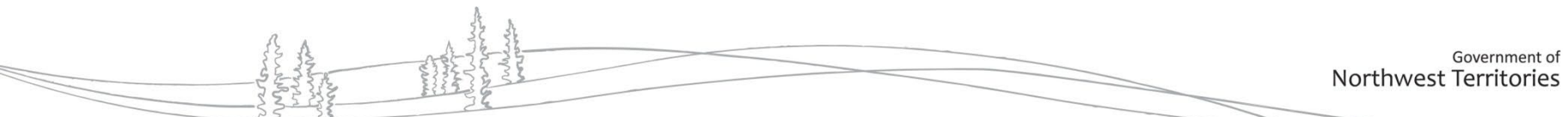


R: Revised Estimate

s.d.: standard deviation (statistically, normal variation happens 95% of the time within two standard deviations)

Sustained effort for fiscal prudence

- October 2022: Capital investment limited to \$260 million for large departmental projects
- April 2023: Strengthened *Fiscal Responsibility Policy* by adding \$120-million cushion to the borrowing limit
- February 2024: *Restoring Balance* fiscal strategy targets debt and fiscal capacity



Restoring Balance for the 20th Assembly

- The [Fiscal Sustainability Strategy](#) has specific targets:
 - short-term debt repayment of \$150 million by March 31, 2028,
 - pay for capital entirely by operating surplus,
 - limit annual supplementary reserve to \$35 million, and
 - limit annual forced growth and initiatives to \$10 million.



Budget 2024/25 is the first step

- ✓ Engaged with public and employees to deliver better value with public funds
- ✓ Operating surplus budgeted at \$294 million
 - Largest ever, projected or actual
- ✓ Fully funding capital with surplus
- ✓ Short-term debt reduction of \$34 million
- ✓ Compliant with *Fiscal Responsibility Policy*
- More work to do to reach *Restoring Balance* goals

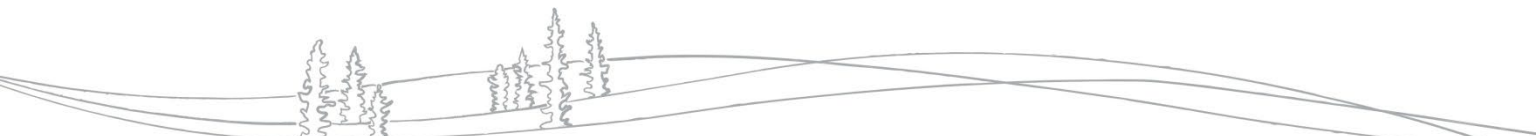


Budget 2025/26 is the next step

- Budget 2024 didn't achieve the target \$150 million of fiscal capacity improvement
- Debt projections are therefore short of *Restoring Balance* target
- Bottom line: Must find roughly \$80 million in new revenues or expenditure decreases in Budget 2025/26 to meet fiscal sustainability targets



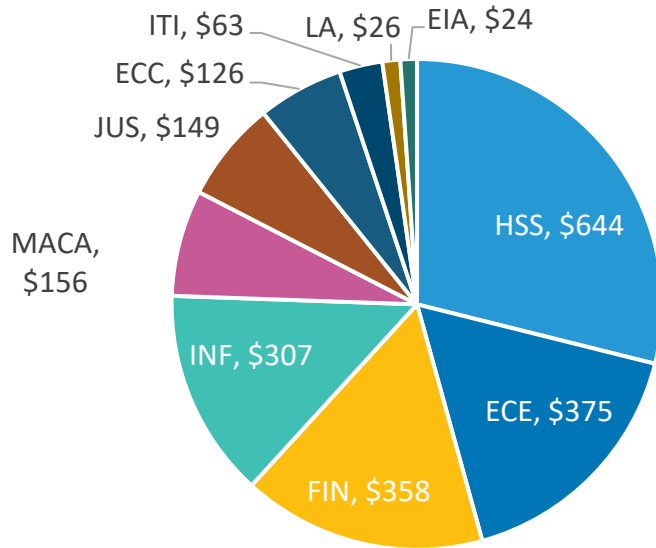
Seeking your ideas



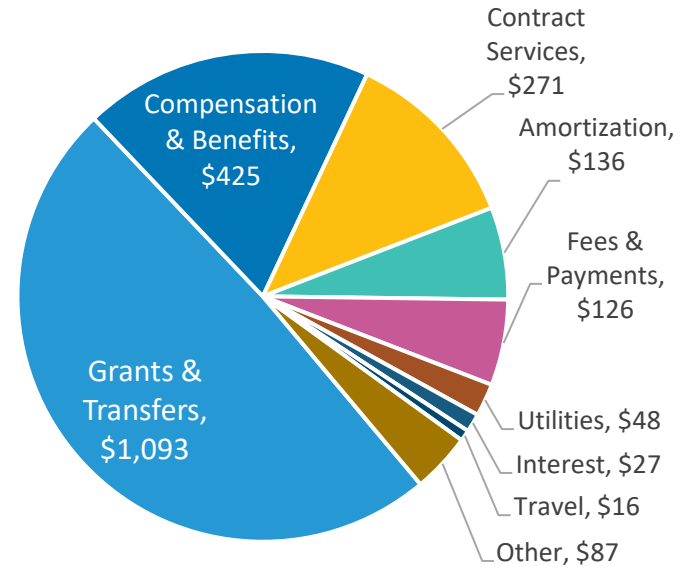
Where the Money Goes (2024/25)

Total operating spending is budgeted at \$2.3 billion

By Department (millions of dollars)



By Category (millions of dollars)



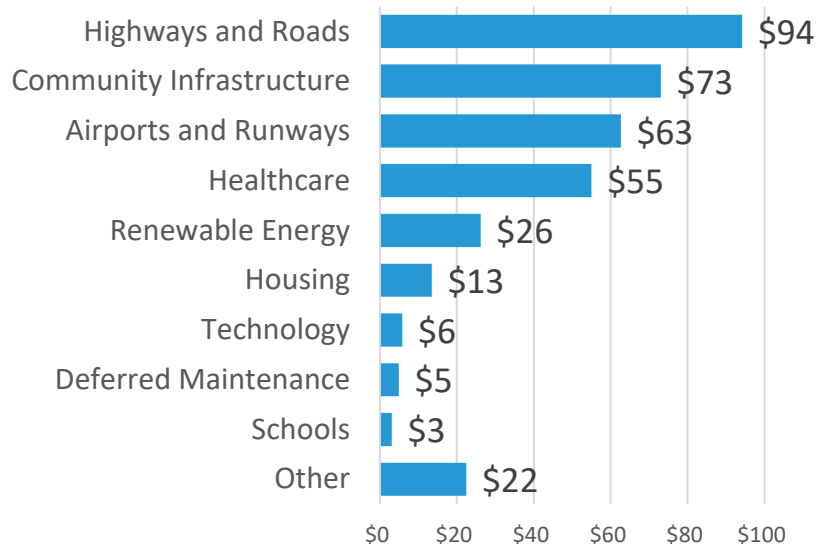
Capital Budget – meeting your needs?

- A larger capital plan requires a larger operating surplus to sustain it.
- A smaller plan would allow debt repayment with less operating expenditure reductions.
- Capital spending comes directly from the operating surplus.

Budget 2024: \$294M operating surplus

Capital Estimates departmental
spending: \$268M

Key Investment Areas (millions of dollars)
2024/25



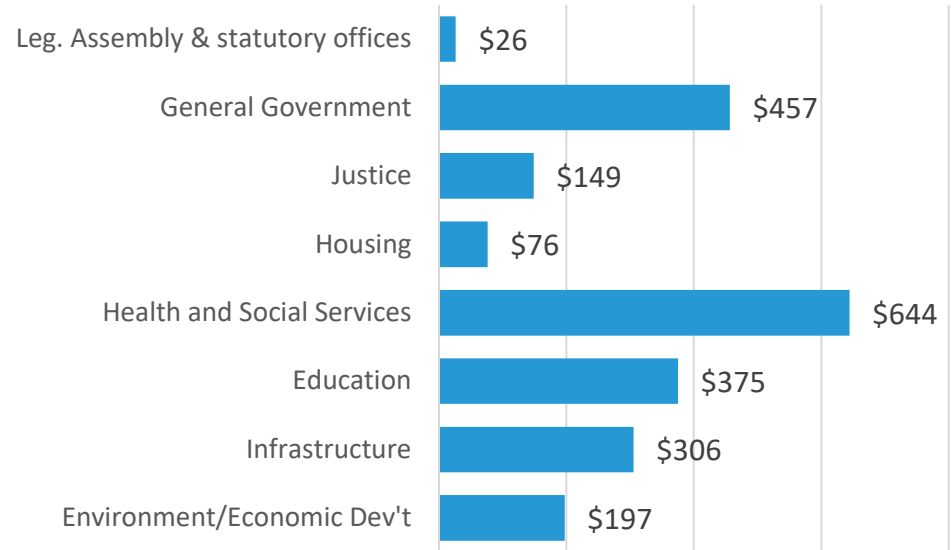
Source: [Capital Estimates 2024/25](#)

Seeking your ideas

- What do you want to see in the Budget?
- What are you willing to give up?



2024-25 Budget by Category (\$millions)



Thanks / Merci
Mahsi / Máhsi / Máhsi / Mársi / Hąj'
ᑭᑦᑯᑦᑲᑦᑲᑦ / Quyanainni / Quana
Kinanāskomitin

Department of Finance

