Annual GNWT Financial Highlights

Background

Annual financial planning, management, and accountability within the GNWT involves the following two main processes:

- The government prepares the Main Estimates and Capital Estimates before the start of each year which forms the basis for annual operating and infrastructure spending including expected revenues. Other public agencies and corporations are required to prepare annual operating plans that are tabled in the Legislative Assembly.

- After the end of each fiscal year, the Public Accounts are the financial statements which report on actual expenditures and revenues and are audited by the Office of the Auditor General of Canada.

The Public Accounts are the annual financial statements of the GNWT and are guided by accounting standards for the public sector. These financial statements disclose the financial position of the GNWT as at March 31st each year as well as the results of operations for the fiscal year and notes to provide further details of certain items in the statements. The financial position provides information on the assets, liabilities, net debt and accumulated surplus (deficit) as at a point in time.

The Public Accounts are published in a number of sections:

Consolidated Financial Statements (Section I): Comprised of the financial position and results of operations for all GNWT departments, revolving funds, public agencies, territorial corporations and other related entities. The Office of the Auditor General of Canada audits the consolidated financial statements annually.

Non-consolidated Financial Statements (Section II): Comprised of the financial position and results of operations for GNWT departments and revolving funds only. More detailed results of operations are disclosed in the supplementary schedules of these financial statements. These schedules disclose further details regarding the nature of revenues and expenses by department.

Other Entities and Boards (Section III and Section IV): Comprised of the financial position and results of operations for all Education boards, Health Boards, public agencies, territorial corporations and other related entities.

Highlights

The Financial Highlights presented below should be read in conjunction with the Public Accounts Section I and The Public Accounts: An Overview brochure.

Annual Operating Surplus

- The 2017-18 consolidated financial statements report an actual annual operating surplus of $161 million, which is $3 million or 1.8 per cent less than budgeted. The annual operating surplus is $14 million or 8 per cent less than the prior year.
- Total consolidated revenue in 2017-18 is $2.06 billion, which is $37 million or 1.8 per cent lower than the original budget. The total consolidated revenue is $17 million or 0.8 per cent lower than the prior year. The decrease in both budget and actuals is related to the decrease in personal and corporate income taxes.
- Total consolidated operating expenses in 2017-18 are $1.9 billion, a decrease of $34 million or 1.8 per cent from the original budget. The total consolidated expenses are comparable to the prior year.
- The Government spends approximately 54% of its budget on social programs (education, health, justice and housing), with another 19% allocated to infrastructure programs, and 9% to natural resources and economic development programs. General government activities, including financial support provided to community governments and the Legislative Assembly account for 18% of spending.
- Operating expenditures exclude spending on infrastructure.

Financial Assets and Liabilities

- Financial assets increased to $525 million from $496 million the previous year. Increased cash at year-end accounted for most of the overall increase.
- Liabilities increased to $1.49 billion from $1.44 billion. The most notable changes were an increase in liabilities under public private partnerships for work done on the Stanton Territorial Hospital renewal project and an increase in short term borrowing.
- The most significant GNWT liabilities are for long-term debt ($413 million), short-term loans ($297 million), liabilities under public private partnerships ($166 million), accounts payable and accrued liabilities ($290 million), amount owed to the Government of Canada ($119 million), environmental liabilities ($70 million), and pensions and employee future benefits ($98 million).

Non-Financial Assets

- Non-financial assets are primarily made up of tangible capital assets of $3.3 billion that are used to provide services to the public. Schedule A of the Consolidated Public Accounts provides a summary of tangible capital assets.

- A total of $305.9 million was spent on the acquisition of tangible capital assets during 2017-18. These expenditures were largely offset by the operating surplus of $160.9 million.

Net Debt

- The Government is in a net debt position of $966 million.
- Net debt increased by $18 million during the 2017-18 fiscal year primarily due to the public private partnerships liabilities for work done on the Stanton Territorial Hospital renewal project and an increase in short term borrowing.

Change Over the Past Five Years

- Comparing key financial indicators for the GNWT over the past five years show increased investment in capital assets with the Inuvik-Tuktoyaktuk Highway, Stanton Territorial Hospital, and Mackenzie Valley Fibre Line during this period. Debt has also increased.

Key Financial Indicators ($000)

	2012-13	**2017-18**
Revenue	$1,792,435	$2,059,075
Operating Expenses	$1,623,938	$1,898,133
Acquisition of Tangible Capital Assets	$468,754	$305,915
Financial Assets	$430,088	$524,998
Liabilities	$768,000	$1,490,780
Net Debt	($337,912)	($965,782)
Tangible Capital Assets	$2,027,351	$3,290,882