

Budget Address

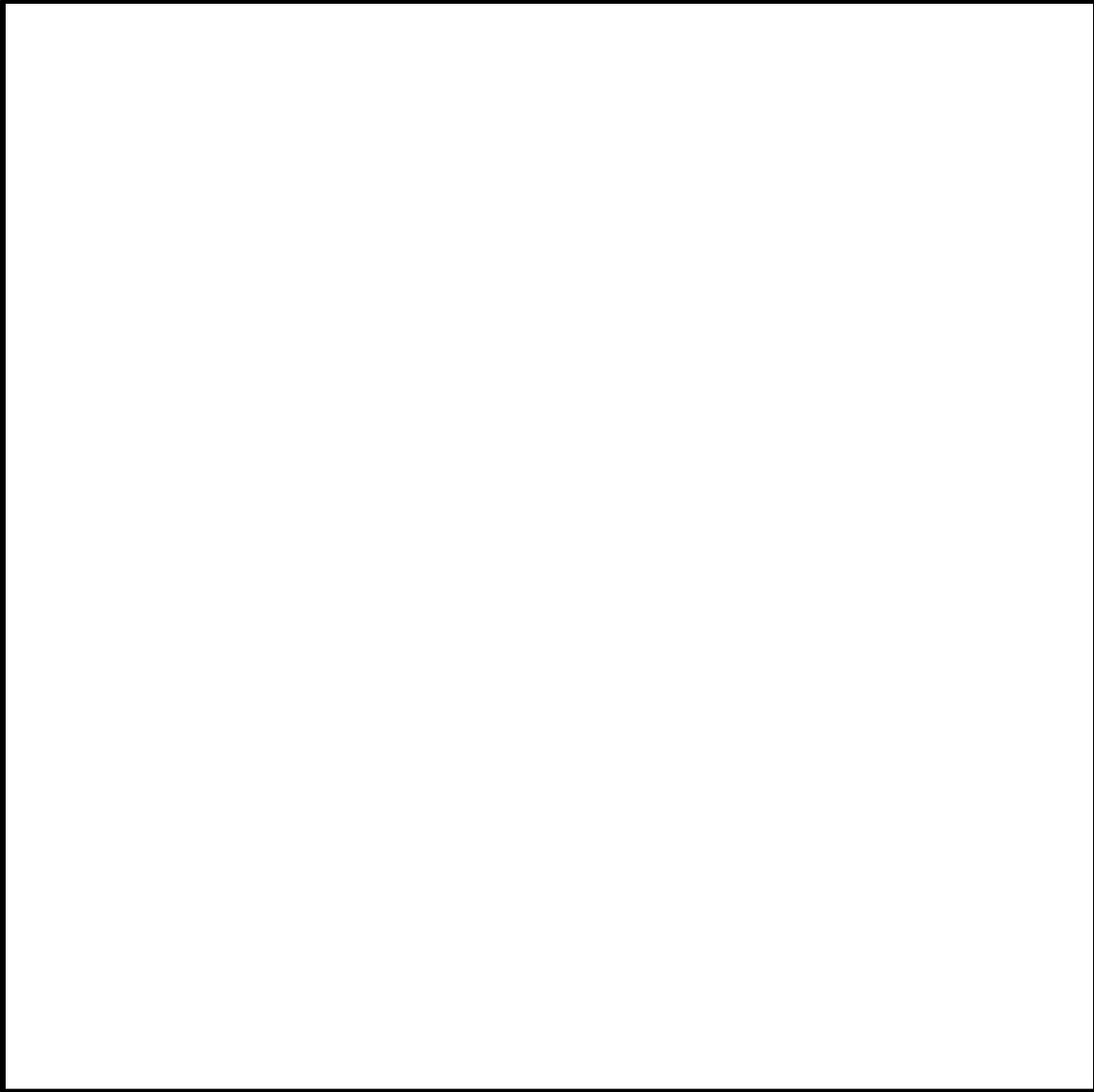
2015 - 2016

NORTHWEST TERRITORIES

The Honourable J. Michael Miltenberger
Minister of Finance

**Fifth Session of the
Seventeenth Legislative Assembly**

February 5, 2015



Introduction

Mr. Speaker, as I rise to present the last Budget of the 17th Legislative Assembly I would first like to thank the Members of this Assembly, who, through various Standing Committees, have worked with the Cabinet towards achieving the priorities of this Assembly within the limits of our fiscal framework. It is a credit to our system of consensus government, as the many successes and accomplishments of the 17th Legislative Assembly and the numerous challenges met and often tough choices made, are because we worked together. This Budget looks to conclude the work of the 17th Assembly and prepare for the fiscal transition to the 18th Assembly.

Our accomplishments are built on three basic principles:

- x We will protect programs and services while managing e*]TJ 0 Tc 0 Tw 4.587 5(e bud s)-2(e)_0 1 T

Even a higher limit on our authority to borrow will not mean we can relax on expenditure management. Our borrowing is made up of \$407 million in long term and public agency debt and \$272 million in short term debt. Much of our public agency debt, such as the \$184 million in Northwest Territories Hydro Corporation debt, is self-financing through ratepayers. Our short term debt is created when we borrow for other infrastructure investments and cash shortfalls for programs and services. We use operating surpluses to pay for this debt. Addressing our growing infrastructure deficit and making investments to grow the economy will make large operating surpluses an on-going requirement.

Consequently, for this Budget we asked departments to find savings from within to limit forced growth and reduce the operating base. Our new initiatives, which are mainly completions of actions already started, would not be possible without this restraint.

Budget Highlights

The 2015-16 Budget estimates that total revenues will be \$1.83 billion in 2015-16, a 0.6 per cent drop from the revised 2014-15 revenue estimate. Through careful expenditure management by departments, we have held the growth in operating expenditures to 2.1 per cent in 2015-16 to produce a budget of \$1.68 billion. The projected

Investing in People

We will be spending over \$930 million on social programs in 2015-16 as investments in the Northwest Territories residents to encourage healthy lifestyles free from poverty. Almost 72 per cent of the increase in our operating budget will go towards our social programs, including an additional \$1.75 million for the food allocation in the income assistance program, allo7thwr-7(72)1 9 go

ability to provide children and their families with the special supports they need to reduce long-term social, emotional and educational problems.

This Budget includes \$1.1 million to support the Wellness Court Program. The Wellness Court is an alternative to conventional court that focuses on addressing the underlying causes of offending behaviour. The funds will be used to hire staff for the Wellness Court

Division will improve on the system inherited from the federal government by developing and managing environmental liabilities and financial assurances in collaboration and coordination with GNWT regulatory and central departments. This approach will ensure protection of the environment through whole project assessment of liabilities and financial assurances and provide necessary policy advice. This will ensure that the GNWT identifies the appropriate level of security for a project, which will protect the GNWT from the significant ing

Hot Water Heater Replacement program, which is designed to replace domestic electric hot water heaters with more efficient oil- or propane-fired heaters in non-hydro

Looking Ahead

Mr. Speaker, we are forecasting total revenue growth to be basically flat for the next five years. By 2019-20 revenues are forecast to be only 0.4 per cent higher than in 2015-16. Over the same period, expenditures are forecast to grow 8.4 per cent, or about 2.1 per cent a year, under assumptions of strict expenditure management and the return to a \$75 million capital budget.

Clearly this is not sustainable. The revenue and operating expenditure projections mean that operating surpluses will be substantially reduced by 2019-20 under current assumptions. Smaller operating surpluses drop us deeper into a trap of short-term borrowing for cash to cover operating expenditures and leave little to no resources available for infrastructure investments and debt servicing payments. Even by constraining the capital budget to \$75 million annually, or about 4 per cent of total revenues, total debt at the end of 2019-20 is projected to be \$759 million, only \$40 million below the current borrowing limit of \$800 million.

Conclusion

Mr. Speaker, I shall conclude with the blunt message that we have been spending everything that we receive. This can work when revenues are growing but with a forecast of flat revenue growth over the medium term we need to make sure our expenditures grow in line with our revenues.

However, as I was reminded by participants during last fall's Budget Dialogues, we have been here before. We have learnt from past mistakes and together we can work to ensure fiscal sustainability to our Budget. In the days leading up to the next Assembly, we must start considering the difficult decisions so that we are not passing our problems to future generations.

We will meet this challenge and turn it into opportunities. By working together to ensure that the actions we take will give us the best value for the dollars we are spending, we will still be able to seize opportunities to invest in actions to grow our economy, increase our population, increase our tax base, lower the cost of living and continue to protect the environment. Our Aa1 credit rating and key indicators reflect that we are collectively continuing to manage our way through these often trying times.

All Members of this Assembly should be proud of the work we have done toward achieving our vision of strong individuals, families and communities sharing the benefits and responsibilities of a unified, environmentally sustainable and prosperous Northwest Territories. We will not shrink from the challenge of making the difficult choices to ensure that the GNWT remains on a fiscally sustainable path; able to implement our vision for the Northwest Territories.

Budget Address

2015 – 2016

NORTHWEST TERRITORIES

BUDGET PAPERS

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ECONOMIC REVIEW

Economic Outlook

Indicator	2009	2010	2011	2012	2013	2014e	2015f
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The drop in GDP was largely caused by a 41 per cent decline in diamond carat production over the period, which reflected the move to

NWT Trade Balance, per cent of GDP

Source: Statistics Canada and NWT Finance

Population

The NWT population has been relatively stable over the past decade. However, weak economic growth and a lack of new mining activity have contributed to people moving out of the territory. As of July 1, 2014, the NWT population was estimated to be 43,623 persons, a decrease of 218 persons, or 0.5 per cent, from July 1, 2013.

Change in the NWT Population

e: 2014 estimate based on January to September 2014 for Natural Change, and January to June 2014 for Net Migration
Source: NWT Bureau of Statistics

Three factors account for population change: natural change (births minus deaths), inter-provincial migration, and international migration. Between July 1, 2013 and July 1, 2014 there was a net natural population increase of 501 persons (due to 698 births and 197 deaths), while inter-provincial migration resulted in a net loss of 781 person (1,974 persons moved into the NWT from the rest of Canada and 2,755 persons moved out). International net in-migration was 62 persons.

Population growth is important for the economic and fiscal health of the NWT. By providing labour to NWT businesses, demand for local goods and services, and personal income and consumption taxes, a rising population helps to promote economic activity and sustainable government revenues. For this reason, the GNWT has set a target to increase the NWT population by 2,000 persons by 2019.

Capital expenditures by the public sector, after having ramped up during the recession as an element of the GNWT's economic stimulus program, are estimated to have fallen 12.0 per cent from \$290 million in 2013 to \$255 million in 2014. However, investments in a number of projects, including the Mackenzie Valley Fibre Link and Inuvik-Tuktoyaktuk Highway are expected to contribute to increased investment in the next several years.

Annual Percentage Change in NWT Public and Private Capital Expenditures

i: intentions
Source: NWT Bureau of Statistics and Statistics Canada

International Prices

Exchange Rate

The Canadian dollar averaged US\$0.91 in 2014, a 6.7 per cent decrease from US\$0.97 in 2013 and parity in 2012. This depreciation was due to a combination of softer commodity prices, which caused the Canadian dollar to weaken, as well as a stronger US economy and decreased US monetary stimulus, which caused the US dollar to strengthen.

US/Canada Exchange Rate

Source: Bank of Canada

The value of the Canadian dollar vis-à-vis the US dollar has a direct effect on the health of the NWT economy. This is because the majority of goods and services bought and sold internationally are paid for in US dollars.

The lower Canadian dollar means that NWT businesses that export their production internationally will get paid more for their products after currency conversion. This will help NWT businesses compete globally and boost NWT exports. However, a lower Canadian dollar will make machinery and equipment imported from outside the territory more expensive.

Oil Prices

Oil prices fell sharply in the second half of 2014 due to softer global demand, rising US oil and gas supplies, restricted OPEC production and on-going geopolitical conflicts in Ukraine and the Middle East. In less than six months, global oil prices dropped over 40 per cent and benchmark West Texas Intermediate crude oil is currently trading below \$50 per barrel.

Because the NWT exports oil to international markets, the drop in oil prices will negatively affect NWT trade and economic growth. However, this impact will be offset by lower fuel costs for many businesses, increased consumer spending as consumers save on fuel, and a stronger US economy which, as a net oil importer, will benefit from lower oil prices.

Price of Oil: US Dollars per Barrel

Cushing West Texas Intermediate Spot Price
Source: U.S. Energy Information Administration

Diamond Prices

Index diamond prices for both rough and polished stones rose in 2014, increasing approximately 6 per cent and 8 per cent, respectively. However, prices remain well below peaks reached in 2011.

Global prices for rough and polished diamonds have diverged. The NWT mines and exports rough diamonds and prices for these rough stones have increased at a significantly faster pace than polished diamonds, driven largely by concerns over global supply constraints. Polished diamond prices, which reflect demand from jewellers, have been flat and much less volatile.

Diamond Prices

Sources: PolishedPrices.com and WWW Overall Rough Diamonds.

Economic Performance by Sector

Real Growth Rates of Selected NWT Industries

Source: Statistics Canada and NWT Finance

From 2007 to 2013 the mining, oil and gas industry sector declined 46 per cent, the construction industry declined 31 per cent and the smaller food and accommodation sector decreased 10 per cent. As a result, the structure of the NWT economy changed; in 2007, goods-producing industries accounted for 51 per cent of the NWT economy but by 2009 that share had fallen to 41 per cent before recovering to 46 per cent in 2011. This reflects the business cycle in goods-producing industries that is a result of the global economic downturn.

Structure of the NWT Economy, 2011

Source: Statistics Canada. The latest available data is 2011.

Goods-Producing Industries

The goods-producing sector accounted for 46 per cent of NWT GDP in 2011, compared to 30 per cent of Canada's economy. Resource extraction industries dominate the goods-producing sector in the NWT. Diamond mining was responsible for 27 per cent of 2010 GDP, while other mining, oil and gas accounted for 10 per cent. The remainder is comprised of renewable resources, construction, utilities and manufacturing activities.

Fur Harvest

Trapping remains an important source of income for many people in the NWT, especially in smaller communities. For the year ended June 30, 2013, roughly 25,000 NWT pelts were sold, a decrease of 2 per cent from the previous year; however, lower fur prices reduced the value of fur sales by 46 per cent from the previous year to \$1.2 million.

Annual Percentage Change in the Number and Value of NWT Pelts

Source: NWT Bureau of Statistics

Commercial Fishing

The commercial fishery in the territory is a small but valued part of the economy. Fish exported from the NWT are marketed through the Freshwater Fish Marketing Corporation, a federal Crown corporation mandated to market fish harvested in Northwestern Ontario, the three Prairie Provinces and the NWT. Initial payments to NWT fishers – on a delivery-point, net-of-freight basis – decreased 3 per cent from \$818,000 in 2012 to \$792,000 in 2013, while the weight delivered decreased 31 per cent from 420,000 kilograms in 2012 to 288,000 kilograms in 2013.

NWT Export Fishery: Sales and Number of Fishers

Source: Freshwater Fish Marketing Corporation

Exploration and Deposit Appraisal

NWT mineral exploration and deposit appraisal expenditures have fallen in recent years, and remain well below pre-recession levels. Spending intentions for 2014 indicate that exploration and deposit appraisal expenditures were an estimated \$102.6 million, up 31.7 per cent from 2013.

NWT Mineral Exploration Expenditures

i: intentions
Source: Natural Resources Canada

Over half of these expenditures were spent on deposit appraisal and developing already discovered projects, while a smaller share was spent on a range of mineral exploration activities, including field work, overhead costs, engineering, economic and pre-construction feasibility studies, and environmental and land access costs. NWT exploration and deposit appraisal expenditures shares of the Canadian total are estimated to have increased from 3.3 per cent in 2013 to 4.8 per cent in 2014.

Precious Metals and Rare Earths

Though once a key driver of the NWT economy, there have been no operating gold mines in the NWT since 2004. Gold and silver prices declined this year but remain elevated compared to prices a decade ago, which has led to new exploration activity. Several precious metals mines, including Fortune Mineral's NICO gold, cobalt and bismuth deposit, and Canadian Zinc's Prairie Creek silver, zinc and lead deposit, could become operational mines over the next two years.

Annual Percentage Change in the Value of Construction Activity, chained (2007) dollars

Source: NWT Bureau of Statistics and Statistics Canada

Manufacturing

The NWT manufacturing sector accounts for less than one per cent of the territory's economy. Although small, this sector of the economy has been performing well over the past several years. The real value (adjusted for inflation) of NWT manufacturing sales increased 11.2 per cent from 2012 to 2013.

Value of NWT Shipments by Manufacturers, chained (2007) dollars

Source: NWT Bureau of Statistics

Service Industries

Service industries accounted for 54.2 per cent of NWT GDP in 2011, compared to 69.7 per cent nationally. The service sector includes industries such as wholesalers, banks, retailers, hotels and the public sector (schools, hospitals, police and fire services, federal and territorial governments, and local and Aboriginal governments).

Retail Trade

NWT retail trade sales increased just 0.4

Annual Percentage Change in the Nominal Value of Retail Trade, NWT and Canada

e: 2014 estimate based on January - October 2014
 Source: NWT Bureau of Statistics and Statistics Canada

Wholesale Trade

Wholesalers distribute merchandise to retailers, businesses, and institutional customers, including the supply of equipment and capital goods. The sector is strongly influenced by capital investment and business activity. Wholesale trade in the NWT increased 7.0 per cent from 2013 to 2014, reflecting the rise in construction. By comparison, wholesale trade in Canada increased by 5.6 per cent.

Annual Percentage Change in the Nominal Value of Wholesale Trade, NWT and Canada

e: 2014 estimate based on January - October 2014
 Source: NWT Bureau of Statistics and Statistics Canada

Annual Percentage Change in Total Expenditures by All Travellers to the NWT

Source: NWT Industry, Tourism and Investment

Macroeconomic Performance Indicators

The GNWT's Macroeconomic Policy Framework, designed to guide investment and policy decisions, includes performance indicators that monitor the health of the economy over time. These indicators were designed to go beyond typical measurements of economic performance or growth by capturing broader measures of economic well-being such as improvements in the quality of life, the capacity of communities, and the protection of the environment.

The performance indicators are intended to be measured against a baseline value, which is the average value of the indicator from 2005 to 2007. However, due to revisions made to Statistics Canada data, some pre-2007 data is not currently available; therefore, the majority of performance indicators are being measured against 2007 rather than the baseline average for the years 2005 to 2007. These differences are noted.

After the development of the framework, the global economy underwent an intense financial and economic shock. The NWT economy, with its critical linkages to the world trade system, was particularly vulnerable to the global economic downturn. The NWT economic recovery has been unbalanced and sluggish, as measured by the performance indicators.

Indicator 1 – The size and growth of the total economy

Real GDP is the most comprehensive measure of the economy. However, it does not measure the non-money economy and cannot measure social well-being.

In 2013 NWT real GDP was 21.7 per cent below the 2007 level.

Indicator 2 – Productivity

Productivity is a key performance measure related to increased profitability, lower costs and sustained competitiveness. Increasing productivity can promote economic growth. Productivity can be increased through labour force training, technological change and changing the labour/capital mix. Higher levels of productivity can provide higher wages and salaries and higher profits.

In 2013 productivity was 21.3 per cent below the 2007 value.

Indicator 3 – New investment

New investment is a leading indicator of economic growth that measures how well the economy can be expected to do in the future. New investment undertaken by the private sector focuses on direct spending on buildings, equipment and machinery with the expectation of a positive

FISCAL REVIEW

The 2015-16 Budget continues the fiscal plan started at the beginning of the 17th Legislative Assembly to carefully manage expenditure growth to ensure operating surpluses are available to make the strategic infrastructure investments necessary to support the Assembly's vision of strong individuals, families and communities sharing the benefits and responsibilities of a unified, environmentally sustainable and prosperous Northwest Territories.

Fiscal Strategy

The GNWT uses four major fiscal goals to frame its budgetary decisions:

- y To protect programs and services while managing expenditure growth;
- y To maintain a stable tax environment to support the economy;
- y To achieve operating surpluses each year to be able to invest in infrastructure and make debt payments in adherence to the guidelines specified in the Fiscal Responsibility Policy; and
- y To keep a \$100 million cushion between total borrowing and the federally-imposed \$800 million borrowing limit.

The fiscal strategy consists of capping forced growth in existing programs and services, funding priority initiatives from a combination of savings and new funds, and limiting growth in the public service. By focusing on managing expenditure growth, the fiscal strategy provides for a sustainable fiscal framework that permits continued investment in infrastructure to grow the economy and population.

Fiscal Situation

The GNWT has followed the same fiscal strategy since the 2010-11 Budget, which is to manage expenditure growth below revenue growth in order to gradually increase the operating surpluses available to invest in infrastructure. Efforts to manage the growth in spending have been successful, contributing to three years of consecutive surpluses and a projected surplus in 2014-15. The GNWT has maintained fiscal prudence in its operating budget with growth in program spending averaging nearly half of what it was four years ago; and generating operating surpluses has allowed for an additional \$100 million in capital investment in 2014-15 and 2015-16.

Revenues

Investing in the Economy

Budget 2015-16 continues actions to build a diversified economy that will provide all communities and regions with opportunities for resident employment and business success. These actions will complement the \$11.8 million in new initiatives from previous 17th Assembly budgets to strengthen regional economies and implement actions identified in the Economic Opportunity Strategy and the Mineral Development Strategy. The \$33.8 million multi-year funding to ease the transition to higher electricity rates and the \$20 million to subsidize rate payers for higher diesel generation costs in 2014 are included as actions to reduce the cost of living, bringing total economic investments over the life of the 17th Legislative Assembly to \$71 million. Budget 2015-16 proposes the following \$5.2 million in new initiatives to grow the economy.

- x \$1.0 million in funding to support hosting the 2018 Arctic Winter Games in a communi9bri002 Tw -25.

- x \$2.46 million for initiatives to support the Economic Opportunities Strategy, including the establishment of a convention bureau, funding for the agriculture strategy, a film industry pilot project, a business internship, and support for the commercial fishing industry.
- x \$1.74 million in support of measures under the Mineral Development Strategy, including funding for the Geoscience Field Assistant Training Program and a geoscience career liaison coordinator and the hiring of a geophysicist, a surficial geologist and a northern mining business development officer and support for incentive programs for exploration, scientific resource deficits, and coordination between industrial market segments.

Supporting our Environment

Budget 2015-16 continues support for environmental stewardship to ensure an environment that will sustain present and future generations with \$1.27 million in new initiatives including:

- x \$577,000 to take over the operation of the Taiga Environmental Laboratory. These added costs are expected to be partially offset by the revenues that will be received from the facility's operations.
- x \$694,000 to establish the Western Arctic Centre for Geomatics in Inuvik - a three staff office that will provide geomatics services such as remote sensing and research support.

Support for Environmental Stewardship (*thousands of dollars*)

Investing in Energy

The 2015-16 Budget adds \$4 million in continuing initiatives to reduce the territory's reliance on non-renewable energy sources, with objectives to lower the cost of living and reduce NWT greenhouse gas emissions, including:

- x \$700,000 to the NWT Housing Corporation to install solar panels on 30 public housing units in six communities to supply energy for the mechanical and electrical systems.
- x \$500,000 for a photovoltaic electricity generation project in Colville Lake. The solar panels will be integrated with a new diesel plant, battery system, and wind turbine to diversify the power generation sources and improve overall system reliability.
- x \$450,000 to promote community biomass energy projects and project evaluation of biomass projects.
- x \$400,000 in additional funding to support the continued presence of Arctic Energy Alliance

Improving Energy Conservation and Promoting Alternative Sources of Energy
(thousands of dollars)

	2012-13	2013-14	2014-15	2015-16	TOTAL
Energy efficiency upgrades for public housing	700	700	700	700	2,800
Photovoltaic Electricity Generation in Colville Lake				500	500
Biomass project funding, promotion and evaluation		400	450	450	1,300
Arctic Energy Alliance: core funding for regional advisors	200	125	400	400	1,125
LED Streetlight Conversion Project				400	400
Hot Water Heater Replacement Program				300	300
Commercial Energy Conservation and Efficiency Program	200	200	200	200	800
Liquid natural gas conversion feasibility study			150	175	7

Devolution Implementation

On April 1, 2014 the GNWT took over responsibility for the management of NWT lands, waters, and resources. The 2014-15 Budget included a \$67 million adjustment to the Gross Expenditure Base in the Territorial Formula Financing Grant revenue to administer the programs and services transferred from the federal government and \$59 million in spending to assume the responsibilities and duties under the Devolution Agreement, including creation of a Lands Department and new responsibilities for the departments of Environment and Natural Resources and Industry, Tourism and Investment. A \$10 million reserve was set aside for other devolution expenditures that may arise.

The 2015-16 Budget adds \$3.34 million to complete devolution implementation and to fund activities necessary to deliver new resource management program responsibilities that were not identified in the initial implementation process including:

- x \$1.15 million to address the impact of final devolution implementation actions on regular department budgets.
- x \$1.0 million to establish a new Liabilities and Financial Assurances Division and coordinate management of financial securities for resource developments to ensure that companies will meet their obligations for the closure and reclamation of disturbed sites.
- x \$400,000 in additional funding for diamond valuation services for the collection of diamond royalties in accordance with the NWT Mining Regulations.
- x \$220,000 for continued funding of the Office of the Oil and Gas Regulator in the Department of Industry, Tourism and Investment.
- x \$151,000 to hire a coordinator for the administration of the Mackenzie Valley Resource Management Act.
- x \$143,000 to establish a lands and resources specialist position within the Department of Industry, Tourism and Investment
- x \$133,000 to hire an additional resource management officer in the Lands Department.
- x \$139,000 to hire a legislation advisor in the Department of Lands.

Devolution Implementation* (*thousands of dollars*) nt-1Tjcrs

Medium-Term Outlook

Over the four-year period from 2015-16 to 2019-20, total revenues are projected to grow 0.4 per cent, or about 0.1 per cent annually, while expenditures are forecast to grow 8.4 per cent, or about 2.1 per cent per year. Expenditure growth is based on assuming forced growth (increased costs for existing programs and services) of 1.5 per cent annually, no new initiatives unless found through re-profiling funds from existing department budgets, and an annual capital budget of \$75 million.

Under current fiscal projections and capital investment plans, the GNWT will not be able to sustain the \$100 million cushion below the \$800 million borrowing limit because smaller operating surpluses will result in more short-term borrowing.

Increasing revenues will be challenging. NWT economic activity is only four-fifths of what it was in 2007 because resource production is declining and business capital investment is

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Medium-Term Outlook (\$ millions)***Risks to Fiscal Outlook***

Debt risk is currently considered insignificant because debt servicing costs absorbs less than one per cent of total revenues due to a relatively low overall debt burden and low current interest rates.

However, a number of other fiscal risks exist for the GNWT:

- x The dependence of the NWT economy on resource industries - although the public sector is the single largest factor in the NWT's economy, the resource industries are also significant. Activity in the resource sector is highly variable and the economic effects and implications for GNWT revenues can vary significantly from year to year.

of large resource revenue shocks is largely neutralized by the GNWT's commitment not to spend resource revenues on operations, but rather only on contributions to the Heritage Fund, debt repayment and infrastructure.

- x Slowing revenue growth - the Territorial Formula Financing Grant is two-thirds of total revenues, affording considerable year-to-year stability to the budget. However, growth in the Grant relies heavily on NWT population growth relative to Canada's and provincial/local government spending. Flat population growth, or declines, as in 2014, and further provincial and local government fiscal austerity measures will cause growth in the Territorial Formula Financing Grant to decrease.
- x On-going operating expenditure pressures - constant pressure exists to enhance current programs and to implement new initiatives while not reducing existing program and service expenditures. Although the GNWT has made steady progress in reducing the rate of growth in program spending, continued efforts will be necessary to ensure that the expenditure growth matches revenue growth or the budgetary position could deteriorate.
- x Unexpected expenditures and capital project cost overruns - operating expenditure shocks are usually unexpected events such as extraordinary fire suppression needs or other natural disasters. With the undertaking of large capital projects, the risk of capital cost over-runs that may have an impact on the fiscal framework is heightened.

Summary of Operations

	2015-2016 Main Estimates	2014-2015 Revised Estimates	2014-2015 Main Estimates	2013-2014 Actuals
REVENUES	1,826,794	1,837,716	1,845,501	1,631,779

Summary of Revenues

2015-2016

Summary of Operations Expenditures by Department

PROVINCIAL/ TERRITORIAL TAX RATES AS AT JANUARY 21, 2015

	Combined Top Marginal	Retail Sales Tax 480.9544	Fuel Tax ^(b)		Tobacco Tax ^(c) (\$/carton)	Payroll Tax ^(d) (%) B	Corporate Income Tax		Capital Tax on Financial Institutions (%)
	Personal Income Tax ^(a) (%)		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	50.00	2.00	4.0	12.0	-
Yukon	42.40	-	6.20	7.20	42.00	-	3.0	15.0	-
British Columbia	45.80	7.0	21.17	22.67	47.80	-	2.5	11.0	-
Alberta	39.00	-	9.00	9.00	40.00	-	3.0	10.0	-
Saskatchewan	44.00	5.0	15.00	15.00	50.00	-	2.0	12.0	3.25
Manitoba	46.40	8.0	14.00	14.00	58.00	2.15	0.0	12.0	3.0
Ontario	49.53	8.0	14.70	14.30	27.95	1.95	4.5	11.5	-
Quebec	49.97	9.975	19.20	20.20	29.80	4.26	8.0	11.9	-
New Brunswick	46.84	8.0	13.60	19.20	38.00	-	4.5	12.0	4.0
Nova Scotia	50.00	10.0	15.50	15.40	47.04	-	3.0	16.0	4.0
Prince Edward Island	47.37	9.0	13.10	20.20	45.00	-	4.5	16.0	5.0
Newfoundland & Labrador	42.30	8.0	16.50	16.50	47.00	2.00	3.0	14.0	4.0
Weighted average ^(e)	47.45	7.3	15.90	16.32	35.29	1.85	4.6	11.6	0.5

Notes:

(a) Combined federal-provincial/ territorial highest 2015 personal income tax rate and surtax.

(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 estimated at July 1, 2014.