17th Legislative Assembly of the Northwest Territories

Standing Committee on Government Operations


Chair: Mr. Michael M. Nadli
June 4, 2013

SPEAKER OF THE LEGISLATIVE ASSEMBLY

Mr. Speaker:

Your Standing Committee on Government Operations is pleased to provide its Report on the Review of the 2011-2012 Public Accounts and commends it to the House.

Michael M. Nadli
Chairperson
STANDING COMMITTEE ON
GOVERNMENT OPERATIONS

REPORT ON THE REVIEW OF THE
2011-2012 PUBLIC ACCOUNTS

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INTRODUCTION

The Standing Committee on Government Operations is pleased to report on its review of the 2011-12 Public Accounts of the Northwest Territories. An internal review took place on March 14, and the public review took place on March 15, 2013. The committee would like to thank Assistant Auditor General Terry DeJong and Guy LeGras, Principal, both of the Office of the Auditor General of Canada, for assisting in the review. Members would also like to thank Northwest Territories Comptroller General Warren St. Germaine and his staff, Assistant Comptroller General Louise Lavoie and Chervahun Emilien, Manager of Reporting and Collections, for their appearance before the committee at the public review.

This is the standing committee’s first report of a review of the public accounts in the 17th Assembly, and the first such report in approximately 9 years.

Preparation of the Committee for Review of the Public Accounts

As there were no standing committee reviews of the public accounts during the previous two assemblies, and most of the present members are new to the committee, none had previous experience in reviewing the public accounts. The committee, therefore, considered that some preparation for this type of review would be helpful.

Mr. Daryl Dolynny, Member of the Standing Committee on Government Operations, attended the Canadian Council of Public Accounts Committees (CCPAC) annual conference, held August 19-21, 2012, in Iqaluit, Nunavut, on behalf of the standing committee. Mr. Dolynny shared the extensive materials provided to conference attendees on his return. Members understand the CCPAC conference to be a valuable training and networking experience. The committee hopes to send a larger delegation to the conference this year.

It also appears that the Northwest Territories is not the only jurisdiction with an interest in developing greater skills and expertise in reviewing the public accounts. The CCPAC is considering a half-day session at this summer’s conference to discuss capacity development issues and training needs distinct to small legislatures in the north, with representatives of committees from the
Northwest Territories, Nunavut, and Yukon; and staff of the Office of the Auditor General of Canada and the Canadian Comprehensive Auditing Foundation.

In the meantime, the standing committee was able to meet with staff from the Office of the Auditor General and staff from the Office of the Comptroller General on December 6 and 7, 2012 to get a thorough introduction to the public accounts, their history in the Northwest Territories, and the process of preparation and auditing. Members reviewed sample public accounts documents and asked many questions. This introduction was very helpful, and the committee thanks staff from both offices for their assistance.

**Timeliness of the Public Accounts**

The *Financial Administration Act* s. 74 states that, unless the Legislative Assembly otherwise fixes a date, the public accounts for the fiscal year must be laid before the Legislative Assembly on or before December 31 following the end of the fiscal year or, if the Legislative Assembly is not then in session, not later than 15 days after the commencement of the next session of the Legislative Assembly.

The present committee reviewed the practice of previous governments and Legislative Assembly committees with regard to the public accounts, going back to 1987. Members found that external factors, most commonly changes in national public sector accounting standards, have made timely submission and review of the public accounts a challenge, in spite of repeated committee requests, government commitments, and statutory requirements.

Prior to division of the Northwest Territories, the public accounts were sometimes submitted as late as 15 months after the end of the fiscal year. Post-division, in 2001, the committee tasked with reviewing the public accounts requested that the deadline be moved up to August 31, to permit examination of the public accounts before business plans. For a time, the government was able to comply with this request.

However, the GNWT bases its accounting standards on recommendations of the Public Sector Accounting Board (PSAB). The PSAB changed their guidelines so that, as of April 1, 2005, a government’s “reporting entity” included all the entities that are controlled by the government. This change meant that, for the first time, the 2005-2006 Public Accounts of the Northwest Territories had to be consolidated to include boards and agencies as well as departments.

The Office of the Comptroller General in the Department of Finance is responsible for overseeing the preparation of the public accounts. In accordance with the federal *Northwest Territories Act*, section 30(1), the Auditor General of Canada audits the accounts and financial transactions of the Government of the Northwest Territories (GNWT). The Office of the Auditor General also audits
some of the larger agencies consolidated in the public accounts: the NWT Housing Corporation; the NWT Hydro Corporation including its subsidiary, the NWT Power Corporation; the NWT Business Development and Investment Corporation; and Aurora College. Components of these entities must also be audited, though not by the Auditor General of Canada, including health and social services authorities, education councils, and local housing associations.

The requirement for consolidation had a major impact on the government’s ability to submit the public accounts in a timely manner.

The final Public Accounts Section One now contains a consolidation of the financial statements of 22 public agencies. The financial statements of three of these 22 are a further consolidation of 29 organizations. Many of these organizations have statutory reporting requirements that require their audited financial statements to be completed between July 1 and August 31 of each year, rather than by the March 31 government fiscal year end. Accounting standards and classifications differ for some of these bodies. It is not unusual, moreover, for some organizations to complete their audits past these deadlines.

The 2006-07 Public Accounts were signed off by the standing committee’s preferred August 31 deadline, but at that time the government was still allowed to use draft financial statements from boards and agencies in the consolidation. After that year, completed audits were required for all the entities included in the consolidation. The 2007-08 Public Accounts were not signed off until December 5, 2008, and the 2008-09 document not until December 7, 2009. The final audited public accounts for these years were tabled early in the February sitting of the assembly, in accordance with the statutory deadline, but far from the earlier standing committee deadline of August 31.

Then, the 2009-10 Public Accounts were tabled more than a year after the end of the fiscal year to which they applied, on May 10, 2011. Implementation of the government’s new financial software, the SAM system, contributed to the very late submission; as well, the NWT Housing Corporation audit was not complete until May 2011. Timeliness improved somewhat the following year, with the 2010-11 Public Accounts signed off on February 13, 2012, with tabling only a few days later, on February 16, 2012.

This year’s sign-off date of November 30, 2012, for the 2011-12 Public Accounts represents commendable improvement, with a consistent effort to get audits completed earlier and reduce the number of errors that cause delays. The final public accounts for 2011-12 were tabled in February 18, 2013. The Standing Committee on Government Operations is pleased with the Comptroller General’s renewed efforts to table the public accounts in accordance with the statutory deadline, and acknowledges receipt of an embargoed copy of the public accounts before tabling.
However, Rule 85 (3) (d) (i) of the Legislative Assembly provides that, “In the event that the Assembly is not in Session, the Speaker may provide the Auditor General’s report and the Minister of Finance may provide the Public Accounts to the Committee for review, which may include public hearings, in advance of tabling.”

While the Standing Committee on Government Operations would prefer to return to the 14th Assembly’s pre-business plans deadline for the public accounts, Members recognize that an August deadline for the final document may not be practically achievable. As a step in the right direction, the committee would like to receive the final public accounts on sign-off, prior to tabling, with the option of conducting a public review as permitted under the rules. This would permit committee review and reporting to be completed within one year of the fiscal year dealt with in the public accounts.

Further, the Comptroller General indicated during the review that the government may be able to provide the interim public accounts before September 30. The committee considers that it would be useful to have this document prior to the annual review of departmental business plans.

**Recommendation One**

The Standing Committee on Government Operations recommends that the Comptroller General include a list of agencies included in the consolidated Public Accounts which did not meet the deadline for completion of their audits, as part of the standard reporting process.

**Recommendation Two**

The Standing Committee on Government Operations recommends that the Minister of Finance provide the committee with the final Public Accounts immediately upon sign-off, with the understanding that the committee may conduct a public review before the document is tabled in the Legislative Assembly.
Recommendation Three

The Standing Committee on Government Operations recommends that the Minister of Finance provide the committee with the interim Public Accounts by August 31, in time for committee review of the government’s business plans.

Recommendation Four

The Standing Committee on Government Operations recommends that the Department of Finance continue to work with the Auditor General of Canada and GNWT departments, boards, and agencies toward the completion of both the interim and final Public Accounts at the earliest possible date each year.

REVIEW OF THE GNWT PUBLIC ACCOUNTS FOR 2012-13

Contents of the Public Accounts

As Comptroller General Warren St. Germaine stated in his opening comments on March 15, the public accounts represent one of the key accountability mechanisms of the Government of the Northwest Territories. The Office of the Comptroller General, a branch of the Department of Finance, superintends the preparation of the consolidated public accounts.

The volume under review, titled Section One: Consolidated Financial Statements and Government Indicators, presents the financial position of the consolidated government reporting entity as at March 31, 2012, and the results of operations for the fiscal year ended March 31, 2012. The “government reporting entity” includes the GNWT, the Business Development and Investment Corporation (BDIC), the NWT Housing Corporation, education boards and councils, Aurora College, health and social services authorities, the NWT Opportunities Fund, the NWT Human Rights Commission, the NWT Status of Women Council, and the Northwest Territories Hydro Corporation and its subsidiary, the NWT Power Corporation. It does not include the operations of the Workers’ Safety and Compensation Commission. The document also provides a wealth of information in notes and schedules. All of this information is audited by the Auditor General of Canada, and the auditor’s report is included in the document. The Public Accounts Section One also includes an unaudited narrative of key indicators of the financial health of the GNWT.
A second volume of the public accounts, titled *Section Two: Non-Consolidated Financial Statements*, presents the financial position and operating results of GNWT departments and the Legislative Assembly. It does not include the boards and agencies consolidated in Section One, and the information is unaudited. Section Two is prepared earlier than Section One, and is tabled earlier as the interim public accounts. The interim public accounts for 2011-12 were tabled on October 18, 2012. The committee referred to but did not review this volume in full.

The Standing Committee on Government Operations is very pleased that the Department of Finance has now posted 2011 and 2012 audited financial statements for GNWT boards and agencies, education councils, and health authorities on its website on its public accounts page, titled *Section Three*. Financial statements for local housing authorities are not yet available on the website. The committee will pursue further improvements to publicly available information with the Department of Finance.

**Highlights of the Review of the 2011-12 Public Accounts Section One**

1. **Independent Auditor’s Report: A “Clean” Opinion**

   The standing committee examined, first, the Independent Auditor’s Report provided by the Auditor General of Canada.

   Members were pleased to see that the Auditor General’s opinion on the public accounts was “clean,” that is, it contained no qualifications. The Auditor General’s opinion was that the consolidated statements present fairly the financial position of the GNWT as at 31 March 2012, and the results of its operations, changes in its net debt, and its cash flows for the year, in accordance with Canadian public sector accounting standards. The Auditor General, as required by the *Northwest Territories Act*, also reported that Canadian public sector accounting standards were applied on a consistent basis year over year, and proper books of account have been kept by the GNWT.

   While the consolidated government entity received an unqualified opinion, one of its components did not. In discussion with the Auditor General’s staff, the committee learned that the NWT Housing Corporation did not submit its 2011-12 annual report to the minister before the statutory deadline under the *Financial Administration Act*, which allows submission up to 150 days after the end of the fiscal year. The corporation tabled its annual report on March 14, 2013.

   As well, a lack of internal controls over inventory costing did not allow the auditor to obtain sufficient appropriate audit evidence about the value of Housing Corporation inventories as at 1 April 2010. This 2010-11 issue carried over into the 2011-12 audit report, by affecting the comparability of information year over year.
year. When the Housing Corporation's 2012-13 Annual Report is tabled, the standing committee will review the audit report for assurance that the inventory costing issue has been corrected.

The committee is aware that the Housing Corporation has had a great deal of catching up to do in terms of reporting over the last few years. Submitting its annual report before the end of the succeeding fiscal year in fact represents progress for this agency. The committee encourages the Northwest Territories Housing Corporation to continue to improve the timeliness of its reporting.

**Recommendation Five**

**The Standing Committee on Government Operations recommends that the NWT Housing Corporation submit its 2012-13 annual report within 150 days of the fiscal year end. If this does not prove to be possible, the NWTHC should provide the House with reasons.**

2. **GNWT Consolidated Statement of Financial Position as at March 31, 2012**

The statement of financial position is the government’s “balance sheet.” Four key figures describe the financial position of the GNWT: cash resources, net debt position, non-financial assets, and the accumulated surplus.

   a.** Cash resources**

The Standing Committee on Government Operations noted that for 2011-12, the total for cash and cash equivalents or short-term investments, as reported under Financial Assets, decreased to $68 million as at March 31, 2012 from $117 million in 2011. The committee learned during the review that the decrease is due to the repayment of $94 million of the NWT Opportunities Fund loans to the Government of Canada, offset by a $37 million increase in the bank overdraft. As well, $23 million of the Housing Corporation’s temporary debt was reclassified as cash and cash equivalents, because of a decline in days to maturity.

According to Note 3, the GNWT increased its short-term investment portfolio over the year from about $5.8 million to over $23 million, but has decreased its cash holdings to $44 million from nearly $112 million. The committee considers holding less cash and investing a greater proportion of the total in safe short-term instruments to be consistent with prudent financial management on the part of the GNWT.

Also under Financial Assets, loans receivable decreased by $32 million, from $95 million in 2011 to $63 million in 2012. This decrease was attributed mainly to the
repayment of a loan from the NWT Opportunities Fund. According to Note 8, a $34 million loan to Discovery Air at 10% interest payable monthly was due February 1, 2013. It was fully repaid, instead, in 2011-12. The standing committee had many questions for both the Auditor General’s staff and the Comptroller General about this loan repayment, as the early settlement represents a significant amount of lost interest to the GNWT.

The NWT Opportunities Fund was established by the GNWT to receive and invest the Northwest Territories’ share of immigrant investor funds received under the federal Immigrant Investor Program. Cash balances were pooled with the government’s surplus cash and invested in short-term securities, yielding 1.10% interest for the year ended March 31, 2012.

In December 2011, the fund was directed to transfer the maximum amount possible back to the federal government no later than March 31, 2012, three years earlier than originally anticipated. In January 2012, the fund was also directed to negotiate a settlement of the fund’s loan to Discovery Air by the same date. This loan was the only one outstanding to the fund.

Under the settlement, Discovery Air repaid approximately $32 million, and the fund recorded a loss on the settlement of over $2 million. The fund repaid the long-term debt owing to the federal government of approximately $131 million and also wrote off loan origination fees of over $3 million. The fees were paid, even though the government no longer had the benefit of the loan fund. This left a little over $8 million in the NWT Opportunities Fund, which was to be expended to support economic development initiatives in the NWT. As the Auditor General’s staff put it, the NWT Opportunities Fund is now basically a bank account, and it will not be audited separately for 2012-13.

The Minister of Finance has told the committee and the Legislative Assembly that the NWT Opportunities Fund is being wound down. The government’s rationale is that a new definition of long-term borrowing was negotiated between the federal and territorial governments as a condition of increasing the GNWT’s borrowing limit, and the Opportunities Fund counted towards the limit under the new definition.

The standing committee recognizes the importance of additional borrowing room to meet the Northwest Territories’ critical infrastructure needs. However, the committee considers that the price of this higher “credit limit” was surprisingly high, at over $5 million in foregone interest and fees. Members do not think the government got a particularly good deal on the new borrowing cap. At this point, the transactions have been made, and the committee can only express a final note of regret that the borrowing limit increase came at such a heavy one-time cost.

b. Net debt
The net debt position of the government is calculated as the difference between its liabilities and its financial assets in the Statement of Change in Net Debt. Net debt was $458 million as at March 31 2012. This amount is $36 million less than budgeted for the year, but represents an increase of $76 million over the 2011 actual of $382 million. The GNWT was in the black in 2011-12, with a small surplus of $6 million. The increase in the debt is accounted for mainly by the acquisition of tangible capital assets.

c. Non-financial assets

Schedule A of the public accounts lists the non-financial assets of the government. These are mainly tangible capital assets, valued at approximately $1.6 billion in 2011-12. Nearly half of the value of the GNWT’s tangible capital assets is in buildings; works and work-in-progress account for most of the rest.

d. Accumulated surplus

The accumulated surplus is the net debt plus the value of non-financial assets, an indicator which represents the net assets of the government. The GNWT’s accumulated surplus for 2011-12 was $1.15 billion. This amount was $6 million more than the previous year, as a result of the operating surplus of about $3 million and net income from the NWT Hydro Corporation, also $3 million.

3. GNWT Consolidated Statement of Operations and Accumulated Surplus for the year ended March 31, 2012

The Public Accounts Statement of Operations and Accumulated Surplus is the GNWT’s “income statement.” It reports the surplus or deficit from operations for the year, showing the revenues for the year, the cost of services provided, and the difference between them.

Taxation and general revenues were about $60 million higher than forecast, though still $11 million lower than the previous year. Corporate and personal income taxes were down by approximately $25 million from 2010-11. Expenses, on the other hand, were almost $60 million more than forecast and $50 million more than the previous year. Revenues exceeded budget by 5% and expenses by 4%. The bulk of the additional expenses are accounted for by the compensation and benefits object, according to Note 22. The infrastructure departmental envelope was over budget by approximately $35 million, while the education envelope saw the greatest year over year increase in dollar amount, approximately $19 million.

The annual surplus for 2011-12 was $6.4 million, compared to a forecast deficit of $4.8 million and the prior year’s deficit of $2.4 million. The annual surplus plus the accumulated surplus from the previous year also produces the amount for the
accumulated surplus at the end of the year, $1.15 billion. During the review, Members noted a forecasting error on the part of the Department of Finance: revenues from sales of items such as petroleum products and liquor should have been higher. Actual sales were three times forecast. This erroneous forecast did not affect the bottom line.

4. **Key Notes to the Financial Statements for 2011-12**

   a. Note 6: Accounts Receivable

   The standing committee noted with concern the substantial increase in the accounts receivable from the Government of Nunavut, which is close to $10 million. Most of this sum relates to health and, according to the Comptroller General, $2 million is non-collectable. **Maintaining such a large interest-free receivable has cost implications for the GNWT, in that the government may have to borrow and pay interest on additional funds for its own needs, in addition to the loss of potential interest revenue.** The committee was glad to hear that the government is reviewing its interest rate policy for other jurisdictions, and may be able to charge Nunavut interest on individual items.

   b. Note 8: Loans Receivable

   This note has already been mentioned in connection with the repayment of the Discovery Air loan. The Standing Committee on Government Operations found another matter of concern in this note, namely outstanding Northwest Territories Housing Corporation mortgages. The amount listed as due to the GNWT is only $15 million. The Housing Corporation’s total mortgage balance as of March 31, 2012, however, was $41 million.

   The committee was told that the difference is accounted for by the deduction of interest and subsidy on impaired mortgages, resulting in an overall figure for loans of about $36 million. Non-repayment subsidies totalling $20 million are then subtracted, to reach the $15 million figure. However, an allowance for doubtful accounts of $13 million results in a net mortgage receivable of only $2.5 million.

   Members would like to think that the Housing Corporation can do better than this in collecting on its mortgage receivables. The present committee has already recommended, in its report on the Auditor General’s status report (Committee Report 4-17(3)), presented in the House June 14, 2012, that the NWT Housing Corporation continue its efforts to collect mortgage receivables and report annually to this House on the number of clients who have chosen a repayment option, the total dollar amount of repayments, and the total amount still outstanding as of April 1 each year, starting with the data as of April 2012. The committee looks forward to seeing an improvement in the Housing Corporation’s mortgage collections within the life of this assembly.
The allowance for doubtful accounts is an estimate of the amount of accounts receivable which are expected to not be paid. Overall, the 2011-12 GNWT allowance for doubtful accounts is $39 million, or just under 40% of the total loans receivable. In the previous year, the allowance for doubtful accounts was approximately 30% of the loans receivable. Part of the reason for the percentage change is the early repayment of the Discovery Air Loan, a one-time occurrence. Nevertheless, the committee would like to see better overall performance in GNWT collections, fewer accounts designated as uncollectible, and a lower allowance for doubtful accounts as a percentage of the loans receivable.

Recommendation Six

The Standing Committee on Government Operations recommends that the Government of the Northwest Territories monitor its loans receivable and develop targets and measures to improve collections, with a view to reducing the allowance for doubtful accounts to less than 30%.

c. Note 15: Long-Term Debt

This note provides details of the GNWT’s long-term borrowing. The long-term debt includes loans from the Canada Mortgage and Housing Corporation, Citizenship and Immigration Canada (for the NWT Opportunities Fund), Yellowknife Catholic School debentures, and real return senior bonds redeemable at the option of the issuer. These borrowings totalled $198 million for 2011-12, a sizeable decrease from $325 million in 2010-11. The repayment of the NWT Opportunities Fund to the federal government is the major reason for the change. This note also gives the schedule of principal repayments on these loans by year to 2018.

Finally, the note shows how the government’s authorized borrowing limit is being used. The GNWT’s federally-authorized long-term borrowing limit was increased to $800 million by Order in Council on March 8, 2012. When the Public Accounts were being prepared, new federal regulations to define “borrowing” for the purposes of the Northwest Territories Act had not been finalized. However, the anticipated changes were known, and the 2012 table in the Public Accounts reflects the new definition.

The standing committee had previously sought clarification of what amounts are now included in the new long-term borrowing definition compared to the old one. The new definition involves some changes to the recording of the NWT Hydro Corporation debt, which reduces the amount on the books by about $23 million. However, capital lease obligations are now included, for $27 million, as are
Northwest Territories Housing Corporation mortgage guarantees of approximately $31 million.

In 2011-12, under the new definition, the GNWT used about $572 million of its new $800 million borrowing room, leaving available borrowing capacity at $228 million. Had the old borrowing limit and definition remained, the GNWT's borrowing capacity as at March 31, 2012 would have been $39 million.

The Standing Committee on Government Operations considers that the GNWT has paid a high price for the borrowing limit increase, between the need to wind down the NWT Opportunities Fund and concessions made in the definition of long-term debt.

d. Note 21: Environmental Liabilities

The government recognizes that there are costs associated with the remediation of environmentally contaminated sites for which the GNWT is responsible. The standing committee was pleased to learn that the Auditor General of Canada considers the GNWT's disclosure of these liabilities to have improved this year.

As of March 31, 2012, 139 sites for which the GNWT is responsible had been identified as potentially requiring environmental remediation. 26 are active or decommissioned landfill sites that are outside incorporated communities, and therefore are the responsibility of the GNWT. A liability of $1.1 million has been recorded for the 26 landfill sites, in accordance with public sector accounting standards.

Another of the 139 sites, Giant Mine, has been formally designated as contaminated under the NWT Environmental Protection Act. The balance of the GNWT's share of the Giant Mine remediation liability as at March 31, 2012 was approximately $20 million.

The remaining 112 identified sites include 15 airports or airport-related sites, 19 sewage lagoons, 12 fuel tanks and 6 highways. Environmental assessments have not been completed for more than half of these potentially contaminated sites. Most have been investigated, but are awaiting full assessment. GNWT remediation costs for the sites that are known to be contaminated are estimated at about $23 million.

Ongoing efforts to assess the remaining sites may result in additional environmental liabilities, which will be recorded in the year they become known. The committee would like the government to provide a schedule for the environmental assessment of all known potentially contaminated sites for which the GNWT is responsible.
Recommendation Seven

The Standing Committee on Government Operations recommends that the Government of the Northwest Territories provide this House with a timetable or schedule for the environmental assessment of all known potentially contaminated sites for which the GNWT is responsible.

e. Note 25: Over-expenditure

This note refers to over-expenditures after supplementary appropriations have been voted. During 2011-12, two departments, Transportation and Education, exceeded their appropriations for a total of $592 thousand. These over-expenditures contravene the Financial Administration Act subsection 32, which states that "No person shall incur an expenditure that causes the amount of the item set out in the Estimates on which the appropriation is based to be exceeded." However, the standing committee was pleased to see that the amount of such over-expenditures is considerably less than the previous year, when the over-expenditure was nearly $6 million. The government encourages the government to continue striving to reduce the incidence of over-expenditures.

5. Government Indicators

This unaudited section of the Public Accounts provides background information on factors such as the Northwest Territories Gross Domestic Product, debt management, and trends in net financial resources and annual surplus. It concludes with an assessment of the GNWT’s fiscal health in terms of accepted accounting criteria of sustainability, flexibility, and vulnerability.

The GNWT rates itself as “stable” in terms of sustainability. Net debt, as described previously, increased by $76 million in 2011-12, to a total of $458 million. The GNWT describes this as a deterioration of its financial position, but suggests that the debt is manageable in the context of GNWT annual revenues of approximately $1.5 billion. The net debt represents 30.5% or approximately 16 weeks of revenue. The GNWT assumed the debt associated with the Deh Cho Bridge on April 1, 2010, significantly increasing its debt load for 2011 and subsequent fiscal years.

However, the government considers that it has limited flexibility to raise new revenues. While tax revenues are up in terms of dollar amounts, the GNWT’s own-source revenue decreased as a proportion of total revenue in 2011-12 from about 29% to about 27%, mainly due to fluctuating amounts of income tax collected. The GNWT states that it has little room to increase taxes and still remain competitive with other provinces and territories.
Finally, the GNWT notes that it continues to be vulnerable to federal control over changes to its future revenues. The GNWT has limited own-source revenues and the corporate and personal tax remittances it does collect can vary considerably from year to year. The formula used for the annual grant from Canada will remain in effect until March 31, 2014. The Government of Canada has committed to renewing the current financing for an additional five years, to March 31, 2019.

CONCLUSION

The Standing Committee on Government Operations has a mandate to review the Public Accounts of the Government of the Northwest Territories. Members were pleased with the assistance provided by the Office of the Auditor General and the frank responses of the NWT Comptroller General in this initial review. The standing committee intends to continue the practice of a public review of the public accounts, so that GNWT spending issues are publicly examined and all relevant information is placed before the public.

Recommendation Eight

The Standing Committee on Government Operations recommends that the Government of the Northwest Territories provide a response to this report within 120 days.