



## Canadian tax alert

### 2018-2019 Nunavut budget highlights

June 4, 2018

Minister of Finance David Akeeagok presented Nunavut's 2018-2019 budget on May 28, 2018. This is the first budget of the Fifth Assembly elected in October 2017. Mr. Akeeagok stated that Nunavut's economy is growing due largely to a strong mining sector. Mineral and petroleum exploration has declined over the past several years, but mine construction and mining operations are active and have the potential to expand throughout the territory.

Nunavut should see its real GDP grow 4.4% in 2018 and 9.1% in 2019. Mr. Akeeagok stated, however, that there is not much flexibility within the government's fiscal situation. Efforts to address just some of the historical underfunding have put the government into a deficit budget. The housing stock remains inadequate and Nunavut's crucial infrastructure is aging beyond repair. The current budget addresses only small parts of the large social deficit that has been accumulating since long before Nunavut's creation. The government plans to identify and cancel programs that are no longer effective or relevant to ensure operations in a fiscally responsible manner.

Here are some of the budget highlights:

- No new taxes or tax changes are introduced.
- The government continues to rely on federal funding for most of its revenues (roughly 77%).
- The 2017-2018 year has ended with an estimated deficit of \$39 million.
- For 2018-19, the Nunavut government is projecting a fiscal deficit of approximately \$28 million, which includes \$30 million for contingencies.
- Revenues are expected to increase by 5.5% and operations expenses are expected to increase by 3.3%, compared to the revised estimates for 2017-2018.
- Nominal GDP is expected to increase by 6.7% and real GDP is expected to increase by 4.4%.
- Nunavut's unemployment rate remains high at 14.6% per 2017 statistics, down 0.3% from 2016.
- In a separate announcement, the government has cancelled its Fuel Tax Rebate Program, as of May 14, 2018. Any eligible petroleum products purchased or brought into Nunavut, and used before May 14, 2018, must be claimed within one year of purchase.
- The budget does not take into account revenues or spending associated with the legalization of cannabis or the carbon tax. The minister stated that he intends to report on the carbon tax and legalization of cannabis in a fiscal update when he has a better sense of the impacts of these federal initiatives.

For further details, we refer you to the [Ministry of Finance website](#).

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