



Canadian tax alert

2019-2020 Nunavut budget highlights

February 25, 2019

Minister of Finance George Hickes presented Nunavut's 2019-2020 budget on February 20, 2019. Mr. Hickes stated that Nunavut's overall economy is expected to grow annually by an average 4.6% for several years. He explained that the strong growth forecast results from three areas: more economic activity due to an increase in population; more public infrastructure investment, putting people to work; and investment in the resource sector, including mines that produce iron and gold. In particular, the mining sector is performing very strongly, and mining activity grew 20% last year. The same is expected for the upcoming year.

Nunavut continues to depend on the public sector, and the demand for public services will continue to rise. In Mr. Hickes' view, best growth opportunities rely on investments in education and training, creating more economic opportunities and diversifying Nunavut's economy.

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.
- The 2018-2019 year is expected to end with an estimated deficit of \$35 million, almost on target with the original estimates.
- For 2019-20, the Nunavut government is projecting a fiscal deficit of approximately \$12 million, which includes \$30 million for contingencies.
- Revenues are expected to decrease by 1.7% and operating expenses are expected to decrease by 4.0% from 2018-2019.
- Nominal GDP is expected to increase by 10.2% and real GDP is expected to increase by 8.2%.
- Nunavut's unemployment rate remains high at 14.1% per 2018 statistics, down 0.5% from 2017.
- The price of energy is expected to rise when the federal government's new carbon pricing rules take effect this year. According to Environment Canada, the new federal carbon pricing rules should collect approximately \$15 million in Nunavut. The government expects to recover all of that revenue, and is developing options on how best to return that revenue to the people of Nunavut. Details of this revenue return will be provided before the federal carbon pricing program takes effect in July.

For further information on the Nunavut budget, we refer you to the [Ministry of Finance website](#).

Your dedicated team:

National

Fatima Laher

Tax Clients and Industry Leader

Tel: 416-601-6570

Albert Baker

National Tax Policy Leader

Tel: 416-643-8753

Deloitte LLP
Bay Adelaide Centre, East Tower
8 Adelaide Street West, Suite 200
Toronto ON M5H 0A9
Canada

This publication is produced by Deloitte LLP as an information service to clients and friends of the firm, and is not intended to substitute for competent professional advice. No action should be initiated without consulting your professional advisors. Your use of this document is at your own risk.

Deloitte provides audit & assurance, consulting, financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights and service to address clients' most complex business challenges. To learn more about how Deloitte's

approximately 264,000 professionals—9,400 of whom are based in Canada—make an impact that matters, please connect with us on LinkedIn, Twitter or Facebook.

Deloitte LLP, an Ontario limited liability partnership, is the Canadian member firm of Deloitte Touche Tohmatsu Limited. Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private companies limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Please note that Deloitte is prepared to provide accessible formats and communication supports upon request.

© Deloitte LLP and affiliated entities.