



January 30, 2025

ROBERT HAWKINS
MLA, YELLOWKNIFE CENTRE

Oral Question 333-20(1) Fiscal Policy

This letter is in follow-up to the Oral Question you raised on October 21, 2024 regarding the *Fiscal Responsibility Policy* and related communication processes. During our exchange, I committed to reviewing how we communicate with Members about financial processes and ensuring that these protocols effectively meet the needs of this Assembly.

The *Fiscal Responsibility Policy* is a set of internal guidelines that set the standard for what the GNWT views as sustainable levels of debt and reduces the need for debt accumulation through dedicated infrastructure financing through the operating surplus. The Department of Finance is responsible for cash and debt management and advises the Minister if there is a risk of the Government not complying with any of the *Policy* conditions.

Communication about the *Fiscal Responsibility Policy* was enhanced following its 2022 review and now, in addition to backwards-looking reporting in the Public Accounts, the Department of Finance annually publishes:

- projection of *Policy* compliance added to the Medium-Term Outlook table published in the Fiscal Review paper included in the annual budget documents;
- including the required cash operating surplus outlook to meet the capital financing requirement of the *Fiscal Responsibility Policy* in the annual Capital Estimates, and
- in-year update of *Fiscal Responsibility Policy* compliance in the Fall Economic and Fiscal Update.

Since 2022, the *Fiscal Responsibility Policy* includes a requirement to keep total Government debt at least \$120 million below the federally imposed borrowing limit as a buffer to reduce the risk of reaching the debt limit due to any unexpected event. When it became clear that unexpected spending primarily for NTPC requirements meant that internal cash management could not retain the \$120 million cushion from the federal borrowing limit, the Legislative Assembly was advised that the intended solution would be to request a limit increase from the federal government.

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I am always happy to discuss improvements to our processes if needed, and welcome input to ensure information is clearly and effectively communicated.

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a horizontal line that ends in a loop.

Caroline Wawzonek
Minister of Finance

- c. Clerk of the Legislative Assembly
Director, Legislative Affairs and House Planning