



1. Statement of Policy

The Government of the Northwest Territories may provide funding for water and sewage services to subsidize costs of those services for users in towns, villages, hamlets, charter communities and designated communities.

2. Principles

The Government of the Northwest Territories will adhere to the following principles when implementing this Policy:

- (1) Residents of the Northwest Territories are entitled to basic water and sewage services to safeguard their health.
- (2) Community governments should exercise full authority and responsibility for the delivery of water and sewage services in their communities.
- (3) Community governments should be accountable to consumers for the quality and cost of water and sewage services.
- (4) Water and sewage services should be provided by community governments in the most equitable, efficient and economical manner possible.
- (5) Basic water and sewage services should be affordable, and unique local conditions should be recognized in the cost of services.
- (6) Water should be used conservatively.

3. Scope

This Policy applies to towns, villages, hamlets, charter communities and designated communities.



4. Definitions

The following terms apply to this Policy:

Benchmark of Efficiency - the rate per litre of providing either piped or trucked services efficiently, set by the Minister, and on which subsidy payments to a community government are calculated.

Commercial Users - commercial profit making organizations principally engaged in the sale of goods or services including retailers, offices, hotels and motels.

Community Uniqueness Factor - a measure, set by the Minister, of potential efficiency variables that impact on the efficient delivery of water and sewage services in a community, and on which basis additional subsidy payments to a community government are calculated.

Deputy Head - the deputy minister of a department, the chief executive officer of a public committee, board or council or such person as may be appointed as deputy head.

Designated Community - a settlement corporation, or a settlement or other unincorporated community designated as a community governing authority by the Minister for purposes of this Policy.

Designated Service Area - the area within the respective boundary of a town, village, hamlet, charter community or designated community, or as otherwise defined by the Minister for purposes of application of this Policy.

Economic Rate - the direct and indirect cost per litre incurred in a town, village, hamlet, charter community, or designated community in providing trucked or piped water and sewage services to users within its designated service area.

Government Users - the Government of Canada, Government of the Northwest Territories, crown corporations, community governments and any of their agents.



Industrial Users - organizations whose primary business is resource exploration or development, manufacturing, processing, fabrication and marine and air transportation.

Municipal Corporation - a corporation established under or continued by the *Charter Communities Act*, the *Cities, Towns and Villages Act*, the *Hamlets Act* or the *Settlements Act*.

Residential and Non-Profit Users - private homeowners, private renters and residential and non-profit establishments such as churches, clubs, associations and hostels.

Subsidized Rates - the maximum rates per litre for water and sewage services to be charged to categories of (residential, non-profit, commercial, government, and industrial), as determined by by-law by the town, village, hamlet, charter community, or by resolution by a designated community.

Subsidized Volume - the volume of water for each town, village, hamlet, charter community or designated community, on which subsidy payments to that community government are calculated. The amount is 90 litres per person per day for trucked services, and 225 litres per person per day for piped services.

5. Authority and Accountability

(1) General

This Policy is issued under the authority of the Executive Council. The authority to make exceptions and approve revisions to this Policy rests with the Executive Council. Authority and accountability is further defined as follows:

(a) Minister

The Minister of Municipal and Community Affairs (the Minister) is accountable to the Executive Council for the implementation of this Policy.



(b) Deputy Minister

The Deputy Minister of Municipal and Community Affairs (the Deputy Minister) is accountable to the Minister and responsible to the Minister for the administration of this Policy.

(2) Specific

(a) Minister

The Minister:

- (i) may recognize a designated community for the purpose of this Policy;
- (ii) sets the benchmark of efficiency and any applicable community uniqueness factor used in the subsidy distribution formula; and
- (iii) may establish designated service areas.

(b) Deputy Minister

The Deputy Minister reviews and makes recommendations to the Minister on the:

- (i) desired total annual contribution for the subsidy program; and
- (ii) distribution formula for subsidy payments.

(c) Deputy Heads

Deputy heads are responsible for the allocation of sufficient funds to cover the charges for water and sewage services to Government of the Northwest Territories properties receiving water and sewage services from towns, villages, hamlets, charter communities and designated communities.



6. Provisions

(1) Eligibility

- (a) The subsidy applies to towns, villages, hamlets, charter communities, and designated communities providing piped or trucked water and sewage services to residents.
- (b) To be eligible for this subsidy, the municipal council must have enacted a water and sewage rates by-law setting out the economic rate that applies to all categories of users and the subsidized rates to be charged to all users of each category (residential, non-profit, commercial, government, and industrial).
- (c) To be eligible for this subsidy, the council of a designated community must have adopted a resolution setting out the economic rate that applies to all categories of users and the subsidized rates to be charged to all users of each category (residential, non-profit, commercial, government, and industrial).
- (d) To be eligible for this subsidy the municipal council must have enacted by by-law, or by resolution in the case of a designated community, a water and sewage account for all revenues and expenditures, separate from all other accounts of the community government.

(2) Review

- (a) Each town, village, hamlet, or charter community shall forward a copy of its water and sewage rates by-law to the Minister of Municipal and Community Affairs; each designated community shall forward its water and sewage rates resolution.
- (b) The Department shall review the annual audit of the water and sewage service accounts of each eligible town, village, hamlet, charter community and designated community.



(3) Amount of Subsidy

The Government of the Northwest Territories shall provide water and sewage services subsidy payments to the towns, villages, hamlets, charter communities and designated communities that provide water and sewage services to residents in their designated service area. The subsidy payment shall equal an amount per community determined by the Minister, using this formula:

$$\text{Subsidy} = \text{benchmark of efficiency} \times \text{subsidized volume} \\ + \text{community uniqueness factor}$$

where:

- benchmark of efficiency is as set by the Minister;
- subsidized volume = community population x 90 litres/day for trucked services, or x 225 litres/day for piped services; and
- community uniqueness factor is as set by the Minister.

(4) Method of Payment

The subsidy payment will be payable monthly to towns, villages, hamlets, charter communities and designated communities.

(5) Administration

Each town, village, hamlet, charter community and designated community must maintain a cost accounting system to record revenue and costs incurred in the provision of water and sewage services and to calculate the economic rate. A separate account must be established recording all revenues and costs for water and sewage services.



(6) Surplus and Deficit

- (a) No town, village, hamlet, charter community or designated community is to charge a rate greater than the economic rate for water and sewage services to generate a profit.
- (b) Subject to Section 6(6)(a), a town, village, hamlet, charter community or designated community may retain any annual operating surplus in its water and sewage services account.
- (c) Each town, village, hamlet, charter community or designated community eligible under this Policy shall be responsible for any deficit in the water and sewage services account.
- (d) Each town, village, hamlet, charter community or designated community eligible under this Policy must periodically review its water and sewage services rates by-law or resolution.

(7) Northern Preference

Each town, village, hamlet, charter community and designated community shall implement a local and northern preference policy similar in spirit and intent to the Government of the Northwest Territories' Business Incentive Policy, as it relates to the provision of water and sewage services. The Government of the Northwest Territories' Business Incentive Policy shall be applied where no local and northern preference policy has been established.

7. Financial Resources

Financial resources required under this Policy are conditional on approval of funds in the Main Estimates by the Legislative Assembly and there being a sufficient unencumbered balance in the appropriate activity for the fiscal year for which the funds would be required.



8. Prerogative of the Executive Council

Nothing in this Policy shall in any way be construed to limit the prerogative of the Executive Council to make decisions or take action respecting water and sewage services subsidy outside the provisions of this Policy.

Premier and Chairman of the
Executive Council