

1. Statement of Policy

The Department of Municipal and Community Affairs (MACA) may support Northwest Territories community governments with funding for municipal services.

2. Principles

The Department of Municipal and Community Affairs will adhere to the following principles when implementing this Policy:

- (1) The formula is designed to proportionately allocate available funding to community governments in an equitable manner;
- (2) The allocation formula is based on three factors as defined below:
 - (a) Population – The community population, as determined by NWT Bureau of Statistics estimates, for the year prior to the first year of the three-year funding projection.
 - (b) Community Infrastructure Indicator (CII) – The assessed value of all properties within a community boundary from the Assessment Roll. Where assessment is not done, the CII will be determined using a statistically valid estimate.
 - (c) Northern Cost Index (NCI) - A factor that is specifically designed to determine community governments' relative costs. The NCI adjusts funding allocation to reflect the differing costs of community government goods and services in NWT communities.
- (3) The formula is designed to reflect differences in governing responsibilities and authorities.

3. Scope

This Policy applies to funding calculations for all eligible community governments as referenced in the Government of the Northwest Territories *Community Government Funding Policy*.

4. Definitions

The following items apply to this policy:

Eligible Community Governments – Are community governments established under NWT legislation or the Band Councils that provide municipal services.

Formula-Based Funding – A grant, as defined by the Financial Administration Manual Directive 401, which provides funding to community governments to assist with the costs of providing municipal services.

5. Authority and Accountability

(1) General

This Policy is issued in accordance with Financial Management Board (FMB) direction to delegate to Ministers authority to establish grants and contribution programs. Authority and accountability is further defined in Financial Administration Manual directives, 401, 401-1, 401-2, and 401-4 and as follows:

(a) Minister

The Minister of Municipal and Community Affairs (the Minister) is accountable to the Financial Management Board 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 may:

- (i) approve grants or contributions according to the terms and conditions outlined in this Policy; and
- (ii) delegate the authority to approve grants and contributions to the Deputy Minister.

(b) Deputy Minister

The Deputy Minister has the following authority and accountability:

- (i) approve the calculations performed under this policy; and
- (ii) approve any further adjustments in accordance with this policy as stated in 6(2), 6(3) and 6(4).



POLICY

03-01 Department of Municipal and Community Affairs Formula-Based Funding

6. Provisions

- (1) Calculation of the formula-based amounts:
- (a) To determine the community points for each community and the sum of all communities' points:

(i) For Settlements and designated Bands

$$\text{Community Points} = [354 \times \text{Population} - 0.00165 \times \text{Infrastructure Indicator} + 240805] \times \text{NCI}$$

(ii) For Hamlets

$$\text{Community Points} = [354 \times \text{Population} - 0.00165 \times \text{Infrastructure Indicator} + 511928] \times \text{NCI}$$

(iii) For Cities, Towns and Villages

$$\text{Community Points} = [354 \times \text{Population} - 0.00165 \times \text{Infrastructure Indicator} + 317989] \times \text{NCI}$$

- (b) To determine the community's appropriate share (expressed as a percentage):

$$\text{Community's Proportionate Share (\%)} = \frac{\text{Community Points}}{\text{Sum of All Communities Points}}$$

- (c) To determine the formula-based funding amount:

$$\text{Community's Formula-Based Amount} = \text{Proportionate Share} \times \text{MACA's Formula-based Funding Budget}$$

(2) Determination of Forced Growth recommendations under this Policy

Forced growth costs are the “hard-to-control” increases in the community government’s costs of providing its programs and services. These costs are usually due to factors such as population increases, utility cost increases, and additional operational or maintenance costs because of new community government infrastructure. Forced Growth will be expressed as a change to the Department’s total formula-based funding budget. The percentage will be determined by analyzing the change in a set of indicators relevant to community governments’ costs. The Department will prepare Forced Growth recommendations for funding related to this Policy every two years.

(3) Adjustments to factors

The factors in the formula will be reviewed at least every two years, to reflect changes in the data. The best data that is available in July of each year will be used to determine the formula-based funding for the next year.

(4) Adjustments to the Formula

The Department will review the suitability of the formula and its factors at least every two years and may recommend adjustments to the formula and its factors to the Minister.

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 sufficient unencumbered balance in the appropriate activity for the fiscal year for which the funds would be required.



POLICY

03-01
Department of Municipal and Community Affairs
Formula-Based Funding

8. Prerogative of the Minister

Nothing in this Policy shall in any way be construed to limit the prerogative of the Minister to make decisions or take actions respecting grants or contributions. In this regard, the Minister may make a special exception to the rules set out in this policy. Any exception will require substantiation in writing and must be recorded with the Department of Municipal and Community Affairs.

Vince R. Steen
Minister

Original signed September 2003

Date