



What's the Big Deal?

The New Deal for NWT Community Governments!

What is the New Deal?

Who will benefit from the New Deal?

MACA already funds our capital projects. How is this any different?

You may have heard about a *New Deal* for community governments...

The Honourable Michael McLeod, Minister of Municipal and Community Affairs, introduced it at the Northwest Territories Association of Communities annual meeting in June 2004. And on February 10, 2005, the GNWT announced a significant increase in funding to directly respond to communities' requests for greater local control, more decision-making and increased funding for community infrastructure.

It is a way to achieve the vision of strong, independent and autonomous communities. It gives local government more decision-making authority over capital projects. It gives communities the benefit of taxes raised locally to support local priorities.

The bottom line? It gives communities a secure and predictable source of revenue, with which they can make capital project decisions based on community priorities.

Most of the changes proposed are for hamlets and charter communities – to give them access to the funding sources and decision-making that municipal taxation authorities already enjoy.

The current corporate capital planning process is not working for communities.

Right now, community capital projects compete for funding against all other capital projects in the territories. Communities get little advance notice about what capital projects will be built, and the projects that do get constructed don't always reflect community priorities.

Under the *New Deal*, communities will receive stable and predictable capital funding directly from MACA. Over the next two years, MACA will still fund capital on a per project basis, but after that communities will receive funding directly to borrow and/or invest for long-term projects or to build capital projects that are an immediate priority. Communities will own all the assets that they use to deliver municipal programs and services, including assets that are owned today by the GNWT.





Who decides what capital projects get funded?

But the money raised through property taxes isn't very much. How will this help us with our capital short-falls?

But we don't want the burden of collecting and administering taxes...

MACA's budget for capital will increase substantially from today's level to support the *New Deal*. Beginning in 2006/2007, there will be a stable funding base of \$25 million each year to support community infrastructure.

Communities will immediately receive funding from a property taxation grant program that they can use either for capital or for O&M. Although the amount of this funding is not large, it is an important interim step towards providing communities with direct control over the use of funds raised locally.

Based on local needs and priorities, local governments will decide what capital projects are constructed. Working in consultation with communities, MACA will find a way to ensure that capital projects with a direct impact on public health and safety, for example water treatment plants, are constructed and maintained.

The amount of revenue raised through property taxes isn't very much on a community-by-community basis. But it is revenue that is raised locally, so local residents should receive the benefits. There are ways that a community can increase its revenue from this source – and the GNWT will consider these requests – but the decision to increase local property tax revenue has to be made at the local level in consultation with local residents.

We know that collecting and administering community taxes is a difficult and time-consuming process, and these functions won't be immediately passed to communities. As an interim step to making hamlets and charter communities municipal taxation authorities, the GNWT will continue its current assessment and collection functions on behalf of communities, and will keep a minimum portion of the property tax revenue raised in return for providing tax collection and administration services.





Will the amount of O&M money provided to communities go down?

No. The total funding provided to communities to support operation and maintenance of local programs and services will not be reduced.

When will the *New Deal* start?

Some aspects of the *New Deal* are already happening. For example, local governments are starting to acquire expanded authorities and accountabilities set out in the new municipal legislation that came into effect in April 2004, and that will come into effect later this year with the *Tlicho Community Government Act*.

Communities will receive funding from the property taxation revenue program starting April 1, 2005. The transfer of responsibility for community infrastructure to community governments will take place over the next two years, with capital formula funding provided to community governments effective April 1, 2007.

Increased capital funding will be in place for the 2006/2007 fiscal year.

How will the increased capital funding be allocated to communities?

In response to recommendations from communities, MACA will provide capital funding to communities using a formula funding approach. MACA needs to do in-depth consultations with community governments to hear their views on how to allocate available funds.

How will the *New Deal* allow us to do long-term planning?

With direct access to guaranteed sources of revenue, local governments will know in advance what their yearly revenue will be. Stable, predictable revenue sources will give communities the information they need to do long-term planning, and to borrow and invest accordingly.

MACA will continue to assist community governments with all aspects of capital development, including the development and implementation of long-term capital plans.

How does the NWT *New Deal* fit in with the federal government's *New Deal* funding?

MACA's increased capital funding and its property taxation revenue grant funding is **in addition** to the recent funding announcements made by the federal government for the Municipal Rural Infrastructure Fund (MRIF) and the gas tax allocation.



This is a lot of change, especially when some of us have a hard time retaining staff and carrying out our current functions.

My community is unique. Have my community's specific needs been considered?

What about band communities and settlements?

It sounds great... but I need more information.

It is a big change, and preparing for change takes time. That's why the *New Deal* will be implemented gradually, over the next few years. During that time, MACA will work with communities to develop realistic transition plans, to help address capacity issues and to identify any training needs communities may have.

Once the *New Deal* is fully implemented, MACA will continue to support communities with advice and assistance.

The very fact that every community is unique is what is driving the *New Deal*. Each community needs to be able to do what works best, as decided at the community level. This approach will also be reflected in how the *New Deal* is implemented.

MACA will meet, consult with and listen to communities to provide information on the *New Deal*, and to talk about how to best address questions, concerns and ideas that communities have. We don't have all the answers, but we're pretty sure communities will help us find them.

Although initially the *New Deal* is primarily for hamlets and charter communities, in the long-term MACA will examine ways to empower band communities and settlements. In the interim, band communities and settlements could consider opting for hamlet or charter community status.

You can get more information about the *New Deal* by contacting your MACA Regional Office, Deputy Minister Debbie DeLancey, Assistant Deputy Minister Jack Poitras and/or Eleanor Young, Director of Community Operations.

Here's the contact information for MACA's regional offices:
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