

**LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
5TH COUNCIL, 34TH SESSION**

**RECOMMENDATION TO
COUNCIL NO. 3-34**

TABLED ON MARCH 9, 1967

Recommendation to Council 3-34
Tabled on March 9, 1967



January 31, 1967

Confidential - Not
for release before
tabling during the
34th Session of
Council.

NORTHWEST TERRITORIES

RECOMMENDATION TO COUNCIL NO. 3
(First Session, 1967)

FORT SIMPSON WATER AND SEWER RATES

DISPOSITION

Tabled	To Committee	Accepted as Read	Accepted as Amended	Deferred (to Session)	Rejected	Noted not Considered

FORT SIMPSON WATER AND SEWER RATES
Re: Item For Action 106

At the 33rd Session of Council, the member for Mackenzie River asked that the excessive rates for water and sewer services at Fort Simpson be brought into line with the rates charged at Fort Smith.

Reference for Advice No. 1, First Session, 1966, outlined the reason for the existing rates at Fort Simpson. This Reference also indicated that if the rates were lowered then the operating government would have to absorb a higher operating subsidy.

What this Reference did not make clear was how the rates were established in 1965 by the Northern Administration Branch.

The existing water and sewer mains have the capacity to serve many more users than are presently connected. If we assumed that throughout the length of the mains each lot bordering these mains was 70 feet in width then we would be able to connect about 309 water consumers and about 190 of these could be connected to the sewer mains. These consumers include the larger buildings, such as the Schools, Hostels, Hotel and Hospital.

If the maximum total number of consumers were to pay only for the Operating and Maintenance costs of the system (\$64,000 in 1965) then the water and sewer rates pro-rated to all the 309 water consumers and the 190 sewer connections would be as set at \$14.00 for water and \$3.60 for sewer.

In July 1965 there were approximately 65 water connections (most of which were also connected to the sewer mains) with a total equivalent residential weight of 100 plus the Indian Affairs and Northern Development Hostels (58) and Schools (15) for a total equivalent residential weight of 173 consumers or about 55% of the total number which could theoretically be connected to the system.

It therefore follows that with only 55% of the mains being utilized we will only recover 55% of the Operating and Maintenance costs. The balance (45%) of these costs is therefore carried by the operating government.

If the operating government wishes to reduce the existing rates then that government must also assume a higher percentage of the operating costs as indicated in Reference For Advice No. 1, First Session, 1966.

Recommendation to Council No. 10, which was approved on November 18, 1966, by the Council, covers the new Water and Sewer Program for the 5 year period starting April 1, 1967. This Recommendation points out in Section 26 that "the consumers shall pay for the operating costs of any service provided."

At the present time, this system is operated by the Federal Government, which does not intend to lower the rates.

The Territorial Government or a Municipal Government, when either takes over the operation of the system, may consider studying the rates with a view to reducing them by way of subsidy. However, any Government; either Territorial or Municipal; considering such a course must be prepared to raise the necessary funds from sources other than the limited revenue resources available to them.

The Territorial Government cannot consider the provision of subsidies of sewer and water or other services at one community without providing similar subsidies to other communities. The costs of such subsidization would be prohibitive and beyond the financial capabilities of our present revenue producing resources.

RECOMMENDATION

The Commissioner therefore recommends against the adoption of policy of subsidization of sewer, water and other community services.

January 31, 1967