

**LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
5TH COUNCIL, 33RD SESSION**

TABLED DOCUMENT NO. 9-33

TABLED ON OCTOBER 16, 1966

New Federal-Territorial Financial Agreement

The present financial agreement, covering the fiscal years 1962-67, expires 31 March, 1967, and a new agreement will be needed to continue federal financial assistance to the Territorial Government. The present agreement is the third five-year agreement of this nature. All the agreements have been prepared by an Interdepartmental Committee on Federal-Territorial Financial Relations, which has drawn up recommendations on the allocation of fiscal responsibility for government functions in the Territories, together with the conditions and amounts of financial assistance to be provided by the Federal Government to the Territorial Government for the period of the agreement. The Committee appointed to prepare recommendations for a new agreement to commence 1 April, 1967, is comprised of representatives of the Department of Finance, the Treasury Board, the Department of Indian Affairs and Northern Development and the Deputy Commissioner of the Northwest Territories.

The form of the present financial agreement is briefly -

- (a) annual Federal operating grants - to meet the forecast deficit in the operating account after all territorial revenues are applied.
- (b) Federal capital loans - to meet the forecast deficit in the capital account.
- (c) Federal amortization payments - to service accumulated borrowings other than self-liquidating loans.

Purpose

The purpose of this paper is to describe the particular problems surrounding a new financial agreement and the general recommendations proposed by the Interdepartmental Committee for an agreement, effective 1 April, 1967.

Problem Posed by Carrothers Commission Recommendations

The Carrothers Commission Report recommends substantial changes in the structure and responsibilities of the Government of the N.W.T. but it is obvious that the manner and extent in which these recommendations will be implemented will not be known in time to reflect the changes in a new financial agreement commencing 1 April, 1967. The Interdepartmental Committee considered alternative solutions such as extending the present agreement and it concluded that the best solution is to have an interim agreement until the results of the Carrothers Commission recommendations are known, to be replaced by a second agreement which would reflect the changes in the structure and responsibilities of the Territorial Government as finally adopted. Financial agreements must coincide with fiscal years and the Committee considered that, at this point, the best estimate of the time for which an interim agreement would be needed is two years.

In order to permit comparison with past five-year financial agreements and to be prepared for any unforeseen difficulties which might arise during the life of an interim agreement, the Committee has forecast Territorial expenditures and revenues for the new agreement for a full five-year period (1967-72) and based on the present functions and financial responsibilities of the Territorial Government.

Anticipated or desirable changes in the extent and the cost of existing Territorial spending and revenue programs have been allowed for, but no entirely new programs or functions have been introduced because it was considered that major changes of this nature should await the outcome of the Carrothers Commission recommendations. If, during the term of the interim agreement, it is necessary to transfer any additional responsibilities to the Territorial Government, the attendant financial arrangements would be the subject of a separate or supplementary financial arrangement.

PROPOSED EXPENDITURES AND REVENUES (FIVE-YEAR BASIS)

<u>Operating Account</u>				
<u>Expenditures</u>	<u>Actual 1962-67</u>	<u>Forecast 1967-72</u>	<u>Increase or Decrease*</u>	<u>Remarks</u>
Legislation	124,953	495,000	280,047	Council expenditures and indemnities.
Administration	474,541	2,392,600	1,918,059	Salaries, printing, travel, staff expansion
Education	8,564,438	16,946,238	8,381,800	Add'l students, higher fees & pupil resident costs
Health	9,769,031	17,467,250	7,698,219	Expanded health plan, higher hospital costs.
Welfare	2,434,446	4,922,623	2,488,177	Development fund; Senior Citizens & Youth Residences, alcohol education.
Corrections	822,522	5,042,337	4,219,815	Newly developed program
Development Services	1,085,087	4,331,489	3,246,402	Roads, tote trails, camp grounds, fire protection, sewer and water.
Municipal Affairs	1,043,366	1,815,841	772,475	Grants, fire protection, sewer & water.
Game	525,113	631,000	105,887	Wolf control, trapper assistance.
Economic & Community Development	1,032,614	3,086,542	2,053,928	Co-operative Development library, physical fitness
Liquor	6,388,931	9,510,000	3,121,069	Increased Sales
Justice	3,288,196	4,013,868	725,672	R.C.M.P. Courts
Contingency	100,000	----	100,000*	
TOTALS	35,743,238	70,654,788	34,911,550	

<u>Revenues</u>	<u>1962-67</u>	<u>1967-72</u>	<u>Increase or Decrease</u>	<u>Remarks</u>
Education	298,046	1,480,300	1,182,254	Voc.-Training, citizenship instruction
Health	6,153,033	10,094,170	3,941,137	Federal cost shared programs
Welfare	1,104,892	2,502,928	1,398,036	Federal cost-shared programs
Dev. Services	75,882	1,000,200	924,318	Sewer & water rates
Municipal Affairs	174,010	200,000	25,990	Sewer & water rates
Administration	4,724,968	8,911,772	4,186,804	Taxation
Liquor	14,862,079	17,900,000	6,037,921	Increase sales
Utilities Tax Trans.	--	160,000	160,000	Expended under Admin.
Ec. & Comm. Dev.	129,423	331,000	201,577	Federal cost-shared programs
TOTAL	\$ 24,522,333	42,580,370	\$18,058,037	
Federal Operating Grant (deficit)	\$12,219,879	28,074,418		

CAPITAL ACCOUNT

<u>Expenditures</u>	<u>1963-67</u>	<u>1967-72</u>	<u>Increase or Decrease^a</u>	<u>Remarks</u>
Capital Projects	9,887,012	11,451,470	1,894,458	
CM&HC Shared Projects	--	2,443,000	2,443,000	
Loans to Municipalities and School Districts	949,250	1,226,000	276,750	
TOTAL	\$10,506,262	\$15,120,470	\$4,614,108	

Revenues

Federal cost-sharing	2,365,975	711,500	
CM&HC	--	1,890,000	
Transfer	492,287	--	

	2,858,262	2,601,500	
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Federal Capital Loans (additional loan 1966) (balancing figure)	\$4,947,898 2,700,000 <u>102</u>	12,518,970	4,870,970
	\$7,648,000		

SPECIAL ACCOUNT

Amortization on Loans	\$1,763,438	\$7,121,000	\$5,357,562	Accumulated loans
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Proposed Scope and Terms of a New Agreement

The Interdepartmental Committee has recommended the following -

- (a) terms of the agreement - two years, 1967-68 and 1968-69
- (b) allocation of functions - no change from present division of functions and responsibilities between the Federal and Territorial Governments.
- (c) structure of the agreement - same as for present agreement.
- (d) amounts of federal financial assistance -
 - (i) total operating grants - 1967-68 - \$4,740,780
- 1968-69 - 5,153,058
 - (ii) total capital loans - \$5,034,105 (over 2 years)
 - (iii) approximate amortization payments - 1967-68 - \$ 930,000
1968-69 - \$1,239,000
- (e) proposed changes in territorial revenues (other than recoveries)
 - (i) gasoline tax - increase 1¢ per gallon each year to 12¢ in 69-70
 - (ii) diesel fuel - increase 2¢ per gallon each year to 14¢ in 71-72
 - (iii) vehicle licence - increase on highway fee for average car to \$15 in 67-68 (now \$10) and "off highway" fee to \$5 in 67-68 (now \$2)
 - (iv) property tax - increase 1 mill per year to 15 mills in 1971-72 (now 10 mills).

Appendix "A" gives a full extension by individual years of the forecasts of the various expenditures and revenues votes for the 1967-72 period. Only the amounts shown under the years 1967-68 and 1968-69 would be included in the new two-year agreement.

Appendix "B" gives a graphic presentation of forecast and actual expenditures, revenues, grants and loans during the 1962-67 period and a projection of what is expected during the next five years based on the forecast of expenditures and revenues made by the Interdepartmental Committee.

OPERATING ACCOUNT

<u>Expenditures</u>	<u>1967-68</u>	<u>1968-69</u>	<u>1969-70</u>	<u>1970-71</u>	<u>1971-72</u>	<u>TOTAL</u>
Legislation	\$ 99,000	\$ 99,000	\$ 99,000	\$ 99,000	\$ 99,000	\$ 495,000
Administration	329,200	503,500	524,000	505,600	530,300	2,392,600
Education	2,671,555	3,032,138	3,372,895	3,729,380	4,137,970	16,946,238
Health	2,877,960	3,181,800	3,486,610	3,831,380	4,089,500	17,467,250
Welfare	1,596,457	1,767,426	1,951,689	2,137,404	2,511,974	9,964,960
Development Services	777,805	881,458	867,331	874,962	929,933	4,331,489
Municipal Affairs	285,517	303,601	397,942	406,161	422,320	1,815,841
Game Management	127,000	125,000	125,000	126,000	128,000	631,000
Economic and Community Development	557,779	561,850	632,955	655,868	678,090	3,086,542
Liquor	1,630,000	1,750,000	1,880,000	2,050,000	2,200,000	9,510,000
Justice	691,338	743,077	799,251	858,437	921,765	4,013,868
Contingency	-	-	-	-	-	-

TOTALS \$ 11,646,321 \$ 12,948,850 \$ 14,136,673 \$ 15,274,192 \$ 16,648,752 \$ 70,654,788

Revenue

Education	\$ 185,900	\$ 229,400	\$ 285,000	\$ 355,000	\$ 425,000	\$ 1,480,300
Health	1,572,870	1,855,060	2,039,420	2,223,980	2,402,840	10,094,170
Welfare	356,016	423,978	482,181	543,948	696,805	2,502,928
Development Services	175,000	185,600	200,800	210,800	228,000	1,000,200
Municipal Affairs	25,000	35,000	40,000	50,000	50,000	200,000
Administration Revenue	1,512,955	1,661,954	1,803,065	1,913,400	2,020,398	8,911,772
Liquor Revenues	3,000,000	3,300,000	3,500,000	3,900,000	4,200,000	17,900,000
Public Utilities Tax transfer	-	40,000	40,000	40,000	40,000	160,000
Economic and Community Development	77,800	64,800	60,800	62,800	64,800	331,000

TOTALS \$ 6,905,541 \$ 7,795,792 \$ 8,451,266 \$ 9,299,928 \$ 10,127,943 \$ 42,580,370

DEFICIT
OPERATING
GRANT

\$ 4,740,780 \$ 5,153,058 \$ 5,685,407 \$ 5,974,264 \$ 6,520,909 \$ 28,074,413

CAPITAL ACCOUNTS

<u>Expenditures</u>	<u>1967-68</u>	<u>1968-69</u>	<u>1968-70</u>	<u>1970-71</u>	<u>1971-72</u>	<u>TOTAL</u>
Capital projects	\$2,606,350	\$ 2,058,755	\$ 2,508,925	\$ 2,222,540	\$ 2,054,900	\$ 11,451,470
CM&HC projects	745,000	395,000	395,000	513,000	395,000	2,443,000
Loans to Municipalities and school districts	197,000	235,000	242,000	300,000	252,000	1,226,000
TOTALS	\$3,548,350	\$ 2,688,755	\$ 3,145,925	\$ 3,035,540	\$ 2,701,900	\$ 15,120,470

Recoveries

Federal Cost						
Sharing	\$ 128,500	\$ 129,500	\$ 124,000	\$ 206,000	\$ 123,500	\$ 711,500
CM&HC	630,000	315,000	315,000	315,000	315,000	1,890,000
TOTALS	\$ 758,500	\$ 444,500	\$ 439,000	\$ 531,000	\$ 438,500	\$ 2,601,500

<u>Capital Loans</u>	\$ 2,789,850	\$ 2,244,255	\$ 2,706,925	\$ 2,514,540	\$ 2,263,400	\$ 12,518,970
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Comparison on a five-year basis of Operating Grants, Capital Loans and Amortization Payments by the Federal Government Under Present and New Agreements.

Note: While five-years (1967-68 to 1971-72) are shown for comparison purposes, only the amounts for the years 1967-68 and 1968-69 would be included in a two year agreement starting April 1, 1967.

OPERATING GRANTS

<u>Present Agreement</u>	<u>New Agreement</u>
1962-63 - \$2,139,381	1967-68 - \$4,740,780
1963-64 - 2,377,403	1968-69 - 5,153,058
1964-65 - 2,480,334	1969-70 - 5,685,407
1965-66 - 2,556,556	1970-71 - 5,974,264
1966-67 - <u>2,666,205</u>	1971-72 - <u>6,520,909</u>
Total \$12,219,879	Total \$28,074,418

CAPITAL LOANS

<u>Present Agreement</u>	<u>New Agreement</u>
1963-67 - \$7,648,000	1967-72 \$12,518,970
(incl. 2.7 million addition)	(Two year agreement - \$5,034,105)

ESTIMATED AMORTIZATION PAYMENTS

<u>Present Agreement</u>	<u>New Agreement</u>
1962-63 - \$ 35,691	1967-68 - \$ 930,000
1963-64 - 150,907	1968-69 - 1,239,000
1964-65 - 191,775	1969-70 - 1,420,000
1965-66 - 311,076	1970-71 - 1,665,000
1966-67 - <u>547,363</u>	1971-72 - <u>1,867,000</u>
Total \$1,236,812	Total \$7,121,000

LEGISLATIVE ASSEMBLY OF THE NORTHWEST TERRITORIES

5TH COUNCIL, 33RD SESSION

RECOMMENDATION TO COUNCIL INDEX

- 1-33 The Naming of Smaller Schools**
- 2-33 School Bus Transportation**
- 3-33 Trappers' Assistance Program**
- 4-33 Payment for Pupil Maintenance in Private Institutions**
- 5-33 Commissioner's Award**
- 6-33 Polar Bear Conservation**
- 7-33 The Territorial Flag**
- 8-33 Arctic Island Preserve**
- 9-33 New Licensing System for Hunting and Trapping**
- 10-33 Provision of Water Supply and Sewage Disposal
 Services in the Yukon and Northwest Territories**
- 11-33 A Study of Laundry Facilities in Small Communities**
- 12-33 Establishment of Territorial Housing Corporation**
- 13-33 Establishment of a Housing Ordinance**

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7. Discussion of Recommendations to Council

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Nov. 17 '66	No. 11✓ A Study of Laundry Facilities in Small Communities.....	908,923,929
Nov. 8 '66	No. 12✓ Establishment of Territorial Housing Corporation.....	466,475,480
Nov. 8 '66	No. 13✓ Establishment of a Housing Ordinance....	466,467,480



NORTHWEST TERRITORIES

COUNCIL OF THE NORTHWEST TERRITORIES

SECOND SESSION, 1966

RECOMMENDATIONS TO COUNCIL

<u>No.</u>	<u>Subject</u>
1.	Naming of Smaller Schools in the Northwest Territories.
2.	School Bus Transportation in the Northwest Territories.
3.	A Review of Trappers Assistance Program.
4.	Payment for Pupil Maintenance in Private Institutions.
5.	Commissioner's Award.
6.	Polar Bear Conservation.
7.	Territorial Flag.
8.	Abolishment of the Arctic Island Preserve.
9.	Desirability of Adopting a new Licensing System for Hunting and Trapping.
10.	Policy for the Provision of Water Supply and Sewage Disposal Services in the Northwest Territories and the Yukon.
11.	A study of Laundry Facilities in Small Communities.
12.	Establishment of a Territorial Housing Corporation.

REFERENCES FOR ADVICE

<u>No.</u>	<u>Subject</u>
1.	Changes in Liquor Administration.
2.	Federal-Provincial Projects under the National Housing Act.