

**LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
6TH COUNCIL, 38TH SESSION**

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REPORT TO COUNCIL ON FEDERAL-TERRITORIAL
FINANCIAL AGREEMENT FOR 1969-70

BACKGROUND

In 1966 when the current Federal-Territorial financial agreement was negotiated, the responsible Interdepartmental Committee worked out a plan for the five year period 1967-68 through 1971-72, taking into-account revenues and expenditures projected on the basis of the then existing Territorial structure. Because the financial implications of implementing certain of the Carrothers Commission recommendations could not be foreseen at that time, Council requested that the financial agreement be limited to the first two years of this period - that is the fiscal years 1967-68 and 1968-69. As the current agreement expires March 31, 1969, Council is now being asked to authorize the Commissioner to enter into a new financial agreement with the Federal Government for the fiscal year 1969-70. It is suggested that the agreement be confined to this one year because the transfer of responsibilities from the Federal to the Territorial government makes it difficult to forecast financial requirements beyond this period as the transfer will not be completed until the following fiscal year.

FUNDS PROVIDED IN THE CURRENT TWO YEAR PERIOD

With the move to establish the seat of government in the Territories in September 1967, arrangements were worked out with the Federal Government to supplement grants and loans provided under the current agreement so that additional essential operating and capital costs could be met.

The combined funds thus provided for these two years (1967-68 and 1968-69) were approved as follows:

	<u>Grants for Oper. Costs</u>	<u>Loans for Capital Costs</u>	<u>Total</u>
Financial Agreement	\$12,022,758	\$5,034,105	\$17,056,863
Additional for move	<u>1,255,000</u>	<u>1,695,000</u>	<u>2,950,000</u>
	\$13,277,758	\$6,729,105	\$20,006,863

PRELIMINARY NEGOTIATIONS FOR 1969-70

In May 1968 the Deputy Commissioner and the Treasurer met with senior representatives of the Department of Indian Affairs and Northern Development to present the expenditures and revenues then foreseen for 1969-70 with the object of determining what Federal support would be required over and above that which had been foreseen in the 3rd year of the 1966 five year plan. It was, of course, necessary to work within the framework of the austerity policy which

OTHER MATTERS CONSIDERED BY THE COMMITTEE

Other matters considered by the Interdepartmental Committee bearing on Territorial finances were as follows:

- a). It was conceded that it would be difficult to establish new sources of revenue in the Northwest Territories now and that the time was not opportune to review the entire tax base in the Territories.
- b). It was agreed that means should be sought to ease the burden on Territorial employees who were providing their own housing to those living in subsidized housing.
- c). Provision outside the financial agreement would have to be sought for the following requirements:
 - i). the proposed five year Centennial Tourist Development program.
 - ii). assistance to provide for the necessary expansion of the Yellowknife hospital.
- d) The report of Task Force II was accepted as the basis for 1969-70 staff costs with recognition that adjustments would be required when the Arctic District was included on April 1, 1970.

CENTENNIAL PROGRAM

After a thorough examination of departmental estimates, the Deputy Minister of Indian Affairs and Northern Development advised that the sum of \$290,000 would be made available in 1969-70 as the department's support of the operating and maintenance section of the Territorial Centennial Program.

CONCLUSION

The grants and loans outlined above have made it possible to present a balanced budget to Council for 1969-70. Accordingly, the proposed financial agreement can be recommended and a covering Ordinance is submitted for approval by Council.