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CONFIDENTIAL

Local Government  
Direction for the  
1980's Summary  
(Amended)



Department of Local Government  
Government of the Northwest Territories  
Yellowknife, N.W.T.  
October 1978

LOCAL GOVERNMENT - DIRECTION FOR THE 1980'S

S U M M A R Y

I. Background

As a result of the Carrothers Report in 1966, a strong program for local government development was established in the N.W.T., and through this program, local government has developed at a very rapid pace. Only 10 years ago, there were only 2 towns and 2 villages, but today there are 18 hamlets, 2 villages, 4 towns, 1 city and 26 settlements with active councils. Those communities of hamlet, village, town and city status alone have a combined council membership and staff of over 800. Although the program has been most successful, the time had come, however, to fully evaluate; what had been achieved, where improvements could be made and determine the direction of local government for the next decade. A review, intended to achieve the above aims, has been carried out by the Department over the past several months. This review basically took into account the following factors:

- 1) The experience gained by the Councils, their staff and our Department of Local Government staff since the inception of the program.
- 2) The actual practices and procedures that have been implemented to more effectively increase responsibility at the community level, in response to regional needs and local circumstances.
- 3) The need to ensure that local government in the N.W.T. is developed in a manner which:
  - (a) is consistent with democratic principles under the the Canadian Constitution.
  - (b) protects the basic democratic rights of all Canadian citizens.

- (c) provides a framework that meets the needs of the Indian, Inuit and Metis people.
  - (d) maintains the basic local government principles that are fundamental to strong local government throughout Canada and other democratic countries.
- 4) The historical development of Indian Band Councils and the current major emphasis of the Department of Indian and Northern Affairs to both strengthen the Band Councils and broaden their sphere of authority and responsibility. Although Band Councils were originally the creation of Government and not the people, the Band Council is a well established structure throughout Canada and the thrust by the Federal Government is to strengthen these Councils and provide them with greater autonomy and local government authority and responsibility.
- 5) The acceptance by the Federal Government of the moral obligation to negotiate the settlement of comprehensive land claims by the various native groups in the N.W.T. and Northern Quebec. Although constitutional development of the N.W.T. has, in theory, been separated from these claims, the eventual claim settlements will influence local government in the N.W.T.

III. Major Emphasis in Local Government

From our review we believe that the development and strengthening of local government must continue as a high priority for the Government of the N.W.T. Strong government at the community level is the best way of ensuring a sound and competent government at the local and Territorial level that represents all Northerners, and provides government which will meet the need and reflect the priorities of the people. We see strong local government being at the base of all government in the N.W.T.

In addition to the continuation of this basic thrust, however, there must be new emphasis in certain key areas to best meet

the needs of today and the immediate future. We believe the new emphasis must be as follows:

- 1) To develop among local government bodies and the people, greater responsibility (economic, social and political) for the efficient management of their communities and delivery of their program and services.

Although this applies to some degree to all levels in the local government framework, the major levels where this emphasis is required is at the settlement and hamlet levels. There is not a good understanding that financial resources are limited, and to live within available financial resources, communities will have to decide what programs and services are most important to them and to deliver those programs at least possible cost.

- 2) To relate more closely the level of programs and services in a community to local willingness to contribute toward the cost of those services.

For the development of sound local government, we believe that the principles must be established at the earliest opportunity, that the community must contribute directly to meeting some of the cost of their local programs and services and that the total money which their Council has to spend on the programs and services for the people will depend in part on the local contribution to these services. This is a basic step towards some degree of self-sufficiency. True local government responsibility can only come when a community has achieved some degree of financial responsibility and independence. Failure to introduce this concept early will eventually deter the development of local government.

- 3) To develop greater flexibility in the local government structure and framework to better recognize:
  - (a) Differences among wide spread geographic regions in the N.W.T.

- (b) Community differences in their goals, priorities and abilities.
- (c) Cultural differences.
- (d) Differences in means of livelihood from community oriented wage employment to seasonal resources harvesting.
- (e) Severe weather and climatic conditions.

Some of this flexibility already exists but needs to be expanded to accommodate all communities.

- 4) To develop incentives for the effective and efficient delivery of local government programs and services.

At the present time there are very few incentives for Councils at the hamlet and settlement level to encourage Councils to practise economy in delivery of their programs and services. Such incentives would provide extra benefits to communities with strong Councils and encourage responsible competition between communities in the same region.

- 5) To strengthen local government Councils and to clearly establish the prime importance of the Councils in providing the overall direction and guidance for the well-being of the community.

Responsible co-ordinated development of a community cannot take place with splintering of major areas of program responsibility over which no one body has influence and responsibility.

- 6) To more fully recognize and accommodate the Band Structure in Indian communities, so as to create a body responsible for local government in the Indian communities that has the support of all residents.

The Band Council system is well established and entrenched in Canada and through the emphasis of the Federal Government is being provided with more local government authority and responsibility. This fact must be recognized in the local government framework for Indian communities, as long as the basic democratic rights of all citizens are assured.

- 7) To encourage and facilitate the process of transferring responsibility for programs and services from the Territorial Government to local government councils.

Although this transfer process has been well established the involvement of Councils in new programs and services will require the same extensive regional support that has characterized the development of local government to date.

- 8) To develop an understanding among local government Councils that the pace of constitutional development will depend, in part, on their willingness to accept the financial responsibility along with the increased authority.

### III. Recommendations

The specific recommendations regarding the action necessary to effect the new areas of emphasis have been outlined in 3 separate reports entitled:

- (a) Local Government Structure and Framework.
- (b) Responsibility and Local Revenue.
- (c) Council Involvement in Municipal and Non-Municipal Activities.

The following basic recommendations are from these reports. Back-up to these recommendations plus detailed ancillary recommendations are included in each report.

#### A. Local Government Structure and Framework

Before addressing the extent to which the existing local government structure and framework could and should be modified, the fundamental democratic principles on which local government in the N.W.T. must be based, had to be established. These fundamental principles we believe to be as follows:

##### Recommendation 1 (Amended)

##### Basic Democratic Principles

- 1) Everyone in the community (with Canadian citizenship and a certain age and residency) can participate in the election of the Council.

- 2) Anyone in the community (with Canadian citizenship and certain age and residency) can stand for election as a Councillor.
- 3) Anyone in the community (with Canadian citizenship and certain age and residency) should have the privilege of voting in secret in the selection of the Councils.
- 4) Decisions (in selecting representatives and in Council proceedings) are made by the majority.

Age and Residency Requirements

- 1) The minimum voting age shall be established by Councils but shall be not less than eighteen (18) and not more than twenty-one (21) years of age.
- 2) The minimum community residency requirement shall be established by Councils but shall be not less than six (6) months and not more than three (3) years.

All of the other recommendations were developed within the context of these principles and are consistent with them.

Recommendation 2 (Amended)

That the special requirements of Settlements and Hamlets be recognized by a separate Ordinance from the Municipal Ordinance. This separate Ordinance would be known as the Incorporated Communities Ordinance and would have two parts:

Part I: The requirements for the organization, powers and duties of Hamlet Councils, and

Part II: The requirements for the organization, powers and duties of Incorporated Settlement Councils.

The provision for the establishment of Incorporated Settlements is required in order to:

- establish certain communities as legal entities to whom responsibilities can be assigned;
- allow for the gradual assumption of responsibilities in relation to community priorities.



Incorporated Settlement would be:

- a) provided with a clearly defined level of authority and responsibility for those services and programs assumed.
- b) made responsible for the staff necessary to provide the programs and services under its authority and responsibility,
- c) provided with the ownership of mobile equipment and office facilities directly associated with its program and service responsibilities,
- d) funded by means of monthly contributions against an agreed budget.

Recommendation 3 (Amended)

- 1) That greater flexibility and choice be provided in the nomination and election procedures of settlements and hamlets to better:
  - (a) Accommodate persons living off the land.
  - (b) Recognize the small size of the communities and the fact that everyone in a community knows everyone else.
  - (c) Accommodate Northern climatic conditions.
  - (d) Recognize traditional practices.
- 2) That for settlements and hamlets this flexibility and choice include:
  - (a) Option to nominate persons for Council orally at a nomination meeting or by written nomination.
  - (b) Option of election by show of hands at an election meeting, as a transitional step towards voting by secret ballot.

Recommendation 4 (Amended)

That the Council will be clearly established as the prime body through which a community can exercise responsibility for or interest in community programs and services. Depending on whether or not the Council opts for a program delivery or advisory function, the following Council-Committee relationships would be implemented in all Settlements and Hamlets and would be recommended to Villages and above.

- 1) Program Delivery Committees (Committee formed to deliver or administer a program or service for which the Council has accepted responsibility).
  - (a) One member of Council must be on the committee.
  - (b) Funding must be through Council.
  - (c) Council establishes committee terms of reference.
  - (d) Council approves members of the committee.
  - (e) Council approves committee recommendations.
- 2) Advisory Committees (Council does not opt for direct responsibility for delivery or administration of a program).

- (a) One member of Council must be on committee.
- (b) Committee must advise Council on matters of community interest.

Recommendation 5

That as a continuing major thrust, the Government of the N.W.T., through the Regional Offices, encourage and support the transfer of further program responsibilities in the municipal, social, health, economic, renewable resource management and educational areas to the Councils.

Recommendation 6

- 1) That to form one local government council where there is both a Band Council and a Settlement or Hamlet Council, the option exists for an overall council to be formed as follows:
  - (a) Council to consist of a combination of Band Council members and representatives of the remainder of citizens in the community in proportion to their percentage of the community population.
  - (b) Band Council members on the overall Council to be selected by the Band Council.
  - (c) Other Council members to be chosen through election.
- 2) This option may be exercised in Indian settlements and hamlets where:
  - (a). This practice has been approved by the majority of all eligible voters permanently resident in a community.
  - (b) Negotiations have been concluded between the Department of Local Government and the community with respect to voter eligibility and procedures.

B. Responsibility and Local Revenue

To create greater self-reliance and responsibility at the community level that the following principles must be established for all communities in the N.W.T.

Recommendation 7 (Amended)

- 1) Every community must contribute directly to meeting some of the cost for local service and programs.
- 2) Responsibility for raising the community's share of costs must rest with the local council.
- 3) Every local council must have the opportunity of raising additional local funds to meet the desire of the local electorate for services and programs above a standard level.
- 4) There must be an incentive for every Council to raise local revenue

To provide a local source of revenue a broad range of alternatives from local sales tax to local income tax were explored. It has been concluded, however, that extension of the existing property tax program including the application of a "renters tax" is the only practical means, at this time, of achieving the above principles. The following recommendations relate, to the application of these principles for communities below village status using property tax as the vehicle.

Recommendation 8 (Amended)

- 1) That the property owners and renters taxes in the community be collected by the Council.
- 2) That 25% of these taxes collected under the general levy to a maximum of \$35.00 per capita be retained by the Council for the purpose of:
  - i) providing a higher level of service than that for which funds are provided under budget guidelines and/or
  - ii) any community purpose which does not entail, without prior consultation and approval, any financial commitment by the Government of the N.W.T.
- 3) That the remaining 75% of taxes collected be applied against the approved budget for the Council.

4) That Council have the authority to levy an additional mill rate to raise further revenue for the discretionary purposes identified above (under 3) on the following basis:

- hamlets - to a maximum of 10 mills or \$30 per capita whichever is the lesser.
- settlements - to a maximum of 5 mills or \$15 per capita whichever is the lesser.

Recommendation 9

- That the assessment and taxation program under the Taxation Ordinance be accelerated to provide coverage of all N.W.T. communities and taxation areas over the next three years to provide the necessary base to fully implement Recommendation 8 in all communities below village status.

Recommendation 10 (Amended)

- That to provide a more realistic level of taxation in all areas covered by the Taxation Ordinance that the mill rate structure be adjusted as follows:

- 1) residential mill rate - increase from 25 to 35 mills.
- 2) industrial/commercial mill rate - increase from 25 to 35 mills.

NOTE: The above recommended mill rates include the education levy (addressed in Recommendation 11) as well as the general levy.

Recommendation 11

That the school levy be retained and that the Department of Education, in conjunction with the Department of Local Government be requested to investigate the feasibility of modifying the school levy consistent with the principle that communities which assume responsibility for education

- (a) retain all or part of the revenue from the education levy consistent with the degree of responsibility assumed, and

- (b) be given the opportunity to raise additional funds for educational purposes not provided as a standard level of service.

C. Council Involvement in Municipal and Non-Municipal Activities

Although the extent to which local government carries out their normal municipal responsibilities under contract or with their own staff, and the extent to which they become involved in non-municipal activities, is strongly influenced by local circumstances, there are certain basic principles which should normally apply. We believe these principles to be:

Recommendation 12 (Amended)

- 1) For incorporated settlements and hamlets the decision to undertake municipal services either with municipal resources or by contracting with a private firm or co-operative, be the decision of the local council as long as the cost is within approved budget guidelines for the service.
- 2) Settlement and hamlet councils should not undertake construction activities where the local private sector or co-operative owns or has leased necessary equipment, has the capability to undertake the project, and will not require additional subsidization by the Government of the N.W.T. Subject to these principles the basic guidelines which should apply to the tendering of capital projects and the disposal of revenue generated from both municipal and construction activities should be as follows:

Recommendation 13

- 1) That where a capable private firm or co-operative is not available, a council may undertake a capital project:
  - 1) if it is not at the expense of providing approved municipal services in the community.

- 2) if the council tenders for the project and accounts for expenditures on a basis which removes any degree of subsidization by the municipality while allowing for a reasonable profit, including an administrative fee.
- 3) On condition that the depreciation allowance for equipment used on construction be set aside to help meet the cost of mobile equipment replacement.

Recommendation 14

That 25% of any surplus funds from approved municipal operations of hamlets at year end, up to a maximum of \$25,000, be retained for the purpose of:

- 1) accommodating unforeseen expenditures.
- 2) accommodating annual uncontrollable fluctuations in costs (example - major repair to a piece of mobile equipment).
- 3) as a financial incentive to sound management.

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Department of Local Government  
Government of the Northwest Territories  
Yellowknife, N.W.T.  
December 1978





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