

**LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
10TH ASSEMBLY, 1ST SESSION**

TABLED DOCUMENT NO. 9-84(1)

TABLED ON FEBRUARY 8, 1984



MUNICIPALITY OF ARCTIC BAY, N.W.T.
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Arctic Bay, N.W.T.
XOA OAO
Phone: (819) 642-9917

18, January, 1984.

Hayden Trenholm,
Dept. of Local Gov't,
G.N.W.T.,
Frobisher Bay, N.W.T.

HAMLET AUDIT 1982/83

Re: Your Letter dated 29, November, 1983

We appreciate your reply to our letter of 17, November, 1983. There are two points you raised which require correction. They concern the issue of the boat purchase.

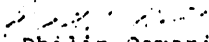
Firstly, the 1981/82 audit was officially signed by Clarkson Gordon on 20, June 1982. Information contained in the audit was available from that date. Therefore money for the Council Fund was verified prior to purchase.

Secondly, the Secretary Manager did not make a projection of surplus. The Secretary Manager passed the information to the council who in turn made their decision.

It should be added that whereas the Dept. of Local Gov't did advise the council against making such a purchase that this mainly was done in years previous to that of the purchase. The council made the decision on the grounds that the boat would pay its way. Last summer the boat was used to transport fuel to old and new outpost-camps and return with hunting and fishing produce. These facilities have never been available to the people on a regular year to year basis. The council would have to disagree with the Dept. of Local Gov't that such a boat is an inappropriate activity for the Hamlet Council. The aim is not to make profits but to provide a community service until such time as a local entrepreneur is willing to provide a dependable similar service.

The council did not make a mistake. However it is being asked to pay for a mistake made between the auditors and the Dept. of Local Gov't. The boat would not have been purchased had not the mistake been made. We therefore respectfully and sincerely ask the Dept. of Local Gov't. to review our request for reimbursement.

Yours sincerely,


Philip Qamaning
Mayor

cc: Mike Moore,
Deputy Minister,
Local Government

Gary Black
Regional Director



MUNICIPALITY OF ARCTIC BAY, N.W.T.

HL 4d ΔΛΔΓΓ, ΔΔΓΔΓ

Arctic Bay, N.W.T.

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Mike Ferris
Superintendent
Dept. of Local Gov't.
N.W.T.
Probisher Bay, N.W.T.
XOA OHO

09/10/84

DEFERRED REVENUE 1981/82 REPAYMENT.

Re: Municipal Affairs Officer letter dated 29, November, 1983.

We are not surprised that we are being asked to make repayment of deferred revenue, as the policy regarding such is clearly outlined in the Support Handbook to Community Governments. However we are dismayed at the lack of financial recognition for the efforts we have made in trying to save the government money through energy conservation policies.

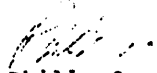
Without any direction from the government, we embarked on a program which in part was designed to upgrade the physical integrity of all hamlet buildings. This program was the first of its kind in the Baffin Region. Federal and territorial assistance enabled us to fulfill many of our aims. During the same time we instilled a sense of energy conservation in the hamlet employees i.e. closing doors, turning off lights, turning down thermostats at nights and week-ends etc. without completely understanding that there were no real financial benefits to be gained for the hamlet.

At the end of the first year of the program 1981-82 the hamlet employees each received \$200.00 bonus for their conservation efforts. The money came from unconditional funds and was not budgeted. The hamlet employees did not, as they do now, have a clear understanding of the government policies regarding utility conditional funding. Motivation to continue the program the following year was virtually nil except to save the government money. Some of the employees may have laboured under the impression further bonus cheques would be issued. Nevertheless the program did not die but remains strong to the present moment. We believe that regardless of a lack of rewards the policy makes invaluable sense and as citizens of the Northwest Territories we all stand to benefit especially during the recessionary period.

The 1981-82 period witnessed a significant savings in spite of escalating energy costs. The 1981 heating fuel costs were \$25,319 compared to \$20,184 for 1982. Electrical costs however did increase from \$11,008 to \$17,859 between the same years. The total fuel and hydro conditional funding for 1981/82 was \$56,285 and the total expenditure was \$38,043 realizing a difference of \$18,242.

We firmly believe therefore that we have truly earned a portion of the deferred revenue, and that it is ours. We humbly request one quarter of the deferred revenue you are taking back as token recognition of the money the government would never have seen had we not instituted and maintained our energy conservation program. This amount comes to \$6,448. With a portion of this money we will make sure that employees are recognized. We hope this will act as an incentive to follow our policies with added earnest and zeal.

Yours sincerely,


Philip Qamanirq,
Mayor.

ARCTIC BAY

HAMLET CONDITIONAL AND UNCONDITIONAL FUNDING

According to the Support Handbook to Community Governments, there was a standard amount of money paid out to Hamlets for various services on a conditional basis. They are as follows:

<u>#1</u>	General Government	\$ 67,000.00
	Protection	5,000.00
	Transportation	20,000.00
	Environmental	52,500.00
	Maintenance	<u>53,000.00</u>
		\$197,500.00

This amount did not change for these years of funding; 81/82, 82/83 and 83/84. The government in addition provided extra funds in the form of "unconditional Funding". Each year the amount increased but not by much. The important point to remember is that the combination of the above conditional amount plus the unconditional grant was the only funding provided by the government for hamlet salaries plus maintenance of buildings and equipment together with the materials and supplies for such maintenance. The conditional and unconditional funding totals are as follows:

<u>#2</u> Year:	81/82	<u>82/83</u>	<u>83/84</u>	<u>84/85</u>
Conditional:	\$197,500.	197,500.	197,500.	211,325. (1)
Unconditional:	<u>116,166.</u>	<u>125,166.</u>	<u>131,662.</u>	<u>131,045.</u>
Total Grant:	\$313,666.	\$322,666.	\$329,162.	\$342,370.

You will notice that for the 1984/85 fiscal year the conditional amount is increased by 7%. It is this amount which I will refer to later for I want to show that this is not enough.

Here is just one more point to mention before continuing with the story and this concerns "Maintenance" funding. During the years 81/82 and 82/83, we paid for our gasoline and diesel fuel for our vehicles from this fund. For the current 83/84 year, the government was good enough to allow us to use our "energy" funds for this purpose thereby releasing about \$22,000. for salaries and parts, etc.

If we examine the above TOTAL GRANTS for salaries and maintenance and fuel (vehicle) we discover the following percent increases:

<u>#3</u>	Salary:	from 81/82 to 82/83	=	2.9% increase
	Percent:	from 82/83 to 83/84	=	2% increase
	Increase:	from 83/84 to 84/85	=	4% increase

Now here comes the crunch - this is where the Legislative Assembly has been somewhat misled.

DECEPTION

In addition to the above "conditional" grants are other conditional grants which up to 83/84 were for heating fuel and electrical utility funding only. (As mentioned above, vehicle gasoline and diesel costs can now be included in the "energy" conditional grant). These amounts for Arctic Bay are as follows:

<u>#4</u>	Year:	<u>81/82</u>	<u>82/83</u>	<u>83/84</u>	<u>84/85</u>
	Energy:	\$56,285.	\$77,533.	\$108,864.	\$113,154.

It must be remembered that these amounts cannot be used for salaries or for materials and supplies.

The percentage increases are as follows:

<u>#5</u>	Energy:	from 81/82 to 82/83	=	37.75%
		from 82/83 to 83/84	=	40.4%
		from 83/84 to 84/85	=	3.9%

and when you combine these figures with the ones above, then the total conditional and unconditional grants are as follows:

<u>#6</u>	Total Grant	<u>81/82</u>	<u>82/83</u>	<u>83/84</u>	<u>84/85</u>
	Including Energy	\$369,951.	\$400,199.	\$438,026.	\$474,866. (2)

which when presented to the Legislative Assembly appears as the following percentage increases:

<u>#7</u>	Total Percent	from 81/82 to 82/83	=	8.2%
	Increase	from 82/83 to 83/84	=	9.5%
		from 83/84 to 84/85	=	8.4%

(It is not possible for me to compare Arctic Bay with other communities therefore these figures are only a guideline as to what may be happening in other hamlets).

By comparing the figures from table #3 with table #7, I hope the deception is clear.

In order to place the hamlet predicament in yet another perspective, it might be useful to examine government grant increases for salaries and maintenance with inflation, actual hamlet salary increases and government salary increases.

<u>#8</u> <u>Year</u>	<u>Government Grant Increase from Previous Year</u>	<u>National Inflation</u>	<u>Actual Hamlet Salary Increase</u>	<u>Government Salary Increase</u>
81/82	7% (?)	12.5%	14.5%	14.5%
82/83	2.9%	10.8%	6%	9 or 12% (?)
83/84	2%	5.9%	0%	6%
84/85	4%	?	?	5%

(The reason I have placed a question mark for actual hamlet salary increase for 84/85 is based on if we end the current year (83/84) with a deficit or surplus and upon the ability of the hamlet to provide the highest increase possible in spite of the government's 6 and 5% program).

Table #8 should clearly show how much government contributions to a hamlet such as Arctic Bay lags behind the national inflation rate and government (N.W.T.) salaries.

In many other hamlets the ^{SITUATION} ~~retraction~~ is worse than in Arctic Bay. Many employees have had to suffer a decrease in salary.

In a draft proposal for the new Local Government Ordinance which is meant to replace the present Municipal Ordinance, it states that hamlet salaries should be comparable to those of the Government of the Northwest Territories. If this policy becomes enacted then there is a lot of "catching-up" to do. This years increase of 7% for conditional funding is only a drop in the old proverbial bucket. Thanks for the token.

FOOT NOTES 1 and 2

Before I continue with this diatribe, I must further explain note '1' in Table #2 and note '2' in Table #6.

Note '1'

The amount of \$211,325. would have been the increase to Arctic Bay had we not commenced the operation of a second water truck during the current year (83/84). For this extra vehicle we will receive an additional \$18,725. for operation and maintenance, making the total grant for salaries and maintenance \$361,095. (this does not include our "energy" grant which increased by 7.9%). You will also notice that unconditional grant for the forthcoming year (84/85) will be less than the current year. This is because of an averaging of unconditional money among all hamlets in the Baffin Region. Other communities have historically been under funded in comparison to Arctic Bay. The Department of Local Government is attempting to correct these irregularities.

Note '2'

The figure of \$474,866. represents an increase of just 8% over and above the current year contributions for all conditional and unconditional funding. When you consider that we have one more vehicle to operate and maintain it becomes a small figure.

SUPPLEMENTARY REVENUE

All is not lost since we are able to collect revenue from other sources. Should a hamlet be fortunate enough to have a lot of development necessitating the use of hamlet heavy equipment then the hamlet may charge rent for the vehicles. On the other hand, there is always municipal service charges for water, sewage and garbage. In order to make ends meet a hamlet could (and some do) charge high enough rates to make up for any deficit. But then who gets hit - you guessed it - those who pay the rent.

The Government policy that we are to follow is to charge only enough to equal our costs over and above government grants.

CONCLUSION

Hamlets have been too ~~stoical~~ stoical about government funding. Since many hamlets are relatively new, mistakes have been made and some have mismanaged those funds. Being a masocistic bunch of people we have accepted (reluctantly) the burden of no pay increases and in some cases decreases. Many of us have been blamed by the Government for the mess we are in. But please give us a break. We are not allowed to operate on a deficit budget - but how in heaven's name are we to end up without a deficit and at the same time live on a respectable salary.

The national inflation rate is not a guide for the north. In fact, it has been very misleading. Transportation costs have escalated beyond the national inflation rate.

Frank Pearce,
SECRETARY MANAGER.

