



FINANCING THE IMPLEMENTATION OF SELF-GOVERNMENT GOVERNMENT OF THE NORTHWEST TERRITORIES PRINCIPLES

Financial Responsibility, Fiscal Relations & Incremental Costs

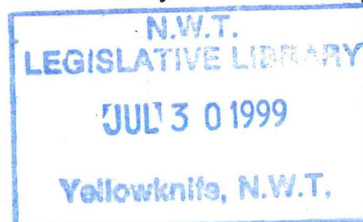
BACKGROUND

In June 1999, territorial, federal and Dogrib negotiators completed a draft Agreement-in-Principle (AIP) on the Dogrib comprehensive land claim and self-government. The three Chief Negotiators will initial the draft AIP at the Dogrib Treaty 11 General Assembly in Gameti in August. Once the draft AIP has been initialled, further work will be required to resolve a number of issues, including the details of the fiscal relationships between the three governments.

Resolving financial issues is fundamental to the effective implementation of a self-government agreement. It is important that the Dogrib First Nation Government and the four Dogrib Community governments have the resources necessary to effectively manage their jurisdictions and responsibilities as set out in the self-government agreement. It is important that the Government of the Northwest Territories retain the resources necessary to effectively manage its continuing jurisdictions and responsibilities (e.g. Health Care) for all residents, of the Northwest Territories. It is important that the financial aspect of the Government of Canada's special relationship and responsibilities to Aboriginal people and their governments be clarified and affirmed. Above all it is important that the level and quality of programs and services to NWT residents, including Dogribs, not suffer in order to implement self-government

The Dogrib, Canada and the Government of the Northwest Territories will negotiate the funding levels for the Dogrib First Nation Government, including the responsibilities of all three governments. The three parties will complete a funding agreement, which will be renewed over time.

The Government of the Northwest Territories takes these negotiations very seriously. The Government of the Northwest Territories relies on federal transfers, including the Grant from Canada, for over 80 per cent of its revenues. The Northwest Territories has a very limited ability to raise new revenues to cover growing program needs. The Government of the Northwest Territories is projecting growing deficits over the coming years. Major tax revenues account for only 15 per cent of territorial revenues, and it would take substantial tax increases to raise any significant amount of new revenues. As a result, the Government of the Northwest Territories cannot finance the incremental costs of self-government for the Dogrib and other aboriginal groups while continuing to provide the same level of programs and services to all territorial residents, including Dogribs. Self-government will directly affect every region of the



Northwest Territories and half the territory's population, so the implementation of self-government will have a major impact on the NWT.

While Government of the Northwest Territories and Aboriginal Governments have limited revenue generating abilities at this time, it is recognized that a resource revenue sharing agreement in the future might enhance their ability to raise additional revenues which may help finance self-government.

THE GOVERNMENT OF THE NORTHWEST TERRITORIES APPROACH

The Government of the Northwest Territories has developed a number of principles for negotiating fiscal arrangements with the Dogrib and Canada. These principles reflect the Government of the Northwest Territories' commitment to self-government as well as the territory's fiscal reality. It should also be noted that the Government of the Northwest Territories and Canada have an existing MOU which states Canada is responsible for all Government of the Northwest Territories' incremental costs associated with implementing the land claim portion of the Dogrib Agreement.

- ◆ The implementation of the Dogrib and self-government agreements in other regions should be affordable. Implementation of self-government agreements should not reduce the Government of the Northwest Territories ability to deliver services, effect territory-wide economic policy, and redistribute wealth.
- ◆ The Government of the Northwest Territories is adamant that levels of services to territorial residents, including Dogrib and other aboriginal residents, must not be reduced in order to fund the implementation of self-government.
- ◆ The Government of the Northwest Territories believes that all NWT residents in regions under self-government would be best served if most programs and services were delivered by governments or institutions that represent and serve all residents. The Government of the Northwest Territories would act as a funding agent for programs that are delivered in this manner. The Government of the Northwest Territories would contribute its share of funding based on program and services spending at the time of implementation.
- ◆ The Government of Canada has a special historic and constitutional relationship with Aboriginal peoples and their governments. Therefore, in program areas where the Dogrib First Nation Government exercises its exclusive jurisdiction over its citizens or land, the Government of the Northwest Territories believes that Canada should act as the funding agent for the Dogrib First Nation Government. When the Dogrib First Nation Government exercises its law making powers so as to take over responsibility for a program or service, the Government of the Northwest Territories will contribute its share of funding based on program and services spending at

the time of implementation. The Government of the Northwest Territories contribution would be based on spending on those programs and services taking into account any additional costs the government would incur in continuing to provide services to non-Dogrib residents in the settlement area.

- ◆ In addition to the costs of delivering programs and services, there are other costs associated with running two separate government structures, the Dogrib First Nation Government and the Government of the Northwest Territories. The one-time costs of setting up a new government and any needed modifications to the existing government structure must be calculated. The costs of running the new and modified governments can then be compared to the existing Government of the Northwest Territories' costs. The difference between the old and new costs is what the Government of the Northwest Territories calls the incremental costs of implementing self-government.
- ◆ The Government of the Northwest Territories will contribute its share of the costs to deliver programs and services under self-government. However, for self-government to work, Canada must accept responsibility for funding the incremental costs. Given the Government of the Northwest Territories' limited fiscal capacity, the territorial government cannot fund the incremental costs associated with self-government without making significant cuts to programs and services. Programs and services to NWT residents, including Dogrib and other Aboriginal people, must not be reduced in order to implement a self-government agreement.

NEXT STAGE

The three parties have agreed to initial the draft AIP. It is now vitally important that the three parties continue to work on resolving the outstanding fiscal issues. The Government of the Northwest Territories remains committed to contributing its share of funding toward the delivery of services in Dogrib communities. The issue of who is responsible for the incremental costs of implementing self-government and the matter of financial responsibility and a direct funding relationship with the Dogrib First Nation Government remain outstanding. These issues must be resolved before the three parties can complete Intergovernmental Services Agreements, Financing Agreements and the Final Self-government Agreement.

