



**Government of the Northwest Territories Response to  
Motion 33-20(1) Municipal Funding Gap**

**Motion 33-20(1):**

NOW THEREFORE I MOVE, seconded by the Member for Inuvik Boot Lake, that the Government of the Northwest Territories reallocate internal funding resources without delay to implement the revised Municipal Funding Gap policies;

AND FURTHER, that the Government of the Northwest Territories balance the current discrepancy between communities regarding the percentage of the formula funding they receive;

AND FURTHERMORE, that the Government of the Northwest Territories make the calculation of the municipal funding gap, by community, publicly available;

AND FURTHERMORE, the Government of the Northwest Territories acknowledge the increased costs facing communities through public emergencies and natural disasters and allocate a new stream of funding for public safety and emergency preparedness into the municipal funding gap calculations.

AND FURTHERMORE, that the Government of the Northwest Territories provide a response to this motion within 120 days.

**GNWT Response**

The department of Municipal and Community Affairs (MACA) conducted a review of the funding policies in 2014, which showed a large disparity between the funding levels across community governments. In some cases, community governments' annual funding was more than 100% of the full cost calculation, while other community governments were receiving less than 50%.

In 2023, MACA used the information from the 2014 review to update the calculated community government costs based on standard programs and standard costs of municipal services, while also making final changes to the terms and conditions of three funding policies; Operations and Maintenance (O+M), Waster Water and Sewer (WWS), and Community Public Infrastructure (CPI); collectively referred to as the community government funding policies. The changes made to the terms and condition of these policies related to reporting, penalties, and eligible spending. These updates were implemented to enhance clarity and transparency regarding community funding policies, and to apply a more equitable distribution of MACA's budget; not eliminate the gap that exists. The updated funding calculations will be implemented over a three-year transition period starting on April 1, 2025.

MACA recognizes that changes to the distribution in community government funding policies will have an impact for many communities. The redistribution of community government funding to ensure that all community governments receive an equitable share will have the greatest impact on communities with populations under 500. Communities with fewer than 500 residents have been receiving a higher percentage of funding compared to communities with larger populations. Communities that are receiving the higher percentages of funding will decrease to the average. MACA is currently meeting with community governments to discuss changes to the funding policies and what the potential impacts may be.

MACA's community government funding policies respect the authority of community government councils and the principle that councils should set priorities and plan for the sustainable development of their communities, while making budgets and audits publicly available. While MACA commits to making the funding calculation public by community, the data should not be compared across community governments since each community government makes unique decisions about the actual programs and services they provide. In doing so, there may be a difference between the standard cost calculation for each community government and actual costs of a particular community, and the data should not be interpreted without understanding what the community government is prioritizing to spend their allocation on.

MACA provides \$54 million annually in Operations and Maintenance (O&M) Funding to support community government programs and services and \$34.9 million annually in Community Public Infrastructure Funding that can be used to construct fire breaks or purchase public assets that support emergency response. This funding is not limited to a specific purpose or project to allow community governments the greatest flexibility when making decisions on spending, including any decision to prioritize emergency management planning.

Reallocating O&M Funding or Community Public Infrastructure Funding for emergency planning and public safety would reduce the authority of community governments and restrict councils' abilities to make their own priority setting decisions. This would also reduce the amount provided to community governments through O&M Funding and Community Public Infrastructure Funding, and further exacerbate perceptions of a municipal funding gap.

The Government of the Northwest Territories (GNWT) recognizes that more extreme weather events result in increasing disaster impacts and costs at all levels of government. Although the GNWT does not have the necessary resources to provide additional preparedness funding to community governments, the GNWT will continue to work with other provinces and territories to advocate for dedicated preparedness funding from the federal government.