

THE HONOURABLE VINCE MCKAY
MINISTER OF MUNICIPAL AND COMMUNITY AFFAIRS

Municipal Funding Gap

Mr. Speaker, I have a Return to Written Question asked by the Member for Range Lake on February 28, 2024, regarding the municipal funding gap.

Increases approved by the 19th Legislative Assembly totalling \$5 million to the Department of Municipal and Community Affairs Community Government Funding budgets was distributed according to three Ministerial policies: Operations and Maintenance Funding Policy, Water and Waste Services Funding Policy, and Community Public Infrastructure Funding Policy. While the \$5 million investment may not have kept up with the inflation as measured by the consumer price index, the additional funding represented a significant proportion of the funding the 19th Legislative Assembly committed towards initiatives.

To the Member's question regarding the current value of the overall municipal funding gap for the Northwest Territories, the difference between total territorial calculated costs and community government funding for 2023 is approximately \$52 million, of which an estimated \$18 million is related to general operations and maintenance, \$19 million is related to water and waste, and \$15 million is related to capital.

The Department of Municipal and Community Affairs acknowledges that the department's budget is lower than the full cost-calculation. However, because the GNWT is not the only source of revenue for community governments, the department calculated costs are not an appropriate measure of community need or a funding gap. The department uses this as a tool to allocate its community government funding budget based on the relative share of that community government to ensure that funding is distributed equitably.

Return to Written Question Retour à la Question écrite

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The objective of the policies is for community government funding to be distributed in a fair and equitable manner. The distribution formulas measure the total cost of typical programs and services for all 32 community governments and each community is allocated their proportionate share of the budget.

Each community government makes its own unique decisions on the types of programs and services they offer to their residents and how they will generate revenue to cover the difference between costs and funding provided by Municipal and Community Affairs. Community governments have the same financial realities and challenges faced by all levels of government and must take these into consideration when budgeting and planning for the priorities of their residents. The challenge of sustainable community governments is a shared responsibility across all levels of government. As such, MACA does not attribute any parts of its funding calculations toward inflation. I will provide a summary of funding provided by the department by community once the 2024-2025 Main Estimates are finalized.

It is well established that all levels of government are in a period requiring both fiscal constraint and well-planned priority setting. It is important for us to tackle our shared challenges together with community governments and to focus on how we can collectively best serve the residents of the NWT.

The department continues to advocate for increased funding to community governments and remains committed to supporting community governments to implement their identified priorities and needs.

Thank you, Mr. Speaker.