



Water and Waste Services Funding Policy

1. Statement of Policy

Pursuant to the *Community Government Funding Policy*, the Department of Municipal and Community Affairs (MACA) is responsible for providing funding to community governments to assist with the provision of water and waste services.

2. Principles

The Department of Municipal and Community Affairs will adhere to the following principles when implementing this policy:

- (1) Residents of the Northwest Territories (NWT) are entitled to safe drinking water and effective treatment of waste to safeguard their health.
- (2) Community governments should exercise full authority and responsibility for the provision of water and waste services in their communities.
- (3) Community governments should be accountable to consumers for the quality and cost of water and waste services.
- (4) Community governments should deliver water and waste services in the most equitable, efficient, and effective manner possible.
- (5) Community governments should set priorities and plan for the sustainable development of their communities, including water and waste infrastructure.
- (6) Community governments should develop financial plans that reflect the needs and priorities of community government services.
- (7) Community governments should leverage funding from a variety of sources.
- (8) Community governments should operate and maintain water and waste systems in a manner that ensures that the health and safety of community residents is protected.

3. Scope

This policy guides the allocation of funding to community governments to assist with the provision of water and waste services.



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4. Definitions

The following terms apply to this policy:

Community Governments – a corporation established under or continued by the *Charter Communities Act*, the *Cities, Towns and Villages Act*, the *Hamlets Act*, the *Tłı̄chǫ Community Government Act*, or any Designated First Nations Council.

Designated First Nations Council – a First Nations Council designated by MACA as the community government with prime public authority for the provision of municipal services, where a municipal corporation is not established in the area.

Standard Revenue – the calculation of revenue that estimates the amount that can be raised annually from customers, estimated by the Average Personal Income from Statistics Canada.

Standard Sewer Costs – the standard costs of sewage treatment and collection services, including labour, repairs, and maintenance specific to the plant or lagoon system of the community and trucked or piped collection method.

Standard Solid Waste Costs – the standard costs of solid waste services including labour, repairs, and maintenance of solid waste sites and trucked collection.

Standard Water Costs – the standard costs of water treatment and delivery services, including labour, repairs, and maintenance specific to the treatment plant of the community and trucked or piped delivery method.

5. Authority and Accountability

(1) General

This policy is issued in accordance with Financial Management Board direction to delegate to Ministers the authority to establish grants and contribution programs. Authority and accountability are further defined in the Financial Administration Manual and as follows:

(a) Minister

The Minister of Municipal and Community Affairs (the Minister) is accountable to the Financial Management Board for the implementation of this policy.



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(b) Deputy Minister

The Deputy Minister of Municipal and Community Affairs (the Deputy Minister) is accountable to the Minister and responsible to the Minister for the administration of this policy.

(2) Specific

(a) Minister

The Minister may:

- (i) approve changes to this policy;
- (ii) approve standards, guidelines, and standard operating procedures as may be necessary for the implementation of this policy;
- (iii) approve grants and contributions according to the terms and conditions outlined in this policy;
- (iv) delegate the authority to approve, reduce, or withhold all or a portion of grants and contributions to the Deputy Minister;
- (v) reduce a grant or contribution that the Minister would otherwise have provided to the community government or take other action as allowed for under the Government of the Northwest Territories' (GNWT) community government legislation if, in the opinion of the Minister, a community government fails to comply with the provisions of this policy or another GNWT policy.

(b) Deputy Minister

The Deputy Minister has the following authority and accountability, which they may delegate to a Director or a Regional Superintendent:

- (i) approve grants or contributions in accordance with the terms and conditions outlined in this policy.



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6. Provisions

(1) Funding Eligibility

The funding provided under this policy is intended to support the provision of water and waste services by community governments.

This funding is not intended to cover the capital replacement costs associated with water or waste facilities.

To be eligible for this funding, the community government must have enacted a Water and Waste Services User Fees and Rates bylaw or resolution that details the fees and charges that customers will pay for water and waste services. Community governments must also be recognized by MACA as the prime authority responsible for the provision of municipal services.

(2) Eligible Expenses

The following are eligible expenses:

- (a) Direct administration costs related to providing water, sewer, and solid waste services.
- (b) Indirect administration costs associated with water and waste service provision. Indirect costs cannot exceed 10% of total expenses.
- (c) Insurance costs associated with water and waste assets and general liability related to providing the services.
- (d) Operating expenses directly associated with water and waste treatment, waste management, water distribution, and waste collection.
- (e) Waste diversion and reduction costs.
- (f) Closure and post-closure costs related to solid waste and sewage treatment sites.
- (g) Training costs for water and waste personnel.
- (h) Costs of building assets, acquiring assets, or capital repairs on assets used to provide water and waste services.



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(3) Ineligible Expenses

The following are ineligible expenses:

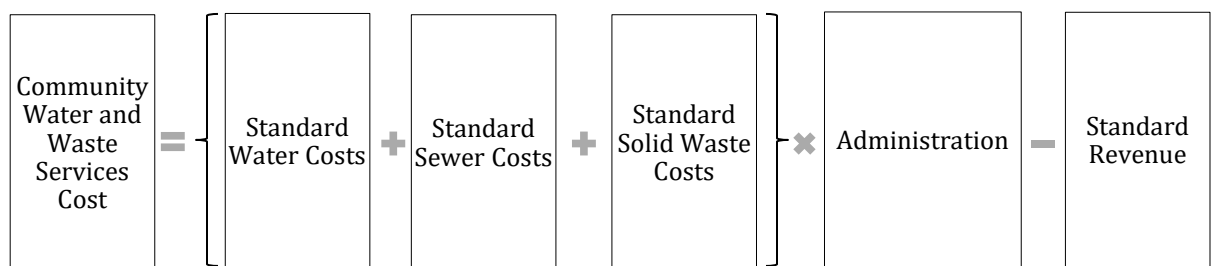
- (a) Costs unrelated to treating and delivering drinking water or managing waste.
- (b) Costs for which the community government is reimbursed by another party.
- (c) Indirect costs exceeding 10% of total expenses.

(4) Funding Calculations

Water and waste costs are calculated by subtracting the standard revenue from the standard costs of water, sewer, and solid waste service provision. A community government's proportionate share is identified by comparing those costs to the sum of water and waste costs for all community governments. The water and waste funding amount is determined by multiplying a community government's proportionate share by MACA's water and waste services funding budget.

Relevant factors and standards will be updated every 3 years.

(a) Community Water and Waste Services Calculation





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(b) Community Proportionate Share Calculation

$$\text{Community Proportionate Share} = \frac{\text{Community Water and Waste Services Cost}}{\text{Sum of Community Water and Waste Services Costs for all communities}}$$

(c) Water and Waste Services Funding Formula

$$\text{Water and Waste Services Funding} = \text{Community Proportionate Share} \times \text{MACA's Water and Waste Services Funding Budget}$$

(5) Accounting and Reporting Requirements

- (a) Community governments are required to report revenues and costs for water, sewer, and waste management services separately in their budget and financial reports. Accumulated surpluses and deficits related to water and waste operations must be reported separately from other operations.
- (b) The annual audited financial statements, the annual budget, and the current fees and charges for water and waste services must be made available to the public.
- (c) The following reports must be submitted to MACA:
 - (i) The annual operating budget for water, sewer and solid waste services must be submitted prior to the beginning of the fiscal year.
 - (ii) The annual audited financial statements must include a separate schedule for water and waste services and must be submitted to MACA within 120 days of the fiscal year end.



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- (iii) The current Water and Waste Services User Fees and Charges Bylaw or Resolution, prior to the beginning of the fiscal year or within 10 days of a new enactment.

(6) Terms and Conditions

Water and waste services funding can only be used for the purposes specified in this policy. Payments and eligibility are also subject to the following terms and conditions:

- (a) Council must approve a bylaw or resolution at least every 3 years that states the rates and charges for water, sewer, and solid waste services.
- (b) User fee rates and charges must reflect the cost of services and be applied consistently to similar customers. Fees for water and sewer usage can only be charged according to:
 - (i) a flat rate for all customers;
 - (ii) a rate based on volume of consumption;
 - (iii) a rate based on trucked or piped service;
 - (iv) a rate based on the following user classes:
 - a. residential;
 - b. commercial;
 - c. industrial;
 - d. institutional; or
 - (v) a combination of the above options.
- (c) Other charges may be levied to cover costs of operating water and waste systems.
- (d) Where the accumulated surplus of water and waste operations exceeds \$500,000 or the annual funding allocation, whichever is greater, the community government must report its plans for their surplus to residents and MACA within one year.
- (e) Where violations of the terms and conditions of this policy result in a reduction of funding, this reduction, at the discretion of the Deputy Minister, may be applied to funding under any of the three Ministerial



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community government funding policies. Policy contraventions include, but are not limited to, the following:

- (i) Using water and waste services funding for purposes other than the provision of water and waste services;
- (ii) Charging different rates to customers within the same customer class;
- (iii) Charging rates that differ from the rates established in bylaw; or
- (iv) Accumulating surpluses in excess of the limit without identifying a purpose or plan to use the surplus.

7. Financial Resources

Financial resources required under this policy are conditional on approval of funds in the Main Estimates by the Legislative Assembly and there being a sufficient unencumbered balance in the appropriate activity for the fiscal year for which the funds would be required.

8. Prerogative of the Minister

Nothing in this policy shall be construed to limit the prerogative of the Minister to make decisions or take actions respecting grants or contributions. In this regard, the Minister may make a special exception to the rules set out in this policy. Any exception will require substantiation in writing and must be recorded with the Department of Municipal and Community Affairs.



Shane Thompson
Minister

October 03, 2023

Date