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***N.w.t. Legislative Assembly Caucus - First
Strategic Planning Workshop - Moving
Forward Ot 1999***

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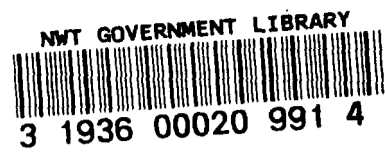


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MOVING FORWARD TO 1999
Changing the **NWT** and National Landscape

PART I - INTRODUCTION

The Caucus of the Legislative Assembly of the NWT met on April 4-6, 1993 to consider a number of issues relating to the creation of two new territories. Caucus directed that further work be done to prepare for a second strategy session, and to develop and implement a public information campaign to generate interest and increase awareness about division of the NWT and the implications it will have for the GNWT and the Legislative Assembly.

Some themes have emerged since the Fort Providence session which will guide further work, including ongoing public information initiatives leading up to and following the second strategy workshop, planned for early October in Cambridge Bay. The themes are:

Moving Forward to 1999
Changing the **NWT** and National Landscape

by creating two new territories we will be participants in changing the makeup of Canada and putting in place new approaches to Aboriginal and public government in the north

Forming New Relationships
Between Northern Residents and their Governments

by ensuring that everyone can make their views known to help shape the governments of the two new territories

by focusing on needs, aspirations and well-being of all the peoples of the new territories

by recognizing the rights of Aboriginal peoples gained through claims settlements and self-government agreements

Safeguarding Common Interests

by reaffirming the responsibility of the Legislative Assembly and GNWT to implement decisions regarding future public government institutions in the best interests of everyone in the north

by ensuring that delivery of territorial government programs and services are maintained during and after the transition to two new territories

by protecting the rights and interests of GNWT employees

Building for the Future

by generating training, employment and business opportunities associated with the establishment and operation of new public government institutions

The following is a summary of some of the issues and challenges facing the people of the Northwest Territories and their governments as we move forward to 1999.

MOVING FORWARD TO 1999
Changing the NWT and National Landscape

PART II - EXECUTIVE SUMMARY

1. NEW DIRECTIONS

The peoples of the Northwest Territories are now embarked upon one of the great and long awaited nation-building exercises in the history of Canada: the creation of two new territories by April 1, 1999.

The division of the NWT, the establishment of Nunavut in the East and a new territory in the West are the next steps in the ongoing evolution of public life and government for all residents north of the 60th parallel. This process will create new relationships, new public, community and Aboriginal institutions, and new economic and public sector employment opportunities throughout the North.

Everyone has a role to play in the events leading toward 1999. The consultative process will be open, effective and responsive. There will be many opportunities to present and review ideas.

But while our objective is the creation of separate jurisdictions, there is much to unite us now and beyond 1999. The GNWT and Legislative Assembly will oversee this process and ensure that the best interests of all concerned are properly represented, including our public servants.

Government services and programs will be maintained prior to and after the division date. And we will all be working to achieve a successful balance between individual and collective rights, community and regional interests and the merits of various systems of government.

2. BALANCING OUR INTERESTS:

This balancing of interests will be especially important in the development of the new western territory. While the population and wishes of the people of the future Nunavut are comparatively united, the West is home to a number of different perspectives and concerns.

Different groups will obviously put forward the interests of their members during the discussions surrounding the new western territory. It is important that these interests be acknowledged and accommodated to the fullest possible extent. The key will be to achieve a balancing of these views that is acceptable to all concerned.

Among the interests to be rebalanced are the following: the expectations which Aboriginal and non-Aboriginal groups bring to the constitutional reform process; the relationship between public government institutions and Aboriginal self government; the authority to be granted

strong central, decentralized or regional governments on the one hand and governments based on the input provided by member communities on the other; and, the balance between individual rights and the interests of various groups within the West.

New administrations must also include public government structures established by the claims settlements in both the east and the west,

3. ACCOMMODATING THESE VIEWS:

NWT residents will have an opportunity to participate in shaping the governments of the two new territories through two advisory organizations which will assist the GNWT, the Legislative Assembly, the federal government and the people of the North in this process.

A Nunavut Implementation Committee (NIC) will advise the GNWT, the government of Canada and the Nunavut Tunngavik on a range of matters regarding the establishment of Nunavut. These issues include: the transition and the delivery of programs and services to the new territory; the administrative workings of the government of Nunavut; the required infrastructure; the location of the territorial capital; and, the election of a new Legislative Assembly to name but a few.

The NIC will consist of members recommended by the GNWT, the government of Canada and the Nunavut Tunngavik.

A Constitution Development Steering Committee (CDSC) has been established as part of a western constitutional initiative. This Committee is playing a major role in the design and implementation of the process used to develop a constitution and structure of government for the new western territory.

The CDSC consists of all western MLAs, a number of Aboriginal leaders plus representatives of women's organizations and tax based municipalities.

Of course, it is also expected that NWT residents will present their ideas directly to their MLA's, their band chiefs and councils, municipal governments, and Aboriginal organizations.

4. POSSIBLE SYSTEMS OF GOVERNMENT:

The NIC and the CDSC will conduct a review of the institutions of government on which the two new territories might be based. Nunavut presents fewer challenges in this area. Since the Inuit constitute the vast majority of the population, it will enjoy a form of Aboriginal self government through whatever public institutions are established.

The West will require greater attention in this regard given the diverse nature of the population and the various expectations of this reform process. Two options under consideration are integrated and parallel systems of government.

Moving Forward to 1999/3

An integrated system could include a single government featuring public institutions but flexible enough to accommodate Aboriginal self government within it. This model most closely reflects the position taken by the GNWT in its approach to date.

A parallel system of government, on the other hand, could consist of two separate governments, one public and one Aboriginal. These systems would be independent of one another, would deal with and be funded by the government of Canada on a separate basis, and would deal with each other through a number of intergovernmental agreements.

5. POLITICAL AND ELECTORAL LIFE

The North is well known for the consensus form of government that has developed over the years. This model is particularly valued for its absence of political parties, resulting in a more personal element of MLA accountability to their constituents. The current process of constitutional, government and political reform requires us all to determine the extent to which we wish to maintain this non-partisan approach to the public life of our community.

At the same time, work must proceed on establishing a framework for holding general elections in each of the two new territories. Since both jurisdictions will have a Legislative Assembly in 1999, electoral constituencies must be identified. In order to do so, electoral boundary commissions may have to be established to conduct appropriate research and to recommend boundaries for the new constituencies.

In order to give legal authority to these actions, the Legislative Assembly would need to consult the people, develop and pass legislation designed to establish the boundary commissions and to allow for elections in the new territories.

6. NEW RELATIONSHIPS BETWEEN GOVERNMENTS AND PEOPLE: “

Even as the constitutional reform process proceeds, the GNWT and the Legislative Assembly are taking steps to ensure that the people of the North enjoy greater control over their lives.

A Community Transfer Initiative (CTI) is designed to transfer responsibility and resources for the delivery of programs and services from the government to interested communities throughout the NWT. This will increase the scope of local decision making, improve the support services available for program delivery, and reduce the level of dependence on outside authorities.

New relationships are being forged in other ways as well. The process of negotiating various Aboriginal self-government agreements in the West has been initiated. The arrangements resulting from these negotiations are expected to be concluded and implemented prior to 1999.

Moving Forward to 1999/4

7. TRANSITIONAL SUPPORT FOR TWO NEW TERRITORIES:

As part of this process of forging new relationships, consideration is being given to the transitional arrangements required to ensure that the new territory of Nunavut will be capable of delivering programs and services in 1999.

It is possible that the new territory will contract a range of support services from suppliers and government departments in the West. Throughout the consultation process every effort will be made to ensure that the contracting arrangements to be established before 1999 reflect the true needs and best interests of the people of both territories.

One such need is for increased employment opportunities, particularly among the **Inuit** of the new territory. Steps will be taken during the transition process to generate employment, training and business prospects for both Nunavut and the west.

These and other measures will be designed to supplement the infrastructure and administration that is to be in place at the creation of Nunavut. This will include a Legislative Assembly, an Executive Council, the ability to maintain and support various public works and programs, together with a range of legal, financial and human resource capabilities. A number of these functions could be administered on a decentralized basis through a territorial capital plus several regional centres.

Obviously, this transition will result in additional costs for the GNWT, which must, at the same time, ensure that division does not interrupt or reduce the delivery of programs and services to all Northwest Territories residents. A federal commitment to take responsibility for the majority of incremental and extraordinary costs for things like infrastructure, education and training will be essential to successfully implementing division. .

8. FINANCING THE NEW TERRITORIES:

One of the priorities of the process leading toward 1999 is the identification of appropriate financial arrangements for the new territories. This is of particular importance given the likely level of dependence on support provided by the government of Canada. The current formula financing arrangement provides for multi-year transfer payments to the GNWT from the federal government.

A number of steps will be taken and issues raised as part of the search for fair and effective funding relationships. Traditional arrangements and assumptions will have to be reviewed given that most of the economic activity and own-source revenues will be generated in the western territory. In addition, policy decisions involving new programs, the works of the Community Transfer Initiative, intergovernmental agreements and the decentralization of government may determine the nature of and parties to various funding agreements. The

current formula financing method, therefore, may no longer be appropriate in light of these and other facts.

A number of administrative considerations will also be reviewed in order to ensure that the final funding provisions are efficient and costeffective. New databases foreachterritory will likely be required before 1996 at the latest as part of this process. In addition, consideration may be given to establishing a common tax administration for the collection of various taxes. Other agreements designed to promote the harmonization of the tax systems of both territories may also be beneficial to all concerned.

The end product must be federal-territorial financing arrangements which maintain and build on the levels of programs and services delivered in two new territories. A commitment which clearly establishes federal responsibility forpost-divisiontransferpayments necessary to realize these two objectives will also be required early on in the process.

9. CONCLUSION:

The attached package consists of updated working papers and hard copies of overhead slides used to review division issues at the Legislative Assembly's Fort Providence Strategic Planning Workshop in early April.

Moving Forward to 1999/6

PART THREE
Strategic Planning Workshop
Information Package

3-1
Events Flow **Chart**

REAL/PROPOSED EVENT FLOW FROM PRESENT

FT Jun 03

	1993				1994				1995				1996				1997		
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter
	A approves 93/94 OAM budget ULA workshop	communities and MI A approve 5yr Capital Plan (94/95-98/99) State Cav/GNWT develop financial base view Prime Minister	GNWT 5yr Capital Plan and OPPLAN negotiate new Canada/NWT Languages Agreement Cabinet direction Financing negotiations	SCOF review 5yr Capital Plan and M-35 projects A approves 94/95 Capital SCOF reviews 94/95 OAM	M Resols. expires 5yr Capital Plan (94/95 - 2000) A approves 94/95 OAM begin negotiations re new formula financing agreement Canada/NWT language agreement expires	communities and MI A approve 5yr Capital Plan (95/96 - 99/2000) view Canada/NWT Languages Agreement	FMB 95/96 Capital Plan and (M) AN negotiate new EDA	SCOF review 95/96 Capital OAM A approve 95/96 Capital ICAP recommendation	A approves 95/96 OAM formula financing agreement expires	communities and MI A approve 5yr Capital Plan (95/96 - 2000/01) new formula financing agreement	FMB review 95/97 Capital Plan A (M) AN	SCOF review 96/97 Capital and OAM territorial election A approves 96/97 Capital	LA approves 96/97 OAM complete financial data base EDA expires	communities and MI A approve 5yr Capital Plan (97/98 - 2001/02) new EDA	MI reviews 97/98 Capital and OAM AN	SCOF review 97/98 Capital OAM A approve 97/98 Capital devolution of land and water	A approves 97/98 OAM	communities and MI A approve 5yr Capital Plan (98/99 - 00/01)	FMB review 98/99 Capital and OAM
ABORIGINAL CLAIMS SETTLEMENTS AND IMPLEMENTATION	Establish Gwich'in RR Board GNWT approve TFN claim Feds approve TFN claim Establish Gwich'in LUP Board	Parliament approves TFN claim GNWT enters Gwich'in Surface Rights Board Legislation	TFN claim proclaimed Establish Nunavut Wildlife Sahlu Ratification Vote Tom TLE negotiations begin Gwich'in government negotiations	begin Metis self-government discussions begin Dogrib claim negotiations begin Inuvialuit self-government negotiations	establish Nunavut Surface Rights Tribunal Sahlu claim to Parliament	begin Sahlu self-government negotiations	establish Gwich'in Surface Rights Board Feds approve Gwich'in self-government	begin Deh Cho negotiations	Feds approve Dogrib claim	establish Nunavut public government institutions begin Dogrib self-government negotiations	Feds approve TLE Feds approve Sahlu self-government			Feds approve Dogrib self-government	establish Sahlu public government institutions	begin South Slave self-government negotiations	Feds approve Deh Cho agreement	establish Dogrib public government institutions	
DIVISION: EAST AND WEST	DIAND brief GNWT re Nunavut Feds approve Nunavut	State Cav/GNWT develop financial data base Parliament approves Nunavut Act	Nunavut Act proclaimed GNWT nominates members for	Western Constitutional Workshop NIC established	begin in development of western constitution begin Nunavut HRTF begin Human Resources Master Plan for begin Structure Plan for east and west initiate labour relations plan for east and west		NIC recommendation re infrastructure/capital	decisions re Nunavut infrastructure/capital		finalize draft constitution	Nunavut Leg Risk handle begin public consultation on western draft constitution complete financial data base decisions re hiring Nunavut senior officials	process for division of assets/debts between east/	plan east/west sectoral boundary commissions	ratify new east/west constitution through plebiscite	draft Public Service legislation for east/west LA support east/west electoral boundary commissions	finalize/submit Nunavut legislation finalize/submit NW T Act amendments finalize/submit West/Deh Cho			

TO DIVISION IN 1999

	1998					1999			
Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		2nd Quarter	3rd Quarter	4th Quarter
98/ Plan IN	<p>SCOF review 98/99 Capital/O&M</p> <p>LA approve 98/99 Capital</p>	<p>LA approve 98/99 O&M</p>	<p>communities and MLAs review 5yr Capital Plan (99/2000 - 2003/04)</p>	<p>FMB review 1999/2000 Capital and OPPLAN</p>	<p>SCOF review 1999/2000 Capital Plan/O&M</p> <p>LA approve 1999/2000 Capital</p>	<p>LA approve 1999/2000 O&M</p>		<p>see division</p>	<p>see division</p>
tic it	<p>Feds approve Metis self-government</p>			<p>Feds approve Deh Cho self-government</p>			<p>Feds approve South Slave self-government</p>		
	<p>LA approve NWT Act amendments</p> <p>report of electoral boundary commissions to LA</p> <p>LA approve amendments to Elections Act for east/west elections</p>		<ul style="list-style-type: none"> prepare for two (east/west) territorial elections in 1999 table Public Service legislation for east/west 			<p>finalize intergovernmental agreements</p> <p>territorial elections (east/west)</p>	<p>amend NWT Act</p> <p>Nunavut Act in full force</p> <p>Nunavut Government in operation</p>	<p>FMBs review 2000/01 Capital Plans and OPPLANS (east/west)</p> <p>identify interim Executive Councils (east/west)</p>	<p>SCOFs review 2000/01 capital/O&M budgets (east/west)</p> <p>New public service legislation for east/west comes into force</p> <p>new governments have separate legal authority and accountability</p> <p>transfer of program responsibility</p>

3-2

Balancing Our Interests

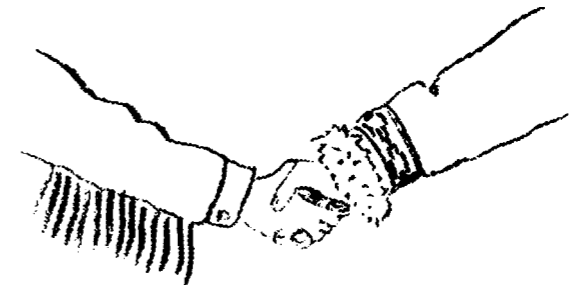
Linkage between Eastern and Western Models Issues

Topic:

In the period leading up to 1999, there are numerous issues where the interests of evolving Eastern and Western Governments are interconnected.

Factors:

- *Land claims settlements will be implemented in both the East and the West during the period leading up to and following division.*
- *The Community Transfers Initiative will be operative in both the East and the West in the coming years.*
- *The Nunavut Implementation Commission and a Western Constitutional Initiative will make recommendations affecting the jurisdiction of the Government and Legislative Assembly.*
- *The Federal Government will assume a prominent role in the Eastern and Western processes with objectives common to both new Territories.*
- *The budget preparation, review and approval process will have to ensure a balance between East and West and the need to prepare for a new Nunavut administration.*
- *The existing administration will negotiate intergovernmental agreements, which will effect the future interests of both Territories.*
- *A Western Government, which will also be in transition, may deliver contract programs and services to the Nunavut Government after 1999.*
- *The processes for developing and implementing systems of government in the East and the West are not separate initiatives which have little or no impact on each other.*



Linkage Between Eastern and Western Models Issues

Topic:

While the evolution of Nunavut and Western Governments will be unique to some extent, there are numerous issues where the interests of both are interconnected or where the same challenges will be faced.

Factors:

- Land claims settlements will be implemented in both the east and the west during the period leading up to and following division. Of particular interest are public government institutions which must be established under land claims obligations.
- The community transfers initiative will be operative in both the east and the west in the coming years. Devolution to the community level will have to be integrated with larger scale constitutional and institutional change at the regional and territorial levels.
- Two processes, the Nunavut Implementation Commission and a Western Constitutional Initiative, will be developing recommendations on a number of issues which fall within the jurisdiction of the government and Legislative Assembly.
- It is expected that the Western Government will deliver contract programs and services to the Nunavut Government after 1999 even though the Western Government may be going through considerable constitutional and institutional change.
- The Federal Government will assume a prominent role in the Eastern and Western processes and can be expected to have some objectives which are common to both new Territories.
- The NWT budget preparation, review and approval process will take on even greater significance to ensure a balance between east and west and expenditures which adequately reflect the need to prepare for a new Nunavut administration.
- Up to 1999, the existing territorial bureaucracy will serve one territory and it is contemplated that it will serve two Territories until the Nunavut administration is in place and fully operational. Adjustments will be required to ensure that it is capable of responding to the transition and maintaining program and service delivery.

July 1993 /3

- **The existing administration will be responsible for negotiating numerous intergovernmental agreements, including a new formula financing agreement, which could affect the interests of both Territories. In short, the existing administration will have to represent the interests of Nunavut until 1999.**
- **The processes for developing and implementing systems of government in the east and the west are not discrete initiatives which have little or no impact on each other.**
- **In the final analysis, it will be the Legislative Assembly, the cabinet and the territorial administration which, along with the Federal Government, will have the responsibility for both directing and responding to the work of the Nunavut Implementation Commission and the Western Constitutional Initiative.**

July 1993 /4

Nunavut Implementation Commission

Topic:

The Nunavut Implementation Commission (NIC) is to be an advisory body to government and Tunngavik on matters relating to the establishment of Nunavut

Factors:

- *Term of NIC is from December 1993 until July 1999.*
- *Commission of ten members, three from GNWT, three from Tunngavik, and three from Canada, appointed by governor in council.*
- *Chief commissioner acceptable to all three parties.*
- *Mandate is to provide advice to GNWT, Tunngavik and Canada, on the following subjects:*
 - *Timing of taking over of responsibilities;*
 - *Process for establishing Legislative Assembly;*
 - *Design and funding of training programs;*
 - *Process for capital site;*
 - *How to divide assets and liabilities;*
 - *Plan for constructing infrastructure;*
 - *Administrative design of new government;*
 - *Transitional delivery of programs; and*
 - *Any other matter referred by the parties.*

Nunavut Implementation Commission

Topic:

The Nunavut Implementation Commission (NIC) is to be an advisory body to government and Tunngavik on matters relating to the establishment of Nunavut.

Factors:

- NIC is to be established no later than six months after *Nunavut Act* receives assent (December 1993), and shall terminate no later than three months after the coming into effect of the *Nunavut Act* (July 1999).
- Ten members, composed of three commissioners nominated by GNWT, three commissioners nominated by Nunavut Tunngavik, three by Federal Government, and a chief commissioner acceptable to all three parties.
- Appointments to be made by governor in council, for a renewable term of three years.
- The mandate of the Commission is to advise the governments of the NWT and Canada and the Tunngavik (at an appropriate time) on matters concerning the establishment of Nunavut, and in particular;
 - A) The timetable for the assumption of responsibility for the delivery of services by the government of Nunavut.
 - B) The process for the first election of members of the Nunavut assembly, including the number of members and the electoral boundaries.
 - C) The design and funding of training programs.
 - D) The process for determining the capital of Nunavut.
 - E) The principles and criteria for dividing the assets and liabilities of the present GNWT between Nunavut and the new Western territory.
 - F) Determination and scheduling for construction of infrastructure necessitated by the establishment of Nunavut.
 - G) The administrative design of the first government of Nunavut.
 - H) The arrangements for the transitional delivery of programs and services to Nunavut from other jurisdictions.
 - I) Any other matter referred to the Commission by the parties for recommendations.

July 1993/7

Issues:

- How are the Western interests to be taken into account, especially in relation to (E) and (H)?

July 1993/8

Western Constitutional Process - Phase II

Topic:

Establishment of a process to develop and ratify a constitution and structure of government for a Western territory.

Factors:

- *The Commission for Constitutions/ Development released its report, **Working Toward a Common Future**, in April 1992.*
- *A constitutional development steering committee has been formed to establish and oversee the process.*
- *It has prepared a workplan and budget for the period of March to November 1993.*
- *The focus is a constitutional conference for community and Territorial leaders scheduled for November.*
- *The workplan provides funding to aboriginal groups and the tax based municipalities to research means for implementing self-government in their communities and/or regions.*

Issues:

- *Recommendations to the constitutional development steering committee on matters within the jurisdiction of the Legislative Assembly and the government.*
- *Timing is important.*

Western Constitutional Process - Phase U

Topic:

Establishment of a credible, effective process to develop and ratify a constitution and structure of government for a western territory in time for division in 1999.

Factors:

- The commission for constitutional development released its report, *Working Toward A Common Future*, in April 1992. It focuses on the tension between the protection of individual rights and freedoms and the recognition and implementation collective aboriginal rights. It also stresses the perceived importance of community and regional institutions.
- . A constitutional development steering committee and a smaller working group comprised of aboriginal leaders, western MIAs, and representatives of women and tax based municipalities has been formed to establish and oversee a process to complete work on a constitution for the west.
- It has prepared a workplan and budget for the period of March to November 1993. The focus is a Constitutional Conference for community and territorial leaders scheduled for November which, if successful will; identify and discuss the major issues associated with developing a constitution in a manner that gives direction for the next phase; and, recommend a credible and effective process for completing and ratifying a constitutional package.
- The workplan provides funding to aboriginal groups and the tax based municipalities to research means for implementing self-government (public and/or Aboriginal) in their communities and/or regions. The results of these projects will be submitted to the constitutional conference in the fall.

Issues:

- . Recommendations to the constitutional development steering committee on matters within the jurisdiction of the legislative assembly and the government are required - an electoral boundaries commission for example.
- The timing of decisions is also important.

July 1993 /10

Charter Groups and Western Constitutional Development

Topic:

Developing a constitution and institutions of government for the west will be subject to the lobby of non-government organizations.

Factors:

- *Western non-government organizations, which have a right or freedom they want enshrined in law, have been active in both the national and Territorial constitutions/ processes.*
- *Examples include advocates for women, seniors, the disabled, francophones, property rights, the environment, and the business communities.*
- *With the exception of the Native Women's Association, these groups and organizations are largely, although not exclusively, representative of urban, non-aboriginal interests.*
- *Western organizations are receiving funding from the GNWT to participate in the process leading up to and including a Western Constitutional Development Conference proposed for November, 1993.*
- *As the Western process becomes more focused, it is expected that representatives of other interests relating to education, housing, resource harvesting, the mining industry and the medical profession will seek input to the process.*



Charter Groups and Western Constitutional Development

Topic:

Developing a constitution and institutions of government for the west will be subject to the lobby of so-called charter (of rights and freedoms) groups which have a specific constitutional objective.

Factors:

- . Experience in the national and territorial constitutional development process to date has reinforced the role of charter groups which have a particular right or freedom they want to see enshrined in law.
- Examples include advocates for women, labour, seniors, the disabled, francophones, the multicultural community and property rights advocates.
- These charter groups, and other organizations representing business and environmental interests, played a prominent although focused role in contributing to the work of the Constitutional Commission.
- With the exception of the Native Women's Association, these groups and organizations are largely, although not solely, representative of urban, non-aboriginal interests which want their objectives reflected in a Western constitution.
- As the Western process becomes more focused, it is expected that representatives of other interests relating to education, housing, resource harvesting, the mining industry and the medical profession will seek input to the process.

Tax Based Municipalities' Role in Constitutional Process

Topic:

Because of their large population base, municipalities will seek a prominent role in developing a constitution and institutions of Government.

Factors:

- *Tax based municipalities will be advocates of municipal interests as well as the majority of non-aboriginal residents in the west.*
- *A greater Aboriginal population in Yellowknife and regional centres will also require that municipal representatives be sensitive to aboriginal residents.*
- *Tax based municipalities will also be seeking to secure and/or increase the economic benefits associated with the presence of government in their communities.*
- *Tax based municipalities will be cautious about new constitutional arrangements which propose that they deliver social services and other programs currently managed by the GNWT.*
- *Tax based municipalities will be seeking to confirm access to ongoing funding from government for existing community works programs and adequate representation in decision making institutions, boards and agencies.*
- *Municipalities will continue to express concerns about the impact of undefined Aboriginal self-government on the future of their communities.*

Tax Based Municipalities' Role in Constitutional Process

Topic:

Given that a vast majority of the new Western territory's population resides in its tax based municipalities, it can be expected that they will seek to assume a prominent role in developing a constitution and institutions of government.

Factors:

- . The majority of non-aboriginal residents reside in Western taxed based municipalities and therefore it should be expected that along with MIAs, mayors and councillors will bespeaking, not only for municipal institutional interests, but also those of their non-aboriginal residents.
- However, the trend toward a greater Aboriginal population in Yellowknife and regional or area office centres, will also require that mayors, councillors and MIAs be sensitive to this ever increasing Aboriginal component of their communities.
- Nevertheless, representatives of taxed based municipalities will be seeking to secure and/or increase the economic benefits associated with the presence of government in their communities.
- Because of their experience in funding and managing programs and services, it should be expected that tax based municipalities will be cautious about new constitutional arrangements which propose that they deliver costly social services and other programs currently managed by the GNWT.
- Moreover, tax based municipalities will be seeking to ensure access to adequate levels of ongoing funding from the Territorial Government for existing community works programs and adequate representation indecision making institutions, boards and agencies.
- Municipalities will continue to express concerns about the impact of undefined Aboriginal self-government on the future of their communities.

Federal Interests in Western Constitutional Development

Topic:

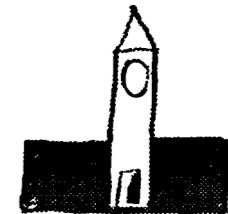
Federal interests, objectives and participation will eventually have to be addressed in the Western process.

Factors:

- *Over the past two years, the Federal Government has not directly participated in Western Constitutional Development initiatives.*
- *However, the Federal Government is influencing the course of Western Constitutional Development through claims and self-government negotiations.*
- *Federal policy, Legislative and fiscal/financial responsibilities and interests will have an overriding influence on the nature and direction of Western Constitutional Development.*
- *Federal input to and participation in the process is inevitable and indeed necessary.*

Issues:

- *When and under what circumstances would it be desirable to approach the Federal Government to determine their role in the process?*
- *What kind of role should the Federal Government play in the process, including provision of financial support to successfully conclude the work of developing a new constitution and institutions of government?*



Federal Interests in Western Constitutional Development

Topic:

While the Federal Government has chosen not to directly intervene in the current Western Constitutional Development process, its interests, objectives and participation will have to be addressed eventually.

Factors:

- Over the past two years, the Federal Government has not participated in any of the discussions or initiatives respecting Western Constitutional Development; however, some Federal funding to territorial, regional and local Aboriginal organizations has assisted them in preparing for or contributing to the process.
- The Federal Government is also influencing the course of Western Constitutional Development through claims and self-government negotiations, devolution initiatives and other more indirect measures which affects the status of the GNWT or Aboriginal institutions.
- However, federal policy, legislative and fiscal/financial responsibilities and interests, that will have an overriding influence on the nature and direction of Western Constitutional Development, means that their input to and participation in the process is inevitable and indeed necessary.

Issues:

- Given the preliminary state of preparations for the next round in the west, when and under what circumstances would it be desirable to approach the Federal Government to determine their role in the process?
- What kind of role should the Federal Government play in the process, including provision of financial support to successfully conclude the work of developing a new constitution and institutions of government?

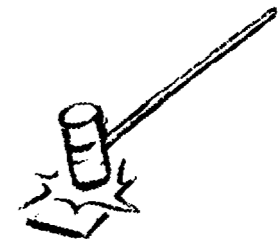
Legal and Constitutional Constraints and Opportunities

Topic:

The Western Constitutional Development process will have to accommodate a number of legal/ and constitutional realities.

Factors:

- *Constitutional provisions such as the Charter of Rights and Freedoms and recognition of Aboriginal and treaty (land claims) rights are examples.*
- *Prior to 1999, it is expected additional Aboriginal land claims and treaty rights for the Dene and Metis will come under the protection of s.35 of the Constitution Act.*
- *Federal statutes, such as the Indian Act, and constitutional conventions which limit the ability of Parliament to delegate its authority are other realities which must be recognized.*
- *As the national constitutional reform process demonstrated during the period 1987 to 1992, Canada is still in a state of constitutional uncertainty. Another national round could take place prior to 1999.*
- *The Royal Commission on Aboriginal Peoples will be making recommendations which, if accepted, will require constitutional amendments and sweeping changes to current federal policy and legislation.*
- *The Western process could be impacted by court rulings related to Aboriginal rights including federal fiduciary responsibilities and a long list of outstanding federal-provincial issues.*



Legal and Constitutional Constraints and Opportunities

Topic:

The Western Constitutional Development process will have to accommodate a number of legal and constitutional realities which impose constraints and provide opportunities in drafting a constitution and creating new institutions of government.

Factors:

- Constitutional provisions such as the Charters of Rights and Freedoms and recognition of Aboriginal and Treaty (land claims) Rights are examples of some of the national realities which must be reconsidered in a new constitution and institutions of government.
- Indeed, it is likely that during the timeframe being contemplated, additional Aboriginal land claims and treaty rights for the Dene and Metis will come under the protection of s.35 of the Constitution Act.
- . Moreover, there are Federal statutes, such as the Indian Act and Constitutional conventions which limit the authority of Parliament to delegate its authority which could further constrain the Western Constitutional Development process.
- However, as the national constitutional reform process demonstrated during the period 1987 to 1992, Canada is still in a state of constitutional uncertainty and yet another attempt at a reform process and package may be initiated in the timeframe being contemplated for the Western process.
- Whether or not a comprehensive national reform package is pursued, it is expected that the Royal Commission on Aboriginal Peoples will be making recommendations which, if accepted, will require constitutional amendments and sweeping changes to current Federal policy and legislation.
- . As well, the Western process could be impacted by court rulings related to Aboriginal rights including federal fiduciary responsibilities and long list of outstanding Federal-Provincial issues.

July 1993 /18

Guidelines for Developing Nunavut

Topic:

The Nunavut Political Accord was signed on October 30, 1992 at Iqaluit. Contained in the accord were some guidelines and expectations:

Factors:

- *The **Nunavut Act** passed by Parliament June, 1993, is similar to the **NWT Act**, and the powers of the Nunavut Legislative Assembly and Government will be generally consistent with those set out in the **NWT Act**.*
- *The new Nunavut Government will be phased in overtime, and will have the capacity to perform the following functions on April 1st, 1999:*
 - Operate a Legislative Assembly and Executive Council;*
 - Manage the financial affairs of Nunavut;*
 - Obtain legal advice;*
 - Recruit personnel;*
 - Support MACA, DPW and Government Services; and*
 - Provide adult education services.*
- *For programs or services other than those named above, the Nunavut Government will contract with other governments or NGOs.*
- *The financing of Nunavut will be similar to the present financial arrangements; Canada will pay incremental costs.*
- *Until 1999, the GNWT will continue to divide an equitable allocation of capital and O and M costs between the Western Territory and Nunavut.*

Guidelines for Developing **Nunavut**

Topic:

The *Nunavut Act* received Royal Assent on June 10 and was proclaimed on July 9th. The Act was modeled on the existing *Northwest Territories Act*, with such modifications so as to reflect the current method of operation of the Government of the NWT.

Factors

- Authority to transfer administration and control over public lands to the Nunavut government is contained in the *Nunavut Act*. It is expected that the actual transfer of public land to the Nunavut government will be the subject of further discussions in the future as the territory evolves toward provincial status.
 - It is anticipated that by April 1 st, 1999, the Nunavut government will have the following capacities:
 - A Legislative Assembly and Executive Council;
 - A financial capacity
 - A source of independent legal advice;
 - The capacity to recruit personnel;
 - The ability to support the municipal affairs function, as well as the maintenance of public works and government services; and
 - The capacity to provide a comprehensive adult education program.
- It is expected that the programs above will be delivered through the departments of the Nunavut government with conventional ministerial responsibilities.
- The additional programs or services which are presently administered by the GNWT and are not mentioned above, will be performed by agreements or contracts with appropriate governments, public institutions, or non-governmental bodies.
 - . The basis for financing Nunavut shall be similar to the present formula financing arrangements, with Canada funding reasonable incremental costs arising from the creation and operation of Nunavut.
 - . It is anticipated that the GNWT will continue to provide an equitable allocation of its capital, and operation and maintenance expenditures between the two new territories until the creation of the new territories.

July 1993 /21

TFN Approach for Nunavut Administrative Structure

Topic:

TFN have proposed in public statements that the administrative structures of the Nunavut Government should be decentralized throughout the new territory.

Factors:

- *A single capital seems to be acceptable, but the task of developing a process to decide the location has been delegated to the N/C.*
- *TFN have stated that the headquarters departmental functions of the Nunavut Government will be decentralized among the regions.*
- *This decentralization of the headquarters function:*
 - . *Will cost more because of travel, communications, and infrastructure build-up;*
 - *Will promote inter-regional and community rivalry;*
 - *May promote community disruption as a large influx of non-community people will move into the selected communities until training of local people is completed.*
- *TFN have also discussed the devolution from the Nunavut Government to the municipal level (much like the GNWT CTI).*

TFN was replaced by Nunavut Tunngavik in June 1993.

TFN Approach for **Nunavut** Administrative **Structure**

Topic:

TFN have proposed in public statements that the administrative structures of the Nunavut government should be decentralized throughout the new territory.

Factors:

- Although the idea of a single capital appears to have been accepted, the task of developing a process for determining the location has been delegated to the Nunavut implementation Commission.
- . In past statements TFN have been encouraging the belief that the government of Nunavut will decentralize the headquarters departmental functions to the regions and will thus spread the employment opportunities around.
- It is still to be seen exactly how this decentralized headquarters will operate, however it is expected that there will be an increased cost attached to this choice because of extra travel expenses, communication costs, and infrastructure build-up in the communities.
- It is expected that there will be much regional and community rivalry in determining the location of the capital as well as in the location of the decentralized departments.
- . It is expected that should this decentralization occur, there will be a rapid population growth in communities selected as the departmental headquarters. This may entail a significant expenditure to build the necessary infrastructure, such as offices, housing, etc. As well, there may be considerable community disruption with the rapid influx of non-community people as it is unlikely that many communities can supply the necessary number of local people to staff the headquarters.
- . TFN have also discussed the devolution of authority from the Nunavut government to the municipal level (analogous to the GNWT Community Transfers Initiative).

TFN was replaced by Nunavut Tunngavik in June 1993

Expectations Regarding Western Constitutional Development

Topic:

The attitudes and expectations of Aboriginal and non-aboriginal communities about a constitution and structure of government for the West.

Factors:

Aboriginal groups

- *Assert their inherent right of self-government.*
- *Demand that far more authority be exercised closer to the community.*
- *Strong desire to exercise as much control as possible over their traditional lands.*
- *Resist accepting the GNWT as their government.*
- *Inuvialuit have a regional claim and want a strong regional government.*
- *Gwich'in have a regional claim including a framework for and a commitment to negotiate self-government agreements.*
- *Sahtu Dene and Metis will vote to ratify a regional claim similar to the Gwich'in's in July.*
- *Dogribs are beginning negotiations on a regional claim.*
- *Treaty 8 Dene have rejected comprehensive claims in favour of treaty land entitlement (reserves).*
- *Dene of the Deh Cho Region are weighing their options, but they also believe strongly in the right of self-government.*
- *Metis more and more perceive themselves as a distinct first nation exercising their right of self-government at least partially through exclusive Metis institutions.*
- *Non-aboriginal residents are inclined to favour the conventions/ Canadian provincial models and are concerned with individual rights.*
- *Residents of Yellowknife have a bias towards a strong central government.*

Expectations Regarding Western Constitutional Development

Topic:

The attitudes and expectations of Aboriginal and non-aboriginal communities about a constitution and structure of government for the west.

Factors:

- Speaking generally, Aboriginal people in the west maintain a strong belief in their inherent right to self-government and have demanded that more authority be vested in regions and communities rather than a centralized government.
- The Inuvialuit have a regional claim and have consistently expressed a desire for a strong regional government; a public government based on rep-by-community versus rep-by-pop.
- The Gwich'in have a regional claim including a framework for and a commitment to negotiate self-government agreements. They do not distinguish between Metis and status Gwich'in. Their focus is more on Gwich'in rather than public institutions and somewhat more on the community than the region. The Gwich'in and Inuvialuit have struck a joint committee to work towards a common model of government for the Beaufort Delta region.
- The Sahtu Dene and Metis will vote to ratify a regional claim in July. This agreement is similar to the Gwich'in, however, Dene and Metis remain distinct and somewhat independent and there is a strong emphasis on community rather than regional control. Though willing to consider using public institutions, the underlying goal remains Aboriginal self-government.
- The Dogribs are beginning negotiations on a regional claim. They emphasize the unity of the Dogrib Nation and focus more on a regional approach. The Metis population in the region is small.
- Treaty 8 Dene have rejected comprehensive claims in favour of treaty land entitlement (reserves). They look to exercising exclusive Aboriginal self-government on reserves with a direct relationship to Ottawa. They also hope to retain a legal interest in and some control over all their traditional lands.

- . The Dene of the Deh Cho region are weighing their options, but they also believe strongly in the right of self-government.
- The Metis more and more perceive themselves as a distinct first nation. This trend has been accelerated by the collapse of the joint Dene/Metis claim in 1990, the choice of the reserve option by Treaty 8 Dene which excludes Metis, and the success of Metis in gaining recognition as a people through the failed Charlottetown Accord. Many see themselves exercising their right of self-government at least partially through exclusive Metis institutions, possibly including Metis in some communities which are parties to a regional claim, the Gwich'in excepted.
- Participation in major economic activity is an important priority for most Aboriginal groups.
- Underlying the positions adopted by each Aboriginal group is a strong desire on the part of each group to exercise much control as possible over their traditional lands.
- Non-Aboriginal residents and most Yellowknife residents in particular are inclined to favour a constitution and system of government compatible with their own history and experience; the conventional Canadian Provincial model being the eventual goal. They are concerned with individual rights including rights of political participation, and they are more inclined towards a strong central government.

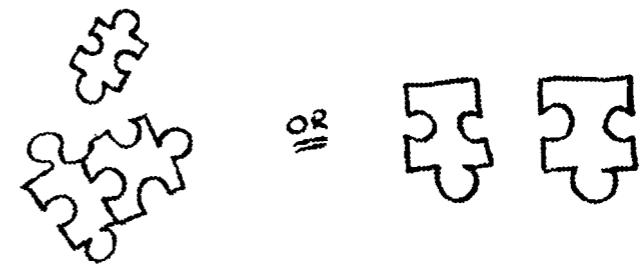
Integrated or Parallel Systems of Government for the West

Topic:

A single system of government in the west which is flexible enough to accommodate self-government; or Independent public and Aboriginal governments, each relating directly to Ottawa.

Factors:

- . The Charlottetown Accord contemplated three orders of government.*
- Nunavut can be described as Aboriginal self-government through public government.*
- Indians in the provinces see reserves as province-like jurisdictions independent of the provinces.*
- Yukon self-government agreements recognize aboriginal governments which are independent of the Territorial Government for certain purposes.*



Integrated or Parallel Systems of Government for the West

Issues:

Integrated

Integrated system of government including Aboriginal institutions.

All federal dollars flowing through the central, public government to other levels.

A Territorial Government accepted by all Aboriginal peoples.

Delegation of some 91(24) powers to a restructured Territorial Government.

Parallel

Parallel governments - public and Aboriginal - each with a direct relationship to Ottawa.

Aboriginal and maybe district governments obtaining their funding directly from Ottawa.

Central government rejected by Aboriginal people like Provincial Governments in the south.

Enhance the relationship with the Federal Government on self-government.

- *The Assembly and Government have supported the inherent right of self-government.*
- *Propose that Aboriginal self government be realized within the context of public government.*
- *Do any of the four models facilitate this result more than the others?*
- *Should these questions be referred to the Constitutional Development Steering Committee?*

Integrated or Parallel Systems of Government for the West

Topic:

There could be a single, integrated system of government in the west; one which is flexible enough to accommodate self-government within a public government, or there could be freestanding, independent public and Aboriginal governments operating in parallel, each relating directly to Ottawa.

Factors:

- The Charlottetown Accord contemplated three orders of government Federal, Provincial and Aboriginal; each sovereign within its own sphere of jurisdiction.
- . Nunavut, where Inuit will form a large majority, can be described as Aboriginal self-government through public government.
- . Indians in the provinces see reserves as province - like jurisdictions independent of the provinces, having a special relationship with the Government of Canada.
- Yukon self-government agreements recognize Aboriginal governments with some powers, authorities and revenues which are independent of the territorial government, while in some other respects they will continue to depend on the Yukon Government.

Issues:

Integrated

An integrated system of government in the west which may be significantly different from the present, including Aboriginal self-governing institutions.

Parallel

Parallel systems of government - public and Aboriginal - each with a direct relationship to Ottawa and relating with each other through intergovernmental agreements.

Federal dollars flowing through the central, public government to other levels such as community, district, or even exclusive Aboriginal institutions.

Aboriginal and possibly district governments obtaining all or most of their funding directly from Ottawa.

July 1993 /29

Integrated

A form of government at the territorial level which all Aboriginal peoples will be able to accept as their own,

Parallel

A central government viewed by Aboriginal people in the same way provincial governments are viewed by Indians in the south.

The possibility that Aboriginal people may want Ottawa to delegate some of its 91 (24) powers to a restructured territorial government so Aboriginal people could legislate for themselves.

An enhancement of the relationship with the Federal Government on practical day-to-day matters of government.

-
- . The Legislative Assembly and the government have supported the recognition, entrenchment and implementation of Aboriginal peoples' inherent right of self-government, and have proposed that Aboriginal self-government be realized within the context of public government.**
 - This position is more consistent with an integrated system of government.**
 - . Do any of the four models described earlier facilitate one of these systems more than the other?**
 - Should these questions be referred to the Constitutional Development Steering Committee?**

Four Ways the Western Constitutional Process Might Evolve

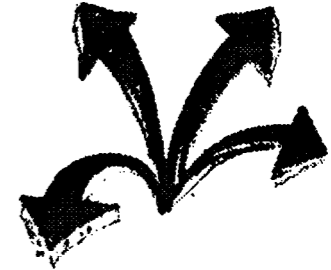
Topic:

Assuming that, there will be a public government for a single Western territory after 1999, and momentum to implement the inherent right of self-government will grow.

How, might these two propositions be addressed as early as 1996?

Factors:

1. *Develop the constitution and structure of government for a Western territory first, retaining the option to negotiate self-government later.*
2. *Negotiate self-government arrangements first, then work on a constitution and structure for a public government.*
3. *Work on both in parallel but separate processes.*
4. *Enact a constitution based on the status quo for 1999-self-government, possibly reform of the new public government later.*



Issues:

- *Model 1. No knowledge of the nature and extent of the inherent right of self-government when the Territorial constitution is being negotiated.*
- *Model 2. Would clarify the nature and extent of Aboriginal self-government before a constitution and structure for a public government are developed. Timing a major problem.*
- *Model 3. Provides opportunities for give and take between the two processes as well as a greater degree of certainty. Would probably require a multiple set of parallel negotiations.*
- *Model 4. Is the easiest one to implement in a short timeframe. Might close the doors on major reform to public government and make self-government the vehicle for constitutions/ reform.*
- *Time constraints are a major concern in models 1.,2. and 3.*
- *Canada has an important role to play in all these scenarios.*

Four Ways the Western Constitutional Process Might Evolve

Topic:

Assuming that, there will be a public government of some form serving all residents of a single Western Territory after 1999, and the momentum to recognize and implement Aboriginal peoples' inherent right of self-government will continue to build.

How, broadly speaking, might these two propositions be addressed as early as 1996.

Factors:

1. The Bourque Commission recommends developing the constitution and structure of government for a Western Territory first, while recognizing the inherent right of self-government and preserving Aboriginal peoples' option to negotiate self-government with the Government of Canada in the future.
2. The opposite approach would see self-government arrangements between Aboriginal peoples and government negotiated first, then, in full knowledge of the nature and extent of self-government, work on a constitution and structure for a public government for a Western Territory would proceed.
3. Work on the two elements could proceed together, in parallel but separate processes, informing each other as they proceed.
4. A constitution and structure of government based on the status quo could be prepared for 1999, and the issues of Aboriginal self-government and possible reform of the new public government pursued when deemed appropriate.

Issues:

Model 1.

The Bourque Commission calls for radical reform of the public government system including the recognition of Aboriginal self-governing institutions, without knowledge of the nature and extent of the inherent right of self-government which Aboriginal groups could choose to pursue later. This option could be attractive to some Aboriginal groups in that it gives them two opportunities to realize their goals. It might be attractive to some people who hope that Aboriginal people will be satisfied with the reformed public government and see no need to pursue self-government arrangements. On the other hand, it might constrain the willingness to negotiate, either from a desire not to compromise future self-government arrangements, or from a desire not to concede fundamental reform when there is the prospect that the arrangement could be substantially modified or undermined by future self-government agreements.

Model 2.

Would clarify the nature and extent of Aboriginal self-government and point the direction for what remains to be done to develop a constitution and structure for a public government; who would be involved, in what fashion, for what services. The attraction is the certainty upon which a new constitution could be built. Concerns might include fear on the part of non-Aboriginal people that they will enter the process too late (GNWT would be involved in self-government negotiations in some fashion) or that Aboriginal people might get "too much." Concerns of Aboriginal people might include a fear that non-Aboriginals will insist that Aboriginal people have received all the special recognition they are entitled to through self-government agreements, and such interests have no additional bearing on the "public" constitution. This approach would not appeal to those who hope Aboriginal people can be fully satisfied with public government.

Model 3.

Provides opportunities for give and take between the two processes as well as a greater degree of certainty. However, it is complicated and would probably require a multiple set of parallel negotiations.

Model 4.

Is the easiest one to implement in a short timeframe. However, it might be viewed by many Aboriginal people as closing the doors on negotiating meaningful involvement in a public government. It may strengthen the demand that self-government be the primary or even exclusive vehicle of constitutional reform for Aboriginal people.

Time constraints are a major concern in models 1., 2. and 3. Realistically a final package would be required no later than 1996 or 1997 to be implemented by 1999. The Iqaluit Agreement of January 1987 drew a direct link between constitutional development east and west. By that agreement, there would be no division until constitutions and implementation plans were in place for both territories. Now the only guarantee the west has is 1999.

The Government of Canada has an extremely important role to play in all these scenarios.

Preparing for Two Territorial Elections in 1999

Topic:

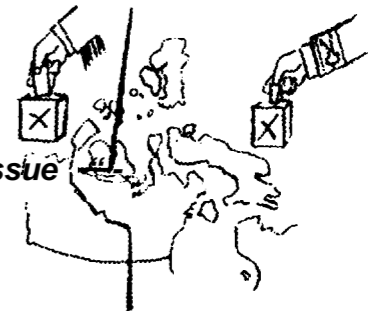
Establishment of electoral boundaries for 1999 elections for Nunavut and Western Assemblies.

Factors:

- *In order to hold Territorial elections in 1999, commissions will be required to establish constituency boundaries for the two new territories.*
- *The commissions need to know the number of seats there will be in each legislature or the maximum number which could be established.*
- *The 13th Legislative Assembly will have to start planning for electoral boundaries in July 1996 and pass legislation to establish the boundary commissions by October 1996.*
- *This means that the Nunavut Implementation Commission and the Western constitutional process will have to make recommendations on constituency boundary issues early in 1996.*
- *The commissions will have to report to the 13th Assembly at its fall 1997 session.*
- *At the same time, there will be a need to pass transitional legislation to allow for the initial election of two Legislatures, which could be accomplished in the constitutions of each territory or an act of the existing Legislature.*
- *A related factor is ratification of Territorial constitutions which will presumably contain provisions relating to constituencies.*

Issues:

- *Are the elections to establish two new Legislatures being contemplated for October 1999?*
- *Should the Eastern and Western processes be advised to give the constituency issue priority?*



Preparing for **Two Territorial** Elections **In** 1999

Topic:

The timeframe for division of the Northwest Territories and conducting elections for Nunavut and the Western Legislatures will require decisions respecting electoral Boundaries well in advance of 1999.

Factors:

- The term of the 12th Legislative Assembly expires December 1995. A general election for the 13th Legislative Assembly will be held during or before December/January 1996.
- The expiry of the 13th legislature has to coincide with elections for the Nunavut and Western legislatures.
- General elections in both jurisdiction could be held in October 1999, although the Nunavut Act requires that, as of April 1, 1999, a Legislative Assembly and executive council will be in place.
- In order to hold an election, the boundaries of the two new jurisdictions will have to be established. To establish these boundaries, Boundaries Commissions may be required.
- Boundary Commissions would have to know the number of seats there will be in each legislature or at least the minimum and or maximum number which could be established.
- A process will have to be agreed to during the 1996 fall session of the 13th Legislative Assembly to establish the necessary mechanics to establish boundaries.
- Reports from the commissions should be considered in the fall 1997 session and amendments made to the Elections Act to provide for Eastern and Western elections.
- In order to meet this proposed schedule, the Nunavut Implementation Commission and the Western constitutional process should be prepared to make recommendations on electoral boundaries which the Legislative Assembly can use in framing commission terms of reference and/or considering commission reports.
- There will be a need for transitional legislation to allow for the initial election of the two Legislative Assemblies. The Nunavut Act establishes requirements for the process of the first election of a Nunavut Legislative Assembly. The Western process still needs to be clarified.

July 1993 /37

- A related issue, which affects the conduct of elections for two new territories, concerns the ratification of the Western territorial constitution.

Issues:

- Should the 13th Legislative Assembly be responsible for conducting boundary commissions and making binding decisions on their recommendations?
- Is it necessary to have the constitution of the Western Territory ratified and in place in order to proceed with boundary commissions and making decisions on constituencies? How will the constitution be ratified?
- What role should the Nunavut Implementation Commission and the Western process have in directing or making recommendations on the number of constituencies in the east and the west?
- Assuming that the 13th Assembly exercises its responsibilities in these areas, there will be the need for the following:
 - Amendments to the Plebiscite Act for ratification of constitutions;
 - . An amending Act for the establishment of a Western boundaries commission; and
 - . An amending Act to permit the holding of the first general elections in both territories.
- When will the general elections for both Territories be held?
- The April 1999 timeframe in the Nunavut Act will affect elections timetables.

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3-6

New Relationships Between Governments and People

Community Transfers in Nunavut

Topic:

The GNWT will transfer resources for program and service delivery to interested communities in order to recognize local authority.

Factors:

- *The Community Transfer Initiative (CTI) is intended to
 - . *Increase local control and decision making*
 - . *Provide communities with the means to direct and control local programs, through the provision of adequate resources and support services.**
- *The CTI is community-driven, flexible, and will be a negotiated process between the two levels of government, with all GNWT programs and services considered to be available for transfer either in the short or long term.*
- *Communities will negotiate CTIs with the GNWT based on interest, willingness, and capability. Included in transfer agreements will be the following:*
 - *A description of the parties' responsibilities;*
 - *The minimum standards to be maintained;*
 - *Funding arrangements and support systems;*
 - *Reporting accountability requirements;*
 - *Training needs; and*
 - *An evaluation technique.*
- *The /eve/of interest has been high in Nunavut with interest expressed in at /east sixteen communities in all three regions.*

Community **Transfers** in **Nunavut**

Topic:

The GNWT will transfer responsibilities to interested communities in order to recognize local authority and transfer resources for program and service delivery to communities. This will give communities the opportunity to re-establish local responsibility and decrease people's dependence on outside government.

Factors:

- The CTI is intended to:
 - . Increase local control and decision-making; and
 - . Provide communities with the means to direct and control local programs, through the provision of adequate resources and support services.
- The CTI is community driven, totally flexible and will be a negotiated process between two distinct levels of government, with all GNWT programs and services considered "on the table" for discussion.
- Communities will negotiate community transfer agreements with the GNWT based on interest, willingness and capability. Transfer agreements will include:
 - A description of the roles and responsibilities of both communities and the GNWT;
 - The minimum standards to be maintained;
 - Funding arrangements and support systems;
 - Reporting and accountability requirements;
 - Training needs; and
 - A means of evaluating the transfer.

Interested Communities

The level of interest expressed by Nunavut communities has been considerable, ranging from requests to negotiate the transfer of individual economic development officers, to more comprehensive proposals outlining the potential to take over virtually all GNWT programs in a community.

Kitikmeot

- **Kitikmeot Inuit Association** is proposing the takeover of all GNWT economic development functions in the region.
- **Cambridge Bay** wants greater control over social programs in the community. Also, the previous superintendent of ED&T is seconded to the hamlet as their economic planner.
- **Coppermine and Gjoa Haven** have expressed initial interest in taking over the EDOS.
- **Holman** has expressed preliminary interest in public works maintenance.

Keewatin

- **Rankin Inlet** has expressed interest in taking over economic development, public works, housing and lands administration.
- **Coral Harbour and Baker Lake** have hosted community transfer workshops and are considering their options.
- A community transfer workshop is scheduled for **Whale Cove** at the end of March.
- **Arviat, Chesterfield Inlet and Repulse Bay** have expressed interest in holding a workshop at some point.

Baffin

- **Cape Dorset** has received funding from Intergovernmental and Aboriginal Affairs to undertake the development of a transfer plan/feasibility study as stage 1 of their three stage transfer plan. The hamlet is interested in taking over housing, social services, economic development and public works by April 1994. After this, the hamlet will consider health, education, the airport, justice/local policing, renewable resources and possibly other areas.

- Pond Inlet has expressed preliminary interest in social services, housing, economic development, renewable resources, public works, education and justice issues.
- Broughton Island requested a general workshop on the CTI.
- Iqaluit has expressed a degree of interest in the CTI, as it relates to their responsibility for social services, if their discussions with the department of social services are not successful.

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Community Transfers in the Western N.W.T.

Topic:

The GNWT will transfer resources for program and service delivery to interested communities in order to recognize local authority.

Factors:

- *The Community Transfer Initiative (CT') is intended to:*
 - *Increase local control and decision making.*
 - *Provide communities with the means to direct and control local programs, through the provision of adequate resources and support services.*
- *The CTI is community-driven, flexible, and will be a negotiated process between the two levels of Government, with all GNWT programs and services considered to be available for transfer either in the short or long term.*
- *Communities will negotiate CTIs with the GNWT based on interest, willingness, and capability. Included in transfer agreements will be the following:*
 - *A description of the parties' responsibilities;*
 - *The minimum standards to be maintained;*
 - *Funding arrangements and support systems;*
 - *Reporting accountability requirements;*
 - *Training needs; and*
 - *An evaluation technique.*
- *The level of interest has been high in the Western NWT with interest expressed in at least twenty one communities in all seven regions.*



overhead

Community **Transfers** in the Western **NWT**

Topic:

The GNWT will transfer responsibilities to interested communities in order to recognise local authority and transfer resources for program and service delivery to communities. This will give communities the opportunity to re-establish local responsibility and decrease people's dependence on outside government.

Factors:

- The CTI is intended to:
 - . Increase local control and decision-making;
 - . Provide communities with the means to direct and control local programs, through the provision of adequate resources and support services;
 - . Act as an interim step to self government, as realized through the various land claims processes underway across the NWT.
- The CTI is community driven, totally flexible and will be a negotiated process between two distinct levels of government, with all GNWT programs and services considered "on the table" for discussion.
- Communities will negotiate community transfer agreements with the GNWT based on interest, willingness and capability. Transfer agreements will include:
 - . A description of the roles and responsibilities of both communities and the GNWT;
 - The minimum standards to be maintained;
 - . Funding arrangements and support systems;
 - Reporting and accountability requirements;
 - Training needs; and
 - . A means of evaluating the transfer.

Interested Communities

There is considerable interest in the CTI and transfer proposals have been received from all forms of community government -from municipalities to bands to municipal/ aboriginal cooperative structures. Joint proposals to investigate specific transfer issues have been submitted by the Gwich'in and Inuvialuit regionally; and the Gwich'in, Inuvialuit and municipalities locally in Inuvik and Aklavik. The scope of interest is very broad, ranging from individual program areas to entire program clusters.

*The **Gwich'in***

- The **Gwich'in** have submitted both regional and community specific transfer plans involving the communities of Fort McPherson, Aklavik, Arctic Red River and Inuvik. Areas of interest include training, education, language, culture, social financial assistance, health, counseling services, project management for housing and other capital projects, and select aspects of transportation. Preliminary work on the details of some of these transfers has begun with the CIM/G.
- The **Gwich'in** are proposing to submit a transfer framework agreement, now being drafted in cooperation with the CIM/G, which will provide a basis for negotiating eventual transfer agreements.
- In Inuvik and Aklavik, a joint process involving the Inuvialuit, the Gwich'in and the municipal councils is being initiated in order to coordinate the interests of each group and proceed in unison.
- Arctic Red River is considering charter community status to allow them to assume a greater degree of authority in such areas as enforcing the *Liquor Act*
- Fort McPherson is proposing to assume greater authority over, for example, counseling services, training, language development and project management.

Deh Cho

- The village of Fort Simpson has expressed interest in assuming responsibility over housing. Since the Metis local and the band will have to be consulted, joint meetings involving all three interests have begun.
- The Wrigley Band requested and received an initial workshop on the Community Transfer Initiative and may submit a transfer proposal.

- The Fort Providence Band has expressed interest in assuming greater authority over the community health representative. The band, Metis local and hamlet are discussing an arrangement regarding the Economic Development Officer with ED&T. A Community transfer workshop involving all interests in the community was scheduled for April 5, 1993.

Yellowknife

- The Dene Band has expressed an interest in social assistance and other social services programs.
- Exploratory discussions are being held with the City of Yellowknife regarding the possible transfer of the dedicated Yellowknife Economic Development Officer position.

South Slave

- The band in Lutsel K'e has expressed interest in social service programs, housing and public works.
- MACA is preparing to sign an administration contract with the band for provision of municipal services, which will replace the services of the previous position of settlement secretary.
- Government services/public works wish to contract with the development corporation for the provision of maintenance services.
- The Hay River Reserve is developing a framework agreement covering the delivery of GNWT services on the reserve. May result in consideration of transfers, particularly housing.

Sahtu

- The Fort Good Hope Community Council has submitted a proposal to work towards a Transfer agreement which would cover a number of program areas. At the same time, the community is actively pursuing the transfer of the Economic Development Officer and aspects of the local airport program. An agreement to completely transfer the EDO position and related responsibility to the community is expected to be complete within the next two months.

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- The Town of Norman Wells is in the process of concluding an agreement regarding transfer of the gas/water/sewer systems. The town and Metis local have also had an information meeting regarding housing transfers and have expressed interest in information regarding social services. The town will not be open to any further work until success is achieved in regards to the gas/water/sewer transfer.
- The Fort Norman Band has expressed interest in the CHR and EDO positions. The band, hamlet and Metis local have indicated they will discuss transfers jointly before proposing a meeting with the CIM/G.
- The Hamlet and Band of Fort Franklin are in the process of establishing a charter community and have indicated interest in transfers once the new community government is in place.

Treaty 11 Dogrib Communities

- The Snare Lake Band and MACA are discussing an administration contract for provision of municipal services, which will replace the services of the previous position of settlement secretary.
- The Lac La Martre Band has requested a workshop for itself and the hamlet as an introduction to community transfers.
- The Hamlet and Band of Rae Edzo have had exploratory discussions with the department of social services regarding possible transfers. The community generally wants to see government operate at the local and tribal level—through decentralization and transfer.
- The Rae Lakes Band is participating in a Royal Commission sponsored study on traditional government. This may spark interest in the transfer Initiative or proposals regarding the community government structure.

Inuvialuit

- The Hamlet of Tuktoyaktuk is interested in airport management and public works and has initiated discussions with the departments and the CTWG. The hamlet has also worked with social services in the past regarding possible transfer and is considering reviving this matter.
- The Sachs Harbour Community Corporation wishes to pursue transfers as a means to community self government and is working on coordinating their position with the hamlet.
- The EDO positions in Paulatuk and Tuktoyaktuk are vacant and there have been exploratory discussions regarding possible transfer of these positions to the communities or a regional structure.

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3"7

Transitional Support for **Two** New
Territories

Western Transition Support and Services to Nunavut

Topic:

The Nunavut Government may contract support and services from the GNWT until the Eastern administration is in place and fully operational.

Factors:

- *A stable Western Government and administration should be in place to deliver contracted programs and services to Nunavut following division.*
- *The 1999- 2008 time frame for contracting programs and services will coincide with constitutional and institutional changes in the west.*
- *Even if the status quo in the west extends into the next century, which is unlikely, special arrangements will be required to ensure that contracted services reflect Nunavut priorities and available resources.*
- *Whatever the circumstances, some disruption of program and service delivery in both the east and the west should be anticipated.*

Issues:

- *What measures can be taken to ensure delivery of programs and services in both Territories during the next decade?*
- . *Should consideration be given to reducing the need for contracted programs and services from the Western administration ?*
- . *Can the existing GNWT negotiate and make commitments on behalf of two new governments not yet in place?*

Western **Transition** Support and Semites to **Nunavut**

Topic:

It is anticipated that the Nunavut Government may contract support and services from the Western Government until the Eastern administration is in place and fully operational.

Factors:

- . Under ideal circumstances, a stable Western Government and administration should be in place to deliver contracted programs and services to Nunavut until the new administration is prepared to assume additional responsibilities.
- . However, the 1999-2008 time frame for contracting support and services will probably coincide with major constitutional and institutional changes taking place in the west.
- Even if the status quo in the west extends into the next century, which is unlikely, special arrangements will be required to ensure that contracted services reflect Nunavut priorities and available resources.
- Given the potential for change in the west during this transition period and the challenges which are normally associated with delivery of programs and services even under ideal conditions, disruption of program and service delivery in both the east and the west should be anticipated.

Issues:

- Assuming that there will not be a stable constitutional and institutional environment in the west during the transition period, what decisions can be taken to ensure delivery of programs and services in both territories during the next decade?
- Should consideration be given to reducing the need for contracted programs and services from the Western administration?
- Given that the two new Governments will not be in place to negotiate contracts, should the existing GNWT make decisions which will bind the new governments?

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Intergovernmental Agreements and Transition to Nunavut

Topic:

In 1999, the new Nunavut administration will begin to enter into intergovernmental agreements with Federal, Provincial and Territorial Governments.



Factors:

- *The GNWT is a signatory to intergovernmental agreements which are large/y national, involving Federal, Provincial and Territorial Governments, or bilateral, involving the Federal Government and some Provincial Governments.*
- *Some agreements with Ottawa involve single and multi-year shared cost programs relating to economic development, official languages and housing.*
- *Other agreements commit governments to abide by certain national standards or policy objectives. Reducing barriers to interprovincial trade is an example.*
- *Procedures are required to ensure that the time frame for bilateral agreements reflects the time frame for division.*
- *In anticipation of contracting for the delivery of programs and services from the Western territory, it is expected that a long list of territorial-territorial agreements will be negotiated as well.*

Issues:

- *From a broad intergovernmental perspective, when and how does the GNWT begin to introduce the Nunavut factor in multilateral meetings/agreements?*
- *What direction should be taken with respect to shared cost bilateral agreements with Ottawa to reflect the Nunavut time frame and interests?*

Intergovernmental Agreements and **Transition** to **Nunavut**

Topic:

In 1999, the new Nunavut administration will begin to enter into literally hundreds of agreements with Federal, Provincial and territorial Governments.

Factors:

- In the past two decades, the GNWT has become a signatory to a wide range of intergovernmental agreements which are largely national, involving Federal, Provincial and Territorial Governments, or bilateral, involving the Federal Government. There are some agreements with Provincial Governments as well.
- In some cases, the agreements, which are separate from formula financing transfers, involve single multi-year shared cost programs relating to economic development, official languages, housing and transportation infrastructure programs. The time frame for these agreements may not be consistent with the 1999 date for the establishment of Nunavut.
- Other agreements do not involve cost sharing programs but demonstrate a commitment on the part of governments to abide by certain national standards or policy objectives. Reducing barriers to interprovincial trade is an example of the latter.
- In anticipation of contracting for the delivery of programs and services from the Western territory, it is expected that a long list of territorial - territorial agreements will be negotiated as well.

Issues:

- From a broad intergovernmental perspective, when and how does the GNWT begin to introduce the Nunavut factor in multilateral meetings/agreements?
- What direction should be taken with respect to shared cost bilateral agreements with Ottawa to reflect the Nunavut time frame and interests?

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Employment, Training and Business Opportunities

Topic:

Division and implementation of Aboriginal claims and self-government will generate employment, training and business opportunities for NWT residents and the private sector.

Factors:

Nunavut

- *Throughout the negotiation of the Inuit claim, training was constantly seen as a high priority.*
- *The Nunavut administration staffing needs range from 1600-1900 person years, with the expectation that most of these employees will be local hire.*
- *Other trained people will be required to carry out Inuit claims related duties and provide a service function for the new government and Aboriginal organizations.*
- *Business opportunities will initially focus on provision of infrastructure in the Nunavut capita/ and possibly some regional administrative centres.*
- *Ongoing CTI and decentralization/devolution initiatives will further contribute to public sector opportunities.*

Western Territory

- *Similar circumstances can be predicted for the west in terms of expertise required to implement claims settlements and to administer CTI decentralization/devolution programs and services.*
- *Self-government agreements will also generate local and regional opportunities during and after the process leading up to division.*
- *Implementation of western constitutional process recommendations for jurisdiction of community, regional and Aboriginal governments could have additional implications.*

Issues:

- *Establishing new systems of government will not have accomplished much if Aboriginal residents and northern businesses are not prepared to take advantage of opportunities.*
- *Long, medium and short term initiatives are necessary to maximize NWT involvement in education, training and business opportunities leading up to and following division.*

Employment, **Training** and Business Opportunities

Topic:

With the establishment of a Nunavut administration; changes to public and Aboriginal forms of government in the west; and ongoing implementation of claims settlements, it will be necessary to ensure that an adequate pool of NWT residents are prepared to take advantage of employment, training and business opportunities arising from these initiatives.

Factors:

Nunavut

- Throughout the negotiation of the Inuit claim, training was constantly seen as being of high priority.
- Estimates of staffing needs of the Nunavut administration range from 1600-1900 person years, with the expectation that most of these employees will be local hire.
- There will be a need for many other trained people to carry out Inuit claims related duties, as well as those involved in a service related function for the new government and Aboriginal organizations.
- Business opportunities will initially focus on provision of infrastructure in the Nunavut capital and possibly in some regional administrative centres.
- Construction of infrastructure and servicing of the Nunavut administration will also provide employment and training opportunities for Nunavut residents in the private sector.
- Ongoing CTI and decentralization initiatives will further contribute to public sector opportunities at the community level.
- "Atti" estimates that in 1999, 82% of Inuit looking for work will be at an education level of Grade 8 or less; 17% between Grades 9-11; and only 1% will have a level equivalent to a high school diploma.
- The Nunavut Political Accord recognizes the importance of Nunavut residents accessing employment and training opportunities through the development of a human resources plan as well as through the specific role that NIC has in the training area.

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Western Territory

- **Similar circumstances can be predicted for the west, particularly in relation to the expertise which will be required to implement regional land claims settlements and administer program and service responsibilities transferred through the CTI or decentralization.**
- **Self-government agreements will also generate local and regional employment, training and business opportunities during and after the process leading up to division.**
- **Decisions taken during the western constitutional development process could lead to further decentralization of headquarters' responsibilities to regions and communities or creation of a third regional level of government, thereby generating additional employment, training and business opportunities.**
- **Agreements between the GNWT and the federal government for the transfer of responsibility for management of land and water, for example, could initially increase the territorial workforce in the west, although some positions would eventually have to be transferred to Nunavut.**

Issues:

- **Establishing new systems of government in the east and the west and at the regional and local levels will not have accomplished much if Aboriginal residents and northern businesses in particular are not prepared to take advantage of employment, training and business opportunities.**
- **What long term initiatives can be started now with a focus on preparing the NWT's youth for opportunities arising out of restructuring government in the east and the west?**
- **What medium term initiatives can be taken to ensure that current and prospective employees can upgrade their existing skills or meet revised entry level requirements related to public sector employment and training opportunities?**
- **Are medium term initiatives also required at this time to encourage the NWT private sector and Aboriginal development corporations to prepare for some of the immediate opportunities relating to infrastructure and long term opportunities relating to servicing government?**
- **What short term initiatives can be taken to place greater emphasis on career planning for the short, medium and long term, and to encourage greater use of in-house training in both the public and private sectors for employees who are not able to leave the workforce for academic upgrading.**

3-8

Financing the New Territories

Financing Governments and the Budget Allocation Process

Financing New Northern Governments

A. Western Territory

- **Need for** expenditure-based formula
- **Above average fiscal capacity**
- **Large gap between own-source revenues and expenditures**
- **Need for new data base**
- **Need for Federal-Territorial negotiations**

Issues:

1. **Negotiation - split existing base versus new assessment of expenditure needs**
2. **New Information**
 - **timing**
 - **new data on fiscal capacity (1996)**
 - **split of own-source revenues**
3. **Approach and Responsibility**
 - **N. I.C. and Canada**
 - **StatScan**



Financing Governments and the Budget Allocation Process

B. Nunavut

- *Need to examine options to formula*
- *Current formula has deficiencies*
- *Perversity*
- *GDP ceiling*
- *Data needs would apply to Nunavut*

Issues:

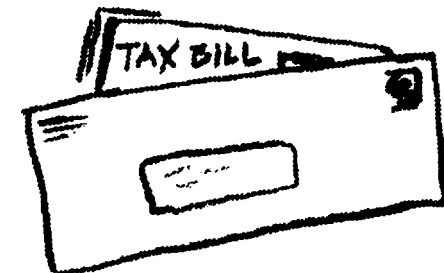
1. *Application of formula financing to Nunavut*
 - *appropriateness*
 - *deficiencies in formula*
2. *Options*
 - *problems with options (block funding, item by item reviews, etc.)*

C. Tax Related Issues

- *Average cost of collection increase*
- *Tax base small*
- *T-policy*

Issues:

1. *Common Tax Administration*
2. *Harmonization of Tax Policies*



Financing Governments and the Budget Allocation Process

D. **Intergovernmental** Agreements

- Average cost of program delivery increases
- Transitional period
- Constitutional/institutional uncertainty

Issues:

1. Identify areas for agreements
2. Planning period
3. Responsibility
 - N./ C./East/West/Canada
4. Status of Western and Eastern institutions/constitution

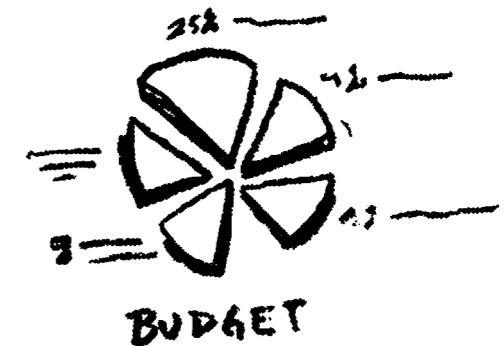
Em Budget Allocation - Pm-Division

- #### A. Capital and O&M Budgeting
- Allocation of capital budget
 - Introduction of new programs
 - Program enhancements
 - Decentralization
 - Need for resources

Issues:

1. Determine formula for capital allocation now?
2. Method of evaluating impact of O&M budget decisions
3. Identification of new resources
4. Responsibility for new municipal infrastructure in Nunavut

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overhead

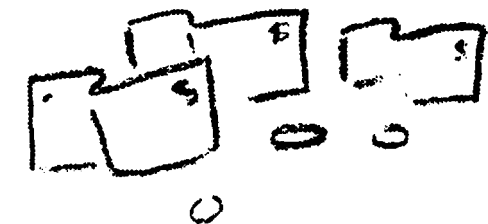
Financing Governments and the Budget Allocation Process

B. Assets and Liabilities

- *Liabilities not geographically distributed*
 - . *“Crown” corporate debt, loan funds and WCB tired are not allocated*
- *Considerations related to new debt*

Issues:

1. *Determine method of allocating assets and liabilities*
2. *Determine treatment of old and new debt (consolidated)*
3. *Determine allocation of accumulated deficits or surplus*



overhead

Preparing for Division: Financing Governments and the Budget Allocation Process

Issue

The creation of two new northern territories in 1999 will require early financial planning and direction.

Factors

i) Financing future governments

- Both governments will be heavily dependent on federal funding. There will still be a large gap between own-source revenues and expenditure needs in the west and a larger gap in the east. The fiscal capacity of the west will be above the national average by a greater margin than at present.
- The base funding and new funding agreements for both territories will need to be renegotiated with Canada. This could focus on splitting the existing base or making a new assessment of expenditure needs.
- The applicability of formula financing for each territory needs to be re-examined and negotiated. Most economic activity and own-source revenues will be in the west.
- Two new data bases will be required three years prior to Division (1996) in order to negotiate funding arrangements with Canada based on the current formula.
- The current formula has two federally imposed deficiencies: the tax effort adjustment factor (which causes perverse results) and the GDP ceiling on the gross expenditure base.
- The per capita cost of collecting taxes will be high compared to current levels. A common tax administration for commodity and property taxes may be cost effective. The interests of both territories may be served by tax policy agreements promoting tax harmonization.

ii) Intergovernmental Agreements

- **The Western Territory is expected to be delivering services under agreements with Nunavut.**
- **The negotiating mandates and jurisdiction need to be redetermined at both the political and bureaucratic levels.**
- **There will be constitutional and institutional uncertainty during and after the transition period which may affect the capability to enter into agreements.**

iii) Budget Allocation Process

- **Budget allocation decisions taken up to 1999 may affect the funding for each territory permanently.**
- **Capital and O&M budget allocations should be fair and defensible during the transition period.**
- **Policy decisions involving new programs, enhancements, community transfers and decentralization will have long-term base funding consequences.**

iv) Assets and Liabilities

- **Assets and liabilities, including long-term debt, will require a basis for their apportionment.**
- **There will need to be a formalized transfer of ownership of fixed assets.**

Discussion

- Who has jurisdiction to provide direction and make decisions for financial negotiations leading up to 1999?
- What political and bureaucratic organization will be responsible for representing each territory?
- Should funding arrangement negotiations focus on such matters as the development of new data for formula calculations?
- Is Formula Financing appropriate for Nunavut considering its stage of development and the large gap between own-source revenues and expenditure needs?
- Should there be common tax administration and tax policy harmonization?
- What areas require intergovernmental agreements, who will be responsible to negotiate these, and will the west have a structure in place to give it the capability to enter into these agreements?
- Should a formula be put in place now for capital budget allocations?
- How will the impact on base funding of other budget decisions be evaluated?
- How will assets and liabilities be divided and transferred?

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Preparing for Division: Financing Governments and the Budget Allocation Process

Topics Reviewed

1.0 Financing New Northern Governments

2.0 Budget Allocation Process Prior to Division

1.0 Financing New *Northern* Governments

Key Elements:

1.1 Funding and formula-related issues

1.2 Tax-related issues

1.3 Issues surrounding existing and possible future intergovernmental agreements

1.1 Funding and Formula-Related Issues

1.1.1 Will the Western Territory Still Need an Expenditure-based Formula?

- . most of the economic activity and own-source revenues are generated in the Western territory;
- after Division, the fiscal capacity of the Western Arctic will therefore be above the national average by a greater margin than it is now;
- after Division there will still be a very large gap between own-source revenues and expenditure needs of the Western territory;

Conclusion:

There will still need to be some kind of expenditure-based formula.

Consequence:

The new base for the Western Territories will have to be renegotiated with Canada.

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Issues:

Should these negotiations focus on splitting the existing base or on making a new assessment of each territory's expenditure needs?

Should discussions be initiated between the GNWT, the Nunavut Implementation Committee (NIC) and the Federal Government to ensure that the process of base-determination is done on a cooperative basis?

1.1.2 Needs to Calculate a New Formula for the West.

Two different data bases will be required for each of the two regions, at least three years prior to division.

- **a data base to measure fiscal capacity (requiring the collection of a very large number of data series). Most of these series will have to be generated by Statistics Canada.**
- . **financial data that allocated government own-source revenues between the two territories will have to be developed. These data will have to be generated by the Government of the Northwest Territories.**

Issues:

Should the development of separate data bases by Statistics Canada be initiated immediately since it would have to be completed by 1996?

Should methods and procedures be developed by the Government of the Northwest Territories to allocate revenue data among the territories?

1.1.3 A Formula for the Eastern Territory?

- . **The data problems mentioned above apply equally to the Eastern territory, if we assume that it will opt for an expenditure-based formula.**
- . **The Northwest Territories is currently encountering problems with the Formula Financing Agreement. These result from federally imposed changes such as the Tax Effort Adjustment Factor (which cause "perverse" results) and a ceiling on the growth of the Gross Expenditure Base.**

Issues:

Is a formula-based approach the most appropriate vehicle given that the gap between fiscal capacity and expenditure needs in the Eastern territory will be, initially at least, so large?

Should the Eastern territory rely instead on an expenditure-based grant?

Can the Eastern territory negotiate a granting formula that would not include the two unfavorable elements in the current Formula (Tax Effort Adjustment Factor and ceiling)?

1.2 Tax-Related Issues

The Eastern territory, it is assumed, will enter into an income tax collection agreement with Canada.

- **the cost of collecting commodity taxes and even property taxes will be high for the Eastern territory and the average cost will rise in the Western territory compared to current level;**
- **the Eastern territory 'stax base may be too small to allow an effective independent tax policy;**

Issues:

Should a common tax administration covering collection and enforcement be considered? It would cover commodity and property taxes and could be performed by the Western territory for the Eastern territory on a cost-recovery basis.

Should consideration be given to close harmonization of tax policies between the two territories? Could that extend to an agreement on common tax policies?

1.3 Intergovernmental Agreements

The Eastern territory will have a smaller economy than the Western territory and its links with the Western territory will be very close, at least initially.

- **the average cost of delivering certain services will be high;**
- **some categories of services maybe prohibitively expensive to provide;**
- **it is expected that the two territories will be entering into inter-territorial agreements for the delivery of services, presumably by the Western territory, on a cost recovery basis, in areas such as health, education, corrections and highways?**
- **there maybe a period of some constitutional and institutional uncertainty in the west prior to and after 1999.**

Issues:

What areas should these agreements apply to?

When should planning for these agreements begin?

Who will be responsible for negotiating these agreements?

Will the Western territory have a constitutional and institutional structure that will give it the capability to enter into these agreements?

2.0 Budget Allocation Process Prior to Division

Key Elements:

2.1 Budgeting to reflect Division

2.2 Determine how to divide assets and liabilities

2.1 Capital and O&M Budgeting to Reflect Division

From now until Division, the allocation of expenditures between East and West will have long-term consequences. It could affect the future funding of each territory in a permanent way. Important cases include allocation of the capital budget but also introduction of new, or enhancement of existing, programs and decentralization.

- the Eastern territory will face special infrastructure needs, especially if it is decided that it should become self-sufficient (hospitals, etc.) by 1999 or shortly thereafter.
- most new or enhanced programs are unlikely to have an equal (or equal per capita) effect on West and East. They will affect the relative allocation of GNWT expenditures and, possibly, the split of the 1999 expenditure base between West and East.
- some resources will be needed to prepare for Division.

Issues:

Should the Government of the Northwest Territories budget be formula-determined? Should rules be in place to ensure that each territory gets its "fair" share? .

Should priority be assigned to capital expenditures directed at strengthening the infrastructure of the Eastern territory in preparation of Division? Should this be, in part, a GNWT responsibility or strictly a federal responsibility?

What East-West considerations should enter into the GNWT'S O&M budgeting as it affects new programs and decentralization?

Should the GNWT earmark resources to prepare for Division or should this be a federal responsibility?

Will new municipal infrastructure be planned by the NIC and if so, what is the time frame and how will it be funded?

- The GNWT has assets and liabilities. Assets are distributed among the Eastern and Western parts of the territories while liabilities have no corresponding geographical distribution.

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Should a complete division of assets upon Division be considered? How could it be done? A simple, rule-of-thumb, way would be that each region keeps whatever it has. Should compensation be reconsidered to correct for any perceived inequities that might exist in the distribution of assets between the East and West at time of Division?

- **at the time of Division, the Government of the Northwest Territories will have liabilities. The treatment of these liabilities will partially depend on decisions taken with respect to the treatment of assets.**

Issues:

Should a formula be developed for the treatment of the Government of the Northwest Territories' debt incurred for the purchase of the NWTPC? (Assuming that the NWTPC is divided).

How should the debt of the NWTHC be treated? How should any debt incurred from now until then to finance a specific project (e.g., the road to Coronation Gulf) be divided?

How should other assets and liabilities (including contingent liabilities) such as the Workers' Compensation Board fund, student loan fund, small business loan fund, NWT Development Corporation and NWT Business Credit Corporation assets, etc., be divided?

- **at the time of Division, the Government of the Northwest Territories may have accumulated debt to cover budget deficits.**

Issues:

Should general liabilities be apportioned between the Eastern and Western territories? How should this be done? (per capita basis, as a proportion of past gross expenditures in each territory, as a proportion of expenditures net of revenues for each territory, etc.)