



## COMMUNITY AND GOVERNMENT SERVICES

### WATER AND SEWAGE SERVICES SUBSIDY POLICY

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#### PREAMBLE

The Government of the Nunavut (GN), under the authority of the Financial Administration Act, may provide funding for water and sewage services to subsidize costs of those services for users in cities, towns, villages, and hamlets.

#### PRINCIPLES

This policy is based on the following principles:

- Residents are entitled to basic water and sewage services to safeguard their health.
- Municipal corporations should exercise full authority and responsibility for the delivery of water and sewage services in their communities.
- Municipal corporations should be accountable to consumers for the quality and cost of water and sewage services.
- Water and sewage services should be provided by municipal corporations in the most equitable, efficient and economical manner possible.
- Basic water and sewage services should be affordable, and unique local conditions should be recognized in the cost of services.
- Water should be used conservatively.

#### APPLICATION

This policy applies to all cities, towns, villages, and hamlets.

#### DEFINITIONS

##### Benchmark of Efficiency

The rate per litre of providing either piped or trucked services efficiently set by the Minister of CGS, and on which subsidy payments to a municipal corporation are calculated.

##### Commercial Users

Commercial profit making organizations principally engaged in the sale of goods or services including retailers, offices, hotels and motels.

##### Community Uniqueness Factor

A measure set by the Minister of CGS, of potential variables that affect the efficient delivery of water and sewage services in a community, and on which basis additional subsidy payments to a municipal corporation are calculated.

### Designated Service Area

The area within the respective boundary of a city, town, village, hamlet, or as otherwise defined by the Minister of CGS for purposes of application of this policy.

### Economic Rate

The direct and indirect cost per litre incurred by a city, town, village, hamlet, in providing trucked or piped water and sewage services to users within its designated service area.

### Government Users

The Government of Canada, GN, public agencies, municipal corporations and any of their agents.

### Industrial Users

Organizations whose primary business are resource exploration or development, manufacturing, processing, fabrication and marine and air transportation.

### Municipal Corporation

A community governing body incorporated under the Cities, Towns and Villages Act, or the Hamlets Act.

### Residential and Non-Profit Users

Private homeowners, private renters and residential and non-profit establishments such as churches, clubs, associations and hostels.

### Subsidized Rates

The maximum rates per litre for water and sewage services to be charged to categories (residential, non-profit, commercial, government, and industrial), as determined by by-law of the city, town, village, hamlet, or by resolution by a designated community.

### Subsidized Volume

The volume of water for each city, town, village, or hamlet, on which subsidy payments to that municipal corporation are calculated. The amount is 90 litres per person per day for trucked services, and 225 litres per person per day for piped services.

## **ROLES AND RESPONSIBILITIES**

### 1. Minister

The Minister of CGS:

- (a) is accountable to Cabinet for the implementation of this policy;
- (b) may recognize a designated community for the purpose of this policy;
- (c) sets the benchmark of efficiency and any applicable community uniqueness factor used in the subsidy distribution formula; and
- (d) may establish designated service areas.

## 2. Deputy Minister

The Deputy Minister of CGS:

- (a) is responsible for the administration of all provisions pursuant to this policy; and
- (b) reviews and recommends to the Minister of CGS the desired total annual contribution for the subsidy program and the distribution formula for subsidy payments.

## **PROVISIONS**

### 1. Eligibility

- (a) The subsidy applies to cities, towns, villages, and hamlets, providing piped or trucked water and sewage services to residents.
- (b) To be eligible for this subsidy, the municipal corporation council must have enacted a Water and Sewage Rates by-law setting out the economic rates for all categories and the subsidized rates to be charged to all categories (residential, non-profit, commercial, government, and industrial).

### 2. Review

- (a) Each city, town, village or hamlet shall forward a copy of its Water and Sewage Rates by-law to the Minister of CGS.
- (b) CGS shall review the annual audit of the water and sewage service accounts of each eligible city, town, village and hamlet.

### 3. Amount of Subsidy

The GN shall provide water and sewage services subsidy payments to cities, towns, villages, and hamlets providing water and sewage services to residents in their designated service area. The subsidy payment shall equal an amount per community determined by the Minister of CGS, using this formula:

Subsidy = (benchmark of efficiency x subsidized volume) + community uniqueness factor where:

- benchmark of efficiency is set by the Minister of CGS;
- subsidized volume = community population x 90 litres/day for trucked services, or x 225 litres/day for piped services; and
- community uniqueness factor is set by the Minister of CGS.

### 4. Method of Payment

Cities, towns, villages, and hamlets will be provided quarterly advances, conditional upon demonstrating in a timely manner that they are maintaining a sound financial position. Failing to do so, they will receive monthly advances.

## 5. Administration

Each city, town, village, and hamlet must maintain a cost accounting system to record revenue and costs incurred in providing water and sewage services, and to calculate the economic rate. A separate account must be established to record all revenues and costs for water and sewage services.

## 6. Surplus and Deficit

- (a) No city, town, village, and hamlet may charge a rate greater than the economic rate for water and sewage services.
- (b) Subject to Provision 6(a), a city, town, village or hamlet may retain any annual operating surplus in its water and sewage services account.
- (c) Each city, town, village and hamlet eligible under this policy shall be responsible for any deficit in the water and sewage services account.
- (d) Each city, town, village, hamlet, eligible under this policy must periodically review its Water and Sewage Services Rates by-law or resolution.

## 7. Nunavut Preference

Each city, town, village, and hamlet may implement a local or Nunavut preference policy similar in spirit and intent to the GN Nunavummi Nangminiaqtunik Ikajuuti (NNI) policy, as it relates to the provision of water and sewage services. The NNI policy shall be applied where no Nunavut preference policy has been established.

## **FINANCIAL RESOURCES**

Financial resources required under this policy are conditional on approval by the Legislative Assembly, and on the availability of funds in the appropriate budget.

## **PREROGATIVE OF CABINET**

Nothing in this policy shall in any way be construed to limit the prerogative of Cabinet to make decisions or take action respecting water and sewage services subsidy outside the provisions of this policy.

## **SUNSET CLAUSE**

This policy shall be in effect from the date of the signature until December 31, 2012.