

**LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
10TH ASSEMBLY, 4TH SESSION**

COMMITTEE REPORT

TABLED ON MARCH 27, 1985

Tenth Assembly

STANDING COMMITTEE ON FINANCE

Report on Consideration of Bill 9-85(1)

March 1985

THE LEGISLATIVE ASSEMBLY OF THE NORTHWEST TERRITORIES

In accordance with its Terms of Reference conferred by the Legislative Assembly, I respectfully submit the Report of the Standing Committee on Finance on Consideration of Bill 9-85(1).

Michael Ballantyne,
Chairman,
Standing Committee
on Finance.

On February 7, 1985, the Standing Committee on Finance considered the matter of Bill 9-85(1) which had been referred to the Committee by the Standing Committee on Legislation.

Bill 9 authorizes the Commissioner to borrow an aggregate of 5 million dollars in 1985/86 for the purpose of making loans to municipalities for capital purposes. Loans by the GNWT to municipalities pursuant to this Act are secured by means of municipal debentures.

POLICY ISSUES

The Committee sought the assurance of the Minister of Finance that loans to municipalities would be made on the same terms as these funds were borrowed; so that there would be a full cost recovery but that municipalities would not be disadvantaged. The Minister advised the Committee that costs would be passed directly to municipalities. The Committee was also advised by the Minister that if municipalities did not agree with the rates at which funds were being loaned by the GNWT, these municipalities were free to make their own arrangements within the limits imposed by the Municipal Ordinance and that in fact, some municipalities had pursued this option.

The ceiling of 5 million dollars identified in Bill 9 was an estimate of projected demand for loans to municipalities. The 2 million dollar limit imposed in 1983/84 was insufficient to meet the demand and a 5 million dollar aggregate was established for the 1984/85 fiscal year.

The Committee inquired as to the possibility of using funds such as the Workers' Compensation Board as a source of borrowing. The Committee was advised that there was a recommendation to this effect but no action had been taken. The Workers' Compensation Board was viewed as a possible source but it was an independent agency and it had a duty to get the best return on the funds which it invested. A draft prospectus had been prepared on the issuance of debentures so that the WCB could consider investment in government securities.

The Committee also noted that the limit on loans to municipalities established under the Bill was not identified in the 1985/86 Main Estimates Book as had been past practice. The Committee indicated that the loan ceiling while authorized by legislation, should be identified in the Main Estimates Book as a point of reference.

DETAILS OF THE BILL

At its meeting on February 14, 1985, the Committee identified the following detailed changes to the wording of the Bill:

Clause 4, subclauses (a) and (b) -

A typographical error in the Bill resulted in an incorrect reference to Section 2 in subclauses (a) and (b). The correct reference should be to Section 3.

Clause 5 -

In the original Bill this clause read "The Commissioner may make a loan to or in respect of a municipality or class of municipalities". The Committee indicated that this clause was inconsistent with Clause 3, which established that the purpose of the Bill was to provide loans to "municipalities" and not "classes of municipalities" and that the wording should be clarified.

On February 21, 1985, the Minister of Finance tabled an amended version of the Bill which met the Committee's concerns.

Members of the Standing Committee on Finance agreed to pass Bill 9-85(1) as amended.