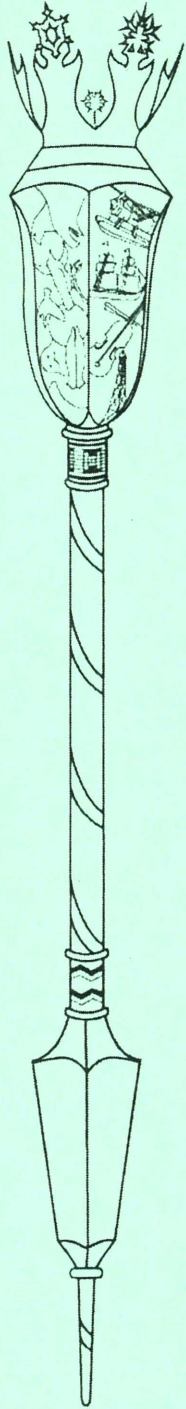


Committee Report 8-16(6)
August 25, 2011



16th Legislative Assembly of the Northwest Territories

Standing Committee on Economic Development and Infrastructure

Report on Transition Matters

Chair: Mr. David Ramsay

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ECONOMIC DEVELOPMENT
AND INFRASTRUCTURE**

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Legislative Assembly
Standing Committee on Economic
Development and Infrastructure

Assemblée législative
Comité permanent du développement
économique et de l'infrastructure

August 25, 2011

SPEAKER OF THE LEGISLATIVE ASSEMBLY

Mr. Speaker:

Your Standing Committee on Economic Development and Infrastructure is pleased to provide its Report on Transition Matters and commends it to the House.

A handwritten signature in black ink, appearing to read "D. Ramsay".

David Ramsay, MLA
Chairperson

**STANDING COMMITTEE ON
ECONOMIC DEVELOPMENT
AND TOURISM**

REPORT ON TRANSITION MATTERS

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**STANDING COMMITTEE ON
ECONOMIC DEVELOPMENT
AND INFRASTRUCTURE**

REPORT ON TRANSITION MATTERS

INTRODUCTION

As the 16th Legislative Assembly draws to a close, the Standing Committee on Economic Development and Infrastructure continues to monitor several ongoing issues and initiatives with long-term implications. The intent of this report is to make the public and Members of the 17th Assembly aware of work in progress and highlight areas we believe will require the continued attention of our successor committee in the 17th Assembly.

BACKGROUND

The Standing Committee on Economic Development and Infrastructure includes five Regular Members of the Legislative Assembly. The Committee's role is to consider the following matters with respect to the Departments of Aboriginal Affairs and Intergovernmental Relations, Environment and Natural Resources, Industry, Tourism and Investment, Municipal and Community Affairs, Public Works and Services, Transportation and the Northwest Territories Housing Corporation:

1. Review multi-year business plans and budgets, Bills, boards and agencies, including the Workers' Compensation Board of the Northwest Territories and Nunavut, the Northwest Territories Power Corporation, the Northwest Territories Business Development and Investment Corporation and the Public Utilities Board;
2. Review departmental performance, including that of boards and agencies; and
3. Consider any other matter referred by the House.

TRANSITION ISSUES

Legislation and Regulations

A new NWT *Wildlife Act* was a major 16th Assembly initiative. After extensive public consultation and deliberation, Committee reported the bill as not ready for consideration

in Committee of the Whole. Reasons for this decision are outlined in Committee's report. Members encourage the 17th Assembly to build upon the work that was done in developing the legislation to bring forward a new *Wildlife Act* that has the support of the majority of northerners.

August 2011 amendments to the *Territorial Parks Act* contain significant regulation-making authority. The Committee's view is that public consultation and input from Regular Members would be valuable in developing these regulations.

The Workers' Safety and Compensation Commission renewed its safety regulations in 2009-10. There was public concern with the short consultation period, given the extent of the new regulations and their implications for northern workplaces.

During public consultations on amendments to the *Dog Act*, the public expressed the need for broader animal welfare protection legislation. The Committee encourages the 17th Assembly to consider this initiative.

The federal government has proposed extensive amendments to the *Mackenzie Valley Resources Management Act*. Members encourage the successor committee to discuss this issue with representatives of the northern review boards forum at its earliest convenience.

Departmental Issues

Industry, Tourism and Investment

Arctic Offshore Drilling Review

The Department of Industry, Tourism and Investment (ITI) and the Department of Environment and Natural Resources (ENR) represent the Government of the Northwest Territories (GNWT) as participants in the National Energy Board's (NEB) Arctic Offshore Drilling Review. The NEB has scheduled a roundtable meeting in Inuvik in mid-September, 2011. It anticipates that Phase III of its review, the Public Report, will be complete by the end of December 2011.

Northern Workforce MOU:

ITI has worked extensively with the three diamond mines to increase the number of NWT residents working at the mines and develop capacity among local workers. The Committee encourages expanding these initiatives to other industrial developments.

Mackenzie Gas Project (MGP)

In December 2010, the NEB issued a certificate of public necessity and convenience for the MGP. In July 2011, Shell announced the sale of its shares in the project. Members have expressed concern about pipeline readiness and additional costs to the GNWT should proponents announce a decision to construct in 2013.

Diamond Policy

ITI released its finalized diamond policy in 2010. Implementation is a challenge. The Committee strongly encourages the reinstatement of a diamond division within ITI.

Exploration and Mining Development

Members suggest that the successor committee monitor the following mining developments:

- Avalon Rare Metals,
- Fortune Minerals,
- Tamerlane,
- Selwyn Chihong,
- Prairie Creek,
- Gah Cho Kue

The Committee received briefings on these developments either from the Minister of ITI or the company itself.

In June 2011, over \$500 million in work bids were awarded to oil companies to develop land in the Tulita district. Members suggest that the successor committee monitor these developments.

Prairie Creek

Canadian Zinc Corporation is reaching the final stages of negotiating a socio-economic agreement (SEA) for its Prairie Creek mine. The SEA is similar to the one negotiated with De Beers for the Snap Lake project. ITI has identified the agreement as a transition issue and Members have asked that a briefing be provided to the successor committee.

Energy Priority Investments

The 16th Legislative Assembly made a \$60 million investment in a range of projects in the areas of energy policy, development, plan and supply, conservation and efficiency, alternative energy, and emerging technologies. This

funding expires in 2012-13. Many issues and opportunities remain in this area and the Committee strongly recommends that funding be re-instated in the 17th Assembly.

Hydro Strategy

The GNWT released a draft Hydro Strategy in 2008 that has yet to be finalized. A discussion paper has been distributed to stakeholder groups. The Committee believes that many elements of the Hydro Strategy still need development, such as setting realistic targets and creating a vision that includes new projects.

Bluefish Dam Construction

Construction costs for a new dam at the Bluefish Lake hydro plant are expected to reach over \$37 million with a direct rate impact of 2.42 cents for customers in the Snare/Yellowknife system. The Northwest Territories Power Corporation provided information on costs to the Committee in the summer of 2011.

Municipal and Community Affairs

Dust Control

Throughout the 16th Assembly, the Committee urged MACA to work with the Department of Transportation and community governments on dust control and main street paving initiatives in small communities. The Committee hopes a new program to address this issue will be developed in the 17th Assembly.

Recreational Leasing Policy Framework

This policy framework is a MACA initiative to address problems with squatters in the Yellowknife River watershed and the Inuvik Airport Lake areas. MACA has completed the technical research required for the policy. Recreational leasing is frozen in both areas. The Committee's main concerns with the policy are the need for meaningful consultation with Aboriginal organizations and delays in the schedule.

Sport and Recreation Funding

Concerns with funding to Sport North and its relationship with the Sport and Recreation Council (SRC) was brought to the Committee's attention shortly before the dissolution of the 16th Assembly. Members see an organizational shift taking place, and suggest that MACA undertake a review of the SRC and consider ways to reduce duplication in programming.

Environment and Natural Resources

Water Strategy

Over the life of the 16th Assembly, ENR invested heavily in the development of the Northwest Territories Water Strategy. The federal government is not upholding commitments to water stewardship, and suspended water quality monitoring at stations across Canada in August 2011. Transboundary negotiations, water quality monitoring, and cumulative impact monitoring programs remain serious concerns for the Committee.

Greenhouse Gas Strategy

Two members of the current Committee monitored climate change initiatives as members of the 16th Assembly's Joint Committee on Climate Change. A significant portion of the renewed NWT Greenhouse Gas Strategy is tied to energy priority investments. The Standing Committee on Priorities and Planning has identified carbon pricing as a transition issue for the 17th Assembly.

NWT Housing Corporation (NWTHC)

The 2008 Auditor General's report on the NWTHC led to significant restructuring within the Corporation.

In 2010, the public housing rental subsidy was transferred from the Department of Education, Culture and Employment back to the NWTHC. Many clients fell into arrears during the period that the subsidy was calculated separately through the income support program. The NWTHC has initiated debt repayment plans.

The NWTHC is currently undertaking the Shelter Policy Review, which includes evaluations of its housing choices program and the public housing rent scale. The 17th Assembly will be asked to make decisions on the outcome of these evaluations.

Annual Reporting

Both the Business Development and Investment Corporation and the NWT Housing Corporation have fallen behind in their statutory review and reporting requirements.

CONCLUSION

This concludes the Standing Committee on Economic Development and Infrastructure's Report on Transition Matters. Members respectfully suggest that our successor committee consider requesting updates on the above matters from

Committee staff and Government, and wish them the utmost success in fulfilling their mandate.

