



14th Legislative Assembly of the Northwest Territories

Standing Committee on Governance and Economic Development

Report on the Review of Bill 14: *An Act to Amend the Revolving Funds Act*

Chairperson: Mr. Floyd Roland, MLA



Northwest
Territories

Legislative Assembly
Standing Committee on Governance and Economic Development

OCT 30 2002

THE HONOURABLE ANTHONY (TONY) WHITFORD, MLA
SPEAKER OF THE LEGISLATIVE ASSEMBLY

Mr. Speaker:

Your Standing Committee on Governance and Economic Development is pleased to present its Report on the Review of Bill 14, *An Act to Amend the Revolving Funds Act* and commends it to the House.

Sincerely,

A handwritten signature in black ink, appearing to read 'Floyd Roland', written over a large, faint circular watermark or stamp.

Mr. Floyd Roland, MLA
Chairperson

**STANDING COMMITTEE ON
GOVERNANCE AND ECONOMIC DEVELOPMENT**

Committee Members

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Doug Schauerte
Deputy Clerk

Robert Collinson
Committee Researcher

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Introduction

Bill 14 – *An Act to Amend the Revolving Funds Act* is ironically a straightforward and simple piece of legislation. The amendment establishes the Lot Development Revolving Fund (LDRF) and sets the amount available to the fund at \$4.0 Million.

The Standing Committee on Governance and Economic Development had no concerns with the amendment itself. Committee concerns centered on the details of how the Lot Development Revolving Fund would work.

Background

The Members of the Standing Committee on Governance and Economic Development first heard of the proposed Lot Development Revolving Fund (LDRF) in the February 20th, 2002 Budget Address as part of a four part program aimed at encouraging the private sector to develop affordable rental accommodations in non-tax based communities.

On April 24th, 2002 the Government provided the Standing Committee with a Legislative Proposal on amending the *Revolving Funds Act*. Also included with the Legislative Proposal was an attachment dated January 25th, 2002. The attachment provided a very brief outline of how the Government envisioned the Lot Development Revolving Fund working.

On May 10th, 2002, the Standing Committee on Governance and Economic Development met to consider the Legislative Proposal and program details contained in the attachment.

Members of the Standing Committee assumed the Department of Municipal and Community Affairs had time to develop further program details over what was contained in the January 25th attachment.

Consequently, in the Committee letter of May 27th, 2002 the Committee provided general support for the Legislative Proposal and directed the Government House Leader to proceed with the drafting of the Legislation. Also included in the letter were a set of questions addressing Committee concerns with program delivery.

These concerns included:

- How the program would operate in communities that only had Indian Affairs Branch lands available for development;
- Whether the Department of Indian Affairs and Northern Development had been consulted;
- How the LDRF would be reimbursed once lots have been developed on Indian Affairs Branch land;
- How the program impacts on land claim or self-government negotiations;
- Concern was expressed that the LDRF would replace existing lot development initiatives offered through the Department of Municipal and Community Affairs. Members wanted assurances this was not the case;
- How the LDRF would affect the programs and services offered through the NWT Housing Corporation;
- How the LDRF would work for lots developed on Commissioner's Lands
- For any Revolving Fund to work properly the product or service must turn over on a regular basis to replenish the fund so that more lot development can occur. Members requested further information on interested communities and on which communities would see lots being developed in the summer of 2002;
- How the companion Subsidy Bridging Program would work;
- Whether territorial and federal Boards, Agencies and Departments could access the LDRF;
- How the Government would lessen the potential for land speculation on lots developed under the program;
- What stakeholder consultation had taken place or was under way;
- Five year forecast for lot development in the communities;
- Details on financial controls and audit procedures.

The Government responded to the Committee's letter on June 11th, 2002: the same day on which the Government introduced Bill 14 – *An Act to Amend the Revolving Funds Act*. Bill 14 was referred to the Standing Committee on Governance and Economic Development for review on the same day.

The Committee considered the June 11th response from the Government to the concerns raised by the Standing Committee at its June 13th, 2002 meeting.

It became apparent to Committee Members that the development of the actual program details had yet to be undertaken. Essentially, by recommending passage of Bill 14, the Committee would be giving the Department carte blanche to develop the program.

In light of the amount of money involved in the LDRF and the lack of community consultation, Committee Members were reluctant to give this approval in the absence of definitive program detail.

In a June 13th, 2002 letter, the Standing Committee conveyed their concerns to the Minister of Municipal and Community Affairs and requested further information from the Department. Members wanted to determine whether public hearings were needed, or, depending on the Department's response, whether the Committee would proceed with the clause by clause review of Bill 14 and refer it to Committee of the Whole for consideration during the June Session.

Neither the Government House Leader nor the Minister of Municipal and Community Affairs responded to the Committee's letter until August 26th, 2002. Obviously this was too late for the Committee to consider the Bill during the June Session or to hold public hearings outside of the capital city over the summer months.

On August 27th, 2002 the Standing Committee on Governance and Economic Development held a public hearing on Bill 14 – *An Act to Amend the Revolving Funds Act* in Yellowknife. The Department of Municipal and Community Affairs provided the Committee with a briefing on how they saw the Lot Development Revolving Fund and its companion programs working. Members were concerned, as it seemed the existing way of financing lot development through MACA was being changed without any community consultation. Other Members were concerned by the impacts the program would have on tax-based communities that were in close proximity to eligible communities.

Once again, the further information provided by the Department gave rise to more questions on the part of Committee and meant that Members were not prepared to do a review of Bill 14 and report it to the Assembly.

On August 30th, 2002 the Standing Committee sent a letter to the Minister of Municipal and Community Affairs outlining the Committee's concerns. The letter also requested the Department provide the Committee with a technical resource person conversant with the details of the Lot Development Revolving Fund and its companion programs so that the Committee could hold public hearings in some affected communities.

On September 16th, 2002 the Government House Leader responded to the Committee in a letter stating that the government planned to take some time to review the proposed approach and consider the issues raised by the Committee.

The Committee wrote the Government House Leader on October 8th, 2002 to ask whether the Committee could expect a response to its August 30th letter and whether the Government even wanted Bill 14 to be dealt with during the Fall Sitting.

The Government House Leader responded on October 16th, 2002 by requesting a meeting with himself and the Minister of Municipal and Community Affairs to discuss the Committee's outstanding concerns with Bill 14.

At the Committee meeting of October 21st, 2002, the Minister of Municipal and Community Affairs, informed Members the Government would not be funding any new initiatives because of fiscal restraint measures put in place by Cabinet. These restraint measures meant that companion programs designed to ensure the success of the Lot Development Revolving Fund would not be funded. This caused the Department to reconsider whether the Lot Development program could be successful if implemented in isolation.

Conclusion

It appears that the Government will not be proceeding with the lot development scheme proposed in Bill 14. The Committee, for obvious reasons, concurs that the Bill should not be proceeded with at this time.

The reason the Standing Committee on Governance and Economic Development has chosen to deliver a report on Bill 14 is to educate the public on the processes that impeded passage of this Bill.

The Members of the Standing Committee were asked to approve a \$4.0 million Revolving Fund without any definitive details on how the program would work. The Committee has a responsibility to ensure that the Government spends its money prudently and that government programs are equitable and fair to all NWT communities.

It was apparent to the Committee that the Department of Municipal and Community Affairs was developing details of the program on the fly. The Committee does not fault the work of the Department and must admit real progress was being made. However, in light of fiscal realities it is clear the Department has to reexamine how it will fund lot development in the non-tax-based communities.

Committee Members noted that new funding in the amount of \$300,000 for a Subdivision Subsidy Program was included in *Supplementary Appropriation Act, No. 1, 2002-2003*. These funds were approved during the June Sitting. It is strongly recommended that the Department of Municipal and Community Affairs use that funding to advance the development of lots and subdivisions in non-tax based communities. The Committee will be seeking clarification on how this money is expended.

In closing, the Committee looks forward to reviewing a new plan for lot development in the near future.