

MINISTER CAROLINE COCHRANE

OPENING REMARKS STANDING COMMITTEE ON ECONOMIC DEVELOPMENT AND INFRASTRUCTURE

Bill 1 - Western Canada Lottery Act

Mr. Chairman, thank you for inviting me today to speak to you and the members of the Committee about Bill 1 – *Western Canada Lottery Act*.

I would like to introduce the officials here with me today. They are here to help provide technical details should such questions arise. They are:

- Ian Legaree, Director of Sport, Recreation and Youth at MACA; and
- Ian Rennie, Legislative Counsel, Department of Justice

Mr. Chairman, MACA is responsible for two pieces of lotteries legislation. The *Lotteries Act* regulates and allows for local lottery events, run by charitable or religious organizations, to take place in NWT communities. Examples of these events include bingos, pull tickets and raffles. The *Western Canada Lottery Act* deals only with the Western Canada Lottery, an interprovincial program involving the sale and distribution of tickets such as “Scratch and Win” and “Lotto649” which are purchased at lottery terminals.

The Western Canada Lottery program is managed and conducted by the Western Canada Lottery Corporation on behalf of the Government of the Northwest Territories. Since 2009, the Sport and Recreation Council has had an agreement with the Western Canada Lottery Corporation and the Government of the Northwest Territories to conduct and manage the lottery within the NWT and to remit lottery proceeds to the GNWT to be used for the purposes of sport and recreation within the territory. In 2014, the Canada Revenue Agency provided an interpretation to the Department of Finance indicating that the proceeds of the lottery may be subject to taxation in its current format, and a decision was therefore made to bring the operation of the lottery within the GNWT as soon as possible.

Mr. Chairman, Bill 1 achieves the goal of bringing lottery operations in-house and protecting them from possible taxation so that they remain available for programs in the NWT.

The Bill creates the Northwest Territories Lottery Commission within the Department of Municipal and Community Affairs. The Commission will be composed of MACA employees and will fulfill the role currently filled by the Sport and Recreation Council. Together with the Western Canada Lottery Corporation, the Commission will market and distribute lottery tickets and will regulate and control retailers of Western Canada Lottery tickets. The Commission will also enter into agreement with the Government of Nunavut to conduct and manage the Western Canada Lottery within Nunavut. The Commission will report to the Legislative Assembly as required under the Planning and Accountability Framework.

The Bill also creates the Physical Activity, Sport and Recreation Fund to handle the proceeds of the lottery. The Fund is a special purpose fund under the *Financial Administration Act* and will be held in an account forming part of the Consolidated Revenue Fund. The creation of a special purpose fund rather than a revolving fund will ensure that all lottery revenues remain available for sport and recreation and are not considered general revenue. In order to account for fluctuating lottery revenues within a given year, the Bill allows the Minister to take the Fund into a deficit position, ensuring that funding commitments can be met on a consistent and timely basis. The Minister is empowered to disburse money from the Fund for the purposes set out in the Bill, all related to the advancement of sport and recreation within the Northwest Territories and in accordance with any agreement with the Government of Nunavut.

Mr. Chairman, MACA has consulted with the Department of Finance on the development of the Bill and continues to work with the Department of Finance and the Department of Human Resources on the task of transitioning the operation of the lottery into government. MACA hopes to bring the Bill into force in the summer of 2018.

Thank you, Mr. Chairman. I look forward to hearing comments from the members, and answering any questions.