



# **18<sup>th</sup> Legislative Assembly of the Northwest Territories**

## **Standing Committee on Economic Development and Environment**

Report on Transition Matters

Chair: Mr. Cory Vanthuyne

## **MEMBERS OF THE STANDING COMMITTEE ON ECONOMIC DEVELOPMENT AND ENVIRONMENT**

---

Cory Vanthuyne  
MLA Yellowknife Centre  
Chair

Daniel McNeely  
MLA Sahtu  
Deputy Chair

Herb Nakimayak  
MLA Nunakput

Kevin O'Reilly  
MLA Frame Lake

R. J. Simpson  
MLA Hay River North

Kieron Testart  
MLA Kam Lake

### **COMMITTEE STAFF**

Michael Ball  
Committee Clerk

Cathleen Knotsch  
Committee Advisor



**STANDING COMMITTEE ON  
ECONOMIC DEVELOPMENT AND ENVIRONMENT**

**REPORT ON TRANSITION MATTERS**

**TABLE OF CONTENTS**

INTRODUCTION .....	1
MANDATE OF THE STANDING COMMITTEE .....	1
WORK OF THE STANDING COMMITTEE.....	2
Standing Committee by the Numbers .....	2
Highlights .....	2
Agriculture Strategy .....	2
Fisheries .....	2
Procurement.....	3
Review and Improvement of Legislation.....	3
TRANSITION MATTERS .....	4
Department of Environment and Natural Resources.....	5
Climate Change.....	5
Caribou.....	5
Knowledge Economy.....	6
Contaminated Sites Management .....	6
Northwest Territories Power Corporation .....	7
Department of Lands.....	8
Land Use Sustainability .....	8
Contaminated Sites Management .....	8
Department of Infrastructure .....	8
Oversight on Infrastructure Projects .....	8
Carryovers.....	8
Marine Transportation Services.....	9
Procurement Policies and Process.....	9
Department of Industry, Tourism and Investment .....	9
Oversight on Policy Implementation .....	9
Mining Fiscal Regime Review .....	10
Northwest Territories Business Development and Investment Corporation (BDIC) .....	10
Statutory Reviews .....	11
CONCLUSION.....	11

## **STANDING COMMITTEE ON ECONOMIC DEVELOPMENT AND ENVIRONMENT**

### **REPORT ON TRANSITION MATTERS**

#### **INTRODUCTION**

The Standing Committee on Economic Development and Environment is one of the standing committee of the 18<sup>th</sup> Legislative Assembly of the Northwest Territories charged with the consideration of matters with respect to the Departments of Environment and Natural Resources; Industry, Tourism and Investment; Lands; and Infrastructure.

The purpose of this report is twofold:

1. To briefly highlight the work completed by the Standing Committee on Economic Development and Environment during the 18<sup>th</sup> Assembly; and
2. To identify outstanding issues SCEDE's successor Committee in the 19<sup>th</sup> Legislative Assembly may wish to consider.

#### **MANDATE OF THE STANDING COMMITTEE**

The mandates of the Legislative Assembly's standing committees are set out in Appendix 3 to the Rules of the Legislative Assembly.<sup>1</sup> The Standing Committee on Economic Development and Environment is responsible for:

- review departmental performance, including that of boards and agencies;
- consider matters related to infrastructure;
- consider matter related to climate change; and
- consider any other matters referred by the House.

---

<sup>1</sup> *Rules of the Legislative Assembly of the Northwest Territories*, May 27, 2015.

## WORK OF THE STANDING COMMITTEE

### Standing Committee by the Numbers

13	-	Bills reviewed
54	-	Public hearings held on bills
33	-	Communities outside Yellowknife visited by Committee
108	-	Motions passed at the Committee stage to amend bills
48	-	Recommendations made
10	-	Committee reports issued
166	-	Committee meetings held

### Highlights

During the 18<sup>th</sup> Legislative Assembly, the Standing Committee on Economic Development and Environment undertook work ranging from reviewing strategic policy documents, providing comments and recommendations to departments, to reviewing proposed legislation and developing amendments for improvement, and conducting a survey to identify issues and solutions regarding public procurement.

Committee wishes to highlight the work undertaken in the following four areas:

#### Agriculture Strategy

Committee provided substantial recommendations and proposed actions for improvement to the drafts of the foundational document to encourage the development of an agricultural industry in the NWT, the *“The Business of Food: A Food Production Plan 2017-2022”*, tabled in the Legislative Assembly on March 3, 2017. During 2018, the Committee continued to encourage the Department of Industry, Tourism and Investment to improve performance measurement planning to arrive at meaningful information on the strategy’s implementation.

#### Fisheries

Committee made recommendations on the development of strategic policy direction to guide the revitalization of the commercial fishery on Great Slave Lake. The Committee highlighted the importance of implementing a strategy that has the support of the Northwest Territories Fisherman’s Federation (NWTFF) and the Tu Cho

Fishers Cooperative to the fullest extent possible. The *Strategy for Revitalizing the Great Slave Lake Commercial Fishery* and its 25 recommended actions contributed to the existing support programs for small and large commercial fish harvesters, and the revival of the Great Slave fishery.

### Procurement

The Standing Committee of Economic Development and Environment contributed to strengthening the Government of the Northwest Territories' (GNWT) professional public procurement system by identifying areas that would benefit from improvement. Based on the concerns heard from Northwest Territories business owners and operators, Committee undertook a confidential survey asking businesses for their opinion on various types of procurement and their experience as vendors to the GNWT.

Considerable work needs to be done to diversify the NWT economy. The Committee recognizes that, since the GNWT started procurement in the 1980s, the principle driving operation was achieving the lowest possible cost. Existing procurement policies do not fully achieve their intent and do not allow procurement practices to contribute to economic diversification or growth. We recommend that our successor Committee monitor the contribution of public procurement to the NWT economy.

Based on business feedback, Committee identified, that several current procurement practices do not align with the intent of the GNWT's *Business Incentive Policy*; and that large capital projects and public-private partnership agreements are not subject to any checks or controls to ensure that the Business Incentive Policy is applied throughout project contracts.

Committee's report includes two recommendations to the GNWT: to establish an advisory panel advising on improving government's procurement processes; and to undertake a public review of all procurement policies to ensure that NWT businesses can benefit from government tenders.

### Review and Improvement of Legislation

During the 18<sup>th</sup> Legislative Assembly, Committee reviewed 15 legislative proposals, 13 bills, successfully moved 108 amending motions to proposed legislation, and made 31 recommendations for further improvements.

The most important aspect of legislation during this Assembly was a group of bills that was created as a result of the devolution of authorities over land, water and resources from the Government of Canada. The GNWT introduced seven bills in the winter sitting of 2019, pertaining to land and resource management. Some of the bills updated federal legislation that was inherited by the GNWT, and passed with virtually no changes (also referred to as “mirrored”) during the implementation of the 2014 Devolution Agreement, while others updated older statutes that had not been examined in many years.

The following bills were referred to the Standing Committee on Economic Development and Environment for review:

- Bill 7: *An Act to Amend the Revolving Funds Act* (Yellowknife Airport Revolving Fund),
- Bill 21: *An Act to Amend the NWT BDIC Act*,
- Bill 25: *An Act to Amend the Workers’ Compensation Act*,
- Bill 26: *An Act to Amend the Revolving Funds Act No.2* (MTS Revolving Fund),
- Bill 27: *An Act to Amend the Environmental Protection Act*,
- Bill 34: *Mineral Rights Act*,
- Bill 35: *Supply Chain Management Professional Designation Act*,
- Bill 36: *Petroleum Resources Act*,
- Bill 37: *Oil and Gas Operations Act*,
- Bill 38: *Protected Areas Act*,
- Bill 39: *Environmental Rights Act*,
- Bill 44: *Forest Act* (with drawn), and
- Bill 46: *Public Land Act*.

Committee prepared a separate report on this devolution-related legislation, with recommendations for future legislative reviews on the sequencing of reviews, timing of processes and consideration of co-development of legislation in the Northwest Territories.

## **TRANSITION MATTERS**

Committee takes this opportunity to highlight ongoing and outstanding Committee business matters for consideration by our successor Committee in the 19<sup>th</sup> Assembly. We provide the following suggestions in the hopes that our successor Committee finds them informative.



## **Department of Environment and Natural Resources**

### Climate Change

During the 18<sup>th</sup> Assembly, the GNWT grappled with developing policy directives on climate change and how to implement recommendations from the *2017 Report of the Auditor General of Canada on Climate Change in the Northwest Territories*. In 2018, the Standing Committee on Government Operations responded to the Auditor's report, making further recommendations for the Department of Environment and Natural Resources to consider.

Department of Environment and Natural Resources is the government lead on climate change and developed a *Climate Change Strategic Framework* and a *Climate Change Strategic Framework Action Plan*. Committee was challenged in its review of the climate change documents and made best efforts to improve clarity and bring focus to the need of strategic oversight in the policies.

Committee critiqued both documents as being too ambitious, not addressing the Auditor General recommendations sufficiently, and not providing structure and clear leadership to other departments and within the NWT. The policy directive and action plan documents both lack identification of the relationship between climate change and energy and, therefore, Committee suggests that its successor Committee give attention to this particular area and its implementation.

The policy framework and the action plan are intended to guide the GNWT through the coming five to 10 years. We recommend to our successor Committee to monitor the implementation of the action plan, with particular consideration of whether the recommendations made in the Office of the Auditor General's report are being implemented successfully.

### Caribou

Committee reviewed several strategic documents related to the protection and recovery of both Barren-ground and Boreal caribou. Caribou are threatened in the NWT and the GNWT has a legal obligation work collaboratively with Indigenous governments and co-management bodies to develop actions to recover the species. The Bathurst herd in particular is in a desperate state with only 8,200 animals left, a decline of 98% since the 1980s. Committee acknowledges the work undertaken by the Department to continue monitoring caribou populations and working with others to

develop plans and strategies. However, most of the efforts to date have focused on harvest restrictions, further research and, more recently, predator control. Habitat protection and a trans-boundary agreement with Nunavut for Barren-ground caribou are essential to address the caribou crisis and should be monitored carefully by our successor Committee.

### Knowledge Economy

In 2019, the Department of Environment and Natural Resources presented a *GNWT Knowledge Action Plan (2019-2023)* that proposes to implement goals established in the *GNWT Knowledge Agenda: Northern Research for Northern Priorities* (released in May 2017). The overall approach is to increase the government's ability to lead, conduct, influence and promote research in the territories. The *GNWT Knowledge Agenda* is meant to greatly contribute to, and influence, building a knowledge economy in the Northwest Territories.

We encourage our successor Committee to monitor how the linkages between the *Knowledge Action Plan*, the knowledge economy and increased economic opportunity are achieved.

Committee encourages the Members of its successor Committee to stay apprised of the Department of Education, Culture and Employment's work on implementing the Polytechnic University and opportunities becoming available through the new *Post-Secondary Education Act*.

### Contaminated Sites Management

The GNWT was mandated under commitment 1.3.1, to “develop an integrated comprehensive approach to the management of contaminated sites, including prioritizing, sharing of responsibility in collaboration with other governments, monitoring, and a sound financial security system to prevent public liabilities.”

The Department of Environment and Natural Resources committed to establish a consistent, uniform and cost-effective approach for the GNWT to manage contaminated sites for which the GNWT is responsible. Cross-jurisdictional reviews and other research are underway to position supporting policies.

A Waste Sites Management Committee is an intergovernmental committee created under the NWT Lands and Resources Devolution Agreement to review, discuss and consider, and provide advice and recommendations to Canada on the management

of federal waste sites. The Contaminated Sites Council is an advisory body to the GNWT that provides input on traditional knowledge and improving management of contaminated sites in the NWT.

The Standing Committee on Government Operations has made recommendations to the GNWT on its management of contaminated sites, which are reported on in the public accounts. Committee recommends to its successor Committee to monitor management of contaminated sites inherited from the Canadian Government and observe how the GNWT will develop capacity to prevent, manage, remediate and pay for contaminated sites.

### **Northwest Territories Power Corporation**

In the past, the Minister responsible for the Northwest Territories Power Corporation (NTPC) committed to providing Committee with the Corporation's capital plans upon finalization. Committee includes the NTPC in this report, because of the impact its operations can have on the mandate areas of this Committee such as infrastructure, energy and climate change. The NTPC has begun preparing a 20 year strategic plan to align the GNWT's energy and climate change policy frameworks and create a large-scale capital program increasing capital spending. In light of the NTPC's operating in a continued deficit and having to replace aging infrastructure throughout the NWT, Committee recommends that its successor Committee in the 19<sup>th</sup> Assembly, offer review of NTPC capital plans and strategic documents.

Our successor Committee may consider ways in which to discuss climate change in the context of NTPC and its mandate. A structural, organizational and operational review of the NTPC was identified as needed by Committee. We therefore recommend to our successor Committee to encourage this government corporation to undertake a comprehensive organizational renewal with the goal to enable application of technology innovations, consideration of potential partnerships and strategies to avoid rate increases for the end-users, and build energy self-sufficiency.

Committee noted that the Minister's decision to replace the corporation's independent board of directors with Deputy Ministers impacts the independence of the board and potentially impairs the public oversight of the corporation.

## **Department of Lands**

### Land Use Sustainability

Using the *Land Use Sustainability Framework* (LUSF) to be clear and transparent was one of the Department's mandate points (1.3.1) for the 18<sup>th</sup> Assembly. The commitment was not completed. The Committee encourages our successor Committee to review and monitor progress on implementation of the LUSF.

### Contaminated Sites Management

The Committee encourages our successors to monitor further improvement of the *Public Land Act*, and to ensure that mandatory financial security is consistently applied. We recommend to review how securities are determined and formulas are applied; and to determine collaborative efforts with other departments in establishing a financial security system within the GNWT.

The GNWT is member of the Waste Sites Management Committee and receives advice from the Contaminated Sites Council; both operate in collaboration with the Departments of Lands; Industry, Tourism and Investment; and Environment and Natural Resources. Committee encourages its successor Committee to monitor the efficiency of the activities in the management of inherited contaminated sites and in preventing public liabilities.

## **Department of Infrastructure**

### Oversight on Infrastructure Projects

The GNWT has identified four large infrastructure projects that incoming members may wish to observe. In particular, the Committee encourages its successor Committee to monitor the level of oversight and public reporting that is applied to large infrastructure projects.

### Carryovers

Committee has identified as a challenge that large amounts of funding for departmental infrastructure projects have been left unspent repeatedly, and as a consequence required transfer into the next year. While this type of budget procedure is common in public government, the continued use of this type of capital carryover results in the accumulation of large amounts being moved from one fiscal year to the

next, creating potential challenges in the allocation and efficiency of expenditure. Committee recommends to its successor Committee to monitor capital carryovers for potential consequences such as lack of capacity to execute a large number of projects, and potential loss of policy control.

### Marine Transportation Services

Past experiences of unreliable service delivery have caused budget overruns and delays in delivery to remote communities depending on essential goods to be shipped. The GNWT purchased NTCL's assets after bankruptcy for \$7.5 million in December 2016. This purchase stemmed from the recognition of the essential services provided to remote communities, and the fact that NTCL's biggest customer was the Petroleum Products Division (Department of Infrastructure). The GNWT created the Marine Transportation Services Division to operate the services.

Committee encourages our successor Committee to monitor financial performance and projections of the Marine Transportation Service, and consider reviewing governance and operational structure with the goal to avoid financial inefficiencies, improve reliability of operations, and minimize disruption of private market operators.

### Procurement Policies and Process

Committee's report based on feedback by NWT businesses revealed inconsistencies and contradictions in the public procurement system. We recommend to our successor Committee to consider the report recommendations for creation of an independent review panel to advise the GNWT on how to improve procurement processes, remove contradictions between policy direction and administration of contracts and ensure that all tender types, including Public-Private Partnership agreements and contracts, comply with the GNWT's policy directives.

## **The Department of Industry, Tourism and Investment**

### Oversight on Policy Implementation

The 18<sup>th</sup> Assembly required preparation of several high-level policy directives. Committee encourages our successor Committee to investigate and monitor how the Department maintains oversight in the implementation of the *Northwest Territories Manufacturing Strategy* and the *Commercial Fisheries Revitalizing Strategy*. Both policy directives are critical to growing and maintaining a healthy NWT economy and

their successful implementation will require monitoring and continuous feedback with the respective industry and businesses.

The *Northwest Territories Arts Strategy 2020-2030* is a most recent strategy led by the Department of Education, Culture and Employment, and implemented in collaboration with the Department of Industry, Tourism and Investment. The strategy is ambitious, overarching and will require coordination and support from both Departments. We encourage our successor Committee to monitor and encourage the continuing collaboration between the departments in the implementation of the strategy.

### Mining Fiscal Regime Review

The Department of Industry, Tourism and Investment, in partnership with the Department of Finance, is coordinating the valuation of minerals mined in the NWT and the receipt of payments and reporting on royalties. The Department has indicated that while a royalty review was not part of the legislative initiative of proposing the *Mineral Resources Act*, the new legislation will set the stage for a detailed fiscal review. Reviewing mining royalties would include review of a multitude of taxes, including the new Carbon Tax. Committee has maintained that such a comprehensive review be undertaken by independent third party expertise, rather than by Departments of the GNWT.

Committee encourages our successor Committee to monitor the completion of a mining fiscal regime review, amendments to the Mining Regulations and ensure public engagement in the process.

### Northwest Territories Business Development and Investment Corporation (BDIC)

The BDIC's funding flows through the Department of Industry, Tourism and Investment and not directly to the corporation. Concerns about the effectiveness of the organization remain and we recommend to our successor Committee to consider a foundational review of the BDIC's strategic mandate and governance.

Despite past reviews such as a 2015 report, and a more recent 2019 review of the past five years of BDIC operation, this Committee has not been left with the confidence that the Department nor the Corporation have undertaken serious efforts to understand if the organization meets its goals and purposes.

## **Statutory Reviews**

Several pieces of Northwest Territories legislation require a review at certain points in time after the act has come into force. The following three acts contain requirements for review to be undertaken during the 19<sup>th</sup> Assembly, and may find consideration of our successor Committee.

The Wildlife Act requires review as per Section 171, within five years after Coming Into Force and no later than seven years after the previous review. This provision requires the review to be carried out before November 2019.

The Species at Risk Act requires review according to Section 147, 10 years after Coming Into Force. This places the review to be completed by February 2020.

The Northwest Territories Heritage Fund Act, according to Section 10, requires review of the provisions and operation of the Act at the first session following the expiry of ten years after the Coming Into Force of the Act. This would require review in the first session after August 1, 2022.

## **CONCLUSION**

This concludes the Standing Committee on Economic Development and Environment *Report on Transition Matters*. Members respectfully suggest that the Members of our successor committee consider requesting updates on the above matters from committee staff and from the appropriate Ministers in the 19<sup>th</sup> Assembly, and wish them the utmost success in their service to the people of the Northwest Territories.