

NUNATSIAVUT ASSEMBLY

BILL NO. IL-2006-04

A BILL FOR THE LIDC LOAN GUARANTEES ACT

**AN INUIT LAW TO AUTHORIZE THE NUNATSIAVUT GOVERNMENT TO ISSUE LOAN
GUARANTEES TO SUPPORT COMMERCIAL BORROWING BY THE LABRADOR INUIT
DEVELOPMENT CORPORATION**

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Whereas section 8.6.2 of the Constitution enables the Assembly to authorize the Nunatsiavut Government to provide loan guarantees to third parties; and

Whereas section 80 of the *Financial Administration Act* prohibits the Nunatsiavut Government from providing loan guarantees unless specifically authorized to do so under an Inuit Law

NOW THEREFORE BE IT ENACTED by the Assembly as follows:

Short title

1.

This Act may be cited as the *LIDC Loan Guarantees Act*.

Definitions

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In this Act:

- (a) “Act” means an Inuit Law and includes this Inuit Law;
- (b) “Assembly” means the Nunatsiavut Assembly;
- (c) “Auditor” means the Auditor for Nunatsiavut appointed in terms of the Constitution;
- (d) “Constitution” means the Labrador Inuit Constitution;
- (e) “Controller” means the officer of the Nunatsiavut Government appointed pursuant to section 12 of the *Financial Administration Act*;
- (f) “Fiscal Year” means the period beginning on April 1 in one year and ending on March 31 in next year;
- (g) “Fund” means the reserve of money in the Nunatsiavut Fund set apart in the accounts of the Nunatsiavut Government as the development fund referred to in section 44(1)(e) of the *Financial Administration Act*;
- (h) “Minister” means the member of the Executive Council responsible for economic development;
- (i) “Nunatsiavut Fund” means the consolidated revenue fund of the Nunatsiavut Government described in part 8.1 of the Constitution;
- (j) “President-in-Council” means the President of Nunatsiavut acting on the advice of the Executive Council;
- (k) “Treasurer” means the Nunatsiavut Treasurer as described in subsection 5.1.1(c) of the Constitution;

Conflict with Inuit law

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If there is an inconsistency or conflict between this Act and the provisions of the *Financial Administration Act*, this Act prevails to the extent of the inconsistency or conflict.

Authority to guarantee the payment of LIDC’s obligations

4.

Subject to this Act, the President-in-Council may authorize the Minister, on behalf of the Nunatsiavut Government, to enter into agreements with any of the chartered banks of Canada concerning the guaranteeing of the payment of obligations of Labrador Inuit Development Corporation for the purposes and subject to the amounts set out in section 5.

Maximum amounts and purposes of loan guarantees

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Subject to this Act, the President-in-Council:

- (a) may authorize the Minister to guarantee loans of the Labrador Inuit Development Corporation not exceeding \$3,895,000.00 for the purpose of acquiring vessels, machinery, and equipment for use in the development of the fishing industry within Nunatsiavut and the participation of Inuit in the fishing industry;
- (b) may authorize the Minister to guarantee loans of the Labrador Inuit Development Corporation not exceeding \$ 800,000.00 the purpose of providing working capital for purposes of the corporation's development of the fishing industry; and
- (c) may authorize the Minister to guarantee loans of the Labrador Inuit Development Corporation not exceeding \$ 1,305,000.00 for the purpose of paying the corporation's operating expenses during the 2006-2007 Fiscal Year.

Term of guarantees

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The maximum term of a loan guarantee under this Act shall be:

- (a) in the case of a loan for the purpose of acquiring long term capital assets, ten years;
- (b) in the case of a loan for the purposes of providing working capital, two years; and
- (c) in the case of a loan for purposes of purposes of paying operating expenses, one year.

Security required for guarantees

7.

The Minister shall require that the Labrador Inuit Development Corporation provide security in such amounts and of such nature as the Minister considers prudent before providing any loan guarantee to the corporation.

Access to financial records

8.

The Minister shall require as a condition of every loan guarantee provided to Labrador Inuit Development Corporation that the Auditor has access to all the financial books, accounts and other records of corporation during its normal business hours after giving reasonable advance notice.

Additional terms and conditions

9.

Without limiting anything in sections 6, 7 and 8, the Minister may require such additional terms and conditions as may be prudent or consistent with good business practice before providing any loan guarantee to Labrador Inuit Development Corporation.

Payment of guarantee

10.

Where by or under this Act a guarantee has been given by or on behalf of the Nunatsiavut Government for the payment of a debt or obligation of Labrador Inuit Corporation, any amount required to be paid by the terms of the guarantee may be paid out of the Nunatsiavut Fund.

Borrowing to pay guarantee

11.

Where, pursuant to this Act, the Nunatsiavut Government has guaranteed the payment of any debt or obligation of Labrador Inuit Corporation, the President in Council may borrow such amount as is necessary to discharge the liability resulting from the guarantee for the purpose of discharging the liability of the Nunatsiavut Government.

Guarantee to be charge on development fund

12.

All guarantees made under this Act shall be a charge upon the development fund referred to in section 44(1)(e) of the *Financial Administration Act* to the amount of the guarantees from time to time outstanding.

Acquisition and alienation of property given as security

13.

(1)

The President in Council may, where the Executive Council deems it to be in the best interest of the Nunatsiavut Government to do so, authorize the Minister to purchase or otherwise acquire any property that is the subject of a mortgage or charge in respect of any guarantee made under this Act.

(2)

The Minister may sell, lease or otherwise dispose of any property acquired under subsection (1) for such consideration and on such terms and conditions as the Minister deems advisable.

(3)

The proceeds of any sale, lease or disposal made under subsection (2) shall be paid to the Treasurer and be credited to the Fund.

Execution of instruments

14.

All agreements, guarantees and other instruments whatsoever relating to any guarantees made under this Act may be executed by the Minister and the Controller on behalf of the Nunatsiavut Government.

Coming into effect

15.

This Act comes into effect immediately upon its registration pursuant to the *Inuit Laws Registration Act*.