

KEVIN O'REILLY—MLA FRAME LAKE
Environmental Studies Research Fund
Committee of the Whole—2017-2018 Operating Budget Review
Dept. of Industry, Tourism and Investment—February 16, 2017

MR. O'REILLY: Thanks, Mr. Chair. I'm looking at page 214, which is the Environmental Studies Research Fund, and I guess for 2017-18 looking at spending \$298,000, and there's still a closing balance of \$326,000. I'm just wondering why there's not a plan to spend more of the funding than \$298,000. Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you, Mr. O'Reilly. Minister Schumann.

HON. WALLY SCHUMANN: Thank you, Mr. Chair. If you look at the top of the page, they actually have an authorized limit of \$15 million. If there's a surplus there this year it's because the projects are brought forward every year. Depending on how the expenditures roll out maybe that was a carryover from last year's, but these funds that come available are based on levies on oilfield leases. Thank you, Mr. Chair

CHAIRPERSON (Mr. Simpson): Thank you, Minister Schumann. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. Okay, I'll try to go at this a different way. Is there a plan or a strategy for the use of these funds? Have research priorities been identified? I'm just wondering why we're not spending more of the money in a given year, why we're surplussing money. Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you, Mr. O'Reilly. Minister Schumann.

HON. WALLY SCHUMANN: Thank you, Mr. Chair. This is not a surplus. This stays within the fund, so as the fund either goes up or down it will be used accordingly, but my understanding is with the NWT Environmental Studies Research Fund is they put out a call for proposals on initiatives annually when they move forward. I don't want to call it a revolving fund, but it's basically sitting there for the next initiative. Some proposals come in under budget for what they budget for, and I suspect that could be an accumulation of probably that. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you, Minister Schumann. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. I confess to using the wrong words, but there's a closing balance here. It's more than the money that's budgeted to be spent this, year, but I'll just park that one for now. I think we should just be using more of that money, but does this fund actually have a plan, a strategy of priorities that have been identified for the use of these funds, and if so can the Minister provide it? Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you, Mr. O'Reilly. Minister Schumann:

HON. WALLY SCHUMANN: Thank you, Mr. Chair. This is based on proposals that come in and that the board sees that they're going to follow up on. One of the things I want to make clear, this isn't government money in this fund. This is money that comes from levies from industry, and that is their money that is invested in this fund. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you, Minister Schumann. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. Well, the money may come from industry; this is not their money. This is money that's to be used for environmental studies, and if there's no plan for actually spending this money or priorities, so we just throw it open to requests for proposals. That to me doesn't sound like a very wise investment of the money. Is there not a set of research priorities or needs that have been identified so that the funds can be used in the wisest way possible, whether it's to understand the effects of oil and gas exploration on woodland caribou or offshore or whatever? What is the plan to spend this money? Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you, Mr. O'Reilly. Minister Schumann.

HON. WALLY SCHUMANN: Thank you, Mr. Chair. The purpose of this fund, according to the act, is:

"To finance environmental and social studies pertaining to the manner in which the terms and conditions under which exploration and development production and activities on petroleum lands authorized under the act or any other action to be conducted."

So they reach out, they get the levies based on industry's participation, and this is where the money comes from. They do a call for proposals. I believe the last one they've done as of late was on the caribou issue, Boreal Caribou Initiatives and Groundwater Monitoring in particular in the Northwest Territories, and they had a proposed budget of \$297,000. My suspicion is they didn't spend all the money on that proposal and I suspect in the coming year that they will be having another call for a proposal on what they're going to do research on. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Minister Schumann. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. So how does the board then decide what to put out for a call for proposals? Is there a plan? Is there a strategy? Is there a set of priorities that have been identified to use these funds? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Mr. O'Reilly. Minister Schumann.

HON. WALLY SCHUMANN: Thank you, Mr. Chair. Its role is to determine the research priorities of the fund, set the budget, and establish the policies and practices for its future. So this is all up to the Environmental Studies Management Board and how they see fit moving forward. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Minister Schumann. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. Look, I understand there's a board for this. I guess what I'm trying to understand is, you know, the accountability for this rests with the Minister but how does the board set these priorities?

In fact, the government, ITI actually has a person who sits on this board, and so does ENR, and then there are a couple of people from Industry, and I think one member of the public. So how does that board decide how to use these funds? Is it just one-off, oh,

this year we'll decide we're going to do caribou or something, or is there actually a more strategic approach to doing this research? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Mr. O'Reilly. Minister Schumann.

HON. WALLY SCHUMANN: Thank you, Mr. Chair. As I've said, it's the role of the board to determine its research priorities for this fund and set the budget, establish the policies and practices for the future of what they want to look at. It's not the government's role to do that. In this particular case, this is the way the board is set up and the way the Petroleum Resource Act is referred to in this, and that's how it works. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Minister Schumann. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. I don't seem to be getting anywhere with this, but there are two government people sitting on this board; one from ENR, one from ITI. What sort of direction does the department give to the ITI representative in terms of what the money is to be spent on? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Mr. O'Reilly. Minister Schumann.

HON. WALLY SCHUMANN: Thank you, Mr. Chair. I don't want to get in a big argument with the Member, but this is an environmental research fund and they focus on environmental issues. As I've said, the role determines that, and, of course, we do have a couple of government officials who are on there but they're representing the Government of the Northwest Territories in an environmental capacity. This is what this board is set up to do and I think it does good work. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Minister Schumann. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. Like one of my colleagues before mentioned, you know, how do we know if we're getting good value for money here, and no plan, no priorities that have been identified? It doesn't sound like there's any discussion with communities in terms of what they think the research needs might be or should be. I think there are some issues around the accountability of this board, and I hope that the Minister is going to look at this issue in terms of when the Petroleum Resources Act comes up for review. Is that going to be the case? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Mr. O'Reilly. Minister Schumann.

HON. WALLY SCHUMANN: Thank you, Mr. Chair. As this does fall under the Petroleum Resource Act, I guess when we take that out on the road and have a look at it this will be the opportunity for the Member to have his input on how he sees that we need to change things to fit the way he thinks it should be run; but presently this is the way the act is written and the way the board has determined their research priorities moving forward. I guess the other thing I could add to it is they do publish an annual report, and it is also online for everyone to see. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Minister Schumann. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. This is not just about me; this is about accountability. Thank you, Mr. Chair, that's all I have to say.