

**KEVIN O'REILLY—MLA FRAME LAKE**  
**Heritage Fund**  
**Committee of the Whole—2017-2018 Operating Budget Review**  
**Dept. of Finance—March 2, 2017**

**MR. O'REILLY:** Thanks, Mr. Chair. Yes, I think there would probably be -- I think I have raised this before -- greater strength in numbers, working with our colleagues in Yukon and Nunavut on this, as well. I am sure they share the same kind of concern, and I am sure we can work collectively, with them, to try to move that forward with the federal government. I see the Minister shaking his head, so I am not going to ask a question about it.

I did want to move on to the heritage fund on the next page. It's 142. I am glad to see that we continue to put some of our revenues in there. I just wonder whether there could be a separate page in the main that actually has a little bit more detail about the heritage fund. I don't even know how much is in the heritage fund right now, but maybe I will start with that. Thanks, Mr. Chair.

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

**HON. ROBERT MCLEOD:** Thank you, Mr. Chair. Mr. Chair, that information is available in public accounts, but, realizing that public accounts is a fairly lengthy document, I will make a commitment to the Member that we will look at including that number in our business plans and our main estimate document. I think that answers his first question. I am sure he has another one. Thank you, Mr. Chair.

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

**MR. O'REILLY:** Thanks, Mr. Chair. The Minister is a good mind-reader today. How much is in the heritage fund now? Thanks, Mr. Chair.

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

**HON. ROBERT MCLEOD:** \$10.6 million as of December 1<sup>st</sup>.

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

**MR. O'REILLY:** Thanks, Mr. Chair. I appreciate that. Of course, I think we all wish it was a lot more. I know it's in our mandate to revise the heritage fund legislation. Can the Minister tell us where the update or the revisions to the legislation are actually at? Thanks, Mr. Chair.

**CHAIRPERSON (Mr. Simpson):** Thank you, Mr. O'Reilly. Mr. Stewart.

**MR. STEWART:** Thanks, Mr. Chair. I think, for the Member, we will be in a position by the May-June session to provide a briefing to the standing committee. The issue really with the heritage fund -- there were two issues that were to be examined. One was around the overall governance of it and administration. The other was around some of the contribution levels.

The issue I think around governance, and we will get into this more, is really around

some of the criteria on what kind of instruments we invest in. We are very conservative in our investments, and I think that is a smart strategy with this type of fund. Having an external management when you are mostly investing in government bonds and those sorts of things, there are some challenges in terms of why you might do that at that additional cost, but we will get into all that in the briefing that we provide as some of the options that we have looked at. Thank you, Mr. Chair.

**CHAIRPERSON (Mr. Simpson):** Thank you, Mr. Stewart. Mr. O'Reilly.

**MR. O'REILLY:** Thanks, Mr. Chair. I appreciate the answer from the deputy minister. I don't need to lecture him on this, but there are lots of great models out there. The Norwegian pension fund is over \$1 trillion now, and there are difficulties with the Alberta one; it's capped. In Alaska, they just give it away, which I don't think is an appropriate model. The governance issue is more than just having people watch over it. How the money is invested, I agree, we want to be fairly conservative because we do not want to lose the principal, but, at same time, some funds have been placed in environmental social screens in terms of what they invest the money in and so on.

I think, by having some element of public governance, it will also elevate the profile of this fund and help us in terms of promotion of it and so on. My main concern is that right now we do not have a legislated revenue into it. It's by Cabinet policy, which is discretionary. I don't think there is any intention to change it, as far as I can detect, but that should be legislated, to take that option away or make it much more difficult, require public debate and discussion around that in the future.

In any event, I don't know if the deputy minister or the Minister has any further thinking on that, but I am happy to hear it. Then I have one other question, if I may, Mr. Chair. Thank you.

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

**HON. ROBERT MCLEOD:** Thank you, Mr. Chair. Mr. Chair, we hear the Member's concern in regard to the governance of the heritage fund, and it would be nice to have a trillion-dollar heritage fund like they do in Norway. We would have no shortage of governors then, to govern over it.

This is a new process. I think we have been at it for about four years, so we are just working our way through it. I am sure that, as we work our way through it, there are opportunities to improve it or have public governance of it. We just have to be sure that there is not a huge cost factor in doing something like that. We will look at the options, and we will see what we can come up with. Of course, we will have discussion. We can have a discussion with committee and get their feedback, too, as to how they would like to see this, going forward. Thank you, Mr. Chair.

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

**MR. O'REILLY:** Thanks, Mr. Chair. I appreciate that. Certainly, I was advocating for a heritage fund before the diamond "grave train" had even arrived.