

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

MR. O'REILLY: Thanks, Mr. Chair. I'm looking at page 128, which is the revenue summary. I see that Tobacco Tax revenues are \$15.6 million; liquor revenues are \$23.5 million. I add them up. Generally, it looks like about \$39 million in revenues there from tobacco and liquor. Then I look at the net resource revenues that we get to keep from mining and oil and gas. That is found on Roman numeral xii of the Main Estimates. It looks like the amount that we actually get to keep from non-renewable resource revenue, so that is mining and oil and gas, is \$13 million.

Look, I understand that 50 per cent of the non-renewable resource revenues go back to the feds and they claw that back through formula funding. We have to transfer some of the resource revenues to the Aboriginal governments, but my point here is we actually collect three times as much revenue from tobacco and liquor as we do for mining and oil and gas. That just doesn't seem quite right to me.

Courtesy of the Chamber of Mines today, I find out that the value of mineral production in 2016 from the Northwest Territories was \$1.276 billion. Something just doesn't seem quite right here to me. Is the department willing to look at other forms of taxation that would allow us to capture more revenues from mining and oil and gas? Whether it's a capital investment tax, a resource tax, what is it that we can do to try to retain more the benefits from oil and gas and mining and get the revenues from those activities? Thanks, Mr. Chair.

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

HON. ROBERT MCLEOD: Thank you, Mr. Chair. Mr. Chair, I'm not sure where the \$13 million was. I was looking for it on the revenue page. I can say that the personal income tax of \$113,276,000, I mean, you can attribute a lot of that to the folks who are working at the mines and then the corporate income tax; same thing. A lot of that is from the mine. The fuel tax; I mean, they would pay a lot of fuel tax. Payroll tax, \$42 million. I'd like to know how much of that is from the mines. They do property tax as well. They pay property taxes.

If we were to do the work and add all these numbers up and see what indirectly we got from the mines, I think it'd be a lot more than \$13 million. The Tobacco Tax, I'm sure there's a few of them up there who have a cigarette now and then. They would pay into a Tobacco Tax. Every one of these, I think, has a link to the mining companies and the employees that are out. I take the Member's point, and he makes it passionately, but we can't be giving the impression that the \$13 million quoted was the only revenue we got from the mines. Thank you, Mr. Chair.

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

MR. O'REILLY: Thanks, Mr. Chair. Yes, I'm not sure the Minister actually heard what I said. I never said that that was the only revenues we actually keep, from mining or oil

and gas. I think what I'm trying to do here is show that the resource royalty rates that we've inherited from the federal government are quite ancient and maybe it's time that we actually look at those royalty rates. Alberta's done it a couple of times. Are we actually going to get around to looking at that in terms of our financial future?

The reason why I say that is, when I've raised this issue, we actually raised three times as much money from tobacco and liquor as we do from resource revenues that we get to keep. People are actually shocked by that. Are we going to get around to looking at the royalty rates for mining and oil and gas and help retain more of these benefits for programs and services in the Northwest Territories? Thanks, Mr. Chair.

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

HON. ROBERT MCLEOD: Thank you, Mr. Chair. I will work with my colleague at ITI and see what plans they have for the future. Again, I take the Member's point and, yes, as we go forward, we may still have mines that we can tax. Thank you, Mr. Chair.

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

MR. O'REILLY: Thanks, Mr. Chair. I appreciate that. I fully recognize that the mining industry has made contributions beyond the resource revenues that we get to keep, but I think it is time that we did look at this issue, especially now that we have jurisdiction and control over it. It does need to be a comprehensive review. It is complex because you have to consider either taxes or forms of revenue, but we're beyond that now. We're three years into devolution. We haven't really looked at that, so I appreciate the commitment from the Minister to ensure that his Cabinet colleagues start the move on this. I look forward to the discussion and debate around retaining more of the revenues for public resources from the resources that are flowing out of here. Thanks, Mr. Chair.