

KEVIN O'REILLY—MLA FRAME LAKE
Contracting of Heritage Fund Management
Committee of the Whole—2019-2020 Operating Budget Review
Dept. of Finance—March 6, 2019

MR. O'REILLY: Thanks, Mr. Chair. I am hoping that one of our friends here can tell me what the current balance is in the NWT Heritage Fund. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Minister.

HON. ROBERT MCLEOD: Thank you, Mr. Chair. There is \$17.1 million. Thank you.

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

MR. O'REILLY: Thanks, Mr. Chair. I think that is actually the same amount as when I asked the last time. What is the increase from a year ago? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Minister.

HON. ROBERT MCLEOD: Thank you, Mr. Chair. The Member is correct. I am pretty sure that that was the amount, because he asked the same question last year. I think that last year I said \$17.2 million, and I said it again this year. That was the figure at public accounts, and this year it will increase by \$7.6 million. Thank you, Mr. Chair.

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

MR. O'REILLY: Thanks, Mr. Chair. That's great. One of the mandate items reads as follows: "We will review and develop amendments to the Northwest Territories Heritage Fund Act in light of devolution to ensure a defined revenue stream and stronger public governance." Can the Minister or one of his colleagues tell us what is being done to ensure that that mandate item is achieved? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Mr. Kalgutkar.

MR. KALGUTKAR: Thank you, Mr. Chair. For the changes that we are currently contemplating to the Heritage Fund, we have gone out for an RFP that we have finalized, and we will be transferring the administration of the fund to a third party. That is the major change that is happening this current fiscal year. Thank you, Mr. Chair.

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

MR. O'REILLY: Thanks, Mr. Chair. Well, that is certainly news to me. I have never heard of that one before. Can the Minister share a copy of the RFP with the Standing Committee on Government Operations? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Minister.

HON. ROBERT MCLEOD: Thank you, Mr. Chair. I am a very sharing person, so I would be glad to share that, along with anything else that the Member might want. When the opportunity arises, we will give them an in-person briefing as well.

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

MR. O'REILLY: Thanks, Mr. Chair. When does this RFP close? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Minister.

HON. ROBERT MCLEOD: Thank you, Mr. Chair. My understanding is that it is closed.

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

MR. O'REILLY: Thanks, Mr. Chair. I am a little bit surprised, because this is the first time I have heard about it. Can someone explain the rationale here to contract out the management of our Heritage Fund to a third party? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Mr. Kalgutkar.

MR. KALGUTKAR: Thank you, Mr. Chair. When the Heritage Fund was first established, because the balances were growing relatively slowly, the amount wasn't that significant. It didn't make sense for a third-party administrator to look after the investments in the fund, because the costs would have been too high. Because the balance is getting to an amount where it makes sense that the fund balance be administered by a third party who is better positioned to invest the fund in a more diverse mix of assets so that it grows a bit faster, we have decided to go with that approach. Thank you, Mr. Chair.

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

MR. O'REILLY: Thanks, Mr. Chair. I am trying to reconcile contracting out the management of our Heritage Fund with the mandate commitment that talks about stronger public governance. How is contracting out the management to a third party going to meet this mandate commitment of stronger public governance? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Minister.

HON. ROBERT MCLEOD: Yes, thank you, Mr. Chair. My understanding is, from what I have been told, this was raised during discussions at business plans in the Department of Finance's proposed budget. As far as the third party goes, I think the Member in particular has been asking for the last few years that this be something that -- I mean, we were talking about public governance. Maybe that is the next step, but, for now, it has gone out for an RFP to have somebody administer it on our behalf, is my understanding. The public governance part, I will have to have a discussion with the official. I am not sure if that is the next step in this, and we just want to make sure we don't over-govern the Heritage Fund.

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

MR. O'REILLY: Thanks, Mr. Chair. Yes, well, although I believe in stronger public governance of the Heritage Fund, it is not me saying this. This was direction from the Legislative Assembly. The mandate was accepted. It was voted on in this House, and now the department has gone off and contracted out the management of our Heritage Fund. I can assure you I did not hear that when I sat in on the business plan review for this department, so this comes as very much a surprise to me, that we are contracting out the management of our Heritage Fund. Can the Minister provide me any sort of

assurance that there is actually going to be any public governance now, of the Heritage Fund, in the future? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Minister.

HON. ROBERT MCLEOD: Thank you, Mr. Chair. Again, my understanding is that this issue was raised during the business plans. Maybe it was missed. I mean I don't know the situation with that. Then it is going to go out for an RFP for third party. There will be a lot of accountability on this. The public will have a lot of opportunity to see. It is not like we are tucking this away. I believe in public accountability, too, and public governance, and that is what we are doing in here. I have been here for a while, so I am very familiar with public governance. Anyway, I am going to stop there, Mr. Chair.

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

MR. O'REILLY: Thanks, Mr. Chair. If I recall correctly, the last time there was a discussion about this, it was about changing the regulations that defined how the money in the Heritage Fund can be invested to make it so that the fund might actually start to earn money instead of losing money by having some perhaps more liberal investment policies around it. That is what we were told. Now, all of a sudden, I find out that the management is going to get contracted out. How do we go from changing regulations about the investment of the fund to contracting out its management without a Regular MLA, standing committee, and the public knowing? Thanks, Mr. Chair.

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

HON. ROBERT MCLEOD: Yes, thank you, Mr. Chair. I am not going to get into a debate on this. This was raised in September. If the Member missed it, he missed it. There was plenty of time from September to now to find out if this was in there or not and raise the concerns that he had. I am going to find out. There may have been more information off the officials, but it is my understanding. I think the Member wants a big, 12-person, public board to oversee this money. Then we have to start putting money away into the Heritage Fund, and we will determine how we are going to use it. Thank you.

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

MR. O'REILLY: Thanks, Mr. Chair. I do not appreciate the Minister speculating or impugning some kind of motives to me on this issue. This is serious. I sat in on the departmental business plan review. This did not get discussed. This was not. This is the first time that I, as a Regular MLA, am finding out that the department is going to contract out the management of our Heritage Fund. This is a serious matter, Mr. Chair, and I don't appreciate the Minister saying that my view is that there should be a 12-person board and trying to impugn that I might want to sit on it or something. That is ridiculous. Thanks, Mr. Chair.

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

HON. ROBERT MCLEOD: Yes, thank you, Mr. Chair. I don't assume anything. If I have something to say, I will say it, and then I do, and some people may not like that. I'm sorry. That is just the way it is. I can assure the Member and all Members of this House

that everything we do we do in an open and transparent manner, because you have nothing to gain by not doing it. This is public money. This is a Heritage Fund, so, if we need to have a discussion more on the RFP and the situation there and if the Member missed a briefing or if he didn't catch it, then I suppose it should be on me, as Finance Minister, to fill him in and give him the details on the proposal going forward. Thank you.