

ORAL QUESTION—KEVIN O'REILLY, MLA FRAME LAKE

QUESTION 669-18(3)/670-18(3): SIGNIFICANT DISCOVERY LICENCES

March 8, 2019

MR. O'REILLY: Merci, Monsieur le President. Last week, I made a Member's statement about the great post-devolution resource giveaway, where the Minister of Industry, Tourism and Investment issued 10 significant discovery licences that tie up petroleum resources forever without any benefits to NWT residents. The original exploration rights were issued by the federal government. Can the Minister tell us whether the federal government made any provision for fees or work requirements in the issuance of those original rights? Mahsi, Mr. Speaker.

MR. SPEAKER: Masi. Minister of Industry, Tourism and Investment.

HON. WALLY SCHUMANN: Thank you, Mr. Speaker. The federal government has never charged rental rates on significant discovery licences, provided there was a significant discovery declaration in place when the STL was issued. Among the terms and conditions tied to exploration licences, a 25 percent work bid deposit was paid and drilling activity was required in order to maintain the licence for a full term. Interest holders are also required to pay rentals in the second period of an exploration licence as part of a condition to hold an exploration licence for nine years. Thank you, Mr. Speaker.

MR. O'REILLY: Well, it is my understanding that, when the federal government issued those original rights, they made provision for fees to be charged as a rental rate. Perhaps the rental rate wasn't specified, but at least it was in there, so why did the Minister not include any fees or work requirements in the 10 significant discovery licences that he issued?

HON. WALLY SCHUMANN: These interests were tied to exploration licences issued by the federal government prior to devolution. It has been the policy of our government to hold companies doing business here to the terms they negotiated with the federal government. Future STL rental rates were not stated in the terms and conditions of the original call for bids documents issued by Canada prior to devolution. The GNWT would have been in a high-risk litigation.

MR. O'REILLY: I thank the Minister for that explanation. It was a fear of risk of litigation, so that we now don't get any benefits from these significant discovery licences. The Minister last week said that we should not, "set rules without a transparent and open process." The Minister also said that he will consider charging rental rates under the terms and conditions for future bids in the Northwest Territories when we put out plans for petroleum exploration in the future. Can the Minister tell us who is consulted in setting those rates and what they will be?

HON. WALLY SCHUMANN: The topic of rentals and other STL policy elements, such as terms, have been discussed with all current interest holders in the Northwest Territories and representatives of the intergovernmental council during the development

and amendments of the Petroleum Resource Act and Oil and Gas Act.

MR. SPEAKER: Masi. Oral questions. Member for Frame Lake.

MR. O'REILLY: Merci, Monsieur le President. I want to thank the Minister for confirming that for me. For a government that says it is open and transparent, consulting only the industry and perhaps Indigenous governments, only consulting industry, I don't think that is a great idea, and I think that is a clear definition of regulatory capture. Can the Minister make public the work requirements and rental rates for future significant discovery licences and the rationale that he used in setting them? Mahsi, Mr. Speaker.

HON. WALLY SCHUMANN: The proposed amendments that we have put forward for the PRA do include a requirement for the Minister to make the text of any significant discovery licence publicly available, future STL rental rates, and how STL work will be credited. It will also be specified in the future call for bid documents. Whether or not we publicly release the rationale for the rates that we might apply is more of a policy decision at this time. Thank you, Mr. Speaker.

MR. SPEAKER: Masi. Oral questions. Member for Frame Lake.

**QUESTION 670-18(3):
SIGNIFICANT DISCOVERY LICENCES**

MR. O'REILLY: Merci, Monsieur le President. I would like to follow up again with the Minister of Industry, Tourism and Investment. He talked about two different ways of capturing some benefits from significant discovery licences. One is in the initial call for bids, and second, in the actual issuance of the significant discovery licence itself. In the call for bids, has a decision been made by the Minister on what the rates would be for significant discovery licences in the future? Mahsi, Mr. Speaker.

MR. SPEAKER: Masi. Minister of Industry, Tourism and Investment.

HON. WALLY SCHUMANN: Thank you, Mr. Speaker. In the interim, we have laid out some rates that are detailed, and we have shared that information with committee.

MR. O'REILLY: Thanks to the Minister for that explanation. Is the Minister prepared to make that information public?

HON. WALLY SCHUMANN: I don't see why we can't do that. We can certainly have a conversation with the Member. I will talk with the department, but I don't see why we would not make those rates public if we are going to impose them on industry.

MR. O'REILLY: I thank the Minister for that commitment. Can the Minister give me an idea as to when he expects to make this information public?

HON. WALLY SCHUMANN: I will have to talk to our officials and see when we can get that out there and let the Member know.

MR. SPEAKER: Masi. Oral questions. Member for Frame Lake.

MR. O'REILLY: Merci, Monsieur le President. I want to thank the Minister for that commitment again. Can the Minister commit also that, when he puts this information

out, he is prepared to accept public comments on it? Because he has already made up his mind perhaps about this without any public input, but I would like to know whether he is prepared to accept public comment when he puts this information out. This is about having an open and transparent government and not just consulting with industry in setting these kinds of rates.

HON. WALLY SCHUMANN: I will try to make the afternoon, seeing as it's a Friday. This is an interim measure that we have put in place because we saw there was a gap in this one post devolution. The PRA is going to be taken on the road by the Member and his committee, and there will be input from the public if they want to have input on this. Everyone in the Northwest Territories can have input on legislation that is going to be put out there, amongst consultation with all members of the Northwest Territories, industry, and Indigenous governments, and I welcome all comments back on what we want to do around SDLs. Thank you, Mr. Speaker.