

MEMBER STATEMENT—KEVIN O'REILLY MLA FRAME LAKE

NORTHWEST TERRITORIES MINING FISCAL REGIME

October 20, 2020

MR. O'REILLY: Merci, Monsieur le President. Yesterday, the Minister of Industry, Tourism and Investment launched the long-awaited review of the royalty and taxation regime for the NWT mining industry. These are some of the first steps of our devolution "baby," to look at how much we get as a government from mining and whether it is a fair share.

The Minister released a so-called benchmarking study. This is a theoretical review of royalties and taxation for an imaginary diamond and base-metal mine, assessed under 21 different regimes, including the NWT. The study concludes that the Northwest Territories is competitive against all these other regimes. Although no recommendations were supposed to be offered in this report, it also states that the best way to increase mining revenues is to promote more mining by public investment in big infrastructure to subsidize the industry. This study is apparently going to serve as the foundation for the review of the royalty and taxation regime for Northwest Territories mining. Clearly, Cabinet appears to have little interest in changing the status quo.

There are many limitations and problems with this study. Factors such as political stability and regulatory certainty were not considered as part of competitiveness. Our fiscal arrangement with Ottawa was also not considered in terms of whether we actually get to keep a fair share of resource revenues. This study should not frame or limit the much-needed public debate around whether we are getting a fair share from mining.

The biggest problem, Mr. Speaker, with carrying out this review of mining royalties and taxation is secrecy. How can we have a meaningful and informed discussion of public revenues from mining when our legislation and regulations prevent this information from being made public? This isn't just a thin veil of secrecy, Mr. Speaker. It's a brick wall. This government refused to fix this secrecy during the development of the Mineral Resources Act in the last Assembly and in the time this Cabinet has been in power. Without analysis of the actual taxes and royalties paid by the mining industry, how can we possibly know whether we have achieved a fair balance between industry profit and competitiveness versus a fair return for this one-time natural wealth?

I will not have any questions later today for the Minister. The Minister knows well what needs to be done to fix this fatally flawed review process of the NWT mining fiscal regime: fully disclose the actual revenues from mining to our government as best business practices require and an increasing number of countries around the world do as part of internationally accepted standards; take the review out of the department that is responsible for both promoting and regulating mining and ensure that the process is truly public, independent, fair, and evidence-based. Mahsi, Mr. Speaker.