

ORAL QUESTION—KEVIN O'REILLY, MLA FRAME LAKE

QUESTION 519-19(2): NORTHWEST TERRITORIES HERITAGE FUND

February 8, 2021

MR. O'REILLY: Merci, Monsieur le President. My questions are for the Minister of Finance. In my statement, I described the legal requirement for tabling of an annual report for the Heritage Fund in this House. Can the Minister explain why this legal requirement has not been fulfilled for several years and whether she will immediately bring the reporting up to date? Mahsi, Mr. Speaker.

MR. SPEAKER: Thank you, Member for Frame Lake. Minister of Finance.

HON. CAROLINE WAWZONEK: Thank you, Mr. Speaker. My understanding is that, when the Heritage Fund Act was initially put into place, it actually did not include a requirement for the report to be tabled or provided. However, when the act was amended and with a new Financial Administration Act in force, and I believe that would have been in 2016, from that date forward, the reports have, in fact, been published and brought forward by the Department of Finance and that indeed those reports are contained in section 3 of the public accounts, which does get tabled every year, and that 2018-2019, 2017-2018, and back to 2016-2017, all three of those public accounts, including section 3, including the report detailing the financial administration of the heritage fund, are available online through the Department of Finance website. Thank you, Mr. Speaker.

MR. O'REILLY: I want to thank the Minister for that. It would be much more helpful, in my view, if these could be tabled separately somehow in the House so people could actually know that they are publicly available. Having them buried in public accounts is not very transparent. However, the purpose of the Heritage Fund was "to ensure that future generations of people of the Northwest Territories benefit from ongoing resource development, including the development of non-renewable resources." With less than \$30 million after almost 10 years and on resources worth over \$18 billion, clearly, we have collectively failed. What is the Minister going to do to try to turn around the NWT Heritage Fund so that there is actually something worthwhile for future generations?

HON. CAROLINE WAWZONEK: The value of the resources that are going out from the Northwest Territories, perhaps some of the challenges that we are facing right now, is that we are not necessarily speaking about the same thing. The royalties that are calculated, Mr. Speaker, come from the profits, and so the mines that have to generate profits, that have these resources, have to pay their staff, have to pay salaries, have to pay taxes, a variety of taxes, and have to pay royalties, as well, and, of course, have to pay for the capital to build the mines that actually then can generate the profits to take the resources out of the ground. It's not quite so simple as to simply say, "How much is it worth?" It is, "What money is actually available after, with the profits, to put back in?"

With that, Mr. Speaker, the Heritage Fund, I can certainly say, compared to a year ago when there certainly were tremendous shocks, the fund is actually up 15 percent since

the lows back on March 31 of 2020 and that, in fact, the management of the fund is such that we are now seeing increases as markets are starting to turn around.

MR. O'REILLY: I want to thank the Minister for that report on the health of the fund, but she did not really answer my question about why there is going to be so little to pass on to future generations. The problems with the fund started with the very low rates at which we capture revenues from resource development. There is no legally set revenue stream for the heritage fund and no public governance. As we approach the 10-year mandatory review, what is the Minister going to propose to ensure that we capture and retain a fair share of resource revenues for future generations?

HON. CAROLINE WAWZONEK: The 10-year review, in fact, it is the Legislative Assembly or a committee of the Legislative Assembly that is responsible for conducting the 10-year review. I can certainly assure the Member, assure this House, that myself and the Department of Finance are more than happy and very much prepared to be of assistance as that process goes forward through this Assembly.

MR. SPEAKER: Thank you, Minister. Oral questions. Member for Frame Lake.

MR. O'REILLY: Merci, Monsieur le President. I want to thank the Minister for that. She really did not answer my question about how to increase the money going into the Heritage Fund, so I guess I will try it again. As we approach the 10-year mandatory review, what is the Minister going to propose to ensure that we capture and retain a fair share of resource revenues for future generations? Mahsi, Mr. Speaker.

HON. CAROLINE WAWZONEK: There is currently a resource-royalties review underway. There is, of course, the Mineral Resources Act regulatory scheme that is being reviewed and looked at to bring the Mineral Resources Act into place. To the extent that there is some concern about the way that the fund gets managed, which is detailed quite extensively in the regulations surrounding the heritage act, then, at that point, again the Department of Finance is more than happy to assist a committee of the Assembly which is charged, in fact, with the review that is supposed to happen in the 10-year plan. I am looking forward to that process and to all these processes and to continuing to be available to support the Assembly when that review takes place and to continue to update the Assembly with respect to the Mineral Resources Act as it evolves and to the royalty review that is included therein. Thank you, Mr. Speaker.