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Heritage Fund
Committee of the Whole
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MR. O'REILLY: Thanks, Madam Chair. So the NWT Heritage Fund; I know I've asked this before, I just don't understand. So the actuals for 2021 was about \$2.5 million, and then it's just this straight line of \$7.6 million. Do we actually know what the contribution is now for 2021-2022? And why don't we use some more accurate forecasts here. Thanks, Madam Chair.

CHAIRPERSON (Ms. Semmler): Thank you, Member. Minister of Finance.

HON. CAROLINE WAWZONEK: Thank you, Madam Chair. So Madam Chair, that is dependant on what is happening with royalties. And if I might suggest with respect to the mathematics of it and the projections, that I'd send it over to Mr. Courtoreille.

CHAIRPERSON (Ms. Semmler): Thank you. Mr. Courtoreille.

MR. COURTOREILLE: Thank you, Madam Chair. And yes, the Member's absolutely right. There's a fair amount of variability in this budget line item. For 2021-2022, we're expecting that number to increase to \$5.6 million. Thank you, Madam Chair.

CHAIRPERSON (Ms. Semmler): Thank you. Member for Frame Lake.

MR. O'REILLY: Thanks, Madam Chair. I think I'm asleep at the wheel. Which number's being increased to \$5.6 million?

CHAIRPERSON (Ms. Semmler): Thank you. Mr. Courtoreille.

MR. COURTOREILLE: Thank you, Madam Chair. So that would be the actual contribution for 2021-2022.

CHAIRPERSON (Ms. Semmler): Thank you. Member for Frame Lake.

MR. O'REILLY: Okay, thanks. So it's another -- sorry, I'm trying to do adding on the way. So it's going to be not the \$7.6 million but an additional 5.6 on top of that, or is it actually just going to get replaced by 5.6? Thanks, Madam Chair.

CHAIRPERSON (Ms. Semmler): Thank you. Minister of Finance. Mr. Courtoreille.

MR. COURTOREILLE: Yeah, thanks, Madam Chair, and I could have been a little bit more clearer with my response. The 7.6 is the -- is the standard budget line item that we have for this item. Since the budget was printed, though, we have now learned what the actual amount will be for 2021-2022, and that's \$5.6 million total. So it will replace the 7.6. Thank you.

CHAIRPERSON (Ms. Semmler): Thank you. Member for Frame Lake.

MR. O'REILLY: Madam Chair, yeah, I was trying to reconcile it. I thought I heard the words increase, and 5.6 is not greater than 7.6, so okay, got it.

...

MR. O'REILLY: Thanks, Madam Chair. So on the Heritage Fund on page 160, the legislation requires a ten-year review, and I think we're coming up to that pretty quickly. And that the ten-year review requires consideration of how to gather public input on potential expenditures from the Heritage Fund, independent oversight and management of the fund, special majority requirements for amendments to the act or transfers of the money and any other amendments that might be considered.

So I just would like to know what, if any, preparation the Department of Finance has done for the Heritage Fund Act review. And I guess I'm mindful of this because we contracted out the Heritage Fund management to a private bank. We don't do anything with it. It's basically just a bank account. So what, if any, preparation has the department done for this ten-year review? Thanks, Madam Chair.

CHAIRPERSON (Ms. Semmler): Thank you. Minister of Finance.

HON. CAROLINE WAWZONEK: Thank you, Madam Chair. So Madam Chair, it was shifted over to an independent bank to manage rather than being managed in house. You know, and not -- not to make -- not to be trite about it, but it -- you know, managing this size of a fund by the Department of Finance, that's not necessarily our expertise. Those in banking do better than me trying to manage my own investments, for example. So -- and it has done better. It has done better in terms of its return since being put out to a bank.

And in terms of the -- the review that is to take place, I believe that that will be at the first session after August 1st, 2022, if I'm not mistaken. I'll certainly correct myself at -- if I am. So that's -- it's coming but it's not here yet. The preparations are, you know -- I think the department's aware of it, but nothing formally has -- has come through yet. Obviously, we'll -- we'll put that information out as that date draws closer. Thank you, Madam Chair.

CHAIRPERSON (Ms. Semmler): Thank you. Member for Frame Lake.

MR. O'REILLY: Yeah, thanks, Madam Chair. I think the other thing that changed, as I recall, was the regulations under the -- the Heritage Fund Act would change to allow for a slightly more, small "L", liberal investment regime -- or criteria, because the fund was actually losing money against inflation, if you can believe that or not. And that was when rates were pretty low. But yeah, look, I was involved in making submissions around this when it was first set up ten years ago or more -- 12 years ago I think, and people at that time wanted some kind of public governance of it, some investment criteria, some accountability, and that's not what we got. So that's just a heads up to the Minister, that I expect that those will be main themes coming out of the -- into the ten-year review to try to get some greater accountability and oversight of these funds as they grow, as small as they are, you know, we're I guess up to, what, \$48 million after about 300

lion -- 300 billion, I think, where dollars worth of diamonds have left the Northwest Territories. So it's not a great return or not a great nest egg to leave our future generations. But the ten year review's coming up quick. Thanks, Madam Chair. That's all I got.