

MEMBER STATEMENT—JULIE GREEN, MLA YELLOWKNIFE CENTRE

CAPTURING RESOURCE ROYALTIES

February 23, 2018

MS. GREEN: Mahsi, Mr. Speaker. Mr. Speaker, during this budget session, we've heard from the Finance Minister about the shortfall in revenues, and how that's killing our aspirations for improving services and programs for residents. The rhetoric from the Executive portrays this as a twist of fate, like hail on the crops, a hardship to be endured until the return of better days. It's not.

What we've learned from two recent reports on the need for a just return of non-renewable resources is that the loss of revenue can be corrected. Andrew Bauer in his 2017 report "NWT Mineral Sector Review and Benchmarking" and Dr. Don Hubert in his report "Many Ways to Lose a Billion" demonstrate that Canada, and particularly the NWT, are selling their resources far too cheaply, and that reasonable increases in resource royalties are justifiable and needed.

These guys aren't amateurs, Mr. Speaker. They are both internationally recognized experts in and commentators on governmental resource royalty and taxation regimes.

Neither has much good to say about royalty practices such as those prevalent here. Bauer's report describes the NWT as one of the most "charitable" places in the world for mining companies due to the government's generous deductions on royalties and corporate income taxes." While the NWT is only collecting 20 to 30 per cent of mining profits, he cites examples of other countries, such as South Africa, Peru, and Western Australia, which collect up to 80 per cent. He refers to our take as paltry.

The Hubert report is equally critical. Dr. Hubert points out that royalties and taxes are often considered low in the rank of resource development benefits such as GDP growth, community investment, employment, and new infrastructure; but, he says, it's the royalties and taxes that actually offer governments the best opportunity to capture benefits on the one-time opportunity to profit from non-renewable wealth. Hubert outlines a host of revenue killers including tax breaks and holidays, under-reported project revenues, and over-reported costs, and he points out how governments must be both wary and savvy to get the best return. His overlying message is that it's the job of corporations to minimize their costs, but it's the job of governments to reasonably maximize citizens' benefits.