

Resource Revenue Dialogue: Frequently Asked Questions

What are resource revenues?

Resource revenues are money collected by the government from mineral and oil and gas production, and uses of water, on public land in the NWT. Resource revenues are currently collected by the federal government. As a result of devolution, the GNWT will start collecting resource revenues on April 1, 2014.

How much resource revenue will the GNWT get?

The GNWT will collect all resource revenues on public lands. After offsets to transfers it receives from the federal government, it will keep 50% of resource revenues up to a maximum of \$70 million growing annually. The GNWT has agreed to share 25% of what it keeps with Aboriginal governments, leaving the GNWT a maximum of \$52 million. Resource revenues are expected to be lower than the maximum, for example, had devolution happened five years ago the GNWT would have received an average of \$42 million per year.

Are resource revenues different from other money the GNWT uses to pay for programs?

Yes, because resource revenues come from non-renewable resources like minerals or oil and gas. Once a non-renewable resource is used it is gone forever, and is not available for future generations. Some people suggest that money from non-renewable resources need to be reinvested to ensure benefits are preserved for future generations.

What does the GNWT want to do with resource revenues?

The GNWT's wants to build a legacy from resource revenues that future generations can enjoy. GNWT will invest resource revenues in infrastructure enjoyed by current and future generations, reducing the debt burden on future generations, and savings in the NWT Heritage Fund. GNWT programs and services will continue to be funded by general revenue, not by resource revenues. The GNWT is receiving money from the federal government to fund the new programs that are being transferred with devolution. Keeping resource revenues outside of programs and services reduces risks during resource busts, and ensures the GNWT continues to 'live within its means' because resource revenues alone will not build the infrastructure needed to grow our Territory.

What is the NWT Heritage Fund?

The NWT Heritage Fund was created in 2012 as a way to save for future generations. Savings put into the Fund can never be taken out. Beginning in 2032-33, the income that the Fund has earned can be removed but no more than 5% of the balance can be removed at any one time. Today the Fund has a balance of \$501,597. The GNWT proposes that 5% of annual resource revenues be transferred to the Fund as a long-term investment for future generations.

If we haven't answered all of your questions, please send an email to: budgetdialogue@gov.nt.ca
Or write to: Dialogue 2013, Department of Finance, GNWT, P.O. Box 1320, Yellowknife, NT X1A 2L9