

TABLED DOCUMENT 343-18(3) TABLED ON FEBRUARY 14, 2019

| Year | Norman Wells Project Profits | Oil and Gas Leases & Royalties | Quarrying Royalties | Revenues from Mining | Total | 50% of Eligible Resource Revenues | Year over Year % Change |
|---------|------------------------------|--------------------------------|---------------------|----------------------|----------|-----------------------------------|-------------------------|
| 1980-81 | n/a | 12 | 0.1 | 14.8 | 26.9 | 13.4 | |
| 1981-82 | n/a | 12.2 | 0.1 | 10.6 | 22.8 | 11.4 | -15% |
| 1982-83 | n/a | 3.6 | 0.1 | 3 | 6.7 | 3.4 | -71% |
| 1983-84 | n/a | 1.8 | 0.1 | 1.6 | 3.5 | 1.7 | -48% |
| 1984-85 | n/a | 2.5 | 0.1 | 3.4 | 6 | 3 | 73% |
| 1985-86 | n/a | 9 | 0 | 2 | 11.1 | 5.6 | 85% |
| 1986-87 | n/a | 5.2 | 0 | 7.5 | 12.7 | 6.3 | 14% |
| 1987-88 | n/a | 6.1 | 0 | 5.8 | 12 | 6 | -6% |
| 1988-89 | n/a | 4.8 | 0 | 15.5 | 20.3 | 10.2 | 70% |
| 1989-90 | n/a | 7.1 | 0 | 16.1 | 23.2 | 11.6 | 14% |
| 1990-91 | n/a | 9.3 | 0.1 | 10.5 | 19.8 | 9.9 | -15% |
| 1991-92 | 12.8 | 7.7 | 0 | 6.8 | 27.4 | 7.3 | -26% |
| 1992-93 | 43.7 | 8.6 | 0 | 4.8 | 57.2 | 6.7 | -8% |
| 1993-94 | 30.4 | 7.3 | 0.1 | 5 | 42.8 | 6.2 | -7% |
| 1994-95 | 30.2 | 8.6 | 0.1 | 4.1 | 43 | 6.4 | 3% |
| 1995-96 | 99.8 | 18.5 | 0.2 | 11 | 129.5 | 14.9 | 133% |
| 1996-97 | 107.9 | 16.1 | 0.4 | 7 | 131.3 | 11.7 | -21% |
| 1997-98 | 7 | 9.4 | 0.2 | 7.7 | 24.2 | 8.6 | -27% |
| 1998-99 | 11.7 | 7.5 | 0.2 | 9.3 | 28.7 | 8.5 | -1% |
| 1999-00 | 61.3 | 11 | 1 | 11.7 | 85 | 11.8 | 39% |
| 2000-01 | 103.3 | 14.8 | 9.1 | 3.3 | 130.6 | 13.6 | 15% |
| 2001-02 | 92.6 | 26.7 | 0 | 7.1 | 126.4 | 16.9 | 24% |
| 2002-03 | 90.2 | 13.5 | 0.2 | 26.3 | 130.1 | 20 | 18% |
| 2003-04 | 99.4 | 10.7 | 0.2 | 63.8 | 174 | 37.3 | 87% |
| 2004-05 | 115 | 13 | 0.1 | 146.6 | 274.8 | 79.9 | 114% |
| 2005-06 | 131.9 | 14.5 | 0.1 | 77.9 | 224.4 | 46.3 | -42% |
| 2006-07 | 123.3 | 15.4 | 0.1 | 18.7 | 157.5 | 17.1 | -63% |
| 2007-08 | 115.8 | 23.6 | 0.4 | 63.6 | 203.4 | 43.8 | 156% |
| 2008-09 | 125.4 | 27.5 | 0.2 | 112.5 | 265.6 | 70.1 | 60% |
| Total | 1,401.60 | 328 | 13.4 | 678.1 | 2,421.10 | | |

Note: All amounts shown are in current dollars (no adjustment for inflation).

Source: Public Accounts of Canada, various years

Figure 27. Federal revenues from non-renewable natural resources in the North in millions of dollars (1980-81 to 2007-08) and Net Fiscal Benefit calculations.

Taken from Gerein, Hal J. 2018. Negotiating the NWT Devolution of Lands and Resources: An Insiders Story. Privately published.

time of its transfer in 2003-04, the Yukon had very little resource extraction activity, reporting resource revenues at some \$3.4 million¹²³ while the North's¹²⁴ was \$174 million. Figure 27 illustrates the total rents collected in the North by fiscal year over the period of 1980-81 to 2008-09 which varied from a mere \$3.5 million in 1983-84 to a high of \$274 million in 2005-06. For the fiscal years of 1980-81 to 1990-91, Norman Wells profits were unable to be readily determined from Canada's revenue records and hence are listed in the figure as "n/a," meaning not available. The figure's column titled "50% of Eligible Resource Revenues" provides a calculation of the amount of the NFB that the GNWT would have received in that fiscal year, excluding ineligible Norman Wells Project Profits, had the final Devolution Agreement been in place.

Having this data, which the GNWT team shared with the Summit proved to be both a benefit and a burden to reaching agreement with Canada and among NWT governments on resource revenue sharing. What was at stake was demonstrably significant – so too were expectations.

GNWT negotiators took an opening position that the Devolution negotiations were with the corporate Government of Canada – not only INAC – and that we expected Finance Canada officials and other federal departmental officials to show up at the negotiations when matters of concern to them were on the agenda. In response to our expectations and request, CN Peterson persuaded Ms. Barbara Anderson, Director General, Federal-Provincial Relations and Social Policy Branch, Finance Canada to attend the November 2002 MT in Yellowknife to open discussions on NFB. Anderson gave the MT a primer on Federal-Provincial Fiscal Relations and on the TFF Arrangements followed by a declaration that Finance Canada would not be present at the Devolution MT. The matter of Net Fiscal Benefit would be held at a separate table; this was as Bannon and I had anticipated. Moreover, we also viewed the outcome of the NFB table as a requisite to an AiP.

In December, at the initial meeting of the Finance Table in Edmonton, Finance Canada started out stating its concerns that the NWT not receive what might

123 Yukon Government, Department of Finance, Publications website. 2005-2006 Financial information. Accessed @ http://www.finance.gov.yk.ca/pdf/budget/2005_2006_fininfo.pdf.

124 "The North" means the NWT and the Yukon until April 1, 1999. From the April 1, 1999 division of the NWT, it means the NWT, Yukon and Nunavut. After the Yukon Devolution on April 1, 2003, it means the NWT and Nunavut.

Negotiating the NWT Devolution of Lands & Resources:

An Insider's Story

Hal J. Gerein

Negotiating the NWT Devolution of
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Cover photo credits, top left to right: NTCL tugboat and barges on the Mackenzie River, (NWT Archives/Northwest Territories. Department of Public Works and Services fonds/G-1995001: 4668); Wood bison cow and calf in the Mackenzie Bison Sanctuary, (billbradenphoto); and Norman Wells, (NWT Archives/Northwest Territories. Department of Public Works and Services fonds/G-1995001: 5845). Centre: Aurora Borealis over the NWT Legislative Assembly, (billbradenphoto). Bottom, left to right: Virginia Falls in Nahanni National Park, (NWT Archives/Northwest Territories. Department of Public Works and Services fonds/G-1995001: 8054); Community of Tulita with Bear Rock in the background, (NWT Archives/Rene Fumoleau fonds/N-1995-002: 1552); and Belugas in the Beaufort Sea, (NWT Archives/Northwest Territories. Department of Public Works and Services fonds/G-1995001: 3208).

Chapter headers: Boat on Prelude Lake near Yellowknife. (Photo credit: billbradenphoto)



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Foreword

In 2017 the Government of the Northwest Territories (GNWT) celebrated its 50th anniversary, a curious anniversary for a jurisdiction that first entered Confederation in 1870, but one that is perfectly in keeping with the theme of this book: the continuing struggle of the people of our territory to secure the ability to make decisions for themselves in the face of ongoing reluctance, and maybe even resistance, from the Government of Canada.

For much of its history, the people of the Northwest Territories have been ruled from afar, with decisions being made for and about us by federal bureaucrats in Ottawa. This lack of self-determination has created a kind of limited citizenship for NWT residents that our fellow Canadians in the provinces do not share and may not even realize exists.

While that began to change with the designation of Yellowknife as the territorial capital in 1967 and the establishment of a small territorial administration here under the leadership of Commissioner Stuart Hodgson – a federal appointee – Northerners are still second-class citizens in their own country.

To be sure, we have made substantial strides. In the years since 1967, representatives elected by the people of the NWT took increasing responsibility for GNWT decision making and the federal government slowly transferred responsibility for many programs and services to it, giving us jurisdiction over most of the matters provincial governments are responsible for. The one significant exception was responsibility for lands and natural resources, which Canada continued to retain for itself.

Self-determination isn't just about having the power to make your own decisions, it is also about having the ways and means to implement those decisions. Priorities and goals for the future remain hopes and dreams unless political authority is paired with corresponding economic decision-making authority. For the NWT, that means having the authority to manage and develop public lands and natural resources, equivalent to the powers of every other jurisdiction in Canada except for Nunavut.

Natural resources have been central to the national economy ever since Canadians first developed a reputation as "hewers of wood and drawers of water". Resources still create jobs, prosperity and wealth for many Canadian provinces, from Newfoundland and Labrador, through Alberta, to British Columbia. Those provinces all have the ability to directly manage and benefit from their natural resources; NWT residents simply ask to have what almost all other Canadians have.

That desire was the backdrop to the devolution negotiations that Hal Gerein chronicles in this book. While those negotiations eventually culminated in the signing of an agreement to transfer administration for public lands and resources to the GNWT, the work of NWT residents to escape their status as second-class members of Confederation remains unfinished.

Even where powers have been delegated to the Government of the Northwest Territories, our ability to make meaningful decisions about our future can still be delayed and frustrated by the federal government, such as the unilateral decision to declare an indefinite moratorium on oil and gas activity in the Arctic Ocean announced by Prime Minister Justin Trudeau on December 20, 2016.



Northerners, particularly Indigenous Northerners like myself, are tired of having someone else make our decisions for us. We want to be full citizens of Canada and enjoy the benefits of full control and decision making power over our future. After more than 150 years of varying kinds of apprenticeship, we've more than demonstrated our capability to govern and govern wisely. The Northwest Territories has much to offer the nation from our unique consensus style government, to respectful partnerships with Indigenous governments, to full partnership in the confederation that brings net-positive benefit.

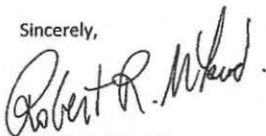
This book about the 13-year negotiation of the devolution of lands and resources from Canada to the GNWT encompasses my points above and more. This devolution gave the GNWT almost all the powers of provinces, but without the same constitutional standing, keeping the NWT by act of Parliament under the thumb of a distant, inward looking and self-interested federal bureaucracy. The story told here provides an insider's look at what went on behind closed doors at the negotiation table among the Indigenous, Territorial and Federal governments. It also provides a study of how bureaucratic and political power was used to affect the negotiation's outcomes.

Dr. Hal Gerein, who was the GNWT's Chief Negotiator up to the Agreement-in-Principle and a Senior Advisor thereafter, tells this complex multi-party story in a frank, honest and entertaining manner. Analytical while relating the positions of the three orders of government and describing the to-and-fro and highs and lows at the negotiation table, Hal has struck a skilful balance between the now historical detail and his personal perspective.

I have known Hal for over 30 years, first as a colleague in public service and later as a contract negotiator and consultant to the GNWT. Hal comes with exceptional talent based on a combination of his experience, education and passion for good government and healthy and sustainable communities. Politically astute, he could always be counted on to be forthright about where discussions stood and what was at stake. He shows his many abilities in his telling of his experience on the devolution initiative. I also acknowledge that this is Hal's book, expressing his views. These are not necessarily my views nor those of the GNWT even though I may well be in agreement on many matters.

I offer my congratulations to Hal in his writing and commend him for having taken this on. This book will prove an important first-hand account of the GNWT's continuing maturation as a public government, and no one could have done a better job. It is well written, well organized, informative and often humorous and concludes with some interesting, if not revolutionary, reflections and directions.

Sincerely,



Robert R. McLeod
Premier of the Northwest Territories
Yellowknife, NWT
December 11, 2017