

**Consideration in Committee of the Whole of Bills and Other Matters
Capital Budget—Dept. of Infrastructure
Tlichó Road**

September 28, 2017

MR. O'REILLY: Thank you, Mr. Chair. Glad we were able to clear that up. I just want to go on to the Tlichó road. The allocation is \$67 million. It is the largest single item in our budget, the capital budget. It really dwarfs almost everything else. I just have some questions about it. Can the Minister tell me, at a fairly high level, what is the \$67 million actually going to do? Thank you, Mr. Chair. Can I get some assurance that it is actually going to get spent this year? Because I think this project is still in an environmental assessment. There have been no contracts signed. Is the money actually going to get spent, and what is it for? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Minister.

HON. WALLY SCHUMANN: Thank you, Mr. Chair. To give you a high level on it, there is \$67 million allocated for this road this year. We are still going through the environmental assessment process. We have to get the permits in place once that is done. Most of the cost is going to be around engineering and construction of this in the first year, depending on who is selected as the proponent to build this section of highway. Some people might escalate the speed of construction of road versus the others, and there are also some soft costs internally tied to it. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you, Minister. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. I am not sure I am feeling terribly reassured about this. Maybe I will just change tack here a bit. I believe the names of the three firms, or groups or whatever, that were deemed to be qualified have been released. Can the Minister tell me whether any of those groups has any Tlichó companies? Are there any joint ventures or anything involved in any of that? Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Minister.

HON. WALLY SCHUMANN: Thank you, Mr. Chair. All three proponents that have been selected that are short-listed for this project are going to have Tlichó companies involved in the construction of this road. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. The three names that I have seen here, if I can find them again, are Aurora Access Partners, NAE Transportation Partners, North Star Infrastructure. The Minister is telling me that there are Tlichó companies or joint ventures of some sort that are in these three groupings? Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Minister.

HON. WALLY SCHUMANN: Thank you, Mr. Chair. All three are believed to have Tlichó involvement, but when we do the evaluation of the three proponents when the bids come in, that will be part of the evaluation process. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. Can the Minister, without breaching any confidence, tell us what are these Tlicho companies? Because that is not the information I have been provided with to date. Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Minister.

HON. WALLY SCHUMANN: Thank you, Mr. Chair. The details of this will be when they put in their full proposal to submit their bid. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. What we know now, though, the members of these groups, none of them are Tlicho companies. Can I confirm that with the Minister? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Mr. O'Reilly. Ms. Robertson.

MS. ROBERTSON: Thank you, Mr. Chair. Within the evaluation process of the request for qualifications, one of the components was Tlicho involvement and local involvement, and all of these three consortiums did score high in that area. Thank you.

CHAIRPERSON (Mr. Simpson): Thank you for that. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. One of the three seems to have a Tlicho company. I am happy to get more information from the Minister if he wants to provide it, but that does not sound the sort of Northern content that is often been used to try to drive these quests for large capital road projects by our government. If the Minister wants to provide more information, I would be happy to get it.

I do have one other question. Surely to goodness by now we must have an estimate of what the O and M costs will be on an ongoing basis for that road once it is constructed, even if it is done as a P3. Does the department have any sort of an estimate of what that O and M cost might look like? We have had a lot of discussion here in the House today about the ongoing needs for other highways that are already built. What is the estimate of an O and M cost for this new project? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Minister.

HON. WALLY SCHUMANN: Thank you, Mr. Chair. We have talked quite a bit about the O and M on this road. On a P3 project, though, that is part of the proponent's bid. Whoever the successful proponent is is going to have to build and construct this road, guarantee it for 25 years, and look after the O and M and capital costs of all the maintenance of that road going on for 25 years. It has nothing to do with us. It is just part of their bid package. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. That is helpful information to have, but surely to goodness we must have some sense of what the ongoing costs are going to be for O and M for this project and what it is going to cost taxpayers of the Northwest Territories.

What is that estimate? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Minister.

HON. WALLY SCHUMANN: Thank you, Mr. Chair. We are not going to know what the costs associated with their bid on that is until they put their bid in. That is part of their total bid package. We have a cost estimate of what we think this road is going to cost us for the total amount over the 25 years, and the only thing that is going to cost the Government of the Northwest Territories over the life of the procurement of this P3 project is a payment we make on an annual basis. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. If the Minister does not want to tell me while the microphones are on, that is great, but can he provide in confidence, then, to Regular MLAs what the expected ongoing O and M or annual payments are going to have to be for the maintenance of this road once it is constructed? Can he commit to do that? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Minister.

HON. WALLY SCHUMANN: Thank you, Mr. Chair. The department will have to have a look at this and see what we can share without jeopardizing the procurement process of this project. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. I am not feeling really comfortable about where we are getting with this, and I know I have had constituents raising questions with me as well about how much this project is actually going to cost us. Maybe we could get a briefing or something from the Minister where he can more freely share information with us. Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you, Mr. O'Reilly. Minister.

HON. WALLY SCHUMANN: Thank you, Mr. Chair. We will go back and have a look at that and see if there is an opportunity to be able to do that and what we can share with the Members in confidence. Thank you, Mr. Chair.