

**KEVIN O'REILLY—MLA FRAME LAKE**  
**Marine Transportation Services**  
**Committee of the Whole—2018-2019 Operating Budget Review**  
**Dept. of Infrastructure—March 8, 2018**

**MR. O'REILLY:** Thanks, Mr. Chair. I recall that the Minister or whoever got a special warrant to buy some barges for the Marine Transportation Service. How do these show up as an expense against the fund, or do they show up as an expense against the fund? Thanks, Mr. Chair.

**CHAIRPERSON (Mr. Simpson):** Thank you. Mr. McCormick.

**MR. MCCORMICK:** Thank you, Mr. Chair. The assets will be recorded in the financial statements audited of the Marine Transportation Services. They will show as a capital asset, and the expenses will show up on an annual basis through the straight-line depreciation as per any other asset. Thank you, Mr. Chair.

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

**MR. O'REILLY:** Thanks, Mr. Chair. I am not looking at the whole financial statement. Where is that recorded as an amount here on page 262? Is there a line item here that sort of shows the special warrant and how it figures into the balance of the revolving fund? Thanks, Mr. Chair.

**CHAIRPERSON (Mr. Simpson):** Thank you. Mr. McCormick.

**MR. MCCORMICK:** Thank you, Mr. Chair. The only line that will show up in this particular statement, which is a pro forma operating statement, is the amortization line of \$434,000. This isn't a balance sheet that is presented in the main estimates, so it doesn't show up there. It would show up in the audited financial statements. Thank you, Mr. Chair.

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

**MR. O'REILLY:** Thanks, Mr. Chair. Where, then, does the value of the \$10 million special warrant show up? Is it a debt related to the revolving fund? Is it a debt, then, that is carried by the Department of Infrastructure and only sort of amortized or allocated to the Marine Transportation Services over a period of time? Thanks, Mr. Chair.

**CHAIRPERSON (Mr. Simpson):** Thank you. Mr. McCormick.

**MR. MCCORMICK:** Thank you, Mr. Chair. Yes, when the audited financial statements of MTS are produced, the value of those assets would show up as a debt in the MTS books. That would be paid back to the GNWT over time. Thank you, Mr. Chair.

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

**MR. O'REILLY:** Thanks, Mr. Chair. This is getting a little bit clearer. The amount that is not amortized, does that show up as debt in the Department of Infrastructure? Thanks, Mr. Chair.

**CHAIRPERSON (Mr. Simpson):** Thank you. Mr. McCormick.

**MR. MCCORMICK:** Thank you, Mr. Chair. The revolving fund is a division of the Department of Infrastructure. In a technical sense, yes, it would be part of our department. The payback of that shows up in the accumulated surplus, that difference in the authorized limit between the assets and the liabilities of the fund. That accumulated surplus amount that we build up is where we build up room to be able to buy new assets, pay off the old ones, and reimburse the GNWT as a whole on that. Thank you, Mr. Chair.

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

**MR. O'REILLY:** Thanks. Now I know how the amount is going to be paid for. Where is the value of the special warrant parked right now? Is it parked just as a GNWT-wide debt in Department of Finance, or is it parked within Infrastructure? Where is that debt parked? Thanks, Mr. Chair.

**CHAIRPERSON (Mr. Simpson):** Thank you. Mr. McCormick.

**MR. MCCORMICK:** Thank you, Mr. Chair. Yes, that would be part of the broader fiscal liability of the GNWT. If borrowing was used to pay for it, it will not show up in INF or marine transportation except in the audited financial statements. Thank you, Mr. Chair.

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

**MR. O'REILLY:** Thanks, Mr. Chair. It looks like I am going to have to have some questions ready for public accounts in April. Thanks. That is all I have on this one, Mr. Chair.