

KEVIN O'REILLY—MLA FRAME LAKE
Revolving Funds
Committee of the Whole—2019-2020 Operating Budget Review
Dept. of Infrastructure—February 25, 2019

MR. O'REILLY: Thanks, Mr. Chair. Let's start with the Petroleum Products Revolving Fund. The deficit is sort of jumping all over the place between 2017-2018 and 2019-2020. Can somebody explain what is happening here? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Mr. O'Reilly. Mr. McCormick.

MR. MCCORMICK: Thank you, Mr. Chair. On this information item, the 2017-2018 actuals are the only, for lack of a better term, real number on the page. The main estimates for 2018-2019 were what we estimated at that time. Revised are updated to reflect the operations throughout the years. That is roughly where we would be this year. The accumulated deficit is just the accumulated operational surpluses for the year. Basically, they are sort of rolling budgets as we go along. We do the best we can to estimate them. Then once the financial audit financial statements are done, then we would update at that time. Thank you.

CHAIRPERSON (Mr. Blake): Thank you, Mr. McCormick. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. 2019-2020, it is predicted that the accumulated deficit is almost going to be \$1 million. Is that what I am seeing here? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Mr. O'Reilly. Mr. McCormick.

MR. MCCORMICK: Thank you, Mr. Chair. Yes, that is correct. The accumulated deficit represents the Petroleum Products Stabilization Fund. Thank you.

CHAIRPERSON (Mr. Blake): Thank you, Mr. McCormick. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. The MTS expenses that were incurred because of the failure to deliver fuel and other supplies to the coastal communities, is any of that being charged to the Petroleum Products Revolving Fund? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Mr. O'Reilly. Mr. Guy.

MR. GUY: Thank you, Mr. Chair. Yes, there is.

CHAIRPERSON (Mr. Blake): Thank you, Mr. Guy. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. Well, that was extremely short. Why? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Mr. O'Reilly. Mr. Guy.

MR. GUY: Thank you, Mr. Chair. The Petroleum Products Revolving Fund covers the cost of purchasing, delivering, transporting, and operating the fuel distribution system. The cost associated with moving the fuel, whether it is by truck, barge, or in this case, airplane, was charged to that fund. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Mr. Guy. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. That is kind of a creative way. Look, I don't run these things, but when an expense is incurred because of one operation and it gets charged to another, is that the way we handle this stuff? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Mr. O'Reilly. Mr. Guy.

MR. GUY: Thank you, Mr. Chair. In this case, the cost of transporting the fuel is something that will be charged inside the Petroleum Products Revolving Fund, so that is where that cost was put, along with all of the other marine transportation costs. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Mr. Guy. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. Let's turn, then, to Marine Transportation Services Revolving Fund. It is on 255. The revenues are obviously way down from 2018-2019 to 2019-2020. What is happening with the revenues? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Mr. O'Reilly. Mr. Guy.

MR. GUY: I am just looking for the number here. In 2018-2019, forecasted revenues are what you see here on the page. Our actual revenues year-to-date for 2018-2019 are significantly higher. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Mr. Guy. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. That is helpful. I can see that. Why is there \$40 million in 2018-2019 and then only predicted to be \$12.35 million for 2019-2020? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Mr. O'Reilly. Mr. McCormick.

MR. MCCORMICK: Thank you, Mr. Chair. As Deputy Minister Guy has stated, the revised main estimates are tracking where we were at the time that these estimates were produced. The 2019-2020 estimates were based on the business plan that we have in place. There was a three-year rolling business plan, and that is where those numbers came from. That is why they are showing less. Basically, that is to show a conservative estimate, because some of that business, offshore and that, we can't count on year-to-year, so we try not to bank on it for the purposes of estimation. Thank you.

CHAIRPERSON (Mr. Blake): Thank you, Mr. McCormick. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. It looks like we are still trying to figure out that fund. I am going to leave it alone for now, but it is certainly jumping all over the place.