

**KEVIN O'REILLY—MLA FRAME LAKE**  
**P3 Projects**  
**Committee of the Whole**  
**2022 2023 Operating Budget Review Dept. of Finance**  
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**MR. O'REILLY:** Madam Chair, yeah, I was trying to reconcile it. I thought I heard the words increase, and 5.6 is not greater than 7.6, so okay, got it.

I just want to go up to the Tlichó All-Season Road. So now our annual payments are going to be \$14 million a year for this because it was done as a P3. How many years will this \$14 million be required. Thanks, Madam Chair.

**CHAIRPERSON (Ms. Semmler):** Thank you. Minister of Finance.

**HON. CAROLINE WAWZONEK:** Thank you, Madam Chair. This is a 25-year agreement. Thank you, Madam Chair.

**CHAIRPERSON (Ms. Semmler):** Thank you. Member for Frame Lake.

**MR. O'REILLY:** Okay, thanks. So how do we, you know, really kind of assess these projects, because, you know, that's now -- this is the biggest part of an increase, as far as I can see, in the Department of Finance budget. Maybe I'm missing something, but. This starts to eat into our ability to spend money on other programs and services. And it's a capital project essentially, and now we're paying somebody else to operate it more cheaply than apparently what we could do. So how does this really impact our ability to spend money on programs and services with this big \$14 million hit for the next 25 years? Thanks, Madam Chair.

**CHAIRPERSON (Ms. Semmler):** Thank you. Minister of Finance.

**HON. CAROLINE WAWZONEK:** Thank you, Madam Chair. So I mean, Madam Chair, this is one of those times where the totality of the government budget does come into play here. You know, there -- had the entire project been done as a typical or a normal -- or rather just a typical infrastructure project funded entirely by the government and not in the P3 process, well then there would have been a greater demand and draw from the capital budget. And for a project of this size, a requirement for significant amount of debt to be taken upon -- taken on in order to build the project. So by undertaking a P3 project, it spreads out the impacts over the course of multiple years and shares that risk between the private sector and us so that we're able to undertake that project now and not have to wait for one period of time. And that's where the benefits come in, Madam Chair.

So now the other question around how P3 projects, mindful of time, are evaluated. I know there's been -- there was at one time a fairly detailed briefing about the Stanton P3 but if there is interest, we'd certainly be happy to do a briefing to the committee on how P3, the P3 process is evaluated. Thank you, Madam Chair.

**CHAIRPERSON (Ms. Semmler):** Thank you. Member for Frame Lake.

**MR. O'REILLY:** Yeah, I think I know enough about P3s that I don't support them, especially when they're large ones like this because I just think that they're not transparent and we're mortgaging our future. But, you know, we can have that debate.

Why is the Stanton project not listed here as a P3? Like, why does the Tlichó All-Season Road show up in Department of Finance rather than in the Department of Infrastructure? Thanks, Madam Chair.

**CHAIRPERSON (Ms. Semmler):** Thank you. Minister of Finance.

**HON. CAROLINE WAWZONEK:** Thank you, Madam Chair. I believe that one would have shown up under Health and Social Services. Thank you, Madam Chair.

**CHAIRPERSON (Ms. Semmler):** Thank you. Member for Frame Lake.

**MR. O'REILLY:** Okay, thanks. That's what I said. The issue, though, is why are some P3s in Department of Finance and another P3 shows up in the HSS budget? Why are they not all together in one place? Maybe it's an accounting wizardry thing, I don't know, but why are -- like, we got Mackenzie Valley Fibre Link. That's a P3. Tlichó All-Season Road, that's a P3. And then another P3 is parachuted in to HSS. So why are some showing up there and not here? Thanks, Madam Chair.

**CHAIRPERSON (Ms. Semmler):** Thank you. Minister of Finance.

**HON. CAROLINE WAWZONEK:** Thank you, Madam Chair. So again, this -- at the end of the day, it's all -- it's all one budget at the end of the day. But let for -- I just -- I think likely to be an accounting explanation. So let's send it to the accountant if I could, please, Mr. Courtoreille.

**CHAIRPERSON (Ms. Semmler):** Thank you. Mr. Courtoreille.

**MR. COURTOREILLE:** Thank you, Madam Chair. When the Stanton project was originally completed, my understanding was that it was originally budgeted under the Department of Finance for that first year of operation. And then subsequently, it was transferred to the Department of Health where it properly resides. Same situation with TASR. This is early days in this P3 project. We just achieved substantial completion last November. It was, as part of the financial closed model, budgeted under Finance just for simplicity, and it's my understanding, and we're talking to Infrastructure now, about how we can move this budget over to Infrastructure where it would likely reside going forward. Thank you, Madam Chair.

**CHAIRPERSON (Ms. Semmler):** Thank you. Member for Frame Lake.

**MR. O'REILLY:** Okay, thanks. Yeah, that's all interesting. So just with the Tlichó All-Season Road contract I guess that's out there, with Kiewit and whatever, are there actually any northern performance standards in terms of employment contracting related to the maintenance of the highway now, and is any of that publicly reported anywhere or tracked? Thank you, Madam Chair.

**CHAIRPERSON (Ms. Semmler):** Thank you. Minister of Finance.

**HON. CAROLINE WAWZONEK:** Thank you, Madam Chair. So the partner here of course is the Tlicho government. I'm not familiar with the ins and outs of that contract. I might see if deputy minister or Mr. Courtoreille might have a bit more information that we can share on their behalf. Thank you.

**CHAIRPERSON (Ms. Semmler):** Thank you. Mr. Courtoreille.

**MR. COURTOREILLE:** Thank you, Madam Chair. And yes, absolutely, there was some performance metrics established as part of the construction of the road. And there -- as part of infrastructure cooperation agreement with the Tlicho government, we also have provisions in that agreement to establish performance metrics for the maintenance of that project as well. Thank you.