

ORAL QUESTION—JULIE GREEN, MLA YELLOWKNIFE CENTRE

**QUESTION 50-18(3):
IMPACT OF COLLAPSE OF CARILLION CANADA ON STANTON RENEWAL
PROJECT**

February 7, 2018

MS. GREEN: Mahsi, Mr. Speaker. Mr. Speaker, my questions are on the same topic. There are restrictions on the replacement. I'd like the Minister to elaborate please on what kinds of restrictions would be in place on a replacement partner. Mahsi.

MR. SPEAKER: Masi. Minister of Finance.

HON. ROBERT MCLEOD: Well, again, it is BHP's responsibility. However, as I said before, we can refuse or accept and replace an entity. They would have to be able to be in a position to provide the same types of services that we had set out in the original project agreement with the partnership as it stands today. Thank you, Mr. Speaker.

MS. GREEN: So what I understand is that the evaluation of the replacement entity involves their capacity to deliver the service. There is no other criteria. Is that correct?

HON. ROBERT MCLEOD: Well, they would have to be to provide the services. If there is other criteria that's available which I don't have with me at the moment, and I apologize for that, I will endeavour to get it to the Members, but they would have to be able to provide the service and they would also have to meet any existing criteria that's there.

MS. GREEN: Thank you to the Minister for that commitment. There is a worst-case situation, here. The Department of Finance itself has acknowledged that in its briefing note. So how is the department preparing and planning for the possibility of that worst-case situation?

HON. ROBERT MCLEOD: Yes, the worst-case situation, and this is the benefit of a P3 project that all the responsibility is on the partnership. However, in a worst-case situation, I mean, we would have to ensure that we're able to meet all the conditions and get the hospital completed.

I can actually point out that we're having a conference call this afternoon, maybe as we speak, with a potential purchaser for Carillion Canada, and once we find out the details of that, I would be more than happy to share that in a briefing note to Members.

MR. SPEAKER: Masi. Oral questions. Member for Yellowknife Centre.

MS. GREEN: Mahsi, Mr. Speaker. I appreciate the Finance Minister following through with an additional public briefing note. That would be very helpful.

I think that we've seen that P3s are inherently risky. In fact, while they are supposed to alleviate the risk on the public purse, they often involve a risk on the public purse. We're paying handsomely to have them absorb that risk, and yet we find ourselves in this

position where the 50 per cent partner has gone bankrupt. Is there a lesson in this contract relating to the due diligence of looking at potential partners? It's my understanding that Carillion plc has been in trouble for at least 18 months. Thank you.

HON. ROBERT MCLEOD: My commitment was to provide a briefing note or an update to committee, and I will do that. As far as the lesson to be learned, I think the lesson to be learned here, as the lesson that we've learned in the past, is that a P3 partnership is a better way to go than having all the responsibility on the Government of the Northwest Territories, as we've seen in some projects in the past. So that would be the lesson. Construction is continuing on, and my understanding is that they're still looking to open in November. A certificate of commencement, I believe, is in November with patient occupation six months after. I think that's how it will work.

We'll continue to provide Members with an update as we move forward. However, we like the P3 approach. I think it does protect the public purse and a lot of the risk is on the proponents, and there are financial incentives for them as well to have the project completed on time. The analysis was done when the original RFP came out. With the information that was provided at the time, they fit well into the criteria, so they were chosen. That was some time ago, but they ran into situations since then. Our challenge now is just to try to mitigate and ensure that our project is completed on time and on budget. Thank you, Mr. Speaker.