

**Report of Special Warrants Issued (January 31 to May 24, 2017)**

Pursuant to section 78(7) of the *Financial Administration Act*

On March 27, 2017, the Financial Management Board recommended that the Commissioner approve a Special Warrant in the amount of \$10 million for the Department of Public Works and Services to fund the purchase of two double-hulled barges by way of a negotiated agreement to purchase, and two others available on the market through a competitive bid process managed by the receiver for the bankrupt Northern Transportation Company Ltd. The Commissioner approved the request for Special Warrant on March 27, 2017 in accordance with section 78(2) of the *Financial Administration Act* (FAA). The special warrant is effective April 1, 2017. This item meets the criteria for a Special Warrant as stipulated in section 78(2) of the FAA, as noted in brackets below.

This expenditure was urgently required to be made more than two weeks in advance of the next sitting of the Legislative Assembly which is scheduled to commence on May 25, 2017 (section 78(2)).

The Government of the Northwest Territories must secure its ability to resupply petroleum products in communities previously served by the marine fleet belonging to NTCL. It is in the public interest to secure the resupply of petroleum products to NWT residents to meet core needs for home and business heating, as well as essential equipment usage for both NWT residents and GNWT operations (sections 78(2)(b), (e)).

As part of ensuring that the GNWT can secure its ability to resupply petroleum products to NWT residents and businesses, four double-hulled barges for the calendar 2017 shipping season were urgently required. There was no existing appropriation for this infrastructure expenditure (section 78(2)(c)).

Barges hauling petroleum products are required by federal regulations to be double-hulled. Two of barges had a bid process and deadline of March 27, 2017 that was set by the applicable court; therefore, there were no other means available to the GNWT to acquire these barges in order to secure the resupply of petroleum products (section 78(2)(d)).

A delay in submitting an offer would likely have resulted in significant monetary loss for the GNWT and the public, as the GNWT would quickly need to procure barges from another source, if possible, for the 2017 shipping season (section 78(2)(e)).

GNWT Marine Transportation Services (MTS) successfully negotiated the purchase of two (2) double-hulled barges for \$3.8 million as authorized under the Special Warrant. Unfortunately MTS was not the successful bidder in the competitive bid process for the other two barges, so the unspent funds will lapse under the conditions of the Special Warrant.

Excerpts from the relevant sections of section 78 of the FAA are reproduced below for reference.

Excerpts from section 78 – Special Warrants

- (2) The Commissioner may issue a special warrant authorizing an expenditure when the Legislative Assembly is not in session and is not scheduled to resume sitting within two weeks from the date of issue, if the Board reports to the Commissioner that
  - (a) the requirement for the expenditure was unforeseen and the expenditure is urgently and immediately required;
  - (b) the expenditure is in the public interest;
  - (c) there is no appropriation or an insufficient appropriation to incur the expenditure;
  - (d) there are no other means available to address the circumstances giving rise to the need for the expenditure; and
  - (e) a delay of the expenditure would likely result in
    - (i) significant monetary loss for Government or the public,
    - (ii) significant loss of or damage to public or private property, or
    - (iii) significant personal loss.
  
- (5) A special warrant issued under this section is deemed to be an appropriation for the Government fiscal year in which the special warrant is issued and expenditures in accordance with the deemed appropriation are authorized.
  
- (7) The Minister of Finance shall
  - (a) cause a report to be prepared for each sitting of the Legislative Assembly that includes information about each special warrant issued under this section during the period preceding the sitting, including how the requirements of this section were met; and
  - (b) cause the report referred to in paragraph (a) to be laid before the Legislative Assembly at the earliest opportunity.