



MR. DANIEL MCNEELY
MLA, SAHTU

NOV 8 2017

Oral Question 825-18(2) Status of Marine Transportation Services

This letter is in follow-up to the Oral Question you raised on September 19, 2017, about whether the Department of Infrastructure's (INF) Marine Transportation Services (MTS) was meeting its delivery schedule, in particular for the Sahtu Region. You also asked about the challenges that MTS encountered during its inaugural season, and whether a year-end report would be provided to Members.

Update on Sahtu Communities' Delivery Schedule

For the 2017 season, MTS completed final fuel and dry cargo deliveries to Tulita on September 22. Following deliveries to Tulita, the vessel continued to Norman Wells for fuel and dry cargo shipments. On September 23, the final shipment departed Hay River for Norman Wells to complete deliveries to the Sahtu Region. The tug arrived late in the evening on September 28, and all cargo was offloaded by October 3.

You asked me to confirm the successful delivery of the vehicles required to support winter road operations and the furniture for the new health centre to Norman Wells on MTS. Unfortunately, without booking reference numbers, it is difficult to confirm specific shipments. However, I am able to confirm that all the cargo that was booked for Norman Wells was delivered.

Update on Challenges and Successes of Inaugural Season

Overall, INF considers MTS' inaugural season to be a successful one, based on both the delivery schedule and the safety record. This season, MTS carried more than 37 million litres of fuel and nearly 10,000 tonnes of deck cargo to communities and industry clients. In addition, the Service successfully moved prefab housing units for the NWT Housing Corporation. MTS also performed marine charter services for two major industrial customers. The continuance of this tug and barge service that provides essential supplies to our communities helps to keep the cost of living from rising and supports industry operations that increase economic development.

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MTS met several challenges during its first season. These challenges included:

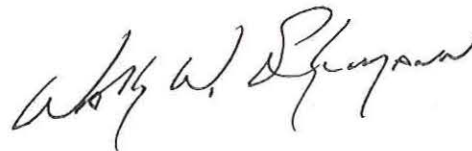
- establishing all first-year operations including staffing, vessel reactivating, inspection, certification, registration and launching, as well as planning and successful execution;
- at the start of the season, repositioning the fleet of vessels that were assigned to support the community resupply program from Inuvik to Hay River;
- addressing several years of deferred maintenance of the vessels, shipyard and facilities;
- high water levels and debris in the Mackenzie River that delayed the Canadian Coast Guard's buoy/navigation aid setup; and,
- delays in the delivery of fuel cargo to Hay River, due in part to supply challenges faced by CN Rail and Imperial Oil. This delayed the vessel departures and delayed their arrivals in Tulita and Fort Good Hope.

Moving forward, MTS will continue to work closely with suppliers, such as Imperial Oil Ltd and CN Rail, to improve their service and coordination to facilitate timely deliveries. Similarly, the GNWT will use the lessons learned this year to develop strategies to enhance future operations. A year-end operations report will be shared with Members at the end of the calendar year.

INF, working with consultants, is developing a long-term business and operating model for MTS that will stabilize costs of marine services and improve future operations. A report on the proposed business model will be shared with the Standing Committee of Economic Development and Environment before the end of the calendar year, at which time Departmental officials and I will be available to brief Committee on the business model and to further discuss this first sailing season.

I look forward to having further discussions with you and with Committee on the future of MTS, and I look forward to an even more successful 2018 season.

Thank you.



Wally Schumann
Minister
Infrastructure

- c. Clerk of the Legislative Assembly
Legislative Coordinator, Executive and Indigenous Affairs