

CBC North Radio News – May 27, 2004

MLA Questions Financial Risks of Bridge at Mackenzie River

CBC Radio, Thursday, May 27, 2004, 12:30/5:30 p.m.

CBC: Questions are being asked about the financial risks of building a bridge across the Mackenzie River at Fort Providence. Yesterday in the Legislative Assembly MLA Dave Ramsay urged the government not to leave taxpayers or toll payers on the hook for any cost overruns. The bridge is currently estimated to cost between \$55 and \$60 million.

RAMSAY: If the bridge is put in at a cost of 80, 90 or \$100 million, how are we possibly going to recoup that through toll revenues? It is a risk that the GNWT is going to have, and that's why I feel strongly that the Premier has to get in this agreement a firm price.

CBC: Ramsay says under the arrangement the government is considering there is no incentive for the builders of the bridge to keep costs down. The bridge is being proposed by the Fort Providence Dene, Metis and the Hamlet of Fort Providence. The project is to be financed by a combination of tolls on commercial traffic, and money the territorial government would have spent to maintain ferry service and the winter ice bridge. Premier Joe Handley says the cost and design of the bridge won't be finalized until the fall. That's when an environmental assessment of the project is scheduled to be completed.

CBC Special Report, Thursday, May 27, 2004, 5:40 p.m.

CBC: It's a huge project, and for one MLA it's raising huge questions. Today in the Legislative Assembly Dave Ramsay had question after question about the proposed bridge across the Mackenzie River, questions about the design and the cost, and as a former Yellowknife city councilor, Ramsay knows what can happen when big projects go way over budget, and he joins me now in the studio to talk more about those concerns. Good afternoon Dave.

RAMSAY: Good afternoon Norbert.

CBC: Now why have you taken on this cause at this time?

RAMSAY: Well I think it has a lot to do with timing, and I'm afraid that we might get so far into the project that we're not able to get out of it, and I haven't really

seen any concrete design or price for that matter. So it causes me a great deal of concern that the government has entered into this Deh Cho Bridge Act without really knowing the full implications of what it's done.

CBC: Now in the Legislative Assembly you talked about the design that seems to change on the fly. What did you mean by that?

RAMSAY: Well that to me is the crux of the problem. I mean nobody really has seen a finalized design. It's been two years since the inception of this thing, and it was an unsolicited proposal as well. I know there was a proponent on the radio a couple of weeks ago talking about the price of steel going up twice as much, and what that might do to the design, and his response was well we'll just use concrete. So to me that set off some alarm bells certainly.

CBC: So what other discussions were taking place today?

RAMSAY: Well actually the questions I had for the Premier who is the Minister responsible for the Deh Cho bridge project happened yesterday Norbert, in the Legislative Assembly. So yeah, during question period, and I also used my member's statement yesterday to raise this concern that I have.

CBC: And what guarantees would you like to see in place to prevent the government from I guess being caught with the cost overruns.

RAMSAY: Well the thing is the project itself, and I should mention that at the onset I am a supporter of a bridge being built across the Mackenzie River, but what we do need to know are some pretty concrete things, you know, the design, the price, and as well a lot is being pegged on the cost of this project, and if it is 65 or even 70 million, yeah, maybe tolls will pay for it. But, you know, if you do get cost overruns in the magnitude of 80, 90, and even if the project gets up to close to 100 million, I don't know how the GNWT is going to end up paying for it. That is my big concern.

CBC: You don't think that a toll will cover that.

RAMSAY: The tolls I think were worked out on the assumption, and there is a lot of assumptions in this project that the bridge would cost in the neighborhood of 60 million, 55 to 60 million. So there is that angle, and as well the GNWT is currently trying to get the Taltson Hydro project going to feed hydro electricity into the mines north of the city, and a lot of those assumptions on the tolls on the bridge were based on loads going to the mine coming across that bridge. So how that impacts the toll revenue is that certainly cause for concern as well.

CBC: Now you also call the bridge agreement one-sided. How so?

RAMSAY: Well under the agreement I think the GNWT assumes most of the risk. The Deh Cho Bridge Corporation is going to get a guaranteed rate of return. So if the project did go to the 80, \$90 million range, I mean it would be the GNWT at the end of the day that would have to come up with the money to pay for it.

CBC: We're talking a lot of money here. Do you think it is possible that they could ever get their money back?

RAMSAY: Well that depends what the bridge ends up costing. I don't know, I'm a firm believer that if you do something you have to do it right, and you have to make sure that all of those questions are answered before the GNWT signs on the dotted line, and gets 10, 15, \$20 million into the project and has no way out. Right now there really isn't an incentive in the agreement that would make the proponents not build an expensive bridge. Do you know what I mean?

CBC: Uh hum.

RAMSAY: So that causes me some concern.

CBC: Did you talk to anyone else about this project that is working on the project itself.

RAMSAY: No, not specifically. I did a little bit of research myself, and I've also got the information that was sent out by the proponents back in January. And yeah, it's time somebody started asking some questions before the government does make a mistake. I know the proponents are well intentioned, and I don't mean them any disrespect by asking these questions, but somebody has to ask these questions, and the government has to be confident. I have to be confident too that the project will be built at what they say it will be built for, and it will be the design that they say it will be in. Again, the design is something that really I don't think anybody has seen a final design. The Premier mentioned yesterday that it would be a couple of months away, and you know, where is it. It's two years later. That's another bone of contention for me as well.

CBC: Are you getting support from your colleagues in the Legislative Assembly, is anyone else asking these questions?

RAMSAY: Well I don't know. It's something that probably, you know, when you think of a bridge across the Mackenzie River it's exciting, people want to see a bridge across the river, and they just go by the 60 to \$70 million range, and okay, yeah, let's do it, tolls will pay for it, but I think when you sit down and you actually have a look at what is being proposed it can cause you to start rethinking some of this stuff, and hopefully the questions that I asked yesterday in the House will cause some of my colleagues to think about this as well, and maybe start asking some questions along with me in regard to the bridge project.

CBC: So what would you like the group I guess overseeing the project, what would you like to see from them?

RAMSAY: Well I'd like to see a design. I'm sure I am not the only Member of the Assembly that has questions about the project. I didn't get a chance to ask the Premier yesterday, but perhaps the Premier being the Minister responsible and the proponents could come before one of our standing committees at the Legislative Assembly and be able to answer some questions, you know, some technical questions. That's another issue I brought up with the Premier yesterday, I don't know, he's going to endeavor to get some of the geotechnical work that has supposedly been done on the river bed, but I am not sure that all that type of work has necessarily been done either. So that's another issue that I would like to see cleared up.

CBC: All right. I'm sure this story is not going to go anywhere so we'll keep in touch.

RAMSAY: Okay, thanks Norbert, and one other thing I would just like to add at the end here. Under the Deh Cho Bridge Act the Cabinet has the final say on entering into the project, and the input from regular Members of the Legislative Assembly would be minimum if at all. So I mean, that's another issue I think I made light of yesterday, and I think the Premier now is aware that there are some of us on the other side that are going to be paying close attention to this project to make sure it doesn't go astray.

CBC: All right. Thank you very much for coming in Dave.

RAMSAY: You're welcome Norbert. Thank you.

CBC: Dave Ramsay is the MLA for Kam Lake in Yellowknife.