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Standing Committee
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Department of Transportation
Consideration of Main Estimates

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[Mr. Campbell in the chair]

**Department of Transportation
Consideration of Main Estimates**

The Chair: Good evening, everybody. Welcome to this meeting of the Standing Committee on the Economy. I'd ask the members to introduce themselves for the record, and I'd also ask that the minister introduce his officials that are here with him tonight. I'll start to my right.

Mr. Taylor: Good evening. I'm Dave Taylor, MLA for Calgary-Currie and deputy chair of the standing committee.

Mr. Marz: Richard Marz, MLA, Olds-Didsbury-Three Hills.

Mr. Amery: Moe Amery, Calgary-East.

Mr. Allred: Ken Allred, St. Albert.

Mr. Kang: Darshan Kang, MLA for Calgary-McCall and transportation critic.

Mr. Xiao: David Xiao, Edmonton-McClung.

Mr. Ouellette: I'm Luke Ouellette, Innisfail-Sylvan Lake MLA.

The Chair: And who do you have with you, Minister?

Mr. Ouellette: Oh, you want me to go through that right now?

The Chair: Sure.

Mr. Ouellette: These lovely two ladies on my right are Winnie Yiu-Young, senior financial officer; and Angela Paterson, the director of financial planning. John Engleder, on my left, is the acting assistant deputy right now on the transportation and civil engineering side of things. Also seated, we have Shaun Hammond – he's the assistant deputy minister of transportation safety services – Jerry Bellikka, my communications director; and Warren Chandler, my executive assistant.

Mr. Denis: Jonathan Denis, Calgary-Egmont.

Mr. Mason: Brian Mason, MLA, Edmonton-Highlands-Norwood.

Mr. Weadick: Greg Weadick, Lethbridge-West, where it was 24 degrees today.

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

The Chair: Robin Campbell, MLA for West Yellowhead and committee chair.

I note for the record that pursuant to Standing Order 56(2.1) to (2.4) Mr. Denis is substituting for Mr. Bhullar tonight.

Thank you, everyone. Before we proceed, I'd like to take a minute to briefly review the new process for consideration of estimates. First, I'd like to remind the members that the votes of the estimates will be deferred until we are in Committee of Supply and that any amendments moved during committee consideration of the estimates will also be deferred until we are in Committee of Supply.

Also, members wishing to propose amendments are reminded to consult with Parliamentary Counsel no later than 6 p.m. on the day the amendment is to be moved.

The standing orders of the Assembly governing who can speak apply during the consideration of the main estimates. Members of the committee, the minister, and other members present may be recognized to speak. Department officials and members of staff are permitted to be present during consideration of the estimates but are not allowed to speak. Members may speak more than once; however, speaking time is limited to 10 minutes at a time. A member and the minister may combine their speaking time, for a total of 20 minutes. I would ask that members so advise the chair at the beginning of their speech if they wish to combine their speaking time.

This evening we have three hours to consider the estimates of the Department of Transportation. However, if prior to this time we should reach a point where members have exhausted the list of questions, the department's estimates shall be deemed to have been considered for the time allotment in the schedule, and we will adjourn.

Points of order will be dealt with as they arise, and the clock will continue to run with these points as they are dealt with.

We'll have a 10-minute presentation from the minister. We'll then have an hour of question and answer from the Official Opposition and then 20 minutes from the third party, Mr. Mason.

What we did last week is that after that we took a five-minute break so people could sort of take a bathroom break and the minister would have a chance to stretch his legs. I ask if there are any problems with doing that tonight? Seeing none, then after we're finished with Mr. Mason's first 20 minutes, we'll take a five-minute break, and then we'll go into questions for the remainder of the evening.

Mr. Minister, the floor is yours.

Mr. Ouellette: Well, thank you very much, Mr. Chairman. I may as well go right into it and tell you, as outlined in the Transportation's business plan for 2009-2012, that our ministry remains committed to providing the roads and transportation infrastructure to address Alberta's growing economy and population in keeping with government's capital plan. We're working closely with all partners to promote an integrated and sustainable road, rail, air, and port transportation system for our province.

We continue to take steps to position the ministry as a centre of excellence in transportation right across the country. Our work to develop and preserve the provincial highway network helps connect communities and supports social and economic growth. In today's global economy the ability to move people and goods safely and efficiently is more important than ever. Our provincial highway system enables businesses and producers to get their goods and services to markets throughout the province, across Canada, and around the world.

To improve traffic safety on Alberta's roads, we continue to implement a wide range of initiatives aimed at reducing collisions, injuries, and fatalities. Most collisions are preventable and are related to driver behaviour and attitudes. That's why you always hear us say that driver error causes most of these collisions.

Another of our key operations involves supporting communities by providing significant funding for municipal infrastructure programs. Municipalities received more than \$1.4 billion through Transportation's municipal infrastructure support programs last year. With government's ongoing support our ministry will continue to undertake numerous programs and projects in the years to come.

To share the highlights with you as I present the ministry's

estimates for '09-10, Transportation's expense and inventory purchases vote is almost \$2.3 billion. A key element of our program expense is capital support to municipal infrastructure. We'll provide more than \$1.3 billion in grants to Alberta municipalities through programs such as the Alberta municipal infrastructure program, the Alberta cities transportation partnerships, the Alberta municipal water/waste-water program and water for life, rural transportation partnerships, and through two new programs: our green transit initiatives program, which we call Green TRIP, and the building Canada, communities component. These grants enable municipalities to direct funding at projects, including roads, bridges, public transit, recreational and cultural facilities, water and waste-water systems, and their emergency services. Projects like these do much to help enhance the quality of life in our communities.

The ministry's total expense and inventory purchases budget also includes more than \$400 million for highway preservation and road maintenance. The need for maintenance and preservation has risen substantially. That's because many of our highway pavements were built in the late '70s and '80s and have reached the end of their lifespans or their life expectancies. Also, under the expense and equipment/inventory purchases vote about \$42 million will go into transportation safety services. This funding supports vehicle and driver safety programs, monitoring of the commercial carrier industry, and traffic safety initiatives that include implementation of the traffic safety plan. The traffic safety plan is designed to reduce deaths and injuries on our roads. It outlines key initiatives to help prevent collisions, build safer roads, enforce traffic laws, and better educate Albertans about traffic safety. In addition, the ministry's program expense is \$387 million for noncash items such as amortization of capital assets, nominal sum disposals, and consumption of our inventories.

In 2009-2010 the ministry capital investment vote will be nearly \$1.5 billion. It's critical that we continue to invest in provincial highway systems and strategic economic corridors to meet the transportation needs of Albertans and visitors to our province. In 2009-2010 capital investment will be directed towards a number of priority projects. At the top of the list are strategic economic corridors such as the ring roads in Edmonton and Calgary and continuing improvements to highway 63 to Fort McMurray. Also very important is work on other highways that are part of the north-south trade corridor and ongoing improvements throughout the highway network.

In Edmonton we're continuing to make good progress on the northwest leg of Anthony Henday Drive. This 21-kilometre leg of the ring road will be free flow, with no signal lights. Motorists will be driving on this part of the ring road by the fall of 2011. Another priority on the Edmonton ring road is the construction of an interchange at Stony Plain Road and Anthony Henday Drive. Construction began in early April and is scheduled to be finished by the fall of 2011. This interchange is going to save a lot of traffic headaches for motorists when it's completed, especially in the west end.

6:40

In Calgary we're continuing to make good progress on the northeast ring road. The 21-kilometre, six-lane roadway will be open to traffic this fall. In March we issued a request for qualifications for the southeast leg of Calgary's ring road. Government will use a P3 model to extend Stoney Trail from 17th Avenue S.E. to the east side of the existing Macleod Trail interchange. This major project involves 25 kilometres of six-lane roadways, nine interchanges, two flyover railway crossings, and 29 bridge structures. We anticipate that the successful contractor will start construction in spring 2010 and finish it by fall 2013.

Another of our priorities is to get a considerable amount of highway rehab work done in an effective and timely manner.

To wrap up, good roads support Alberta's economy. They're essential to public safety and Albertans' quality of life. This is a crucial time to build the public infrastructure that we'll need for a strong economic recovery and that we'll need for Alberta's future. As we're building new roads, it's important to take good care of the roads that we already have.

Thank you very much, Mr. Chairman.

The Chair: Thank you, Minister.

Maybe just before we get to the Official Opposition, Mr. McFarland, would you just like to introduce yourself for the record.

Mr. McFarland: Barry McFarland from Little Bow. Thank you, Chairman.

The Chair: Thank you, Mr. McFarland.

Mr. Ouellette: Just to get this clear, are we just going back and forth for your 10 minutes?

The Chair: The Official Opposition has one hour.

Mr. Ouellette: Just one guy, though?

The Chair: No. There are two here, so if they decide to go back and forth for 20 minutes each three times . . .

Mr. Ouellette: You mean you've got a whole hour worth of quizzing me?

Mr. Kang: It would be one hour between you and me. [interjections]

The Chair: Could we have some order, please?

Mr. Minister, Mr. Kang has 10 minutes and you have 10 minutes, so you can combine that for 20 back and forth, and then we'll go on. Mr. Taylor might want to ask for 10 minutes; he's got 10, and you have 10. Then Mr. Kang might want to go again.

Mr. Taylor: Excuse me, Chair. Mr. Kang can do a second 20-minute round if he wishes right after his first one.

The Chair: That's correct. The Official Opposition has one hour.

Mr. Kang, the floor is yours.

Mr. Kang: Thank you, Mr. Chairman. I want to thank the minister for the introduction. It was very informative. The minister always tries to be on top of things. He may not be, you know, but that's what he pretends always.

These are changed times from last year when we did this debate. As we well know, Alberta's economy was the best performing in the whole country until 2008, but we were not prepared for the downturn. I don't think anybody expected that. Now the ministry has to grapple with new challenges while providing new opportunities for Albertans. Oil and gas is a big part of Alberta's economy, but we have to diversify our economy, and the Ministry of Transportation can play a key role in that process.

As you know, we have distribution centres popping up around Calgary, Edmonton, and everywhere, and we are working on a Port Alberta. That was a big thing for us last year. If we want to be the major hub for distribution and exporting and importing goods from

Southeast Asia and around the world in order for our economy to grow and prosper, we need to have the best transportation system, where our goods and services move freely and expediently. We have time-sensitive shipments, so if we have safe and rapid movement of goods and services, it will be good not only for the economy of the province but for the whole country.

It will also be good for quality of life. It will be good for the environment, a lot less pollution. When we're sitting in traffic jams, there will be frustrations and road rage. In order to avoid all those problems, you know, we need to have good-quality roads. It will also improve the quality of life for Albertans as they will be able to spend more time with their families because they won't be sitting in traffic jams, as they do now, on the Deerfoot Trail and other roadways. It will also improve productivity as accidents cost \$4 billion a year. That is almost \$12 million a day, and that is a lot of money. I think that is enough to cover the budget this government is going to have for 2009-10 if we fix, you know, that problem.

We all know that the Calgary-Edmonton corridor has the second-highest GDP in the world, and it will be even better with Port Alberta coming and with the economy coming back. I think that to compete on the world stage, we need to have the best transportation system in the world, and we all agree on that. The province plans to spend \$5.8 billion on building and repairing provincial highways over the next three years, and I commend you for that, for getting that much money, Minister.

According to all reports and according to the Ministry of Transportation our roads are expected to continue to deteriorate. It is clear that as we position this province for the eventual economic upturn, we have lots of work to do here, and we have lots of catching up to do. I don't think that we have much time as it is expected that the Alberta economy will grow by 2.4 per cent next year. We don't really have much time to catch up. I think we've been falling behind ever since the '90s cutbacks. You know, we never had an opportunity to catch up. Things are going downhill; they are not going uphill. According to the Ministry of Transportation predictions, too, we will not be able to catch up to all the deficit; we will just do a little bit of catching up. We want to be able to fix that problem. We need good value for all the money we are spending.

From here on I'm going to go into the questions I have. There's an overall decrease from the forecast of 2008-09 numbers. Both expenses and capital spending are down from last year's forecast numbers by 2.7 per cent and 13.9 per cent respectively. Still, we are plowing ahead with a \$5.8 billion three-year capital plan. Based on the capital plan, the government is pushing ahead with significant highway construction, totalling almost \$5.8 billion over three years, as I said. It's good. That money is going towards the ring roads in Edmonton and Calgary and also to continue twinning highway 63, which has been long overdue. What is missing from the Transportation budget is any significant amount dedicated to public transit, with only \$10 million of the originally promised \$2 billion actually allocated to the Green TRIP provincial transit fund.

The questions. I'll start with the highways. For a number of years now the government has spent large sums of money on highway construction. This has been to catch up with the booming economy, that required significant increases in the capacity of both people and goods. You know, the economy was booming. We had lots of people moving to Alberta, and as the population soared, local roads couldn't meet the challenge of the traffic. Government moved to build ring roads, primarily through public-private partnerships, through P3 funding. Politically speaking, the amount of money committed by the government to highway construction put them in a very powerful position. It is hard to argue with the billion dollars that you said you're spending on highway construction. That's a good thing.

6:50

Coming back to the physical condition of the highways, page 299 of the business plan – last year, Mr. Minister, you were candid when you said that the provincial highway system was aging rapidly and that the proportion of highways in poor condition would increase rapidly in the coming years. I think you were true to that. That has been happening. My question is: what do these performance measures actually mean, and what differentiates a poor highway from a fair one?

Mr. Ouellette: Are you done now?

Mr. Kang: Yes, I am.

Mr. Ouellette: Okay. You covered a lot of ground there. Quite a few of those things you were talking about I'd like to add to. There's no doubt that the Calgary-Edmonton corridor is a huge economic engine for all of Alberta, a very, very busy highway, with a lot higher traffic count than what was ever estimated it would become. We're slowly repairing that also.

I don't know if you ever heard one of the speeches I've given on the deterioration of our highways and how many kilometres of highway we have to do a year or we have to get to. That's why you're still going to see in our business plan where it says that our highways are going to deteriorate a little bit for a while. Up until two years ago we were only rehabilitating or paving between 350 and 500 kilometres a year. The last two years, from what I could find, we paved more road than we had for years. We did around 1,200 kilometres. That included 130 kilometres, I think, of new pavement and another little chunk of new road. We did about 1,200 to 1,300 kilometres. In order to keep our roads where we want them, at the estimate of – what is it? – 85 per cent, I think, in good to fair, we would have to do 1,500 kilometres a year.

Up until this year we would have never been able to ramp up to that because we didn't have the capacity in Alberta to get to that. The contractors in Alberta and some that were moving here were ramping up to be able to handle that capacity. With that, the prices were going so high that it was getting to be an unbelievable expense on a per-kilometre basis or however you wanted to work it out. Right now, today, our prices are coming in better. Our budget from our business plan was planned pretty close, with a little bit of decrease in pricing, but I think we're going to get even better prices, and hopefully we'll be able to stretch those dollars and get more kilometres. What our business plan and what our record says that we're going to do is probably around a thousand, somewhere between a thousand and 1,200 kilometres of road this year.

You talk about Port Alberta, which I think is a very, very good initiative, but there's lots of work to be done there. I was out to Vancouver at one of the western Transportation Association seminars. We had some speakers there that were very, very well educated in the business of ports and rail. They were saying that it's pretty tough to have a successful inland port if you don't have a rail partner and a shipping partner, at least one of them for sure as a partner.

We deal back and forth with the federal government all the time because, as you know, the federal government completely regulates rail in Alberta. CN has pretty well the full traffic of the container port at Prince Rupert, and in a lot of cases CN hasn't really been overly wanting to service our market with container traffic. They're servicing the Midwest: Chicago, Memphis, those markets. They haven't really wanted to negotiate being a partner in an inland port here, but all of that is in negotiation, and maybe it will all come

through. We have people from our department – my deputy minister sits on Port Alberta’s committee to try and stimulate and get the thing going. But we want to make sure that if we’re going to build something, it has the right framework in place to be successful. That kind of covers the time-sensitive service, too, that you were talking about.

You were talking about the overall decrease in our budget of \$64 million, or 2.7 per cent, from the ’08-09 forecast. Primarily what that’s due to: the municipal infrastructure program was reduced by \$123.5 million from what had been submitted and approved in prior years.

Mr. Kang: That was my overview. I’ll get to all the questions one by one. We’re talking about the highways only for now.

Mr. Ouellette: Well, you used up your 10 minutes, so I thought I’d use up mine.

Mr. Kang: Okay. Fair game. Yeah.

Mr. Ouellette: The one question you wanted an answer to is the difference between poor and fair roads, how we go about that. We measure the ride quality of highways using an international standard. They have what they call an international roughness index. When they use the international roughness index, that’s how they place it into the good, fair, or poor category. Improving from poor by 1 per cent costs the government – this is estimated cost – about \$110 million.

What else did you want to know in that one? Did you want me to talk about the Green TRIP or wait until you ask me the question?

Mr. Kang: No. I’ll stick with the highways. What parts of the provincial highway system are in the worst shape? Have you done any study on what highways are in very, very poor shape?

Mr. Ouellette: We rate all of our highways. We’ve got four regions: southern region, central region, Peace region, and north-central region. Each one of them brings in how they rated their highways against their criteria – the traffic count on it, the kind of rideability on it, the kind of shape the road is in – to be able to go within the budget we have. They get rated by what needs work the most. Safety comes into that quite heavily, if an area has increased in traffic quite a bit and it needs an intersection upgrade to make an intersection safe. Each region brings forward what they feel – I mean, there’s always more they would want to do than we have budget for. They take the very worst ones, and then when that hits the central office, or the Edmonton office, that gets rated again, using strict criteria, against all the regions put together.

Mr. Kang: You said, you know, that to bring the highway condition up by 1 per cent, it costs \$110 million.

7:00

Mr. Ouellette: That’s our estimate, about \$110 million.

Mr. Kang: That’s your estimate. Before, you said that 5 per cent of highways are in very poor condition, that 15 per cent are fair, and that 80 per cent are good.

Mr. Ouellette: I was talking hypothetically there, but I have the exact numbers for you on where we’re at right now. I think you looked at it in the business plan, too. They’re going the other direction right now. As I explained, we need to get to 1,500

kilometres a year, but we have to get our budget increased a whole bunch to get to that. Right now we’re at 59 per cent in good condition, and our target is 60 per cent for the ’09-10 year. We believe that it’s going to drop a little bit in ’10-11, back down to 59 per cent, and in ’11-12 down to 58 per cent because we haven’t been able to get our budget increased enough to go that other direction. In ’09-10 we’re going to be only at 17 per cent in the poor category. We believe that will reach 19 per cent by ’11-12. From ’09 to ’11-12 we’ll pretty well stay at about 23 per cent in fair condition.

Mr. Kang: So how much money there? If it’s \$110 million for 1 per cent to improve the road conditions, do you think we have budgeted enough money?

Mr. Ouellette: We’d have to build our budget up. To get to our 1,500 kilometres that we have to do, we’d have to get that portion of our budget increased by about \$400 million. In other words, we’ve got \$400 million for that right now. We’d have to double that, to pretty close to \$800 million – right? – to get to our 1,500 kilometres. Actually, I was high. We’d have to go to \$585 million, and we’re spending about \$400 million on that portion. I’m going from memory, not from notes here. I could be off a little bit, but I shouldn’t be. We’re at \$366 million right now; sorry.

Mr. Kang: Well, if you’re going to be off, then I will be asking a question on that later on.

Mr. Ouellette: Okay. Our budget this year to spend on it is \$366 million, to be exact, taking it right out of our notes. To get our 1,500 kilometres done a year, we’d have to go to about \$585 million in that budget.

Mr. Kang: Okay. But according to some reports, you know, we will be spending, say, \$1.8 billion for highways this year, and that will include . . .

The Chair: That’s our first 20 minutes. Mr. Kang, do you want to continue with the back and forth for another 10 minutes?

Mr. Kang: Yes. Thank you, sir. I’ll continue.

You know, we will be spending \$1.8 billion this year, including fixing about 1,100 kilometres of existing pavement. You said before, sir, that the cost has come down 30 per cent, that the cost has considerably come down with the slowdown in the economy. So instead of, you know, doing 1,100 kilometres, will we be able to go much farther with our money?

Mr. Ouellette: Well, remember that some of that cost we’ve already reduced. Most of that work was already tendered when we started seeing the decreases. Because of the problem in even getting contractors, we tendered most of our ’09 work in ’08.

Mr. Kang: Okay. Spending on the highways. In the capital plan on page 97 the stated total spending on the provincial highway network this coming year is \$1.84 billion. That’s about \$360 million more than the \$1.48 billion listed under Capital Investment in the ministry’s estimates on page 411. This remainder is mostly going to alternatively financed projects, or P3s. What will be the impact of the economic downturn on already existing P3 contracts? Are we now tied into long-term contracts with terms set in much different economic times, or are we going to change any of those terms and conditions with the P3 projects?

Mr. Ouellette: No. For the P3 projects that were bid, when they were bid, they were solid for the next 30 years. The price that we agreed upon when they tendered that project is agreed upon for that job. They have to give us the warranty, the maintenance, the everything on that road for the next 30 years.

Our new one, that we've said we're going to probably bid out here this summer, which would be the southeast, will have to go through the same scrutiny that all the rest did. It'll have to go against the market comparator. It will have to be the best deal for taxpayers. If a P3 doesn't work as the best deal, then we wouldn't do it as a P3.

As far as the contracts that are in place, we can't change those contracts.

Mr. Kang: I thought there was some kind of built-in mechanism there with those contracts. That was my understanding.

Okay. In the capital plan on page 99 many of the projects discussed in the three-year plan are P3 ring roads, but the vast majority of spending this year is on non-P3 funding. What is the \$1.48 billion of conventional funding being spent on?

Mr. Ouellette: There's \$301 million going to be spent for continued construction of the Calgary and Edmonton ring roads. There's \$545 million being spent on other strategic corridors. Some of that is the north-south trade corridor; the Canamex still has some being spent on it. Highway 63 is probably going to have \$300 million or \$400 million spent on it. You know, that exact price – we were in the process of \$600 million last year, and we couldn't get it all done.

Mr. Kang: That is not on P3 projects.

Mr. Ouellette: Three hundred and one million dollars is what we're going to be spending on the continued construction of the P3s that are already going. Now, we will probably bid another P3 project, but it won't start in this construction year. It'll start in the next construction year.

Mr. Kang: Okay. Given that the province is spending so much money yet quality is still going to drop, what would it cost, actually, to get the improved highway network in three years' time from today?

Mr. Ouellette: From \$366 million to \$585 million, so what is that? You're asking me how much extra it would cost?

Mr. Kang: Yeah, given that we are spending so much money and still, you know, the quality of highways is going to drop.

Mr. Ouellette: Around 200 million more dollars into my budget would get us up to our 1,500 kilometres a year that we have to do. It would get us going that way instead of that way.

7:10

Mr. Kang: By when? By next year?

Mr. Ouellette: We probably won't be able to increase our budget that much by next year.

Mr. Kang: Okay. The amount dedicated to highway rehabilitation on page 414, 2.0.2, has dropped significantly, from \$100 million last year to \$63 million this year. What is this money being used for?

Mr. Ouellette: We're dropping from our forecast. That's under highway preservation. We've actually dropped by \$37.2 million.

The reduction in the spending is from provincial highway preservation. We believe that we can keep the condition level without extending our functionality or life of the road. On the life expectancy of some of those roads we believe that the functionality of them is going to be a little longer than what we had estimated before, and that's how we could drop \$37.2 million on some of that. Some of that is also our bridge work. We're changing some of those bridges from bridges to culverts and stuff and saving some money that way. For some of those roads, because we got to them at the right time, it gave us some cost savings also in the long term.

Mr. Kang: But, sir, on one hand we're talking about improving the quality of the highways, and on the other hand, you know, here we're cutting back on the money we spend. What kind of impact is this going to have on road quality? It's not going to improve any if we don't have the funding to do the preservation.

Mr. Ouellette: Well, we're hoping this year, seeing all of the different prices coming in lower and stuff, that with our same dollar value next year we'll be able to stretch that out and start going in the other direction. I don't know that for sure at this point in time, but we would have needed to get an increase in our budget. You understand the downturn that we've been in and that we've had less income. All of us had to trim our budgets in certain places. This one has stayed very strong, I think, for what we're going through.

Mr. Kang: What was the reason to cut back in this area of the spending? Do you think we can just get by for another two years, then let it deteriorate, and then we come back and spend more money to fix it?

Mr. Ouellette: No. We dropped some of this, too, because we got a lot more work done last year than we thought we were going to get done. We completed more work last year in a number of different places.

Mr. Kang: Well, according to the physical condition measured on – you know, we talked about it before. You said that road conditions will be getting worse, that they will not be improving. Now you're saying . . .

Mr. Ouellette: Hold it. We're comparing two different spots here. You're on a page where we're comparing operations only. Capital is on page 416. We're talking two different things here. We're talking rehabbing, or we're talking maintenance. You've got to remember that our maintenance is all under the operations side, expense vote side. A whole bunch of our rehabilitation is under the other side, which is on page 416, just two pages different from where you're at, line 2.0.7, provincial highway rehabilitation, \$229 million.

Mr. Kang: Okay. You know, from the estimates that's even less money we're spending on that.

Mr. Ouellette: In '08 our budget was \$234 million, and we actually spent \$308 million. That's where that difference is coming in. It has dropped this year because we spent the money last year.

Mr. Kang: So now again we are talking two different things here.

Mr. Ouellette: Okay. Our forecast was \$308,860,000, right?

Mr. Kang: Yeah.

Mr. Ouellette: We're going to estimate we spend \$229 million. The difference between that forecast is money that we had spent last year, from the forecast to the estimate.

I know it's confusing. Preservation and rehabilitation seem like the same thing, but we have it in a split vote. We have some of it in our operations side and some of it in the capital plan. If we're rehabilitating with new pavement, they let us vote that as capital. If it's just maintaining, going out there and fixing potholes and what we call a thin overlay, then it falls under maintenance, or the operations side.

Mr. Kang: Is this cut a permanent cut, or will the amount change next year? We're talking about from \$100 million to \$63 million.

Mr. Ouellette: It's about the same over the next three years right now.

Mr. Kang: So it's going to stay at \$63 million over the next three years?

Mr. Ouellette: It goes up a little bit, but it's pretty close to the same. We're estimating that in '10-11 it's going up to \$67 million and in '11-12, \$67 million. Then if you go over to the capital side, the \$229 million jumps in '10-11 to \$267 million.

Mr. Kang: Thank you. In terms of spending on highway capital the ministry is pushing ahead with highway maintenance and increasing their spending from last year but decreasing highway preservation from last year. Okay. We discussed that. But last year in debate the minister said that the ministry was \$2 billion behind on highway rehabilitation. How does the ministry prioritize this spending, with maintenance getting a boost while rehabilitation is getting a cut? That's on 414.

7:20

Mr. Ouellette: Which one is getting a boost?

Mr. Kang: Page 414, lines 2.0.1 and 2.0.2.

Mr. Ouellette: Right. You're going from forecast to estimate, right?

Mr. Kang: Provincial highway systems and safety: we were talking about that just before this. How does the ministry prioritize this spending, with maintenance getting a boost while rehabilitation is getting a cut?

Mr. Ouellette: In some of that there's absolutely no choice. You've got to remember that our contracts are five-year contracts out there, and some of our contracts have an automatic escalation in them. I have to get my budget in that place to be able to handle that escalation on our maintenance contracts.

Mr. Kang: Do you have something else to add on there, sir?

Mr. Ouellette: No. She just found it in the notes, and it's exactly what I told you, pretty well.

Mr. Kang: So how are we chipping away at this \$2 billion problem we have?

Mr. Ouellette: I chip away anyplace I can save any money within my budget. I present my case on my budget, and I end up getting what I get.

Mr. Kang: Still, you know, when we talk about highway conditions, I know you're saying that you're doing your best, but overall . . .

Mr. Ouellette: I'm still saying we're in that same position of that \$2 billion backlog that we had last year because we can't even look at going after that \$2 billion backlog till we get the bleeding stopped first. What I'm saying is that to get the bleeding stopped, we've got to get up to 1,500 kilometres a year. When we get to that 1,500 kilometres a year, that stops the bleeding, and then we can go to work on trying to get rid of that \$2 billion backlog. But money doesn't grow on trees. I can't just pull it out of the air and go get the work done.

The Chair: Thank you, Mr. Kang.

I just want to turn the floor over to Mr. Taylor for a couple of minutes.

Mr. Taylor: Thank you, Mr. Chair. As soon as I'm done here, I'll turn it back over to Mr. Kang and the minister, and they can continue their back-and-forth.

I wish to move a couple of amendments on behalf of Dr. Taft, who is moving that

the estimates for strategic services under reference 1.0.4 at page 414 of the 2009-2010 main estimates of the Department of Transportation be reduced by \$29,000 so that the amount to be voted at page 411 for expense and equipment/inventory purchases is \$2,282,677,000.

The \$29,000 is one-half of the department's expenses for hosting for the year coming up.

The other amendment, again on behalf of Dr. Taft, is to move that the estimates for communications under reference 1.0.3 at page 414 of the 2009-2010 main estimates of the Department of Transportation be reduced by \$337,000 so that the amount to be voted at page 411 for expense and equipment/inventory purchases is \$2,282,369,000.

This reduction is aimed at pushing the estimate back to the level for communications that it was three years ago, hence the \$337,000 value.

Thank you, Mr. Chairman. If I could turn it back over to Mr. Kang now to continue.

Mr. Ouellette: Can I ask a question on that?

The Chair: Go ahead, Mr. Minister.

Mr. Ouellette: From what I heard when you started this tonight, when do we debate these amendments, or when do we tell them why these amendments sound a little on the silly side to me, knowing some of the inside on this?

The Chair: These will be brought to the floor of the House on May 7, when we do estimates for the Committee of Supply.

Mr. Ouellette: But we're doing everything in one day – right? – so there isn't much time to debate. That's fine. I don't have a problem with that. I just wanted to know the process.

The Chair: Okay.

Mr. Taylor: Thank you, Mr. Chair.

The Chair: Thank you, Mr. Taylor.

Mr. Kang, we'll turn it back over to you.

Mr. Kang: Thank you, sir. Thank you, Mr. Chair. Now we are coming back to the revenue source.

Mr. Ouellette: Sorry?

Mr. Kang: We're coming back to the revenue source for the money the department gets. Part of the revenue stream for many ministries is lottery money, showing up in the estimates as a transfer from the lottery fund. In the Transportation estimates this year lottery funding to the department has increased by over 92 per cent from last year to \$375 million. That's on page 422.

Mr. Ouellette: So you want to know what that's broken down to?

Mr. Kang: Why did the amount of lottery money, you know, as a department revenue increase so much this year? Just because you presented a good case, or they were kind to you?

Mr. Ouellette: You know, I think we talked earlier about how important transportation is to the province of Alberta, how important it is in the quality of life of all Albertans, how important it is that we can carry on with some of this. We believe that we've been able to hold our budget pretty steady for the drastic things that have been happening out there. Of course, out of our \$375 million, \$50 million is going to go towards provincial highway preservation, \$30 million to Alberta cities transportation partnerships, \$50 million to rural transportation partnerships, \$25 million to the streets improvement program, \$100 million to water for life, and provincial highway rehabilitation is \$120 million.

Mr. Kang: Is it possible for me to get all this in writing, you know, after the debate?

Mr. Ouellette: Sure. We can write that out for you.

Mr. Kang: Please. I would love to have all the breakdowns.

On page 368 of the government estimates, under the Ministry of the Solicitor General, it shows that lottery revenue actually went down this year. [interjection] I know. I'm getting to that, sir. Does the increasing reliance on lottery money to cover the department's budget not put the department in an insecure funding situation when they are saying that the lottery revenue is actually going down and your department is depending on the lottery money? This money is not a reliable source of funding for your ministry. You know, if the revenue drops with the lottery fund, then you're going to get less money. That's not really a secure source of funding, so how can you depend on that money?

Mr. Ouellette: Well, you know what? What all can you depend on today? What you have to do today, I think, or in any business situation is find out how you can juggle things around to make sure you have money to be able to keep everything going the way you always want it to go. We don't believe that we're in a position that this economy is never going to turn around in Alberta and we're not going to earn more money. We have good government working here in Alberta that will make sure that we get economic stimulation and turn our economy around and go back into seeing better revenues from all sources.

But to answer, if you look on page 424 in your book, it has that breakdown that I just mentioned – I just found it here for you – that you said to write out. If you look on page 424, it has the lottery-funded initiatives, and it has the full breakdown there.

Mr. Kang: Talking about good government, I think that had the government, you know, done good governance, we could have saved a lot more money than we have today, and we could have been in a much better situation to handle this downturn economically. If things don't turn around for maybe the next two, three years, all the money we've got will be gone, and I think we're going to be in big, big trouble here.

7:30

Mr. Ouellette: It absolutely amazes me with you guys. One minute you're telling us, "You're not spending enough money; where are you getting the money from?" and the next minute you're telling us: "You spent way too much money. You should have saved some."

Mr. Kang: Well, we were talking about good governance here. You've said that this is a good government.

Mr. Ouellette: And you've had damn good governance here.

Mr. Kang: Well, we'll see about that two, three years down the road.

Okay. Another thing is that we're getting into too much uncertainty now when we talk about the funding here. In addition to the lottery money, we get a large chunk of the Department of Transportation revenue from the federal government. This amount has also increased this year to \$230 million, a 55 per cent jump in the federal funding. Are you telling us that the province doesn't have the funds for some of these projects?

Mr. Ouellette: I'm not sure where you're talking about here. I've got to see which part this is. How much money did you say we're getting?

Mr. Kang: Two hundred and thirty million dollars.

Mr. Ouellette: Okay. Some of that money is – and I can't find here where it says that, but I know where it's coming from – the gas tax money, which is just straight flow-through money for us, right? They give us the money. The gas tax fund is \$190.8 million. The federal government announced that. They just flow that money through our account. It comes to Alberta Transportation. We then pass it off to Edmonton and Calgary and whatever cities all qualify for it.

The gas tax fund in '05 committed \$477 million over a five-year period for municipal infrastructure, and on December 12 of '08 an extension to the agreement was signed. Under the new agreement \$798 million will be provided over four years, \$199.5 million each year.

Mr. Kang: We're talking about \$230 million here.

Mr. Ouellette: Okay. Then I'll find you the rest of it.

Mr. Kang: That was a 55 per cent jump in that money coming from the federal government. It sure is a good thing that money is coming from the federal government. Then you've got another \$230 million to play with, that you can spend elsewhere.

Mr. Ouellette: No, no, no. We don't get to play with any of that. It's been an announced program from the federal government for the gas tax fund. All we do is administrate it for them. Part of that \$1.3 billion, that I was telling you about earlier when we were talking, we grant to municipalities. We don't get to use that money for our

roads or our whatever. We use that money for municipalities to help that municipality catch up on their infrastructure, that you hear a lot about in Calgary. So \$190 million of that is gas tax, \$6.4 million in a transit fund, and a building Canada fund of \$33 million that they cost share with us. We match that on the communities component.

Mr. Kang: Do you think that this is even a reliable source of revenue?

Mr. Ouellette: It's very reliable for the municipalities.

Mr. Kang: If there's a shortfall there, is there any way to cover that for the municipalities? Is the provincial government going to pitch in?

Mr. Ouellette: The federal government signed an agreement to supply the gas tax to 2014 – I think that is the extension – and the federal government will be responsible for that.

Mr. Kang: Thank you.

Okay. Coming to public transit, the municipalities have the bodies. They spend their money on public transit, and the province is the source of the vast majority of the funding to such programs. There was \$2 billion promised for Green TRIP, and it's a good thing for public transit. You know, it makes sense from the environmental perspective. Public transit takes cars off the road; it reduces pollution. There was good reason to spend that money on public transit. Public transit improves and makes cities more sustainable. You know, even the constructed communities around depend on a good public transit system. With the urban sprawl we're experiencing in Calgary and Edmonton, we can take a lot more cars off the roads, and with the green stimulus we can leave a good legacy for the generations to come.

We've been supporting public transit for both the major centres, and this Green TRIP was the major flagship for the provincial government. There's only \$10 million in the budget for Green TRIP. What are you going to use this money for, the \$10 million? You can't really do much with \$10 million.

Mr. Ouellette: We're very committed to Green TRIP, and I think everything you've said about it is right. It's going to be a great program. Yes, there's only \$10 million in '09, but there's \$520 million from '09 to '12. In our three-year business plan right now there's \$520 million. You have to remember that we are on our second round of consultation right now with the municipalities, with all the different stakeholders. We're hoping by fall to actually have a bunch of applications in place. Everything to do with transportation is usually based on paying as the project progresses, so if we approve projects this year, there won't be any that need to be paid out this year because it's a pay-as-you-go process. Even if we approved projects, spent the whole \$2 billion, all of it, in the next two years, it would probably take us seven years to get that paid out.

This year the \$10 million will get us wherever we have to go to get the first round of applications approved, and they're on their way. The next year there's more money in there to pay for those programs, and the year after that, there's more money again. We're still committed to the \$2 billion. It's just that we don't have to have it all sitting in this year's budget because we couldn't spend it if we wanted to.

Mr. Kang: Is there any criteria for those applications?

Mr. Ouellette: That's what I'm saying. They're doing the last

round of the consultation right now, consulting with what they heard from the first go-around of consultation. They changed some of the stuff, so I haven't got that criteria to even accept applications yet.

Mr. Kang: There was a discussion on the Calgary regional transport system. There was an open house there. You were there, too.

Mr. Ouellette: Right. I was there. I spoke at it.

Mr. Kang: Is there any money going towards that? You'd think there would be money going towards that from this Green TRIP.

Mr. Ouellette: I don't know how good their application will be. It'll compete against other applications, but I'm sure that region will get some money, yes.

Mr. Kang: So say there was some big project coming on stream. Will there be any money committed towards a big project? Is \$10 million the only limit?

7:40

Mr. Ouellette: If there was a big project, we could approve that project because probably they wouldn't need all that money this year anyway. We would make the progress payments for them.

Mr. Kang: So if, say, the airport tunnel issue came tomorrow . . .

Mr. Ouellette: That's not Green TRIP.

Mr. Kang: Well, you know, I think that should be part of Green TRIP, too, because it's going to take lots of . . .

Mr. Ouellette: You're talking about a tunnel for cars here, not a tunnel for . . .

Mr. Kang: I'm talking about a tunnel for cars, too. That tunnel, you know, will be for cars. That won't be for planes, sir. Planes will be going overtop; cars will be going through the tunnel.

Is this Green TRIP money going to be allocated on a per capita basis to the cities, or is the government going to pick just specific projects?

Mr. Ouellette: When it was originally announced, we announced this program as the most innovative, not per capita. Whoever comes out with the best projects would get this money. We're hearing back from some of the stakeholders. We're still not talking per capita for sure, but they're talking about maybe some sort of regional set-up. Maybe we should have a pot for the two major centres and another pot for all the rest of Alberta or something along those lines. We haven't decided on that yet. I would have to take that through the process of our whole caucus, our planning, and take it from there on what actually will happen in that.

But the most important part of Green TRIP is reducing greenhouse gas emissions from the tailpipes. That means that if they have a public transit system of some sort, people all have to show how they're going to put the bums in the seats on that and get the cars off the roads. It's fine to go out and have a bunch of public transit there, but you've got to get the bums in the seats to ride that public transit.

I usually haven't gone to any public transit because, really, the government of Alberta isn't in charge of public transit; the municipalities are. But I went to the large conference in San Diego, and they actually there really open your eyes on the work it takes, how to design a system to make people ride it.

The Chair: Thank you. Your time is up.
Mr. Mason, you're up next.

Mr. Mason: Thanks very much. Well, Mr. Minister, I hope you enjoyed that. Now you get 20 minutes of me.

Mr. Ouellette: And I'm worn out.

Mr. Mason: Good. Good.
Just to follow up on Green TRIP, on some of the questions.

The Chair: You agree to keep going back and forth?

Mr. Ouellette: Sure.

Mr. Mason: Yeah. If the minister keeps his responses short and concise, I think just to go back and forth would be great.

In terms of your business plan, your strategic priority 2 – it's page 297 of the business plan – says that it's to implement innovative approaches to reduce the environmental impact of Alberta's transportation system, including the Green Transit Incentives Program to support new public transit, reduce the number of vehicles on the road, and reduce greenhouse gas emissions.

Mr. Minister, are you going to be able to reduce the number of cars on the road with the funding that you've allocated to the Green TRIP program and public transportation?

Mr. Ouellette: Yes, of course. The applications that these people put in will hopefully show what they expect for ridership and all that other stuff. It seems that just straight out-and-out ordinary public transit is what almost everybody is talking about right now on what type of stuff is going to come to us.

Just to add to what I had said about the conference I was at, things that they had to do to get people to ride their systems that they put in down there: they had to make sure they got people there every bit as fast as they could get there using their own vehicle. In other words, they had to make that public transit convenient. The cost didn't seem to matter. They were hoping that the cost would be a little less, but the convenience was a big thing, so that meant the timing. They had to do things like put up little digital readout time things and exactly where that was going. When I talk to people right now from rural Alberta, they say: well, if I go to Edmonton, I have no idea what time that bus is coming or where that bus is going to. You have to let people know where that public transit is going to take you, where they catch it, that sort of thing.

The next step was that in most of those places in the States the guys I talked to said that they had to go to designated bus lanes, not just carpooling lanes and stuff but designated bus only, no taxis, no nothing in that lane but buses, so buses could keep to their timetable, right on time. Some of the places actually did that without having to do a whole bunch of construction. They narrowed the lanes they had and took away the shoulders and made a dedicated bus lane. It actually all of a sudden got high ridership.

Mr. Mason: How many cars are you going to be able to take off the road for \$10 million?

Mr. Ouellette: Remember what I said. We're not just counting \$10 million here. It's \$2 billion; \$10 million is a start for us this year to look at the programs.

Mr. Mason: Yeah, and we're looking at this year's budget.

Mr. Ouellette: At this point we don't even have the criteria set in place on how we're going to go after the applications, let alone figure out how we're going to do a measurement of how many cars we're going to take off the road.

Mr. Mason: In terms of your business plan and the second objective in the business plan, to reduce the number of vehicles on the roads, do you have actual projections for the number of vehicles that you want to take off the road? Do you have a projection on how many vehicles will be on the road one year from now over and above what we now have?

Mr. Ouellette: No, we haven't.

Mr. Mason: How are you going to meet your objective, then?

Mr. Ouellette: Maybe it's a good thing that we only have \$10 million in the budget this year to get all that information in place to be able to answer your question before we spend the \$2 billion.

Mr. Mason: Okay. Then a year from today, when we're back here, is that a commitment that you're going to have that information going forward before we spend any more?

Mr. Ouellette: When we come out with one of these, I always ask the question: how are we going to measure this out later? After the fact, when this is done, is there a way of measuring if we were successful or not?

Mr. Mason: And what is that?

Mr. Ouellette: I don't know the way that we're going to measure this yet to be successful. The municipalities are going to think we're successful if we just hand them a bunch of money to go out and buy buses with or whatever. It might not be quite that simple.

Mr. Mason: Okay. If I can move on a little bit, Mr. Chairman. One of the roads that travels through my constituency is the Yellowhead. It still has a number of at-grade intersections with traffic lights, and it's been an objective of the city for a long time to make that a completely free-flowing road. I'm wondering what is in this budget for the Yellowhead Trail to assist the city of Edmonton with its objective of eliminating the at-grade intersections along the Yellowhead Trail.

Mr. Ouellette: You know, Yellowhead Trail is within the city limits of Edmonton, is under the full jurisdiction of the city of Edmonton. We supply Alberta municipal infrastructure grants. We supply municipal sustainability initiative grants, all of those grants. It's up to the city, of course, not us, to decide what their real priorities are, where they spend that. We're not responsible for any of those overpasses or those intersections on the Yellowhead Trail, but we do want to help them everywhere we can. That's why we have AMIP and MSI and street improvement grants and those other grants.

7:50

Mr. Mason: Okay. So how much money in this budget will be going to the city of Edmonton that they could potentially use?

Mr. Ouellette: In '09-10 Edmonton will receive approximately \$264 million through municipal infrastructure programs to address capital priorities, including \$120 million from the Alberta municipal infrastructure program, \$98 million from the city transportation

grants, \$40 million from the gas tax fund, \$9.1 million from the Canada-Alberta municipal rural infrastructure fund. We also invested \$36.5 million for Edmonton projects under the infrastructure Canada-Alberta program between '01 and '08. That doesn't matter. That's not what you asked.

Mr. Mason: I'd appreciate it if I could, you know, get that in writing after the meeting. That would be very useful, Mr. Minister. Thanks very much.

Mr. Ouellette: Okay. You want the \$264 million and that breakdown.

Mr. Mason: Broken down, please, yes. Thanks. I want to ask . . .

Mr. Ouellette: Hold it. Just to let you know – and I don't know what that number is because that's on the Municipal Affairs side – the municipal sustainability initiative is probably close to another hundred million. I'm guessing that, so don't hold me to any of that because that's not under my department. I'm saying that this \$264 million is just coming out of my department. You may want to ask Minister Danyluk to find out what total Edmonton gets for infrastructure funding from us, but I'll break down the stuff that they get just from Transportation for you.

Mr. Mason: Okay. I would appreciate that.

I want to ask about the negotiations that are going on with the federal government about their infrastructure program. I'm wondering if you're aware yet how much federal infrastructure money would be coming to your department.

Mr. Ouellette: My department, what we handle on the building Canada fund: that total program at this point in time is \$88 million for them. We have to match it dollar for dollar, and then the program that's out there is a one-third, one-third, one-third. When a municipality applies, they have to supply a third, to a cap of each partner putting in \$3 million, so the biggest project would be a \$9 million project. Now, that's just what we'd call the communities portion. That's all that comes through my department. Of the whole building Canada fund, the major infrastructure component is \$753 million, but that's done through the ministry of the President of the Treasury Board.

Mr. Mason: What restrictions are in place on the federal gas tax fund?

Mr. Ouellette: The gas tax fund is \$198 million. That comes through our department.

Mr. Mason: Are there restrictions on what that can be spent on, including any requirements for matching?

Mr. Ouellette: We don't have to match the gas tax fund.

Mr. Mason: Okay. If I can go back to transit . . .

Mr. Ouellette: You know, I might have given you the wrong number there. That must be just for this year, that \$198 million, because it's \$798 million that Alberta gets over four years. That was the total project, the extension of the four years. That goes out till 2014. It's \$199.5 million per year from 2010 to 2014.

Mr. Mason: Okay. I want just ask about the balance between

roadway construction and money for transit. I'm not in any way calling for reduction in expenditures on roads, but it really seems to me that there has been a much greater cut to the public transit side. I'm just wondering: what was the basis of that decision?

Mr. Ouellette: We never did do the public transit side. There just was that one-time \$2 billion fund for Green TRIP. I mean, nobody ever thought at the time – that was last July. We were still estimating an \$8 billion surplus at that time. The reason that this got cut back is because – that \$2 billion for Green TRIP is what you're talking about, right?

Mr. Mason: Yes.

Mr. Ouellette: Basically, what happened there is that revenues really, really, really dropped, but we're still saying that we committed that, and we're going to live up to that. It just had to be spread out a little, and rightfully so, because we couldn't put it together as fast as we would have liked to.

Mr. Mason: Okay. I wanted to ask about the highway maintenance issue. There has been, you know, concern about the performance of some of the companies that have contracts, particularly their response to winter storms. There have been a number of issues and complaints about how promptly the roads, particularly the QE II, have been cleared over the last several years. How do you evaluate the performance of the maintenance contracts, and do you do value-for-money evaluations or audits of these contracts?

Mr. Ouellette: Well, we have inspectors that just go out and look at areas and make sure that our maintenance contractors are doing their jobs. We're regularly monitoring that, and that's just basically to make sure that those guys are living up to our contracts, that our roads are well maintained and kept safe for motorists, especially in the wintertime. Contractors are only paid for work they actually perform, so there is an incentive for them to get their plows and their sanding trucks out there. Now, that makes it sound like they don't get a dime. They do get a base to their salary, and then they get hourly rates for all the hours that they go out there. So they do get a base rate for all their equipment that they have sitting in the yard.

Mr. Mason: How many inspectors do you have? How many full-time equivalents are on staff with the department?

Mr. Ouellette: We have about 30 maintenance inspectors covering the whole province.

Mr. Mason: Okay. About 30. How many contracts for highway maintenance are there?

Mr. Ouellette: Four.

Mr. Mason: Four large contracts, based on the regions that you outlined earlier?

Mr. Ouellette: Yeah. We have four contractors, but each region has – I don't know that exact number, but some regions have more than one contractor. One contractor doesn't cover the whole region.

Mr. Mason: So they divide it up.

Mr. Ouellette: Well, they bid on those contracts. Every five years that contract comes up for renewal. There are only about four

different contractors that are set up doing all this maintenance in Alberta right now, so some of them might have three or four contracts.

Mr. Mason: So there are actually four firms, but each firm may have multiple contracts.

Mr. Ouellette: Right.

Mr. Mason: Okay. Do you know how many contracts there are altogether?

Mr. Ouellette: I don't know right offhand, but we can get you that information.

Mr. Mason: Maybe you could get that. Thanks very much.

Are there performance requirements under the contracts that require them to keep a certain number of plows, sanding vehicles, and so on and to be able to get them out on the road within a fixed period of time in the event of a storm?

8:00

Mr. Ouellette: The number of plows is specified in each contract, how many they have to have operational, and the time requirement is also in the contract. We also now have made most of these contractors outfit their vehicles with GPS so that at any given time – in fact, I've had people this winter call up and say, "You know, I drove highway 63; I didn't see one snowplow," or "I drove up there an hour before the one fatality accident we had, and there were no snowplows on the road." Actually, it was a media person that had called saying that, you know, the person at the accident said that they hadn't seen a snowplow. So we went back to our GPS systems and could show them that, yeah, a half-hour before that accident a snowplow had gone over that area.

Mr. Mason: Okay. Do you ever impose financial penalties?

Mr. Ouellette: Yes.

Mr. Mason: How often does that happen?

Mr. Ouellette: I don't even remember which area it was, but I had gotten quite a few complaints right close to Edmonton here, actually. We had already assessed just about the maximum penalty on this one particular contractor. So I guess there is the odd time before our contract finishes that there can be some bad apples, and we assess a lot of penalties to them. We can't release specific penalties to specific people because of FOIP, I'm being told. Legally we can't. I can't point a finger and tell you about a bad apple.

Mr. Mason: Just to follow that up, do you really think that it shouldn't be a matter of public record that companies performing public business who receive public money may or may not be performing properly in the contract? Shouldn't it be something that the public has a right to know? I mean, if they don't want this information released, they shouldn't get into the business.

Mr. Ouellette: There's another problem with some of that stuff. It kind of – what's the word I'm looking for? – skews, maybe, the bidding process. If somebody has printed a bunch of things they've done wrong, it may make that bidding process not as good or performance based.

Mr. Mason: Maybe you can give that in writing. My time is up, I guess.

Thanks very much, Minister, for your answers.

The Chair: Thank you, Minister. We'll take a five-minute break. Minister, I want you back in your chair in exactly five minutes, though.

Mr. Ouellette: I do have to go downstairs for a minute.

The Chair: I understand that, but you have five minutes.

[The committee adjourned from 8:04 p.m. to 8:11 p.m.]

The Chair: Okay. I'll call the meeting to order. We're into the second half of the program. My first speaker, first question from the government, Richard Marz.

Mr. Marz: Thanks, Mr. Chair. Minister, my questions relate to goal 1 in your business plan, specifically 1.3 and 1.4, on the trade corridors. Highway 63 has been mentioned already. It's a highway that has had a disproportionate number of serious injuries as well as fatal accidents. I understand that we're currently widening that stretch of highway. Could you tell me what else we're doing on that highway to make it safer for all those who travel on it?

Mr. Ouellette: You know, first of all, I've got to tell you – and I'm not trying to make it sound like this highway is not important – the traffic volume on highway 63 that we measured in '08 between highway 55 and the twinned section at highway 881 was only 3,500 to 4,500 vehicles per day. That's well below the volume at which the department usually even considers twinning. However, we have committed that we're going to twin 63 in response to the concerns about safety on the highway.

The highway has already been twinned from Fort McMurray to south of highway 881 and from Fort McMurray to north of Syn-crude. Twinning from highway 881 to highway 55 will continue this year. We were waiting on some permits, and we missed that environmental window. They won't let us go into that whole muskeg area and stuff during any of the bird – not the mating season but migration, the breeding season, I guess you'd call it. Anyway, it's going to be a little later this year before we get started taking down a lot of the bush and stuff, but it is going to continue.

In addition to the twinning, we've paved highway 881 as an alternative route between Fort McMurray and highway 55. Also, we have plans to put in rest areas – safety areas we call them now – for overdimensional vehicles. We're also going to put in staging areas along there. We've already constructed a couple of them.

We're also looking at other initiatives, some different types of signage so that if there's an overwidth, overheight, or overweight load going up there, we could put some signage up, giving people the alternative route of highway 881 if there is some slow-moving stuff going up 63.

Mr. Marz: My next question relates to highway 2, the QE II. You mentioned earlier that the traffic on that exceeds what it was built for, and those of us that travel it all the time see an increasing amount of truck traffic and all sorts of traffic. I commend you and the Solicitor General for the number of sheriffs on there that are trying to control the speed to a degree. Are there any plans in the future to make that road safer by adding a third lane? Bear in mind that the cheapest time to put in a third lane is when you mobilize a contractor to reconstruct a certain section, which we have done. It's

an ongoing thing with that road. If we are looking at doing that, are the interchanges along the road that are scheduled for replacement being planned large enough to accommodate a third lane? And if you're not looking at a third lane, why aren't you?

Mr. Ouellette: On the new stuff that we're doing, yes. Any of the construction that we're doing there now, even the stuff that you've seen get done last year by Carstairs and by Innisfail, that is being graded for that third lane. It's not getting the base gravel and paving done, but the grading is all being put there now in those areas that we are rehabilitating. If you're talking about the overpasses that we're doing, yes, Richard, the Olds overpass is in our three-year plan.

Mr. Marz: I didn't mention it specifically, but now that you've brought it up, is it going to be wide enough to accommodate a third lane?

Mr. Ouellette: Yes.

Mr. Marz: Thank you very much. I'll get my name back on the list again and cede the floor to my colleagues.

The Chair: Thank you.
Mr. Taylor.

Mr. Taylor: Thank you, Mr. Chair. A few questions. I'm just going to pick up briefly on what Mr. Marz was asking about in terms of highway 63 before I get on to other things. I'm trying to get a handle on specifically how many miles or kilometres of highway 63 you are intending to complete twinning this year, how many miles or kilometres you're looking at over the course of the three-year business plan, and an estimate of how long it's going to take to have that road fully twinned from Fort McMurray down to Edmonton.

By the way, if it's okay with the minister, I'd like to combine our 10 and 10 into a 20-minute back and forth. I'll try and make the questions short. I know that's difficult for me, but I'll try and do that if you'll do the same with the answers.

Mr. Ouellette: We probably won't get any completed this year. What we've got in our plan right now, what we hopefully will get cleared and brushed – I don't know how much dirt we'll get moved – is about 60 to 70 kilometres' worth. We thought we would get a lot of the dirt work done. We didn't necessarily think we'd get to the paving this year. Now with this little setback I think we'll probably be just getting all the brushing and the trees and all that stuff out of the way this year. About 63 kilometres, I think, is what we've got marked off.

Mr. Taylor: So we're looking, then, at 63 kilometres or thereabouts as a three-year project to completion?

Mr. Ouellette: Two years probably.

Mr. Taylor: You'll be able to move the dirt and get the paving done next year?

Mr. Ouellette: You might be into that third year – you're right – before you're driving on it. It took us two years to do that 16 kilometres from Fort McMurray to south of 881.

Mr. Taylor: Do you have a next phase in mind already?

Mr. Ouellette: We haven't got the next phase within our three-year plan, but we're hoping to not ever have a break, a stop. We're hoping to add to it every year.

Mr. Taylor: So as we talk next year, there may be a new phase to talk about.

Mr. Ouellette: There may be another phase to talk about.

Mr. Taylor: If we could talk now about the ring road or various sections of the ring road in Calgary. Is the work actually going to start this year or next year on the southeast ring road south of 17th Avenue?

Mr. Ouellette: Next year. We had put out a request for qualifications. We've just got them back. We will go through all of those and narrow it down to three. We will then put out requests for proposal, which we hope to get out by summer or before the end of the summer. We probably won't get them back till fall, or the bids won't close till fall for construction to start in the spring of 2010.

8:20

Mr. Taylor: And that would be a three-year project to completion?

Mr. Ouellette: A two-year project.

Mr. Taylor: I thought you said that it would go till 2013 before it was ready for traffic.

Mr. Ouellette: It could be, yeah.

Mr. Taylor: Okay. I just want to ask a couple of specific questions about the southeast ring road. One, I want to catch up on what you said, that the route of the road would be, I think, 25 kilometres long, from 17th Ave. S.E. up to, I believe you said, the existing Macleod Trail interchange. You know, there's a good chunk of what is now called highway 22X running from a little bit east of the Deerfoot through to that interchange on Macleod Trail that has been twinned already, so it's four lanes. You're talking about expanding that to six lanes, which I think is obviously the right thing to do. But even now with the twinned section, the four lanes, as it suddenly comes up to that interchange at Macleod Trail, it squeezes into what, quite frankly, at 11:30 on Sunday morning was a significant bottleneck. You've got the right lane forced off onto Macleod Trail and anything wanting to go further west on 22X or south on Macleod Trail forced into the one lane going across Macleod on the existing overpass.

The question is: did you mean what you said, that you were going to stop the ring road sort of at the point where the existing interchange begins, or are you going to include I think a very needed upgrade of that interchange or a rebuild of that interchange in the southeast portion of the ring road?

Mr. Ouellette: Actually, with the design and the plans that are out there for the southeast portion, that they will be RFPing, it will stop east of Macleod Trail.

Mr. Taylor: Why would you do that? Now you're going from six lanes down to two lanes and then back into kind of four lanes and then really into four lanes. Highway 22X is legendary through the south side of Calgary for the number of accidents and the number of serious injuries and the number of fatalities that have been along that road over the last few years.

Mr. Ouellette: That interchange is going to be changing when we do the southwest. I don't remember off the top of my head what that total design is there. That interchange is going to become a different spot almost when the southwest is done, and it'll be part of the southwest, which will be our last leg to do.

Mr. Taylor: That leads me into my next question: am I still going to be alive when you start construction on the southwest ring road? I am 55. [interjections] Your colleagues tell me that the answer to that question depends on how much I drive 22X.

Mr. Ouellette: You know what? By the look of things right now, we've got an agreement or a draft agreement, whatever you want to call it, that needs to be ratified, as you know, at a full vote of the whole First Nation reserve. I believe that it will be ratified. If that happens, we believe that we're still on stream to have a hundred per cent of the ring road done by 2015, and that was the commitment that our Premier had made. He wanted to see both ring roads completed by 2015.

Mr. Taylor: Okay. And the northwest ring road? Not fully open yet, I think.

Mr. Ouellette: No.

Mr. Taylor: When?

Mr. Ouellette: This fall.

Mr. Taylor: This fall? Okay.

If I can move on now to public transit and the \$2 billion Green TRIP program, on which you're putting the \$10 million deposit this year. I'd really like to know what I as a taxpayer am going to be getting for that \$10 million. Recognizing that it was very different times and a very different economy when the commitment was made to spend \$2 billion on carbon capture and storage and to invest \$2 billion in the Green TRIP program and recognizing that the minister has said that that \$2 billion is still in there over time, that it's just that all we're going to see spent this year is \$10 million, I find it easier to wrap my head around the concept of what you might get in terms of a significant investment in public transportation infrastructure, a significant green stimulus program for \$2 billion in Green TRIP, than to figure out what you're going to do with \$10 million.

Maybe my colleague from Edmonton-Highlands-Norwood could enlighten me on this since he may know a little bit more about the cost of transit vehicles than I do. How many buses can you get for \$10 million? How many C-train or LRT cars can you get for \$10 million? I think it's about 10. Right?

Mr. Ouellette: Well, I can tell you that when we were in San Diego, we looked at all the new buses they had there. A normal, ordinary, brand spanking new, today's fanciest bus was running between \$400,000 and \$500,000.

Mr. Taylor: Okay. So let's say 20 buses or 10 C-train cars.

Mr. Ouellette: But that's just a normal diesel bus. If you took that bus and turned that bus into a hybrid, the same bus carrying the same number of people, doing everything the same only it has got a hybrid mode of horsepower on it now, it just about doubled in price. It took it up to about \$750,000. If you wanted to go to a full, out-and-out, zero-emissions, fuel-cell bus, that took it to about 2 and a half million dollars for that same bus.

Mr. Taylor: Yeah. See, I'd settle for a few LRT cars given the Calgary experience that every time we add so much as one car to the system, within a matter of a few days it's full to overcapacity with commuters who want to use a public transit system that works. I think that we've had plenty of evidence over the last seven to 10 years in the city of Calgary, using the Calgary C-train system as an example, that when you build public transit that gets people from here to there in a timely and functioning fashion, the people of Alberta will clamour if not to leave their cars at home, then at least to leave them in the park and ride lots and take the C-train, take the LRT to where they want to go. It's no secret that for the past several years every time the city of Calgary has been able to add rolling stock to its LRT inventory, that stuff fills up as soon as they can put the new cars on stream.

So I come back to my original question. I do believe, referring back to some of your earlier comments, that if you build it and you build it properly, they will come in the case of public transit. What am I going to get for \$10 million this year? What are you going to spend that money on?

Mr. Ouellette: Well, I'm hoping that by summer or by the beginning of summer, say July or somewhere in there, the actual details of the program will be done. We can't have the details of the program done until we finish our second round of consultation.

Mr. Taylor: With whom and about what?

Mr. Ouellette: With all of the stakeholders that we're dealing with. Two of the stakeholders, as you know, are the Calgary regional transportation board and the Edmonton regional, also the AUMA, the AAMD and C, and I think there are some consulting engineers on transit, all of the different people that you would say are involved. Also, in our three-year business plan we have 500 and some million dollars. If we got all this put together and we took in those applications, that \$10 million could at least be a down payment on the \$520 million that's in our three-year plan.

Mr. Taylor: Okay. But you're really telling me that as we sit here tonight, you don't know what you're going to spend the \$10 million on. So what's it doing there? Is it just kind of a place holder?

Mr. Ouellette: It's there so that we have money to go ahead with the program when we have all the details in place.

8:30

Mr. Taylor: So it's conceivable that we might be having this same conversation in a year's time if the economy hasn't picked up. You're still going to have a \$10 million placeholder there and a promise to the people of Alberta that someday, when the sun rises again and the economy picks up, we'll actually build some green public transit and get to work on greening our economy a little bit rather than, you know, just frittering away another year or two with a much larger carbon footprint than necessary.

Mr. Ouellette: No, because we've committed in our three-year plan \$520 million. That is committed. Next year, if we for some reason can't get this \$10 million spent, we should have \$160 million or \$180 million to spend because we'll add that \$10 million to more that's coming next year. Actually, then we'll probably be in a position on the fourth year out that we're into, maybe, a billion of those dollars.

Mr. Taylor: With respect – and I'll ask your colleague the Minister

of Finance and Enterprise about this in a couple of nights, I guess, when the finance department estimates are before this committee – it was less than a year ago that your colleague was talking about the likelihood of an 8 and a half billion dollar surplus. We saw that evaporate not exactly overnight but pretty darn quick. I get that your three-year plan is a plan; it's where you would like to go. But based on what we've seen happen in the last 12 months, I don't have a whole lot of confidence that you're going to be able to access that 520 some-odd million dollars that's in the three-year plan for Green TRIP unless there's a heck of a commitment and a lot of political will to do so. At \$10 million to hold the place, I don't see that political will here tonight.

Mr. Ouellette: I think the political will is here. I don't think we could have spent in the position we're in right now. Because we know for sure that this is going to be a progress-pay situation, we couldn't have spent that money this year, regardless.

Mr. Taylor: Oh, I think you could have bought five hybrid buses.

Mr. Ouellette: But we don't know if that's what we're going to do with it. We want to wait and see what applications come in to know what our criteria are going to be. I mean, this to me has been a great initiative by our Premier, to say that we want to help municipalities with their public transit, which has never ever been part of a provincial government responsibility. It's always been a municipal responsibility. In order to do that, we want to see where we're actually going to reduce the greenhouse gases.

Mr. Taylor: Well, surely, you must have some idea about that. You must have had some idea as to what direction you're going to move in when the \$2 billion Green TRIP fund was first proposed, didn't you?

Mr. Ouellette: Yes.

Mr. Taylor: So enlighten us.

Mr. Ouellette: We also believed that everybody would come forward with some sort of innovative idea on what would be different than just building more C-Train or LRT or more bus routes. I was hoping that there would be more innovation than that. If there isn't, there isn't. You've got to remember also that Calgary, no doubt, could come and ask us for the whole \$2 billion just to expand the C-Train they want to do. We can't do that without giving the rest of Alberta some time to get some applications in also.

Mr. Taylor: Understood. I imagine that Edmonton could probably do just as effective a job. Looking at how big a deal it is that the south leg of the LRT here in Edmonton is going to be opening up in the next few days, there's obviously an appetite for rapid transit that moves people effectively, efficiently, and, you know, reasonably painlessly in Edmonton as there is in Calgary.

I'd be very curious as to whether you would share with us some of the innovative ideas that you were hoping would come forward. Is this high-speed rail between Calgary, Edmonton, and Fort McMurray or between Calgary and Edmonton? Is this urban transit unique to the Calgary and Edmonton areas? What are you thinking? What are you hoping? There's \$2 billion on the line here ultimately.

Mr. Ouellette: I can't be thinking of high-speed rail between Edmonton and Calgary because that doesn't even come close to what high-speed rail between Edmonton and Calgary would cost to develop today.

Mr. Taylor: Okay. So that's off the table as far as Green TRIP is concerned.

Mr. Ouellette: Yes. There's a lot more regional aspect to this than just the city of Edmonton itself or the city of Calgary itself. I would at least hope that they all are together on what we are doing for the whole region here, for the suburbia of Calgary.

Mr. Taylor: Do you feel that this has been adequately communicated to not only the big cities but the suburban municipalities in both regions?

Mr. Ouellette: Yes.

Mr. Taylor: Have you had any significant feedback at all?

Mr. Ouellette: I've had feedback from Calgary. In fact, Darshan was at the last transit meeting that I was at with them, and they all seemed onboard to work on a regional system together.

Mr. Taylor: How about Edmonton? How about the capital region?

Mr. Ouellette: The capital region seems onboard. I didn't meet with them myself, but what I've heard is that they're onboard also for a regional plan.

Mr. Taylor: Okay. A few minutes earlier you seemed kind of pessimistic in terms of the possibility that you were going to get some innovative ideas. Now you're telling me different.

Mr. Ouellette: Well, I was hoping that maybe everybody would come to the table as partners and help us build a high-speed rail link all around the province. That was a pipe dream, really. I'm just throwing that in to add some excitement.

Mr. Taylor: I think I've just about used up my time. Thank you, Mr. Minister. I'll cede the floor now to the next speaker.

Mr. Ouellette: Thank you.

The Chair: Mr. Allred.

Mr. Allred: Thank you, Mr. Chair. I've got two sets of questions, and we can go back and forth. Firstly, could you explain Transportation's role with regard to regional water and waste-water treatment projects throughout the province? Perhaps in that explanation you could say why it is in Transportation's budget as opposed to Environment's budget.

Mr. Ouellette: I guess there's no better way to explain it than saying that we have most of the engineers that work for government within our department. We've always had in our department the engineers that have gone out and planned or helped municipalities plan their water treatment plants, their sewer treatment plants, whether it be their lagoons or their reservoirs, all of that sort of stuff. We also have always been the department that handles most of the granting. So we have all that administration in place.

Environment makes the rules, pretty well, on what level of treatment they want and what level of treated water you have to have, whether it's potable water or discharged water. In a lot of places it isn't because their water got any more contaminated or they're running out of water. It's just that our environmental levels kept getting so much higher that all of their old plants couldn't

handle it. Now it's to the point, especially on waste water, where tertiary treatment is required. They don't want any more water basically going through lagoon-type treatment and seeping back into the rivers because we want to protect our groundwater. Therefore, regional systems have come into play to try to keep – can we afford to do this? When you have a system today, you need specialty people operating that system that either have a biology degree or something; therefore, we want to go that regional system.

Mostly, the reason is that we've always had the engineers and the design guys and the building guys within our department.

8:40

Mr. Allred: Thank you for that. I guess that spawns another question. I'm a little bit surprised at your response. Certainly, from my experience most of the engineering for water and waste water has been done by private engineering consultants, and I'd be quite surprised if you had biologists on staff.

Mr. Ouellette: Well, don't get me wrong. It's not that we don't go to private consulting firms, but we have all the administration in place, I'm saying, to handle those grant dollars. Plus we have, as far I know, guys that go out and plan these systems and stuff, whether they use a consulting firm or not. The guys that deal with the municipalities have been in this department a lot longer than I've been in government.

Mr. Allred: Okay. I guess that leads me to my last question on this set. With such a drastic cut to the waste-water treatment program, item 3.0.6 on page 414 in the estimates, is the ministry's strategy sustainable? Are you going to be able to sustain all that administration you have?

Mr. Ouellette: The main reason that we've had a reduction in our budget for the '09-10 fiscal year is that one-time funding of \$116 million was provided to the regional municipality of Wood Buffalo in '08-09. The funding for the Alberta municipal waste-water partnership and water for life remains the same as our '08-09 budget, except for that one-time \$116 million that went to Wood Buffalo.

Mr. Allred: So that was really a blip, then, last year.

Mr. Ouellette: Yes.

Mr. Allred: Okay. That leads me to my other question, probably fairly short. I'm looking at page 298 of your business plan. Strategy 1.4 says: "Implement the Provincial Freeway Corridor Management Plan to address long-term development along the side of freeways." Firstly, I don't see that in the estimates at all. Perhaps you can explain what it is and where it's covered in your estimates.

Mr. Ouellette: What page?

Mr. Allred: Page 298 of the business plan, 1.4, near the bottom, under goal 1.

Mr. Ouellette: Strategy 1.4, did you say?

Mr. Allred: That's correct. "Implement the Provincial Freeway Corridor Management Plan."

Mr. Ouellette: You know what? I'm going to have to get back to you on that.

Mr. Allred: Okay. That would be fine. The question was: what is it, and where is it located in the estimates?

Thank you.

The Chair: Mr. Kang.

Mr. Kang: Thank you, Mr. Chair. I'm coming back to the Green TRIP again here. We're not done with the Green TRIP yet.

Mr. Ouellette: We've beaten it to death, haven't we?

Mr. Kang: We're talking about the environment. We want to have clean air to breathe. We don't want to have people running around with asthma or all kinds of allergies and stuff.

You were talking, Mr. Minister, about that \$2 billion allocated for the Green TRIP. The criteria that you are going to use: is it the projects that reduce the most carbon, or will there be some other criteria set for the funding to be available?

Mr. Ouellette: No. We really want to pick the projects that reduce the most carbon. It was really designed to reduce carbon from the tailpipe and reduce our total carbon footprint in Alberta.

Mr. Kang: Okay. There have been concerns coming from Calgarians about this budget. You know, we have Roy from Calgary. He went on our Budget 2009 website, and he said: "I just want to see more budget [money] for public transportation. Alberta has been such a car-centric society that we're 20 years behind the times." You know, it's not just him; a lot of other people feel the same way in Calgary. Most Calgarians feel the same. I know from every time that I'm in England, people don't take the car. They just hop on the train. It's much faster, and they don't have to worry about parking the car and don't have to worry about getting stuck in traffic jams. You know, here a lot more people want to see more money spent on public transit. That will encourage people to get out and spend more time on cultural events or revive our urban centres. I think, you know, that there hasn't been enough done on public transit in this budget. What are your thoughts on that? Will you be pushing for more money in next year's budget for the Green TRIP, or will the funding stay the same?

Mr. Ouellette: I don't know how to explain this to get through. Public transit has always been the responsibility of municipalities and nothing, really, to do with the provincial government. The provincial government has always had grant programs available.

This is a bit of a guess, but I can find the exact thing for you. I think Calgary gets somewhere between \$500 million and a billion dollars in grants from all of the different ministries in government. They get \$351 million through municipal infrastructure programs to address capital priorities. Now, that's just from our department. There's also MSI, that comes from Municipal Affairs, and other grants. They have to address their priorities. If they want more public transit, then we're telling them: you can spend these grants on that.

I don't know why everybody thinks that it comes back to the provincial government paying for everything all of the time when we try to set up the grants within our budget to be able to handle it and help municipalities as much as we can.

Mr. Kang: We're talking about this \$2 billion which you have committed to the Green TRIP.

Mr. Ouellette: Right.

Mr. Kang: We're not talking about those grants at all.

Mr. Ouellette: But Green TRIP is the largest commitment to public transit in Alberta's history. That kind of commitment has never been done before. Despite the downturn, we're still committed to the \$2 billion. Remember that Green TRIP was there to provide for ways to reduce the carbon footprint, not just to go out and buy a bunch of public transit for people.

Mr. Kang: Will the municipalities have some kind of say in this process?

Mr. Ouellette: Yes. That's what I'm saying. We're on our second round of consultation right now. We believe that by the end of spring we'll be done the second round of consultation, and we'll have the details of the program and everything ready in the summer.

Mr. Kang: Thank you. On page 300 of the business plan there are performance measures on road safety. There's a concern in these measures around plausibility and achievability. For example, in performance measure 2(b), relating to drunk driving, the last actual measure of the percentage of drivers involved in fatality collisions who had consumed alcohol was 22.3 per cent. Here the target is dropping down to 18 and a half per cent in one year. It was almost the same plan for last year.

8:50

Mr. Ouellette: No. That's in three years. For '07-08 it was 22.3. Our target for this year is dropping to 18.5, and over the next three years we're saying that we should never have that percentage any higher than that. It would be nice to be at zero, but we also have to be realistic with our targets. We had 428 fatalities last year. Twenty-two per cent, so about 1 in 5 or 1 in 6 of the people that died was under the influence of alcohol. If you look at our actual collisions, we had 150,000 collisions last year, and alcohol was involved in only 4.9 per cent of them.

Mr. Kang: Okay. The target was 18 and a half per cent.

Mr. Ouellette: That's of the fatalities.

Mr. Kang: Okay. This is involving drinking and driving.

Mr. Ouellette: Well, collisions where somebody had consumed alcohol.

Mr. Kang: The actual was 22.3 per cent. You couldn't achieve the target that was set, 18.9 per cent.

Mr. Ouellette: Where's that? Where do you see that? Our target for '09-10 is 18.5 per cent. The actual in '07-08 was 22.3 per cent. I don't know what our target was in '07-08.

Mr. Kang: It was 18.9 per cent.

Mr. Ouellette: I can't find that. It must be in a different book. Your book must be different from mine.

Mr. Amery: That's a Liberal book.

Mr. Kang: No. That came from a Tory book from somewhere.

Mr. Ouellette: That was the '07-08 stat, that 22.3 per cent. We

haven't got '08-09 compiled yet, and '09-10, which is this coming year that we just started, is a target of 18 and a half per cent.

Mr. Kang: Well, the target was 18.9 per cent, and the actual was 22.3 per cent. You couldn't meet the target, and you're still setting the target lower. What are you doing to meet those targets?

Mr. Ouellette: Oh, okay. Now I see. Let me tell you that we're working on achieving those targets. Have you seen how they dropped, though, from '04-05, '05-06? In '06-07 it was 29.7, and in '07-08, at least, we dropped to 23. Our traffic safety plan that we released on November 2 of '06 is our commitment to reducing fatalities in general, and that's how we believe we're going to hit these targets. There'll be some proposals to legislation. As you can see, we've got a lot more enforcement out there on the roads. We're doing more education. You've seen advertisements on TV about collisions and stuff. We class that as a little bit of public awareness and education. We're working on reaching those targets. I can assure you of that, sir.

Mr. Kang: Okay. How much money are we spending to achieve these targets? On those safety measures have you got any dollar amount there?

Mr. Ouellette: Forty-two million dollars on traffic safety. Now, that's not just the awareness campaign. Our communications budget, on which I think you just tried to give me an amendment to cut in half: a lot of that money in that communications budget is to do our campaign advertising and our TV commercials and an awareness campaign and education. But you want to take half of that away from us now, I see.

Mr. Kang: Well, we're talking about road safety, and I'm not saying that we want to take half the money away from you.

Mr. Ouellette: No. One of your colleagues did that. I know you wouldn't do that.

Mr. Kang: We're not talking about road safety money.

Mr. Ouellette: Well, communications. We use communications money to do those campaigns. We really do.

Mr. Kang: Well, that's hosting.

Mr. Ouellette: No. There were two.

Mr. Kang: We're talking about Gibson's here.

Mr. Ouellette: That comes after the meeting.
Right here is that amendment.

Mr. Kang: Well, that's hosting.

Mr. Ouellette: No. Communications. This one's hosting. He gave you two.

You're talking about "estimates for communications under reference 1.0.3 at page 414 of the 2009-2010 main estimates of the Department of Transportation [to] be reduced by \$337,000," so the amount to be voted would be different by that much. That's strictly for communications.

Let me tell you a little bit about the hosting one while we're on that. When you say hosting, you are right. It is hosting. I can show

you that that much money on hosting was used for two traffic safety conferences, and you want to take that money away.

Mr. Kang: As long as the money is used prudently and frugally, we support that. We are after the waste. You know, there's always 25 per cent.

Mr. Ouellette: No. You didn't ask us what the money was used for. Now I'm just telling you what it was used for to show that it wasn't waste. Therefore, when we hold these conferences – and it was for traffic safety conferences – you can't starve the people, or you don't get good debate from them.

Mr. Kang: Well, you don't have to have caviar.

Mr. Ouellette: Oh, I agree. I agree. Usually it's sandwiches and soup. I always ask for soup.

Mr. Kang: I don't think sandwiches would cost \$21 million.

Mr. Ouellette: It depends on how many people you've got.

Mr. Kang: We're not doing the hosting of conferences in India or China or, you know, those big countries where we've got millions of people coming to those conferences, so I don't think it's going to cost \$42 million. Nothing against China or India, but that's where everything is happening.

Mr. Ouellette: Actually, that one is for \$29,000. The one for the communications was \$37,000.

Mr. Kang: Out of how many millions here?

Mr. Ouellette: Out of \$2 billion.

Mr. Kang: Okay. Coming to commercial vehicle safety, measure 2(c) in the business plan, page 300, the measure is the percentage of inspected vehicles requiring on-site adjustments. The last actual number was 23.2 per cent of vehicles needing on-site adjustments when stopped. This seems to be a very concerning statistic. Almost a quarter of the commercial vehicles needed immediate work when inspected. Does the minister consider this to be a danger to public road safety? If not, why not? If so, what can be done to reduce this?

Mr. Ouellette: It would be great to be able to say that we never have to do any adjustments, but I have to explain to you that our technology today is so much greater than it was years ago. When they did random checks, they pulled over every so many trucks. In those days our out-of-service rate or our adjustment rate would have been a lot lower.

Today we have technology. One of the technologies we use is the Thermal-Eye imaging unit, that actually knows before you stop the truck that there's a problem with it. So we'll have our guys set up with the thermal imaging. They don't even bother stopping the trucks unless something wrong shows up. Therefore, our percentages are going to be way higher because, really, by rights, every truck you stop should have a problem if you already know by your technology that it picked something wrong out before you ever did the inspection just by it driving down the road.

9:00

Mr. Kang: But still your target for 2009-10 is 21.9 per cent.

Mr. Ouellette: Well, because we are still going to do random checks. We have certain areas where we go into a plant site, for example, and then we'll check every truck there. That's a different situation. We don't use the thermal eye. We still want our numbers to be – you always want to try to reach for the stars for that excellence in service, and we have different programs to bring that forward: our partners in compliance program, where we have them doing all their own audits or getting an audit company to come in and audit all of their vehicles on safety rating; therefore, we can have it be easier for them when crossing the scales. We're always in search of making things better and making highways safer and making a better quality of life for you and your family.

Mr. Kang: Well, still, you know, if this target will be set much lower than what it is, 21.9 per cent, I can see that making it much better for the safety of Albertans, but the target is not really much lower than 23.2 per cent. Still there are lots of commercial vehicles that may be in a malfunction situation here.

Mr. Ouellette: I agree with you. You also have to realize that these vehicles we're talking about here are transportation of heavy equipment and heavy goods, huge weights going down the road that can actually rattle something loose. I mean, in this thing could be just a loose wire on a tail light, and they have to make that adjustment. You, I'm sure, have driven down the road before and had a light burn out on your car or something simple. That would make them stats like that.

The Chair: Sorry. That's the end of the time on that section.

Mr. McFarland, you're up next.

Mr. McFarland: Thanks. Mr. Minister, thanks for the opportunity to ask a couple of questions, and maybe after hearing some of the debate here, I'd like to make a couple of observations before I ask you a couple of questions.

Mr. Ouellette: Sure.

Mr. McFarland: One being that on the Green TRIP, what I've heard tonight is primarily one large community asking for all \$10 million as you start the process out. I'd just like to throw something out for you to consider. When it comes time to adjudicate some of these applications, maybe the first thing you should do is turn down any municipality that wants to disincen their ratepayers by charging for parking to take public transit. I can't think of anything that's more counterproductive than to try to, on one hand, encourage people to use an LRT or a public transit and then, on the other hand, charge the same user that you're trying to get on public transit a parking fee.

I'd just throw that out as an observation because I never once heard anything mentioned about any of the 12 other small cities. If we looked at it proportionately, their amount based on going forward with ideas would at best be one-tenth of the amount that one of the largest municipalities was alluding to. I know that Pine Lake and Carmangay could certainly probably use maybe a thousand dollars to get something going.

On the other hand, seriously, would you consider under the Green TRIP something that would encourage public transit for commuter buses between cities or Alberta commuter airlines? You know, everyone is stuck on buses and LRTs, but certainly there are other things happening in Alberta, and I don't know if that's a possibility for you to look at.

The second one that hasn't been brought up and I remembered asking about, and I don't know if it would fall under the safety

portion: would you be able to give us a very clear, concise explanation on the overdimension permits? I know that in question period a couple of weeks ago I asked you about an issue dealing with farm exemptions. I had understood that although they may be exempt, they might still be required just to get a permit: phone in, get a permit, and have it. Would that be so that if anything ever did happen, by having the permit, they are partially covered for any liability? Is that the reason for the permit?

Mr. Ouellette: I'm just going to touch on the Green TRIP one first. On this second round of consultations, because of how some of the first round came back, people were saying exactly what you just said: "You know what? Maybe this isn't fair." This came not from within government. They said that maybe this isn't fair if we let this be totally on whoever has the best project or the innovation or whatever because it could happen that one municipality gets the whole \$2 billion. They said that maybe to be fair, we should look at the capital region, the Calgary region, and another pot for all of the rest of Alberta. Now, remember that when you say capital region and Calgary region, you're taking in the Cochranes and Okotoks and High Rivers in that region, right? So for that other third of the rest of Alberta, yeah, you've got the Red Deers and the Lethbridges and the Grande Prairies, that are further away that would have to fill in.

Anyway, when that comes back, because of the way that we had originally introduced it last July, we would have to take that through the process. If it comes back again after the second round, we do plan on taking it through the process.

Mr. McFarland: Okay.

Mr. Ouellette: Oh. I didn't answer the other question. What was the other question, now?

Mr. McFarland: The other question had to do with the permits.

Mr. Ouellette: Okay. There are kind of two parts to that. You know what raised all of the kerfuffle over that was one commercial operator. We hadn't changed that regulation, and a lot of farm equipment had gotten a lot longer than what we even had on the books that was allowable, which was 75 feet. We've changed that to 100 feet, no permit required. This is just for farm plates, now. When you get over 100 feet, then you have to have a permit, one permit per year, a no-charge permit, basically a permit saying where you farm. You don't have to list everything out there or anything. One permit so at least we know where this great big stuff is going to be. And if somebody phones in and complains, we can say: hey, they got a permit for that.

Mr. McFarland: I'll make this as quick as I can. Back to this Green TRIP just very briefly. I don't need an answer now because I know it's controversial, but when you're looking at Green TRIP proponents, could a case be made for maybe a reduction in the speed limit for big trucks? I've heard the economy of moving and 24-hour travel, but I think that the horsepower that some of the big rigs are moving with now, you can knock back your speed and maybe reduce the carbon emissions. I don't know. I'm just throwing it out.

With respect to the building Canada fund I know that the gas tax portion comes in from the federal government, and you put it out to the municipalities. I'm pretty sure I heard you talk about the portion that Edmonton and Calgary would get. As I look at the numbers on pages 414 and 422, you mentioned \$40 million in gas tax went to Calgary, yet the gas tax money in total is \$190 million.

Mr. Ouellette: Yeah, \$190.8 million.

Mr. McFarland: Right. Is that just for Edmonton and Calgary because of their 5 cents a litre?

Mr. Ouellette: That's their 5 cents a litre.

Mr. McFarland: Right. So those two are getting the \$190.8 million, and all other communities will receive under the building Canada fund \$66 million?

9:10

Mr. Ouellette: No. The five cents a litre is a different thing. That \$190.8 million goes to all the communities in Alberta, and it's done on X amount of dollars per capita, right? It's a per capita funding to every community out of that pot of money, that gas tax.

Mr. McFarland: Okay. So then the real question, now that I understand that: can you explain how the federal government suddenly increased it, almost doubled it, from the previous year under that building Canada gas tax fund?

Mr. Ouellette: For the new four years, you're saying? Because there's just about \$798 million over the next four years.

Mr. McFarland: Well, you've got the building Canada gas tax fund on page 422. The '09-10 estimate is \$190.8 million. The year before was only \$95.4 million. Did they just suddenly feel generous?

Mr. Ouellette: You know what? That's the only way I can explain it because for the first four years of the program it was only \$477 million, and all of a sudden we got \$798 million for this next four.

Mr. McFarland: So from our point of view, from Alberta's point of view, can you explain what projects you might see happening with the building Canada fund?

Mr. Ouellette: The building Canada fund?

Mr. McFarland: Yeah. Sorry. I was off the gas tax fund there just for a moment.

Mr. Ouellette: You realize that on the building Canada fund there was \$88 million. They had come to us and said: we want to get some projects out right now. So we took \$24 million of our \$88 million and \$24 million of theirs. We took the last programs that, when we ran out of money, were rated the highest on the old CAMRIF program, and we approved them. That money is already gone.

Mr. McFarland: Okay.

Mr. Ouellette: So we have about \$127 million now between our and the fed's money, and we've got just right around a billion worth of ask. So how exactly they're really doing the criteria? There's a committee doing that. I never see that until after it's approved. On that committee there are two people from my department, two people from the fed's department, one person from AUMA, and one person from AAMD and C. The programs that have been applied for have to fall under either public transit – there you go, Darshan – drinking water, waste-water infrastructure, green energy, solid waste management, community energy systems, and local roads and

bridges. So it has to fall – no, this isn't the right one. I'm not looking at the right one. Sorry.

Mr. McFarland: Is that the communities component portion that you're going to be quoting from: page 414, \$66 million?

Mr. Ouellette: Yes. Anyway, water and waste water is probably the highest rated on the building Canada stuff. I don't have anything on here that says what you have to fall under. Roads, green infrastructure, rehabilitation . . .

Mr. McFarland: Would that be like parks in larger communities, green areas, that kind of thing?

Mr. Ouellette: No, no. This would be if your municipality wanted to retrofit their town hall or their arena or their whatever into a LEED situation.

Mr. McFarland: Got you. Okay.

Mr. Ouellette: Okay. I found it here. I'll read the nine categories of infrastructure: water, waste water, solid waste management, local roads, connectivity, green energy, sport, culture, and collaborative projects for municipal capacity building.

Mr. McFarland: So solid waste/energy could deal with waste disposal and conversion to other kinds of energy, potentially?

Mr. Ouellette: Potentially, I think. Now, remember that all of these applications have closed already on this.

Mr. McFarland: Then the last question I think I have is on 3.0.11, the old CAMRIF. Is that money that has lapsed? I thought the building Canada fund kind of took over from CAMRIF.

Mr. Ouellette: That's because they had five years to spend the money even though they were approved.

Mr. McFarland: So we're in the last year or the last two years?

Mr. Ouellette: Yes.

Mr. McFarland: Okay. Thanks, Minister. I appreciate it.

The Chair: Anything else, Mr. McFarland?

Mr. McFarland: No. Thank you.

The Chair: Mr. Kang.

Mr. Kang: Thank you, Mr. Chair. I think I'll come back to the Green TRIP in the next round.

Coming back to commercial vehicle safety, how does the high level of required on-site adjustments in Alberta compare with the rest of Canada, with the other provinces?

Mr. Ouellette: We're equal to or better.

Mr. Kang: Thank you. Do you have something in writing comparing those numbers or just that piece of paper saying that we're equal to or better? Can you get that to me in writing?

Mr. Ouellette: Well, it will be in writing because this is all being recorded in *Hansard* just like when we're in the House.

Mr. Kang: I know, but I need the percentages, what they are at and what we are at.

Mr. Ouellette: Yeah, we'll get you that. Anything for you.

Mr. Kang: You're being so kind.

Some of the commercial truck driver groups are concerned about the province not regulating commercial drivers' hours. Will the government be bringing in hours of service regulations? Do you think it will improve safety on the roads?

Mr. Ouellette: Two years ago on January 1 Transport Canada introduced a new commercial vehicles hours of service regulation. Alberta and Saskatchewan – it says here Nova Scotia, too, but I thought it was just Alberta and Saskatchewan – haven't implemented the new regulations, and I'll give you the reasons why. All of our truckers right now that are interprovincial are regulated under the federal hours of service. This whole program was designed for long-haul operators, and trying to get ma-and-pa operations and town route drivers and local guys to fit into that doesn't work very well in Alberta with the type of industries we have.

There's another problem with it. The federal regulation applies to all carriers operating commercial vehicles registered in excess of 4,500 kilograms. You can get a pickup truck today that is registered at 4,500 kilograms, and if it's licensed commercially, all of these little service companies that just run out to well sites and stuff would all fall under the hours of service regulation and stuff. It just isn't working.

We're dealing with the feds to try to get the proper exemptions. In Alberta right now under our regulations the weight threshold is 11,794 kilograms. We're trying to get the feds – and so is Saskatchewan; so is B.C. – to agree that at least western Canada needs this 11,794. Five western ministers signed it and sent off a letter. This was back when Cannon was still the minister. He didn't want anything to do with it. He said: I'm not having two different regulations for different parts of the country.

Since then I've had a meeting with Minister Baird and Minister Merrifield. They seemed a lot more receptive, but I haven't got anything back formally from them yet. Until they look at changing that threshold, until they look at giving us certain exemptions that we need for some of our oil patch guys or our fertilizer haulers, that only have three weeks of the year, or even our asphalt carriers on having some exemptions there in the high season, I'm really having a hard time signing off on the hours of service regulation.

9:20

Mr. Kang: But the concern is safety if one is driving too many hours even though they are doing three weeks a year, two months a year.

Mr. Ouellette: But it depends on what they're doing. I agree if you're just sitting in that truck driving all the time.

I'll tell you what. I've got tow truck operations that come to me and say: "My guys come to work in the morning. They work three or four hours. The roads are good. The snow doesn't come out. It's quiet. I send them home. All of a sudden a storm hits at 5 o'clock in the afternoon. They only worked, really, four hours that day, but they punched the clock." They can't call them back in at 8 o'clock at night to go out and pull somebody out of the ditch, so they've got to have all this extra staff on. Now is not the time for us to be signing that till they can fix some of those things.

I agree with you a hundred per cent. If it's guys that are driving, we know that fatigue management is a problem. We also have just

started a whole new program on fatigue management that's going to be funded by the province of Quebec; FMCSA, which is a U.S. regulatory body; and the province of Alberta. The Alberta Motor Transport Association is very happy that we're bringing all that stuff in.

Mr. Kang: Thank you.

Coming back to Port Alberta, what kind of money, you know, in this budget is committed for Port Alberta?

Mr. Ouellette: None.

Mr. Kang: We were highly promoting that last year. You know, we were all wishing for that.

Mr. Ouellette: We're still wanting to help them out. We have to move with caution there.

Mr. Kang: If there is none now, will there be any money in the future?

Mr. Ouellette: We've given them a little bit of operating money last year I think it was – was it last year we put some operating money in or the year before? – just to help them try to get all of their plans in place and stuff. That was for their feasibility study, and we're still doing that feasibility study.

Mr. Kang: Has the department put any timeline on this project, any timeline that they have to get it done by, or is it just an open-ended process?

Mr. Ouellette: Well, we're not the ones doing the project. They have their own board of directors doing the project. We have a person that's helping them with it that sits on their board, my deputy minister. It's their baby, and it's their money. You know, it's not up to us to put the timeline on it.

We did put some money in – I don't know how much it is, so I'd better not guess – right when it originally started, but we didn't put it all in. Everybody put some money in, I think. The city put some money in and the chamber of commerce. There's a whole group of people there involved in that. This isn't a government initiative. This is an Edmonton Airports Authority initiative.

Mr. Kang: What kind of involvement is the government, you know, your department going to have in this? Is it negligible or next to none?

Mr. Ouellette: Very negligible.

Mr. Kang: Thank you.

Okay. Coming to municipal support on page 414 of the government estimates, section 3, there's a listing of various municipal support programs there.

Mr. Ouellette: Three what? You don't know yet.

Mr. Kang: I'll get to that. It lists various funding to municipalities for transportation projects as well as the water for life program. The total spending is \$1.32 billion. That's down 8.5 per cent from last year's forecast, the subtotal.

Mr. Ouellette: There's a \$123.5 million decrease due to more projects submitted and approved in prior years and the program

being completed. It's going to be completed in '09-10. That's under AMIP, the Alberta municipal infrastructure program.

Mr. Kang: So that's why there's a decrease in funding?

Mr. Ouellette: Of \$123.5 million, yeah.

Mr. Kang: Okay.

Mr. Ouellette: In prior years we had given them that money already.

Mr. Kang: It doesn't look like that to me.

Mr. Ouellette: If you look at '07-08, they got \$652 million. Look on the top line of 3, 3.0.1. They got \$652 million in '07-08. There are years when we gave them more. This is the last year of the project, so there's \$123 million less in it this year than there was in previous years. Only \$485 million is the estimate for '09-10 because that's the final year of that project. In '05 we started the project with \$3 billion. That was going to go out for five years, and then that ends. Now, MSI is going to pick that up, though, so they'll get it under a different program. The Alberta municipal infrastructure program is done after this year. That was set up to be \$600 million a year over five years.

Mr. Kang: You know, they also cut the MSI funding.

Mr. Ouellette: That's not in my department, though. That's under Municipal Affairs.

Mr. Kang: But I think the government is cutting the transportation funding, too, to municipalities, you know, when they're also cutting the MSI funding, according to this.

Mr. Ouellette: Not according to this because MSI wouldn't be in this.

Mr. Kang: Is this going to be a temporary decrease, or is it going to be permanent?

Mr. Ouellette: Well, there is no more AMIP after this year.

Mr. Kang: No more?

Mr. Ouellette: Gone completely.

Mr. Kang: Okay. Coming to driver's licence harmonization: I raised that issue before, too.

Mr. Ouellette: Do you have your driver's licence yet?

Mr. Kang: I've had it for the last 40 years.

With the increasing immigration to Alberta and . . .

Mr. Ouellette: You're going to run out of time, and I betcha I know the question. I can tell you how many reciprocal deals we have.

Mr. Kang: Okay. Go ahead.

Mr. Ouellette: Countries that have entered into a reciprocal licensing agreement with us now: Austria for class 5; Belgium for class 5; France for class 5; Germany for class 5; Japan for classes 5

and 6; Republic of Korea for class 5; Switzerland for classes 5 and 6; U.S.A. for classes 5, 6, and 7; United Kingdom, excluding Northern Ireland, for class 5.

The Chair: Thank you, everyone. I apologize for the interruption, but I must advise the committee that the time allotted for this item of business is concluded. Thank you, everyone.

I'd like to remind the committee members that we are scheduled to meet tomorrow evening to consider the estimates of the Department of Infrastructure.

Pursuant to Standing Order 59.01(2)(a) this meeting is adjourned. Thank you for being here.

[The committee adjourned at 9:30 p.m.]

