

Standing Committee on the Alberta Heritage Savings Trust Fund Act

8:03 a.m.

[Deputy Chairman: Mr. Doerksen]

THE DEPUTY CHAIRMAN: Well, I'll call this meeting to order.

AN HON. MEMBER: Agreed.

THE DEPUTY CHAIRMAN: Thank you.

Mr. Minister, we welcome you here with your staff. I will follow the normal standard procedures in which we will ask you to make a few opening comments as they relate to your responsibilities to do with the Alberta heritage savings trust fund. If you'd introduce your staff to us as well, that would be kind. Then we'll just take turns asking questions over here, and when they're done with you, then we will adjourn. So, Mr. Minister, we'll let you make your opening comments at this time.

MR. MAR: Thank you, Mr. Chairman. Members, this hopefully will be a very short meeting today. I will at the outset introduce Julian Nowicki, my deputy minister, who sits on my right here, and also Margie Facey-Crowther, a recreation development officer from my department.

Today we're here to review phase 2 of the urban park development program for the fiscal year 1994-95. This program was part of the capital projects division of the Alberta heritage savings trust fund. It covers infrastructure development. Capital development grants remain with my ministry until they terminate in 1996-97, and it is those capital grants that we're here to address today.

Now, members may recall from last year that there was a great deal of discussion about what the grants were for and why they were being phased out, and I don't propose to reiterate those comments, as I'm confident members will recall or will refer to *Hansard* for a review of those areas.

Phase 1 of the urban park development program started in 1979 and ended in 1987. It provided \$87 million to develop urban park systems in Lethbridge, Lloydminster, Medicine Hat, Red Deer, and Grande Prairie. Phase 2 of the program was announced in 1989, and originally the grant budget for phase 2 was \$82.2 million over 10 years, excluding administrative costs. In 1993-94 we shortened that amount to \$49 million, so going from \$82.2 million to \$49 million, and we also shortened the program to eight years, so going from 10 years to eight years. We concentrated those funds on completing work or initiatives that were already in progress rather than starting new developments. By ending the urban park development program two years earlier, we're saving more than \$33 million.

The 1994-95 year was the wind-down year for the program. Four million in grants helped nine of the 11 municipalities under the program bring their current projects closer to completion: Airdrie, Camrose, Wetaskiwin, Leduc, the county of Strathcona, Fort Saskatchewan, Spruce Grove, St. Albert, and Fort McMurray. The cities of Edmonton and Calgary did not receive any capital grant money in the year 1994-95. Their grant allotments were completed in 1993-94. The wind down of this program is on track. We came into '94-95 with a budget of \$4 million. We ended the fiscal year on target, and the grants for that year helped to finish the work that was started so that the areas under construction would be usable and safe.

Just in brief conclusion, since the program began in 1979, the Alberta government has invested \$130 million in Alberta's urban parks, and by the end of this program, when it completes, the total will be \$135 million. In my view and my observation and the view

of many who have been to these urban parks, many people will recognize them as being a tremendous investment and a legacy of parkland that will serve many generations of Albertans.

THE DEPUTY CHAIRMAN: Thank you, Mr. Minister. I understand that brings you to the conclusion of your opening remarks.

MR. MAR: It does.

THE DEPUTY CHAIRMAN: We'll then start the questioning with Dr. Percy.

DR. PERCY: Mr. Minister and staff, I'll just start off by saying that I think the phaseout of this program is a model in the sense that it did provide a planning horizon. It didn't leave the municipalities affected holding the bag with projects halfway completed. It's a model of how to, in a reasonable fashion, phase out a program that's come to an end. So I just would want to congratulate the minister and his department on that.

My first question just relates to the actual process by which the funds are transferred. Was it ever a requirement of the department that there would be public tendering processes for the work that was done by the local governments in question? Was there ever a criteria set out, or was it just basically an unconstrained grant earmarked for this specific purpose?

MR. NOWICKI: The local municipalities handled the tendering, and then the grant went to local municipalities. I don't think there ever was a case of where there wasn't any tendering; Margie, was there?

MS FACEY-CROWTHER: A few times.

MR. NOWICKI: A few times but very rarely. It went through the local municipal government tendering process.

DR. PERCY: Okay. Thanks.

THE DEPUTY CHAIRMAN: Mr. Amery.

MR. AMERY: Well, thank you, Mr. Chairman. Good morning, Mr. Minister. I wonder if you could tell us how the budget cutbacks will affect the urban park development programs in the cities and cities' development schedules.

MR. MAR: Well, the program has been ended. The wind down started in 1994-95 and will be completed in 1996-97. Each municipality has been told how much they're going to receive over this period of time. Just to tell you what the dollars are in the wind down, in 1994-95 it was \$4 million, in 1995-96 it's \$3 million, and in 1996-97 it's \$2 million. Those amounts of money, again, will be used to complete projects that have been started so, as Dr. Percy referred to, no municipality is left holding the bag with a half-completed project. The cities themselves were told about this, and I think they've managed to deal with it quite well.

MR. AMERY: Which cities under the program receive funding in 1995-96?

MR. MAR: In 1995-96 there are eight urban park cities that will receive funds from the current budget, and those are Airdrie, Camrose, Fort McMurray, Fort Saskatchewan, St. Albert, Spruce Grove, Wetaskiwin, and Strathcona county.

MR. AMERY: Thank you.

THE DEPUTY CHAIRMAN: Howard, do you have any questions?

MR. SAPERS: Yes.

THE DEPUTY CHAIRMAN: Howard would have some questions.

MR. SAPERS: Good morning.

MR. MAR: Good morning.

MR. SAPERS: Mr. Minister, last year when you appeared in front of the committee there were some questions that had to do with the response from municipalities, those that were in the queue waiting for grants that perhaps didn't have their programs funded, and as I recall part of the discussion, there was going to be an attempt made to survey or audit those municipalities to see what their plans were for completing their projects that weren't funded. Was that survey or audit ever conducted by your department?

MR. NOWICKI: As Dr. Percy said before, we determined the schedule for winding down the program. All the projects that had to be completed in order that they be made safe or usable were put on the list, and then a budget was established, and that was the wind-down budget. So in a sense that was done prior to '94-95 and implemented in '94-95 and then has been carried out over the last two years.

MR. MAR: But there was not a survey done with respect to projects that hadn't yet started, if that's what you're referring to. The cities of Calgary and Edmonton received the least amount of money from this program because they hadn't actually started their projects. So there was no survey done in terms of establishing the amounts of money that they would need in order to start a project. It was just assessed how much would be required to finish projects that were already started in the various urban parks areas.

MR. SAPERS: Has there been any discussion between your department and municipalities throughout the province regarding projects that weren't initiated prior to the phaseout? What I'm trying to get at is: do we have any idea how many dollars municipalities would like to spend in terms of this initiative if the program were to continue?

MR. MAR: If you'll give me a moment, I can tell you how much was budgeted for those areas that didn't receive funding. As an example, for the city of Calgary the original budget allocation was \$15 million of which they received \$2,935,000, or about 20 percent of their total. The majority of that money, I understand, was used by the city for planning and not for the actual capital construction of a new facility. In the city of Edmonton \$15 million was also allocated as the original allocation, and the projected final allocation is \$5,453,750, or about 36 percent of its original allocation. I'm aware that a part of that was used for planning purposes, but a part of that was also used for capital.

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THE DEPUTY CHAIRMAN: Mr. Langevin.

MR. LANGEVIN: Thank you, Mr. Chairman. Mr. Minister, I'm just wondering about the administration of the program. How were the

allocations made to the cities? Was it per capita, was it a negotiated agreement between the department and the city council, or was it another formula you had to allocate the money?

MS FACEY-CROWTHER: With all the cities except Calgary and Edmonton it was a per capita grant. With Calgary and Edmonton they received money prior to the urban parks program, so they were given just a lump sum to do extra work through this phase 2 grant.

MR. LANGEVIN: Thank you.

I'm wondering: when they were using the grant, were they obliged to use some of their dollars for the project, or could they use a hundred percent of the grant to do a certain project? Did they have to share some of the local taxpayers' dollars for a project?

MS FACEY-CROWTHER: It wasn't a matching grant.

MR. LANGEVIN: It wasn't?

MS FACEY-CROWTHER: No. They could use a hundred percent of the funds on the project.

MR. LANGEVIN: My last question is: after they had completed a project, did you have an audit system to evaluate if they used the money as per their application or as intended?

MS FACEY-CROWTHER: Part of my responsibility was to work with each city along the way to make sure that they were using the funds the way they said, and then every year they have to prepare a financial statement to show how they've expended their funds.

MR. LANGEVIN: Thank you.

THE DEPUTY CHAIRMAN: Any further questions?

MR. LANGEVIN: Thank you, Mr. Chairman.

MRS. FORSYTH: Mr. Minister, I'd just like to ask you a couple of questions, please. How will residents of the municipalities under the urban parks development program be made aware of the Alberta heritage savings trust fund's involvement?

MR. MAR: If anybody has ever been to an urban park where the construction is happening, what you'll find is that the heritage savings trust fund logo is prominently placed on the construction signs. It's also used on all the print material relating to the program, and the fund is also mentioned in any of the presentations or the opening events that are related to the urban parks program.

MRS. FORSYTH: My second question is: has an economic benefit analysis been done for the urban parks development program?

MR. MAR: Well, we have done an analysis, I guess a couple of years ago, although I think that it's still instructive today. The preliminary analysis, which uses a model from Economic Development and Tourism, was done in 1994-95. The analysis looked at the impact of \$13.88 million being spent in 1992-93 on urban park development across the province. Some of the key points in that analysis include 237 person-years of annual full-time employment; a sales volume including direct, indirect, and induced expenditures totaling \$25.8 million, which is a multiplier of 1.85 on the heritage savings trust fund budget amount; and a total of \$1.5 million in

provincial taxes and \$600,000 in municipal taxes being generated as a result of sales and income being induced by the program. As I said, the model that was used is perhaps a couple of years out of date, and that demand economic impact model is going through some revisions. I'm advised that those revisions are expected to be completed later this year, in 1996, and once the new model is complete, then we'll do another analysis.

MRS. FORSYTH: Thank you.

THE DEPUTY CHAIRMAN: Mr. Minister, we'd like to thank you . . .

MR. SAPERS: Mr. Chairman.

THE DEPUTY CHAIRMAN: I'm sorry. Mr. Sapers.

MR. SAPERS: Yeah. I just had to refresh my memory, Mr. Chairman. Thank you.

Mr. Minister, just one quick follow-up to my earlier questions. The percentages that you have for the project completion in Calgary and Edmonton are about a fifth in Calgary and about a third in Edmonton. Do you have similar figures for other regions in the province? Do we know rural or north, south, central Alberta? Can you give us an idea of what percentage of projects are completed there?

MR. MAR: I can give it to you as of the 5th of December 1995 for all the urban parks areas: the city of Airdrie, 78 percent of their total; Calgary, 20 percent; Camrose, 86 percent; Edmonton, 36 percent; Fort McMurray, 88 percent; Fort Saskatchewan, 76 percent; Leduc, 90 percent; St. Albert, 65 percent; Spruce Grove, 85 percent; Strathcona county, 68 percent; Wetaskiwin, 88 percent. Now, keep in mind that ultimately some of those, by the windup of the program in '97-98, will actually be a hundred percent, but places like Calgary and Edmonton will not proceed because they're not getting any further funding over the next couple of fiscal years.

MR. SAPERS: Thanks.

THE DEPUTY CHAIRMAN: Paul.

MR. LANGEVIN: Thank you, Mr. Chairman. I have another question, Mr. Minister. This program is for the cities only, and I'm wondering: what was the rationale to have a parks program only for

cities and why not for small rural municipalities, where their need is maybe equally as big?

MR. MAR: The corresponding programs in rural areas were the MRTAs, or the municipal recreational tourism areas, of which there are over 200 throughout the province, which also receive operating grants from the department to continue to operate those MRTAs. There are about 240 MRTA sites throughout the province.

MR. LANGEVIN: Thank you.

Like you say, the MRTA has a yearly operating allowance that continues after their park is made. Do they have the same option for the cities with this park system?

MR. MAR: I'm sorry. Do they have the same what?

MR. LANGEVIN: Do they have the same benefit like a yearly operating grant after they've completed a project?

MR. MAR: That's correct. When the MRTA sites were developed, I believe that the capital cost of each one was \$100,000. They received operating grants initially of \$20,000 per year, which is being reduced, but originally the operating grant was for 20 percent of the original capital cost.

MR. LANGEVIN: When we refer to the urban parks program, do they also have a yearly operating grant following their projects?

MR. MAR: They originally had an operating grant that came out of this department, but now it's been rolled into the unconditional block grants that are dealt with by Municipal Affairs.

MR. LANGEVIN: Thank you.

THE DEPUTY CHAIRMAN: Mr. Minister, it looks like we've come to the end of our questions. We want to thank you for taking the time to appear before our committee.

To the committee, we will reconvene again this afternoon at 1 o'clock to question the Alberta Heritage Foundation for Medical Research.

MR. MAR: Thank you, Mr. Chairman. Thank you, members.

[The committee adjourned at 8:21 a.m.]

