

Title: Wednesday, June 10, 1987 pa

Chairman: Mr. Pashak]

[10:05 a.m.]

MR. CHAIRMAN: I'd like to call the meeting of the Public Accounts to order.

We have with us in attendance Mr. Donald Salmon, the Auditor General, and Mr. Ken Smith, the assistant Auditor General. As well, today our invited guest is the hon. Al "Boomer" Adair, the Minister of Transportation and Utilities, and he has brought with him a member of his department. I'd ask him to introduce his associate and perhaps say a few words.

MR. ADAIR: Thank you very much, Mr. Chairman, members of the Public Accounts. I have with me on my left the deputy minister of the now Department of Transportation and Utilities, Harvey Alton. He's the expert, I might say, on what happens within the general operations of the Department of Transportation and Utilities.

Relating back to the period 1985-86 and the Public Accounts we have before us today, at that time there was a Department of Transportation and a Department of Utilities and Telecommunications, and certainly there were a number of things that occurred at that time. I can go over a few of them. Maybe I should do that. That was probably one of our best years from the standpoint of transportation and road construction. Approximately \$1.5 billion was spent for construction and maintaining and operating the transportation and utility infrastructures in that period. Interestingly enough, that accounted for about 11.7 of the total disbursements made out of the General Revenue Fund for that year. Capital expenditures within the Transportation and Utilities sector accounted for about 42 percent of all capital that was expended in that year. That's also a high. The operating expenses accounted for about 6.4 percent of all operating funds under the account. In that year, 1985-86, Transportation expended 98.8 percent of the total funds allotted to it. So there was a fair balance, I guess, in the general attempt to try and determine exactly how much money we would be required to use for road construction and all the other aspects of transportation. In Utilities 89.7 percent was utilized.

I might just make a comment also about the revolving fund and maybe get the deputy minister at some point or another, if there's a question, to explain how it works to a better degree, so we've got a better understanding of what it's used for in the sense of purchasing gravel and land to be used for road construction and the likes of that, Mr. Chairman. I think probably that would cover most of the activities that occurred in there. Under Utilities, obviously, as I said, we had expended about 89.7 percent of the total dollars allocated in that given year.

The Alberta farm water grant program provided farmers and ranchers with assistance. There were 300 projects approved in that year, with a funding of about \$1.2 million. We also have under our jurisdiction Gas Alberta, which acts as a gas broker. In that particular year the volume of gas sold increased by 6.8 percent; \$42.7 million worth of natural gas was handled by the Gas Alberta people. It was also the year that the first Metis settlement received gas service by way of a line in the '85-86 year. Several presently band-owned distribution systems on Indian reserves were established starting back in that period. We also handled the \$5 million that was distributed through the northern supplementary fund to provide special assistance to 12 northern communities for the construction of water and sewer facilities. It's considered gap funding, that which is over and above what may be in the other departments that is necessary for it.

So having said that, Mr. Chairman, I place it in your hands.

MR. CHAIRMAN: Thank you very much, hon. minister. I've a number of people that want to get into today's questions. The first one is Mr. Ady.

MR. ADY: Are we ready to go, Mr. Chairman?

MR. CHAIRMAN: Yes.

MR. ADY: Thank you, Mr. Chairman. A question to the minister from the Auditor General's report of 1985-86, page 81. In that report the Auditor General noted some deficiencies in the way the Department of Transportation controlled its acquisition of fixed assets. What have you done to rectify that question that the Auditor General put forward in his report?

MR. ADAIR: Mr. Chairman, I may start the answer and ask my deputy minister to expand on it a little bit. I think there's one point that should be made in the sense of the reference to fixed assets. We're not talking about the vehicles and road maintenance equipment in the department, which is the largest portion of that; we're primarily related to the office equipment and furniture side. There is an attempt being made to tie that into our other existing system, and I'll ask Mr. Alton to explain where we're at with that.

MR. ALTON: We are currently developing a computerized system of inventory control to make the existing system on equipment and materials inventory more effective to manage. We propose to include the office equipment, furniture, and smaller items in that inventory. That should meet the concerns raised by the Auditor General. We have not proceeded with that independently, because it would be substantially more costly to do that separately.

MR. ADY: Could you give me some idea as to how long it will take you to put this in place?

MR. ALTON: That would depend somewhat on the upcoming budgets in terms of the funding we would have for development of computer systems. But we would expect to have that within two years.

MR. ADY: Okay. You've partially answered my last supplementary having to do with the types of equipment. It wouldn't appear, inasmuch as it's office equipment and desks and so on that were in question by the Auditor General, that there was much danger of losing this inventory. That was really my question, as to what type of inventory he was relating to. So if that's all it was, that answers my question, but if there were other things, what were they?

MR. ALTON: We have, I think, almost \$100 million worth of fixed assets inventory: equipment, gravel, culverts, and materials. All of the inventory system related to those materials is basically satisfactory. We have good control and a good monitoring of those systems. It's the smaller items such as office equipment and furniture that are not inventoried under that system that has been raised primarily by the Auditor General.

MR. ADY: Thank you.

MR. HERON: Mr. Minister, I would like to turn to page 25.2 and ask a question based on vote 2.2. There is an overexpendi-

ture of just over \$1 million from what was approved by the Legislature. How did this overexpenditure occur?

MR. CHAIRMAN: Mr. Heron, could you repeat which . . .

MR. HERON: I'm on page 25.2, volume II, and it's shown as \$1,074,727.

MR. ADAIR: That's the one relative to the \$1.4 million overexpenditure, I believe, that . . .

MR. HERON: That's the total of the column, Mr. Minister, but I'm looking up at vote 2.2 in particular, the improvement of primary highway systems.

MR. ADAIR: I think the best explanation I can make -- I'll give you a part and let Mr. Alton respond to it too -- is that that overexpenditure is less than half of 1 percent of that total budget. When you're working on a department that is involved with the construction and maintenance and operation of roads within the province and with the large size of a budget that is weather-dependent in many cases on that total load, that's in my mind a very close figure, a close estimate to what actually occurred. The simplest response to it is that the overexpenditure was there. The impact of that followed because we then reduced the following budget by that same amount, so there was no actual increase in the dollars that actually came or were approved for road work. Because of the kind of year we had, there was a slight overexpenditure, and then we compensated in the next year.

MR. HERON: One should be able to come to the same conclusion looking at vote 2.3 then; that is, the rural local highways, an overexpenditure of some \$600,000.

MR. ADAIR: That \$600,000 related to the airport rehabilitation program. Clearly, it was one where we were in the position of doing the rehabilitation work on the paved runway surfaces at several of the airports in the province and ended up having to seek additional funds to allow us to complete that particular program that year. The \$600,000 was by way of a special warrant.

MR. MUSGROVE: Mr. Chairman, my question is on page 87 of the Auditor General's [report] and it has to do with some recommendations made for actual pervading noncompliance. I was wondering what steps have been taken to rectify that part it. It's actually recommendation 49 on page 87 of the Auditor General's report.

MR. ADAIR: I wonder if the hon. member might read that recommendation. I don't have the Auditor General's report with me right now.

MR. MUSGROVE: Recommendation 49:

It is recommended that the Department of Transportation and Utilities:

clarify the applicability of the Utility Companies Income Tax Rebates Regulation relative to the Gas Alberta Operating Fund and the rural gas distributors. If it is determined that the Regulations apply, then periodic billings to distributors should include the amount of Provincial discount which has been passed on, and pay out of the Gas Alberta Operating Fund costs associated with any agreement or arrangement entered into under section 29(1)(d) of the Rural Gas Act, or consider

amending the Act.

MR. ALTON: Well, there's two parts to that. The first part with respect to the income tax rebate regulation: Alberta Treasury confirms that the amendment of the Act, of the utility income tax rebates regulation, will be recommended to allow for a once-a-year notification to rural gas distributors of the amount of the provincial rebate. The second part relates to the revenue from the Gas Alberta Operating Fund's billing services not being charged against the fund. The department will either propose an amendment to the Rural Gas Act that will clarify that charge or, alternately, those charges will be paid out of the fund. That will occur prior to the next fiscal year so that that can be undertaken.

MR. MUSGROVE: Thank you, Mr. Chairman. Will that relevant provincial discount then appear on retail customers' bills?

MR. ALTON: On a once-a-year basis.

MR. MUSGROVE: Okay. I noticed in volume II -- it's on page 27.5; it's in vote 2.3.2, Gas Alberta -- notifications in the first column and no expenditures shown in those. Now, what's the status of that?

MR. ALTON: Well, I believe that relates to the . . . Your question is that the billing service costs are not charged to the Gas Alberta fund?

MR. MUSGROVE: Well, there are two votes, 2.3 and 2.3.1, with nothing expended out of them and nothing estimated for them. Now, does that mean that that account carries its own?

MR. ALTON: Yes.

MR. CHAIRMAN: Mr. Alger.

MR. ALGER: I'm busy.

MR. CHAIRMAN: Do you want me to come back to you?

MR. ALGER: No, Mr. Chairman. Thank you. I'm just trying to find out where I got all my information from. I'm having an awful time finding my page. In the senior citizens' world, Mr. Minister, through the Chair, you expended \$8,753,300 in 1985-86 for the home heating grants in vote 3.0.3. I wonder what was the status of the program for '86-87. Are you keeping that up, or is it higher or lower? Where do we stand there?

MR. ADAIR: It's a little higher in the sense of the numbers -- that's related to the numbers that are eligible for it. So there is a little higher amount this year compared to that particular year, but it carries on.

MR. ALGER: From the look of your hair, are you approaching the level where you are going to apply for the grant yourself?

MR. CHAIRMAN: Those were two supplementals.

MR. ADAIR: I could see that question coming.

MR. ALGER: Mr. Chairman, also under vote 3, the remote heating grants: what is the status of that? I'm not even sure

what a remote heating grant is. I'd like to get more aware of that.

MR. ADAIR: It primarily relates to those customers who may be in an area that is not eligible for service by a co-op, whereby we may be providing a service for the use of propane or oil. It relates to the isolated areas in most cases, or the far extremities of a system.

MR. ALGER: A further supplementary, Mr. Chairman, if I may. The cost of administering the programs seems to be, I'd almost say ridiculously high at almost \$900,000. How the dickens do you spend that much money on administration?

MR. ADAIR: Which one are you looking at on that one now?

MR. ALGER: In 3.0.1 on 27.6: \$879,000 expended for administration costs.

MR. CHAIRMAN: Excuse me for a moment. Does the hon. minister have a copy of the . . .

MR. ADAIR: That's the total administration of that particular section. It doesn't just cover that particular program, if I'm not mistaken, Mr. Alton.

MR. ALTON: Natural gas price protection, administrative support. That's the area where all of the administrative support is provided for carrying out the billing services for all the gas co-ops in the province that the branch does the billing for.

MR. ALGER: And it runs high? No way to cut back in there someplace? The administration, it seems to me, could be more efficient.

MR. ADAIR: I can't respond in the sense as to the opinion you have on that one, but when it covers a number of them independently and is a service offered by the department to them, that basically is covered in that as well as the other ones.

MR. CHAIRMAN: Mr. Downey.

MR. DOWNEY: Thank you, Mr. Chairman. My question relates to vote 2.4, page 25.2. I'm looking at financial assistance for rural-local highways, and I commend the minister and his department for the work he's done on rural roads. I'm looking at a special warrant for almost \$1.8 million. I'm just wondering how that was expended.

MR. ALTON: The special warrant for \$1.793 million is under the streets assistance program for towns and villages. The streets assistance program for towns and villages is a per capita allotment, and towns and villages apply for these grants. It's a five-year program with a total of \$50 million, and the amount of funding that is required in each year varies. In that particular year of '85-86 the requests and demands from the towns and villages for assistance under the program were very great, and the decision was made to increase the amount by \$1.7 million to enable some of those high-priority street projects to proceed. This will not result in any additional expenditure. That amount of money will be reduced in the final year of the program, which will be the 1988-89 fiscal year. So the total amount of funding remains the same. It's just that a larger amount was spent in

'85-86, and there will be a corresponding reduction in '88-89.

MR. ADAIR: That was the second year of the program, and there was an extremely high demand for services. So what we did was provide some in year two and slate to take it off in year five, which is next year.

MR. DOWNEY: A supplementary. I wonder if the minister could describe how the program is handled. If it's a per capita grant, is it once in five years, is it each year for five years? If so, are the towns and villages, the small rural/urban municipalities, allowed to bank their program until they accumulate enough funds to do significant upgrading?

MR. ADAIR: Maybe I can get Mr. Alton to explain that. Basically it is once in five years, and I believe they can set their priorities on when they want to do it. Of course, we had a fairly large demand in the early part of the program, and it became almost on a first come, first served basis until we had met that allocation for that given year. Then in some cases where we had approved the projects in discussions with the communities, we indicated to them later in the year that they would be approved for the next year, and they could do their planning. You may want to add to that.

MR. ALTON: Every town and village in the province is eligible to apply once during the five-year period for their allocation, and the allocations are based on a basic grant of \$45,000 plus \$80 per capita. So the individual towns and villages decide when they wish to apply, and normally they try to combine it with some of their other street work so they can get a good-sized project. On that basis, then, they have different time frames when they wish to apply. In 1985-86 there were a large number of towns and villages that had other street work planned, and it was advantageous for them to be able to proceed with additional work. So that's why the special warrant was raised in that year: to allow some of them to combine it with their other work and get much better economy. But they only are eligible once during the five years for the grant.

MR. CHAIRMAN: Further supplementals, Mr. Downey?

MR. DOWNEY: A final supplementary, Mr. Chairman, if I may. I wonder if the minister could comment on the impact of this program on employment.

MR. ADAIR: I guess my response to that would be that from the standpoint of summer work, it has had quite a significant impact for the various communities in their projects and the combination of working with them. As Mr. Alton stated, we worked very successfully with a good number of the communities to ensure that they tied it in to some other projects they had to get what you might call value of volume, the larger projects. So there was a fair amount of local labour that was used by the communities in putting the projects together. It's been a very, very well accepted program.

MR. DOWNEY: Mr. Chairman, just for further clarification, I'm wondering if the minister has made any assessments in his department as to how much employment was provided.

MR. ALTON: The assessment in terms of that type of construction is that basically for every million dollars of expenditures

there are estimated to be 17 direct man-years of employment created and an additional 17 man-years of indirect employment created. Those are the employment creations per million dollars of expansion, but the key point with respect to this program is that it tends to be seed money. The towns and villages normally undertake substantially additional work in conjunction with this, so in many cases there's two or three times as much work created as a result of these grants being provided than what is actually funded by the direct grant.

MR. CHAIRMAN: Mr. Moore.

MR. R. MOORE: Thank you, Mr. Chairman. I'm looking at page 25.2 under vote 2, construction and maintenance of highways. We have two major highway links in Alberta that are of tremendous importance to our tourist industry: the Trans-Canada and the Yellowhead highways. I think every Albertan is very much interested in those highways: how they're coming, where they're going, and so on. Now, in 1985-86 how much of the funding under vote 2 went to the twinning of these projects? [Inaudible] comment on that area?

MR. ADAIR: The question was how many dollars were allocated to Highway 16 and Trans-Canada 1 at the year 1985-86? I'll just see if I can provide that to you. I don't know if we have the dollar amounts. I'll let Mr. Alton look that up. One of the things I can say is that the construction on Highway 16 and Trans-Canada 1 is still on schedule even from the year 1985-86, including '86-87 and '87-88. It's still our goal and no change has occurred on the priority list we have for either one of those, the idea being that the Trans-Canada is slated for completion somewhere around 1991-92 -- in that end they'll have that totally completed -- on Highway 16 west, 1990, and Highway 16 east, 1991. Those are still the goals we're aiming at relative to the construction schedule for that particular piece of road. I don't have the exact sums of money that were expended out of that, but I can get them for you.

MR. R. MOORE: A supplementary. On those highways now, some of them go through federal parks. Where is the situation on that? What are we doing with their twinning of that in conjunction with our program?

MR. ADAIR: They, being the federal government and the national parks people, are working on that particular section. We have no dollars involved in their section of road, particularly the one from the Banff gates into the junction that they're presently working on. Those are their dollars expended on that road. Of course, we have put some pressure on. I guess that's the best word for me to suggest to the federal government relative to what may occur from the Jasper gates on through Jasper National Park, in the sense of our completing from the Saskatchewan border through to the junction of Highway 40. That's where we will basically be stopping our twinning at this point in time until something occurs at the federal government level relative to Jasper National Park.

MR. R. MOORE: Another supplementary. Well, a major concern of Albertans is the co-ordination between our efforts and their efforts. Is their target date the same as ours for completion, so the program goes through? Have they got a target date, or are they just giving out whatever they have to whenever the pressure is high enough?

MR. ADAIR: As far as Highway 16 is concerned, I'm not aware of any start of construction dates that are set relative to the Jasper National Park and the road within the park boundary. And that's a concern to us as well, although I think from the standpoint of where we are with Highway 16 and with that section that is widened from Highway 40 to the park boundary, Alberta is in good shape, although we would like to see them working on it. Now, I think it's only fair that I state we also are aware that the traffic volumes are probably not necessarily that high that they may be putting that on a priority list for twinning. That's Highway 16 through Jasper National Park. There are much different traffic volumes on the Trans-Canada through Banff National Park.

MR. CHAIRMAN: Mr. Mitchell.

MR. MITCHELL: Thank you, Mr. Chairman. To the minister. Mr. Getty was very positive late last fiscal year 1985-86 about the Southview independent power project in Athabasca. Could the minister confirm whether at that time the government had made any budgetary commitment in any of the allocations to that project? For example, had they been researching that kind of power development under vote 2.1 or 4.2 on 25.2?

MR. ADAIR: In the 1985-86 season, I'm not aware of anything that occurred with the Southview project. I believe that first came to light, from our standpoint, in May 1986, when a presentation was made to government for assistance to have a project for small power producers go ahead. Prior to that there had been a support mechanism put in place by government relative to small power producers and the association, not specifically the project, that involved the assignment of ten megawatts for wind power generation. That was on a trial basis -- a five year trial basis, I believe it was, was it not? -- and that certainly is still in place. Now, from the Southview point of view, that project still awaits a formal application by the proponent to the ERCB. And we've had a number of discussions in recent weeks and months with the proponent relative to what he and his partners may be interested in doing.

MR. MITCHELL: The proponent is arguing that the application process is extremely expensive. I think they've invested over a million dollars; the application would be \$300,000 to \$400,000. Had the department been giving any consideration, prior to the time of the Premier's really positive response to that presentation in May, to the possibility of subsidizing application processes for a company like that?

MR. ADAIR: No, we hadn't, from the standpoint of utilities, although we had pointed out to the proponents that we had contacted both the ERCB and the PUB suggesting to them that we would like to have them hear it jointly, in the interests of both expediting it as quickly as possible and a cost saving. I might add that it's our understanding that the ERCB have what I'll call a quick process, a quick application process, or a five-page process -- that's probably a simpler one -- that appears to be a much simpler project that would give some of the major answers that they would be looking forward to for that.

The only other thing that I might say is that we're very strongly supportive as a government of a move in the small power producers area to in fact be able to use some facts that could be generated from an actual project that would be under way. And having said that, if it is a \$90 million project, which

is a sum that has been suggested, \$300,000 or \$400,000 doesn't appear to me to be a very significant sum of money relative to all the information that would have to be provided, because you've got to take into consideration not just the application, but the fact that there would be some of that money used to provide answers to the Department of the Environment relative to the environmental impact, and things like that that would be tied into it. So the total sum of money may well be over the million dollars to get all of those answers, but from the ERCB's application point of view, my understanding is that they could sit down with them. We've actually had the ERCB with us sitting with them, and my understanding today is that their lawyer is sitting down with them and working on an application right now.

MR. CHAIRMAN: We've allowed both Mr. Moore and Mr. Mitchell to wander outside of the '85-86 financial year, and I'd appreciate if we could get back to the Auditor General's report of the '85-86 financial year.

MR. MITCHELL: I say I'd like some recognition on the lengths I went to to get it into the '85-86 financial year.

Back to the '85-86 financial year. Could you indicate at what -- I'm really interested in the west end ring route, and in fact I've written to the minister to find out what the scheduling is. I'm certain that the schedule must have been established in the '85-86 financial year. Could you give us an indication of the status of it?

MR. ADAIR: Having not been there in '85-86, I'll ask the deputy minister what may have occurred at that point in time.

MR. ALTON: Well, there never has been a schedule established for funding or constructing the ring roads in Edmonton and Calgary. The restricted development areas were established, the transportation and utility corridor requirements were established, and funding was provided to the city of Edmonton to do detailed engineering to tie down the boundaries of that, but there never was any schedule established, nor was it intended to establish one. In both cities those have not been a priority in the cities. In the city of Edmonton, of course, the major priority for funding has been the Yellowhead corridor and funding for that. The city of Edmonton still has funding available to complete the Yellowhead corridor. In the city of Calgary the Deerfoot has been their priority. So neither city has established these as priorities under their overall transportation priorities.

MRS. MIROSH: Mr. Minister, I want to congratulate you for all the lovely roads throughout Alberta. I've been on just about all of them, and there are lots of paved roads.

Regarding vote 2 as well on page 25, just a general question. What is the process used to establish priorities for construction projects in the province?

MR. ADAIR: If I might start the answer, I think primarily what we do is look at the roads themselves and the conditions of the roads, the traffic volumes and the other aspects that may fit, in particular, with that -- we'll use a specific road -- and the engineering conditions that are there. From that point on, then we look at safety conditions, maintenance requirements, the I guess you could say priorities of the local government officials if it's a county or an MD in that particular area, as well as the determination also by the MLAs, whoever they may be, and try and put all of that into a package and determine what the priorities

would be then for a particular road.

You don't always end up -- you may end up with three number one priorities with a road that may be in two counties in one constituency, and it may be prioritized as one, two, three on the three lists that may come in. The other factors then kick in, where we would look at the road volumes, the number of vehicles travelling on the roads, the condition of the road itself from an engineering standpoint, and whether we are able to leave it for a while in the sense of getting the maximum use out of it before we do some upgrading or final lift on that particular section of road, or whether we have to go as quickly as possible because of conditions that may have been identified by our engineers.

MRS. MIROSH: I'm thinking specifically -- I don't know, Mr. Chairman, if I can get into specifics -- of the Trans-Canada Highway, where you have a major highway and then adjacent to it in Cochrane, just outside of Cochrane going west again to Banff-Cannmore, is upgrading. I'm sure it was approved in this budget prior to the construction. Why would you bring that road up to a Trans-Canada type highway when you've already got a major highway there?

MR. ADAIR: Are you speaking of the road that joins with the Trans-Canada at the Cochrane corner?

MRS. MIROSH: Yeah, Highway 1A.

MR. ALTON: Would you like me to make a comment?

MR. ADAIR: Yeah, if you will. I'm not sure if I got the gist of the question.

MR. ALTON: The priorities with respect to the work on the Trans-Canada Highway and the Yellowhead Highway were established as a government policy. The government of Alberta established a time frame and construction schedule and funding commitment on the Trans-Canada and Yellowhead highways over a 10-year time frame, and that priority and that commitment then is being proceeded with.

Now, Highway 1A from Calgary to Cochrane. The priority for work on that is largely based on the traffic volumes that exist, the accident statistics, and the safety considerations. There are very high volumes of traffic on that section of highway, and in order to accommodate those high volumes, improvements to that highway have a high priority.

MR. ADAIR: If I can just add to that, one of the other aspects that has come to light probably, I would suggest, within the last year, but it was certainly evident at that time as well, is the amount of cyclists' use of that particular road. I might add that many of the roads in the Calgary region are used to a fairly significant extent by bicyclists, so that has to be taken into consideration. I maybe should say it this way: we are taking that into consideration in some of the road work planning that we're doing relative to 1A, 1X, and for that matter, Highway 40 south as well.

MRS. MIROSH: I think it's an important consideration in light of the accidents that have been happening with cyclists, but the area I was more concerned about was past Cochrane to Banff. Is that quite a well-used road?

MR. ALTON: The volumes are certainly less west of Cochrane than they are east and southeast of Cochrane. However, that is a priority as well, and there is a major project under way this year for upgrading and resurfacing of the highway west of Cochrane.

MRS. MIROSH: Could I have one more . . .

MR. CHAIRMAN: You had one question and two supps. [interjection] Sometimes, with the indulgence of the committee, we permit it if everybody is agreed. Are you agreed that we . . .

SOME HON. MEMBERS: Give her a break.

MRS. MIROSH: Give me a break.

MR. CHAIRMAN: All right.

MRS. MIROSH: Thank you, Mr. Chairman and colleagues. I just wanted to know what influence private citizens have in helping set these priorities. That's a very general question.

MR. ADAIR: That's an interesting question. I would say they probably have quite a high degree of influence because there's a number of avenues open to them. Obviously, from the standpoint of the system that I mentioned a moment ago, where you may be working with a county or the improvement district or the municipal district or the special area, whatever the case may be, they can actually make their points to those particular officials. They have access to you and me as MLAs; they have access to me as minister. There are quite a number of avenues open to individual citizens to make a case for some work to be done in the general interests of all Albertans.

MR. CHAIRMAN: Mr. Shrake.

MR. SHRAKE: Thank you, Mr. Chairman. First off, I'd like to pass a little compliment along to the transportation department on getting the funding and the money finally up to Calgary over last year and the year before for getting their LRT built. The northwest leg, I guess, opens very soon, and I'm sure the chairman and I and a few of us others are going to be down there when that opens and take that first ride.

I noticed here on page 25.2, vote 6 -- actually the number is 6.2 -- the cities of Calgary and Edmonton, and I think more Edmonton than anybody, are always crying that they don't have enough money to build the overpasses and road programs and bypasses and so on, and here we've got a huge surplus. It's almost \$10 million. How did we end up with this large a surplus in the urban transportation funding?

MR. ADAIR: That's an interesting one. I guess, first of all, what I need to do is indicate to you that under the urban transportation grant program there is a per capita allotment, in essence. It was \$70 per capita; it's now been reduced by 3 percent. At that particular time it was \$70 per capita and primarily distributed on a 75/25 basis: 75 percent by the province of Alberta, 25 percent by the city that was involved. What occurred, and what probably occurred back in '85-86, was the fact that there were a number of the cities that weren't able to generate in that given year their 25 percent share. So there was some money left on the table, if I can use that term, relative to the road work or the public transit components of the urban transportation grant and the decisions that would be made at the

community level, at the city level.

MR. SHRAKE: I'm sorry. If I understand this correctly, the cities weren't able to utilize this money. Was this because they just didn't have their programs ready, or they didn't have the population to qualify for the grant?

MR. ADAIR: I would suggest that they weren't ready to apply to utilize the funds in that given year because of circumstances that related to their decisions. The moneys were available within the department, and . . . If you have anything to add to that, Harvey . . .

MR. ALTON: Well, the program sets out a maximum amount that each city is eligible to receive, which basically in 1985-86 was \$70 per capita. The cities of Edmonton and Calgary both applied for their full eligibility and received their full amounts. None of this surplus relates to the cities of Edmonton and Calgary. The other cities in the province, a number of them chose not to apply for the full amount that they were eligible for, and that resulted in some of these funds being surplus in that fiscal year.

MR. SHRAKE: Oh, I see. I understand a little better now. I couldn't see Edmonton and Calgary not using every dollar they had. Edmonton usually lies about their population a little bit anyway to get extra dollars so . . .

MR. ALTON: No, Edmonton and Calgary both have utilized their full eligibility in each year of the program since it commenced.

MR. CHAIRMAN: Do you have a final supplementary, Mr. Shrake?

MR. SHRAKE: No, I think he answered my questions, Mr. Chairman.

MR. CHAIRMAN: Mr. Ewasiuk.

MR. EWASIUK: Thank you, Mr. Chairman. My questions are also relative to vote 6, and I may have some difficulty, Mr. Chairman, in staying within the framework of the '85-86 estimates. However, I do also want to talk about the ring road in Edmonton and the lands associated with it, being the RDA. Now, I think you responded to Mr. Mitchell when you said that the cities, that the city of Edmonton, particularly, hasn't advanced its planning to the stage where it needs financing for the ring road. However, the RDA, and I believe that's where the ring roads will be established -- what initiative is the government taking to acquire the RDA properties for the development of roadways or utility corridors?

MR. ALTON: The acquisition of lands within the transportation and utility corridors rests with the department of public works, and there have been over the years a number of properties acquired. I can't comment on whether they are actively purchasing additional properties at this time or not.

MR. EWASIUK: I misunderstood then. I thought the public works people purchased on behalf of a department. I mean, you would tell them to purchase the property, would you not?

MR. ALTON: No. In fact, the property, once purchased -- of course, the construction is under the jurisdiction of the city. So the acquisition of the property actually is on behalf of the city rather than on behalf of the Department of Transportation and Utilities.

MR. CHAIRMAN: Final supplementary.

MR. EWASIUK: Okay. Again under vote 6, again relative to the city of Edmonton specifically, I suppose, is the LRT construction. I suspect it's probably 6.2.1. The \$111 million: is that part of transit transportation within the major cities? What is the \$111 million for?

MR. ALTON: Yes. The basic capital assistance is the \$70 per capita that each city is eligible for. The city has the prerogative of using that money for transit or roadways, at their choice. They can construct or build LRT systems, they can buy buses, or they can build arterial roadways with that funding. The cities of Edmonton and Calgary have chosen to initiate construction of LRT systems, and both utilize a major part of that funding for the construction of LRTs. But additionally, they do build their arterial roadways, such as the Whitemud Freeway in Edmonton, out of that program.

MR. CHAIRMAN: Mr. Ady. [interjection] Well, did you have a quick follow-up?

MR. EWASIUK: Just one more, Mr. Chairman, again dealing with financial assistance to urban centres regarding the transportation systems. It's the conditional kind of grants, that they are for specific roadway systems. I was under the impression that sometimes an urban centre would prefer to do something other than what is being suggested by the province. But they can't do it, so they have to continue, they have to match. They take all your money because they want to take it and do work that they may prefer not to do immediately but some other time or do something else instead. But because this money is available, they take it and they do this work.

MR. ADAIR: Well, I think if I follow the gist of your question, the basic capital grant can be used -- the decision rests with the city as to how they want to use it, whether they want to use it for LRT or whether they want to use it for internal road upgrading or the likes of that. There are special programs that relate to the corridor, where some were assigned specifically for the corridor, around, for example, where they're not . . .

MR. ALTON: The major continuous corridor and highway connector program, which in the 1985-86 year was \$26 million. That funding is available on application by the cities for approval under a major continuous corridor project. Now, in the city of Edmonton they applied for moneys under that program for the Yellowhead corridor. Calgary applied for it on the Deerfoot Trail, and other cities, such as Lethbridge, the Crownsnest Trail. So those moneys are on an application basis. In fact, those are the moneys that would be used ultimately for construction of ring roads upon application by the cities.

The other funding, the basic capital funding, the \$111 million, is again allocated on a per capita basis, and they apply for projects, but the city council determines which of those projects are applied for. Now, the city of Edmonton, for example, has chosen to use that for a very large number of projects through-

out the city. In many cases, it's intersectional improvements, increased turning lanes, things to assist them in moving traffic more effectively. In other cases, the cities have chosen -- Calgary has spent considerably more of their money on their LRT development.

MR. CHAIRMAN: Mr. Ady.

MR. ADY: Yes. A question through to the minister. Privatization became a priority of your department and in fact the government in 1985-86. It was of course brought in in an effort to save money and be more efficient. How successful were you with it?

MR. ADAIR: I guess the short answer is: very successful. The longer part of that is that all of the construction work that occurs within the department is private-sector oriented. Of course, we did make a move toward privatizing the operations and maintenance of campgrounds, the snowplowing, the sign and guardrail installation, seeding and mowing, and certainly engineer design work as well. I've got to ask Mr. Alton, but I believe we're in almost the 90 percent range of private-sector work in the department. I don't recall what the exact figure is. Do you have it?

MR. ALTON: Well, virtually all of the construction work carried out by the department is done with private-sector equipment and contractors. The department does not own a single dozer or a crawler tractor, and we don't undertake any construction. Where the department has undertaken work in the past with its own forces is, of course, sanding, snowplowing, maintenance, mowing, and those kinds of things, and we've had a substantial effort to contract out many of those in the last few years as well.

MR. ADAIR: I might just use an example. We were even going to consolidate, if that's the word, the fact that we had three old drills. So we put a tender out for one drill, and the private sector suggested to us that they could probably do the work. We had quite a number of discussions with them, because the history up until then was that those drills were used in areas that were mainly isolated; in other words, in places where you couldn't get anybody in the private sector to really bid on or go to those sites. However, things have occurred in the province that have changed that, and they're now more than willing to do that. So we withdrew the tender for that and have actually sold them. We do not even have a drill now.

MR. ADY: So I guess we can conclude that you plan to continue these privatization efforts and pursue that route.

MR. ADAIR: Yes, that's right. I think the other area that could be added to that as well is the fact that where we provide funds to a lot of the municipalities, we have a requirement within that that 50 percent of the equipment be private sector. So that is another avenue where we have assisted the private sector in the use of their equipment for road work and road construction and maintenance.

MR. ADY: Well, that was to be my final supplementary. I know that you impose some restrictions on private involvement at the municipal and county level. What kind of acceptance have you received by the county councillors and municipal councillors with that?

MR. CHAIRMAN: Just to interrupt a minute. I'm feeling a little uneasy about that question, because again you're asking the minister about policy rather than about expenditures during the '85-86 year. But if he wishes to deal with it, that's fine.

MR. ADAIR: I believe that started in the '85-86 year, where that directive went out, and it's been generally well accepted. We have an avenue, if I can use that, where if a county or a municipal district for some reason or other requests of us the use of their equipment beyond the 50 percent level, if a case can be made, we look at it and allow that to occur. But generally, what we've asked them to do is use the private sector, who in essence are paying taxes in their community, and if they're not used and they shut down or they leave, they lose a number of other avenues of taxation as well. So it's to their advantage.

MR. CHAIRMAN: Mr. Heron.

MR. HERON: Thank you very much, Mr. Chairman. Sort of a general question. It's applicable across all of the votes, and it deals with manpower. Did the department meet its requirements under the government permanent position deletion program in 1985-86?

MR. ADAIR: The short answer to that question is yes. We were requested to reduce by 2 percent, the downsizing at that time, and we met that.

MR. CHAIRMAN: Maybe I could just interrupt again, Mr. Heron -- sorry -- just to explain to the rather large number of people in the gallery just exactly what it is we're doing here. This is a meeting of the Public Accounts Committee of the province of Alberta, and we're looking at expenditures that took place during the fiscal year 1985-86. We have with us the Minister of Transportation and Utilities today, and members of the committee are asking the minister if funds that were spent during that year were in accordance with policy that was established at that time.

So back to Mr. Heron, who's presently asking the minister questions.

MR. HERON: Thank you. Mr. Minister, when you speak of 2 percent, what are we talking about in terms of total numbers or man-years of employment?

MR. ADAIR: At that particular time we were talking about 60 positions, I believe.

MR. HERON: I guess when you look at 60 positions as it related to the employment -- or some might say unemployment -- question, what was the impact of Transportation expenditure on the Alberta employment market in 1985-86? And I know just previous you gave us every million dollar amounts to 17 man-years of employment or something like that, direct jobs, but what was the total, if we could have that?

MR. ALTON: Well, just a comment on firstly the department's staff reductions that occurred. We reduced by approximately 60 permanent positions. All of those were by attrition; we did not lay off any existing employees. They were accomplished through utilization of vacancies. The total Department of Transportation and Utilities budget in that fiscal year was about \$1.5 billion, and the employment generation from that, using

Statistics Canada as a measure for highway construction activities, is about 34 man-years of employment per million dollars. So my mathematics isn't good enough to give you a total.

MR. CHAIRMAN: Mr. Alger.

MR. ALGER: Thank you, Mr. Chairman. Mr. Minister, the grant system that you have for all rural districts seems to be more than adequate, yet I have a little trouble figuring out how you come up with some of the figures. For instance, in the municipal district of Foothills in the constituency of Highwood your transportation grant is half a million dollars; as well, under supplies and services, you supply another half a million dollars. It's the supplies and services that fool me a little bit. I'd have to ask you what that kind of money is spent on.

In the same two headings -- this is generalized, Mr. Chairman, in that I'm not going to pick it out piece by piece. There seem to be some odd ways of figuring out how you do things. For instance, in the town of High River, under utilities, you spent \$1,775 in '85-86, yet in Nanton you spent \$75,000. Where do those moneys go, and how do you determine how they're spent? I'll get all my supplementaries in in one shot, Mr. Chairman. Thirdly, do you ever visit with the MLA of the district to determine whether or not these moneys should be spent or whether they could be spent in a different way? In short, could we meet with some of these municipal councillors and townspeople and talk these things over before the grants are dispersed? That's a whole bunch.

MR. ADAIR: Well, certainly we meet with the municipal districts. I was just checking as to how many times a year. It would probably be best to use the term "several times a year" from our standpoint, and we would hope that you as an MLA or I as an MLA meet with them to go over their priorities and make sure that we're reasonably consistent in what you or I are doing on their behalf. As far as the question you asked, I believe, about what was culled, I'd ask Mr. Alton to help me on that one.

MR. ALTON: Well, it shows up in the public accounts. The grants where a cheque is provided directly to the council for work is what is shown as a grant, so when you look at the MD of Foothills and \$400,000 and some, that was a direct grant from the province. The bulk of that would have been what is entitled their regular road grant, which is a formula grant that they're given based on the miles of road they have and the size of their municipality. They receive that much the same as the cities receive a per capita grant for transportation. The council then chooses the roads on which they wish to undertake expenditures. Supplies and services are where work is undertaken by the department within a municipal district and county, and the actual costs or bills are paid by the department. So it may be culverts, it may be the hiring of Cats, it may be gravel: it's where we undertake the actual work, and that's classed in the documents as supplies and services.

MR. ALGER: I was confusing myself, Mr. Chairman. I thought that supplies and services meant Cats and stuff, and I thought that we should stay out of that business.

MR. CHAIRMAN: Have all your supplementals that were important to you been answered, Mr. Alger, or do you want . . .?

MR. ALGER: Close enough, Mr. Chairman. Thank you so

much.

MR. DOWNEY: Mr. Chairman, my question relates to vote 3, page 25.2, construction and operation of rail systems: budgeted \$9.6 million; expended \$9.6 million. I wonder if you could tell us what we're doing in the railway business.

MR. ADAIR: As the chairman of Canada's third-largest railway, I think, the Alberta Resources Railway, that particular section relates to the debt charges on the railway that we do in fact, I would suggest, own. I guess that's the term at this particular point in time. That's the one that operates between Hinton and Grande Prairie.

MR. CHAIRMAN: Mr. Downey, do you have a supplemental?

MR. DOWNEY: Yes, if I may jump around a little bit, Mr. Chairman. I haven't been able to find the costs or the dollars spent by the department of transportation on the 4-H highway cleanup. I'm wondering how much money we spent on that in 1985-86, what vote it's under, and how we are doing on it.

MR. ADAIR: Actually, I'll ask Mr. Alton which vote it's under. The campaign itself has been an extremely successful one. In the 1985-86 period, I believe we were paying roughly \$25 per mile to the organizations, and it might be fair for me to point out at this point that it's not just 4-H and Junior Forest Wardens. There are a good number of organizations -- school classes, boy scouts, and others -- that are involved in assisting us to do a major cleanup of the garbage that Albertans and possibly others throw around. I say that because I'm being a bit critical of us Albertans. In the year 1985-86 there were 8,337 children representing 520 clubs involved in that program. They covered 7,800 kilometres of primary highway and picked up 57,272 bags of litter. If I can maybe use that as a comparison, we covered about 9,000 kilometres this year with very close to 600 clubs and had very close to 60,000 bags of garbage. We're not really improving ourselves as far as what we don't throw out. But certainly those various organizations do an extremely good job for us in keeping our highways clean. It started primarily with the 4-H and Junior Forest Wardens, and they deserve a tremendous amount of the credit for that.

What the system is -- and I'll ask Mr. Alton to just clarify that -- I believe we use a sort of "two" system: \$25 per mile, and then there is another allotment of funds that covers a distance around a given centre, a city, or a large town. They get an added bonus for picking up because generally that's where most of the garbage is, but I'm not sure what that added bonus is.

MR. ALTON: The element that it is paid for under is element 2.5.1, which is the maintenance of primary highways, and if we did not utilize these clubs to pick up this garbage, it would have to be picked up by our highway maintenance crews at a substantially higher cost. So it's funded under that element, which is a \$67 million total budget for primary highway maintenance.

MR. ADAIR: Mr. Chairman, in answer to the question of how much it costs, I believe our costs were somewhere around \$120,000 to \$150,000 that was paid out to those organizations for the excellent work they've done.

MR. CHAIRMAN: A final supplementary, Mr. Downey?

MR. DOWNEY: Yes, thank you, Mr. Chairman. If I may preface this question with a couple of comments. First of all, I'm thinking of the idea of litter again. Certainly there are some signs up. I'm getting to the question of: are there enough signs out? Are prosecutions being made for littering in many situations?

As a final aside, Mr. Minister, while I have the floor, I note, when I'm driving on two-lane highways, I very seldom see signs that say: slower traffic keep right. There's always somebody driving along under the speed limit in the left lane, and I wondered if you could get some more signs up for that while you're at it -- do it on the same job.

MR. CHAIRMAN: That was clearly out of order. Go ahead, Mr. Minister.

MR. ADAIR: Sadly enough, personally -- and I'll ask Mr. Alton -- I'm not aware of any charges that were laid or convictions that were made relative to littering in the last little while. I believe the present fine is \$100, and maybe that has to be reviewed and raised. Then we have to rely on what might be called a reporting system: of someone identifying by licence number or other and then being prepared to back that up. It's the changing of a habit that needs to occur, from our standpoint as Albertans, relative to tossing garbage out. If I can just editorialize for a minute -- and I do a tremendous amount of driving on the roads -- I think the one is people flicking lit cigarettes out about August and September, when it's extremely dry, and without any idea what the heck that means to a grass fire that may occur. That's one item.

The other part of it was relative to traveling on the right-hand side?

MR. CHAIRMAN: He can ask you that question after the meeting.

MR. ADAIR: Sure.

MR. CHAIRMAN: Mr. Mitchell.

MR. MITCHELL: Thank you, Mr. Chairman. Page 25.3 of volume II, vote 2. For example, there is a sum of money, \$13 million, that had been estimated and about \$6.6 million spent on the purchase of fixed assets. What kind of fixed assets would that involve?

MR. ALTON: Primarily land.

MR. MITCHELL: Upon which you would build roads?

MR. ALTON: Yes.

MR. MITCHELL: It doesn't involve . . . You have stated that you don't buy equipment, because you use the private sector all the time. But in the answer to a subsequent question you mentioned something about where you would buy the culverts or you would do some of the work yourself. Maybe I misinterpreted that second question. If that is the case, do you ever buy equipment? If so, would you go out and buy it at second-hand auctions and that kind of thing, or would you always buy it new?

MR. ALTON: The department does not purchase or acquire

construction equipment. However, we do operate our own maintenance equipment. The sand trucks on the highway system are owned and operated by the department. So we do buy a lot of maintenance equipment for maintenance operations.

MR. MITCHELL: Do you buy them new all the time, or would you go out and purchase them in auctions and . . .

MR. ALTON: Virtually always new, by public tender.

MR. MITCHELL: Would there be any way of saving money by buying up used equipment that's . . . Clearly, there's an excess of equipment available now.

MR. ALTON: The majority of the equipment that we do purchase is of course not available in the private sector. It's specialized maintenance equipment which normally the private sector doesn't have. You can't go out and buy a used sand truck, for example, because there just aren't any available. No one else really sands roads and highways except our department.

MR. ADAIR: I think one the deputy may want to respond to is that in the turning over -- in other words, after the equipment has reached a certain stage of usefulness, whether it's a pickup at two years or a larger truck at four years -- they are then traded off for, again, new equipment. But there is a time frame which we attempt to adhere to to get the maximum value for the used unit when we're turning it over as far as resale.

MR. MITCHELL: What portion of your management structure is women?

MR. CHAIRMAN: Again, that does not relate to expenditures within the department during that fiscal year, but just a quick answer, if you have one.

MR. ADAIR: In 1985-86, I'm not really sure, but . . .

MR. ALTON: I couldn't give you a percentage, but we do have a number of women engineers and several managers in the department. We have one assistant deputy minister, one executive director, one assistant district engineer that happens to be in the minister's constituency, and then a number of engineers and technical staff. So certainly a significant increase over the last number of years as more and more women have become interested in engineering work.

MR. ADAIR: And taken up engineering.

MR. CHAIRMAN: Mr. Fischer.

MR. FISCHER: Thank you, Mr. Chairman. My question is on 25.2, vote 2.8 there, with our rural resource roads. I notice that there's roughly \$46 million spent on rural resource roads, and there is \$16,561 left over. My question is kind of like Diane's: determining the need of that. I would like to mention that even that 16 that's left over, the Wainwright constituency has a need for that particular thing. I'd like to know how you determine that.

MR. ADAIR: I'll get the deputy to answer that. The \$16,000 that is left over out of that \$46 million vote, I believe it is, is a very small portion of that that was there for the '85-86 season.

But relative to how we determine what is considered a resource road, and then how it fits into the prioritizing, we have one in your area that we've been working on that we could use as an example.

MR. ALTON: Bodo Road.

MR. ADAIR: Bodo Road. Maybe you could explain it, would you?

MR. ALTON: The department's programs within vote 2, the specific elements: the projects are established and the funds estimated for all of those projects when the budget is submitted. During the course of the year, due to weather conditions, contractor performance, and so on, certain projects may proceed much better than anticipated, and others may proceed much slower than anticipated. We continually are trying to balance between the various projects to maintain an overall expenditure that meets the requirement of the vote. So in any given year a particular element may be over or under spent, and adjustments are made in the other elements to offset that. Let's say, for example, a resource road project in your area was going much better than expected and additional funds were required, and we had one in the northern area where it was raining all summer and was not proceeding, we then might well authorize additional expenditures on that one to ensure that the maximum utilization of the available funds was made.

MR. ADAIR: Moving it within the vote.

MR. CHAIRMAN: Mr. Fischer.

MR. FISCHER: Yes, a supplementary. On the matching grant money that some of the oil companies match on our resource road, is that quite a determining factor or not?

MR. ALTON: It certainly is a major benefit. In many instances the requirement for the road improvement is the heavy oil field or resource traffic, and the industry in many cases is anxious to have that road improved and is prepared to provide funding. We have a number of projects which we fund on a one-third industry, one-third municipality, and one-third province grant basis. And certainly when the industry and the municipality are prepared to put funding into the project themselves, that gives it a higher priority than if they wish to sit back and wait till the province can afford to fund the entire project at provincial cost. So it certainly is a significant factor.

MR. FISCHER: My last supplementary, then. I would like to see more money spent on this particular area. Is there more funding available to shift into the resource road department, or how do you determine that \$46 million is going to be spent on that?

MR. ADAIR: How did we arrive at that \$46 million level?

MR. FISCHER: Yes. Is it just on need?

MR. ALTON: Well, in the overall establishment of the funding levels, of course, if our budget is reduced, then we look at all of the projects and programs to determine where those reductions can be achieved. In the instance of the resource road program, certainly the resource activity in general in the province has

been reduced in the last few years, and the demands or needs for resource road improvements compared to the high activity period of '80-81 has resulted in less road damage and less demand. So that program has seen some reductions, as well as, of course, reductions in the other program, secondary roads and primary highways. So to some extent it is based on the need that is demonstrated and the priorities that are set by the municipalities. If their highest priorities are on secondary roads and not on resource roads, then it would be reasonable to maintain a higher funding level on the secondaries than on resource roads. Now, it varies from municipality to municipality, so in those areas that still have a very active resource activity, we still are trying to maintain the funding levels in those particular areas.

MR. ADAIR: I think, Mr. Chairman, it's fair to say that the flexibility in the resource road program is such that if something occurs in a given area, a discovery or whatever may be the case, in a region where we can respond at the request of the municipality and sometimes at the request of the municipality who have already been working with the oil company, if that's the cause of the difficulties that are occurring on a given road, we can respond then much quicker through this particular program for them.

MR. CHAIRMAN: I've two more questioners. I'd like to get them in if we can make these questions snappy and the answers brief, as you've been making them, before I recognize Mr. Moore to bring this meeting to a conclusion. So Ms Laing, followed by Mr. Shrake, if there's time.

MS LAING: I'm wondering about vote 2.7 on 25.2, the apprenticeship training program. It was cut by almost \$500,000. I'm wondering why that was and where that money was transferred to. I see it was transferred out.

MR. ALTON: The department operates an apprenticeship training program for basically heavy duty mechanics in our repair shops, and the amount of funding is basically related to the number of apprentices that are being utilized at any given time. The apprentices come in and work through their apprenticeship period, and then once they graduate and receive their journeyman ticket, they go off into the private sector and seek employment there. It's primarily a training program. Now, in some years there are more third-year apprentices than first-year, and you need a higher funding level. In other years you may have a greater predominance of first-year. That really is the reason for fluctuations in the funding. There's been no basic change in the program. We're continuing to train apprentices.

MS LAING: Okay. I'm wondering also about 2.2.6 on page 25.5, construction of vehicle inspection stations. What are those?

MR. ALTON: Vehicle inspection stations are the weigh scales where we weigh and inspect trucks on the highway system.

MS LAING: Okay. That's it.

MR. CHAIRMAN: Mr. Shrake, do you have a quick question?

MR. SHRAKE: Yeah, I've just got one way over on page 25.5. These are votes 2.1.2, 2.2.3, et cetera. Under design engineering we spent close to \$4 million on contract engineering, materi-

als engineering, and bridge engineering. Is this engineering work done in-house, or is this work that has been contracted out to the private sector, to the consultants perhaps?

MR. ADAIR: I believe it's primarily in-house, but I . . . Is that right? Yeah. Primarily in-house.

MR. ALTON: The in-house engineering.

MR. SHRAKE: As I understand it, the private sector rates out there after it crashed in '82 went lower and lower and they're harder and harder up for money, yet I guess we've still continued to pay our own people higher and higher. Would it be not cheaper to contract out more of this work? Even though it appears that we've got these people on staff, these people make more money than the guys out in the private sector now.

MR. ALTON: Yes. We've progressively been shifting our engineering to the private sector and basically have done so on the basis of need and requirement that can be undertaken without actually laying off or firing existing in-house engineering staff. The only way we could undertake more engineering in the private sector would be to fire our existing engineers. As they retire or leave, we are reducing the size of our engineering force.

MR. SHRAKE: So as attrition goes on and perhaps we shrink back our big government end of it, we can perhaps count on these figures for a lot of this engineering going out to that private sector and our cost going down a bit.

MR. ALTON: Well, I don't think one should assume or accept that costs will be reduced. Engineering costs are established on a fee schedule established by the association of professional engineers. They don't bid work on the basis that our construction or contracting work is undertaken. So there hasn't been any change in the fee schedules.

MR. CHAIRMAN: That's it for supplementals, Mr. Shrake. Before I recognize Mr. Moore, just two quick items of business. First of all, I'd like to thank the minister and his deputy for being here today. I think I can say on behalf of all members of the committee that we appreciate . . . [applause] I haven't finished what I was going to say. . . the succinctness of his opening statement and the brevity of his answers that allowed quite a number of people to get in two questions today. We do have to . . .

MR. ADAIR: One question that I wasn't able to answer. I now have the figures, if I could just very quickly get them in. The request was how much was expended on the Trans-Canada and the Yellowhead in the year '85-86. On the Trans-Canada, \$19.9 million; on the Yellowhead, \$25.6 million.

MR. CHAIRMAN: Thank you very much for that additional information. Now we do need to approve the minutes of the May 27, '87, meeting. Is there . . .

MR. HERON: I move that we approve.

MR. CHAIRMAN: So moved by Mr. Heron. Agreed? Agreed. The date of the next meeting will be one week from today, at which time the Hon. Larry Shaben, the Minister of Economic Development and Trade, will be here, should we be sitting on

that day.

[The committee adjourned at 11:28 a.m.]