

[Chairman: Mr. Pashak]

[10:01 a.m.]

MR. CHAIRMAN: I'd like to call this, today's meeting of Public Accounts, to order. We have with us today the Hon. Al Adair. Before I introduce him, though, let's deal with the minutes of the last meeting. There is one correction that has to be made in the section of the minutes that deals with attendance. We have "Mr. Keith W. Smith," the Assistant Auditor General, mentioned; it should be "Mr. Kenneth W. Smith." With that correction, would anyone care to move the adoption of the minutes? So moved. Any other changes? Then are you agreed that we adopt the minutes as distributed?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Today we have with us again the Auditor General, Mr. Don Salmon, and Ken Smith. In addition, the minister that's before us today is the Hon. Al Adair, Minister of Transportation and Utilities. I'd like to welcome him and invite him to introduce his associate and make any opening comments he'd care to make.

MR. ADAIR: Thank you very much, Mr. Chairman. I'm please to do that. I have with me the Deputy Minister of the Department of Transportation and Utilities, Harvey Alton. He was very, very much involved in what was the old Department of Transportation, becoming, I would say, quite accomplished at being also the deputy minister of utilities. We've nicknamed him "Ready Kilowatt."

If I may go into some of the comments related to the 1986-87 public accounts, that was an extremely important year for us in the department because it was the first time that Transportation and Utilities had had the opportunity to really work together as an entire team for an entire budget cycle. It's been a great opportunity for the staff of the two departments to review their operations and look at possible improvements in efficiency and to streamline their businesses, as they were combined into the one department after the last election.

Our budget as one department for the year 1986-87 was \$1.027 billion, which was 2.3 percent less than the combined budgets of the two departments in the year '85-86. We were able to deliver our programs while reducing our administrative costs, as shown in vote 1, by 11.3 percent over '85-86. That was basically our contribution to the downsizing efforts of the government. It involved some 74.1 full-time equivalents, which included 62 permanent positions. One of those permanent positions, I might add, was one of the deputy minister positions. We had the deputy minister of utilities who moved over to the Department of the Environment at that time and allowed us the opportunity to downsize in that area and to have Mr. Alton accept the responsibilities as deputy minister of the new Department of Transportation and Utilities, for both parts of it.

The streamlining of the operation of the department and the careful management of vacancies arising through normal attrition were really how we were able to achieve the 2 percent reduction in permanent positions without — and I emphasize that — releasing any permanent staff. That was a major accomplishment in the year '86-87.

If you look at the total disbursements of the government for the fiscal year '86-87, Transportation and Utilities represented about 9.5 percent of the provincial total, with our capital expenditures accounting for 52.9 percent of the total capital expenditures of the province. In '85-86 those figures were 10.4 percent

and 48.3 percent. I believe the increase in '86-87 was due in part to the cutbacks in the capital budgets of other departments, the result of which made our share look larger. Because we actually spent fewer dollars in '86-87 than we really did in '85-86. Our operating expenditures for that year, '86-87, were \$230 million, which represents about a 20 percent decrease over the '85-86 margin. We managed that year to expend about 97.5 percent of our total budget, which is really very good when you consider that the utilities grants side is grants that are made on request — in other words, when requested. I think it can also be attributed to the freeze on expenditures that we put on at that particular time; it ran about four to five months — I think November into the end of the fiscal year. So that also attributed to the fact that we weren't using up the entire total budget.

It was the year that we finished the work on Highway 40; that was the link between Grande Cache and Grande Prairie. I had the opportunity to attend that opening, and the ceremonies were really very good. There was a tremendous number of people there, with visitors from as far away as Alaska and down in the southern part of B.C. there to assist us in celebrating the opening of that major link in the Eastern Slopes of the Canadian Rockies. I might add that at this present time it is still unpaved. We've still got some work to do on it from the standpoint of making sure we've got all the pressure points out of it. There will be some who will, I'm sure, indicate the concern for paving on that particular section of road. There was roughly \$69 million expended on that total road during its construction stage.

One of the highlights of the '86-87 year was the urban transportation program. It was a three-year program from which we were able to allocate about \$142 million to all of the cities in the province. Included in that \$142 million are the basic capital grants of \$115 million. Nearly \$95 million of this went to Calgary and Edmonton alone and support their various programs, which include the rapid transit and the ring roads in their various cities.

This was the largest amount we've been able to provide from this program in several years, and the funding is provided to each city for their own special projects. They make the decision as to which ones go. And in '86-87 some of those Calgary dollars went to upgrade the arterial roads in preparation for the 1988 Olympics. In the case of, say, Fort Saskatchewan, they chose to spend their basic capital dollars on what was called range road 225. Members of our department work very closely with the cities to ensure that they get their funding on time and that everyone understands how the money is to be used.

A notable highlight of the utilities division concerned the Alberta farm water grant program. It was in its second year of operation, and there were a total of 1,400 individual applications and 34 group applications received. Approximately \$7 million was paid out in grants, and they've had a very, very positive impact on the local business and suppliers to the farming communities. I would suggest that that probably has been one of the best programs we have had in the province. Certainly when you look at a year like this year, with the dryness that has occurred in many parts of the province, that program really comes to the surface.

I guess I could also suggest that 1986-87 was an extremely successful year. We managed to have a smooth transition of the merger of the department of utilities in with Transportation and to get them working together and, of course, leaner and meaner and less, in the sense of the number of employees as well as the number of people at the top. And I think we started in the department with the co-operation of both deputy ministers at the

time, Mr. Vance MacNichol and Harvey Alton. The decision, of course, ended up with Mr. MacNichol going over to the Department of the Environment with the retirement of the deputy minister in that department, and that assisted us greatly in our move to consolidate the department and to have one deputy minister, Mr. Alton, who is with me today.

So I think, Mr. Chairman, that covers basically the points that I would like to cover, and I certainly say that you could direct questions at either myself or Mr. Alton.

MR. CHAIRMAN: Okay. Thank you very much, hon. member. We have a number of members who have indicated they'd like to ask questions of you, and I'll begin with Mr. McEachern.

MR. McEACHERN: Thank you, Mr. Chairman. My first question arises out of pages 80 and 81 of the Auditor General's report. I'll just read a couple of the expressions, not the whole section, and then raise the question. It says at the bottom of page 80:

There is uncertainty as to the status of certain loans carried on the Fund's balance sheet.

We're talking here about the Rural Electrification Revolving Fund, and at sort of the bottom of the main paragraph on the next page:

Accordingly, some of the loans may not be repaid, in which case it may be incorrect to treat them as assets of the Fund; it may be more correct to treat them as conditional grant expenditures.

Hence recommendation 44 on page 81. I wonder if the Auditor General and/or the minister could comment as to whether things have been done about that problem.

MR. ADAIR: Would you like us to respond or the Auditor General first?

MR. CHAIRMAN: Well, it's your show, hon. minister, so you can respond first, and if you wish him to comment, that's fine.

MR. ADAIR: What I'd like to do is let Mr. Alton respond to their rebill program in the REAs and maybe explain it a little bit better for you.

MR. ALTON: Well, we're currently still working with the Treasury Department to determine whether there are alternate means of addressing this problem. Basically, the moneys are provided to assist with the construction of rural electrification lines to serve a customer that may be a considerable distance from the end of existing lines. The cost then is substantially higher than it normally would be, and you can't burden that individual with all of that cost. So the grant is made on the basis that when other landowners come on stream, they would then pay into the fund, and the government would receive the funding back.

Now, in some cases, in some of these extensions into a farm where there have been no infills or no other landowners who have added their lines on, therefore we haven't had the opportunity to recover those grant funds. But I think they're valid grants, because I think those farmers are entitled to electrical service, and it wouldn't be fair for them to have to pay the full cost for a very long extension. Over the course of time those additional services usually do fill in, and the money is recovered. But it certainly is in some cases a lengthy process, and I think that on that basis the Auditor General's comments are valid.

MR. ADAIR: I think, just to add to that, you may run into a situation where you're in the position of being up in my constituency where you're at the end of a road, for whatever reason they chose to be there. It takes a fair amount of time for that infilling to occur. But the possibility of still collecting that is there and would continue to be there for some time, probably longer in some of those more isolated areas than it would be in others.

MR. SALMON: Mr. Chairman, I'd just like to comment that I was aware that the departments of Treasury and Transportation and Utilities were working on what they would do with respect to these so-called loans as of 1988. Our concern is that they are at full value at the present time, and with the long-term potential of not collecting, there needs to be some consideration for value. They are examining that. Of course, another consideration which will eventually be looked at, I believe, is whether or not they really should be classified as loans at all, and of course that's under consideration as well.

MR. CHAIRMAN: Thank you.

MR. McEACHERN: My second question to the Auditor General is: where is the Rural Electrification Revolving Fund in the accounts? I couldn't find them in the revolving fund section, so I didn't quite know where to go to look for them.

MR. SALMON: It's included in a combined summary statement, isn't it? We can find it in just a minute.

MR. McEACHERN: It's not a separate account?

MR. SALMON: It is done as a separate audit, yes. We can show it to you; just let me find it.

MR. CHAIRMAN: Did you wish to address a question to the minister?

MR. McEACHERN: Yes. I'll address a different question to the minister, then, in the meantime, and he can just shoot that over to me.

On page 25.10 of volume 2, vote 9, looking at the Electric Utility Development section, this whole section, particularly in the latter half of it — R.E. Special Projects, \$300,000; R.E.A. Reserve Grants, \$600,000; and so on — that money was largely unexpended. I wonder if we could get some comment as to what's happening with the rural electrification projects that would cause that kind of discrepancy. The other administrative support was, you know, spent pretty much as planned, as were R.E.A. Accounting Services and R.E.A. Financial and Technical Services. What happened to the last four votes there?

MR. CHAIRMAN: Which votes in particular are you referring to?

MR. McEACHERN: The whole section under 9.2: 9.2.1, 9.2.2, 9.2.3, 9.2.4. That whole section is largely unexpended. I mean, the . . .

MR. CHAIRMAN: There's \$962,000 . . .

MR. McEACHERN: There's \$300,000 in the one and only \$87,000 spent, and \$600,000 in one and only \$180,000 spent.

What happened to the rural electrification plans . . .

MR. ALTON: Basically, the funds weren't expended because applications weren't received for the funds. In these utility programs you have funding available so that farmers and the Metis settlements and the various groups that can be served apply for the funds to put in services. In this particular fiscal year there were not sufficient applications to utilize all of the funds.

MR. ADAIR: I think the other thing you've got to keep in mind, too, was that that was the year we were in the process of revising the program to assist in providing another opportunity for rebuild. They and we were both sort of holding back, in the sense of waiting for the new one to come in. We didn't receive the applications, so we weren't able to provide the grants. It wasn't that we didn't use it; they just didn't apply for them. They were waiting for the additional opportunity that would come out of the rebuild that occurred later on in the year.

MR. CHAIRMAN: Thank you very much, hon. minister.

Did the Auditor General wish to make a comment on the second question?

MR. SALMON: Just a comment that the financial statements are in 4.24 of public accounts, and the item you're looking for is in note 2 of those financial statements.

MR. CHAIRMAN: Volume 4.1?

MR. SALMON: 4.24 of volume 1.

MR. CHAIRMAN: Of volume 1.

MR. SALMON: And that is in note 2 of the financial statements.

MR. McEACHERN: Thank you.

MRS. McCLELLAN: My queries, questions are on page 25.7 under vote 1. I notice that the entire vote was under budget by \$2 million, and yet there were some overexpenditures throughout. In particular vote 1.1.1, the Minister's Office, was overexpended by \$10,000. Could the minister comment if this was regarding staffing or . . .

MR. ADAIR: Primarily. The salary adjustments that occurred at that particular time were the main reason.

MRS. McCLELLAN: Okay.

Vote 1.1.8, Special Projects, was overexpended. I hope you didn't cover this in your opening comments when I had to go out, but I don't really understand Special Projects, and I wondered if you could explain that to me and why . . . It's in the same, but it's 1.1.8. What would be covered under Special Projects and what would cause it to be overexpended?

MR. ALTON: Well, the department had a special projects branch which undertook special studies and things, and as part of our downsizing exercise we have eliminated that branch and eliminated the staffing, so that the expenditures there were only . . . You see, in this particular year — yes, that one — the expenditures are higher. The year following is when we eliminated that branch, so it's just a matter of there being some addi-

tional special projects. I don't have any specific details on them at the present time, but that particular branch has now been eliminated entirely from the department and has no funding whatsoever.

MRS. McCLELLAN: Okay. Thank you.

MR. CHAIRMAN: Supplementary, Mrs. McClellan?
Mr. Brassard.

MR. BRASSARD: Thank you, Mr. Chairman. Mine is a little bit different, but lately I've had occasion to use our local airport quite a bit, and I noticed in the Auditor's report that the question came up about airport user fees. Could you tell me if these are adequate and just how they're handled, the airport fees in these smaller . . . The Auditor's report, page 79.

MR. ALTON: Basically, the user fees that are charged at airports are only charged at those airports where we have staff that can collect the fees. We feel that the cost of providing staff at the majority of the airports in order to be able to collect fees from the pilots that come in is not cost-effective. The cost of staffing would be as much as the fees that you might collect.

Secondly, we don't believe that airport fees should reflect the cost of providing the airport facility. I think you can look at airports somewhat like highways: we don't collect sufficient fees from the highway users to pay for the costs of building highways, nor do we feel we should collect sufficient fees from the owners of aircraft to pay for the construction of an airport.

MR. BRASSARD: The question was raised by the Auditor General as to the financial control exercised over the methods used to account for revenues from the issue of licences and permits by the motor transport . . . Is this what he was referring to specifically, that this financial control exercised . . .

MR. ALTON: Okay. The point made by the Auditor General was that the fees may not reflect the total cost of providing the airport facilities.

MR. BRASSARD: Okay.

MR. CHAIRMAN: With the indulgence of the member, maybe I should just address a few remarks to the people who have come into the gallery and point out to them that this is a meeting of the Public Accounts Committee of the province of Alberta. We bring various ministers of the Crown before us every Wednesday morning, and they can bring members of their department with them. We review the expenditures of their department for the fiscal year that ended in March of 1987. Today we have with us the Hon. Al Adair, Minister of Transportation and Utilities. Various members of the committee are asking questions about how his department spent public moneys during that period.

So, a final supplementary, Mr. Brassard.

MR. BRASSARD: Final supplementary then. Are you satisfied, then — can I just get this clear in my mind? — that the funding that is or may be collected is handled properly? It would seem that people are landing at our airport; I don't know if they're paying a fee or are expected to pay a fee or if someone should be collecting it. Are you satisfied that that part of the operation of the airport, the fee handling, is to your satisfaction?

MR. ALTON: Yes, we're satisfied. I should point out that your airport, of course, is a community airport which is managed and operated by the community, and it is, therefore, under their jurisdiction to establish and collect any fees.

MR. CHAIRMAN: Mr. Ady.

MR. ADY: Thank you, Mr. Chairman. My question comes from volume 2, page 25.7, vote 2: specifically vote 2.1.1, Regional Administration, which was budgeted at in excess of \$14 million, with actual expenditures of \$13 million. Could the minister explain the need for such a large budget for administration?

MR. ADAIR: I guess probably the best explanation to give is that with the . . . How many regions have we got? We've got six regions. The ability to then have the district engineers and their people in those areas, working as closely with the people as possible, is one of the reasons that we have that particular budget allocation. It's worked extremely well in the past for us. We have a much closer contact with the people at the local level, without it all being done out of, in essence, the capital. I guess it's one of the necessities of keeping that local contact at the community level.

MR. ADY: Thank you. So then it relates to your decision to have regional offices is really what . . .

Supplementary then. Again in vote 2 I see that many of the projects were overexpended, and the entire vote was overexpended by almost \$600,000 after the granting of a special warrant of \$6 million. Considering that construction costs in general have declined in recent years, could the minister explain why the overexpenditures and the need for the special warrant?

MR. ADAIR: Well, they're two different questions. If I can, I'll try and answer them separately. Because the \$600,000 — roughly \$599,709 — is basically .1 percent of our budget. That degree of accuracy — if I can use that particular term — is, I think, fairly good when you consider what we attempt to do throughout the year in providing the contracts across the province, taking into consideration weather and all of the other factors there may be. We also work on basically what you might call an overexpenditure process where we commit beyond our dollars, knowing that on the average we have not spent our total allotment. We try to come as close as we can to that figure. When you're dealing in the sum of \$654.5 million, that's a fairly close commitment to the expenditure of those dollars. Now, that covers that particular one.

The special warrant for the \$6 million. Because we aren't in a position to transfer dollars from vote to vote after that — where we had maybe an excess in, say, utilities, we weren't able to move those dollars in to do, say, brushing, which was what occurred in that year, for us to provide jobs for the winter in clearing, from a safety standpoint, intersections for school buses and mostly vehicular travel in that area. So we were then seeking and we obtained the \$6 million by way of special warrant to provide those — I'll call them winter works — projects to clear and brush in co-operation with the municipal authorities. In some cases the municipal authorities increased the amount of money by providing some of their own in there as well, to extend it a little further along, so we had a co-operative effort between the IDs, the MDs, the counties, and our department.

MR. ADY: Okay. Thank you.

In vote 2 there are a lot of grants to municipalities, totaling about \$46 million-plus. Could you indicate what level of control the department exercises over the expenditure of those grants?

MR. ALTON: The grant funds are allocated to the municipal districts and counties on a formula basis. The formula takes into consideration the miles of road they have, their equalized assessment, the costs of construction, and so on. The municipal council then selects a program or a list of projects which they propose to do under those grant funds. They submit those to the district transportation engineers who then assess them and approve the projects. The municipalities then proceed to undertake the work, they submit the accounts to the department once the work is completed, the department's engineers inspect the projects to confirm that the work is completed, and then the final grant payments are made.

MR. CHAIRMAN: Mr. Moore.

MR. R. MOORE: Thanks, Mr. Chairman. I would like to get to, in volume 2 on page 25.2 under vote 7 — it's headed up Gas Utility Development. It's quite a bit of money in that section. I wonder if the minister could detail the objectives of Gas Utility Development. What are our objectives in spending this money?

MR. ADAIR: In providing the sum of money that we do for the . . . Actually, we're dealing now with that particular year where we provided two things. We had a price protection plan in place at that particular time to ensure that Albertans got the lowest price at the home that was possible. Obviously then, besides that: the working together with Gas Alberta to purchase gas and then to sell that gas to various local gas co-ops who provide service in their areas throughout the province.

MR. R. MOORE: A supplementary. In reference to vote 7.1, Financial Assistance for Natural Gas Development, there \$20,964,000 was allocated and only \$14,966,936 was expended. This was underexpended. Is there a reason for that, or is it just a . . .

MR. ALTON: Okay. The major reason for that underexpenditure again is the fact that the government's program of providing gas service to rural Albertans has been very successful, and the expansions to the system have dropped. Basically, the underexpenditure is due to the fact that the various gas co-ops and utilities applied for far less expansion to the distribution systems. Most rural Albertans are now served by gas, and the fill-ins or add-ons for new services have been reducing. So the amount of money there has been unutilized in 1986-87. A lot of the reductions were due to a slowdown in applications from some of the major distributors such as Northwestern Utilities and Canadian Western Natural Gas. So basically, the system is becoming mature. The services are in place, and the amount of money needed for expansions to the system is decreasing.

MR. ADAIR: I think the other thing that you could add into that was the fact that that also was part of that same period when we went into the freeze. That started, I believe, in November and went to the end of the fiscal year. That contributed in part to it as well. It was a combination of that plus the fact that there were less numbers of requests for extensions of services.

MR. R. MOORE: Thank you.

Another supplementary, Mr. Chairman. In reference to vote 7.3, Gas Alberta, we know that Gas Alberta is an administrative group in the middle, but could you actually explain in detail what it is? You're footing the bill, your department is, for Gas Alberta under vote 7.3. Just exactly what is it? We hear it referred to from time to time.

MR. ADAIR: I guess the support mechanism that was in place within the department to assist the co-ops in getting set up and handling their billing process and the number of other things that occurred in that setup was covered by 7.3. I can indicate that as of this year, those costs were transferred to Gas Alberta and are now carried by the users. We were working with the Auditor General and ourselves and the Treasury people to in fact make sure that process did occur, and it occurred this past year. But initially we were there to assist them, and we did assist them through this vote in that particular manner.

MR. CHAIRMAN: Mrs. Mirosch.

MRS. MIROSH: Yes. Mr. Minister, referring to vote 7.1.10, Utilities Officers Grants, with a budget of \$870,000 and spending was \$1.7 million approximately: can you tell me what the Utilities Officers Grants are and why this overexpenditure of a million dollars?

MR. CHAIRMAN: Could you just repeat the budget line?

MRS. MIROSH: Volume 2, page 25.9, 7.1.10.

MR. ADAIR: The program you're relating to, I assume, is the provision of some funds we provide to the municipal authorities to allow them to have a utility officer. Is that the one we're talking about, Harvey?

MR. ALTON: Yes. Each gas co-op or municipality that has gas services has utilities officers which undertake the operation and inspections and safety aspects of the gas utility. The amount of grant that was provided was increased in that fiscal year, I believe, which accounts for the increase in the funding requirement. I think a grant for a utility officer was \$25,000 per year, and I believe those were increased, which accounts for the increased expenditure.

MRS. MIROSH: Then 7.1.1, same page, Distribution System Construction Grants. This budget was \$16.4 million. Then there was an underexpenditure of \$6 million; you only spent \$10 million.

MR. ALTON: Yes, that underexpenditure was answered in the previous question, which is that there were reduced applications by the gas co-ops for funds to build additions to the distribution system.

MR. ADAIR: For extensions.

MR. CHAIRMAN: Mr. Bradley.

MR. BRADLEY: Thank you, Mr. Chairman. I want to refer to page 25.3, the departmental totals for 1987 and '86. I notice in both years the department's budget was over \$1 billion, and for the '87 year there was an underexpenditure of some \$29 million.

The minister, in his opening remarks, referred to manpower reductions, but surely that wasn't the total amount of the under-expenditures. Could he give us some more details as to the reasons for those savings of \$29 million?

MR. ADAIR: I'll do that, and I'll ask Mr. Alton to supplement my answer as well. But a combination in the utilities section of, I guess you could say, the completion of major regional services was occurring at that particular time. Obviously, the downsizing of the department, the freeze that came on as well, the fact that we in a couple of cases were not able to utilize all our dollars in the various votes in transportation, were a combination of all the things that occurred for that particular amount of money that was left over.

MR. ALTON: Basically, the primary reason for the underexpenditure was that the government initiated in November a freeze on spending and requested all government departments to reduce all their spending to the maximum extent possible, and the Department of Transportation and Utilities was able to reduce their expenditures by \$27 million. The overall objective was to reduce the total fiscal year expenditures the maximum amount possible. So any projects, any work that could be delayed, was delayed from November until the end of the fiscal year.

MR. ADAIR: Plus travel costs and things like that we held to a minimum in that period.

MR. BRADLEY: Supplementary, Mr. Chairman. Looking at these departmental totals, I note that the '86 budget total was \$30 million larger than the '87 budget. In addition to that, there was an overexpenditure of some \$7.4 million in that year. Could the minister comment on that overexpenditure in the previous fiscal year?

MR. ADAIR: From the '85-86 year?

MR. BRADLEY: The '86; yes.

MR. ADAIR: I'm sorry; would you just give me the question again?

MR. BRADLEY: Well, if you look at the departmental totals for 1986, I was comparing the two budgets. The '86 budget was some \$30 million greater than the '87 budget, being \$1.061 billion, where '87 was \$1.031 billion. If you look at the last line of that total you have, in addition to that being \$30 million greater than the '87 one, there's a \$7 million overexpenditure. I wanted to know what the reasons were for the overexpenditure in that '86 year.

MR. ALTON: Well, basically, a \$7 million overexpenditure or underexpenditure in a total budget of over a billion dollars is a very small overexpenditure or underexpenditure. One of the things the department is faced with is that we tender the work out to a large number of contractors. The amount of work they complete in a fiscal year is dependent very heavily on the weather and when winter arrives and the amount of work they're able to complete. We're spending in the order of close to \$5 million a day. If winter is several weeks late in arriving, then we can spend several million dollars additional. It's a very major juggling act to end up exactly on budget. If we have a good

open fall and spend a lot of money on construction work, then we try to cut back our winter gravel crushing and other operations to balance our budget. But in some years, if you have an extremely wet year and have difficulty getting the work completed, you may have a surplus. In other years you may have a shortfall. Any time we overspend our budget in a fiscal year on construction work, the amount of that overexpenditure is subtracted from the amount of money that is available in the next fiscal year, so in the end analysis we don't get any additional money from overexpending.

MR. ADAIR: That allows us the opportunity to complete those jobs if the weather is right.

MR. BRADLEY: Final supplementary. Again looking at the budget totals, if you look at what was actually expended between the '87-86 year, you see that in '86 there was \$1.068 billion expended; in '87, \$1.001 billion. There's an actual reduction in expenditure of some \$67 million year over year. Could the minister comment and give us the assurance that with these reductions the high quality of our transportation system in Alberta has not been compromised by that significant reduction over the one-year period? That's the \$67 million.

MR. ADAIR: I can give you that assurance unequivocally, in the sense of the safety or the programs we have in place to ensure that the product that is completed by the contractors is at full strength, if I can use that term. That's not been a problem for us. I think one of the biggest concerns in the last couple of years — and you can go back to '85-86 or '86-87 — was to ensure that our rehabilitation program remained as close to the same as possible so that we were not getting caught similar to what was happening in the United States, where they let their rehabilitation go for a couple of years and ended up with some major expenditures. I suggest maybe an example would be where we were given a report on, say, a specific bridge that needed some work done on it, and that might be \$200,000 worth of work. If we didn't do that work, we could end up with a replacement, and that replacement may be \$3 million or \$4 million. So you have to adjust within to try and make sure you get the best bang for your dollar, and that occurs in the department, and not — and I underline that — compromising safety in any way, shape, or form.

MR. CHAIRMAN: Okay. Mr. Downey.

MR. DOWNEY: Thank you, Mr. Chairman. I hope I didn't miss anything here.

Mr. Chairman, on page 25.2 in volume 2, again in Construction and Maintenance of Highways, I note a previous year's liability of \$1.4 million plus. I wonder if the minister could explain how liabilities are carried forward in the department from year to year.

MR. ADAIR: Basically, that was the point Mr. Alton made just a moment or two ago, where we have an overexpenditure in one year that's carried forward to the next year and then is taken off the total we have for the road construction program. So in essence, that was an overexpenditure from the year before that was reduced from this year. Is that not right?

MR. DOWNEY: Yes. Thank you, Mr. Chairman. I think obviously I missed something there. No further supplementaries.

MR. CHAIRMAN: Mr. Heron, followed by Mr. Taylor and Mr. McEachern.

MR. HERON: Thank you, Mr. Chairman. I would like to turn to volume 2, page 25, vote 10, in particular reference to 10.0.6 under the Farm Water Grants.

First, in light of the many programs that have been talked about by the Minister of the Environment in this special committee, I think it's important that we look at this expenditure in a little more detail. That is, could the minister detail what this particular vote covers?

MR. ADAIR: The water grant program covers the assistance we provide to those farmers and ranchers particularly that are in fact putting in a water supply system by way of either a line or the wells that may be, and we pay a portion of that. Seventy five percent? I stand to be corrected on that one. I believe it's 75 percent up to \$20,000.

MR. HERON: Supplementary. I see that \$5.7 million was budgeted, but a little under \$7.3 million was expended. Was this a result of the drought, and if so, was this extra amount adequate?

MR. ADAIR: I'm not sure it was related to drought at that time, although it may well have been partly . . . In some areas of the province there were dry areas. I believe it's related in the sense that we had a program that was covered for three years, and the numbers of applications we had, both individual and groups, started to back up on us about the 1986 season. We carried on until we had completed the expenditure of that account. Of course, if I can just use this year, Mr. Chairman, we extended the program for another three years.

MR. CHAIRMAN: Final supplementary.

MR. HERON: Thank you, Mr. Chairman. I think we're always cognizant of the possibility of a duplication of services, and therefore, could the minister detail any other assistance that was provided by Transportation and Utilities in the area of drought relief?

MR. ADAIR: In the area of drought relief?

MR. HERON: Yes.

MR. ADAIR: At that particular time?

MR. HERON: Yes.

MR. ADAIR: I don't believe there were any other than what you have there. We've had the water program that was, I guess you could say, accelerated slightly and on occasion has been, depending on the number of applications that come in. And they again relate to the kind of weather conditions that may occur at a given time. To use the present, the program is in place, and we've been provided with additional dollars for this year because of the dryness of this particular year to complement that program again. I guess the best way to explain that would be that it's the last element of it, because once the Department of the Environment is assisting a group or an individual to find water, then it's a case of how you then get the water to the source — in this case, the farm — and we become involved at

that particular area.

MR. CHAIRMAN: Mr. Taylor.

MR. TAYLOR: Thank you, Mr. Chairman. First, I'd compliment you and your staff for budgets that run so close. For some years I was associated with construction and drilling and so on, and I found it very difficult to come that close. You're always within about 1 or 2 percent, which is quite phenomenal.

But the question on vote 9, for instance, on electrification: I'm just wondering if you could say at this stage how vote 9 would vary, now that we have got small power producers. I know it's talk about the past, but where would small power producers fit into vote 9?

MR. ADAIR: Well, I guess the best example I can give you is that there are no government dollars going into the small power producers program. In essence, what we did with that particular one was to provide the enabling legislation to allow both the small power producers to have access to a sum or an allotment of power, the 125 megawatts, plus a levelized price for a 20-year contract; then the other enabling legislation which provides the utility companies — who we are, through the Act, asking to pay that levelized price — to pass that on to the consumer, so the consumer becomes, I guess you could say, the payee of the program over the six years. Probably in its simplest term, it's about one half of 1 percent annually of your bill as a consumer. It wouldn't fit in here, because there are no government grants per se.

MR. TAYLOR: There is in vote 2, highway improvement. Was there any planning in that vote — because you know, you should look a long way ahead — of a highway circumventing or bypassing Edmonton on the west side, going through Devon and on up to Westlock? Was there any planning in that budget, or have you done any planning on that?

MR. ADAIR: Your question was?

MR. TAYLOR: In vote 2 there is highway improvement, which I'm sure must have planning because you can't rely on the MLAs, even if they are Tories, to plan your highways. You must be doing some looking ahead. Consequently, I'm asking: is there in that vote 2 — mind you, if you could level Stony Plain, it would be all right — anything for the planning of what we're going to . . . Edmonton's a major city after all and should have bypasses. There's no west bypass . . .

MR. ADAIR: I guess your question relates to: is there any future planning for primary highways in and around the Edmonton area?

MR. TAYLOR: That's right. The west side particularly, yes.

MR. CHAIRMAN: I'm not sure that question is within the scope of the inquiry of this committee. I think that . . .

MR. TAYLOR: That's a vote for money, and they must be using some planning in there.

MR. CHAIRMAN: That would have maybe involved the acquisition of land for some highway bypassing Edmonton or whatever that . . .

MR. ALTON: In vote 2, with respect to the highway from Devon to Westlock, there is funding in this, for example, for improvements to the highway at Devon. There was work in that fiscal year relative to the engineering and construction of the new bridge at Devon. There's no funding in this budget relative to the funding required to, for example, operate or maintain a primary highway. The kind of budgeting that would be included would be: if a section of existing secondary road was to be made into a primary highway, we would need to budget the funds for the maintenance of that, because the province maintains the primary highways, the municipalities maintain the secondaries.

MR. TAYLOR: The last question, then, is on votes 7 and 8 together, as in natural gas. As some of the members have already pointed out, I believe Lacombe gathers a considerable underexpenditure. In view of the free trade agreement that is going to make it difficult to price our natural gas to ourselves, different than we do to anywhere else in North America — and one of the ways around it is, of course, the purchasing of reserves now while the prices are so cheap. In other words, natural gas is probably as cheap as it's going to be for the next 50 years. Was there anything in the budget made for or is there even any planning of the purchasing of reserves for the long term?

MR. DOWNEY: Point of order, Mr. Chairman.

MR. CHAIRMAN: Point of order.

MR. DOWNEY: Mr. Chairman, the Member for Westlock-Sturgeon is dealing with budgetary items and not with the 1986-87 estimates. I would suggest that his question and comments are out of order.

MR. TAYLOR: Okay, I'll rephrase it then. Is there anything in the '86-87 estimates that went to planning of the buying of reserves or any price projections? Did you do any price projections on what it is going to cost in the future to continue the plan?

MR. ADAIR: I guess Alberta's purchasing power, if I could use that term, was to provide gas as used. It was not to get into, I guess you could say, the future purchasing; that's in the '86-87 year. Any gas that was required was purchased by them and provided then to the various utility co-ops or whoever the case may be, but not to do future purchasing.

MR. TAYLOR: By reserves.

MR. ADAIR: Yes, by reserves.

MR. CHAIRMAN: Mr. McEachern.

MR. McEACHERN: Yes, I want to return the construction questions about the amount of money spent and that sort of thing. In the '86-87 fiscal year most of the money the department saved was really \$24.4 million in the construction and maintenance of highways. I'm wondering to what extent the slowdown of the construction of the Yellowhead played a role in that, and why would the government choose to slow down construction at a time when the economy was in great difficulty, as it was that year?

MR. ADAIR: Well, I guess I have to correct you, sir. There is no slowdown, has not been any slowdown, will not be any slowdown in the construction of the Trans-Canada north or Highway 16 or Trans-Canada 1. Those have been the priority of this government from day one, prior to my coming on as minister and since my coming on as minister. And in each speech I've made related to the Trans-Canada, the 10-year commitment given by the late hon. Mr. Kroeger will be met. 1990 is the scheduled completion date for Highway 16 west, and 1991 for Highway 16 east. So if I can correct that, there was no slowdown on those.

I think I could say this. It caused Mr. Alton and me and the department some concerns, because when we made the commitment that our three priorities were in that year, and have been since that year, Highway 16 or Trans-Canada north, Highway 1 or Trans-Canada south, and the widening of Highway 63 to Fort McMurray — those were the three that have not changed at any time. We've adjusted around those three and kept those three in our rehabilitation program at the same level.

MR. ALTON: But you mentioned that there was a surplus of funds or unexpended funds in the construction of highways, and that's not correct. All of the funding in 1986-87 for the construction of highways was utilized. In fact, there were overexpenditures.

MR. McEACHERN: Yeah, I was comparing it to the year before. You're correct on that point. I didn't mean it as unexpended funds for that year, but compared to the year before.

My second question relates to the Transportation Revolving Fund, page 3.36 of the first volume of the public accounts. I'm looking at Revenue and Expenditure down at the bottom of the page. Revenue says inventory sales were \$21 million. Cost of inventory sales was \$18.8 million. I'm wondering why the cost of inventory sales would be so high. There seemed to be very little net gain, if you like, out of those inventory sales. What is it they were actually selling, and why is the margin small?

MR. ALTON: Well, the revolving fund primarily is for equipment utilized by the department to build and maintain the highway systems. The way the revolving fund operates is that the equipment is purchased, rental rates are established for the equipment, the department pays back the revolving fund on a rental rate basis. If everything works out, if you're charging the right rental rates for your equipment, then you have exactly the same amount of revenue sales as you have costs. In this particular case they weren't equal, and that would result in some adjustment, then, in the rental rates the following year to reflect that. So the objective is to always balance.

MR. McEACHERN: Yes. I just sort of thought the way it was laid out here it looked like there was some kind of administrative cost or something, and I didn't think that could be the case. Thank you.

My last question now. I'm wondering about vote 4.1, page 25.2, the \$7.5 million in Construction of Airports. I guess there isn't enough information there to really ask much of a specific question, so I'm wondering if the minister can give us a bit of an idea of where and how many airports were constructed in this year. Could he make available to us some kind of short information document of two or three pages, a map or two or something, of just what's going on with the construction of airports by the government in this province: what state it's at, how many you're building, how fast you're expanding them, how

many we've got, that kind of thing; just a little overview of the airport construction?

MR. ADAIR: If I recall, that was our last year of major airport construction, the '86-87 year. I don't have the details as to which airports that might have been, but I think we can certainly get that and then indicate which airports are operated by the province and which are community owned and which are federally operated.

MRS. McCLELLAN: In volume 2, 25.2, vote 3, Construction and Operation of Rail Systems, I confess I am very ignorant as to the transportation department's involvement in the construction of rail systems. I wonder if the minister would indulge me to just detail briefly what rail projects.

MR. ADAIR: We are the proud owners and operators of a railroad called the Alberta Resources Railway from Grande Cache to Grande Prairie to the junction with the CN at Hinton, I guess it is. The dollars expended there, I believe, are the interest moneys that are still owing on the cost of the railroad.

MRS. McCLELLAN: You're not going to put one in for me at New Brigiden or anything?

MR. ADAIR: I'm sorry.

MRS. McCLELLAN: So I don't qualify to apply for one at New Brigiden or anything? We lost ours, you know.

Just a quick question further to the airport. Are there still heritage savings trust funds — with your indulgence, Mr. Chairman; maybe this is out of order — but are there still AHST funds available to build airport terminal buildings?

MR. ADAIR: No. No, that program has ceased.

MRS. McCLELLAN: Okay, thank you.

MR. CHAIRMAN: Mr. Brassard. I'm assuming that . . .

MRS. McCLELLAN: The other one was answered.

MR. BRASSARD: Thank you, Mr. Chairman. We've certainly covered the waterfront. I'm interested in page 25.12. It may seem a little trivial, but under Fees, Permits and Licences, I notice there's a decline in revenue, and I would have thought there'd be an increase on an annual basis. We're down some \$300,000-odd. Is this a trend? Are we going away from fees, or what is the reason why we're down this particular year?

MR. ALTON: I think largely the reductions in fees such as motor transport fees, airport revenues, and so on are due to some of the slowdown in the economy that occurred in less activity. Certainly that has now been reversed, and the revenues from fees are substantially up in 1988 as well.

MR. BRASSARD: I see. And supplementary: I see in 1987 that \$274,019 was earned through the sale of land. This represents a major increase over '86. Is there a trend that way then? Could you comment on the reasons for the increase?

MR. ALTON: Basically, there was just more surplus land that was available for sale in 1987. That figure varies considerably

depending on the location and the amount of land. In some cases, some years you have surplus lands that have been acquired. You may buy a quarter section that you require only a part of because it's more economical to buy the entire parcel, take out the highway right-of-way, and sell the balance. If you have a piece of that land that happens to come up for sale near a major urban centre, the revenue will be substantially greater than if it's in a rural area. So it's just fluctuating, depending on the location and the amount of land. There's no trend there.

MR. BRASSARD: I see. Thank you. Then finally, under Miscellaneous: Other. I see there's a large increase from 1986, which was \$457,722, to 1987 where it was \$2,531,876. Could you explain this Miscellaneous: Other and such a significant increase?

MR. ADAIR: I'm not sure that I can, Mr. Chairman, right now. I think I'm going have to go back and get some details for you on that one.

MR. BRASSARD: Okay.

MR. CHAIRMAN: Mr. Ady.

MR. ADY: Thank you. My question comes from the Auditor General's report, and it has to do with the stockpiled gravel that falls under the revolving fund. The Auditor General makes some comments that he doesn't feel that there's really been an adequate system put in place to report gravel usage that's carried in the inventory of the department. Can you give us some insight as to what the department may have done to correct that?

MR. ALTON: I think, first, we should be clear and emphasize that the Auditor General's concerns are not related directly to the control that exists. I think that the gravel stockpiles that the department has are all properly utilized and properly paid for. The Auditor General's concern is that the time lags between when the gravel is used and when it is paid for do not always fall in the same fiscal period and, therefore, suggested that there should be a more current reporting and paying process. So if we have a stockpile of gravel and it's used on a construction project in the fall of the year, then when the engineers in the field complete all their calculations on those projects and submit their accounts for payment relative to that gravel back to the revolving fund, sometimes those payments aren't processed in the same fiscal year, and that is a concern the Auditor General has raised. We are addressing that largely through the utilization of additional computer systems, which will enable us to process those payments on a much quicker basis and should resolve the concern then. But we recognize the concern the Auditor has raised about the timeliness of the payments and should be able to correct that with the new computer systems that are being put in place now in the regions.

MR. ADY: Thank you. My second question is also from the Auditor General's report, page 79. He raises some questions about the department's control system over fixed assets, and it's indicated that the department intends to put some procedures in place to more or less alleviate that concern. Could you give us some idea of where the department's at in satisfying that concern of the Auditor General?

MR. ALTON: Again, I should emphasize that the major assets

that the department has, which are the equipment, the motor graders, the trucks, all of the survey equipment -- the things that are the major equipment of the department are inventoried and are controlled, and I think the Auditor General in the last statement on that page has indicated that there is adequate control of those major assets of the department.

The area that we have some shortfalls is in the smaller items such as office equipment and things. Those are managed in the individual branches, but there isn't an overall departmental system. Largely, the department's position has been that the cost of establishing an inventory system to inventory and account for all of those items on an annual basis is very difficult in these times of restraint, and we have not given that as high a priority as some of the other things within the department, but currently are, again, working on a computer system that would enable all of those to be inventoried and managed then in a much more cost-effective manner.

MR. ADY: Sometimes it's hard to keep track of the paper clips and pencils then. Thank you. That's all the questions I have on that subject.

MR. CHAIRMAN: Mr. Moore?

MR. R. MOORE: Thanks, Mr. Chairman. Let's see where I was at here. On page 25.2 of volume 2, vote 6, Urban Transportation Financial Assistance, I see the budget lists about \$150 million for that and that \$127 million is allocated to capital projects and only \$22 million to operating. Could the minister comment on this emphasis on capital expenditure? We know that operating cost is usually one of the largest in transportation -- in urban transportation, I'm talking about now. The capital construction is secondary to operating over time.

MR. ALTON: Basically, the government's position with respect to the funding of transportation in the province has been to provide the funding towards capital works as opposed to operating. For example, we don't provide any dollars to the municipal districts and counties to operate or maintain their road systems. The moneys that are provided to urban transportation are largely funds provided to assist in the operation of their transit systems and, secondly, to assist in the maintenance and operation of the primary highway routes that pass through cities. Those are the routes that are carrying the through provincial traffic, and therefore it's considered appropriate for the province to assist with the maintenance on those. But the primary funding that's provided is capital funding to assist the cities in developing their new capital transportation systems. I think to a large extent the cities prefer to receive the available funding in a capital work rather than in operating.

MR. R. MOORE: Another supplementary. The deputy minister answered one of my questions, and that was related to the rural municipalities in relation to the urban transportation. That was answered. I'd like to know: this money is granted to municipalities; does the department direct the expenditure of these funds, or is it left to local autonomy to make that decision?

MR. ALTON: The funds are directed to the extent that they must be utilized on established and agreed systems. For example, each city has what is defined as an arterial road system. The arterial road system in the cities is comparable to the secondary road system in the rural areas. It's a defined, established

system, and they must undertake work on that system in order to be eligible for those basic capital funds. But the department does not direct that it must be on this arterial as opposed to that one. Those decisions are left to the city. The city also has the choice of whether they spend all of their money on arterial roadways, or they could spend all of it on their light rail transit, or they can have a split, at their choice.

MR. R. MOORE: Final supplementary, Mr. Chairman. I just noted there under the same section, vote 6.2, Financial Assistance, Capital, that there was an underexpenditure of a considerable amount to urban transportation. With the demand that the urban authorities make on you — it's just a continual, ongoing demand, we realize that — can you explain how come we're underexpended in that area?

MR. ALTON: Not all cities utilize the full availability each year. The cities have to apply for the grants; they're eligible for a maximum that is based on a per capita allocation. Not all cities apply for the maximum that they're eligible for. The budget allows for the maximum that could be utilized if every city applies for it, and if some cities don't, then there are surplus funds.

MR. ADAIR: That's partly tied, also, to the fact that the city may not be able to meet their part of the program, because it's 75/25 in most cases that we have, and they have to provide the 25. If they choose to do other projects and don't have that 25 percent, then they won't apply for the other funds. So they may be held back for a couple of years before they apply for it.

MR. CHAIRMAN: Okay.

Mr. Bradley, followed by Mr. Downey, then Mr. Taylor, and if there's time, Mr. McEachern.

MR. BRADLEY: Thank you, Mr. Chairman. I had a question on page 25.7 under vote 2, Construction and Maintenance of Highways. I think my question falls under 2.1.3, Design Engineering, or 2.1.9, Operational Planning. There are currently three major east-west corridors, highways, through the Rocky Mountains, being the Yellowhead, the Rogers, and the Crowsnest, and I wonder if the minister could advise us whether or not any funds from those votes under vote 2 have been expended for design or planning of any further east-west access corridors through the Rocky Mountains, in particular from Banff south to the Crowsnest Pass?

MR. ADAIR: In 1986-87, no. I could even go beyond that, I think, to 1988 and say no.

MR. BRADLEY: Thank you. I wanted to ask a question under . . .

AN HON. MEMBER: He was out of order.

MR. BRADLEY: Well, I thank the minister for very definitively answering that question.

I want to ask the question under 2.6.3 on page 25.8. It has to do with the Maintenance and Operation of Ferries. Could the minister advise as to locations for these ferries and whether or not consideration will be given to replacing any of these ferry crossings with bridges in terms of that fiscal year?

MR. ADAIR: I can certainly indicate that I've got two of them

in my constituency, but I've got to go to the deputy minister to find out where the other ones are. Rosevear Ferry in Edson, Thompkin's Landing in Shaftesbury . . .

MR. ALTON: Blairmore Ferry in the Drumheller valley. There are no plans to replace that ferry because it serves somewhat as a tourist attraction. There's the Crowfoot Ferry that's in the Indian reserve out near Gleichen — we have, I think, about seven ferries — the Shaftesbury Ferry at Peace River, the La Crete Ferry near La Crete. All of the existing ferries that are operating currently: there are no definitive plans to replace any of them with bridges.

MR. BRADLEY: Okay. Thank you.

MR. ADAIR: There is the odd other area where we may be putting a ferry in. One of them that I happen to know in my area is the eventual access — if we can work out the deal with the Fox Lake Indian Reserve. For access there would be a ferry put in to get across there on the south side of the river, and the communities are basically on the north side, so they would have to access by Highway 58. At some point or another, when discussions are completed, there could be a ferry going in there. There may be others.

MR. BRADLEY: Could the minister outline what criteria the department uses in terms of ferry service versus putting a bridge in?

MR. CHAIRMAN: Again, we're getting at the estimates themselves.

MR. TAYLOR: The questions are very similar to the Member for Westlock-Sturgeon.

MR. CHAIRMAN: I agree with you.

Mr. Downey.

MR. DOWNEY: Thank you, Mr. Chairman. I'm looking again at element 2 in volume 2, and with regard to guidelines given to municipalities and perhaps the department with regard to private contracting. I'm just wondering, perhaps, what portion of that budget was privately contracted, to begin.

MR. ADAIR: I guess in the total, when we're talking about privatization within the department, what we've attempted to do — we've been involved for a number of years, and it started back in the '86-87 period. It was the third year that we were working on privatizing a number of functions, including campground maintenance, snowplowing, local roads, guardrails and sign installation, and mowing and seeding of highway rights-of-way. Certainly from that standpoint I think we are reasonably satisfied that the contractors who are doing that now are meeting our standards. I guess I could suggest that in the case of signs that we provide, about half of them are being produced by the private sector. Just under half, about 48 percent, are being produced by the private sector for us. Where we were doing them previously, they are now being done by the private sector.

MR. DOWNEY: What portion of roadside mowing, for instance?

MR. ALTON: Oh, virtually all of the roadside mowing is un-

dertaken by contract. But I think more importantly with respect to your question, when we look at the construction of highways, virtually all of that construction is undertaken by private sector. The department doesn't own one dozer or crawler tractor, doesn't undertake any construction. It's all undertaken by the private sector.

MR. CHAIRMAN: Final supplementary.

MR. DOWNEY: Thank you, Mr. Chairman. With regard to the '86-87 budget, then, I'd also be interested in knowing employment generated by total expenditures in the department, in the highways area.

MR. ADAIR: The total number of jobs?

MR. DOWNEY: Well, the impact on Alberta employment statistics.

MR. ALTON: Basically we use what I think is the Statistics Canada guideline. For each million dollars of construction work that's undertaken, it creates 17 direct jobs and 17 indirect jobs, so there are in effect about 34, 35 man-years of employment created with each million dollars of expenditure. The maintenance and operations component is higher. There are considerably more manpower requirements per million dollars of expenditure in those areas.

MR. CHAIRMAN: Mr. Taylor.

MR. TAYLOR: Yes, Mr. Chairman. This is to the Auditor General. In Public Accounts, volume 1, the Alberta Resources Railway, page 5.161, note 5, Long-Term Debt. Apparently, the Canada Pension Plan Investment Fund holds \$25 million of our debt to the Alberta Resources Railway. I was interested in what interest rate we are paying on those debentures.

MR. SALMON: Mr. Chairman, I can't answer that question immediately unless the department is aware of it exactly. We could certainly find that out.

MR. CHAIRMAN: What was the reference line again, please, Mr. Taylor?

MR. TAYLOR: Alberta Resources Railway Corporation financial statement, note 5 in volume 1 of the Public Accounts; that means page 5.161. My point is really, I guess, to the minister. I suppose that'd be the second question, and it's going to be difficult unless you know the interest rate. I'm just wondering: why do we retain a \$25 million debt, pay interest on a \$25 million debt that's guaranteed by the government anyhow, rather than discharging it, especially now that we have a receptive federal government, supposedly, that listens to you occasionally? Why don't you just ask the Minister of Finance to redeem the bonds, call the debentures in, pay it off and save the taxpayers some money?

MR. ALTON: It's my understanding the interest rate is lower than the current interest rates. I believe it's in the order of 7 percent but . . .

MR. TAYLOR: Even at 7 percent -- and I think the Auditor General will go in. It's all right for you and me to run our busi-

ness that way if we can borrow at 7 percent and invest at 9 or 10, but this is the provincial government. Usually if their rate is higher than 6 percent, you try to get rid to the debt. Has the Auditor General made any recommendation as to whether to redeem these or keep them on the books?

MR. SALMON: We've made no recommendation on redemption because we've just made sure that they've followed their policy of making the payments and ensuring that it was a reasonable presentation of the actual debt.

MR. TAYLOR: Is it possible you might drop us a line or drop the committee a line? Is that how you handle it, Mr. Chairman?

MR. SALMON: Maybe I should bring something back to you on that.

MR. TAYLOR: Yeah. I'd just like to know just why we're going this system of financing now.

MR. SALMON: Sure.

MR. CHAIRMAN: Final supplementary?
Mr. McEachern.

MR. McEACHERN: Thank you. Mr. Chairman, just whenever some member before the committee offers to give information to one person, will it become automatic that it will go through you and we'll all get it?

MR. CHAIRMAN: That's what we've been doing in the past, and I think there have been two occasions today at least. Once, the minister suggested he'd provide some information, and the Auditor General on another occasion.

MR. McEACHERN: Okay. Thank you.

My first question, then, is about the Natural Gas Price Protection for Albertans, vote 8 on 25.2, volume 2, the \$13.4 million. I can't help asking the question: when we talk about giving a \$13 million rebate to Albertans -- I guess it's not a rebate; it's just a cutdown in price -- we think in terms that we're subsidizing people, but in fact aren't we really subsidizing the utility companies with taxpayers' dollars?

MR. ADAIR: Not at all. I think when you come back to it, what we provided through the program was to ensure that Albertans individually were getting or purchasing gas at the lowest possible price for a product that was produced right here in the province, and that's why the natural gas price protection plan came into being. Once it reached a level higher than that plan -- and I believe the plan at that time was \$1.82 per mcf, I think was the term . . .

MR. ALTON: The support price was \$1.82 per gigajoule?

MR. ADAIR: Yeah, I think it was mcf, but it might have been a gigajoule at that particular point in time. But once it was above that, then we were picking up those costs on behalf of the individual citizens.

MR. McEACHERN: All I can say is that surely it's a bit like the subsidies of fertilizer which you don't know how much the fertilizer companies are able to capture of that subsidy to the

farmer. I think it has that same problem built into it.

My second question. I didn't really get a very good sense of the answer to the Special Projects that were asked about by one of the other members, page 25.7, vote 1.1.8. I wonder if the minister could see to it that we get some details on that sent out to the committee members.

MR. ADAIR: Yes, we can do that.

MR. McEACHERN: Okay. Thanks.

One last question. In going through the supplementary volume, I found a number of names of people who got funds from the Department of Transportation and Utilities, but I find it hard to make sensible questions out of it. So I just want to ask the minister if it would be possible that he would put together a package of all his payments. I mean, after all, he must have given this information to the Treasurer to make this compilation. But could he not put them together under program, under department so that we could have a look at that in one compact place rather than have to look through 300 pages to find them?

MR. ADAIR: The only difficulty I have: they are listed in this particular document, and to do that, and to go through the entire group of the number of contracts we have and separate them out would take us forever, if I might be honest.

MR. McEACHERN: But that's our problem. You guys put the information to compile it and maybe it's [inaudible].

MR. ADAIR: Well, we provide a document like . . . You get the information in public accounts. It's there. [interjection]

MR. CHAIRMAN: No, hon. member. Sorry. It's just that we've raised this question before. It's not a question for Public Accounts; it's a question for the Treasurer to decide. You may, in estimates next year, ask the Treasurer that question. But it's not a Public Accounts type of question.

MR. McEACHERN: I'd like the minister to note the problem, that's all.

MR. CHAIRMAN: Well, that's not the function . . . You're out of order.

The Auditor General wished to make a comment on a previous question, I believe.

MR. SALMON: Thank you, Mr. Chairman. I was referred to in note 5 of the Alberta Resources Railway Corporation. I'm just looking at the note. I didn't think to flip the page, but on the next page is the detail of the long-term debt and showing Canada Pension Plan Investment Fund with five debentures, and the interest rates are listed there. These have been in the hands of the railway since 1973-74, and the interest rates are between 7 and 8 percent.

MR. CHAIRMAN: Thank you very much for that supplementary information.

Mr. Ady.

MR. ADY: Yeah. Mr. Chairman, in view of the time, if we have any business to do, I'd forgo my question. You do your business, and I'll move for adjournment. If you don't, I'll move for adjournment anyway.

MR. CHAIRMAN: Okay. I'd like to announce, then, that the minister that will be before the committee one week hence will be Mr. Johnston, the Provincial Treasurer. Is there any other business that any member wanted to raise? Hearing none, I recognize Mr. Ady.

MR. ADY: Thank you. I move adjournment.

MR. CHAIRMAN: Are we agreed?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: I have one other item of business. I'm very sorry. I wanted to thank the minister and the deputy minister for taking time out of their very busy schedule and being with us here today. I hope we can get that into the transcript somehow.

[The committee adjourned at 11:26 a.m.]