

LEGISLATIVE ASSEMBLY OF ALBERTA

Standing Committee

on

The Alberta Heritage Savings Trust Fund Act

Monday, September 25, 1978

10:00 a.m.

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Chairman: Dr. McCrimmon

10:00 a.m.

MR. CHAIRMAN: Good morning, gentlemen. I think we will call the meeting to order.

Have you all received your copies of the minutes from the last session of meetings? Have you gone over those minutes? Are there any errors or omissions in the minutes?

MR. TAYLOR: I move that we accept them.

MR. CHAIRMAN: Moved by Mr. Taylor that the minutes be adopted. Are you agreed?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Have you received the information with respect to Mr. Russell and Mr. Schmidt? The supplementary information from Mr. Chambers has just come in. Would you mind passing these out, please. This is the information that Mr. Chambers agreed to supply at the completion of his last meeting. We'll come back to that later on this afternoon, after you've had an opportunity to cover that.

We have with us this morning the Deputy Premier and Minister of Transportation, Dr. Hugh Horner, on The Alberta Heritage Savings Trust Fund Act. Dr. Horner's portfolio covers the airports and air terminals. Dr. Horner, do you have any opening remarks in respect to your section of the capital projects?

DR. HORNER: Yes, thank you, Mr. Chairman. You will recall that essentially it was to build terminals or prebuild terminals at Grande Prairie and Lethbridge in an agreement with the federal government. I have copies of those agreements, Mr. Chairman. I'm not sure there's enough to go around, but I think the members would appreciate seeing them.

We've run into some difficulty with the Red Deer airport in two ways. First of all we haven't yet got a signed document from the federal government transferring it to us, which they promised to do. The only thing we've got is a press release by Otto Lang, saying that they're transferring it to us. Unfortunately it's tied up with the Department of National Defence, and getting things out of Ottawa these days is very difficult. However, we have gone ahead with Red Deer in the sense of design work, and also an evaluation of the utilities situation at the airport. Those utilities, of course, as many of you will recall, were put in during wartime to serve as Penhold as a training base, and there is some real doubt as to whether or not they would stand up. That evaluation is going on now, and that evaluation along with the

design work will be all the work that will get done this year on the Red Deer terminal.

So far as the Red Deer airport itself is concerned, out of ordinary budgeting we have purchased extra land so that the runway can be extended in next year's regular program.

The other four smaller airports are complete, or will be completed in this year, and construction is going ahead with them rather well. They are pretty well standardized. If any of you have been into Rocky Mountain House or Jasper-Hinton, you will know they are modular. We think they're pretty serviceable. I don't have a copy for each member of the committee, but perhaps I could pass these around and members might get an idea of what the terminal buildings look like. As I say, we expect them to be completed in the year. We had originally estimated \$1 million for the four of them. Grande Cache is a little bit higher than the other three, but Pincher Creek as an example is in at \$174,000, Edson \$157,000. Grande Cache will be about \$350,000, primarily because of the site and the additional work that needs to be done in a new airport such as Grande Cache. In Grande Cache, of course, the airstrip itself is being built under our regular airport program, and so we've got both types of construction going on in Grande Cache.

The two larger ones are the Grande Prairie and Lethbridge ones. After a great deal of negotiation with the federal government we have come to an agreement which, as you will see, essentially does two things. First of all, to finalize the agreement we had to agree to front-end what they call the air-side and ground-side work, which in the case of Grande Prairie is something over \$1 million, and in the case of Lethbridge about \$600,000. The agreement with the federal government is that they are to repay us for the air-side ground-side work that's done that's in the agreement by, I think, March 31, '81. That's firm, that they repay the ground-side air-side.

The balance of the agreement says that the federal government can pay us out at any time for the depreciated balance. They can make it in annual payments over 25 years at 8 per cent interest. The federal government then operates the two airports, as they are federal airports and under its jurisdiction. We have some say, though, according to the agreement, in regard to the question of the charges that might be made to the user air lines, the scheduled air lines, and that's documented in the agreement.

The construction at both Grande Prairie and Lethbridge is slightly behind schedule, primarily because of the construction strikes and the wet weather, but we would expect that they'll be completed in early 1979, provided again that all those things are done.

Mr. Chairman, that's a quick overview of where we're at. I can get more detail, naturally, and in each of these copies which I'll leave with the committee is the background, the various tenders that were received, and the nature of the tendering that went on.

MR. CHAIRMAN: Thank you, Dr. Horner.

MR. CLARK: Mr. Chairman, under which portion of the heritage savings trust fund do these programs come, Dr. Horner?

DR. HORNER: At the moment they're under the capital projects division. It may well be that a decision will have to be made later on, depending on the finalization or what the federal government does, how they want to pick up their option, that they might be transferred to the investment portion.

MR. CLARK: Mr. Chairman, where in the statement, the report for '77-78, do we find an accounting of these?

DR. HORNER: I should just recall, Mr. Clark, that these are '78-79, and we did not do any in '77.

MR. CLARK: Well then, how come we have you here this morning?

MR. CHAIRMAN: Because it was requested that he be here, and he has complied with that request.

MR. CLARK: Well, Mr. Chairman, very directly, I am pleased to have Dr. Horner here, but my question is that I don't see any place in the . . .

DR. HORNER: No. That's because we didn't do any work in '77.

MR. CHAIRMAN: It was requested at the opening meeting that Dr. Horner be here for general information for the committee. He complied with that request, which I had asked him to do, and that is why he is here. But he is not responsible for any dollars in the report as far as the committee is concerned this year.

MR. CLARK: I assume then, as a result of Dr. Horner's being gracious enough to come, he would expect some recommendations from the committee with regard to his area, even though it isn't included in the report that we're looking at.

MR. CHAIRMAN: I would imagine that he would probably be open for suggestions.

MR. TAYLOR: Did I understand, Dr. Horner, that you are using the same type of building at each of these?

DR. HORNER: At the smaller ones, yes. Lethbridge and Grande Prairie are not in that category, but in the smaller ones we're using a modular design. Certain ones are slightly larger than others because they have additional facilities, most of which are rented out to the federal government. As an example, in Whitecourt the air radio station is now in the new terminal, and it's slightly larger because of that. Similarly, in Grande Cache it will be slight larger because it does have a scheduled service. We think that with the new airport and the new terminal the scheduled service will become better. At the moment it's flying only in good weather. Again, MoT is responsible for the navigational aids that will go into the building there.

In the one in Rocky Mountain House, which isn't in the heritage program, we rent space not only to MoT for a radio station there, but also to the Weather Modification Board. Pincher Creek has an MoT radio station as well.

MR. TAYLOR: You would save considerable money on architect fees in that way.

DR. HORNER: Yes, I think we did. As you will notice, I think, they're pretty good-looking buildings, and certainly any of the communities that have them are quite pleased with them.

MR. TAYLOR: I think it is an excellent idea. Have you run into any difficulties with the architects because you're using the same design?

DR. HORNER: No, nothing.

MR. HORSMAN: Dr. Horner, this question relates to the method of dealing with recommendations of the committee. Perhaps they might better be addressed to the chairman of the committee when he appears before us. But this relates back to the recommendations of the select committee last year in which we met and considered a number of recommendations from various members of the committee. The number one recommendation under the capital projects division was that consideration be given to upgrade the secondary road program of Alberta, using Alberta heritage savings trust funds for that purpose. I would assume that this would be of considerable interest to you and your department. I'm wondering if you can advise the committee at this stage what progress has been made on the carrying through of that recommendation, whether or not you feel it is appropriate that these funds come from the heritage fund as opposed to the general revenue funds of the province.

DR. HORNER: I think that's a decision that the investment committee has not made yet, that we should build roads with heritage fund money. I would say that the present secondary road program has, I think, used up the capacity of the industry in Alberta this year and, weather permitting and if we can complete it, it's a very major one. We haven't turned many wheels for the last three weeks, but are hopeful for a month and a half or two.

MR. HORSMAN: For your information, it's drying up in the south. So if you have some extra wheels to send down there, we'd be only too happy to have them sent.

MR. APPLEBY: Some areas in the north are fairly dry now, too.

MR. HORSMAN: I would like to, if I may, follow up a little bit on this question, because I think it really is a matter of concern to me and other members of this committee as to how the recommendations that flow from our consideration of the report are considered and what steps we can expect to see follow with regard to these recommendations. Because if we just make the recommendations and nothing happens, then I think that the question of the credibility of the committee, the very existence and purpose of this committee, may very well be called into question. So I think that we must recognize that we're new at this, it's never been done before in a democratic society, but I think the committee would like to receive some assurance that our recommendations are being considered and hopefully given some serious attention.

DR. HORNER: My response would have to be that I think the question should be more appropriately directed to the chairman of the investment committee and/or the Provincial Treasurer.

MR. HORSMAN: We'll be seeing the chairman, so perhaps I'll save my remarks for that time.

MR. TAYLOR: Dr. Horner, what criterion is used in selecting the various airports that you've outlined?

DR. HORNER: Primarily these are provincially owned airports that are multiple-use. All four of the smaller ones are water bomber bases for forestry. There

are scheduled air lines into two of them, and we hope as a matter of fact that Wapiti will be -- once we get Grande Cache completed, that Whitecourt might well be tied into their schedule: a Grande Prairie-Grande Cache-Whitecourt circuit sort of thing. Gateway is now flying out of Jasper-Hinton -- that's not in this one -- and is, as I understand it, using Edson as well. So I think it's the multiple-use ones.

I'd be quite happy to have recommendations from the committee as to other areas, even in the community owned ones where there is a good chance of scheduled third-level service down the road -- to look at these modest terminals in other areas. I'm thinking of Camrose, Drumheller, some of the larger . . . I might also say that we negotiated an agreement with the Department of National Defence to use a strip in the Cold Lake air base as a commercial strip, using their control tower, and that lease is finalized. They have agreed to lease us some land on the air base to build our own terminal, and we're thinking there again of a modest terminal. The beauty of these modular ones is that they can be expanded at a later date very easily.

MR. TAYLOR: Is any of the work that was done with heritage trust money work that would have been done by the federal government?

DR. HORNER: The Grande Prairie, Lethbridge ones would have been. The agreement outlines the situation between the two. Otherwise no, it would not have been done. I think that's one of the criteria that you'd use. But airports are divided into so-called national airports, which are operated by the federal Ministry of Transport, and that depends on the amount of traffic in and out. National airports in Alberta are the two major ones, plus McMurray, Grande Prairie, Lethbridge. The rest are provincial.

MR. TAYLOR: In the case of Grande Prairie the work that would have been done would have been done sometime in the future rather than now.

DR. HORNER: Yes, that's right. The whole idea was that -- all of us have seen that both the Grande Prairie and Lethbridge terminals aren't very attractive, and it was obvious that the federal government was not going to get to them until 1982 or somewhere around there, at the earliest.

MR. CLARK: Dr. Horner, you said that we're charging the feds 8 per cent on the money that . . . ?

DR. HORNER: Yes. A 25-year . . .

MR. CLARK: Twenty-five years at 8 per cent, is that . . . ? And they then have a choice as to how they pay it back: a lump sum or amortize it over. When did you say the first payments or the lump sum . . . ?

DR. HORNER: Nineteen eighty-one. But I want to make it clear there are two components. The air-side ground-side thing -- that's strengthening the taxi ramp and so on so that you can bring jets in to the terminal -- that's repayable in full by 1981.

MR. CLARK: That's where they taxi up and that kind of stuff.

DR. HORNER: Yes.

MR. CLARK: What about the actual buildings themselves, like the new terminal that's being built in Grande Prairie right now? It's the same kind of agreement? They can pay it either all off in '81 or decide to finance it over 25 years at 8 per cent?

DR. HORNER: That's correct.

MR. CLARK: Are we getting 8 per cent on our money from now until '81?

DR. HORNER: No. That's the contribution we're making to get the thing built.

MR. CLARK: So we're really . . .

DR. HORNER: We're subsidizing the federal government to that extent.

MR. CLARK: What's that subsidization going to total up to? Any idea?

DR. HORNER: No. I think by the time we report to the committee in a year from now we should be able to have that figure pretty exact.

MR. CLARK: How many dollars are we looking at for the two major projects, Dr. Horner?

DR. HORNER: The Grande Prairie total, including \$1.4 million which has to be repaid on the air-side ground-side thing, will be \$4.15 million; Lethbridge very close to \$3 million, again including \$600,000 which has to be repaid by '81.

MR. CLARK: So we're looking basically at \$7 million we've lent the feds interest-free until '81.

DR. HORNER: Yes. That's a fair statement.

MR. KROEGER: One of the references there was to Jasper-Hinton, Dr. Horner. Are we talking about Hinton?

DR. HORNER: Well, we're talking about the new airport that was built a year ago, and the terminal at Jasper-Hinton. That airport is on the ledge about 2.5 miles from the park gate. The provincial airport has the shortest runway; but quite frankly, if you're knowledgeable about the terrain, you couldn't get longer than 4,000 feet there without a very, very expensive project.

MR. KROEGER: Is it operating now?

DR. HORNER: Yes.

MR. TAYLOR: On the air-side ground-side, I take it that the ground-side would mean strengthening the subgrade of the airport by putting in two or three feet of . . .

DR. HORNER: No. That's the air-side. Ground-side is the parking structures and the parking lots and that kind of thing. Air-side is the other, what you're talking about: three or four feet of concrete to hold these jets.

MR. TAYLOR: That could be a pretty expensive item, but it's a very necessary one.

MR. PLANCHE: Dr. Horner, just one small point. Has the MoT agreed to put the navigational aids in place at the same time these things will become operational, or are we going to go through a period of time where they are day-time airports until they make up their mind what they're going to do?

DR. HORNER: I must say that certainly with the western region of MoT we've had a great deal of co-operation, and that all of the -- particularly the two, Lethbridge and Grande Prairie -- have been worked by a sort of a three-party committee: MoT, ourselves, and the local airport management. So that co-operation has been good.

There has been some delay in getting some of the air navigational equipment in some of the others, but it's gradually coming. It was held up, Time Air service from Pincher Creek for a while, but that's in now and operating. We're hopeful that the aids will go into Grande Cache at the appropriate time.

MR. HORSMAN: If I may follow up a little bit on this question of recommendations from the committee. In your earlier remarks you . . .

MR. CLARK: Mr. Chairman, could I just . . . Mr. Horsman, it's a follow-up to Mr. Planche's question, if I could just kind of keep on.

Dr. Horner, when you talk about the aids. For example, not long ago I flew into Hinton, and as I recall the situation then you couldn't land after a certain time or leave at a certain time in the evening. That would be because of the navigational aid kind of thing? Has that been straightened out there?

DR. HORNER: I understand that they're getting it in, or they're at the process of putting it in now in Jasper-Hinton. I think one of the problems, as you may be aware, in Jasper-Hinton, because of the terrain -- in some ones that are out in the flat country you can land at night without any problem, because they're lit and there's a beacon -- but particularly using scheduled aircraft they have to operate under the Aeronautics Act, which governs the safety regulations.

MR. CLARK: Now, is that adversely affecting Gateway's operation out of Hinton?

DR. HORNER: At the moment it's slowing it down, but we're doing everything we can to get MoT to get it in.

MR. CLARK: When do you see that getting done?

DR. HORNER: They were supposed to have it done this fall. I'll check with Don Dewar again, but . . .

MR. CHAIRMAN: Were you finished, Mr. Horsman, or are you ready to go?

MR. HORSMAN: I don't think I was finished.

What I was concerned about is that keeping in mind the recommendations of our committee last fall that we not spend too much time in discussing matters which come before the House for debate on the appropriations bill, nevertheless in view of the fact that we have Dr. Horner here this morning, and in view of the fact that projects under his department are all capital

projects division projects to date, and going back to what you had to say about recommendations for additional airports and so on -- I take it from that to mean that you intend to make further recommendations for the continuation of this program in future years.

DR. HORNER: Yes.

MR. HORSMAN: Now, as to how these recommendations might be made, I assume we could all put forward the recommendations, for example, that the Medicine Hat airport terminal be reconstructed and so on; but is that what you have in mind when you say you would welcome recommendations?

DR. HORNER: Yes, and I think that depends on whether you would expect us to 'prioritize' it according to the needs of that particular airport.

MR. HORSMAN: I see. But I think then that you would also expect the committee to recommend on, first of all, the desirability of the program continuing in future years, and then get involved in some recommendations as to specific projects.

DR. HORNER: Yes.

MR. HORSMAN: That being the case on the airport question, perhaps we might return to the question of the committee recommendations of last year as to upgrading the secondary road program. As you say, the investment committee has not made a decision to include highway construction as part of the heritage savings trust fund, but rather to fund highway construction through regular revenues of the province. As Minister of Transportation, do you feel that we are needing heritage fund money for highway construction in future years, or whether or not we're going to be able to continue to fund those through regular revenues of the province?

DR. HORNER: I'd have to then just give a personal opinion. I believe that we can fund a very adequate program from the general revenues, and I think we have to be careful that we don't overheat the thing till we're down to one bid on a particular project or something like that.

DR. HORSMAN: Is that following through on your earlier remarks with regard to the availability of contractors in the province being utilized to its limit at the present time on any regular project?

DR. HORNER: Yes. And, as Mr. Taylor is well aware, you get a contractor and he's got two contracts and he gets bogged down in the south in the rain as has happened this year and he doesn't get to go up into the north until he gets out of the mud. So you have all of those kinds of things that you have take into consideration. Ordinarily I think the contractors like to have one in the south ready to go early and then bid to move across the province. This year it backfired on them in that the south was very wet. They had a great deal of difficulty, particularly on a section of 2 south of Cardston.

MR. HORSMAN: So then just a final supplementary on this. You wouldn't see the necessity of recommendations flowing from this committee under the capital projects division requesting funds from the heritage fund for your department as occurred last year in the number one recommendation.

DR. HORNER: Well, I think that again it's a personal opinion and the decision has not been made. There may be some good reason to do a special road or a special project that wouldn't ordinarily get done, but my own view is that the ordinary road network -- we should be able to meet that out of the general revenue.

MR. HORSMAN: So you don't have any special projects in mind at the moment that need these funds.

MR. CLARK: You're being asked to make your own recommendations, Dr. Horner.

MR. HORSMAN: You're given the opportunity.

DR. HORNER: Well, you know, we've spent a great deal of money in the past three or four years paving the Mackenzie Highway. I might say that the last contract will go out this winter and then it will be totally done, which is a pretty big achievement but also takes away from the other roads in the rest of the province. If it was decided that we needed to open up or to have a look at the northeastern part of Alberta, which has been very largely unexplored, and contains our portion of the Canadian Shield, I think a special road into that area might be considered because it wouldn't otherwise perhaps get done.

MR. CLARK: Dr. Horner, going back to the question of kind of second- and third-tier air lines, Gateway as I understand now fly out to Hinton and Jasper airport, don't they?

DR. HORNER: Yes, and Edson.

MR. CLARK: And Edson. And they also fly to Cold Lake, don't they?

DR. HORNER: And St. Paul.

MR. CLARK: And St. Paul. When we're having kind of a broad-based discussion this morning, what's the future for Gateway? I raise the question in light of the possibility that if Cold Lake goes ahead -- and I for one expect that it will go ahead, hope it goes ahead, as long as it's under the proper circumstances -- then it seems to me very logically the next step is going to be for a great deal of pressure to have a certain air line that operates across the province fly into Cold Lake. I don't particularly carry any brief for Gateway, but I see the possibility of our getting into a situation where Gateway likely will not be able to continue on a viable operation as far as their Cold Lake operation is concerned. So what do you see in the future, not for Gateway specifically but for those kinds of air lines?

DR. HORNER: Well, I think that's one of the areas where I've been disappointed that we haven't been able to make as much progress as I would have liked. The whole question of how the third level, so-called, fits into your regional air line schedule I think is an important one and one that has to be resolved. It's not going to be resolved easily, but I think it can be resolved, because there's always trade-offs, that the smaller non-jet -- third level is essentially what you would call them -- there are always, in my view, trade-offs that can be made to keep them viable and to hook them into a better

regional network. In other words, they should be the feeders into the regional, and I think more can be done in that area.

MR. CLARK: What are the ingredients, Dr. Horner, that have to be involved in working out that kind of solution? You say that things haven't moved along as well as you'd like them to. Is it because of lack of co-operation from the federal government?

DR. HORNER: Partly.

MR. CLARK: Would you like to elaborate on that part of it? I know you never like to miss an opportunity in that area.

DR. HORNER: I think a great number of these, outside the national airports we talked about -- the other 15 sort of major airports in Alberta are owned by the province. Up until now we haven't had enough say as to who would get the licence to fly into them. I think it's important that we do, because if we don't have some knowledge of their financial stability we're then pushing on the community a service which may or may not be viable for any length of time. So I think that's the one area. I've had discussions with Mr. Lang on it and also with the air transport committee themselves relative to having a greater input by the province into who gets these scheduled lines, and to ensure that once you start it it's viable from a point of view that they have the financial backing and know-how to operate one. So that's the federal thing that concerns me.

I think the next thing is to address the question of whether or not, to really get the third level off the ground, some sort of seat/mile subsidy may have to be paid. Other provinces, particularly Ontario, do it by buying the aircraft and leasing it to a private operator at somewhat less than they would have to pay otherwise, and it comes out to it. We've looked at a variety of these areas. I had hoped, quite frankly, that things would happen without that kind of subsidy, but it seems to be now that it may well have to be. But you have to rationalize the routing, and there again is the federal air transport committee. We just have to have more impact. As a matter of fact, we've had their commissioner in charge of research out here visiting with my people, and again in Ottawa last week visited with him to try to resolve some of these problems.

MR. CLARK: Thanks, Dr. Horner. Are there applications now, Dr. Horner, before the Canadian Transport Commission with regard to regional carriers in Alberta that have been hung up down there? Or is it more an overall thing?

DR. HORNER: It's an overall thing. Well, it took 13 months' trying to get approval to fly Pincher Creek-Calgary. I think that's too long.

MR. CLARK: How flexible are the feds with regard to seeing the province play a much more important role in this area? The politicians, that's one thing, but the CTC people?

DR. HORNER: I think that the regional people, I would have to say, are very co-operative and would like to see more provincial co-operation in this area. I think it can be worked out if they are willing to sit down and rationalize the really . . .

MR. CLARK: Is it a matter that you feel the province needs, if I could use the term, "total provincial jurisdiction" within the province, or is it a matter of rather a joint responsibility as far as third-tier travel is concerned in the province with the feds?

DR. HORNER: I think that it has to be a matter of joint responsibility, but I think that we should be allowed more input into it. I think it's joint because we've always said that we would always operate under the Aeronautics Act of Canada, which governs safety and that kind of thing. I think that's important to be, should be, similar across the country and so I think that that's fine. I think the question of routing, though -- that we should have much more input into it.

MR. CLARK: Dr. Horner, not to argue with your wording, is it a matter of more input or is it a matter of them simply listening to what Alberta is saying? And I say the question seriously, because . . .

DR. HORNER: I think it's both, frankly. I think that while we're sort of notified now, the question of whether or not we shouldn't be able to . . . Instead of going as an intervener I think the province should be able to go to the air transport committee and say, here's a set of routings that we think would be logical; then you hold the hearings on it, as long as the safety things are there and so on.

MR. CLARK: And there's no way that can be done now?

DR. HORNER: Not to date, except that we're starting the process by going through the research commissioner of air transport.

MR. CLARK: Have we made (inaudible) to the Canadian Transport Commission, Dr. Horner, as to the routings that we'd like to see in Alberta; and if we have, could we get a copy of it?

DR. HORNER: Have we made an official . . . ?

MR. CLARK: Yes.

DR. HORNER: No, we haven't. These have been discussions between myself and Mr. Lang, myself and Mr. Benson, myself and Mr. Thompson, and then my senior officials with Mr. Dube, who is the research commissioner of air transport.

MR. CLARK: So that they really haven't put, if I could use the term, an overall plan as far as this routing is concerned in Alberta?

DR. HORNER: Not yet.

MR. CLARK: When will we have that in place, Dr. Horner?

DR. HORNER: I guess that my only excuse, if it's that, for the delay is that we've been having a lot of problems with the air transport commission/PWA/Transair matter. I really would like to resolve that one and then move further on the third levels.

MR. PLANCHE: Dr. Horner, I was wondering if PWA is going to appear in the Alberta investment division?

DR. HORNER: Again that's a question that would have to be answered, I think, by the chairman or the Provincial Treasurer. I would only say this: that I don't think that it can be until we resolve the Transair matter and get a very viable regional carrier, which I believe will come about. Then it might be appropriate to put it in the investment division.

MR. APPLEBY: Dr. Horner, looking at these airports where the seven new terminals are going to be built, I've also to think that we have now a considerable excellent network of paved runway strips in many, many much smaller centres throughout the province. Many of these airports would like to have some sort of multi-use terminal building. They are operated by airport committees, airport commissions, under the jurisdiction of counties, towns, or a combination of these and so on, and are finding it very difficult to finance these sort of things. I wonder if this problem has been presented to you and some consideration been given to what might be done in the matter.

DR. HORNER: Yes, we're looking at that now, and hopefully we can make some contribution in our regular airport vote in the department to making modest terminals available, et cetera, at these airports. The airport commission thing is working well usually. There's always a division, because the airport is invariably in the county or MD and the town is one of the major users, but we've been able to get them to form airport commissions and to generally operate these smaller community airports in an effective way.

MR. APPLEBY: Yes, I think the airports are being operated quite effectively, but it's a matter of trying to decide who should pay whatever portion of -- say, if they're going to build a terminal building or if they are even able to help in this way has been the problem there.

DR. HORNER: Yes. That's something we're working on, and hopefully we can come forward in next year's ordinary budget with that.

MR. CLARK: Dr. Horner, just two other areas I'd like to pursue. One is, can you give us the estimates that you have for the projects that have been funded out of the fund here, for their call on the operating budget of the province? You may not have it with you now, but could you supply that for the committee?

DR. HORNER: Yes. You should be aware, of course, that the only operating funds on Grande Prairie and Lethbridge will be whatever funds we decide that for the public usage of Albertans to lower the user fees and so on, on those two. On the others we can give you an estimate of the operating costs, and perhaps as you are aware there have been some operating costs right along. You know, we've had airport managers at places like High Level, Whitecourt, and prior to my taking over the so-called forestry strips. Of course the forestry people had airport managers, people that looked after their water bombers, that kind of thing. So the operating costs have been there. Now we can get you an estimate, I think, of what the increase in operating costs will be because of the program.

MR. CLARK: That's really what I want to get at: as a result of what's being spent in the heritage savings trust fund here, what additional call is that going to have on the operating budget of the province.

DR. HORNER: I think it will be very modest, having regard for the fact that there were always some operating costs in any case. In fact, having them paved and improved may lower the maintenance cost.

MR. CLARK: Okay. The second area, if I could move on to that, Mr. Chairman: what's the future as far as PWA is concerned with regard to corporate structure?

DR. HORNER: Of course the obvious thing would be to be able to merge Transair and Pacific Western. As I said earlier, we're having some difficult time at the moment with regard to the air transport committee and their treatment of Transair. Part of the original agreement, which is a written agreement, was that Pacific Western would get the flight into Saskatoon and Regina and the connecting flights to Winnipeg, Calgary, and Edmonton and criss-cross. Because of the need to do a number of things, such as in the labor side -- the various members can bid on particular new jobs that might open up -- that takes about 60 days. We have to finalize the negotiations with Air Canada relative to their dropping some of their flights, because that was the agreement, in Saskatoon and Regina. And, thirdly, then to publish a rate structure which has to be out for 120 days.

So then it becomes completely unreasonable for them to tell us to drop Transair's route out of Winnipeg to Toronto as they've now done on October 29, because we can't possibly get the Saskatchewan routes in place until April of next year. That has to do with labor, fare structure, and availability of planes. So we've appealed that decision through the federal cabinet, and I expect a response by October 1. If that's positive and if we can go ahead in an orderly way, I would expect down the road that the new Pacific Western Airlines corporate structure would be set up merging the two. But because of these legal and accounting problems and air transport regulations, it's going to take that period of time.

MR. CLARK: So you're hoping to have the routing matter, the planes and the labor in place by April 1 next year.

DR. HORNER: Yes.

MR. CLARK: Then sometime following that, all things being equal, you would see some change in the corporate structure of PWA leaning very heavily in favor of merging the two.

DR. HORNER: Yes.

MR. CLARK: What applications have PWA put before the Canadian Transport Commission with regard to flights to the north?

DR. HORNER: They have a number of them. I'm not sure where they are, but they are certainly looking at routes into Whitehorse from here and from Calgary, and other flights, depending again a great deal on the final go-ahead on the pipeline.

MR. CLARK: So that there is to be a direct tie-in there as far as PWA's northern venture in keeping with the pipeline.

DR. HORNER: Yes. One of the advantages of Transair, of course, is that Transair does have an entry into Whitehorse and PWA does not at the moment.

MR. CLARK: What about Alaska?

DR. HORNER: I think that's a natural, down the road. Again, I know the board of directors have looked at all of these and, assuming that they again could get by this very irritating Transair matter, I am sure they'll be looking at more transporter routes.

MR. CLARK: But there have been no applications filed by PWA to date with the federal government?

DR. HORNER: Not to date.

MR. CHAIRMAN: Are there any further questions to Dr. Horner? I realize this is a broad-ranging meeting here, and is not under the report. It's strictly through his courtesy that he's here at all, but it is a fairly broad-ranging one.

Are there any further questions to the minister? If not, thank you very much, Dr. Horner, for coming. As I said before, we realize that you were not obligated to come to this meeting, but through your courtesy it's been an informative and instructional session for the committee to broaden its scope as far as the understanding of this section of the report is concerned. Of course, the dollars will be spent for next year's report. Thank you very much for coming this morning.

DR. HORNER: Thank you very much.

MR. CHAIRMAN: I think this might be a good time to go on. We had a tabled motion from the last meeting, if you're prepared to carry on with that, or would you like to settle it this afternoon?

MR. HORSMAN: Mr. Chairman, I just got this material on my desk this morning. I'd like to read it before we deal with that motion. It may be that . . .

MR. CHAIRMAN: Fine, we can hold it over until this afternoon. There's no problem.

Are there any other matters to bring up this morning? Coffee will be here in the next five minutes, if you would like to wait. I ordered it for 11 o'clock.

MR. PLANCHE: Mr. Chairman, what are we doing about our recommendations? How did we finally settle that out? Are you expecting them next week, or this week, or . . . ?

MR. CHAIRMAN: The understanding is that if possible they're to be in to me by the 29th of this month. If it is agreeable to you I think probably next week there are going to be a number of recommendations where there is no overlapping. We can take those and perhaps work on those recommendations.

The overlapping ones may take us a few days to amalgamate into simpler, if that's agreeable to the committee.

MR. CLARK: Mr. Chairman, could I just ask what dates are we looking at? We've agreed to the 2nd and 3rd of October, haven't we?

MR. CHAIRMAN: Yes.

MR. CLARK: Do you anticipate that the rest of the meetings of the committee would then be held during the early part of the session, Mr. Chairman?

MR. CHAIRMAN: I think so, because we're precluded, pretty well, from the Monday and Tuesday of the following week as it's Thanksgiving and a holiday, and not practical. I think that was the general consensus of the committee previously. Is that not so?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: If we get two days on committee work we shouldn't have too much to carry over into the session period, and should be able with one or two meetings, dependent on how things go, to clear it up in the first week or two of the session, if that's agreeable to the committee of course.

MR. CLARK: Perhaps, Mr. Chairman, you might use your influence with the Government House Leader. If we could use a night -- I know the problem we had last time -- but even if we have to use a couple of nights. It's a real problem for me, anyway, during the day. Between question period and private members' day, and then you've got speeches coming up early and so on . . .

MR. CHAIRMAN: Yes. I'll work on it. We'll have a better idea after our meetings next week of what our timing schedule should be.

MR. DIACHUK: Mr. Chairman, we'll leave it to you as the Chair to choose and sort them out which ones you think are not overlapping, and that means that next Monday you will have a slate or a list of them ready for us to just get back into.

MR. CHAIRMAN: Yes, if that's agreeable to the committee, because there are quite a few that shouldn't overlap. So those I see no reason why we can't go ahead with.

If there is no further discussion, the meeting is adjourned until 1:30 this afternoon, the same room here. The Minister of Energy and Natural Resources will be with us.

The meeting adjourned at 10:55 a.m.