

Standing Committee on The Alberta Heritage Savings Trust Fund Act

Monday, September 17, 1979

Chairman: Mr. Payne

9:00 a.m.

MR. CHAIRMAN: I'd like now to bring to order this meeting of the Select Committee on The Alberta Heritage Savings Trust Fund Act.

In your behalf I'd like to welcome with us today Mr. Kroeger, the Minister of Transportation, and two of his departmental officials. As is our custom, Mr. Minister, I would like to suggest that you introduce your departmental officials to the members of our committee. There may be some who do not know them.

MR. KROEGER: Thank you, Mr. Chairman. I think most of you would know the gentleman on my right. He's the chief deputy minister, Mr. McFarlane. Mr. McKeigan, who is the assistant director but very wide-ranging -- that covers myriads of what we're going to be talking about.

I'm not going to make a lengthy comment here this morning. When we talk about the Heritage Savings Trust Fund as it involves Transportation, we're essentially talking about the Transportation part of the Kananaskis area. The other side of it this year -- Mr. McFarlane and I were discussing the program this morning. It was indicated the resource road concept would be coming into this in a bigger way. So those are the two areas that would relate to the topics we'll be covering this morning. That lends itself to a pretty wide range, and rather than me taking up the time, Mr. Chairman, I think I would hand it back to you.

MR. CHAIRMAN: Thank you, Mr. Minister. With those introductions and that brief opening comment, then, I would invite questions from the members of the committee here today.

MR. R. CLARK: Perhaps we might start by getting an overview of the airport situation in Grande Prairie and Lethbridge -- costs, the arrangement with the federal government, when we expect to get the money back, and what interest we're being paid.

MR. KROEGER: Mr. Chairman, on the philosophy of what we'll be attempting to do, I will take questions on the policy end of it. I'm going to invite the comment on the technical aspects to be supported by Mr. McFarlane and Mr. McKeigan. Would you like to comment on the dollars and cents, Dan?

MR. McKEIGAN: Yes. I think the first thing we should be very clear on is that Grande Prairie and Lethbridge are not part of the heritage fund at this time. They were transferred last September to General Revenue Fund.

MR. R. CLARK: How do we then account for pages 13 and 19 in the report?

MR. McKEIGAN: Sorry, I don't have a copy of the report in front of me. As you are probably aware, the two airports were originally budgeted in the General Revenue Fund in 1978-79. In September they were transferred to the General Revenue Fund on agreement between Treasury -- the hon. Mr. Leitch -- and Dr. Horner at that time. The concept at that time was that the two airports in question, Grande Prairie and Lethbridge, were in fact going to be receiving revenue and therefore were not within the precise terms of The Alberta Heritage Savings Trust Fund Act. I believe the notes of Hansard will indicate that transfer.

MR. R. CLARK: But to follow along, Mr. Chairman, having regard for the fact that they are in the report that we're looking at, now can we get on to the costs?

MR. McKEIGAN: Yes. The original budgets that were in the Alberta Heritage Savings Trust Fund were \$2 million for Lethbridge, and the original amount for Grande Prairie was \$3 million. The expenditures up to April in '78-79 were approximately \$7.2 million.

MR. R. CLARK: Mr. Chairman, that's sufficient. I wonder if we could move on to progress on the Grande Cache, Edson, and Pincher Creek airports, where the negotiations on Red Deer stand, and what projects we have under way at this time.

MR. McFARLANE: Mr. Clark, could I pick up the Red Deer terminal? We can give you progress reports on the others you asked for. The Red Deer terminal is being designed now. As a matter of fact, part of it is out to tender. We have just finished negotiations with the federal government vis-a-vis the whole area of land there, meaning the airport facilities there -- as you know, it's run by the municipality -- and the land. We've just finished those negotiations. I believe parts of it are out to tender now. That's for a terminal building. Danny, can you give him answers on the progress and costs?

MR. McKEIGAN: The actual expenditures to date -- this is to the end of September, with some delay in terms of accounts processing -- are \$75,000 in the '79-80 budget. That's out of a budget of \$910,000 originally approved for this year.

MR. R. CLARK: That's \$75,000 out of a budget of how many?

MR. McKEIGAN: Nine hundred and ten thousand.

MR. R. CLARK: For this year.

MR. McKEIGAN: That's for '79-80.

MR. R. CLARK: Is that for Red Deer?

MR. McKEIGAN: That's for Red Deer, yes.

MR. R. CLARK: And what about Grande Cache, Edson, and Pincher Creek?

MR. McKEIGAN: The original budget amount for Grande Cache was \$10,000, and that was mainly for clean-up work, including painting the outside of the

building and some minor landscaping work. To date, out of that \$10,000, \$1,250 has been spent. That's just clean-up work that had to be done.

MR. R. CLARK: Does that pretty well finish the Grande Cache project?

MR. McKEIGAN: Yes. I would say it is 99.9 per cent complete.

MR. R. CLARK: What about Edson?

MR. McKEIGAN: If I'm not mistaken, Mr. Clark, the Edson airport was in fact completed in 1978-79.

MR. R. CLARK: Pretty close to on budget?

MR. McKEIGAN: The total expenditures on Edson airport were \$154,776 of a budget amount of \$200,000.

MR. R. CLARK: And Pincher Creek?

MR. McKEIGAN: Pincher Creek is \$109,799 -- these are '73-79 actual expenditures -- out of a budget of \$200,000. To go back to your earlier question on Grande Cache, expenditures in '78-79 were \$424,142.

MR. R. CLARK: Mr. Chairman, perhaps I could ask the minister: albeit the committee is looking at the '78-79 report, what air facilities do we have under construction in the year following this, '79-80?

MR. KROEGER: You mean now?

MR. R. CLARK: Yes.

MR. KROEGER: Have we got a list of that, Dan?

MR. McKEIGAN: Yes, we do. What we have is for Red Deer, which was originally approved in '78-79, but we're just starting work on it this year. There's also the final carry-over, minor work to be done on Grande Cache; Peace River; Medicine Hat is approved for '79-80; Medley; Rainbow Lake; Swan Hills; Manning; Camrose; High Prairie; Drumheller; and Brooks.

MR. R. CLARK: Mr. Chairman, we don't need it now, but if we could perhaps get from Mr. Kroeger's officials the amounts allocated to each one for this year; and if we're going to be spending all of it this year, or how far along we are.

MR. KROEGER: The amounts for '79-80.

MR. NOTLEY: Could we get the total budget figures first, please.

MR. KROEGER: The total of the grouping that is indicated -- I'll give you the grouping. Have we got the . . . Here we are.

MR. McKEIGAN: Mr. Minister, if I may, the Red Deer terminal's budget amount was \$910,000 and, as I indicated, \$75,000 has been spent to date. In terms of Grande Cache, the original budget was \$10,000 for '79-80; \$1,250 has been

spent. Peace River: \$700,000 has been budgeted. I think the minister may be able to fill you in on the details of this one. . .

MR. KROEGER: Which one is that?

MR. McKEIGAN: Peace River. We haven't yet reached an agreement with the city on that one.

MR. McFARLANE: Excuse me. It's the federal government. It's run by the municipality, as you probably know. You would know, Mr. Motley. But the new terminal building we're negotiating with the federal government for -- an agreement to put up a new terminal.

MR. McKEIGAN: So to date we have not spent any funds from the heritage fund on Peace River. Medicine Hat: \$900,000. Again I think we're still in a situation of negotiating and having discussions with the city of Medicine Hat. I believe we're in the stage of completing those discussions. A contract should be let in the near future on that one.

In terms of Medley, the original budget was \$300,000, and to date we have expended \$952,301. Rainbow Lake: the original budget was \$270,000, and our expenditures to date are \$370,280. Swan Hills: the original budget was \$254,000, and to date we have spent \$9,221. Manning: the original budget was \$1,226,000; nothing has been spent on that one to date. Camrose is \$230,000, and the expenditures to date are \$203,993. High Prairie: expenditures to date are \$280,573; the original budget was \$300,000. Drumheller: the original budget was \$300,000; expenditures are \$252,702.

MR. NOTLEY: Brooks?

MR. McKEIGAN: Sorry. Brooks: again, \$300,000, and the expenditure is \$263,096.

MR. R. CLARK: Do you happen to have a total for the budget allocation?

MR. McKEIGAN: The total amount allocated: \$5,300,000.

MR. R. CLARK: Mr. Chairman, what's the story on the Manning and Swan Hills facilities, between the budget and what it looks like is going to be expended?

MR. McKEIGAN: In terms of Manning?

MR. R. CLARK: And Swan Hills.

MR. McKEIGAN: In terms of Manning, when the original budget was put together no final estimates or any kind of firm numbers were originally put together. It was just a very -- if I can use the term -- loose estimate of the amount of money that we were going to require for that. Because the design had not by any means at all been completed. I don't have the details of why no expenditures on Manning have been made to date. I would have to say it has something to do with purchasing of the land or the actual runway itself.

If you'll hold it for a second, I will have a look to see what we have projected for next year in terms of carry-over. Swan Hills, was it?

MR. R. CLARK: Yes.

MR. McKEIGAN: Again, I believe that contract was just let, and we've only done the preliminary design work on that one. I think we're going to have carry-over into '80-81. The carry-over for Manning is going to be approximately \$122,000. Our best estimate for Swan Hills is that it's going to be carried over.

MR. R. CLARK: About how much?

MR. McKEIGAN: What we're looking at is \$750,000 carry-over into '80-81.

MR. R. CLARK: [Inaudible] hundred thousand dollars for Manning, I would take it, and about \$122,000 for Swan Hills. Is that right?

MR. McKEIGAN: No, \$122,000 for Manning will be carried over into '80-81. The original budget amount for Manning was a million something -- I've forgotten the exact dollar amount.

MR. R. CLARK: A million two.

MR. McKEIGAN: A million two. Now that they've firmed up the figures and the design and everything it's going to be a much smaller airport terminal building -- approximately \$300,000 is a reasonable amount for that.

MR. R. CLARK: And you say there's going to be how much of a carry-over for Swan Hills?

MR. McKEIGAN: We're looking at approximately . . . Sorry, that's the capital expenditures for . . . There should be only minor carry-over amounts for Swan Hills. The contract's been let, and they should be complete then. Sorry, I was giving you the figures for the General Revenue Fund carry-over amounts.

MR. R. CLARK: So from your figures it looks like there will be over \$1 million left in the fund at the end of this year.

MR. McKEIGAN: In the total heritage?

MR. R. CLARK: Yes.

MR. McKEIGAN: I think that depends a lot in terms of what happens in terms of contracts let for Red Deer and for Swan Hills and Medicine Hat. But I would agree, we're looking at a fair amount of carry-over for next year.

MR. R. CLARK: Even if those contracts were let now, you wouldn't spend sizable portions of that between now and the end of March.

MR. McKEIGAN: I would have to estimate no, we would not.

MR. McFARLANE: We've been delayed on Red Deer, Mr. Clark, with negotiations with the federal government. These negotiations are now complete, mind you, but they did delay us.

MR. R. CLARK: Basically, from the figures you've given us, you've been delayed at the three major projects this year: Red Deer, Peace River, and Medicine

Hat; and you've scaled down -- wisely, I think -- the rather grandiose plans you initially had for Manning to something more realistic.

MR. McFARLANE: [Inaudible] I can say we're behind 'sched', and I can say we're behind 'sched' because of our negotiations. With Peace River it's a question of negotiating an agreement with the federal government to put up the building, but there were certain snags in the negotiations with them. Red Deer: we had to buy some additional land, and in any kind of agreement I thought it right to have the realistic purchase price paid back to the provincial government in the event the federal government took it over at any later time -- 50 years from now. Medicine Hat: it was a question of discussions with the city on the terminal building. I think you're aware of some of the discussions.

MR. R. CLARK: The point I'm making is simply this: in the three major projects, the three largest projects we had on the books this year, we're well behind as a result of negotiations with the federal government.

MR. CHAIRMAN: Mr. Borstad.

MR. BORSTAD: My question is on the roads in the Kananaskis park.

MR. CHAIRMAN: Mr. Notley's supplementary on the terminal question, then, and then to Mr. Borstad.

MR. NOTLEY: Mr. Chairman and Mr. Minister, just looking over the proposed airport terminal buildings here, I wonder if you or Mr. McFarlane would outline the process by which the government decides to build a terminal building in a given place. For example, I'm extremely interested in this proposed \$1.25 million terminal for Manning, which has a population of about 1,200. Admittedly it's been scaled down, but what struck me as rather flabbergasting was that we were going to build a \$1.25 million facility.

I don't want to be parochial, but I find it a little strange that we would consider a \$1.25 million facility in Manning, which is 50 miles away from the Peace River airport and has a very small population, when on the other hand in Fairview we have a regional government centre with an agricultural college and many staff employed by the government who are always going back and forth to Edmonton, yet we don't have an airport terminal building scheduled for that community. The question I'd like clarified, Mr. Chairman, is the process which we go through to determine that X community gets a terminal building. Is there, for example, any discussion with the air line carriers such as PWA, where their volume of traffic flows from? Or is it just sort of throwing darts at a map?

MR. McKEIGAN: Mr. Notley, on the first part of your question, the \$1.2 million being the estimate for Manning: the reason a dollar amount was put in there was that there were three airports -- the last three I mentioned were originally, in my budget figures here, included as part of the overall package for Manning and had not been specifically identified as airport terminal buildings when we had put the original budget together. So the dollar amount that you had for Manning was inclusive of three other airports, namely Brooks, High Prairie. That's why we have a dollar figure of \$1.2 million. That just happens to be a quirk in the budgeting process that we had.

MR. NOTLEY: If I may be permitted to say so, it struck me that it was going to be a Cadillac facility, since that term has been used before.

MR. McKEIGAN: Yes, we weren't planning to build any Cadillac facilities there, to my knowledge. The overall concept is to design modest airport terminal buildings in a range of about \$300,000 for the smaller communities, and then in the larger communities, such as Medicine Hat and Peace River, to actually go in and take a look at the needs, the traffic volumes, some of the economic factors that are happening, such as in Grande Prairie, Peace River; take a look at the economic activity going on in that neighborhood, at the actual flights coming in, the amount of community air traffic in that area; and then design an airport terminal building based on several factors, not just a standard such as we do with the other smaller community terminals.

MR. NOTLEY: Mr. Chairman, I wonder if I could pursue that. In the case of all these communities, then, we have assessed these objective factors, and that's why we have an airport in Manning, which is 50 miles from Peace River, and not an airport terminal in Fairview, which is also 50 miles away from Peace River but has a large number of government people who frequently use the Peace River airport?

MR. McKEIGAN: I'm sorry, I can't answer that question in terms of why one was built at Manning and why another one 50 miles away was built in Peace River.

MR. NOTLEY: Could I put it to the minister?

MR. KROEGER: Well, Mr. Notley, I wouldn't assume to know what the decision-making process was as it relates to 1979. That's the reason I was quite prepared to let Mr. McFarlane and Mr. McKeigan take the answers on history. I'm quite prepared to talk about what the philosophy will be now that we're into the 1980-81 budgeting process. No decisions have been made on specifics yet, but I will be familiar with those as we come to them. I can't really give you the history of the decision-making process.

MR. NOTLEY: Mr. Chairman, is Mr. McFarlane able to advise the committee?

MR. McFARLANE: On the decision-making process, I believe you're very familiar with Grande Prairie, and possibly the logic that went into the new terminal building there, and Lethbridge, in that the federal government had these projected for 1985-1990, yet the requirement was there. So the priorities of the province said, let us go forward with them. We did, out of the heritage trust fund, but they've since been transferred to capital works, and in the meantime they're rented to the federal government. But the basis for that was traffic, use, and projected growth in that area. Red Deer is a similar situation in a way, except there we're taking over the complete airport.

MR. NOTLEY: A supplementary, Mr. Chairman. I have no difficulty understanding the reasons for the major airports; no question about that. However, I do have a little difficulty with the smaller airports, as to what reasoning went into the construction of these airports and why, and how objective the evaluation was. That's the point I'd like to put to you, Mr. Deputy Minister, if we have any information on how we arrived, for example, at Manning. Swan Hills is a little more clear-cut. But some of the others listed here -- are you in a position to outline the general approach taken?

MR. McFARLANE: Only in that we're looking at the diversification of industry, the growth in the area, and priorities. Besides that, Mr. Notley, I can't pursue it.

MR. SINDLINGER: Mr. Chairman, to Mr. McFarlane: were any origin/destination studies undertaken as a justification for the location of air terminals?

MR. McFARLANE: Certainly. We have all the details on Red Deer; origin and destination studies were done there. They were done in Grande Prairie and Lethbridge. Some of the others -- you're projecting what's going to happen. But yes, origin and destination studies have been done on the major ones we've been working on. Medicine Hat is another.

MR. SINDLINGER: Were origin/destination studies undertaken on the two terminals brought up -- or the one terminal as opposed to the other not a terminal -- by Mr. Notley?

MR. McFARLANE: I'm sorry, I didn't hear you. This wasn't on.

MR. SINDLINGER: Were origin/destination studies undertaken for the two terminals under question by Mr. Notley, as a basis for choosing one and not the other?

MR. McFARLANE: I don't recall.

MR. SINDLINGER: On what basis was the decision made to construct an airport at one place and not the other?

MR. KROEGER: You're referring to the decision on Manning versus Fairview, for instance?

MR. SINDLINGER: Yes, I am.

MR. McKEIGAN: If I may answer that, what we're looking at is trying to integrate and make sure that -- there's no sense in putting an airport terminal building where you don't have a decent runway, where there isn't any sort of planned future expansion in terms of air lines going in, or the volumes aren't there. If I'm not mistaken, in the case of Fairview, for instance, we are presently doing some upgrading on the runway there, and the overall plan is to look at that in terms of doing the upgrading and then building an airport terminal building. If we're in a situation where the upgrading, the necessary facilities, aren't there, it's not logical to go in and start building an airport terminal building until we've got the runways and all the other utilities in place. I would have to -- and this is a supposition or assumption at this time, that the upgrading presently going on in the Fairview airport will in the future allow us to put in an airport terminal building, if it's justified by volume increases.

MR. CHAIRMAN: I'd like to take Mr. Pahl's supplementary, if I may. I think it's the longest-standing on my sheet here.

MR. PAHL: Thank you, Mr. Chairman. Somehow I get an intuitive feeling that demand for airports and facilities is probably related more strongly to the resource extraction industries than anything else, and that brings rise to my

question as to the expenditures at Medley, which I take it are on a National Defense facility owned by the federal government. I wonder if the strategy of investing there suggests that the provincial government will be taking over that facility at some point in the future, or just what the rationale is.

MR. McFARLANE: We have an agreement, again, with the federal government on Medley. As you know, there is an active airport there. This was the most economical way of pursuing the issue. They're going to take care of all air control, for instance. Through a long-term agreement they have given us a piece of land. We're building a terminal and an access road, and we're putting in facilities. The rest of the airport is available for traffic.

I think this is an excellent arrangement that we've made with the federal government. They assume all responsibilities for air traffic control, for instance. Yet they wanted to get us out of their facilities, so we're building this terminal. The only caveat in the agreement is that in the event of hostilities they reserve the right to take it back and probably kick us out. I'm not too afraid of that. But that's the only caveat in it.

MR. R. CLARK: I'd like to go back to the answer given by the departmental officials on the figure of \$1,226,000 for Manning. If I understood the explanation properly, and please correct me if I'm wrong, even though we included in the budget \$1,226,000 under the name of Manning, that really didn't mean a damn thing; we were going to spend the money at High Prairie, Drumheller, and Brooks.

MR. McKEIGAN: I guess the easiest way to explain this is: in terms of budgeting the amount that had been approved by priorities committee and cabinet was \$5.3 million. The details on, I believe it was, nine of the airports were fixed; in other words, we had sufficient design and so forth to be able to estimate the dollar amounts we were going to require. As it arose, the amount that was approved also included Brooks, High Prairie, and one other airport, Drumheller. At those times the dollar amounts were not fixed in terms of exact dollar amounts, and when we originally went through and put our proposal -- and I guess this is sort of in terms of computer language -- we had put the amounts into the budget, so the original dollar amounts I read out to you are what I had in my computer reports. They were not the amounts that have been approved by priorities committee. The amount approved by priorities committee and cabinet was in fact in the neighborhood of \$300,000 to \$400,000. So when I'm saying the original estimate of \$1.2 million was there, it included the other three airports.

MR. R. CLARK: Does the Provincial Auditor let this kind of thing go on?

MR. McKEIGAN: I'm not sure I understand the question.

MR. R. CLARK: It seems to me that if the amount is assigned in one area . . . Is this kind of transfer the kind of thing that goes on all the time?

MR. McKEIGAN: I wouldn't say it goes on all the time, but it is provided for under The Financial Administration Act, in terms that when we're budgeting, the fixed amount for any particular airport, or the actual dollar amounts required, many times are not known until we have a contract let, until we've got the design phase finished and then the contract let, until we've actually

got the contract completed. The Auditor General, to my knowledge, has not had any concerns or has not pointed out anything to us on this matter.

MR. NOTLEY: Mr. Chairman, going back to the airports and the decision to allocate in one place and not another, I guess the question I'd put to the minister -- my understanding is that there was a task force of MLAs that constituted an airport committee, or an advisory committee. Is the minister in a position to outline just what was the input of that committee, and to what extent the committee's recommendations were the major factor in determining where these airports were constructed.

MR. KROEGER: We do have a caucus airport committee now that you'd be aware of. The procedure for the coming year is that the airport committee is doing on-site inspections. They are meeting with people concerned locally, and they'll be coming back to the department with recommendations and suggestions for 'prioritizing'. How the committee worked in 1979 I can't really tell you, because I wasn't part of it.

MR. NOTLEY: Will there be any set of guidelines so that we can sort of use objective criteria in outlining the responsibilities for this committee? Because we wouldn't want it said that there might be other than objective reasons for developing an airport in one place and not another. Have we any rules of the game, as it were, set out? Mr. Sindlinger talked about destination studies. Is that going to be one of the things we'll be looking at? Or will it be so flexible that it will be almost impossible to pin down the reasons why an airport terminal was constructed, which will leave everybody open to the kinds of concerns frequently expressed about politicians generally?

MR. KROEGER: The situation as it's developing, and I'm getting some first-hand experience with this . . . While in the past it seemed to me there was a good deal of flexibility in the way the airport allocations were made -- in other words, there seemed to be room for, and we were inviting . . . I remember going to a community and suggesting they apply. The pressure now seems to be developing faster than the funds are being made available for actual resource development sorts of things, for instance. Medley could be an example. But the thing has turned around. We now have applications in the order of 60 for airport development, and not all of those are resource-related. So when we start moving into 'prioritizing' these things, it would seem to me that the committee will be recommending those airports that are resource-related. The pressure is there. The isolation factor will be one.

MR. NOTLEY: Just so there's no misunderstanding, at this stage, rather than doing fairly involved studies as to where people come from and go to, we're going to be stressing potential resource development more than any other single factor. The reason I raise this is that -- again, I don't want to sound too parochial -- we have the problem of Manning, the airport terminal. Manning was one of the eight or 10 communities that actually had a drop in population between 1971 and 1976. So I really find it hard to see any objective criteria here.

My point is not to rehash this issue, but rather as we move into the future policy -- I'm not here to tackle you for past policies, Mr. Minister, but to try to determine that we are going to set out as fair a guide for measuring who has need. While I would recognize resource development as important, it

does seem to me that there are other factors too, including whether or not there are sufficient numbers of people who will likely use an airport, and whether a carrier could make a go of it.

MR. KROEGER: I'm certain that the potential of the workload has to be a major consideration. I guess the example of Grande Prairie versus Medicine Hat is a good one in that Grande Prairie, if you went by the population factor, is considerably smaller than Medicine Hat. But the allocation of a terminal by size and the amount of money invested is much greater in Grande Prairie than in Medicine Hat. Medicine Hat has been reduced, yet it is a much bigger point. But the flights involved from Medicine Hat to Lethbridge, Calgary, Edmonton, whatever, and the amount of use are much lower than in Grande Prairie. So certainly we're using that as a criterion.

MR. CHAIRMAN: Are there any further supplementaries on the airport terminal question? If not, we'll take Mr. Borstad's question.

MR. BORSTAD: My question is: how many kilometres of road are going to be constructed in the Kananaskis? I understand the total road system in the Kananaskis parks is under your jurisdiction. How many kilometres are built, how much is completed, and at what cost?

MR. KROEGER: The cost figure first, Mr. Borstad: I guess the estimate on the road system for the area in 1979 dollars is in the order of \$168 million for a total. Is that close, Dan?

MR. McKEIGAN: We're talking about just Kananaskis park here, and in terms of the Department of Transportation our budget for '79-80 is about \$8 million. I'd have to do some adding and subtracting to get the exact dollar amount. If you're asking what the overall project cost for Kananaskis park is, that I don't have in front of me. I believe we're talking in the neighborhood of \$50 or \$60 million for the entire project down there. In terms of Transportation, we're looking at \$8 or \$9 million in '79-80. In '78-79 we spent in the neighborhood of \$7 million in Kananaskis park. It's a long-term project; we're looking at four or five years down the road yet. I don't have the detailed dollar planned amount in front of me, but if we project \$8 or \$9 million for another five years, I think you can come up with a fairly good number.

MR. BORSTAD: What's the \$168 million? Is that the total project?

MR. KROEGER: That's the total system, finally. Those were the figures I asked for, what the total concept of a completion in the Kananaskis area would be. The numbers I got were a gross of \$168 million.

MR. BORSTAD: What is that, a five- or 10-year project? How long is it going to last?

MR. McKEIGAN: Right now it's a 10-year project.

MRS. FYFE: My question relates perhaps to administrative detail, Mr. Minister. I wonder if you could explain to me how you receive the money from the trust fund for your various budgetary projects. Is it after the money has been expended, or do you receive it in quarterly payments, or . . .

MR. McKEIGAN: In this case, the way it works is that we get approval during the Legislature, during November, and the funds are then put into . . . All the funds are voted for Recreation and Parks; they are not voted in Transportation. The administrative procedure is that we submit a budget to Recreation and Parks, along with all our cost details, and then they transfer the funds to Alberta Transportation, and we expend funds against that. At year-end all the charges are then related back to Recreation and Parks.

MRS. FYFE: Now in the case of the airport terminal buildings, is the procedure the same?

MR. McKEIGAN: No, those funds are voted for Alberta Transportation. Those funds are received on April 1, and we can expend against those immediately.

MRS. FYFE: So you have the total amount for the entire fiscal year.

MR. McKEIGAN: Yes, we do, for airport terminal buildings. In the case of Kananaskis park, there is generally a number arranged at between 80 and 90 per cent. The rest is held back in what is called a contingency hold-back, in case there are needs for additional emergencies or projects that are going over their original estimate. That money is held by Recreation and Parks and released during the year.

MRS. FYFE: One further, Mr. Chairman. Can you tell me how this money is invested while it's being held?

MR. McKEIGAN: I believe that's a question for the Provincial Treasurer. Those funds are held in the Alberta Heritage Savings Trust Fund, on a daily basis, whatever their investment principal is. That money is not actual cash money that we're holding; it's only paper money.

MRS. FYFE: That was my question, how it actually was transferred after it was expended, or how it was expended. So that answers that. Thank you.

MR. R. CLARK: Mr. Chairman, to the minister, perhaps not looking back as much as we might look forward for a moment. Last day the committee met, the Premier in the course of answering a question indicated that one of the possibilities that the government was looking at was the idea of . . . Well, first of all I should say this. The government had rejected the recommendation of the committee last year that heritage fund money be used for main highway construction in the province. But the Premier did indicate the possibility of allocating a portion of the reserves out of the General Revenue Fund -- the surplus, which in fact ends up in the General Revenue Fund of the province, and sits in there in short-term investments. I would be very interested in knowing your reaction, Mr. Minister, not so much as to the wisdom -- or lack thereof, depending on one's point of view -- of using the money out of the surplus, but commenting on the need for a moving ahead at a pretty substantive rate with highway construction in the province. Of course if you have any comments about using surplus in that area, the committee would certainly be interested, because it may well be in the area we want to make some recommendations on.

MR. KROEGER: I think we have to reassess the approach to funding the transportation system. What I mean by that is that the growth, not only in

the new areas but in the old areas, indicates that transportation is not keeping up. We're not able to maintain the road system as we use it in the old area, if you want to refer to it as that. So we're reassessing our approach to funding for 1980-81, not only as it relates to the resource development area or the Kananaskis factor but also regenerating the old system, which we're having some real problems with. What is happening, of course, is that as we develop the new areas all the materials for that development have to move over the old areas. So it seems to me that we have to address ourselves to doing something with the old system that is working but is wearing out and falling behind.

When we're talking about funding, I don't suppose we can really look at regenerating the old system out of heritage trust fund. We are looking at the resource road concept in that light, but it looks as though we have to actively promote the idea of extra funding to do a catch-up program on the system we've been using over the past however many years you want to go back. We haven't really gotten into the total budgeting process. We've done some preliminaries. I hope to be a lot more familiar with those than I have been on 1979 or further back. But we're in that process now, and we're preparing our arguments -- you're familiar with those, I'm sure -- on what has to happen to transportation.

It seems to me that the formula we use for funding at government level, of adding an inflation factor and going from there, won't really work with transportation, simply because transportation is the part of the system that has to carry many other departments. Almost all other departments are involved in transportation in one form or another. We look at development, at growth. We don't have to talk just about resource development. If we look at the manufacturing aspect, as it relates to economic development, we immediately face the problem of carrying the loads, whether people, cars, or the heavy truck industry. We're into the middle of that one right now, Mr. Clark.

MR. R. CLARK: Mr. Minister, you indicated that some of your studies have progressed some distance. Can you give us some sort of ballpark figure as to what we're looking at as far as catch-up is concerned? I recognize it's a ballpark figure, but . . .

MR. KROEGER: Well, this also relates to what we're capable of spending. For instance, we've had discussions with the construction people in order to get some idea as to what they could handle. The amount of money that we would be asking for would have to relate to what they could reasonably cope with and still give us a return. In other words, if we went for another \$100 million -- and that is a ballpark figure -- in construction, recapping, and maintenance, we would have to relate that to the capability of the industry to cope with that. In talking to the industry, the response was yes, if you'd give us lead time, we'd like five years; if you'd give us lead time, we could get organized for that. That was the secondary part. The first response was yes, we'd be capable of doing a lot more, or absorbing a lot more money. Well, absorbing a lot more money isn't what I was talking about. I was talking about what do we get for that money. So it's a chicken-and-egg thing. I guess: we allocate funds and then scuttle around and try to find out whether they can really give us something beyond just absorbing the funds.

MR. R. CLARK: Mr. Minister, taking the \$100 million as a ballpark figure, would that enable us to do the . . . For a minute let's -- and I build in

this assumption so there's no misunderstanding, that the capacity within the industry was there. Would that \$100 million allow us to get in the ballpark of the catch-up kind of thing? What I really want to ask you: are we looking at \$100 million a year for a five-year period to do that, or is it \$100 million that we could spend over five years?

MR. KROEGER: We're ballparking now. The catch-up figure that I got, if we really wanted to do a catch-up, would be in the order of \$1.2 billion. So \$100 million a year isn't going to catch us up very fast.

MR. R. CLARK: So we're really looking, I suppose from a sheer practical point of view, at developing some mechanism where the industry and the engineers in the department would in say a five-year period be looking at about \$300 million a year. I say, if that was possible. But from what you've just said, Mr. Minister, and from what industry people tell me, they need some assurance that those kinds of ballpark funds would be available for an extended period of time so that they can increase their own capacity. One of the problems we've had in the past is that highways budgets have gone like this, and it's caused pretty major trouble for our Alberta construction people.

MR. KROEGER: I can understand why the industry needs to know on a longer-term period. For instance, the lead time on ordering some of the heavy equipment they use can run from one to two years minimum. In other words, if we couldn't tell the construction industry that we were going to step up the pace they would probably hold back on doing any ordering, whereas if we could give them a five-year projection they could try to cope with that. But there still wouldn't be an immediate turnaround if we're looking at that kind of lead time.

MR. R. CLARK: At least two years before we'd see a sizable change in the industry itself.

MR. KROEGER: I think that would be a good assessment.

MR. APPLEBY: Mr. Chairman, some of my questions have probably been answered by the minister. I think probably we're getting a little beyond our terms of reference, but we did have this recommendation in 1977 and again in 1978 as far as funding from the Heritage Savings Trust Fund is concerned. One of the arguments that has come forth over the years is the fact that has already been mentioned, that it might escalate the inflationary factors and cause the bids to become high and the costs excessive. When he was before this committee last week the Premier indicated that if the funding were necessary it could come out of the surplus, as Mr. Clark mentioned. I know that in each year, when the budget is being presented by the Transportation Department, they have no way of predicting the weather and the time of year and what type of fall we're going to have, in particular, when we start to run out of money in the funding. I wondered if any recent contracts have been let or put out for bid, and any indication has been the number of bids that come in which give us a factor as to how the contractors are reacting at this time of year, whether the bids are still coming in at the higher rates, as they were earlier in the season, or what they are doing at the present time.

MR. McFARLANE: I'm trying to rephrase all of your question. You had a lot in that. First of all, bids are coming in, and competitive. We try to spread

our bids. At estimate time, and when we are talking to committee, we try to explain what we are doing with our estimates in phasing them across the construction season, so we don't go out with \$50, \$60, \$100 million worth of work in say April. You're aware of that. In this same scheme of things, this time of year you start to get a little thin, and you know where your pressures are and where they are not.

We're getting good competitive bids. We have a few problems with asphalt. I guess this is because a great many communities and areas in the province are asphaltting their roads. I think every small town is going to have a hardtopped road. We're having shortages in some materials. We're resolving these problems. To lead into the whole question, it is a question of watching the economy of the province very closely as far as the industry is concerned. In the road construction business we look at ourselves as the patron saints of the industry. You don't want to overload it. We've been watching that very carefully, and that's why we phase our bids, and we're getting competitive bids.

MR. APPLEBY: Mr. Chairman, just one more factor, and it also is probably a little beyond our terms of reference. There are a number of projects going on which are on hourly rates, which are not for bid. This is also the time of year when the funding that was available for those types of bids is running out. I wonder if any requests are being made for funding in that line, so that these projects can continue.

MR. McFARLANE: I'd defer to Danny here, if he had any requests in. There are some projects, yes. There are some day-labor . . .

MR. APPLEBY: Maybe I could clarify -- extra funding from the department so they could keep on working.

MR. McKEIGAN: At this stage in the General Revenue Fund and our estimates we are trying to look at the total amount of money that we've expended to date, the amount of money that we're going to project to the end of the year. Given the kind of summer weather we've had and what looks like a good fall, I'd be very hesitant at this stage of the game to say we're going for any additional funding. That won't be known for another two months yet, until the weather conditions are known.

MR. APPLEBY: Till after freeze-up, like.

MR. McFARLANE: We do a balancing, you know. This is a big province, and what's good in one area is sometimes poor in another. So we do try to balance. Beginning in October and November we'll be doing balancing acts between one area and another.

MR. NOTLEY: Mr. Chairman, I don't think there's any doubt that last year and the year before, this committee was unanimous that we should look to some kind of block funding system which would make it possible for the contractors to gear up and, I'm convinced, allow us better value for our dollar. The concern I would have, though, is first of all that we're looking at an approximate figure you've mentioned of \$1.8 billion for catch-up, which is probably a little larger than many of us had thought. But when one reflects on that, I can understand it. The difficulty I have, Mr. Minister, is that we don't want to be just gearing up so that as these major projects are proceeding we have

everything hitting the works at the same time. It seems to me, quite frankly, that we should have been gearing up before so that when we made this recommendation two years ago we'd be in a position today to do some of the block funding, to pick things up as long as we've got competitive bids, so that we get into Cold Lake, Al sands, and the pipeline we aren't just adding fuel to the inflationary fire.

MR. KROEGER: I guess the difficulty we're in now, if we are in difficulty, is that things change. Going back two years, it might have been a little difficult to anticipate the cost, or value in this case, of the oil sands development -- if that's a good one to use; Cold Lake would fall into that too, I guess -- as it relates to transportation.

I would like to give you an example of the sort of thing we get into, using the eastern side of the province, Highway 41, where in the southern half it's relatively dry and Highway 41 would live fairly well with an oil treatment. When the price of petroleum products started to move very rapidly, you get this kind of upset factor. They are now moving condensate from Burstall, Saskatchewan, which is south of Empress, up 41 to Lloydminster and using it to cut the heavy oil. Now it wasn't economically feasible to do that a few years ago. But suddenly, with the impact on the value of oil, this kind of thing is happening, and I see that road now being overused and overloaded with something that might have been foreseen, but I'm not sure you could anticipate that kind of thing. Now we are looking at a highway being asked to do something it really wasn't designed for -- at least the timing of paving wasn't related to it. So that upsets the whole plan that you may have been working to. The road that looked like it would live now isn't.

MR. NOTLEY: That's certainly true, but we do have certain obvious needs at this stage, it seems to me, as a result of major projects that are at least probable. I think, for example, of the Alcan pipeline. There will be certain practical commitments we should make to road construction if we're going to make sure that Alberta shares as much as possible in supplying goods and services for the construction of that pipeline.

But it really comes right back to the recommendation the committee had made. Over a period of time, if you give your private construction industry the lead time, the knowledge that we're going to be committing funds on a block basis, then they're in a position that they can buy the machinery. Last year I thought the most telling spokesman on this whole issue was Mr. Taylor, who gave us the rather sad history of the highways department, the up and the down, bouncing back and forth, and this business of having too much and then not enough. He argued very persuasively, at least I thought so, that we have to move into block funding so that everybody knows where he stands. At this juncture I would assume the minister is doing his best within cabinet, but I think that as a province -- I believe quite strongly in this recommendation the committee made last year, and that if we don't move in it we are going to find ourselves in a situation where we will have demands which will be uncontrollable, yet we won't have the construction industry geared up so that we have enough machinery and enough bids so that we can get reasonable bids. And then we'll just be putting more money into higher-price contracts.

MR. CHAIRMAN: Mr. Minister, that really took the form of a comment, but did you wish to respond?

MR. KROEGER: I don't know that I have anything really new to add. We are gearing up to try to make the points you have just made, so that we can get the funding we think has to come into the system. How successful we'll be with that I can't really tell you at the moment. This will be my first shot at selling the new program. I'll just have to be prepared to wait. I invite you to be patient until we get a response to this. We're going to be making the case that you just made.

MR. BORSTAD: I have a comment first, and then my question. The comment is that knowing the north, because that's what I know best, most of the contractors working in the north are, I believe, working about about 50 to 60 per cent capacity, because they don't have personnel to do the job. That's one problem. In the past, have there been any contracts left at the end of the year that we were not able to do because there were no contractors to do them?

MR. KROEGER: I can't answer that directly, and I'll invite either Mr. McFarlane or Mr. McKeigan to comment on that. The point you make, as far as staffing is concerned, is a point the construction people made to us. That is one of the major problems. They can buy equipment and go with that, but if they can't get the operators fast enough that's a limiting factor, certainly. The other thing, as to contracts being offered and not picked up, if you like -- we're running into that now. We ran into a situation where asphalt itself -- there were paving contracts offered that we weren't getting bids on. That had to do with the asphalt supply or distribution thereof. Relating to the last part of your question -- Rowly, would you care to comment on that?

MR. McFARLANE: Starting from now, our main problem is weather. We can have carry-overs; in other words, projects not finished. Other years -- I think two years ago, everything went crazy. We had the most beautiful fall you ever looked at, and I was worried about spending next year's money before we got it. As to people not picking them up, I will have to endorse what the minister said, except for asphalt. Asphalt has been a different problem. We've had meetings with the industry on it. We're trying to resolve this problem throughout the province on a balancing act. Contracts not picked up -- no.

I would like to add that we started a very ambitious apprenticeship program a couple of years ago, and you're probably aware of it. We started to train people as equipment operators. On that basis we're supplemented in our estimates. There are other extenuating factors. If Alsands goes forward, for instance, it will be employing the same kind of people in the initial earth-moving as we use on roads. So you're creating your own competition within the sphere of the province. Apprenticeship program; we didn't have any not picked up; contracts not finished because of weather, yes -- it depends on the location. In the south we're very fortunate. Sometimes in the north, in your area, it will rain and all hell breaks loose, and we just can't complete contracts. But not picked up -- no.

MRS. FYFE: You referred a number of times to the problem of a shortage of asphalt. I've heard this complaint on a number of occasions in the last few months. I wonder if you could explain to me just what the problem is. Why do we have a shortage?

MR. KROEGER: This afternoon at 2:00 I'm meeting with people from Imperial Oil to get some explanations. The department people have been talking to them. The answer we're getting is that the demand has been heavier in a construction way, but coupled with that the accumulation of little projects as a result of the funding that went to municipalities has had an impact on the asphalt supply. In other words -- I guess Rowly commented on it a little while ago -- we're trying to put oil on every street in every small town now. In themselves they look pretty innocuous, and perhaps trapped the suppliers a bit too; they didn't have any warning that it would happen. So the use of it has been stepped up as a result of what we in Transportation do, coupled with what the municipalities are now trying to do.

Asphalt is a by-product, really; in other words, you're manufacturing gasoline and you get asphalt. So that is another factor. You can't just suddenly say, we're going to turn out a whole lot more asphalt, because then you get the by-products.

MRS. FYFE: I have two more questions, Mr. Chairman. I'm not sure whether they're exactly supplementary. Would it be appropriate to ask them?

MR. CHAIRMAN: If you're uncertain as to whether they are supplementary, perhaps I could defer to two other standing supplementaries and then come back to you, Mrs. Fyfe, if I may. Mr. Pahl with a supplementary.

MR. PAHL: I would have to say that it's not a supplementary.

MR. CHAIRMAN: I appreciate your candor. Mr. Appleby with a supplementary.

MR. APPLEBY: Thank you, Mr. Chairman. My question dealt with the one Mrs. Fyfe brought out regarding asphalt. I wonder who the major suppliers of asphalt for the province are.

MR. KROEGER: Imperial Oil, Gulf, and Husky.

MR. APPLEBY: There are no minors at all?

MR. KROEGER: Well, I don't know of anything . . .

MR. APPLEBY: Fine.

MR. McFARLANE: Last April it rained, and this was part of our problem too. You can only stockpile so much of this, and then you've got to shut it down. We couldn't catch up for April, and then the small communities.

MRS. FYFE: I have two questions; first, one relating to secondary road planning. It seems to me that planning is done with fiscal allocations to various municipalities. I wonder if we have studies of the improvement of the secondary road system through grids rather than the allocations that would go to a specific municipality. To be specific, in inquiring about a road in my municipality the argument has been that they have received funding and another municipality perhaps has not received as much. I'm wondering what your philosophy or thinking in this area is.

MR. KROEGER: I don't know how much philosophy I can give you on that, Mrs. Fyfe. Given the extreme pressures on the whole system, the allocations --

there seems to be a tremendous shortfall in the whole system. You're talking specifically about secondaries, where in 1959, as I get the figures, there were about 8,500 miles identified as secondaries that were going to be moved through the system. Now, 10 years later, we have managed to pave about 1,200 miles of that total, which is a pretty small percentage. The pressure seems to be ahead of the supply or the capability to respond all the way through the system. Certainly the allocation to area is there in a planned way as much as you can, and then you always get this emergency that upsets your careful planning.

MRS. FYFE: Just to clarify that, is the funding done as per municipality rather than on a secondary grid system?

MR. KROEGER: I can't really give you a very good answer to that. The attempt is made to spread it through the system, so that you don't get it all. You're being accused of getting too much of it in your area, and you're telling me now that you feel that it's short. An attempt is made -- and you can correct me, Mr. McFarlane -- to spread it through the system on a fair basis. Given the seeming shortfall, no one ever thinks they're anywhere near caught up, and I guess they're not.

MRS. FYFE: I think, though, I might make a comment that in one secondary road I have been very deeply concerned about, between Highway 16 and whatever highway goes through Westlock, there is about a 60 mile spread that does not have one east-west access. I'm concerned about the amount of traffic taking say, Highway 16, which is a primary road, which I think could be funnelled. That's a comment. That's why I bring up the concern for a grid rather than per municipality, because it doesn't seem to me that it really fulfils that network we're trying to achieve.

My second question relates to the \$1.8 billion catch-up program. I wonder if your department has done any estimate of the amount of money that would be saved in maintenance if we were to achieve that \$1.8 billion over a projected period of time.

MR. KROEGER: That's an argument that I live with every day, where I have people approaching me and telling me that, for instance, the dustproofing program is a waste of money, that if we just forgot about dustproofing and converted it into paving we would have a permanent highway that would live forever. Except that it doesn't. A paved highway will only live about 20 years, and then you have to regenerate that one. Secondly, there are a lot of misconceptions on the cost of oil as opposed to paving. The numbers I have are in the order of 20:1. So if you can oil-surface 200 miles to give people some sort of relief from dust, loose gravel, and so on, as opposed to 10 miles of paving, you have to weigh that.

It's something you can argue forever, but we think you have to do some dustproofing because it would take so long to wait for the paving. Even if the funds were stepped up you'd still have to go with this kind of thing. I'm not sure that is what you were aiming at, but the maintenance thing you mentioned -- there's a lot of maintenance to maintaining the oil surface. It breaks down regularly every year. It's a matter of making the decision: will you give the system something they can live with and then go on with the major, as a follow-up.

MR. PAHL: Mr. Chairman, my question was triggered by the fact that things break down every year. This relates to my concern that perhaps there's an opportunity for the minister's department to productively employ some Heritage Savings Trust Fund money in research in terms of the technology of road-building in Alberta. I understand there's some action going on with respect to using another by-product from the oil production process, sulphur, in the mix. Would it be possible for the minister or his people to comment on the opportunities for doing some sort of long-term payoff research in the area of road design construction as it relates to the many bioclimatic zones of Alberta?

MR. KROEGER: Of course we are using some sulphur on an experimental basis. We're a long way from establishing whether or not that is going to work. Rowly, could you comment on the research that we do?

MR. McFARLANE: We contribute money to the Alberta Research Council. I think you're familiar with that. We are working with them on research projects. This sulphur is not new, incidentally; that's been going on for some time. We also belong to several associations across Canada, and have been carrying on research programs on maintenance of, say, bridges and certain types of hardtop. We find salt in the winter and things like that break them up. On bridges we're having difficulties with the concrete structure and salt getting down through into the steel structures. We've carried on quite an extensive research project on that.

Whether the heritage trust fund could be used to supplement what we're doing I'm not sure. I think in research any money is welcome. I would like you to know that we work very closely with the National Research Council in Ottawa also. This is a Canadian problem. I can't answer your question, Mr. Pahl, beyond that point. Anybody who wants to give us research money is welcome.

I know there have been some strange ones going on. I was connected with a research project on the Alaska Highway, and hardtopping it, and the dangers of the heat hitting the hardtop and thawing the permafrost. We have problems through muskeg on the same thing. They've spent a fortune trying to figure that out. Manitoba was spending money. We were very closely associated with them three years ago on trying to protect the road with, of all things, tinfoil, sand, and gravel, to see whether that would stop it from heaving through some of our weird areas. I haven't anything further to say, Mr. Pahl.

MR. PAHL: Thank you, Mr. Chairman. I suppose it might be instructive or informative for the committee to know if you could give us a ballpark of what percentage of the department's total expenditures is dedicated to research.

MR. McFARLANE: The *Financial Times* on how much you go to R & D!

MR. PAHL: No!

MR. McFARLANE: I haven't got a number on R & D. We've had some interesting R & D projects. I'm sorry, Mr. Pahl, I can't give you a number on it. I'll certainly get it for you.

MR. PAHL: Thank you.

MR. KROEGER: In line with the comments you made on research, certainly engineering are constantly doing research of their own. Just as an aside,

when I went up to take a look at the new townsite of Alsands, if there is such a thing, we estimated where it might be, landed there, and had a look at it. We then landed on the east side of the Athabasca River, where the approach to the bridge has gone in. I noticed some posts sticking up and some measuring going on. That whole approach, which would appear to be about 400 feet wide at the bottom to come to 44 feet at the top, had gone down 4 feet into the muskeg. The whole thing had settled. That was the estimate of the settlement that would occur. So they were right on, which indicates to me that there is considerable research in that area, for instance.

MR. SINDLINGER: Mr. Minister, you've twice now made reference to a resource road concept. I wonder if you could please tell us what the concept is and, more specifically, discuss the relationship of railroad development to that concept.

MR. KROEGER: I missed the first part of your question, Mr. Sindlinger.

MR. SINDLINGER: Could you just very briefly please define your resource road concept.

MR. KROEGER: At the moment, specifically, the two you would know about would be Cold Lake and Alsands, where we have to go in over the muskeg. You mentioned how that would relate to the railway? Did you mention the railway concept?

MR. SINDLINGER: Mr. Chairman, I'll repeat the question. First, would you define your resource road concept in general terms; and second, more specifically relate the development of railways to that concept.

MR. KROEGER: The concept of resource roads is where you go in specifically, as we go in the two I've mentioned -- Cold Lake and Alsands. Beyond that, for example, we're spending resource road money on 621 from Drayton Valley into the Pembina field, which is not new but is developing. So we are not only looking at the completely new, as Alsands is -- there's nothing there at the moment -- but also going in the direction of supplementing what's already been happening in the Pembina field. Then it fades down, it begins to get marginal. For instance, 12.3 miles of paving went in on number 36 leading to the development of Sheerness, which is another resource developing, the coal there. That gets pretty marginal: is that related to upgrading 36 as it should be, or is that a specific resource thing? That wasn't funded out of resource. You get the many shades of this in the way of resource roads.

As for the railway thing, we are encouraging the Department of Economic Development, which would be involved here, in looking at the railway service into McMurray. Number 63 from Edmonton to McMurray is a pretty good standard of road -- I rode over it, I didn't just fly over it -- and at one stage I guess it was adequate, whereas now if we go into Alsands with \$5 or \$6 billion and we're going to move a lot of iron over that road, it isn't adequate. We'll be looking at encouraging shipment by rail to move from Edmonton up to McMurray and beyond. Actually, the railway thing is out of our jurisdiction, but we do work with that side of it.

MR. SINDLINGER: I just don't understand why the railway thing is out of your jurisdiction.

MR. KROEGER: The railway part of it is not in the Transportation department.

MR. McFARLANE: Are you thinking of the Alberta Resources Railway?

MR. SINDLINGER: I was thinking of any railway development to enhance resource . . . Pardon me?

MR. McFARLANE: At the request of Economic Development, we've done some groundwork on a study for the extension of the road from McMurray to Al sands. On the Alberta Resources Railway, we supply technical support staff. The only railroad the province has got is the Alberta Resources Railway, and I'm a director on that. A study was done for the Hall commission on a northwest rail authority. If you're addressing yourself to that . . . We were the proponents of that study to combine the railway systems, generally speaking north of Edmonton in the province, and put it together with the northwest rail authority. This would also call for the extension of the railroad from McMurray to Al sands. Of course you're familiar with the railroad if it had gone to Syncrude -- the funds it might have saved. We've no authority over that, though, and the government hasn't.

MR. SINDLINGER: May I refer to one of the recommendations made by this committee before. It's contained or repeated in the status report of dispositions of recommendations made by the committee in 1977-78, provided to us by the Provincial Treasurer at the beginning of these committee meetings. One of the recommendations was in regard to a comprehensive feasibility study examining the cost benefits, interprovincial implications, and freight rate considerations of the various railroad proposals, those being Spirit River-Dawson Creek, Fairview-Rycroft, Manning-Fort St. John, and Monkman Pass-Fox Creek-Valleyview. Is this what you're referring to when you talk about a feasibility study that you presented to the Hall commission?

MR. McFARLANE: I think I heard you there. I'm sorry, but I'm having a little difficulty. The Peace River area, all of that as part of the northwest rail authority was part of the information we gave to the Hall commission. This was more of a ballpark feasibility which . . . There's a lot of work in getting into the actual study of ground conditions, survey work, and that sort of thing. We never did any of that. But the northwest rail authority -- which at point in time, as part of the Hall commission recommendation, might hook up with the B.C.R.

MR. SINDLINGER: Did your ballpark feasibility study indicate that this was or was not feasible?

MR. McFARLANE: We thought it was.

MR. NOTLEY: You made the proposal. Obviously you did think it was feasible.

MR. McFARLANE: That's right. I believe Judge Hall, in the Hall commission report, supports that.

MR. NOTLEY: Mr. Chairman, I have one related question, to Mr. McFarlane, really. We were talking about research and development, and I wonder if we could be brought up to date on our whole dirigible, lighter than air research that has gripped the attention of some people.

MR. McFARLANE: Is that within the terms of reference, Mr. Chairman?

MR. CHAIRMAN: I'm prepared to accept that.

MR. McFARLANE: I was hopeful you would, if we've got time. I have been a supporter of lighter than air ships for quite some years now, Mr. Notley, and probably you're familiar with that. I don't know who isn't familiar with it.

I felt that as part of the overall mandate of the Transportation Department we should pursue all areas of transportation, especially with our responsibility to the Alaska pipeline you mentioned, and getting into the hinterland where roads aren't, and our responsibility for the Northwest Territories as well, with which I'm quite familiar. Some years ago I started some fact-finding on what the world was doing on dirigibles. I know that sounds rather grandiose, but nevertheless you had to look at that scope. Germany had done considerable work and fact-finding in Africa, thinking that the small lighter than air ship, up to a 10 tonne lift, would be excellent for Third World countries. They were supported by the German government with a grant of 10 million DM. This is an organization in Essen. The British were also working on lighter than air ships, a 5 to 22 tonne lift. This was backed with a world competition put on by some people in Venezuela. Am I boring you?

MR. NOTLEY: No, go ahead.

MR. McFARLANE: I like this story, you see. I have very strong feelings on lighter than air ships.

Venezuela felt that with the growing prosperity of their country and the lack of the infrastructure of roads there would be an excellent opportunity for the employment of lighter than air ships. Nothing has really been done on lighter than air ships since the thirties. The Americans had some 200 flying in the forties. But the technology has not been updated. So the British began the construction of a small unit for Venezuela, as part of an order for some 20-odd. They've had a few misfortunes with it in that it was underdesigned. The Americans, along with the Japanese, are looking at lighter than air ships for a 75 to 100 tonne lift, portal to portal, and an entirely new design. I have been looking at dirigibles up to a 20 tonne lift, portal to portal again, vertical take-off and landing.

Recently I was at a world conference in Palo Alto, California, on lighter than air ships. The United States Coast Guard is getting very interested in them. It has requirements for surveillance of something in the order of 130. This would be about a 10 tonne lift capacity. Goodyear, inasmuch as they are going into the 75 to 100 tonne in R & D, is actually now at the point of possibly getting into a joint venture basis, hopefully in Canada, for the manufacture of up to 20 tonne lift lighter than air ships, non-rigid frame, again portal to portal; in other words, straight up. With the new vectored engines, with the new technology . . . Mr. Notley, I could go on forever on this subject. I'm hopeful that within a year there may be an announcement that we will have the industry in Canada; I'm hopeful in Alberta.

MR. NOTLEY: So we may become the zeppelin centre of . . .

MR. McFARLANE: The world, Mr. Notley.

MR. R. CLARK: Perhaps I could ask one other question, not really related. What is the status of that operation on the river in the La Crete area?

MR. McFARLANE: That's what I thought he was going to ask in the first place!

MR. KROEGER: Mr. Clark, I went to La Crete. I'd heard so much about it that I went to La Crete. They started up this machine and took me over the river and back, and then they parked it again and went back to the ferry that operates there for about 10 months of the year, I guess. That whole concept was new to me. It was my first look at it and my first ride on it. We plan to make an effort to make that operational. Now we're getting back into Mr. Pahl's comment on research. We think we can invite the federal research people, along with the provincial research people, to help us with it and see if we can make it -- I think we should make a real effort to make it operational. Apparently at the moment it isn't totally functional.

MR. R. CLARK: My most recent visit there, it was not at all functional.

MR. NOTLEY: It does act as a tourist attraction though, so it does have some secondary significance.

MR. KROEGER: We'll get into that one a little later. Give me a year.

MR. R. CLARK: But Mr. Minister, please place your priority on getting some of this surplus money into this road program, and we'll leave the balloons and the La Crete operation a little lower priority.

MR. KROEGER: I don't really think Mr. McFarlane wants you to group them that way.

MR. R. CLARK: I hope you'll listen to us and not to him on that one.

MR. CHAIRMAN: On that note of advice from Mr. Clark, on your behalf I'd like to thank the minister and his departmental officials for their appearance before this committee today, and would now excuse them from the Chamber. I wonder if I could ask the committee members to remain in their places for just one more moment, on an administrative matter.

MR. KROEGER: Thank you very much, Mr. Chairman.

MR. CHAIRMAN: I regret that Dr. Horner has advised that he is unable to meet with the committee this afternoon. He has an unavoidable conflict that takes him out of the city today. I would like to suggest that Mr. King, the Minister of Education, has kindly consented to appear in his stead, but at a slightly earlier time; that is, at 1:30 today rather than at 2 o'clock. Is that agreeable to members of the committee?

MR. R. CLARK: I'm perfectly agreeable to make the change. I'm somewhat tied up till at least 1:45. If you wouldn't start as promptly as you sometimes do, I'll make every effort to be here by then.

MR. CHAIRMAN: Although I'll be under some difficulty not to be punctual, I'll certainly bear that in mind.

MR. R. CLARK: I just wouldn't want you to have the minister gone by the time I get back at 1:45.

MR. CHAIRMAN: I'm sure that will not be the case.

A second question, then, is the rescheduling of Dr. Horner. He has supplied two options, the first of which is at 1 o'clock on Wednesday the 19th. But that's not particularly agreeable, because he has put a 30 minute time limitation on that. I would like the committee to consider option number 2, Tuesday September 25, a week from tomorrow, at 9 o'clock. Those of you who have your schedule of meetings with you will recall that on Tuesday September 25 we had scheduled only for the afternoon, consideration of recommendations. What I'm proposing is that we begin at the beginning of that day with Dr. Horner, and when we complete Dr. Horner's department we could either continue that morning into a consideration-of-recommendations phase or adjourn and reconvene as per the original schedule.

MR. NOTLEY: Obviously we have to have Dr. Horner here when we have enough time to fully question him on his department. One of my concerns is putting that too closely together with the recommendations stage, because I would think Dr. Horner's department, Economic Development, is going to be the centre -- at least it was last year -- of probably the largest number of recommendations. Providing there was some understanding that we would be free -- because I would want some time to review Dr. Horner's answers before making certain recommendations I may or may not make.

MR. CHAIRMAN: Would it be a matter of several days, a day or two, or a week?

MR. NOTLEY: I think we're talking about one of the most important discussions this committee can have with any minister. He is the Minister of Economic Development, and that's one of the major responsibilities of the heritage trust fund. I would hate to see us rush it, frankly, because I think Dr. Horner's testimony is going to be rather important in terms of our committee report. I would say at least two or three days, probably a week, to do the job properly.

MR. CHAIRMAN: You can appreciate, of course, the dilemma that that poses for me; that is, I have committed to table our report approximately mid-October, and of course I would have liked to leave a fair amount of time for the preparation of that report. Mr. Clark, did you want to comment on this dilemma?

MR. R. CLARK: Yes. I can't possibly be here on the Tuesday morning. I have another commitment of long standing. I wonder, would it be possible -- I know tomorrow is cabinet, but could we pursue the possibility of Dr. Horner's coming some time tomorrow in Mr. King's place? I haven't got my schedule of events with me, but is that a possibility at all?

MR. CHAIRMAN: I'm sure it's a possibility. It is not one of the options I obtained from his office. Perhaps I could use this interval between now and 1:30 to make a personal contact with his office, if not himself, and review with him this dilemma that's been created by his change of schedule today. Hopefully I can resolve it between now and then.

MR. R. CLARK: To elaborate on the point, Mr. Chairman, if at all possible, if we could do it on a day that we already have set aside . . .

MR. CHAIRMAN: As opposed to a new day.

MR. R. CLARK: Yes, or even a new half-day, because -- I'm sure I'm not the only one -- it really causes problems. I find myself pretty well tied up from now till the session.

MR. PAHL: Mr. Chairman, I too would support some effort to have Dr. Horner in tomorrow. I might just indicate that tomorrow afternoon is not possible, but we're scheduled now for a 10:30 start with the Minister of Public Lands and Wildlife. I would think that by extending that earlier in the morning -- we even have an hour and a half if we start at 9:00 -- we should be able to accommodate both departments. I would suggest that Public Lands and Wildlife is not going to be a large issue.

MR. NOTLEY: I think Mr. Pahl's completely right.

MR. APPLEBY: Unless there is some unusual change, Mr. Chairman, I would like to suggest for your information I've been trying to get an appointment with Dr. Horner and he's pretty well tied up tomorrow; that is, outside of the other time. But there may be some change for this purpose, if you ask for it.

MR. CHAIRMAN: Any other comments on this dilemma that I face?

MRS. FYFE: What about the 26th, Mr. Chairman? Have we made any firm commitment, and could the consideration of recommendations consider the departments we've looked at to date, without including the Department of Economic Development?

MR. CHAIRMAN: Mr. Notley, did you wish to respond to Mrs. Fyfe's question?

MR. NOTLEY: The 26th would be okay as far as I'm concerned. I'm assuming that Mrs. Fyfe is suggesting we go ahead at 1:30 on the 25th with Dr. Horner so Mr. Clark could make that, and defer our first consideration of recommendations until the 26th. Do I understand? That would be okay with me, because I had still blocked off the 26th, but it may not be for other members.

MR. CHAIRMAN: Okay, those comments will be useful. I'll attempt to resolve the matter between now and 1:30 when we reconvene. Could I have an adjournment motion, please. Mr. Clark, thank you.

The meeting adjourned at 10:45.