

Standing Committee on The Alberta Heritage Savings Trust Fund Act

Tuesday, August 18, 1981

Chairman: Dr. Reid

2:15 p.m.

DR REID: Ladies and gentlemen, the minister is here. His staff members are not yet here, but we're going to continue. If there's anything that needs clarification when his staff from the department arrive, then we'll get clarification from them. Otherwise, we'll just continue straight through.

Mr. Minister, do you wish to make any initial remarks before we start with questions from the committee?

MR KROEGER: Yes, Mr. Chairman, just that our responsibility falls into two parts: one, the air terminal building program; the other, the Kananaskis road program. We have developed a small and, I hope, understandable description of what we do and what we've done. Both programs started in the year '78-79. We've identified the points that have benefited from the terminal building program, and we've described in cost factors what has been done on the Kananaskis Park area. In the Kananaskis road program, we respond to the Department of Recreation and Parks, so we don't initiate. We are really the vehicle that delivers the program, but the Recreation and Parks people are the initiators.

Mr. Chairman, I think that's the only thing that's useful that I can say in the way of background. Hopefully the information we have provided will help to understand what it is we're doing. So I'm at your pleasure.

DR REID: Thank you, Mr. Minister.

MR R SPEAKER: Mr. Chairman, to the minister -- and, I'm sure, it's the expected question on the Kananaskis Country roads. In adding up the budget very quickly, it comes to something like \$60 million for the roads. We've had various figures quoted to us in the Legislature: like \$120 million; the Premier, \$104 million; and, I think in our last discussion a year ago from yourself, Mr. Minister, was around \$168 million. Are those the projections established by the Recreation and Parks Department, then they just make the request for you to do the work so you have no control of that budget at all? Have you any power of veto if you think it's just getting out of hand?

MR KROEGER: No. We actually respond to the request of the Recreation and Parks Department. One of the reasons, I suppose, for the change of the figures starting at a low end of around \$40 million . . . When we were talking about the park itself, then was expanded to Kananaskis Country, and I suppose you could go on developing a road system in that park or in the country that could keep escalating the numbers. But really we do respond to requests from the Recreation and Parks people on what the funding will be and what we can deliver for that.

MR R SPEAKER: Mr. Chairman, to the minister. Do the Recreation and Parks personnel and through the minister submit a projected plan? Do you have a

three- or five-year plan so that you have some expectation of what you're confronted with? I'm sure that's most likely in place.

MR KROEGER: There are some estimates, but we really concern ourselves with delivering what we're requested to in any certain year. There is some flexibility in it. There have been some cost estimates made. But we as a department try to concern ourselves only with what's requested for, in the year 1981 for instance.

MR R SPEAKER: Then your responsibility at that point in time is to let the tenders and request bids for the various roads, or is some done with the departmental equipment?

MR KROEGER: The engineering -- and Mr. Cronkhite can expand on this -- preliminaries are done through the department or using consultants. After that we put the projects out to tender as we do most of the road construction system. Would you care to expand on that?

MR CRONKHITE: Yes, on two points. We have used a large contingent of consultants in there because we didn't build up staff to take on the extra load which this large project would otherwise require. So basically our crews manage the operation, whereas the engineering, surveying, and what have you is done by the consultants.

MR LITTLE: Mr. Chairman, to the minister. Could you advise the committee what the projected plans for this year are on the main road through the park; that is, I believe it's called the Coleman-Kananaskis. How far south is the paving going this year? Are there any plans for paving on the other section; that is, the Highwood-Longview section of the road?

MR KROEGER: When you speak of Longview, that would be 541 on the south side. And are we talking about within the park?

MR LITTLE: The total road of course is, I believe, called the Coleman-Kananaskis, and three-quarters of that is within the park. I believe the south portion of it is outside the park.

MR KROEGER: The east portion would be outside of Kananaskis Country, leading from Longview towards the park.

MR LITTLE: I also referred to that. But I'm referring to the main road; that is, north to south, or south to north. How far south is the pavement going in '81, and what are your projections for the completion of the road through to Coleman?

MR CRONKHITE: Could I speak to that? The Kananaskis Country ends after you get over the Highwood Pass. It goes down to Picklejar Creek, then just over the summit. So it doesn't go all the way to Coleman. Of course the Kananaskis Country can't deal with the part that's outside there. We have paving that's under way to the 541, or the junction south on 40 to the junction of 541 which goes out to Longview. It's under way and the contracts are under way now. We still have contracts to call the paving on the section of 541 which projects easterly to the boundary of the country towards Longview. I know there's grading work under way there now.

MR LITTLE: To the minister. Will those sections be completed in '81?

MR CRONKHITE: They'll be substantially completed. I can't say that the weather will hold long enough up on top of that summit because it snows in pretty quick. But they're under contract, so it could complete. There's been some holdup on one contract which we finally had to take out of the hands of a contractor and put in the hands of a bonding company. But it's well advanced now, so it should be completed.

MR KROEGER: Mr. Chairman, according to the figures that we have, we've committed two-thirds of the funding for work so far this year. So now we're working against the end of the season to see if we can expend the rest of it. The budget called for about \$24 million. We've accounted for about 16.

MR NOTLEY: I just want to get a couple of figures straight. Following up the point that the Member for Little Bow raised, the total projected cost now of the Kananaskis road -- is it this figure, or will there be estimated expenditures in '82-83 and '83-84? As I understand it, that's just to the pass; we're not talking about the completion to Coleman. That would be done through the primary highway program, if it's undertaken. I guess the question I have here is: is that something which is in the works at this stage?

MR KROEGER: Well, we haven't really dealt with that, you know. That hasn't been part of our discussion. As far as the first part of the question, we have some estimates to 1984. But since we're in a position really in this case where we do and only want to respond as the parks development proceeds, we don't really feel that we as a department should be anticipating what we're going to be asked for. There are some estimates, but that's what they amount to.

MR NOTLEY: Mr. Minister, just to follow that up. We've had varying estimates given at different times before the committee dealing with the road. We have figures here, as the Member for Little Bow points out, that total \$69 million; but we've had figures something over \$100 million. So I think what we have to have is some indication of what we're looking at over the next three or four years. Is it still \$100 million, or is it going to be a little more than that? What are we looking at over this next two-year period?

MR KROEGER: Last year, as I recall it, we were given an estimate of about \$103 million. But there will be some cost changes on that that could impact that number. But really the yardstick is how far the decision would be made. I think those questions should be properly addressed to the Minister of Recreation and Parks as to when we will not be asked to do any more in there. We don't become part of projecting what ought to be done, and I'm serious about that. We are responding. I think you can get your answers on that much better from the Minister of Recreation and Parks. I'm not trying to evade the question, but I really haven't discussed with him where the line will finally be drawn, if it's ever drawn.

I suppose there's always going to be a need for some more work to be done there. The figures that we've been using are those that you have before you, plus the estimate last year of \$103 million as a possible end figure which has been impacted by inflation costs, I suppose.

MR NOTLEY: Mr. Minister, I don't want to be argumentative. I presume that the Department of Recreation and Parks would have a desire of what they want to do in Kananaskis Country, but they're certainly not in a position to have the foggiest idea of what the construction costs are going to be. They're going to have to come back to your department for that.

It would seem to me that while the decision to request may come from Recreation and Parks, the final decision as to whether heritage trust fund money is going to be used by the investment committee is clearly going to be contingent on the information that you people from Transportation will provide the investment committee. So I'm asking what information you can share with this committee in terms of the estimated cost down the road. The \$103 million obviously has been, as you mentioned, impacted by inflation -- somewhat higher than that. How much higher is it? Ten million, 20 million?

MR CRONKHITE: Could I speak to that? Going back, the \$103.6 million was a figure put together in the fall of 1979 to give some guidance as to a desired goal of a network of roads sufficient with the projections of what had to be served to that day. Now that's varied some, and some of the plans have been formalized. But basically the 103.6 is still quite valid, except that it has to be inflated or brought to the dollar value of the day. I guess we would estimate -- and because we haven't exactly performed each year what we set out to do; we had some slippage, we had some gains. But we've estimated the 103 in 1979 is about 121 now, the cost, without changing the program.

Now as we go, decisions are going to be made to shorten up on some things. But we're probably a little early in the program ending in '85 according to these projections to come to that decision.

MR R SPEAKER: Mr. Chairman, I was going to follow that same question, but one specific. There's paving to be done on what's called, I believe, the Hidden Road or down to the cottages along the lower Kananaskis Lake. Has that paving been completed? I didn't notice it on the list here on the . . .

MR CRONKHITE: I don't know the terminology you use of Hidden Lake. There was an element of paving done, there's section still ID and still managed and funded under ID, which was not funded under the heritage trust fund, which involves some paving in the vicinity of the cottages which were there before the country arrived. Now if that's what you're referring to, that was not done by heritage, it was done by ID funds.

MR ZAOZIRNY: Could the minister assure the committee that the substantial road upgrading taking place in Kananaskis Country isn't occurring at the expense of road upgrading in other areas, even adjacent areas, by an allocation of men, equipment, and dollars into Kananaskis Country?

I'm thinking specifically by way of example of, I believe, it's Highway 22 from Longview to the junction with Highway 3. I had occasion to travel that route this past weekend. It's a route which I think if in proper condition would have a considerable amount of usage into the Crowsnest country, but frankly the road was in a rather deplorable condition. There was some light rain, and we had travellers trying to travel over an open field because the road was virtually impassable with the rain. Using that by way of example, could the minister comment on the allocation of men, equipment and dollars that is occurring and assure the committee that this isn't being done at the expense of other road improvements and maintenance in the province.

MR KROEGER: Mr. Chairman, there's no competition insofar as the funding is concerned. They will not be competing with each other for funds. There could be an impact in competition for equipment if there were a shortage of contractors. Then the bidding might be impacted. So far this year, the competition has been very keen. While we estimated an increase of something in the order of 12.5 to 13 per cent on our contract bids, our average -- and Mr. Cronkhite can correct me -- up to now has been running at considerably under that, something in the order of 7 to 8 per cent. So up to this time this year that hasn't been a factor. Keeping the two things separate: the funding isn't a competition; the delivery of the program through contractors could be a competition, but hasn't been a problem so far this year.

MR ZAOZIRNY: [Not recorded] a comment about that particular roadway, because it's adjacent to that area.

MR KROEGER: Mr. Chairman, No. 22 running from the area of No. 3 north has a lot of gaps in it. We are progressively letting contracts as we see that we can. It's going to take some time. Maybe Mr. Cronkhite would like to comment on that.

MR CRONKHITE: I think you're probably referring specifically to the area from Priddis west to Bragg Creek. Somewhere in that area?

MR ZAOZIRNY: No, not the Bragg Creek area. This is specifically from Longview where the pavement terminates to close to the junction with No. 3. There's about an hour's section in there that's in rather deplorable condition, it appears.

MR CRONKHITE: Well, north of Lundbreck there has been some grading done. There's another contract in there this year in the vicinity of the Oldman River. I don't believe it's in contest. My view is certainly not in contest with what we're doing in the Kananaskis Country. Highway 22 runs from Lundbreck virtually to north of Mayerthorpe, so there are an awful lot of gaps yet.

As you indicated, there's a fair demand in that area, so our projections in our program are certainly considering upgrading 22 in many areas and not necessarily just in that area. We've had a long-standing problem assembling right of way south of Longview. We cross and sever some ranchlands. But that's basically in control now, so that won't be a handicap.

DR REID: Are there any more questions for the minister or his deputy?

MR NOTLEY: Mr. Chairman, I just want to move into . . . If we could just look ahead a bit. I do this because one of the mandates of the committee is to consider recommendations. While we have the minister here, perhaps we might just explore with him what progress has been made, if any, on the negotiations with Goodyear. I know this doesn't come under the mandate of the report, but it's one of the things that could well come up in our consideration of recommendations as to whether heritage trust fund money should be used for that kind of diversification.

Is the minister in a position to advise the committee where that stands at the moment? We're into air terminals. Are we going to be getting into lighter than aircraft manufacturing? I know that Mr. McFarlane perhaps should

be here. He'd keep us for the rest of the afternoon, I'm sure. But is there anything to report on that particular project?

MR KROEGER: Well, along with Mr. McFarlane, I have had meetings with Goodyear. The most recent one would have been in June when the international cargo handling conference was being held here. Mr. Zeigler, who is a vice-president with Goodyear, was in attendance, and I met with him. At the moment, there hasn't been any request for funding assistance from the province. So far it's been in negotiation between Goodyear and a group of people in the province who are working actively to attract this as an industry.

I think the question you're really leading into, Mr. Notley, is: are we as a government contemplating funding? This has not been part of the conversation to this time. There has been no request. The attempt is being made to put together a consortium to work with Goodyear and make it happen, and also to make it happen in Alberta. But no comment so far as far as any government participation.

DR REID: Any more questions for the minister about K Country or the airport? Looks like we've exhausted all the questions. I'd like to thank the minister for appearing and giving some more clarification on the Kananaskis Country road system.

I think we'll now declare the committee is adjourned until next Monday afternoon at 1:30. I distributed to the members here a list of appointments for the various ministers to appear for us, running through to Tuesday, September 22. We still have some conflict, unfortunately, with the surface rights committee's trip to Europe, but to delay a further week would really begin to put a squeeze on the time schedule. I think those members who belong to surface rights and will be in Europe will realize why we're going to continue in their absence. This should leave us time at the end of September and into the beginning of October, if necessary, for the consideration of the report and recommendations to the Legislative Assembly. If any of you have any requests for changes in the schedule of appearance of ministers, I'd like to get them fairly soon because with one exception these are very valid times for the ministers to appear in relation to their other commitments.

If there is no other business, I'll declare the committee adjourned until next Monday at 1:30.

Thank you.

The meeting adjourned at 2:40 p.m.