

[Chairman: Mr. Oldring]

[2 p.m.]

MR. CHAIRMAN: Ladies and gentlemen, if I could call the meeting to order. Mr. Minister, perhaps you and some of the other members might want to move closer to this end of the table. There's not a large showing of individuals.

MR. ADAIR: I don't mind moving down.

MR. CHAIRMAN: I want to begin by welcoming the minister and the departmental people who are with him this afternoon. I'd point out to members that I'm actually anticipating a short meeting. Last year when the Minister of Transportation appeared, the meeting lasted a whole 18 minutes.

I'd refer members to page 16 of the heritage trust fund report, the airport terminal buildings paragraph under the capital projects division. I'd also point out to members that all the funds expended on airport terminal buildings were spent by 1984; I think that was the last year anything was done.

With that little bit of background, I'll turn it over to you, Mr. Minister, for any opening comments you might have, and then we'll open it up if there happen to be some questions.

MR. ADAIR: Mr. Chairman and members of the committee, I had a question in my mind as to why I was coming in, since '85-86 didn't have any expenditures, but having said that, I didn't want it said that I didn't want to be here for any reason. You mentioned the airports. If there are any questions that relate to them, be it that they were two years previous, I do have the list of when they were opened and what their costs were at that time.

Beyond that, Mr. Chairman, the only other one is in the '86-87 estimate book, which has \$30 million for the universal rural private telephone line service program. I could probably give you an update. I've obtained that from the minister who's responsible for the program. I have the money, and as I said in the Legislature, as the bills are submitted to us, we pay them on a fee-for-service basis. That's where we are with that.

MR. CHAIRMAN: Thank you very much.

MR. ADAIR: Mr. Chairman, maybe I should introduce Harvey Alton, on my right, Deputy Minister of Transportation, and Vance MacNichol, on my left, Deputy Minister of Utilities.

MR. CHAIRMAN: Good. Welcome, gentlemen. We'll begin questions with the Member for Little Bow, followed by the Member for Athabasca-Lac La Biche.

MR. R. SPEAKER: In terms of telephones, have you established a priority schedule at this point in time?

MR. ADAIR: Ray, we don't do that. If you recall, that question was asked in the Legislature. That's Technology, Research and Telecommunications.

MR. R. SPEAKER: You're straight funding.

MR. ADAIR: We're straight funding. My understanding is that what they're doing is working on the basis that the first areas to be served will be where they have the updated equipment. They're working in about 70 exchanges right now. Seventy different centres, or 20 percent of the exchanges, are now having some work done on them. There are 340 in the province that need to have upgrading work done. If I can add to that right now, they have installed over 3,633 kilometres of cable, or if you're an old guy, that's 2,185 miles. That's been plowed in already in those areas where they are ready to hook up once the application by AGT gets the approval of the PUB for the rate structure. That has not been approved yet.

MR. R. SPEAKER: I don't think I have any other questions, Mr. Chairman.

MR. PIQUETTE: Welcome to the committee, Mr. Adair. I guess one of the questions I have relates to the airport terminals, which were completed in '83-84. Who is responsible for the maintenance of these airports at the present time? Is that still through trust fund funding, or is it through counties or municipalities?

MR. ADAIR: I stand to be corrected, but I'll look to you, Harvey. I can speak for the Peace River airport. It's a town airport, and they have

an agreement with the federal MoT. They work out their operating budget with them. That was in the agreement when the agreement to construct was made. As you go to a bigger airport, obviously there are some additional costs attached, and it has to be approved by the other party, the third party; in this case, the federal government.

MR. PIQUETTE: So it's an individual type of arrangement for each of the airports.

MR. ADAIR: Yes. To each one of them as they're handled. Is that not right?

MR. ALTON: Yes. There have never been any heritage funds used for the maintenance or operation of any airports. Provincial airports are maintained out of the regular budget of the Department of Transportation and Utilities, and community airports are maintained by the communities themselves at their own cost.

MR. ADAIR: So from our standpoint all the funds that were involved were to build the capital facility only.

MR. PIQUETTE: A question related to the rural private telephone lines. With the present profit margin of AGT, is that money being rolled into the project of renovating or changing the rural telephone lines, or is the \$30 million coming totally out of the heritage trust fund, as indicated in this report?

MR. ADAIR: If you recall from the announcement of the program, 75 percent will be paid by the government of Alberta and 25 percent by the individual in that sense. I believe the figure is based on either a \$450 flat fee at the start or \$4 per month until it is paid for, which would be the 25 percent. So 75 percent is by the government of Alberta, and that's in essence the program we have within our budget to pay those costs off to that point.

MR. PIQUETTE: My last question is: why isn't AGT money being used to subsidize these rates?

MR. ADAIR: The only sum that I can assume is used by AGT is in the upgrading of their existing exchanges. That part is borne by them through their own funds. All the rest was a commitment by the government to the people

of Alberta and will be clearly identified by having it paid out of this department.

MR. CHAIRMAN: Are you through?

MR. PIQUETTE: Do I have one more question?

MR. CHAIRMAN: Yes.

MR. PIQUETTE: Okay. Is there any way to decrease the cost of installation to each customer, which at the present time is estimated by the government at \$450? Has that aspect been looked into? I've been hearing quite a bit of criticism from people in rural Alberta, saying that \$450 seems to be punishing rural Alberta compared to what — urban people are able to connect a private telephone line for a lot less. Has there been a look at decreasing that cost?

MR. ADAIR: First of all, I might take exception to the statement you made that it's punishing rural Alberta. If there is a 25-mile distance to provide individual line service and that cost is being picked up for an average of \$450, that's certainly a reasonable cost in the long term of the project. The fortunate part in the cities is that they're side by side. You have to take into consideration the time and distance involved in the provision of this service to rural Alberta. In some areas in rural Alberta there is quite some distance between hookups. As I understand it, that's been averaged to come up with a rate of about \$450 or 25 percent of the cost. Is there anything you would add to that?

MR. MacNICHOL: The only thing is that the exchanges, which are very expensive, are being financed through AGT. It's over \$200 million. That modernization, which is estimated at \$230 million, is coming right from AGT.

MR. ADAIR: They would normally have done that. What's really happening with the announcement of this program is that it's speeding it up; "advancing it" is the best term, I guess.

MR. MacNICHOL: There are two parts to it: the lines and also the central stations.

MR. PIQUETTE: So the central stations will be done first.

MR. ADAIR: Yes. They have to have the exchanges modernized so they can hook onto them, and that's going from the old -- what's the term they use? -- analog system to the digital system so that they're ready to go.

MR. McEACHERN: You indicated that you weren't making the decisions about who would get the first private lines. Then you're saying that AGT does that, I gather.

MR. ADAIR: Yes. My understanding is that AGT and the Department of Technology, Research and Telecommunications are working that out.

MR. McEACHERN: My second question is: is there any kind of estimate as to how long this is going to take? Two years, five years, that sort of thing?

MR. ADAIR: The press release and the statement made in the House by the hon. minister both relate to five years, and that was the announced program. That's being reviewed now in light of all the other options that are being given to us relative to reduced funding. It may still stay at five, but that's not a decision I can or will make. That will be made by Mr. Young and his people.

MR. McEACHERN: Perhaps related to that, there is talk that we'll probably cap the fund this year. That implies that we don't want to reduce the fund, but we're not going to put more money into it, and the earnings of the fund will be taken out to go into general revenues. If that goes ahead next year, I guess one can assume that it's going to be pretty hard to come by funds. Have you programmed how much per year we're going to put into that over the next few years? If so, where is it going to come from? It's sort of in conflict with the idea of capping yet using resource revenues.

MR. ADAIR: Basically, all those things are under review right now relative to decisions that were made and priorities that were given some time ago. Obviously, the departments that relate to it -- in this case ours in co-operation with Technology, Research and Telecommunications -- will have to determine whether we can continue it at the pace at which we anticipated doing that, and the five-year

programming, or whether we'll have to stretch it a little. That will have to be made somewhere down the road.

MR. McEACHERN: Actually, if you had a zero increase and capped the fund and took all the extra money out of it, you'd have to liquidate some of the fund and use it for that.

MR. ADAIR: I'm not sure.

MR. McEACHERN: I mean, there is a sort of built-in problem to finding any money for that.

MR. ADAIR: That's if we do.

MR. McEACHERN: I realize it's sort of my fourth question here, but we may as well, because it looks like we don't have a lot of questions.

Just a follow-up question in terms of long-term maintenance. Are we to assume that AGT will pick that up after completion of the project?

MR. ADAIR: Yes. It would be part of the normal telephone system.

MR. McEACHERN: Thank you.

MR. GOGO: Just a follow-up question on the telephones. Maybe the deputy knows. My understanding was that to deliver a private line to a farm home would cost us \$1,200 or \$1,300. Is that reasonable?

MR. MacNICHOL: Yes, that's about right.

MR. GOGO: So a \$400 charge is a two-thirds subsidy by the taxpayer to the others. Is that accurate?

MR. ADAIR: That is reasonably accurate, in that it takes away from the terms "penalty" or "penalizing."

MR. GOGO: So one would have to say that in any context that's a tremendous bargain for those in rural Alberta.

MR. ADAIR: That's what I was trying to point out. In the sense of putting the program together and averaging all those costs and coming up with a figure of \$450, it's a major

benefit to the individual rural customer to be able to get the same kind of service they would in a city, where you're basically closely populated.

MR. GOGO: Final question. To the minister's or the deputy's knowledge, thus far has any other province had private line service committed to every farmstead in their province?

MR. MacNICHOL: Not to my knowledge.

MR. GOGO: Thank you, Mr. Chairman.

MR. ADAIR: No other province has rural gas to their customers too. I might as well throw that in while I'm doing it.

MR. McEACHERN: I want to switch and ask a little about the hopper cars. They were bought a while ago. Perhaps it's my own lack of knowledge, but he can answer a few questions for me.

MR. CHAIRMAN: Sorry, on what?

MR. McEACHERN: Hopper cars.

MR. CHAIRMAN: That comes under the portfolios of Economic Development or Transportation.

MR. McEACHERN: I heard him talking about hopper cars earlier.

MR. ADAIR: No, you were talking about them. I just said I didn't have them.

MR. McEACHERN: Oh, okay.

MR. CHAIRMAN: I want to thank you, Mr. Minister, for appearing before the committee this afternoon, and Mr. Alton and Mr. MacNichol as well.

MR. ADAIR: Thank you.

MR. CHAIRMAN: Just a couple of administrative things before we adjourn. To update the members, the Minister of Municipal Affairs, the Hon. Neil Crawford, will be appearing before the committee tomorrow.

MR. McEACHERN: Morning or afternoon?

MR. CHAIRMAN: Tomorrow morning from ten until eleven.

We also have a tentative commitment on Wednesday from the Hon. Shirley Cripps. The Hon. Dick Johnston is going to be away all week, so there's no way we can have him here. The Hon. Larry Shaben also wasn't able to confirm for Wednesday.

MR. PIQUETTE: Unable or able?

MR. CHAIRMAN: Unable.

MR. McEACHERN: But there still is a possibility. Is that what you're saying?

MR. CHAIRMAN: Not for Mr. Shaben on Wednesday. On another date if we want to try to arrange it, but not on Wednesday.

MR. McEACHERN: Okay.

MR. CHAIRMAN: And we're still waiting to hear from the Premier's office.

MR. McEACHERN: At what time is Shirley going to be here on Wednesday?

MR. CHAIRMAN: Tentatively, sometime in the afternoon.

A motion to adjourn? We stand adjourned until tomorrow at 10 a.m.

[The committee adjourned at 2:16 p.m.]