

[Chairman: Mr. Pashak]

[8:30 a.m.]

MR. CHAIRMAN: It is now 8:30, and I would like to call this meeting of Public Accounts to order. The first item of business is to approve the minutes of the Wednesday, July 19, '89 meeting. Moved by Mr. Gesell. Is there any discussion or errors, additions to the minutes? Hearing none, those in favour of adopting the minutes as presented? Motion carried.

We have with us today the Auditor General, Mr. Salmon, and his associate Ken Smith. As well, our special guest is the Hon. Al Adair, minister of transportation. I'd invite the minister to introduce the member of his department who's with him and make any comments that he'd care to make to begin this meeting today.

MR. ADAIR: Thank you very much, Mr. Chairman, members of Public Accounts. On my left I have my deputy of Transportation and Utilities, Harvey Alton. I might suggest, Mr. Chairman, I'll go through a few of what we think were the highlights of the year '87-88 and then be prepared to answer the questions that you have.

Eighty-seven/eighty-eight was probably one of the key years in the Department of Transportation and Utilities' life, short as it is at this point, because the departments were amalgamated after the '86 election into Transportation and Utilities. Probably the highlight was the fact that we were very much involved in the planning and the preparation for the transportation component of the 1988 Winter Olympic Games. The official opening of Highway 40 at Grande Cache took place in June of 1987, and the completion of two major bridge structures, one over the Sheep River on Highway 2 near Okotoks and one over the McLeod River on Highway 16 east of Edson, were again major accomplishments of the department and, I might add, of the private sector that assisted us in building those bridges as well.

In the area of transportation safety, which is of concern to all Albertans, '87 was the year in which the department initiated changes both legislatively and operationally to improve highway safety in the province. The most significant initiative was coordinating the introduction and the passage in July of 1987 of seat belt legislation in the province and the accompanying public awareness program that took place. Subsequent to that, Alberta achieved the highest seat belt wearing rate of any province in Canada. We reached a high of around 87 percent not too long after the passing of the seat belt legislation. Accident statistics show a significant reduction in the number of deaths and injuries due to motor vehicle collisions since the law was introduced, even though there was an increase in the number of collisions. I might point out that one of the sad parts is the fact that there was a challenge to the seat belt legislation. I should maybe say it differently: it wasn't the seat belt legislation itself but the Charter of Rights, and as a result, we sit in a state of animation until the court hearing in, I believe, mid-September of this year.

We were also involved in the '87-88 year in the beginning of what I'll call the heavy discussions relative to the national safety code, which involved a number of features, approximately 20 areas where there was some unanimity across the nation relative to introduction of some things that would be very much a part of the safety code. Probably the most contentious of that was the hours of work where we had hours of work already in place. There was 10 hours of driving in place for a good number of years, not necessarily enforced to the degree that we would like to have seen that. With the changes there were suggestions that

are still under discussion in 1989 relative to 15 hours of driving time, 13 hours consecutive, and points like that that are still being discussed by the industry, by all of the provinces in Canada.

A total of \$872.3 million was expended by the department in developing, operating, and maintaining the provincial transportation and utility infrastructure in that year. This was a 13.1 percent reduction from the just over \$1 billion expenditure of 1986-87. It did in my mind indicate how successful the department was in achieving the goals of reducing total expenditure while generally maintaining the quality of service in delivering its programs.

The downsizing effort was also successful in the level of manpower utilization. The reorganization and consolidation in some of the branches allowed the department to give up, if I can use that term, 79 full-time permanent positions and 221 full-time equivalent positions. This was the second year of our downsizing effort, and as in the previous year we were able to achieve our objectives through careful management of vacant positions arising from attrition primarily, thus allowing us not to release any permanent staff from our employ. The total departmental expenditures on salaries, wages, and employee benefits decreased 8.4 percent in '87-88 compared to the previous year, and that was even after absorbing a 1.7 percent increase in the salaries and wages.

The department accounted for 8.5 percent of the total General Revenue Fund expenditures, which compared at the time to 9.5 percent the previous year. Despite the reduced level of expenditure, capital spending, including grants for capital purposes, amounted to \$713.4 million for the construction and the development of transportation and utility infrastructure, which was 56.4 percent of the total General Revenue Fund capital spending for the province. The previous year the department's capital expenditure was \$778 million, for 54 percent of that figure.

Probably the most significant figure for the year '87-88 was the fact that the total expenditure on all the voted appropriations amounted to 98.5 percent of the authorized budget, which in my mind shows how well the department was able to control its program expenditures within its downsized limits.

Eighty-seven/eighty-eight was also the third year of the urban transportation program, which provides assistance to the cities for capital and operating accounts and the developments that were involved with their development and operation of effective roadways and public transit systems. The program in '87-88 consisted of a basic capital grant totaling \$103 million, which was allocated to Alberta cities on a per capita basis for any eligible roadway or public transit project. An additional \$66 million was provided for public transit operating assistance, primary highway maintenance, and construction of major continuous corridors. Both Edmonton and Calgary directed the major portion of their funding into their LRT construction projects. The city of Red Deer benefited from a \$37.7 million grant for the initial phase of the major continuous corridor project to relocate CP Rail's main facilities out of the downtown core in the city of Red Deer. Under the program the department is paying 90 percent of the cost of that \$68.8 million project.

Primary highway construction was completed during the '87-88 year on 762 route kilometres, and \$179 million was expended on these projects. Multilaning of the highways' congested routes in the province continued to be a priority with the additional twinning on Highway 1 -- that's Trans-Canada south

-- and Highway 16, Trans-Canada north. The multilaning was also completed on sections of Highway 2, Highway 22X, and Highway 60. A major widening of Highway 2 between Airdrie and Red Deer, designed to improve safety, began that year.

Improvement of the secondary highway network continued to be an important program, and work was undertaken on 816 kilometres of secondary highways at a total value of about \$85 million. To preserve the integrity and the surface quality of our existing inventory of highways, the rehabilitation program restored older pavement to a rejuvenated condition on some 386 kilometres at a cost of about \$34 million. And that continues to be, even today, one of our priorities, to protect the existing system that we have in place and ensure that it's top quality.

The department also provided advisory, technical, and financial support to the municipalities for the development of water supply and sewage treatment facilities and to farmers and ranchers for water transmission systems. Some statistics from that '87-88 year: 159 municipal projects were approved in 129 municipalities; seven projects were approved to accommodate agricultural processing industries; eight projects were approved under the northern supplementary fund; 720 new projects were approved under the Alberta farm water grant program; and under the regional utilities program the department co-ordinated and cost shared the construction of multimunicipal water and sewage treatment projects. Major projects in that year included the capital region sewage system, serving 13 municipalities in the Edmonton area; the Morinville sewage transmission system, which will connect to the capital city region system; and the Henry Kroeger water supply project, which will provide a secure water supply to municipalities in the Oyen, Youngstown, and Hanna corridor.

Now, it was also the year that we began working on Act 54 of 1988. But in 1987-88 we were working on the small power producers Act, which involved the ability to provide some 125 megawatts to small power producers to do either wind, water, or biomass projects. We involved about 2.5 megawatts as being a small power project, and we had some pilot projects that had anywhere up to 10 to 30 megawatts that could be approved in that particular project. I might add now that almost all of the allotment, the 125 megawatts, has been spoken for at this point in 1989 as a result of that Act that was passed back in 1988, actually in July of 1988 when it was finally passed.

Eighty-seven/eighty-eight was also a year where we had some discussions over concerns by the gravel truckers as to whether they were being treated properly. That culminated in 1988 with the review by the RCMP that there were no criminal concerns raised and proven by them at that particular time. It allowed us an opportunity to change our process a little bit, to tighten it up, if I can use that term, so that both sides, both the gravel truckers and the contractors, were in fact working together.

With that, Mr. Chairman, I think that covers most of the highlights as we see it from the standpoint of the Department of Transportation and Utilities. I don't know that my deputy has any points that he wants to raise, but he certainly is prepared to answer some of the tough questions, and I'll take the easy ones.

MR. CHAIRMAN: Well, thank you very much, hon. minister. Does the deputy have a comment or two he might like to make? Okay. Well, it's open for question then. Ms Mjolsness.

MS MJOLSNESS: Thank you, Mr. Chairman. Under vote 3

we see that approximately \$6 million was spent on railway lines, resource lines. If I could just get an explanation of what type of line and where they were built, please.

MR. ADAIR: That primarily relates to the Alberta Resources Railway. Now, I've just got to find it.

MR. CHAIRMAN: What we try to do, by the way, hon. minister, we try to ask people who are putting questions to you to indicate somewhere in the public accounts a reference.

MS MJOLSNESS: It's page 3.127, I think.

MR. ADAIR: That, as I started to say, related to the operations of the Alberta Resources Railway. I'll just get exactly that figure, if I can here, for you. That was under vote 3? It'll take me a moment here. Well, the question, I believe, was what was it spent on. Was that the question, hon. member?

MS MJOLSNESS: Correct.

MR. ALTON: Well, basically, the funds for the Alberta Resources Railway are for capital improvements that are required to the line, and it's for interest on the debentures or debt that exists on the railroad. Then it can cover the difference between revenues and operating expenses. Now, the amount of money that's been required for the Alberta Resources Railway has been decreasing, to a large extent due to higher than anticipated revenues. There's been additional coal shipped and higher revenues than was the case in the previous year.

MS MJOLSNESS: Okay. Now, when money is spent on a particular railway like in this particular vote, I'm just wondering if there's any compensation for the expenses from a company that's perhaps using the railroad.

MR. ALTON: The railroad is owned by the government, and there is an operating agreement with CN to operate on the rail line. The operating agreement requires that Canadian National maintain the line and pay for the normal maintenance and operating costs, whereas the Alberta Resources Railway has to pay for capital improvements and major items such as rail replacement. If there are washouts -- for example, recently in the heavy rains there have been some washouts -- under the agreement the repair of those washouts is shared on a cost-sharing basis between the Alberta Resources Railway and CN.

MS MJOLSNESS: Thank you. We see in vote 2.7.1 on page 3.129 that approximately \$40 million was spent on Rural Resource Roads. I know that in this year's estimates something like \$17 million was allocated to put in railway lines to Daishowa, and I'm just wondering if there's been any assessment done to determine what is more cost effective when it comes to moving the resources, whether it be railway lines or whether it be roads.

MR. ADAIR: Whether we have in fact been involved, certainly our negotiations with the companies involved -- take Daishowa as an example, and the spur that was built from the plant site to connect with the Northern Alberta Railways, or CN Rail as it's called now. There were a number of discussions as to whether the roads needed to be improved for hauling by way of trucks to

that facility or whether the long haul, which was from Daishowa to the coast, was the benefit. It was determined at that point that the benefit was by rail all the way.

MR. CHAIRMAN: Thank you.
Mr. Gesell.

MR. GESELL: Thank you, Mr. Chairman. On page 5.62, 5.63 of the public accounts book, specifically on the Natural Gas Rebates Fund and the Rural Electrification Revolving Fund, my question to the minister is: why did the Natural Gas Rebates Fund receive some transfers in the amount of \$4,086,725 from the General Revenue Fund and for what purpose?

MR. ADAIR: The fund provides a rebate to the agricultural gas consumers under that primary agricultural producers rebate program, and the benefits are paid to operators who actually operate field crops or livestock, dairy, or poultry farms. Greenhouses were included in that as well, and irrigation equipment, grain driers, and alfalfa processors. In that particular year we had quite a number of applications. I believe there were over 4,000 applications that were processed under the program.

MR. GESELL: Thank you. Then, Mr. Chairman, I'd like to go on to the Rural Electrification Revolving Fund, and I note here on the same page that I've referenced that there are no entries at all. There are no revenues, expenditures, or equities. However, when I reference back to the Auditor General's report, on page 68 there is some discussion about the Rural Electrification Revolving Fund. I think the Auditor General referenced the previous annual report and the fund's reported assets, including some loans totaling \$25.9 million. Could you give me an explanation why there are no equities, expenditures, or revenues for that particular entry here?

MR. ADAIR: Well, probably the best explanation that I can give you is that when you refer to the lack of activity in that account, it's because the interest earned on the loans is credited to the General Revenue Fund, and the funding for the outstanding loans comes from an advance from the Provincial Treasurer. As a result of that, there's no entry or no revenue or no net equity in the fund.

MR. GESELL: Mr. Chairman, you've provided some latitude in the past to perhaps move on to some other area, if I may. I note on page 3.125 of the public accounts document there are again some transfers, and the transfer I believe, if I read this correctly, is under vote and reference 2.8 from Pavement Rehabilitation. I think the minister indicated that there were 386 kilometres, if I remember correctly, protected under the existing system; 386,000 I believe it is. I'm not quite sure; 386 stands in my mind, Mr. Minister. You might want to refresh me; you mentioned that number in your opening remarks. Seven million dollars was transferred from Pavement Rehabilitation, and it seems it has been transferred to 2.3, Improvement of Rural-Local Highways. Is there a shift in emphasis from one of these construction operation programs and transportation systems to the other?

MR. ADAIR: I'm going to let Mr. Alton explain that one to you.

MR. ALTON: No, there isn't a shift in emphasis. In fact, Pavement Rehabilitation is still the number one priority of the department. Primarily the shift in funding there occurred in that fiscal year as a result of there being about a 35 percent decrease in the price of liquid asphalt cement and a 13 percent reduction in the cost of placing the asphalt due to very competitive bidding by the contracting industry, resulting in us being able to complete the projects that had been scheduled with less moneys than had originally been estimated. There were two major contracts that were tendered and awarded that didn't get completed due to weather and the fact that the contractors didn't get to them. But those were the basic reasons for the transfer of funding, whereas in the secondary road program later in the season there was a dry fall which enabled considerably more work to be done. A lot of the work on the secondary roads is done by the municipalities, and that work was able to be advanced. So the moneys that weren't required under the rehabilitation program were reallocated to complete some of those secondary road projects.

MR. CHAIRMAN: Mr. McEachern.

MR. McEACHERN: Thank you, Mr. Chairman. I wanted to follow up a little bit on the truckers' difficulties. If you look at page 66, I believe -- it starts on 65 of the Auditor General's report. The Auditor General outlines some of the basic contract demands of the department in hiring contractors, who then turn around and hire truckers. In spite of some of the department's efforts -- which I acknowledge, that they have tried -- he says:

several concerns remain.

I'm reading just above recommendation No. 41 there.

For example, some contractors who adhere to the contractual requirements put themselves at a disadvantage because other contractors, anticipating paying lower haul rates, can underbid them . . .

And, of course, what we understand is that those contractors that can offer the lower haul rates are doing so because they're demanding some kind of kickback from the truckers. You did say that the RCMP has been unable to lay charges, but do you think the department has been able to sort of stop that practice?

MR. ADAIR: I didn't say that the RCMP weren't able to lay charges; I said that the RCMP found no criminal activity as a result of that. What we've done, as I indicated in my comments, is that we've tightened up the statutory declaration process and a lot of those other items that lead in to that particular one, which we feel will make it close to impossible for that to occur. Now, we are of the understanding that it may not stop it all, because you're dealing between two private individuals who may well make a deal on their own, and we have no way of confirming that. But if we can lessen the opportunity, that's what we intended to do by tightening it up and working in that particular fashion.

MR. McEACHERN: Thank you. The next point that the Auditor General makes is that:

The benefits of the Department's efforts to help the trucking industry are unevenly distributed. The benefits are received only by truckers who work on government contracts.

Have you given any thought to requiring that other, say, municipal contractors and private contractors also have to live by the same standard? Is that something that's in the works?

MR. ADAIR: I guess I could say that I've given it some thought. I have some difficulty in trying to impose on other elected officials what may well be their jurisdictional right to do whatever they may wish on projects that have no involvement by us. There is, I guess you could say, a bit of a side issue to that in the sense that some say, "Well, you're assisting indirectly in providing some of the funds to them; therefore, you can put the strings on it." I personally have resisted that in the sense that they're elected the same way as you and I are, and they have that responsibility, then, to deal with them as best they can under their terms.

MR. CHAIRMAN: We're sort of dangerously getting into the area of current policy that might be better dealt with under the estimates. But that's fine; if you wish to answer, that's your prerogative.

MR. ADAIR: Mr. Chairman, some of that started back at the end of that particular year, and I would suggest that latitude may be there.

MR. McEACHERN: Thank you. Perhaps I could make this a sort of two-part question because the minister -- would he carry his analysis on to the private contractors as well, the private companies contracting to truckers? I understood what he said and appreciate what he said about the municipal authorities hiring truckers. But I wanted you to respond, then, to recommendation 41, and ask if that is leading you to perhaps consider total deregulation. From what you said, I didn't hear that, but I wanted to just have you deal with that possible question. Because one response to the difficulties is to say, "Well, just not regulate at all." I would hope that would not be your response, but I would like you to comment, if you would.

MR. ADAIR: I don't think I have any problem commenting on it. That was a suggestion that I had made in one of the discussions I had with a number of the truckers. One of the easiest ways to resolve it is to go to the straight tender system; in other words, throw it open. You bid on it, and if you're pencil is sharp, you get the job; if it isn't, you don't. However, having said that, there has been in place in the province of Alberta for, I believe, almost 50 years -- Harvey, is that not right? -- a mechanism to assist the gravel truckers with a minimum haul rate. I've attempted to indicate to them that I would do whatever I could to keep that in place. However, if the pressures got too great, I'd have to reassess that and see what the implications were at that time. That wasn't meant as a threat in any way, shape, or form. It was an alternative that may be there to try and stop what appeared to be something that was occurring.

MR. CHAIRMAN: Mr. Bradley.

MR. BRADLEY: Well, Mr. Chairman, page 3.127, vote 4, under the total for 1988, there's a special warrant for approximately \$4.7 million. When you look at the total for the vote in terms of unexpended, it's some \$12 million. I'm just wondering: what was the necessity for a special warrant when there was actually total unexpended funds three times as great as the special warrant requested in that particular vote? Why could it not have been transferred from other items within that vote budget rather than going for a special warrant?

MR. ALTON: That special warrant was for the individual line service rebates program. That program is funded as a capital program under the Heritage Savings Trust Fund. Since only the Legislative Assembly can commit funds from the heritage fund, a special warrant had to be raised from the General Revenue Fund to provide those fundings. Funds were subsequently voted in the next fiscal year from the Heritage Savings Trust Fund to reimburse the special warrant. It was strictly a means of meeting the requirements under the Heritage Savings Trust Fund.

MR. BRADLEY: Okay, thank you. Mr. Chairman, continuing on with the line of questions regarding special warrants, turning to page 3.125, under vote 4.6, under the Individual Line Service Rebates which we just discussed from the previous page about the \$4.6 million special warrant, I note there that having in fact asked for the \$4.6 million for a special warrant, it was actually unexpended by some \$4 million. Could you advise as to the reason for the unexpenditure?

MR. ALTON: Well, the actual rebates weren't established until late in the fiscal year, and far less than the number originally anticipated were actually paid out in 1987-88.

MR. BRADLEY: Okay. I'd like to turn to page 8.10, which deals under vote 2 with Transportation and Utilities. There are a number of special warrants there, one for \$32.85 million to provide the city of Red Deer with a portion of the payment to relocate the CPR line, and also a special warrant for \$5 million to provide the province's share under a cost-sharing arrangement with the federal government for the Yellowhead Highway improvement program. Those are both very large special warrants, and I'm wondering why they weren't anticipated in the budget cycle that year. Were there some reasons why they could not have been identified and put in the normal budgetary process rather than raising a special warrant?

MR. ADAIR: The one relative to Red Deer was a fairly long negotiation that took place over about four and a half to five years, I believe, and was completed in the period of January, early February, well after the budgets were approved. In the agreement between the city of Red Deer, the CPR, and ourselves there was a payment to be made before the end of the fiscal year. That was the main reason for the special warrant being drawn for the Red Deer project. The \$5 million special warrant relative to Highway 16, the Yellowhead north, was one that again came as a result of an agreement finally reached with the federal government relative to some funds being provided to the provinces, particularly Manitoba, Saskatchewan, Alberta, and B.C., relative to what is now called the Trans-Canada north; it was finally designated by the federal government. In that there was a \$50 million sum of money that was provided for all of the provinces. After working out the share agreements, Alberta was eligible for about \$11 million of that. Five million, of course, was the moneys that we applied for in the special warrant initially to cover the costs of the additional expenditures that we had placed on that particular road. And again it came after the budgets were approved.

MR. ALTON: Again the reason for the special warrant is that the federal money that is paid to the province doesn't go to the department; it goes to the Provincial Treasurer and goes into the General Revenue Fund. In order for the department to carry out

the work, in order to claim the \$5 million from the federal government, we must spend the \$5 million. In order to spend it, we had to have a special warrant to provide it, but the money was then returned to the General Revenue Fund from the federal government.

MR. CHAIRMAN: Thank you. Mr. Drobot's a special guest this morning, I take it; he's not a regular member of the committee. Does anyone have an objection if he puts a question to the minister? He's indicated that he'd like to do that. Hearing no objection, Mr. Drobot.

MR. DROBOT: No questions, sir.

MR. CHAIRMAN: Oh, okay.
Mr. Jonson.

MR. JONSON: Yes, Mr. Chairman. I'd like to go back to the Auditor General's report on page 66. Just below recommendation 41 there is a comment about cost-sharing agreements, in that it says:

The Department needs better procedures for ensuring that its cost-sharing claims are properly prepared and promptly submitted.

This is, of course, a very useful vehicle for getting work done, but I wonder if the minister or his deputy could update us on what progress has been made in correcting that situation? It seems to be a . . .

MR ALTON: Our finance branch has established a central registry where all cost-sharing agreements which are made are registered and listed to ensure that all the claims are made for the cost-share amounts in an expedient manner. Generally, we have cost-sharing agreements with a number of other agencies and governments. For example, we share costs on Highway 17, which is a meridian highway on the border between ourselves and Saskatchewan. This registration of all these agreements by our finance branch will ensure that all the claims are processed from the other jurisdictions.

MR. JONSON: A supplementary, Mr. Chairman. Can I assume from that, then, that in these cost-sharing agreements and the concern that was registered by the Auditor General, it was not a matter of not getting the accounting from the local governments or from the province or whoever you were involved in? In other words, it was not a problem that they were not able to show that they had in fact spent the amount agreed to under the cost-sharing agreement; it was simply an internal reporting matter.

MR ALTON: That's correct. Various divisions of the department were negotiating cost-sharing agreements. I think the Auditor General's concern related to the fact that our finance branch was not always aware of all of these agreements. That was a valid concern, and we therefore have established a central registry to ensure that all agreements that are negotiated by the various divisions are registered with our finance branch so they can ensure that the payments are all received. I think it's more of a checking, a confirmation process rather than any loss of funding.

MR. CHAIRMAN: Mr. Lund.

MR. LUND: Thank you, Mr. Chairman. On page 3.131 under statement 3.25.4 we notice that the revenues from fees, permits, and licences to the motor transport branch have decreased substantially. As a matter of fact, it's about a 21 percent decrease, and I'm wondering what caused this change. Could you explain this for us, please?

MR. ADAIR: Well, most of the fees and permits were increased by the Alberta Motor Transport Board during that year, but the drop in revenues resulted from the transfer of the pro rate section of the motor transport services to the Solicitor General's department, so there was a move from ours to theirs, theirs being the Solicitor General's department. That amounted to about \$2.8 million the previous year.

MR. LUND: Okay. So then in '88-89 we can expect that that number will not have decreased again like it did in these two comparable years, or is there still some transfer going on?

MR. ALTON: No, in fact it should increase, because the normal process is that the number of permits and fees collected increase as there is expansion in the trucking industry. The reduction here -- there's a corresponding increase in the Solicitor General's department because we transferred that function to them, and they collected the approximately \$2.8 million rather than us collecting it.

MR. LUND: Thank you. Have we got some latitude or . . . Okay, thank you, Mr. Chairman.

On page 3.129 down on votes 2.2.5, the Construction of Tourism Resource Roads, and 2.3.2, Construction of Forestry Roads. My question on both of these: I would wonder if there are any large projects in those numbers, and if there are, where were they? The second part of my question: how was it handled? Was it day labour, bid?

MR. ADAIR: What page were you on again?

MR. LUND: On 3.129, and it's under vote 2: 2.2.5 and 2.3.2. One is the Construction of Tourism Resource Roads; one is the Construction of Forestry Roads.

MR. ALTON: The Construction of Forestry Roads is just generally the local forest roads that are required for the various forest projects. Those are programmed in consultation with the department of forestry. They are road requirements that the forestry department identifies related to forest protection, access to towers, and generally there are no very major projects under that forestry road program. That's not a very large program, and in that fiscal year the expenditure was only a few million dollars.

MR. LUND: Was it handled by day labour or by tender?

MR. ALTON: Most of that is handled by day labour. There may be the odd project done by tender, but most of it is day labour in the districts.

MRS. B. LAING: In the Auditor's report on page 66 . . .

MR. HAWKESWORTH: Could the deputy minister answer the first half of that, about the Construction of Tourism Resource Roads, as well?

MR. ALTON: Well, okay.

MR. CHAIRMAN: Was there a first part to your question that wasn't answered?

MR. LUND: Yes, there was, and I was just concerned I was taking too much time. I did ask two parts. The second part was on the same page under vote 2.2.5, and it's the construction of tourism roads.

MR. ALTON: Okay, the tourism resource roads as well is a relatively small program, and that is just to provide funding to construct accesses to particular locations which are a benefit to the tourist industry. One of the projects that was funded under that program in the 1987-88 fiscal year was the access to Heritage Ranch at Red Deer. It was one of the major projects. That's the off ramps from Highway 2 into that Heritage Ranch. So that was probably the most major project out of that in that fiscal year.

MRS. B. LAING: On page 66 of the Auditor General's report in recommendation 41 it suggests

that the Department . . . analyze the costs and benefits of its existing truck haul contract conditions.

Could the minister indicate what progress the department is making in better ensuring that the conditions of the contracts are being met?

MR. ADAIR: I'm sorry. Would you go over the question again, please.

MRS. B. LAING: Do it again? Okay. The Auditor General's report suggests

that the Department . . . analyze the costs and benefits of its existing truck haul contract conditions.

Could the minister indicate what progress the department is making in better ensuring that the conditions of the contract are being met?

MR. ADAIR: One of the things that was done as a result of that was to engage Coopers & Lybrand to do a review for us, and we expect that report to come to us probably within the next month. Until we get that, we won't have any idea what recommendations they've got. But they've been going around the province and interviewing all participants in the trucking industry and in the contracting to get some assessment so they can make some recommendations to us.

MRS. B. LAING: Okay. A supplemental. I further note that the Auditor General suggests that the department compare its conditions with alternative strategies for assisting the trucking industry. Have the minister and his departmental staff looked into what other jurisdictions have done with respect to truck haul contracting? Is that part of this review, perhaps, that's going on?

MR. ADAIR: In part it is. I could also say that it's my understanding, and I stand to be corrected, that Saskatchewan has a modified program -- what I'll call a modified program -- in place to provide a minimum truck haul rate. That is the only other province that to my knowledge has a protective system in place; in other words, a minimum haul rate for them. Theirs

will be reviewed in conjunction with the Coopers & Lybrand study to see if there's anything we may be able to take out of their system and utilize.

MRS. B. LAING: Thank you.

MR. CHAIRMAN: Mr. Severtson.

MR. SEVERTSON: Thank you, Mr. Chairman. On page 3.125 it relates to rural roads upgrading: vote 2.7, under the rural resource roads program. Could the minister indicate why the special warrant of \$1 million was requested but \$400,000 was left unexpended?

MR. ALTON: The \$1 million special warrant was requested to cover the nonbudgeted costs associated with the pre-engineering for the Peace River pulp mill, and that was to provide the preliminary engineering, surveying, clearing, and geotechnical work needed to get that project under way the following spring. Now, the \$400,000 that was underspent is on a total budget of \$41 million. The total budget under that element is \$41 million, so a \$400,000 underexpenditure is less than 1 percent. So it is, I think, well within a normal expenditure on a capital program. These programs such as \$41 million worth of construction are so dependent upon weather that if freeze-up occurs a week earlier, you could have \$2 million of \$3 million left; if it occurs a week later, you may be a million dollars overspent. So that's very close to the budgeted amount.

MR. SEVERTSON: Okay. I guess I shouldn't have compared the special warrant with the unexpended. We should have the whole picture together.

MR. ALTON: Yeah. At the time the special warrant was submitted, it was expected we would require the full amount. But that of course was much earlier in the year, and by the time you've gone several more months, conditions can change.

MR. SEVERTSON: Under vote 2.6, Maintenance of Rural-Local Highways, it shows on the statement that we exceeded the original estimate by \$1.6 million. Could the minister describe how these extra costs were incurred?

MR. ADAIR: If your memory goes back to that particular year, the latter part of that summer we had a tremendous amount of wet weather, washouts. Regraveling was necessary, and extra maintenance was provided to a good number of the roads, particularly in the northern part of the province. That primarily was the reason there were additional funds expended: to keep those in traveling shape.

MR. SEVERTSON: Okay. I have just one more. On vote 2.3, Improvement of Rural-Local Highways, the program shows to have an overexpenditure of \$6.1 million, despite the transfer of \$7 million into the program during the year. Could the minister explain why these extra funds were required?

MR. ADAIR: That's one of the ones you get into in this . . . I could use a gambling process, where you attempt to try and advance some of the projects on the basis that they may be done -- tender them late in the fall for work in the following year. Then if you have an open fall, as we did that year -- we had an ex-

tended fall, where a lot of the work that was preplanned for, say, the next year was able to be completed in that fall. It's a lot of the work that's done by municipal districts and the municipal authorities with approval from ourselves based on late tendering. Of course, in that particular one we had the open fall, and the work was completed, so we overexpended.

MR. ALTON: I think it's important to note that our capital program is divided among various road systems: the primary highway system, the pavement rehabilitation, the secondary roads, the resource road programs. All of these are very weather dependent. Contractor production can impact them significantly. And so any given years some programs will be overspent and others will be underspent. I think the important thing to note on the 1987-88 fiscal year is that the department expended 98.5 percent of the moneys that were allocated, that were budgeted, which is very close to the appropriate amount. Even though certain programs were over and others were under, those were planned changes that occurred during the construction season.

MR. ADAIR: I think, Mr. Chairman, that I might point out, too, as we attempt to try and rationalize in that year-round budgeting process or tendering process to the best of our ability, as close as we can to the sum approved -- in other words, if I use 100 percent, we may tender 105 percent or 108 percent, or we've even done it in the past as high as 112 percent, recognizing that a good number of those projects may not be completed, and then we come close to that figure. In the case of the size of our budget in that given year and the fact that the expenditure level for the entire department was 98.5 percent, we were pretty close to being on track. But you do get the extended falls or the wet weather that throw it one way or the other very quickly.

MR. CHAIRMAN: Mr. Hawkesworth. Let me just check; is the minister finished with his response?

MR. ADAIR: The only other point I was going to make -- I was just checking with the deputy minister -- was what, on the average, is our expenditure daily, and it's roughly about \$3 million a day. So you can judge very quickly what's occurring. If it's an extended, open fall, you can continue to work, or if you've got all that wet weather, it stops it.

MR. CHAIRMAN: Mr. Hawkesworth.

MR. HAWKESWORTH: Thank you, Mr. Chairman. This leads actually into the question that I have to the minister arising from the Auditor General's report. At the top of page 67 of his report he deals with some matters he brought to the attention of the deputy minister at the conclusion of the audit of that department, which indicates that the reports that are provided about various construction projects -- I take it capital projects on highway construction -- are deficient in some key areas. For example, he mentions that they don't always provide information on changes made to the scope of projects, and so it's hard to tell whether they were properly budgeted or whether costs were kept in line. Now, he hasn't highlighted it in the form of a specific recommendation, so I assume from that it's not a major concern. But I could see potentially some major problems arising if this were not dealt with or this recommendation implemented.

I'd like to ask the minister what steps are being taken by the department to address the issue that has been highlighted here

by the Auditor General.

MR. ADAIR: I'm going to ask the deputy minister to respond to that, if I can.

MR. ALTON: I guess, generally, part of the problem relates to the fact that we have literally thousands of projects throughout the province in all of the various districts; hundreds of different road projects ongoing at the same time. The management of that multitude of projects has been a major challenge, and up until recently we've been doing those on a manual basis, where our district engineers submit their reports on a manual basis. We're currently developing an automated information system which will much improve the capability of reporting on all of those projects. A number of the projects, as well, are multiyear projects; they are not commenced and completed in one fiscal year. So the development of this construction project management system will be a major asset in tracking and managing those projects. However, I don't think the Auditor is suggesting that there is mismanagement or any moneys being wasted in terms of the manner in which these projects are being managed. I think the suggestion is that there could be a better reporting and monitoring system, and we have agreed with that recommendation and have been developing the automated system.

MR. HAWKESWORTH: Well, if I read the report accurately, I take it that it's just simply impossible in some cases to determine whether money's been wasted or not, and that's why the suggestion is there to increase the accuracy and the sophistication of the reporting mechanisms and information. So I take it from the deputy minister's response that that is being looked at, and I take it, then, that the Auditor General will go back, revisit this recommendation, and if he's satisfied with that, we probably won't see this in his report next year. That satisfies me.

Mr. Chairman, earlier in answer to Mr. Bradley's questions about the Individual Line Service Rebates, the minister gave an answer that I didn't understand, so I'm going to ask, maybe, that question again. He made reference to spending under the heritage trust fund and then made reference to the special warrant that was found on page 3.125 of almost \$4.7 million. Frankly, I didn't understand the answer, and I wondered if I could ask him again to explain where the special warrant came from and its relationship to the heritage trust fund?

MR. ADAIR: The deputy answered that, and he'll respond again.

MR. HAWKESWORTH: Okay.

MR. ALTON: The special warrant was for the individual line service rebate program. Now, the government embarked upon that program after the approval of the Heritage Savings Trust Fund estimates. Therefore, the moneys could not be provided from the heritage fund, as was the case. That program is a capital program under the Heritage Savings Trust Fund. Therefore, the funding was provided via a special warrant from the General Revenue Fund. That special warrant then covered the anticipated rebate payments for that program. Funds were subsequently voted in the 1988-89 fiscal year from the Heritage Savings Trust Fund and approved by the Legislature to reimburse the General Revenue Fund for that special warrant. So it was, in effect, an interim financing of that individual line service rebate

program. The only other way the program could have been funded under the Heritage Savings Trust Fund, it would have been necessary for the Legislature to have approved that whenever they next sat, which would have resulted in a delay in paying the rebates.

MR. HAWKESWORTH: Okay. The fact that so little of it was actually expended, whatever the circumstances were, was that the amount of the rebates did not come up to what you estimated they were likely to be?

MR. ALTON: Yes. Part of the difficulty with this program -- the actual, you know, installations of the individual line services are made by AGT. The department, of course, didn't have any direct control over the installations that were occurring, and so the moneys that were approved under that special warrant were based on an estimate. However, AGT did not complete as many installations as was expected; therefore, the full amount wasn't required.

MR. CHAIRMAN: Mr. Paszkowski.

MR. PASZKOWSKI: Thank you, Mr. Chairman. I see the records indicate in the past fiscal year several instances of underexpenditure. For example, on page 3.127 of the public accounts book, statement 3.25.2, vote 4 shows an underexpenditure of \$9.443 million. This constitutes about 11.8 percent of the \$80 million estimate. Why was such a significant portion of the amount appropriated for grants that were not disbursed?

MR. ADAIR: Well, I guess probably -- and I'm going to ask the deputy to respond further to it -- one of the main concerns that you run into is what we call "weather-sensitive." If you have a warm winter, for example, there are less payouts in those particular areas than there are in others. That, I think, applies also to the summer seasons. Maybe you want to respond to that a little more, Harvey.

MR. ALTON: I think also we should note that, of course, these are utility grants, and grants such as grants to the utilities and gas co-ops are related to the applications that they submit. I think we found in that fiscal year that many of the gas co-ops did not apply for as many expansions to their gas distribution systems as had been anticipated. So the underexpenditure was largely due to lack of applications and completing of work by the individual gas co-ops.

MR. PASZKOWSKI: Along the same vein, and turning to the electrical utility, page 3.125, statement 3.25.1, vote 4.4 shows an underexpenditure of funds allotted to Electric Utility Development and Support. In there I note that over 40 percent of the budget funds are still in place. Could the minister explain why the budgetary allocations proved to be so inappropriate for this program?

MR. ADAIR: A large part of the surplus in that particular one was the result of a change that occurred within the programs for the REAs, where we're now providing loans instead of grants. That became redundant at that particular point. The loans now are funded under the revolving account. So that was the largest percentage that was left in there. There were some additional funds that were as a result of the land tenure subdivisions that

didn't go ahead at the particular time that we anticipated would be there in the isolated communities section. That was roughly around \$90,000, I believe, that was unexpended in that particular side.

MR. CHAIRMAN: A final supplementary?
Mr. Cardinal.

MR. CARDINAL: Thank you, Mr. Chairman. My question's on page 2.26 of the public accounts manual, schedule 2.13, the very bottom of the page on the right-hand corner. I see that the total departmental spending decreased from over a billion dollars in 1986-87 to just over \$872 million in '87-88. I see in each of the stipulated areas -- namely, number one, Departmental Support Services; two, Construction and Operation of Transportation Systems; three, Construction and Operation of Rail Systems; four, Development and Support of Utilities Services; and five, Electric Energy Marketing -- that expenditures decreased from the previous fiscal year. Could the minister indicate in general terms what enabled this broad-based expenditure reduction?

MR. ADAIR: Well, in my opening remarks I talked about the fact that in that particular year we had a 13 percent reduction from the previous year, and that was shared right across the board by all the divisions in the department. I guess probably now I could say publicly that I commend the department for the way they handled that, because there were some major difficulties in the sense of rationalizing how we handle a reduction of 13 percent in the total department from just over \$1 billion to the \$872 million that was expended. What it was was a major effort by all divisions within the department to accept the fact that we were going to have that kind of reduction and that they in fact did handle it very well. The quality of service that was provided that year is history now. I think it was an excellent job of our working within the department as well as working collectively with the municipal authorities, with their assistance to make it work as well. You should also add in there the contractors that were involved in the various projects.

MR. CARDINAL: My supplement is: could the minister indicate to the committee whether the department was able to reduce its manpower overhead in line with these reductions in expenditures during that period of time?

MR. ALTON: Okay. I think, of course, we must keep in mind that not all the department's manpower can be considered overhead. The road crews, for example, that do the maintenance work on the highways and the local improvement district roads, our motor transport officers: those kinds of people are required regardless of whether you have \$872 million or a billion. However, I think it should be noted that our manpower expenditures amounted to just under \$122 million. That compares with \$133 million in the previous year, a reduction of \$11 million or 8.4 percent, and I think the fact that that was accomplished when there was a 1.7 percent increase in the public service salaries that year makes it in effect really closer to a 10 percent reduction in manpower. So the manpower reductions are very comparable to the overall department reductions.

MR. CHAIRMAN: Final supplementary.

MR. CARDINAL: Thank you, Mr. Chairman.

MR. CHAIRMAN: Mr. Bruseker.

MR. BRUSEKER: Thank you, Mr. Chairman. I'm looking in the supplementary information book, and there's a reference on page 5.160. The heading there is Provincial Treasurer Transportation & Utilities, an expenditure of almost \$94 million. I'm puzzled by what it's trying to tell me underneath that listing. There's a whole list of other departments, and I'm wondering what that really means.

MR. ALTON: I don't have that book.

MR. BRUSEKER: It's in the supplementary information book on page 5.160. It lists Provincial Treasurer Transportation & Utilities, there's a figure of nearly \$94 million, and then below that there's a list of a variety of other departments. I'm wondering what it is that that really means.

MR. ADAIR: It's basically the payments by the various departments of government to us for work we've done on their behalf. If I follow that, that's the one that has Agriculture, Career Development and Employment, Community and Occupational Health.

MR. BRUSEKER: So those are payments to Transportation and Utilities from those departments. Is that correct?

MR. ADAIR: That's my understanding.

MR. BRUSEKER: Okay. Then on page 3.125 of the main book of the estimates, under vote 2 there's vote 2.2, Improvement of Primary Highway System, and 2.11, Financial Assistance for Urban Transportation. In Calgary there was a commitment by the former Premier, Peter Lougheed, quite a while ago to join Sarcee Trail South with Sarcee Trail North, and I'm wondering if under either of those two headings there's been any expenditure to acquire the land to fulfill that commitment that was made quite a few years ago.

MR. ALTON: That's the connection through the Sarcee Indian reserve?

MR. BRUSEKER: No, it's not the Sarcee Indian reserve. The road is called Sarcee Trail, but the proposal was initially to build a bridge . . . It's part of the current ring road system in the city of Calgary. There's a road to the south of the Bow River and a road to the north of the Bow River, both of which are called Sarcee Trail. They require a connector to be built between them, but land needs to be acquired and bridge allocations and so forth. I'm wondering if any money has been expended on achieving that goal.

MR. ALTON: No, there's been no money expended in the '87-88 fiscal year on that. We've been working closely with the city of Calgary with respect to their priorities, and that has not been a priority of the city of Calgary. They have not recommended or encouraged the department to undertake that work as of this time.

MR. BRUSEKER: I thank you. On a similar topic then, again

under that area, there has been a plan to put a further westward ring road around the city of Calgary and around to the north. I'm wondering if the land has been acquired yet under that urban transportation route, and has the route been finalized?

MR. ALTON: In both the Edmonton RDA and the Calgary RDA the acquisition of land falls under the departments of Environment and public works, so the Department of Transportation and Utilities does not directly acquire any of those lands. Certainly there have been lands acquired in both circumstances. There have been considerable lands acquired in both the RDAs, but the acquisitions are actually carried out by the department of public works.

MR. CHAIRMAN: I think that was very good creative use of questions to get a contemporary situation, but in any event . . .
Let's see. Ms Calahasen.

MS CALAHASEN: Thank you very much, Mr. Chairman. I have a number of questions, if I may. On page 3.130, votes 4.3.2, 4.4.7, and 4.5.2, when we're looking at the remote area heating grants and the grants for isolated communities and municipal water and sewer grants, there are some estimates there but they have not been totally expended. Could you indicate why those were not expended?

MR. ALTON: Well, those are rebate programs that are based on applications from the individuals. So in the areas, for example, where they have propane rather than natural gas, they're entitled to a rebate. They must apply for it. And of course the cost is based on how cold the winter was and how much fuel they consumed. In that particular year the fuel consumption was lower than normal, so that explains why there were lower rebates than normal.

MS CALAHASEN: Okay.

Page 4.30, the Gas Alberta Operating Fund, the statement that is provided there. The sales of natural gas from the fund decreased 17.5 percent in fiscal year '87-88 compared to the previous year, and purchase of gas decreased about 23.6 percent in the same time frame. Could the minister indicate what caused these changes?

MR. ADAIR: Two things in the sense of that particular one. One was due to the fact that with deregulation there was a drop in the price of gas. I believe it was around 18 percent that the price fell. Then, secondly, was the volume of gas that was actually used, again associated with the type of winter we do have. It was basically a warm winter. I think it also involved, for the hon. member, the sale of the town of Slave Lake's gas utility to Northwestern Utilities. When you factor all those in, that's why there was a lesser amount expended.

MS CALAHASEN: Okay. Could the minister comment on whether he sees this as a continuing trend into the future and what implications these changes might have for the future of this fund?

MR. ADAIR: I don't see any increase.

I don't know if you've got any suggestions to make with that, Harvey.

MR. ALTON: I don't think that would be a continuing trend. I think if anything the reverse would occur and gas prices might well increase in the future.

MR. CHAIRMAN: Is that fine then?
Mr. Thurber.

MR. THURBER: Yes, thank you, Mr. Chairman. I'd like to refer to page 3.130. If you go down the votes there to 4.3.3, Senior Citizen Home Heating Grants, why were the expenditures half a million dollars out? Now, you've partly answered this on the heating grants for other areas and the propane rebates on that, but this seems to be out quite a bit on that. There's a total of half a million there.

MR. ALTON: Those aren't dependent upon the type of winter. The senior citizen homeowners receive \$100 annually. So the amount of grant just depends on how many senior citizens there are, and every year the number of senior citizens increases significantly.

MR. THURBER: On the same page, at the end under the Statutory Appropriations on the Gas Alberta Operating Fund, the indication under estimates is that, you know, it was going to be a kind of stand pat type of thing, but we notice that an over \$2 million surplus has accumulated there. Could you give me some indication of why that happened or how that happened?

MR. ADAIR: It was again that decrease I mentioned earlier in the price of gas that was the major component in that particular one. I would suggest too that that ended up as a reserve that was originally going to be used by the gas co-ops to possibly buy futures gas. They had a study done which suggested that not be the case, and they then eventually refunded that to their members.

MR. THURBER: Okay, thank you. The one other question, if I may, Mr. Chairman, concerns vote 4.2.3 under the Transportation Allowance, where there was an estimate made of \$445,000 but nothing expended. Is there some reasoning behind that?

MR. ALTON: We moved a little further toward cost recovery in the gas program, and we eliminated the transportation allowance. We no longer pay a transportation allowance to the gas co-ops, so that's why there was no expenditure there.

MR. CHAIRMAN: Okay.
Mr. Brassard.

MR. BRASSARD: Thank you, Mr. Chairman. I was late coming to the meeting, so I apologize if there's any duplication in my questions. Before I start, inasmuch as the current minister and deputy minister were in place when these estimates were implemented, I would just like to congratulate them on the operation of their department. I've always found them extremely co-operative and understanding with any concerns I've had, and I'd just like to thank them. I think I speak on behalf of all the members.

I'd like to address the revolving funds, and that's found on page 4.33. I've never understood just what all that includes. I wonder if you could clarify that very briefly for me.

MR. ALTON: You have to be an accountant to understand that, so I don't understand it either. But the Transportation Revolving Fund acts as a centralized service and supply agency for the department's construction and maintenance operations. The fund actually owns a fleet of equipment used for our maintenance and highway operations, and we have a number of shops around the province for servicing and looking after that equipment. The fund also looks after inventories of construction and maintenance materials, supplies, land, gravel, and therefore provides you with a mechanism of dispensing and charging out those goods to various projects. We, in effect, would put up a stockpile of gravel under the fund, and then as we use it on various projects, we pay back the fund and they're charged to individual projects. That's basically how the fund works. It's a nonprofit fund; we reimburse all the expenditures as the materials or equipment or that is used.

MR. BRASSARD: Thank you. Could you help me with the rationale between... I notice that there's an increase of, I guess, fully \$2 million in that fund. Will it fluctuate that much from year to year?

MR. ALTON: Well, what there is is that the surplus in the fund is increased by over \$2 million. What the department does is the fund establishes rental rates on all the equipment and you estimate what the hourly charge should be, for example, on a snowplow so you can recover all the moneys you require to make the payments back to the fund for the operations. The utilization of that equipment varies. For example, in a mild winter your hours of snowplowing may be down, so the amount of money the using branches pay back to the fund is down and then you might run a deficit. If you have a good year and have high utilization on the equipment, then you may have a surplus. If the surplus or the deficit becomes too great, we then adjust the rates up or down to try to get the fund to balance. So it's always a balancing process, a break-even process.

In this particular year it appears that the fund charged out slightly more than it incurred in actual costs, which resulted in the buildup of the \$2 million surplus. However, if we have the reverse occur in the following year, then we're back to even again. The only other way of doing it would be to adjust the rates during the course of the year. That is difficult to manage. The engineers who are managing the work like to know what they're going to be charged for that year so they can manage and plan their work. So we believe it is quite appropriate to have surpluses and deficits as long as you make the corrections so they don't carry on year after year.

MR. BRASSARD: Okay. I have one final question, and I refer to the Auditor General's report, page 67. He reports that there are inadequacies in the control over gravel inventories. You mentioned gravel as being... I imagine it would be a significant inventory item in this. Are you satisfied now that you have been able to exercise proper control over the inventories? It must be a very difficult thing to manage as it is.

MR. ALTON: I think we're very satisfied that the gravel is well managed and well controlled. Part of the problem that arises is that the timing of the charging out has been a problem. The engineers use some of the gravel from a stockpile on a project and may not submit the payout forms, so the account can be reimbursed, until later in the construction season. I think the Auditor

General was concerned that the engineers operating out of these stocks were not judiciously filling out the charge sheets. Often the process was to leave it till the end of the construction season, when snow flies and everything shuts down and then sit down and do all your bookkeeping and make all your charges. I don't think there's a suggestion that there has not been proper overall control.

But it is difficult to manage a stockpile in terms of measurement. You've got a pile of gravel there, and there is a variety of means of determining how much is in the pile. You can measure it by going out and taking engineering measurements, but those are only approximate. So I think there have been steps taken to ensure that the engineers in the field are charging out the material as it's used rather than waiting until the end of the season to make those charges.

MR. CHAIRMAN: I have five people on the list. Two haven't previously put questions, so Mr. Chumir.

MR. CHUMIR: Thank you, Mr. Chairman. I would like to ask a rather broad question about secondary highways. I think page 3.129 is probably the best focal point. I'm noting under vote 2.3.1 there's an item, Construction of Secondary Roads, with an expenditure of \$84.726 million, and I'm assuming that that is the expenditure for new construction. I've been looking for where the maintenance and improvement costs might come in, and I'm not sure where they come. I see a general concept of resurfacing and rehabilitation under 2.8.1. In any event, what I'm interested in doing is fitting the program for that year into the context of the whole situation of secondary roads and would like to get some kind of feel of what the government's program was: how many miles or kilometres of secondary roads there were to be paved in the province, how much this program accomplished and what the cost per kilometre would be, just some overall focus, if I could.

MR. ALTON: The construction of secondary roads, of course, was financed by the department. The maintenance and operation of the secondary road system falls to the municipalities. There are no budgeted funds for maintenance. Those funds are paid directly by the municipalities for maintenance. So our contribution assistance to the secondary roads program is for capital construction and not for maintenance and operations. I haven't got before me specific numbers on . . .

MR. ADAIR: I have, Harvey. In that particular year we did 816 kilometres of secondary highways. Now, 816 kilometres in . . . I've got to use today's figures because I'm not sure what it was back in '87, but we've roughly got 10,600 kilometres of secondary highway system in the province of Alberta. Forty percent of that -- 40.1 percent or something along that line -- is presently paved. If you're trying to get a picture of it -- am I helping you with the answer? -- relative to the number of kilometres of secondary highways in the province of Alberta, roughly 14,600. In that particular year we did 816 kilometres, for a total cost at the time of \$85 million. That is the construction side, because as the deputy minister pointed out, the maintenance side is the responsibility of the municipal authority, whoever that is.

MR. CHUMIR: So that was about a million dollars.

MR. ALTON: That's right.

MR. CHUMIR: Would that be about a million dollars per . . . Sorry; that'd be about \$100,000.

MR. ALTON: That's right; \$100,000 per kilometre.

MR. CHAIRMAN: Do you have a supplementary?

MR. ALTON: You should also be aware that municipalities spend their own moneys as well on secondary roads. It's not just the province. The municipalities and counties all spend their own funding on capital construction on secondaries as well.

MR. CHUMIR: Was this part of a program at that time? Was there a plan in terms of the period for completing construction of the secondary roads in the province?

MR. ADAIR: Actually, that started back about 1969, I believe. There was a plan in place to complete it in 20 years. As I mentioned just a moment ago, at the end of this last year we were just over 40 percent completed. In essence, that 40 percent-plus was completed on the paving of the 14,600 kilometres, or give or take some 6,000 kilometres that were paved with some 8,000 to go. With a little bit of latitude, Mr. Chairman, of course the program was announced recently that we would speed that up and do that in the process of the next 10 or 11 years, by the year 2000.

MR. CHUMIR: Has there been any significant change in the cost per kilometre of paving the highway since that time?

MR. ALTON: No. Actually the cost per kilometre is very comparable to what it was 10 years ago.

MR. CHAIRMAN: There are three people left on the list. Perhaps they could come and talk to you briefly after the end of the session, if that's all right. The last person who hasn't got in yet is Mrs. Black. Do you want to . . .

MRS. BLACK: Thank you, Mr. Chairman. I'll be very brief. As a general question to the minister, what are our gravel reserves in Alberta and where are they? And do we ever trade interprovincially or buy and sell interprovincially with our gravel reserves?

MR. ALTON: Well, there are hundreds of millions of tonnes of gravel reserves in the province, and they are located throughout the province. Certainly there are some areas where there are shortages. But in general terms, we are blessed with a very good supply of aggregates throughout the province. And we don't trade . . . Did you mean across the provincial borders? No, we occasionally will use a gravel source across the border in Saskatchewan or B.C. if they are the closest to the source, but generally there is no major exchange across borders.

MR. ADAIR: I might just add with that, Mr. Chairman, that some of the supplies of gravel are in areas where we can only access them in the wintertime on frost. So we have to take that into consideration when we're determining what our needs are in those areas where we have to access them. We have to use

stockpiling in the wintertime, whereas in other areas we can do it all year round.

MR. CHAIRMAN: I think our time is rapidly coming to an end for this session. I'd just like to point out that one week from today Mr. Gogo, Minister of Advanced Education, will be with us, and we have scheduled for August 9 the hon. Connie Osterman, Minister of Career Development and Employment. Of course we don't sit until the afternoon of that day, and perhaps members may wish to consider over the next week whether they want to meet on the morning of the 9th or not.

Mr. Moore.

MR. MOORE: Well, Mr. Chairman, quickly because our time's running out, this morning we had a situation where a member came in and we recognized him. The purpose of this committee was laid out by the Legislature. We were appointed to examine the spending of various departments and charged with that responsibility. We've noticed that we don't have enough time for the members actually charged with that responsibility to get

their questions in. So just to make it clear in everybody's mind, I'd like to make a motion that any MLA can sit in as an observer; however, cannot take part in the discussions or the questioning or the voting or whatever. They can act as observers only. I'll make that as a motion so it will be clear in anybody's mind that members coming in are not participants in this session.

MR. CHAIRMAN: Any further discussion on the motion? Those in favour of the motion as presented by the Member for Lacombe? Those opposed? Motion carried.

MR. MOORE: Mr. Chairman, I move that we adjourn until next Wednesday, which is August 2.

MR. CHAIRMAN: That's a motion to adjourn until next Wednesday morning at 8:30. Those in favour? We're adjourned.

[The meeting adjourned at 9:59 a.m.]