



Legislative Assembly of Alberta

The 27th Legislature
Third Session

Standing Committee
on
Public Accounts

Transportation

Wednesday, February 10, 2010
8:30 a.m.

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Standing Committee on Public Accounts

MacDonald, Hugh, Edmonton-Gold Bar (AL), Chair
Quest, Dave, Strathcona (PC), Deputy Chair
Benito, Carl, Edmonton-Mill Woods (PC)
Bhardwaj, Naresh, Edmonton-Ellerslie (PC)
Chase, Harry B., Calgary-Varsity (AL)
Dallas, Cal, Red Deer-South (PC)
Denis, Jonathan, Calgary-Egmont (PC)
Drysdale, Wayne, Grande Prairie-Wapiti (PC)
Fawcett, Kyle, Calgary-North Hill (PC)
Jacobs, Broyce, Cardston-Taber-Warner (PC)
Johnson, Jeff, Athabasca-Redwater (PC)
Kang, Darshan S., Calgary-McCall (AL)
Mason, Brian, Edmonton-Highlands-Norwood (ND)
Olson, Verlyn, QC, Wetaskiwin-Camrose (PC)
Sandhu, Peter, Edmonton-Manning (PC)
Vandermeer, Tony, Edmonton-Beverly-Clareview (PC)
Woo-Paw, Teresa, Calgary-Mackay (PC)

Also in Attendance

Anderson, Rob, Airdrie-Chestermere (WA)
Rodney, Dave, Calgary-Lougheed (PC)

Department of Transportation Participants

Shaun Hammond	Assistant Deputy Minister, Transportation Safety Services
Alan Humphries	Assistant Deputy Minister, Policy and Corporate Services
Angela Paterson	Director, Financial Planning
Bruno Zutautas	Assistant Deputy Minister, Transportation and Civil Engineering

Auditor General's Office Participants

Fred Dunn	Auditor General
Darrell Pidner	Principal
Jane Staples	Principal

Support Staff

W.J. David McNeil	Clerk
Louise J. Kamuchik	Clerk Assistant/Director of House Services
Micheline S. Gavel	Clerk of <i>Journals</i> /Table Research
Robert H. Reynolds, QC	Senior Parliamentary Counsel
Shannon Dean	Senior Parliamentary Counsel
Corinne Dacyshyn	Committee Clerk
Jody Rempel	Committee Clerk
Karen Sawchuk	Committee Clerk
Rhonda Sorensen	Manager of Communications Services
Melanie Friesacher	Communications Consultant
Tracey Sales	Communications Consultant
Philip Massolin	Committee Research Co-ordinator
Stephanie LeBlanc	Legal Research Officer
Diana Staley	Research Officer
Rachel Stein	Research Officer
Liz Sim	Managing Editor of <i>Alberta Hansard</i>

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[Mr. MacDonald in the chair]

The Chair: Good morning, everyone. I would like to call this meeting of our Standing Committee on Public Accounts to order, please, and on behalf of all members of the committee welcome those in attendance this morning. It is of note that Corinne Dacyshyn is now back filling in this morning as committee clerk for Jody.

I would advise everyone that they do not need to operate the microphones as this is taken care of by *Hansard* staff. Of course, our meeting this morning is recorded by *Hansard*, and the audio is streamed live on the Internet.

We can now quickly go around and introduce ourselves, and perhaps we'll start with the hon. Member for Edmonton-Manning.

Mr. Sandhu: Good morning. Peter Sandhu, MLA, Edmonton-Manning.

Ms Woo-Paw: Good morning. Teresa Woo-Paw, Calgary-Mackay.

Mr. Dunn: Good morning. Fred Dunn, Auditor General, attending my final Public Accounts Committee meeting. Thank you.

Ms Staples: Good morning. Jane Staples, office of the Auditor General.

Mr. Pidner: Good morning. Darrell Pidner, office of the Auditor General.

Ms Paterson: Angela Paterson, Transportation, finance branch.

Mr. Hammond: Shaun Hammond. I'm the ADM of transportation safety services.

Mr. Zutautas: Good morning. I'm Bruno Zutautas. I'm the ADM of transportation and civil engineering.

Dr. Humphries: Alan Humphries, assistant deputy minister of policy and corporate services, Alberta Transportation.

Mr. Chase: Good morning. Harry Chase, Calgary-Varsity. I'm looking forward to asking questions of the travelling roads show.

Mr. Kang: Good morning. I'm Darshan Kang, MLA, Calgary-McCall.

Mr. Dunn, you will be dearly missed by me.

Dr. Massolin: Good morning. I'm Philip Massolin. I'm the committee research co-ordinator, Legislative Assembly Office.

Mr. Quest: Good morning. Dave Quest, Strathcona.

The Chair: Hugh MacDonald, Edmonton-Gold Bar.

Mrs. Dacyshyn: Corinne Dacyshyn, committee clerk.

The Chair: The chair would like to recognize and welcome Mr. Mason. Good morning, sir.

Mr. Mason: Thank you very much.

The Chair: We will now proceed on the agenda if you don't mind, please. May we have approval of our agenda? Yes. Thank you.

Moved by Teresa Woo-Paw that the agenda for the February 10, 2010, meeting be approved as distributed. All in favour? None opposed. Thank you very much.

Now could we please have approval of the minutes that were circulated for the November 25, 2009, meeting? Teresa Woo-Paw. Thank you. Moved by Teresa Woo-Paw that the minutes for the November 25, 2009, Standing Committee on Public Accounts meeting be approved as distributed. All those in favour? Anyone opposed? Seeing none, thank you.

Of course, this gets to item 4 on our agenda, which is our meeting today with Alberta Transportation. This meeting was originally set for December 2, 2009. We will be dealing with the reports of the Auditor General from April and October 2009, the annual report of the government of Alberta 2008-09, consolidated financial statements of the government of Alberta, the Measuring Up document as well, and the annual report from Transportation from 2008-09, which was released last fall. I would remind everyone of the briefing materials provided for the committee by the LAO research staff.

At this time I would like to ask Mr. Shaun Hammond, please, to make a brief opening statement on behalf of Alberta Transportation. Thank you.

Mr. Hammond: Thank you very much, Mr. Chairman. Good morning. On behalf of Minister Ouellette I thank you for the opportunity to highlight Transportation's achievements in 2008-2009. The information I will be presenting is related to the ministry's core businesses, goals, and finances. I will also address the portion of the Auditor General's report relating to the ministry.

Premier Stelmach gave Transportation two mandates in 2008-2009. Our first mandate was to work with Treasury Board to provide the roads and other public infrastructure to meet the needs of a growing economy and population. This was a good fit with the ministry's first core business, developing and preserving the provincial highway network. Our corresponding goal was to connect communities and support social and economic growth. To be sure, roads are the backbone of Alberta's economy and fundamental to our communities. They link us to our families, friends, jobs, medical care, education, and recreation.

Transportation's second mandate was to lead the initiative to double provincial investment in highway repaving and bridge repair over a three-year period. In fact, 2008-2009 was Transportation's busiest ever construction season. We paved more than 1,300 kilometres of highways and took measures to preserve 78 bridges. In 2008-2009 the ministry spent about \$2.5 billion to support highway systems, rehabilitation and maintenance, and highway safety.

Speaking of safety, the ministry's second core business was managing provincial transportation safety. Our goal was to provide Alberta with one of the safest and most efficient road and rail systems in Canada. We know that most collisions are preventable and related to driver behaviour and attitudes. Accordingly, we continue to implement a range of initiatives to promote traffic safety under the traffic safety plan. From 2007 to 2008 we saw a 10 per cent decrease in the number of traffic fatalities and injuries.

The ministry's third core business was developing partnerships to support Alberta's interests in an integrated transportation system. We work closely with all orders of government, partners, and stakeholders and continue to develop effective partnerships. Our goal was to ensure that Alberta's policy and program interests were well represented in an integrated road, air, rail, and port transportation system. This included developing provincial policies pertaining

to highways, municipal transportation, carriers, and rail and air transportation. For example, we work to support the TILMA agreement and harmonize regulations with other provinces.

The ministry's third core business also involved municipal support programs. To support transportation and infrastructure needs, we provided more than \$1 billion in grants to municipalities for programs such as the Alberta municipal infrastructure program, the Alberta cities transportation partnership, and the rural transportation partnership.

The ministry's fourth and final core business was to support provincial and municipal water management systems. Transportation plays a key role in the government's water for life strategy. Our goal was to see that Alberta has safe and effective provincial and municipal water management infrastructure. We continue to develop and maintain water management infrastructure on behalf of Alberta Environment. We also assisted municipalities throughout the province in developing their water and waste-water treatment systems. In 2008-2009 we spent more than \$350 million to support provincial and municipal water management systems, including the water for life strategy.

Now, with respect to the Auditor General's report of October 2009, on a positive note the Auditor General provided an unqualified opinion on Transportation's financial statement for the year ended March 31, 2009. The OAG also issued an unqualified review engagement report on selected performance measures in the ministry's 2008-2009 annual report. However, the Auditor General did provide a recommendation about an information technology risk assessment framework as well as three recommendations about commercial vehicle safety. The ministry took these observations very seriously.

With respect to the IT risk assessment framework Transportation will participate in a related cross-government initiative that will address the recommendation. Regarding commercial vehicle safety the Auditor General noted that we have well-designed systems to monitor and enforce commercial vehicle safety through roadside inspections. As for the three recommendations, in the near future the ministry will begin taking steps to incorporate risk analysis in selecting vehicles for roadside inspections. Enforcement letters to carriers have been revised to clearly indicate due dates and the consequence of noncompliance. Finally, the ministry is reviewing programs associated with commercial vehicle safety. We're developing a plan to improve data analysis practices for performance measure reporting. We believe these initiatives will address the concerns expressed in the Auditor General's report.

Transportation has addressed all previous recommendations by the Auditor General. The OAG has begun conducting follow-up audits on two previous recommendations, and we understand they will soon commence follow-up audits on the two remaining recommendations.

8:40

I'll now provide specifics on spending. In 2008-2009 our ministry spending was within budget. There was \$2.3 billion spent under the expense and equipment/inventory purchases vote. Of this total, approximately \$1.4 billion was provided to municipalities through grant funding programs to meet transportation and water/waste-water infrastructure needs, \$335 million was spent on provincial highway maintenance, and \$40 million went towards transportation safety services.

There was \$1.4 billion spent in the capital investment vote: \$120 million on the north-south trade corridor; \$305 million on provincial highway rehabilitation; another \$36 million on government-owned water management infrastructure such as dams, canals, and spillways; and \$332 million on provincial highway construction. This

included significant twinning or widening work on portions of several highways including highway 4 near Milk River, highway 54 west of Innisfail, highway 58 east of Rainbow Lake, and a 13-kilometre section of highway 21 near Sherwood Park. We also completed a major interchange at the junction of highways 1, 9, and 797.

As well, \$703 million was spent on strategic economic corridor investment initiatives. This included twinning the first section of the 240 kilometres of highway 63 that service the Fort McMurray and oil sands areas. This funding also went towards ongoing delivery of the Edmonton and Calgary ring roads. Specifically, \$169 million was spent for Edmonton ring roads and \$195 million for Calgary ring roads. In addition, \$286 million went towards alternatively financed projects completed by the private sector on Anthony Henday Drive northwest in Edmonton and Stoney Trail northeast in Calgary. Both partnerships are being built as a public-private partnership.

Mr. Chairman, that concludes an overview of the ministry's activities for 2008-2009. With the assistance of my colleagues here I'll be happy to answer your questions.

The Chair: Thank you very much, Mr. Hammond.

Mr. Dunn.

Mr. Dunn: Thank you very much. Mr. Hammond has taken away most of my remarks. I will confirm that our office did issue unqualified reports on the financial statements and the performance measures. As mentioned by Mr. Hammond, we did carry out a systems audit on the commercial vehicle safety program. For your information, it's on pages 117 to 132 in the October 2009 report. You should have noted within the budget released yesterday the response to the Auditor General's recommendations. Recommendations 14 and 15, which pertain to commercial vehicle safety, had been noted by the government as being accepted. I do want to note for the department that they have already worked on and I believe have implemented recommendation 14 in the current fiscal year. On recommendation 15 it is anticipated that the plan will be completed by the fiscal year 2010-2011. So very prompt follow-up.

With that, I don't believe there are any other comments that I wish to make at this time. Thank you, Mr. Chairman.

The Chair: Thank you very much, Mr. Dunn.

We'll proceed now to questions. We will start with Mr. Kang, please, followed by Mr. Bhardwaj.

Mr. Kang: Thank you, Mr. Chair. Referencing page 81 of the 2008-09 annual report, can the minister explain why the line item for alternatively financed projects was budgeted for \$5 million when the actual expense for the year amounted to \$285 million? Why was the budgeted amount so far off from what was actually spent?

Mr. Hammond: I'm sorry. Mr. Kang, the page number was 81?

Mr. Kang: Yes, 81. The statutory capital investment.

Mr. Hammond: The alternatively financed projects?

Mr. Kang: Yeah.

Mr. Hammond: The \$245 million of overexpenditure is primarily due to the Edmonton Anthony Henday Drive northwest ring road proceeding as a P3. We entered into a design-build-finance-operate agreement for the ring road on July 30, 2008.

A \$34.9 million adjustment is due to a capital carry-forward from 2007-2008. The 2007-08 underexpenditure relates to slower progress by the private sector on the P3 for Calgary's Stoney Trail ring road northeast. The total cost of the project remains fixed and unchanged at \$456 million. I think it's essentially just an adjustment based on progress.

Mr. Kang: Okay. You answered part of my supplemental question. What is being done to ensure a more equitable budgeting forecast in the future?

Mr. Hammond: I will ask Mr. Zutautas to try and answer that question.

Mr. Zutautas: Well, as Mr. Hammond mentioned, the total cost is staying the same. A lot of it depends on when we tender, when we open the tenders, the financing and stuff. I don't know if that answers your question.

Mr. Kang: Not really.

Mr. Zutautas: No? Okay. Does anybody else want to try?

Mr. Kang: My question is: what is being done to ensure a more equitable budgeting forecast in the future? That's my question.

Dr. Humphries: With regard to the alternatively financed projects? Okay. On that what we have done is changed – we have progress payments on those in terms of the capital contribution that is given to the P3 consortium. In the more recent P3s that we've developed with those progress contributions, capital contributions are now set on different milestones. We've refined the number of milestones that we have. We actually have more so that we now have a greater breakdown in when those milestone payments will take place. In the past when we only had two or three milestones, then they could fall either side of the fiscal year, March 31. Depending on progress, they could occur in March or they could occur in April. Clearly, I mean, we're talking three or four weeks' or six weeks' difference in progress, but that could make a big difference in which fiscal year they attended to. By breaking those down to more granular, having more of them, we can actually get that more accurate in which year they'll actually occur. At the end of the day it depends very much on the progress of the contractor, but we have taken that step.

The Chair: Thank you.

Mr. Bhardwaj, please, followed by Mr. Chase.

Mr. Bhardwaj: Thank you very much, Mr. Chairman. Gentlemen, every morning parents send their children on a school bus and expect that they will get there safely. Every once in a while we hear news about school bus accidents in Alberta. Is there anything that your department is doing to improve the school bus safety so that parents' minds could be put at ease?

Mr. Hammond: Mr. Chairman, the province has taken a number of initiatives with respect to school bus safety. If we talk about, first of all, the drivers, we take a look at what the issues are with respect to the training, the ongoing training, awareness of the changing situation out there. We've developed web-based training for new and current school bus drivers, which ensures that our Alberta school bus drivers are amongst the safest in the industry.

The training modules that we've developed will emphasize bus maintenance, passenger safety, defensive driving, and emergency

first aid. We've worked closely with Education and Employment and Immigration on the web-based learning to ensure that drivers from small rural communities have the same access to training as drivers from large urban areas.

We increased public awareness concerning safety of children running on school buses, the issue around flybys when school buses have the flashing red lights. We've retrofitted school buses with flashing light systems, a white strobe light and ensure that all buses are currently outfitted with the reflective tape.

We're using students, parents, and teachers in the development of strategies to enhance recruitment of qualified, skilled, and professional drivers who would consider making school bus driving a career, in addition to which we've made the S endorsement, which is the school bus driver endorsement, a specialized endorsement, on their driver's licence mandatory within the first year that they do the work as a school bus driver.

The Chair: A supplemental?

8:50

Mr. Bhardwaj: Okay. Thank you very much. Mr. Hammond, you talked about retrofitting the buses with strobe lights and reflective tapes. When would that change take effect, and what's the real, like, reasoning? Do you think that by doing some of that – I know that will solve, you know, the problem of the buses, and you address some of it through the drivers. When would this change take effect?

Mr. Hammond: It's taken us a while to get the strobe lights fitted. We had a little bit of a problem with the standards, aircraft strobe lights versus lower grade strobe lights in terms of visibility. We've also taken a look at where it should be used and when it should be used. We anticipate that the use of the strobe lights and the equipping of the buses with the strobe lights will be effective at the start of the September 2010 school year. The idea there is that especially in rural areas, where there are water bodies and there is the potential for fog and poor visibility, the drivers will activate the strobe lights under those conditions and increase the visibility of the school buses on their routes.

Mr. Bhardwaj: What's the expected anticipated cost?

Mr. Hammond: When we initially budgeted this, the numbers we had were about \$1,500 per bus, and it was going to be in the range of \$2.5 million. The cost was actually a lot less when it came to retrofitting, so my anticipated maximum is \$2.5 million to install the strobes and get the retroreflective tape on.

Mr. Bhardwaj: Thank you.

The Chair: Thank you.

We'll now proceed to Mr. Chase, followed by Teresa Woo-Paw, please.

Mr. Chase: Thank you. Canadian country and western star Tommy Hunter's theme song is *Travelin' Man*. This ministry appears to have its own king of the road when it comes to travel expenses. Documents obtained through FOIP found that total expenses claimed for the 2008-2009 fiscal year by the regional director for the Peace region, Wayne Franklin, was three times higher than that of the other three directors. Can the ministry explain why this individual claimed more than \$70,000 in travel expenses when his counterparts claimed between \$18,000 and \$28,000, the large discrepancy? Either they're chained to their desks or he is out travelling the roads.

Mr. Hammond: I want to ask Mr. Zutautas to respond to that. It's his area.

Mr. Zutautas: Well, I know that when I was regional director in Peace, there was a lot of travel involved. We are involved in quite a few meetings and stuff, and to go from Peace to Edmonton, a lot of times it's airfares and things like that. As you know, in Peace River country it was a little tough with airlines, and I was in some in a few years and things like that. I noticed, as well, I remember when I was up there, a lot of the roads are fairly one way. Like, to go up to Manning, you go up, you come back because there aren't a whole lot of roads around. A lot of travel, but I hadn't gone through the discrepancies, that much difference.

Mr. Chase: Thanks. My follow-up: what are the guidelines and exemptions that these directors must follow when claiming expenses? That is, is there any cap placed on what they may claim, on which hotels they stay at to reduce costs, et cetera? If so, which I hope there would be, will the ministry provide a copy of these guidelines to the committee?

Mr. Zutautas: I don't think we have caps.

Dr. Humphries: We comply with the Alberta government corporate directive on travel expenses and subsistence allowance, which lists the approved hotels to stay in. It tells you how much you're going to get for your meals and how much you're going to get for your mileage. We apply that. That information is available through corporate human resources. It's a directive that's issued by them, and we comply with that directive. It's available on the website right now.

Mr. Chase: Possibly a mini Winnie would save some expenses.

The Chair: Thank you.

Before we proceed to Teresa Woo-Paw's question, I would like to welcome Mr. Fawcett, Mr. Johnson, Mr. Anderson, and Mr. Rodney, who are with us this morning.

All members of the legislative committee, I would remind you, through standing orders can participate in the discussions and deliberations of this committee, but it is only committee members who are appointed by the Legislative Assembly who can vote.

Ms Woo-Paw and anyone else who wants to get on the list to ask questions as well. Please proceed.

Ms Woo-Paw: Thank you, Mr. Chair. I want to say that I think that in the fast-growing, developing province of Alberta, the demand and the need for your ministry is great. I'm very pleased to hear that the Auditor General is very pleased in regard to how your ministry has responded to the recommendations.

My first question is from your annual report, page 38, on drinking drivers in casualty collisions. You had set a target of 4.6 per cent for the year 2008 to 2009, and the result was almost one full percentage higher, sort of back to how things looked in 2005-06. Of course, our province is always growing by the number of people coming here. We have a younger population in terms of median age. What additional strategies or resources is the ministry putting in place to monitor and respond to this?

Mr. Hammond: Well, thank you, Mr. Chairman. To answer the question, I go back to the stat. One of the problems that we run into is that when we mount a comprehensive and more blanket-type coverage in terms of using checkstops to detect impaired driving – when you go looking for it, you'll find it.

We've certainly stepped up in the last two years the checkstop program. Not only are the local police forces encouraged to run their own, but we run what we call an enhanced joint force checkstop program. In this case we augment the local RCMP or city or municipal police force with sheriffs and RCMP members from outside where the province actually funds the operation itself, in addition to which we have, in conjunction with Solicitor General and Public Security, acquired two trailers, which we've outfitted as mobile checkstops.

What that does is that the presence of the enforcement agencies on the highway is certainly more prevalent. We run more checkstops more often with more people. We try to reduce the processing time, so if an impaired driver is detected at the side of the highway, they don't have to be transported to the nearest detachment to go through an Intoxilyzer, so it takes a member and it takes time away from doing the work on the side of the road. The trailers are actually complete with everything. Once the impaired driver is checked, he's moved into the processing at roadside, and the member then goes back to doing, you know, more checks.

So we certainly are detecting more. It's difficult to say whether or not that translates into, you know, an increased rate of impaired driving or we are just catching more. It's one of those conundrums that the enforcement agencies face when they mount a more comprehensive blanket-type program. But certainly we've got the enhanced checkstops going. We have the ignition interlock, which we moved from – it's now mandatory. If the impaired driver refuses to provide a breath or blood sample, it goes on to a mandatory ignition interlock program during the time of a suspension. If the driver is detected at twice the legal limit, it's a mandatory inspection. There's no choice. It's not a voluntary program. It's a mandatory ignition interlock, in addition to which a repeat offender will end up on a mandatory interlock program.

We've taken steps to improve the administrative licence suspension, so it's not only alcohol; it's also drug impairment. There are drug recognition experts who are also at these checkstops so that we will not only be detecting impaired by alcohol but also impaired by drugs.

9:00

One of the things that's really starting to hit home is the zero tolerance, the Alberta zero alcohol tolerance for graduated drivers. As the GDL program matures, we are seeing some of the young drivers who are in the GDL program appearing before the Transportation Safety Board where they have been detected with alcohol, and the early intervention, particularly with parents involved, we're finding is making a difference in terms of repeat offenders. We don't see as many. The interventions that we've got appear to be working. Certainly, in terms of the increased rate we're not sure whether it's because of our increased activity out there on the highway.

Ms Woo-Paw: One supplemental?

The Chair: Yes.

Ms Woo-Paw: Okay. Are you detecting higher occurrence rates in certain regions of the province?

Mr. Hammond: Anecdotally, yes, but statistically we're not able to actually pin that down. Certainly, when the economy is really booming and we've got a lot of people out there working long shifts in the bush on drilling activities and so on, where there's not a lot to do, we are picking up, anecdotally, an increase in impaired and drug-

impaired driving in some of the rural areas. But it's hard to say whether it's a trend or whether it's just that we're catching more.

Ms Woo-Paw: Thank you.

The Chair: Thank you very much.

Mr. Mason, please, followed by Mr. Fawcett.

Mr. Mason: Thanks very much, Mr. Chairman. The Auditor General has made recommendations with respect to enforcement relating to roadside commercial vehicle inspections. I'd like to know what the department is doing to implement those recommendations.

Mr. Hammond: At the same time the Auditor General came in and took a look at our roadside commercial vehicle inspection program, we had noted that there was – we were concerned: how effective was the roadside inspection? We were putting a lot of resources in roadside inspections. How effective were they? We'd actually put in place a fairly comprehensive program to look at what we consider to be our out-of-service rates.

One of the big issues that we faced at the time was: were we in fact doing worse than other provinces or better than other provinces? When the national roadside inspection results come forward each year, it appears that we've got a higher rate of what we call out-of-service in our industry than others. So one of the things we set about doing was to validate that. The concern soon arose that when we checked carriers from any jurisdiction, from the U.S. or from other Canadian jurisdictions, and applied the Alberta roadside inspection standards, the rates were the same. So it's not as though our carriers were any worse than anybody else's; it's just that our inspection procedures were more thorough.

What we're doing as a result of that project and the Auditor General's report: we've now introduced something called an R factor, which is a risk factor. The data from the R factor is available to our roadside folks through their systems. The addition of the R factor results in safety fitness ratings on selected vehicle inspections. So if the roadside inspection cannot detect, then using their system, they can actually determine the risk. The risk factor is made up of convictions, audits, and out-of-service rates. Providing the R factor results allows the inspection officer at the roadside to determine whether carriers – they're rated by carrier – are rated high, medium, or low risk. Their inspection is different for each one. If it's a high risk, they'll be more intrusive in terms of going in and having a look.

We have electronic inspection forms that are now accessible by the inspection officers at roadside. It will carry the records of previous inspections, so they'll be able to determine whether or not the carriers had previous encounters with us. The prototype is currently being launched, and we'll have full implementation in the upcoming fiscal year.

As the Auditor General noted, we have good mechanical fitness results. The issue is really around the driver: how do we deal with the driver and the driver safety? We're developing what we call a driver profile, and it's a carrier profile and a driver profile so that, again, once the roadside inspection starts, the officer then has the ability to see the driver profile. It would include all recorded infractions, moving and nonmoving, for any commercial vehicle driver stopped. So we're able to see whether there is a pattern of poor performance, poor attitude and then take the corrective adjustments at the roadside.

So we're providing the officer at the roadside with a lot more tools to intervene in any situation now.

Mr. Mason: Okay. What you've described in terms of the risk factor I assume satisfies the Auditor General's concern that you don't have a process to identify high-risk trucks and drivers that you should inspect, so that deals with that.

The other part of the concern was that you did not have a process to identify the trucks and drivers that you had not inspected and, also, that carriers that have identified safety issues are able to continue to operate indefinitely without any significant enforcement action. What have you done to deal with that?

Mr. Hammond: I'll deal with your third question first in terms of the follow-ups. Generally in the past, as the Auditor General found out, we would send them a letter saying: clean up your act. What's happened now is that the enforcement response is that there is a due date; in other words, you have 30 days, 60 days, 90 days to get these corrected, to put in place these steps. There is a follow-up order now. In other words, there is an inspection at the roadside, action against the carrier back at the originating site, and then there is a due date and a follow-up order that will be conducted by our own staff. The failure to do that: if they don't do that, then we have progressive levels of sanction. There may be administrative penalties that would be applied, and then ultimately we start pulling their operating certificates.

The R factor, because it encompasses three different . . .

The Chair: Excuse me, please. We're going to move on to the next question. Thank you very much for that.

Mr. Fawcett, please, followed by Mr. Kang.

Mr. Fawcett: Yes. Thank you very much, Mr. Chair. I guess it was back in the fall when we found out that with the southwest portion of the ring road in Calgary all the negotiations with the Tsuu T'ina Nation were kind of for naught as they rejected the agreement. You mentioned that in the '08-09 fiscal year \$195 million was spent on the Calgary ring road. How much of that was spent on consultation and negotiation with the Tsuu T'ina Nation for the southwest portion of the ring road? If there wasn't any of that in there, how much was spent on it in that fiscal year?

Mr. Hammond: We don't have that. We can get back to you and give you a response to that.

The Chair: Mr. Hammond, if you could respond through the clerk to all members, we would appreciate that.

Anything else at this time?

Mr. Fawcett: At this time I don't have a follow-up.

The Chair: Okay. Thank you.

Mr. Kang, please, followed by Mr. Sandhu.

Mr. Kang: Thanks, Mr. Chair. In reference to page 81 again the grand total unexpended amount for the ministry is reported as being \$556 million. The majority of it was the strategic economic corridor investment initiatives. While there is some explanation on pages 52 and 53 of some of the funding being reprofiled, these explanations do not account for the full sum. What happened to the remaining unexpended amount? Was that reprofiled as well? Where did it go?

Mr. Zutautas: Sorry. What page was that again?

Mr. Kang: On page 81 of the 2008-09 annual report, the grand total.

9:10

Mr. Hammond: The \$514 million capital investment underexpenditure is partially offset by an overexpenditure, \$246 million, in the alternative financing statutory capital. The \$268 million net underexpenditure is primarily due to the Stony Plain Road interchange and the Anthony Henday Drive northwest. In 2008-2009 funding was reallocated from the Calgary southeast Stoney Trail to the Stony Plain Road interchange. In addition, funding was reallocated to alternative financing as a result of the ministry entering into a design-build-finance-operate P3 agreement for the Anthony Henday northwest ring road in Edmonton, which was originally scheduled to proceed as a traditional project.

Mr. Kang: Okay. Again on page 53 it reports specifically that \$65.5 million was underexpended due to fewer project submissions. Why were there fewer project submissions? Did the guidelines change, or did you guys put some money aside for the airport tunnel for Calgary?

Mr. Chase: That would cover half that cost.

Mr. Kang: Yeah. There's lots of money here unexpended.

Mr. Hammond: In terms of that total underexpenditure of \$65.5 million – it's page 53 that I'm looking at – the program guidelines didn't change. It's just that the underexpenditure of \$65 million compared to the original – there were fewer submissions coming in from municipalities in terms of the capacity, fewer project submissions that were sent to us. The guidelines didn't change.

Mr. Kang: So is that money still there?

Mr. Hammond: Yeah, it is.

Mr. Kang: So that money is still there for the Calgary airport tunnel. That's what I'm saying.

Dr. Humphries: No. This is for the AMWWP program, which was a fixed amount over a certain period of time. That sunsetted last fiscal year, but there's some carry-over work that's just being wrapped up. So there is no money for the airport tunnel.

Mr. Kang: Thank you, sir.

The Chair: Thank you.

Mr. Sandhu, please, followed by Mr. Chase.

Mr. Sandhu: Thank you, Chair. How is Alberta Transportation going to support the construction industry, given the economic impact of delays and cancellations of the oil sands projects, especially the northeast leg of the Anthony Henday, the last portion?

Mr. Hammond: I'll ask Mr. Zutaugas of our engineering group to respond to that.

Mr. Zutaugas: Well, thank you. That's a good question. We spent nearly \$3.2 billion in 2008-09 under the capital plan to support the construction of vital provincial infrastructure, lots of roads, water management, and a lot of grants to municipalities because, as you know, they need a lot of infrastructure as well. That got, you know, the construction industry going and helped them kind of go through the waves. As you can tell from the expenditures of this fiscal year,

we're continuing to invest to meet the needs of Albertans across the province.

Mr. Sandhu: There was a date set to finish the Anthony Henday by, I think, 2015. Are we on the set date, or is it moved or changed now? I heard last that a bridge needed to be built to complete the whole ring road in 2015.

Mr. Zutaugas: Yeah. That's not quite part of this, but we are in the planning stages of the northeast. There's, you know, the federal nav waters, DFO things that we need to do yet, but that's for the northeast. As you know, we're finishing up the northwest Stony Plain Road interchange in 2011. I think it's the end of 2011. That all matches up. Callingwood and Lessard interchanges for the southwest are finishing up. They're under construction right now. We're just in this fiscal year doing some other things. So we're on schedule.

Mr. Sandhu: Thank you.

The Chair: Thank you.

Mr. Chase, please, followed by Ms Woo-Paw.

Mr. Chase: Thank you. I'm going to continue on P3 costs, that were just raised. I'm moving from what I view as pennies foolish to pounds even more foolish expenditures. I'm referencing page 72. Under the heading of Anthony Henday South East Edmonton Ring Road it states that "the monthly capital payments including interest and principal are \$1.95 million." In the next line it states that the interest expense for the year ended March 31, 2009, was \$18.2 million. If I do the math, the total capital payments for the year totalled only \$23.4 million, and if \$18.2 million went to interest, then only \$5.2 million went to pay down the principal. Can you explain this amount being paid on interest? I would like to know what interest rate the province is paying and how that's calculated over the 30-year period of this highway mortgage.

Dr. Humphries: I think that if you look at your own mortgage on your house, Mr. Chair, if it's spread over a 30-year period, you'll note that the amount you pay down on your principal at the beginning of the mortgage term is way less than it is at the end of the mortgage term. As you go through, you start to pay down your capital, and as that amount reduces, the amount of interest reduces. Therefore, your capital payment goes up towards the end of the term. The great advantage to that on a P3-type project is that it actually keeps the investors interested because they're not getting their capital repaid and that's what they need. So they are actually still there at the end of the 30-year term to make sure they're delivering the product for the whole 30 years. Therefore, we're getting the extended warranty that we're looking for in a P3.

In terms of the interest rate it's a fixed-price bid. It's taken at the start of the deal. I can't recall if that's even disclosed to us because it's just a fixed amount on the bid sheet in the contracts, which are put out as a table G, I think it's called. They just make their 360 payments, and that's what they get. I don't know if it's appropriate for me to ask the Auditor General to comment on that. He's shaking his head, so I won't.

Mr. Dunn: These are your financial statements. In contracts you enter into, you should understand the principal and interest components to it. I believe you could explain what the interest rate is. The interest rate, obviously, is greater than when the province directly borrowed because that is an impact. You could explain that the

interest rate is not significantly greater, but it is greater than what the province tried to borrow at.

Mr. Chase: If I can help you with your coming up with an answer. Currently we're seeing a 40 per cent reduction in the cost of construction, the cost of materials, yet we've entered into this 30-year agreement at the height of boom prices. From a transparency and accountability point of view you should be able to state what the interest rate is so that Albertans know what they're going to be paying and their children and grandchildren are going to be paying for this road.

Dr. Humphries: Mr. Chair, if I could just answer that supplementary question. I think the comment around the height of the boom is that the southeast Anthony Henday was actually bid before the start of the boom. Therefore, we actually got prices, and the contractor carried their escalation risk, which went through that particular boom period. So that's one point on that.

The other, as the Auditor General noted quite correctly, is that the spread we got, particularly for the southeast Anthony Henday Drive, at that time was very low. I don't recall what the exact number was – I wasn't involved in that deal – but I know that the spreads were very low at that time. As was discussed at this committee a year ago, you have to look at the whole deal to understand that the interest is part of the deal. Yes, we do pay an incremental amount over what the province can borrow at, but in return for that, we keep the skin in the game and we keep the investors interested and they provide us with the long-term warranty as well as ensuring completion on time, on schedule because if they don't make the deal, they don't get their money back.

9:20

The Chair: Thank you.

Now we're going to move on, please, to Ms Woo-Paw, followed by Mr. Mason.

Ms Woo-Paw: Thank you, Mr. Chair. My next question is from page 329 from the report of the Auditor General from October 2009. The recommendation is that the ministry needs to “develop and implement an Information Technology risk assessment framework.” Given the current structure, that Service Alberta is involved, subcontractors are involved in IT management, how do the different stakeholders in your ministry intend to address this? Do you think that it could be responded to in a timely way given the current structure?

Mr. Hammond: In terms of the risk management framework Service Alberta is undertaking the initiative to do that. We plan to participate in the initiative and achieve efficiencies by removing any duplication that we've got of efforts by our ministry. Whatever resources we currently have in place will be dedicated to delivering the core business, and we'll look to Service Alberta to take a lead in this one. We're not going to do anything different. We're going to participate fully and abide by whatever recommendation comes out of Service Alberta's initiative there.

Ms Woo-Paw: Okay. I'm going to try a supplemental.

The Chair: Sure.

Ms Woo-Paw: I thought part of the challenge was that the current structure, that we sort of subcontract and subcontract – “outsource,” I guess, was the term used in the report – has different layers of

outsourcing, and that potentially may increase the risk. I understand why Service Alberta should be taking the lead. I'm just wondering whether there would be active involvement and input from your ministry in correcting this.

Mr. Hammond: Yeah. We've taken steps to reduce the layers and improve our oversight in relation to those layers and layers of consultants, of contracts, and involvement there, to simplify it and make it more direct. The IT framework within Transportation is that we've taken a more direct grip on the project management and control of the projects and management of the day to day. I think that it complements, and I think that it does address some of the concerns that the Auditor General had.

Mr. Dunn: May I just supplement? Ms Woo-Paw is asking a very important question, and maybe, Mr. Hammond, you could help later on with understanding it. There are two types of systems. One is central, which is Service Alberta and IMAGIS and all that. That's the central one. But then you have stand-alone systems, those which Service Alberta is not connected to, involved in, or anything else. Those stand-alone systems are the departmental responsibility.

As you go forward into future Public Accounts Committees, you have to remember that there is the centralized system – and Service Alberta has a role and responsibility there – but you also have to focus your question around stand-alone systems. Some of those stand-alone systems in a period of restraint can become tired, and that's where there is some concern that you look at it from your department both on the stand-alone, how much you have to do on your own to maintain those, either keep them current in upgrades or replace, and those with Service Alberta. You have to have a very good understanding of what Service Alberta is truly doing – Service Alberta is under fiscal restraint also – and how much they are doing at the central source that offsets some of your roles and responsibilities. So in future Public Accounts Committees just keep it in your mind that there are those two types of systems. Service Alberta can only do and help with one, which is the centralized one, not the stand-alone ones, which quite often get outsourced.

The Chair: Thank you. Appreciate that.

Mr. Hammond: That's the exact point. We have the small systems that we use for the roadside inspections. That's not managed by Service Alberta. That would be managed by us through our own project management staff in Transportation.

The Chair: Thank you.

Mr. Mason, please, followed by Mr. Quest.

Mr. Mason: Thanks very much, Mr. Chairman. We didn't quite get through the answer to my last supplementary question, so I'm going to give it another shot, and if we could deal with that succinctly because then I want to use my supplementary to get the Auditor General to comment. You talked about the R factor. Does it or does it not or have you or have you not developed a process to identify the trucks and drivers that have not been inspected, and have you taken steps to ensure that carriers which have identified safety issues are not able to continue to operate indefinitely without significant enforcement action?

Mr. Hammond: The R factor is the determinant. If the carrier is stopped and the officer checks to see what the R factor is for this carrier, if he has no R factor, if the R factor is showing blank, that shows that he has not had any previous interactions with us, so he

would be selected. He automatically becomes a candidate for inspection. If you've got no R factor, you would be selected. I think that answers the second part.

In terms of the follow-up if I take a look at the risk factor and then we take a look at all the carriers that we have, we can target or we can select the worst 5 per cent or the worst 10 per cent of performers and then increase the oversight on that, and that then goes out to the roadside inspection as well, so those carriers would have more focus placed on them because of their poor performance. That's part of the follow-up, in addition to which the poor performing carriers are subject to a higher frequency of audits and would in fact have more of an enforcement or a sanctions-type remedy imposed upon them.

Mr. Mason: Mr. Auditor General, does that do the trick?

Mr. Dunn: Well, I want to thank the member for those questions because that's the heart of the matter. Why we did this work is that you have 85 per cent of your collisions caused by driver error. The critical thing is – and I think it's with all departments, not just this one department – that historically there has been a reluctance to go beyond the educational factor and into the enforcement factor and escalate. Certainly, you might have heard from me before that I believe in escalating and enforcement.

Routinely inspecting those that adhere to the standards and are all good in many ways becomes just an extra cost. Hitting at the R factor, those who are more likely than not to cause a problem and could be a serious consequence – you must be able to identify those. That's why I'm very pleased to hear what Mr. Hammond said about developing the R factor and having that information available to the roadside inspector. That was what was very critical, that it's not waiting for two weeks to go back to some paper. It's critical there. So you can cause the attitudinal change at the roadside by that driver or by that carrier.

Historically, and in all fairness to Mr. Hammond and his team, sending a Dear Carrier letter, "You've been also found in violation," wasn't doing the trick. Get the attention around their right to operate – thus, you do impact their ability to continue in the business – or that they have a real duty to ensure all their employees take appropriate training, and then you follow up. This is what we'll be checking in our follow-up, that they actually do follow up and ensure that action takes place.

It is a conflict quite often in the department. They understand we have various areas of the province that get very busy, and to take trucks off the road when it's exceedingly busy impacts the economy and industry, and I appreciate very much the balance. But at the end of the day we're talking about lives and safety and, really, future improvements in there. So what I'm hearing from Mr. Hammond through your questions – and thank you very much – is very much an improved system.

Thank you.

The Chair: Thank you very much.

Mr. Quest, please, followed by Mr. Kang.

9:30

Mr. Quest: Thank you, Mr. Chair. Going back to school bus safety, some of our boards operate their own buses; some have independent contractors or a mix of both. With independent contractors a number of these buses are outfitted to accommodate kids with certain physical disabilities and so on. With these outfits – say there has been a modification to seats or an addition of seat belts, that kind of thing – do we inspect or oversee those modifications, or are the school boards responsible for it, or both? What's the process? Who

actually watches over these modifications to ensure they're done properly?

Mr. Hammond: Before each school year we do have transport officers, the officers that do the roadside inspections. We'll work with an independent contractor, not just the school boards, and they will do school bus inspections. We actually go out before the school year and inspect the fleet.

In terms of the modifications all of the school buses in Alberta, all the yellow school buses, have to be built to a CSA D250 standard. That includes standards around accessibility and so on. We will go out and make sure that the buses are not only constructed to that standard but also maintained and operated in accordance with that standard. There is a very active program whereby our own inspectors go out to the contractors, the people that supply the school buses under contract to the school boards across the province, and we do those inspections, yes.

Mr. Quest: Okay. Just a supplemental for clarity. Would that just be at the beginning of the school year, or would there be inspections or mid-year checks if modifications are done after the beginning of the school year?

Mr. Hammond: School buses and the school bus industry operate in a similar way to the carrier. We have an R factor associated with it. We'll take a look at their maintenance records. We take a look at their incidents and the driver profile, a carrier profile type of thing. So school buses do in fact fall under the same kind of ongoing monitoring that you will see. We don't stop the buses on the side of the road when they're full of kids. We get them to school first, and then we then we'd probably inspect the buses at the school or on the way back to the depot. Yes.

Mr. Quest: Thank you.

The Chair: Thank you.

Mr. Kang, please, followed by Mr. Johnson.

Mr. Kang: Thank you, Mr. Chair. Referencing page 5 of the annual report, \$1.4 billion of grant funding went to municipalities for transportation systems, emergency services, other municipal facilities, including water supply, waste water, water treatment. Why is water infrastructure within Transportation and not in Infrastructure?

Mr. Hammond: I believe that one of the issues has to do with the engineering, construction of the dams and spillways, the maintenance, and so on. Perhaps Bruno or Dr. Humphries would like to respond to that.

Mr. Zutautas: Well, I think you answered it, Shaun. There were some departments that I'm thinking – what? – back in 2000 were looking at what type of expertise is needed for the work. The dams and stuff are, basically, heavy civil works, so the decision was that it should come to Transportation.

Mr. Kang: So you're saying that it's more natural to be in Transportation and not in Infrastructure?

Mr. Zutautas: I'm not sure about natural.

Mr. Hammond: But it relates to the nature of the work. The actual civil engineering construction, the construction maintenance, the

project construction controls and so on, which we have embedded in Transportation, are suited to water and waste-water infrastructure build.

Mr. Kang: Okay. My supplemental is: given that money is tied to water, you know, which is constrained, why isn't there any money specifically tied to improving pedestrian and cycling infrastructure?

Mr. Hammond: Can you repeat the question, Mr. Kang? Sorry about that.

Mr. Kang: Okay. Given that money is tied to water only, why isn't there any money specifically tied to improving pedestrian and cycling infrastructure?

Dr. Humphries: Active transportation is clearly something that we're very interested in. That's cycling and pedestrian things. However, one of the major areas that occurs tends to be not on the provincial highway network, which is what Transportation is responsible for, but on the municipal network, which is the responsibility of the municipalities, the major cities and the local municipalities. Therefore, they develop their own plans and what they're going to do in terms of pedestrians and cycling and stuff. So that funding comes through the normal municipal grants program.

Mr. Kang: Thank you.

The Chair: Mr. Johnson, please, followed by Mr. Chase.

Mr. Johnson: Thank you, Mr. Chair, and thank you, gentlemen, for being here this morning. Congratulations to Mr. Zutaugas on his recent promotion. I know he'll serve us very well in that role. It's nice to be thrown into a Public Accounts meeting right after you get a promotion, right? Maybe you should have held off a couple weeks.

I know we've talked a bit about inspection, but I wanted to ask you to elaborate a little bit on enforcement and what kind of money we spend on transportation enforcement, what kind of money your department spends on enforcement, what we're focused on with that. How many FTEs might be involved in that, vehicles you have on the road, where they're based out of? That kind of thing I'm really interested in.

Mr. Hammond: There's roadside enforcement, and then there's the follow-up enforcement. Right now in terms of FTEs, for our roadside commercial vehicle inspections there are about 160 FTEs that are focused on roadside enforcement. You have to also understand that these are our transport officers who work with engineering people. Their enforcement activities also help out with the roads and the maintenance of the roads; for example, enforcing on high-load corridors to ensure that we don't get bridge strikes on overhead structure destruction that causes Bruno headaches, the weigh scales, and so on. There's a fair amount of what we would call primary intervention at the highway.

Following up in terms of a specialist, in terms of facilities that have their own maintenance program, the audits there, there are probably around 20 to 25 FTEs that will work in the follow-up investigation audits. Then there's again probably around another five to 10 that are specialized that would move into special areas such as dangerous goods, some of the railway inspections where we have an interface between road and rail. All in all, if you're looking at the total number of enforcement, be it primary roadside versus follow-up and secondary, we're talking about 185 folks that we have doing that.

Mr. Johnson: Another question. We spend an awful lot on water and waste water, which is money well spent supporting municipalities. Now, for some of these grants the province is the primary or, in some cases, almost the sole funder of some of these projects, regional waterlines, et cetera. I'm wondering what kind of oversight and engagement we have with these water commissions and the engineers that are delivering and implementing the contracts once we flow that money out to those groups. I know that some of these are 80, 90 cents on the dollar. It's not just a matching grant where we send somebody down to the municipality and they administer. There's significant investment by the province. How do we make sure the monies are being disbursed properly and there's oversight and engagement on those? Sorry, Bruno.

Mr. Zutaugas: That's okay. As you know, like, water for life has the two phases. For cities and stuff under 45,000 population we have the water and waste-water program that's a component of the water for life, and then the bigger component is the piping and stuff between municipalities and between towns and villages. It is a significant amount of money that goes towards that. For the water and waste water it's a proportion based on the size of the population. The bigger the population, the less provincial contribution there is. For the water for life for the large projects it is 90 cents on the dollar.

We are actively involved. Not just from Transportation but Alberta Environment is very much involved in the systems that are designed. We are right at the table with the communities, going through with their consultants, their review of what's being built, how it's going to be built, what the best system is for those particular jurisdictions. There's some really innovative technology out there now that is actually saving quite a bit of money these days. Those are being reviewed, utilized. I know that up in Lesser Slave, I think it was, they've tried some different technologies that have really been helpful.

In terms of the follow-up, the inspections are done by Environment. As far as I know, the consultants, the same ones that we would use, are involved all the way through the project to make sure that this stuff is done right.

9:40

The Chair: Thank you.

Mr. Chase, please, followed by Mr. Fawcett.

Mr. Chase: Thank you. I'm going to stay with the theme of water and how it relates to Transportation. I'm very concerned about what I view as a white elephant water project. It's associated with the United Horsemen and the backdoor sale of water leases. Strategy 4.4 states that funding was provided to municipalities for their water and waste-water treatment facilities. In terms of the methodology used to identify the projects Transportation helps fund, you mentioned a civil engineering connection as opposed to within the municipal infrastructure.

What I would like to know specifically about the Rocky View project is: was any funding earmarked for the waste-water treatment facility in the county of Rocky View? Is it with regard to not only the CrossIron Mills mall but the racetrack that the United Horsemen were flogging? It is projected to cost upwards of \$200 million and not the originally estimated \$90 million. This is the waterworks for that area. Does your ministry have a hand in controlling costs, or in other words: what controls does your ministry have over the money it provides for treatment facilities and other water infrastructures? If you can use this white elephant as an example of control or lack thereof, it would be appreciated.

The Chair: Thank you for such a concise question, Mr. Chase.

Mr. Chase: You're welcome. Elephants are large. It takes a lot to bring them down.

Mr. Hammond: We don't have the details on what the conditions were, so what we'd like to do, Mr. Chairman, is to get back to you with a written response on that one.

The Chair: Yes. There were several questions there. If you could, please, through the clerk to all members, we would appreciate an answer that reflects the questions that were asked. Thank you.

We're going to move on now, please. Mr. Fawcett, followed by Mr. Mason.

Mr. Fawcett: Thank you, Mr. Chair. I'm going to ask a question that might upset some of my rural colleagues. The perception of a lot of people in my constituency is that we just go around paving rural roads, and they're not sure of the cost-benefit analysis that's done. My first question would be: is there a cost-benefit analysis done in determining what roads and highways get paved? Are there thresholds or matrixes that sort of determine, like I said, on a rational cost-benefit analysis as to what gets done?

Mr. Zutaugas: Okay. Being an engineer I could probably take the rest of the morning on that one. We actually have quite a rigorous analysis that we use. We do falling weight deflectometer readings, structural capacity readings, the ESAL calculations. All of that gets factored in. We're looking at the maintenance costs. As you know, as roads deteriorate, maintenance costs start going up. We are developing and have developed systems that help analyze a lot of that data. It's called our TIMS system, transportation and infrastructure management system. All that gets kind of thrown in, and we review. Basically, every segment of road goes through an analysis on what should be done, when it should be done, and what treatment it needs.

You may notice on your travels that there's actually quite a bit of pavement going down on some roads. I'm fairly old, so it would be like four inches of pavement, five inches of pavement. That's a hundred millimetres, right? So it would be something like that. Then on others you'll see where we do just a 50-mil thin-lift overlay. That's, basically, a reflection of what's going on in that structure. So the 50 mils are probably getting older. It needs some strength. The 50 mil would be like a surface where, you know, it's not riding as well anymore. So to patch it up, we need to put that on.

You know, a pavement lasts about 18 to 20 years, something like that. A lot depends on the area and temperatures. I know that up north they don't last quite as long because of the temperatures and stuff. So if you look at the overall 20 years, different life cycle costing, our program is set on what we could do, what treatment needs to be done, and the best bang for the buck for those roads.

Mr. Fawcett: I believe you actually have answered my supplemental question.

The Chair: Thank you, Mr. Fawcett.

Mr. Mason, please, followed by Mr. Sandhu, time permitting.

Mr. Mason: Thanks very much, Mr. Chairman. In the annual report it talks about things beyond roads. It talks about working with the federal government with respect to airports and railways, so I want to ask a question about railways. There was quite a bit of talk a few months ago about the possibility of a high-speed rail link between

Edmonton and Calgary, and I'd like to know if the department has done any studies with respect to that and what you can tell us about the status of that issue.

Dr. Humphries: Thank you, Mr. Chair. High-speed rail is of interest to the department. We have done some studies, which are available on the website. We looked at different technologies, different speeds, using diesel or electric or the maglev. Obviously, with different speeds you get a better response because you can get down to Calgary quicker, but at the same time the costs go up. We've looked at that. The studies looked at potential ridership for the various different types of technologies and made some quite interesting findings around what we would need to do. Those studies, as I say, are now available on our website, were published sometime last year. That's as far as we've got right now.

There's no corridor study under way. I know that some people think there is, but there is no corridor study under way, and there is no land being set aside apart from the fact that we have bought some land in both Edmonton and Calgary for potential rail stations when it became available. That was bought on a willing buyer, willing seller basis.

Mr. Mason: Thank you. A supplemental is whether or not in the department's estimation the studies show that such a project could be economically viable.

Dr. Humphries: The findings of those reports are out there. It really depends on where the corridor went, what the land costs would be around that, and what technologies were bought. There's no doubt that the studies show that the modal shift from the highway onto the rail will be fairly limited. The shift would take from air onto rail. So if we're looking at viability in terms of reduced greenhouse gases and things like that, then all that has to be factored in on that shift, and that sort of review and decision-making hasn't been taken.

Mr. Mason: Thank you very much.

The Chair: Thank you.

Mr. Sandhu, please.

Mr. Sandhu: Thank you, Chair. My question is around truck tractors involved in accidents. I can see that the chart for the last five years is up and down. Do you have any idea what 2009 looks like?

Mr. Hammond: Sorry?

Mr. Sandhu: Accidents involved in the last five years. You have a chart here, page 5, that says that starting from 2004 to 2008, the numbers are up and down, accidents involving big trucks. Look at 2008, it's 553; 2007, 650. My question is: what does 2009 look like?

Mr. Hammond: The early indications are that the trend is continuing downward. The interesting thing, though, is that the roadside counts are going up. So we're getting more traffic but fewer collisions, particularly from the heavy vehicle. It's a little early to say what kind of results we're going to see in the collisions, but we also look at the severity of the collisions, right? That speaks to the Auditor General's issue around driver attitude. The speed and the aggressive driving and so on: are we getting that down? Are we

working? Are we making the interventions that are reducing that? We're hoping that we're going to see that kind of trend continue over time.

9:50

Mr. Sandhu: A supplement. When you do the investigation, what's the finding? Is it, like, lack of sleep or lack of maintenance, or what's really causing these accidents?

Mr. Hammond: Without a doubt, one of the issues has to do with fatigue, and it's not just lack of sleep; it's actually not enough sleep over a period of time. They may be getting sleep, but it's just not quality sleep and so on.

A lot of that speaks to the management systems within the carriers themselves. So one of the things we have to do is intervene with the management and the dispatchers who are pushing to get the load through or more loads through and get their unit costs down. The problem is that that's leading to drivers that are pushing the envelope in terms of not getting enough sleep, not taking enough quality breaks, and so on. We're working on the whole framework. It's not just taking a look and going after the driver because he has a logbook error or something like that. That's an indicator. We then go back into the company and try and figure out what they have and what systems they have to make sure that the drivers aren't hitting the road fatigued.

Mr. Sandhu: A small one.

The Chair: Small, okay? It's a big issue.

Mr. Sandhu: I heard out there in talking to people that some drivers have a second driver, a copilot or whatever. The copilot is just filling up the logbook to get the numbers up. Is the department doing something with that part, too?

Mr. Hammond: Yeah. That was one of the things that when the roadside interviews were conducted, certainly by the Auditor General and by ourselves, we know. We do get complaints, and we do follow up, and where there are what we call institutional contraventions of the act, then we'll go after the carrier for, in fact, their dispatching, taking a look at what they're doing, what their systems are, if they don't have the practices in place. We'll go after the carriers; we won't just target the drivers. But if the drivers themselves are keeping double logs and so on – we know these things happen because we hear the same things that you hear.

Mr. Sandhu: Thank you.

The Chair: Thank you.

Mr. Hammond, there are several members that have requested additional questions, but unfortunately we're short on time, so we're going to ask you to respond in writing through the clerk to all members to the following questions.

We will start with Mr. Kang, please.

Mr. Kang: On page 34 of the 2008-09 report part of your strategy for making Alberta roads safer was to pass legislation that allows for licence suspensions for drug impairment offences. How many licences have been suspended for drug impairment since this program's inception?

A supplemental related to the road safety as well. Given that this government is unwilling to pass distracted driver legislation, is there

at least a commitment to introducing a performance measure that tracks down the number of collisions caused by drivers being distracted by a mobile device? If not, why not?

I've got two. Thank you.

The Chair: Thank you.

Ms Woo-Paw, please.

Ms Woo-Paw: Thank you. My question is on the municipal client satisfaction survey, if you could speak to the number of municipalities surveyed and whether they're obligated to respond and what procedure is in place in terms of follow-up to dissatisfaction with the services provided.

The Chair: Thank you.

Mr. Chase: From your statistics you noted that this year 1,342 kilometres of highway were paved. Last year your department suggested that to keep up, 1,500 kilometres of highway should be rehabilitated annually because of our aging infrastructure. Page 24: "average life expectancy . . . in Alberta is 16 years due to extreme weather conditions and the amount of use." This would make the required annual rehabilitation even greater, almost 1,900 kilometres per year just to keep up. It's forecasted that the number of highways that will need rehabilitation in five years will double if funding levels remain at the current levels. What is the department's plan to deal with the significant increase in crumbling highways? If highways are allowed to deteriorate further, what will the additional cost be to rehabilitate them as opposed to fixing them while they're in relatively good condition?

The Chair: Thank you.

That concludes this portion of our agenda. On behalf of all committee members, Mr. Hammond, to you and your staff: thank you very much for your time this morning. Have a good year as you manage and operate the Transportation department.

Mr. Hammond: Thank you very much, Mr. Chairman.

The Chair: You're free to leave. You're welcome to go, if you wish, while we conclude our agenda this morning, Mr. Hammond. Thank you.

Item 5 on our agenda. The committee clerk has drafted the annual report on the committee's 2009 activities for your consideration. As chair I would remind you that we will be tabling this report on behalf of the committee in the next few weeks. Has anyone had a chance to look at that? Are there any additions or deletions that you would like? Or would you like to have a look at it in the following week and report back next week? No responses?

Mr. Mason: I'll move it.

The Chair: Moved by Mr. Mason that

the Standing Committee on Public Accounts approve the draft 2009 report of the Standing Committee on Public Accounts as distributed.

Mr. Mason: Yes. That's what I said.

The Chair: Yes. I appreciate that. All in favour of that motion? Opposed? Seeing none, thank you.

Now other business under item 6. For the record, written follow-up responses have been received for all of the committee meetings

held in 2009. Some of you have suggested to me that you're not getting responses in a timely fashion, and I would certainly agree with you. As well, the details that have been provided in the answers have been light, as it was described to me.

Of course, today is Mr. Dunn's last meeting as Auditor General. He is retiring on February 15 as the ninth Auditor General of our province. He was appointed in June 2002. [applause]

Mr. Chase: I'm not applauding the retiring; I'm applauding the service.

Mr. Dunn: Thank you.

The Chair: Are there any members at this time who would like to get on the record with any remarks they have for Mr. Dunn on this occasion?

Mr. Mason: You know, Mr. Chairman, I very much appreciate the work of this Auditor General. I haven't certainly always agreed with him, but I have found him to bring a clarity and to shine a light on the operations of government that often remain obscure even to members, I'm sure, on both sides of the House. I think that he's done a great deal of good for the people of this province both in terms of making sure that they get the better services that they need but also that their tax dollars are well taken care of. I very much appreciate his work, and I wish he was staying.

The Chair: Thank you, Mr. Mason.

Mr. Sandhu: Well, just in the last couple of years I've gotten experience with Mr. Dunn's committee and would really love to work with him longer, but I know he's got another goal, to go and travel all over the world. I hope that one of these days we can go to India and show you that, too. Good luck and have a good retirement. Thank you.

The Chair: Thank you.

Mr. Chase: Well, I very much need and appreciate the mathematical mentorship that you have provided. Your willingness to stretch the independence of the Auditor General to the absolute limit in searching for truth on behalf of Albertans is absolutely fabulous, and I thank you for your service.

The Chair: Quickly, Mr. Kang.

Mr. Kang: Mr. Dunn, I wish you all the best in your retirement. Like I said before, we're going to dearly miss you. Thank you.

Mr. Dunn: Thank you.

Mr. Quest: I'd just echo everybody else's comments. Fred, I just very much appreciate the thoroughness of the work that's done by your team and under your leadership. I wish you well and a happy retirement. You've worked, obviously, extremely hard to get all this work done, and it's very much appreciated by all of us.

10:00

Mr. Dunn: Thank you.

The Chair: Thank you.

I will also get on the record and thank you for your strong support for the Public Accounts Committee during the last eight years. We appreciate your guidance and your wisdom in making very good suggestions as to how we should host the CCPAC and CCOLA conference, which this province graciously hosted in September of 2009.

Mr. Dunn: Thank you. I will be ever so short. To each of you: good luck. You deserve very good responses to your questions. There isn't an unfortunate or irresponsible question. You deserve the response. Today, I must admit, I was a bit disappointed. You deserved better responses, and you deserved better representation here. This committee has come a long way, as the chair and the vice-chair know. It has come a long way over the last eight years, and it's through you, through your questions and, therefore, holding them to account that improvements will take place.

Thank you all and good luck in your future meetings.

The Chair: Thank you, Mr. Dunn.

I would encourage committee members, if they have time, to attend Mr. Dunn's farewell reception, which has started by now, over in the Carillon Room.

Thank you again. Good luck to you, sir.

The date of our next meeting is next Wednesday, February 17, at the usual time here. It's with Alberta Education.

May I have a motion to adjourn, please? Thank you very much, Mr. Bhardwaj. All in favour? Thank you. Seeing none opposed, the meeting is adjourned.

Have a very good week.

[The committee adjourned at 10:02 a.m.]

