



Legislative Assembly of Alberta

The 28th Legislature
Second Session

Standing Committee
on
Resource Stewardship

Ministry of Transportation
Consideration of Main Estimates

Monday, April 7, 2014
7 p.m.

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Standing Committee on Resource Stewardship

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Standing Committee on Resource Stewardship

Participant

Ministry of Transportation
Hon. Wayne Drysdale, Minister

7 p.m.

Monday, April 7, 2014

[Mr. Khan in the chair]

**Ministry of Transportation
Consideration of Main Estimates**

The Chair: It's 7 o'clock. We're going to be firing up the meeting. Thank you, everybody, for joining us today. I trust everybody has had a very productive if not restful constituency break. Welcome. It's good to get back to the budget estimates process. I would like to call the meeting to order and welcome everyone. The committee has under consideration the estimates of the Ministry of Transportation for the fiscal year ending March 31, 2015.

I'd ask that we go around the table and introduce ourselves for the record. Minister, when it gets to you, if we could ask you to take a moment to introduce the folks at the table and perhaps the staff who are sitting behind you to support you. We'll start with our deputy chair, to my right.

Mr. Anglin: My name is Joe Anglin. I'm the MLA for Rimbey-Rocky Mountain House-Sundre.

Dr. Brown: Neil Brown, Calgary-Mackay-Nose Hill.

Mr. Xiao: David Xiao, Edmonton-McClung.

Mr. Bilous: Good evening. Deron Bilous, MLA, Edmonton-Beverly-Clareview.

Ms L. Johnson: Linda Johnson, Calgary-Glenmore.

Mr. Casey: Ron Casey, Banff-Cochrane.

Mr. Drysdale: Good evening. Wayne Drysdale, MLA and Minister of Transportation. With me tonight is my deputy, Rob Penny; ADM Shaun Hammond, from safety, policy, and engineering; and Darren Hedley, acting ADM, from corporate services and information. I have lots of other support staff from my office and the department back here as well.

Dr. Swann: Good evening and welcome. David Swann, Calgary-Mountain View.

Mr. Stier: Pat Stier, MLA, Livingstone-Macleod.

Mr. Allen: Good evening. Mike Allen, Fort McMurray-Wood Buffalo.

Ms Calahasen: Pearl Calahasen, Lesser Slave Lake.

The Chair: Fantastic.

I see we have another member who is just joining us. If you'd care to introduce yourself, sir.

Mr. Hale: Sure. Jason Hale, Strathmore-Brooks.

The Chair: Thank you, all, very much.

A little housekeeping here. Please note that the microphones are operated by *Hansard*, and we'd ask that BlackBerrys, iPhones, et cetera be turned off or set to silent or vibrate and not placed on the table as they may interfere with the audiofeed.

Now, it has been a week or two since we've done this, so let me recap some of how this evening will proceed in terms of speaking order and time. Hon. members, as you know, the Assembly approved amendments to the standing orders that impact

consideration of the main estimates. Before we proceed with consideration of the main estimates for the Ministry of Transportation, I would like to review briefly the standing orders governing the speaking rotation. As provided for in SO 59.01(6), the rotation is as follows.

The minister may make opening comments not to exceed 10 minutes. For the hour that follows members of the Official Opposition and the minister may speak. For the next 20 minutes members of the third party, if any, and the minister may speak. For the next 20 minutes the members of the fourth party, if any, and the minister may speak. For the next 20 minutes the members of any other party represented in the Assembly or any independent members and the minister may speak. For the next 20 minutes private members of the government caucus and the minister may speak. For the time remaining we will follow the same rotation to the extent possible; however, the speaking times are reduced to five minutes.

Members may speak more than once; however, speaking times are limited to 10 minutes total at any one time. A minister and a member may combine their times for a total of 20 minutes. For the final rotation, with speaking times of five minutes, once again the minister and a member may combine their speaking times for a maximum total of 10 minutes. Members are asked to advise the chair at the beginning of their speech if they wish to combine their time with the minister's time or separate the time individually.

Three hours have been scheduled to consider the estimates of the Ministry of Transportation. With the concurrence of the committee I will call a five-minute break near the midpoint of this meeting.

Committee members, ministers, and other members who are not committee members may participate. Ministry officials may be present, and at the direction of the minister officials from the ministry may address the committee. Members' staff may be present and, space permitting, may sit at the table or behind their members along the committee room wall. Members do have priority for seating at the table at all times.

If debate is exhausted prior to three hours, the ministry's estimates are deemed to have been considered for the time allotted in the schedule and we will adjourn. Otherwise, we will adjourn at 10 p.m.

Points of order will be dealt with as they arise, and the clock will continue to run.

Any written material provided in response to questions raised during the main estimates should be tabled in the Assembly for the benefit of all members.

Vote on the estimates is deferred until consideration of all ministry estimates has concluded and will occur in Committee of Supply on April 16, 2014.

Before we turn the table over to the minister, committee members and guests who have joined us, if you could introduce yourselves.

Mr. Goudreau: Good evening. Hector Goudreau, MLA, Dunvegan-Central Peace-Notley.

The Chair: Fantastic.

Minister, I'll turn the table over to you. I'd like to invite the Minister of Transportation to begin with his opening remarks.

Mr. Drysdale: Okay. Thank you, Mr. Chair. I'm pleased to be here to present Alberta Transportation's estimates for 2014-15.

Budget 2014 is the next step in our government's building Alberta plan. The focus is on expanding our economy, driving innovation, and working every day to create a better quality of life

for all Albertans. As Alberta continues to grow at a rapid pace, our transportation system and planning are keys to preparing for this future and our economic future. Budget 2014 delivers the core services Albertans expect, makes strategic investment to improve the lives of Albertans today and into the future. It strengthens new and existing infrastructure to address the demands of our growing province and economy.

For Transportation that includes building roads and bridges and reinvesting in rehabilitation of existing infrastructure as we prepare for the continued growth. Alberta's provincial highway network, with 31,000 kilometres of roadway, almost 28,000 kilometres of which are paved, takes products to market, children to schools, Albertans to work, and tourists across our province. Like every year, Alberta Transportation's three-year construction plan is posted online so Albertans know how and where their tax dollars are being spent.

We are listening to Albertans, and they have asked us to invest in strategic rehabilitation projects that give our roads and bridges longer lifespans. Albertans will see more crews on our highways in the next few years as Budget 2014 allows for the rehabilitation of more than 2,500 kilometres of existing provincial highways. This investment benefits all Albertans regardless of where they live and is a smart use of taxpayers' dollars.

We will support sustainable public transit by increasing GreenTRIP for municipalities.

Budget 2014 will also see continued work with traffic safety partners, using education, enforcement, community mobilization, legislation, and other initiatives to increase safe driving among Albertans. Over the next three years we will focus on protecting our valuable investments in infrastructure, smart spending, and innovation, connecting Alberta in international markets, and increasing safety on provincial highways.

Alberta Transportation's 2014-17 business plan has four goals: a well-integrated multimodal transportation system that supports our growing economy, long-term affordability of Albertans' transportation system, supporting environmental stewardship and the quality of life for all communities, and a safe transportation system that protects Albertans. As we build a safer province, we will use all the tools at our disposal to build and maintain the transportation network Albertans need now and to support economic growth for the future.

Over the next three years Transportation is budgeted to invest \$9.7 billion: about \$6.1 billion to support capital infrastructure projects, with a focus on our core network; \$3.1 billion for traffic safety, highway and bridge maintenance and preservation; and \$467 million for other programs.

Transportation's overall budget for 2014-15 is \$3.2 billion. This includes \$1 billion for operational expenses such as highway maintenance and preservation and transportation safety programs. Through capital grant funding of \$358 million we will partner with municipalities to invest in roads, bridges, public transit, and water and waste-water infrastructure.

As part of our commitment to safety funding to traffic safety is being increased, primarily to keep up with inflation and a growing network. Working with our partners, our combined efforts will inform and educate Alberta motorists about the steps they can take to reduce collisions, injuries, and fatalities. This saves Albertans countless dollars in emergency costs, police costs, insurance costs, employment impacts, and, of course, the great personal costs that can never be measured.

7:10

In 2014-15 we are investing \$1.6 billion in a provincial highway network that has far-reaching long-term benefits for Albertans,

including \$575 million for the Calgary and Edmonton ring roads, \$590 million for northeast Alberta strategic projects, \$375 million for provincial highway construction and rehabilitation projects, and \$31 million for bridge construction projects.

By focusing on key corridors, we are increasing access to existing markets and securing access to new markets. This is an investment in Alberta's economic future and is a government priority. This approach benefits all Albertans regardless of where they live and is a smart use of taxpayers' dollars. To meet our commitments and expand market access, we will complete the twinning of highway 63 from Grassland to Fort McMurray by the end of 2016, complete Edmonton's northeast Anthony Henday Drive by late 2016, and twin the final 20 kilometres of highway 43 between Grande Prairie and the Alberta-Montana border, part of the north-south trade corridor.

Key to our budgeting process was that we must continue to support local initiatives, and we did that. Transportation's total grant funding for municipalities will be \$358 million, \$295 million, and \$275 million over the next three years. This funding is allocated through several programs. We will invest \$17.1 million under the strategic transportation infrastructure program to support the completion of projects that are under construction or tendered. These primarily include previously approved resource road projects such as the Chinchaga Forestry Road in Clear Hills county, the northeast Slave Lake bypass in the MD of Lesser Slave River, and the Forestry Trunk Road phase 3 in the MD of Greenview.

As I mentioned earlier, government remains committed to GreenTRIP, the green transit incentives program, for the support it provides to public transit across the province and the benefits it holds for our communities and the environment. A total of \$667 million in GreenTRIP funding will be available to municipalities over the next three years for projects already approved. The second call for GreenTRIP projects will begin on April 15, closing on November 30, 2014. This will go towards fulfilling our commitment to provide \$2 billion in funding for this important province-wide program.

Program funding for water for life and municipal water and waste-water projects are funded at \$50 million and \$25 million per year respectively. These grant programs will continue to build new water and waste-water infrastructure and rehabilitate existing infrastructure in communities across Alberta. Over the next three years, as part of Budget 2014's commitment to communities Alberta Transportation, through the Alberta municipal water/waste-water partnership, will fund a total of 151 projects throughout the province, from water treatment upgrades in Bentley, Slave Lake, Conklin, Longview, Okotoks, Taber, and many other communities to waste-water projects in Strathmore, Carceland, Beiseker, DeBolt, Peerless Lake, Czar, and more.

When we look at water for life projects, they all contribute to reaching the three goals of our water for life strategy: safe, secure drinking water; healthy aquatic ecosystems; and reliable, quality water supplies for a sustainable economy. Over the next three years, as part of the Budget 2014 commitment a total of 32 different projects will receive provincial funding, again, from all across the province. Many of these projects are the second and third or fourth stages of long-term water system projects in areas like Vermilion River, Taber, Vulcan, and Peace River.

In recent years the Alberta government has made significant investments in major new road projects. We are committed to investing our transportation dollars wisely and using P3s where they are the best option and make sense for taxpayers and for building Alberta. We have had great success in advancing our core

infrastructure network, with more than \$6 billion invested in our province's two major ring roads. Edmonton's ring road is now 90 per cent complete, and Calgary's ring road is 70 per cent complete with the opening of the southeast Stoney Trail in November 2013.

Our investment in major infrastructure to support our economic growth continues, with a total provincial investment of \$57.5 million over the next two years in Edmonton's 41st Avenue interchange. This project is a perfect example of a successful multilevel government partnership.

The Chair: Minister, thank you very, very much. I know you're not quite completed. Hopefully, as the evening proceeds, I trust that we'll cover whatever was remaining from your opening remarks.

Just before we proceed, Minister, I want to assure you that this group has a very good grasp that this is not a Public Accounts meeting. The deputy chair and myself will do our best, as will the other members of this committee, to make sure that everybody that's asking questions is keeping the questions relevant to the 2014-2015 budget-related documents and providing page references when and where possible. We'll also be referring to the 2014-2015 business plan, and that's certainly within the purview of this committee.

With that said, we can begin the round of questioning with Mr. Stier if you wish to proceed. Mr. Stier, I'm back in the saddle here. Would you like to engage in an ongoing rapport, or would you prefer to start with the 10 and 10?

Mr. Stier: I'd like to go back and forth for the full 20.

The Chair: Terrific. Please proceed.

Mr. Stier: Okay. Thank you. And thank you, hon. minister and all of the staff that have come in this evening. It's great to see and meet a lot of you, and I hope that we can have an interesting discussion this evening with some great, you know, feedback on some of the things that we're curious about. Hopefully, it'll be productive for all.

I'd like to open with just a few general comments if I could. I will be referring to the estimates in my first question, but just in general comments I'd like to say that I note that the operational spending is up 7 per cent over last year, to \$513 million. It doesn't necessarily line up with population growth plus inflation, but it's certainly a large number as it is. To look at the capital spending, it reveals it's up over 30 per cent though, at \$1.8 billion. The construction industry doesn't necessarily have an easy time when these types of fluctuations are happening. The chart on page 65 of the fiscal plan in Budget 2014 shows that it grew its capital spending, then it contracted it, and now it's expanding it once again. This is kind of hard on the people that deliver the services to the government of Alberta in terms of the public works, and so on, that we need.

At the same time I know that Alberta Transportation is running \$1.4 billion in deferred maintenance as of November 2013, with the infrastructure deficit for '14 coming in around \$520 million. I don't know how these numbers are derived that we saw there, whether it's solely through managing what you already have or in combination with building new, but I'm not sure there's a plan in these estimates to eliminate the infrastructure deficit overall. I'm not quite seeing that so far. Anyway, what I do know is that good initial construction is very crucial and that annual maintenance, which is of course important, will help to keep these public work

structures and preserve them longer and prevent them from contributing to the infrastructure deficit that we have.

I would like to start, then, with one overriding question that I've always had and that a lot of people in the public may want an answer to. I know a lot of the municipal councils in my area and across Alberta contact me frequently. Let's talk about capital spending, line 12, highway construction projects, page 215 of the estimates for your reference. Over the years we've seen projects appear on lists from time to time, yet we often as not see some of those projects suddenly disappear from the list as well. While I understand why these things occur, I'm just wondering if you could perhaps explain the process of how big projects get approved, how they get on – as an example, we have the '14 to '17 list right now. How do they get on there? Are they from municipality suggestions? Are they from other MLAs? As these new projects sometimes pop up, like highway 63, and so on, and get onto the list, what happens to the others that are pulled off? Could we just talk about that process for a moment?

7:20

Mr. Drysdale: Sure. There are a few comments to be made there on a couple of questions. As you said, projects are on a three-year plan, and they may get dropped off. Back in '13 we had a tough budget, and over \$900 million was taken out of the Transportation budget for the year. I mean, we all talk about living within our means and being in tough times. When you take \$900 million out of your budget, there are going to be some projects that don't get completed, obviously, and get taken off the three-year plan.

Highway 63 is one of those projects that came up, you know, because of the intense growth in the area and the need to get that highway safer and twinned, so it got added to the list. When you've only got so much money and you add projects to it, then you have to take some off to make it balance. But when they get taken off, they still, obviously, are high priority because they were on the priority list for three years. So once they're taken off that list, they're probably next in line to get put back on it.

I don't know if that answers your question.

Mr. Stier: In a way. Is there a subsequent list beyond the '14 to '17 construction rehab list we have now, that we've seen on the site? Is there another list of secondary priorities because of that that is somewhere that we could get access to at some point?

Mr. Drysdale: Well, I mean, it's a big list because we meet with municipalities, like you said, all the time, and every municipality has quite a long list of their concerns they'd like to see done, of course, and MLAs as well. So everybody has their priorities that they'd like to see done, and to each specific area they're important, and they think that theirs are the most important in the province, of course. They wouldn't be doing their jobs if they didn't think that.

The tough job for us in Alberta Transportation is that you have to take everybody's priorities and then try and balance them with the budget that we have and what's really the highest need. Safety, of course, is always one of the biggest measures we use and then economic benefit and maintaining our infrastructure at our current level. There's a huge list out there after the three-year plan, and there are some that are, you know, higher up on the list, but the rest of them aren't exactly numbered one to 1,000 or whatever.

Mr. Stier: Okay. If I could, out of that response what I gather, then, is that there is a secondary list of projects that had been on that top list and are perhaps in the queue waiting at some point to find budget or find their way to the top once again, but that may

not be anything that we can access on the public system. It is a list somewhere. So perhaps . . .

Mr. Drysdale: Yeah. And it changes because you add and take from it. Every year there are priorities that come up and then safety issues as well.

Mr. Stier: Okay. Then just to follow up on that. If you have, and I believe that you do have, districts throughout Alberta that bring this information in – there's a southern district, and there's the central or whatever – are there committees that look at all these compilations of projects and you have a budget that you have to work with? Is there a committee up here in head office, so to speak, that looks at all of this feedback and then creates this superlist, or just how does that system work? If I as an MLA phone my local district guy, he has his own local district situations, but then does it go to a central decision-making body?

Mr. Drysdale: Well, it's not committee per se as department. Like, the regional guys on the ground, they do their work and get their priorities in the region, meet with their municipalities. Then each regional manager brings his priorities to Edmonton, and they sit down as a department and work through it that way. They have measures. There are some technical measures about beam deflection, you know, how rough a road is, so there's a scale they have to meet. Then they stack up against all the rest in the province.

Mr. Stier: So this group meets on a regular basis to adjust the list?

Mr. Drysdale: Well, I mean, we only do our capital plan once a year, so they're not adjusting that list all year long. But when we start to put our budget together, probably sometime in the summer, you know, July or August, we'll start working on our three-year capital plan for next year.

Mr. Stier: Okay. All right. Good enough. Well, thank you for that.

Let's move on, then. I want to get into highway contract maintenance areas. We'll go to page 214 in the estimates, line 5. That's where that particular section is. There we see line 5.1, maintenance; line 5.2, P3 maintenance; and line 5.3, preservation. I gather that the highway maintenance projects are managed out of these lines, but I thought that P3s were sort of being covered under that \$2.7 billion in debt we borrowed for numerous different things like ring roads, and so on. So why are these line items increasing with your P3 contracts? Wouldn't they normally be somewhat under control?

Mr. Drysdale: Well, the P3 contract has in it a maintenance portion. There are different parts of that contract. Some is financing, but there's also a maintenance portion. The companies that build these P3s are responsible for maintaining those roads for 30 years. It's like, you know, we pay our other maintenance contractors to look after pieces of road, and then these are a yearly maintenance cost that goes into that maintenance mix.

Mr. Stier: So these can then fluctuate and go up each year despite the fact that they were built under a certain contractual arrangement?

Mr. Drysdale: Yeah. I mean, they're built into them, an inflation cost, you know, that goes up. Just like all our contracts, there's an inflation cost built into them.

Mr. Stier: Okay. All right. Then moving along, I'd like to talk a little bit . . .

Mr. Drysdale: Sorry to interrupt, but as we add more P3 contracts, that cost is going to go higher.

Mr. Stier: Okay. All right. Fair enough.

Just moving along, I'd like to talk about highway 2 a little bit. Of course, the QE II is on everyone's mind this year. A lot of us travel that. Personally I've already had a test of the fence myself last November, but anyway we won't get into that one. Nonetheless, it did work well, by the way.

You know, a lot of us have travelled that one. From time to time there seems to be a remarkable difference in terms of maintenance, and we're talking again about the operational things here under the estimates, Mr. Chair. One contractor to the next, I guess, one segment of the road to the next, suddenly you come across something that's totally different in its condition. You know, we saw two inches of ice on the road one night. I'm sure a lot of us saw that one Sunday if you drove up the same night I did. We have jackknives and all kinds of difficulties, but the predominant issue was traffic going at 20 kilometres an hour as a result. That particular situation: would there have been a contractor involved that might have been fined or received some sort of a thorough question-and-answer period about what had happened there and how that can be improved? How do you do that?

Mr. Drysdale: Yeah. I mean, I think this was a particularly bad winter. It started off really quick and really rough there. I wasn't that happy with the maintenance performance either before I was Transportation minister. I was dumped into it, I think, in December on Friday the 13th in the middle of an ice storm when I took over this, and I wasn't happy with the past performance of our maintenance contractors either.

We've been working on that, and it's exactly like you said. After each storm or incident it's reviewed. Our staff look at the performance of the contractor, and if it's deemed that they didn't live up to the standards of the contract, they are assessed fines. Beyond that, they can get demerit points. It's kind of like the old drivers' ones. Once you get over 15 demerits, you lose the contract, so they don't like getting those demerit points. So on top of the fines there are these demerit points as well. Sad to say, this winter there was one particular contractor specifically that was really close to being over his demerits. We maybe could have pushed them over, but in the middle of the winter you hate to have the contractor gone. Then you're scrambling trying to get somebody else in there in the middle of a storm or something.

We've talked to some of these contractors. What happens is that they're a big conglomerate sometimes. The head office might be in Quebec, and the guy that's driving the truck might be out in the middle of somewhere and knows he needs more resources. Our guys on the ground can talk to him on a regular basis, and he gets it, but he doesn't get the support from head office. So I said that anybody that's getting demerits up high: don't go after the truck driver; bring the guys in from the head office, have a chat with them, and make sure they know how serious the situation is, that we could actually put them in default and out of business.

So we're working on some things to strengthen the performance of our contractors.

7:30

Mr. Stier: That's great. I'd just like to elaborate a little more on that same thing, and we're still talking about highway maintenance in section 5 on page 214, Mr. Chair. There have been

a few of these situations where we have contractors that may or may not have lived up to their obligations, I gather. We actually did a FOIP request for interest, just to see what kinds of penalties have been assessed, and we found some interesting things. We noted that a company called Carillion – I'm not sure how you pronounce that – had the most penalties assigned, 195 over 2008 to 2012. That sounds like an awful lot, 195 penalties. Yet just recently they were given a new 10-year renewal in 2013 at around, we estimate, \$450 million.

Based on what you just said a moment ago, talking about the previous instance on QE II and how you measure that, how do we still wind up with this type of thing reoccurring and then give them another large contract? Is this just because they're the only game in town? How does that work?

Mr. Drysdale: Well, unfortunately, when you put out for bids, typically government takes the lowest bid. I mean, if we didn't, we'd be in trouble there, too. We put out the bids on these highways, and obviously they were the lowest bidder to get the contract, so they were successful. Obviously, they qualified. We prequalify some of the bids.

That's the other part of what I said, when we're assessing them demerits. If they go over that, then that goes against their performance. So if they bid again, that's a reason for them not to even qualify to bid on our job. You know, some of them were close to being over the demerit limit, so that would stop them from bidding.

Mr. Stier: Given the situation just provided and so on, would that not give you a little bit of a concern, based on the information we've just entered into this committee meeting tonight, with \$450 million?

The Chair: Mr. Stier, if I can – and I am giving a little bit of latitude here – if we could keep the discussion based around the 2014-2015 estimates and not FOIP requests that go back a number of years.

Mr. Stier: Mr. Chair, if I could, we're talking about section 5, as I said, preventative maintenance.

The Chair: Certainly, as long as we can direct the conversation to this year and not so much FOIP requests that pertain to years in the past.

Mr. Stier: Okay. Well, thank you, Mr. Chairman. But I did mention 2013, which is just this past year, I think.

Anyway, any further comment on that, Minister?

Mr. Drysdale: I hear your concerns. I share them as well. You know, unless they've defaulted, you can't eliminate them. But at the same time, we're not stuck with them for 10 years. If they keep performing poorly, we can assess them demerits and put them out of the contract.

Mr. Stier: Oh, okay. All right. Well, thank you.

Moving on again, then. As the chair has just mentioned, I'm going to go to the business plan, 2014-2017, page 99. In your business plan, which relates to the estimates here, it's been stated that you provide "a safe, innovative and sustainable, world-class transportation system that supports Alberta's economy and quality of life." I'm just wondering how we figure out that we've got a world-class Alberta transportation system. We have a lot of roads, of course, that seem to be in various states of repair, and I can understand that, depending on the season. But we also have along

the highways a lot of at-grade crossings and so on and so forth, on divided highways and on the regular secondaries. We also have, certainly, with railway crossings and so on some particularly dangerous situations.

There are also some other things like smaller local airports that are not necessarily set up as airport authorities, and that's part of your intermodal situation. A lot of those seem to fall out of the woodwork a little bit and kind of get a little bit out of date or perhaps – I don't want to say anything insulting, but sometimes you almost think they might be ignored. Municipalities sometimes don't have the budget to work with to support those.

I just wondered if you want to speak a little bit about the monies you're spending in the budget here, as we've seen, and how you relate that to a world-class system, please.

Mr. Drysdale: Well, I would love to have double my budget and have more money and increase our transportation system more, but we all know we have to live within our means and balance our budget. I think when you go around to our neighbours or around the world, we have a pretty – I'm not saying it's the best in the world, but we have a world-class system here. You don't have to go too far either way to prove that fact. I mean, sure, we can always improve it – there's lots of room – but we can't have interchanges at every intersection and railroad crossing in Alberta. I'd like to see that, but it's just not realistic at this point. You know, we'll do the best we can to spend more to upgrade our system.

There's a difference in Alberta and northern Alberta than if you go down to the States. Maybe in the Phoenix area their roads might be smoother, but they don't have frost problems and snow conditions. If you're comparing our highways to a highway in Phoenix, yeah, it's probably going to be smoother there, but they're not dealing with the same elements and the same conditions to keep the roads smoother. For dealing with what we have for a climate and the heavy loads that we have and the industry we have here, you know, we've got a pretty good system. I'd say that it's world class. I'm not saying that it's the best in the world, but it's world class. Of course, there's always room for improvement.

Mr. Stier: Okay. Any comment with relation to the question I mentioned to do with the smaller airports and the funding with those and support of those, which tie to your system?

Mr. Drysdale: Yeah, but actually airports are funded federally. We don't fund airports in the province, generally speaking.

Mr. Stier: With respect, I'm speaking of the smaller ones, not the regional ones but the ones that are small-town type ones. I think some of that is downloaded to the local municipalities, but you are ultimately responsible in that regard, are you not?

Mr. Drysdale: The responsibility of the municipality – you know, I'm not saying in the past that we haven't helped them out and given them some grants, but it's actually a federal and municipal responsibility.

Mr. Stier: Okay.

Mr. Drysdale: I mean, we're asked all the time to give grants to airports and help out, but most of the time we say no.

The Chair: Mr. Minister, I'm sorry. If I can just stop you there. That's the first segment of 20 minutes.

Mr. Stier, you have two more of those to go, and I can have you proceed when you're ready.

Mr. Stier: Thank you very much.

The Chair: Oh, Mr. Stier, I'm very sorry. There's just one quick piece of business. I've noticed that we've had another member of the committee join us. If he could be kind enough to introduce himself.

Mr. Bikman: Gary Bikman, Cardston-Taber-Warner.

The Chair: Thank you very much.

Mr. Stier, please proceed.

Mr. Stier: Thank you, Mr. Chair. Let's move on now if I could. What I've done is, because of the constraint in time that we have in these meetings, I actually, just for your understanding, am hopping around a little bit on priority topics and getting some key questions in on each of these topics. So I'd now like to jump to the 50-year transportation strategy if I could. The estimates related to this, Mr. Chair, are on page 214, and it's under operational line 2 that I'm looking at here right now.

We're talking about a program services and support budget increase here of 1 and a half million dollars, more or less. I understand that there are some people undertaking to create a guiding document for your department into the future. I believe you may have been going around and doing some public consultations on that, which is great. Yet I was just wondering: there's got to be a component to all of this, so is some of this budget increase we're seeing here for consultants and facilitators and travel and so on for this 50-year strategy? Where do we put these 1 and a half million dollars we're talking about here for this 50-year transportation strategy? Where are you spending that money?

Mr. Drysdale: Well, like you said, we're going around the province listening to the people, and we've hired consultants to do that work for us. We don't have a workforce staff big enough to do that, so we have hired a firm to go around and consult with the different communities. There's more than one part to it. That's the first part. We're going to, I think, 18 communities around the province, and it's spread out fairly even. We've actually just finished that round of the consultations. Now the next phase we're moving in is where people can send in their responses through e-mail and send their requests and information in to us electronically. That's the next step we're in right now.

Mr. Stier: Are you saying, then, that this 1 and a half million dollars is just for that alone in this budget increase that we're seeing here?

Mr. Drysdale: Which line exactly? Sorry.

Mr. Stier: It's page 214, line 2, program services and support.

7:40

Mr. Drysdale: It consists of planning and various ministry programs throughout the province, including highway and bridge construction. So it's all the planning, you know, for construction maintenance and rehabilitation. We hire engineers to do the planning for these projects.

Mr. Stier: So there's actual planning and engineering work in there, not just the public consultation?

Mr. Drysdale: Yeah. Program services and support, so it covers all – even the GreenTRIP and the waste-water planning and stuff are in there. You know, there is a little bit for that strategy, but it's all the professionals we hire to do our planning.

Mr. Stier: Okay. So this 50-year strategy and the work that's gone on with that: our records indicate that this has been going on for years, up to four years, as a matter of fact. It seems to be a long, long project to try to get some meat to the bones and try to get some rubber to the road. Can you just talk a little bit about how we're going to see some delivery on this finally and what your timelines are for this project? It's a big thing, and it would be kind of nice to know. Also, you may want to talk about how effective you can be in a 50-year strategy and how often it has to be modified. How do you do that?

Mr. Drysdale: Well, you know, it's a 50,000-foot-level, long-term vision. Our plan is to have it done probably by this time next year. We'll wrap it up at the end of the year, do the report, and hopefully we'll have it ready in about a year from now to present.

You know, it's not unlike the ring roads. I think a couple of pretty important pieces of our transportation link in this province are the Edmonton ring road and the Calgary ring road. The TUC, the utility corridor that went on there, was actually started by Premier Lougheed some 40 years ago. If they wouldn't have had the foresight to start planning and setting that land aside back then, we probably wouldn't have been able to build them today. That's what this strategy is like. It's looking 50 years ahead to decide what we're going to need for major transportation corridors and utilities. So we start working towards that because it's not something you can do in a year or two. You've got to have a long-term plan and take a long time to work towards that.

Mr. Stier: Okay. I just want to get on the record – and again this is about that operational amount. You know, according to some of the write-ups we found in the *Calgary Herald*, et cetera, it said that it was promised to be out to the public by December 2010. So that's the background for why I wanted to have that question answered. I see you're frowning.

Mr. Drysdale: I don't think I've ever seen that.

Mr. Stier: Okay. We'll maybe supply that to you at a later time.

Mr. Drysdale: Okay.

Mr. Stier: If we could just move on now, I want to get into developer pay policy.

The Chair: Mr. Stier, if I may, it's great for a discussion point, but again if we can reference . . .

Mr. Anglin: Point of order, Mr. Chairman. This is 23(b)(i). It's about the subject being discussed. The point I want to make is that you're interrupting him about keeping him on topic when he's never left the topic. If you follow what he's saying, all he's referencing in the past is the current budget that he's questioning on, so to use it in context is legitimate. He's drawing on this budget by referencing other happenings in the past, which is perfectly acceptable, to give a reference to the question he's asking, and he's prefacing every question with what page and what line he's questioning on. So we're within the scope of the mandate.

The Chair: Deputy Chair, I will strongly agree with you that the line of questioning is falling within an excellent job of referencing

materials. I just question, again, referencing newspaper articles from 2010, et cetera, when we're trying to focus . . .

Mr. Anglin: But that's fine. The reference is to this current budget. That's the point I want to make. If you're going to call him out of order, you need to do that in the sense that he's asking questions on this budget. He has not left this budget at all. He gets to make a reference to put it in some sort of correlation or some sort of context.

The Chair: Thank you, Deputy Chair. I'll . . .

Mr. Anglin: But 2010 is the context of the question he's asking about this budget.

The Chair: Thank you, Deputy Chair.
Mr. Stier, if you care to proceed, please.

Mr. Stier: Thank you. Just to move on now, if I could, gentlemen . . .

Mr. Drysdale: I just don't think it's 2010. I've never heard that. But that's a good question.

Mr. Stier: That's okay, Minister.

Developer pay policy is where I'm going now. As a previous councillor and as a guy who used to do some land planning for councils and also for clients, I'm cognizant of how the whole system works. You know, if we have large projects that come along, we have often as not the requirement for developers to pay portions of improvements to infrastructure if it exists or to construct new. I'm referencing in the estimates now page 217, line 1. Here we're talking in relation to capital credits, recovery, et cetera, et cetera. What we see here in I think it is line 1 is "Capital Amounts Funded by Credit or Recovery." I note that we've got about \$6,300,000 coming in as revenue in this regard. I'm just wondering: are we working proactively with municipalities and developers and working as best we can to develop ahead of time plans and projects that will benefit all? With this kind of revenue coming in, could we not perhaps enhance that a little bit by extending a little helping hand here more and collaborating more? Is this something that your department is working on with municipalities and developers?

Mr. Drysdale: Yeah. A lot of this revenue is from permits and licences, and we'll use that. Like you said, when a developer comes along and wants to develop a fairly major development in an area, they're going to impact the roads and especially the intersections. I don't think it's fair that the average taxpayer has to pay for some developer to benefit and make money on this development. I think it's fair to assess him and make him pay for the improvements and the upgrades that are needed, and we do that on a regular basis. Sometimes some of them aren't very happy about it, and it takes some negotiation to convince them to do it, but we have the authority. The municipality gives them a development permit, but we're a referral agency, and if we don't approve it, there is a link there to make them – I guess not to make them but to encourage them – invest in these things. Otherwise, we don't approve them. I don't think it's fair that the rest of us have to pay for his improvements.

It gets a little fuzzy sometimes when there's more than one development in an area. How much does each one have to pay? It shouldn't be all one guy, and then some guy has been there longer. You know what I mean.

Mr. Stier: I understand how that contribution system can work, believe me.

Just on that same topic – in the estimates, page 217, line 1 again, for the chair – at one time you had a project administration manual to work with these kinds of things. Has the department completed the review of that policy? Do you know the policy I'm talking about, the project administration manual? It was a policy talking about how the shared contracts go. Have you guys completed all that? Do you still use that, or is that a defunct policy document?

Mr. Drysdale: The policy document for development of . . .

Mr. Stier: Cost-shared contracts, that kind of stuff.

Mr. Drysdale: Well, as far as a policy, I don't know. We negotiate individually each project. They have to do a traffic impact assessment. As part of their development process we ask for a traffic impact assessment, so they have to tell us what their business entails and how much traffic it's going to put on the highway. The developer has to do that assessment and pay the full cost of it and give it to us.

Mr. Stier: Okay. But is there a manual or a guiding document or anything like that to go with these cost-shared contracts? I see Mr. Penny is nodding his head there.

Mr. Drysdale: PAM, they call it, project administration manual.

Mr. Stier: So it's still ongoing, is still in effect, and you're still using that document, then, I gather.

Mr. Drysdale: Yeah.

Mr. Stier: Okay. Good. Thank you very much.

Let's move on, then, on the same topic. We're still talking about the estimates here. We're still talking about capital spending, and we're talking in this case with respect to highway rehabs and also page 215, number 12, highway construction projects. Of note, I'd like to bring up here the highway 566 and highway 2 interchange. This is the one at the CrossIron Mills intersection, just north of Calgary. It was promised in 2011, when there were noticeably some problems with handling the traffic and everything that had been created and so on, but apparently that got dropped off your plan.

This is why I led into this whole discussion tonight about projects that live and die on the list. Some of the developers there have paid for some of this. I'm just wondering: is there an agreement, that would be part of something under section 12, that you're going to be living up to here in doing some improvements to that interchange? Is there a cost-sharing agreement, like we were talking about just a moment ago, that's in place, that we can see that this problem is going to be rectified by? Where do you see that? I don't think it's on the '13-17 plan currently.

7:50

Mr. Drysdale: You know, it's another one of those that was on the three-year plan at one time, and then with our \$900 million cut it got taken off there. I believe it's fully designed and ready to go, but because it got taken off, we're not going forward at this time with it. I'm not saying that that isn't an important project, but just down the road at Airdrie they've asked for one there as well, and now they're saying that, well, they can use this one and that they don't need them both. Like I said, every area has an important project like that that needs to be done. That's an important project.

It's not funded in the three-year plan. Hopefully, it will be. When you say a three-year plan, well, every year it gets updated.

I could go on for quite a while about this. With the two major ring roads in the last few years and now with highway 63 coming on in a hurry, we spent a lot of capital dollars in the two major cities on the ring roads and on 63. I don't think anybody can argue that they're not important – they're major links to transportation – but that's taken our capital build for the last few years. But these projects are coming close. I mean, the one in Edmonton, you know, the final one, will be done, and 63 is done. As we get those done, we'll be able to get more money out into the rest of Alberta.

Mr. Stier: Minister, if I may – and, again, we're talking about highway twinning and all this kind of thing and interchange improvement and so on, which is section 12.2 of the estimates here – one might suggest that we're talking about a portion of the ring road system in a way. All of the ring road up there to the north of Calgary, where the airport and Dunbow and all of that mesh, is then funnelled in a bottleneck straight to that overpass interchange, that this government and the local municipal district of Rocky View county and the developers put together. We agreed that we were going to, I gather, have an improvement there because it was recognized to be a problem. We're seeing more traffic there now than ever with the new Stoney, and we're seeing it drop off from what I gather is now the southwest ring road. Are you saying that that interchange is going to be way after '17? What's it going to be like after '17?

Mr. Drysdale: Well, just like all the rest of our top projects in Alberta, it's growing and getting busier everywhere. If you went down the road – I think it's only two miles or a mile – in Airdrie they say that their interchange is more important and that if we put that interchange in there, it would take the pressure off that one. You know, when you're dealing with every municipality, they all have legitimate concerns and needs and wants. I'm not saying that that one isn't. It is. When it gets to the top of the pile, it'll get done.

Mr. Stier: Going back to my original introduction – again, we're talking about, in the estimates here, number 12 on page 215 – if you recall my question to you, how does it then get back onto that? Do a bunch of local MLAs and/or municipalities have to come in and lobby the department? How does it actually get there? We've got numerous ones like this that have bumped themselves back. How do we ensure that those are going to not be forgotten? I guess that is the question.

Mr. Drysdale: Well, they're doing that. The municipality was just in to see me a few weeks ago about that exact issue. We're well aware of it. It was obviously a priority. It was on the plan, and then with the budget cuts it got taken off. You know, it should be back on as we see increases come into the budget. Everybody's job, whether it's an MLA or a municipal council, is to lobby and promote on behalf of that. I hear you, I've heard them, but get in line because there are a hundred of them with the same priorities. I'm not taking it lightly. It's a real balance as a minister to try and decide which, and I don't do it as the minister. The department does it and says, "This is our plan," and I look at it. But I have to defend it and meet with everybody. I'm hopeful it'll get back on there soon. It is an important interchange.

Mr. Stier: Okay. Thank you for that.

Moving on now, I'd like to get into municipal transportation grants. I'm going to go to page 214, the capital plan, section 7.2. Here we're talking about something called the strategic

transportation infrastructure program. We see a lot of difference in the numbers across the pages there. This year we're sitting at \$17 million.

I think it's broken down into three grants, I've been informed. There's a community airport component, there's a local road/bridge component, and there's a resource road component. Is that correct?

Mr. Drysdale: Yeah.

Mr. Stier: Okay. Can you provide a breakdown on how that \$17 million will be allocated this year? It's kind of interesting that it was zero-funded last year. What's going on with that?

Mr. Drysdale: Actually, in '13 it was zero-funded. The STIP grant, we call it, was zero-funded, and it has been. But there were some projects that were funded before the money was there, so this is just finishing off those projects. Even the \$17 million is money that was funded in the past STIP, but the projects are just finishing, and they're just getting paid out. There's zero new money in there. These are all old projects we're just finishing up.

So for '13 and this year, two years in a row, they've been zero-funded. I'm hoping to get that in there. You know, I have to talk to my colleagues in Municipal Affairs and the Treasury Board president to try and get money back in there. Believe me, I think that with every municipality I've met with – and I've met with a lot – the first question is: when are we getting our bridge funding back? That's important.

Mr. Stier: That leads me into the next question that I was going to ask. On page 214 again, capital, 7.2, they did scream a lot when the local road/bridge work got downloaded to them last time. Are we going to be still downloading these costs to municipalities? Are they still the ones that are going to have to bear the brunt of that? In the future do you see that being rectified?

Mr. Drysdale: Well, yeah. Like I said, I'm lobbying to get that back.

The Chair: Excuse me. Sorry, Mr. Minister.

Mr. Stier, you're into your third section of 20 minutes. You have the prerogative to just keep moving along, though, if you wish.

Mr. Stier: Thank you. I will.

Mr. Drysdale: That's a good question, and, you know, everybody gives it to me. We still spend money on bridges. It's Alberta Transportation. Highways are primary, and secondarily we do bridges. But the local road bridges are the responsibility of the municipalities, and we've always given them that grant for bridge funding. Like I said, it was zero-funded the last couple of years.

Just as a side note, the year that we took I think it was \$31 million as the bridge funding grant – I'm just going by memory – that same year we added \$51 million to the basic transportation grant to municipalities. I know they don't like us to keep saying: "You know, there's MSI. There's the basic transportation grant. There's the federal tax transfer or gas tax fund." All that gas tax and the basic transportation grant are given to municipalities for roads in their area. It's up to each municipality to decide what their priorities are.

I agree that they lost that bridge funding, but they got more money back in the grant, so they still have money to do that. But at the same time, I have already been working with my colleagues,

especially the Treasury Board president, to get some grant money back into the bridge funding.

As you see in our other grants, it may – and I've talked to, you know, municipalities and the AAMD and C – flow into Municipal Affairs and be administered through MSI, like the ones are now. Even the basic transportation grant is through Municipal Affairs under MSI, but there's a separate line for that. It might be under MSI, but there will be a line for bridge funding and, hopefully, resource roads. I am hoping to get that money back for them, but they have been getting increases in their grants.

Mr. Stier: Okay. All right. Good.

Just as a follow-up to that – and it's within the same context – is there a huge deficit out there for that one? For bridges, as an example, the inspections and all of that stuff there must be an enormous deficit out there. Is \$17 million going to cover this? Where are we at with that?

Mr. Drysdale: Well, \$17 million won't because it's all old projects.

Mr. Stier: What do you think the deficit is out there? Any ideas on that? Have you heard from your department what we're looking at overall? It's probably way behind regardless, even at that.

8:00

Mr. Drysdale: Well, I mean, they are as far as maintenance and upkeep. That's a program that would never be done because even if you did everything you had today, tomorrow you'd start on the ones you did – you know, it's an ongoing thing for maintenance and rehabilitation. There are 4,400 bridges in the province, so you're not going to do them all in one year, and you do them on 20-year cycles.

You're right; we're slipping behind, but just because you cut it out for a year or two – you can get away with it for a couple of years, but eventually I'm sure we'll get to it. It's just like our rehab work on resurfacing our highways. I don't want to jump into different questions, but it's the same way. It was cut back. You can get away with that for a year or two because the easiest thing to cut is maintenance. Everybody does it when times are tough. You can do that for a few years, but it'll catch you, so now I was really happy to see money being put back into that. Now we've got to start putting it back into bridges.

Mr. Stier: Okay. Can I just finish up on the last segment of this, then?

Mr. Drysdale: Sure.

Mr. Stier: Again, it's on the estimates, 2014, the capital again, as we were just talking about, and you might recall that in the first portion of this strategic transportation infrastructure program, that we got into on line 7.2, I also mentioned the community airport component and the resource roads component. Do you know how that's going to be split out for all of those at \$17 million? Are we going to be able to address some of those community airports that we were kind of discussing earlier but we didn't get a lot of information on?

Mr. Drysdale: Well, like I said, they were all zero-funded, you know, for the last two years. That \$17 million is just projects that were approved before, and they might be a three-year project, so they're just winding down. So this \$17 million isn't new money.

Mr. Stier: But, if I could though, just to redirect you if you don't mind. The community airport, resource road components: is there money separated out for any of those?

Mr. Drysdale: The airports were zero. It was all bridges and resources roads.

Mr. Stier: Okay. So we're not doing anything with regard to resource roads or community airports in this fund.

Mr. Drysdale: No new money, but the \$17 million is old projects, old money, and it's all resource roads and the bridges, yeah.

Mr. Stier: Okay. So we don't know what the blending is, but there's going to be some of that addressed. Is that what you're trying to say?

Mr. Drysdale: Well, I must not be explaining it clearly. The \$17 million is old projects that were approved three years ago and funded, but as they didn't do them all in one year, they might be three-year projects, so we're just finishing them out. It's not any new projects; it's finishing the old projects, because there's zero new funding, I guess. I don't know.

Mr. Stier: All right. So let's move on, then, to page 214, capital again, line 7.3, and here we get to one of the big topics. I'm sure everybody has been waiting for the GreenTRIP. You know, it's been controversial for years. The thing is a political football between the cities and whatever. We always watch the paper to see what's happening with relation to LRT and so on. There was a time when \$2 billion was thrown at this, not to go back in years, but it was a fact. Now we're wondering: you know, there was going to be \$800 million going to the Edmonton region, \$800 million to Calgary, \$400 million to the rest of Alberta. So how are we dividing this up now? How much is left in that? What's the allocation for each one of those cities out of the budget we've got here, which is \$246 million? Is that something that's being split evenly to – that's line 7.3.

Mr. Drysdale: Yeah. I think it's \$246 million this year. I'm just going to get it into a bigger picture, hopefully – and if I don't answer your questions, come back – but in the three-year budget I think there's \$667 million. You know, the GreenTRIP was a \$2 billion commitment by 2020. The first round was a billion dollars, and they all applied to that, and there's \$667 million in the three years, and that will finish off the first billion: \$400 million to each of the cities and \$200 million for the rest.

But out of that \$667 million – I'm trying to explain this simply – there's \$155 million that's new money, that goes above the billion and goes into the second billion. That's why on April 15, now, we're doing our second call because we put out a call for the first billion, and now that's all approved and spent. Now, because we're going to have \$155 million in new money, we've asked for a second call for that second billion dollars. So starting in April, they're going to apply. You know, again, Edmonton and Calgary get \$800 million, and the rest of the province gets \$400 million. So now Edmonton can apply for their last piece, and we made that announcement a while ago. We did that call and had that budget, so they were able to apply for that last piece of their money.

Mr. Stier: Okay. That's not a bad answer for a complicated situation.

Mr. Drysdale: Well, I don't know if I've made it more confusing or not. But now we're into the second billion, and we've got until

2020 to allocate the full \$2 billion. Both cities seem to be happy with what we did.

Mr. Stier: Okay. All right. Now I'd like to move on to another pressing topic that gets a lot of interest, in the past few months particularly, and that's the ring roads. I'm going to go in the estimates here to page 215, and we're talking about line 10 now. That's the ring roads, and these questions are to do with that section. There are two or three of these questions. Line 10 shows \$381 million allocated for Edmonton and Calgary for '14-15, but in the fiscal plan on page 73 – I don't know if you have your fiscal plan copies with you there. It's the fiscal plan, capital plan portion, page 73. There's \$575 million allocated for '14-15, and then it climbs to \$2.69 billion over three years. I'm just wondering what the difference is between the \$381 million in the estimates and the \$575 million in the overall capital plan. If you have that information, that would be wonderful. We'd appreciate that.

Mr. Drysdale: So \$371 million in the estimates?

Mr. Stier: Three hundred and eighty-one.

Mr. Drysdale: Oh, \$381 million. Gotcha.

Mr. Stier: Yeah, \$381 million in the estimates. Then in the fiscal plan 2014-17, page 73, there's \$575 million allocated for '14-15, and then it climbs up in that capital plan over three years to \$2.6 billion. I'm just wondering where the difference is between the \$381 million and the \$575 million. Is this perhaps compensation to landowners like the Tsuu T'ina, as an example, or is this some other type of expenditure, that is tied to the ring road, to do with larger engineering projects? I just wonder if any of your people can help you with that one.

Mr. Drysdale: Well, you pretty near guessed it, I think. This is the cash, and then the noncash hasn't been voted on, and that's in the acquisition of lands. This is the cash for this year.

Mr. Stier: Okay. So this is the cash component for the compensation for the land component. Is that what you're saying?

Mr. Drysdale: No. This wouldn't be that. That's the noncash thing that hasn't been voted on yet. That'll be in the \$500 million. But this \$381 million is the two ring roads, what we've committed or what we're building this year.

Mr. Stier: Okay. While we're on that topic, I know that with that particular project, the Calgary ring road, the southwest, there's a land transfer, and then there's also a money component. Was there a value put towards that land transfer in what that was valued at, as a capital loss in land value or something or an asset loss? How does that work?

Mr. Drysdale: Yeah, we have that – they'll get it to me here in a second – the land transfer. Of course, there was some capital up front for the Tsuu T'ina for, you know, the disturbance and the upfront cash. Then there's the land trade, but it's traded at a value.

Mr. Stier: Why I'm asking about that is: I'm just wondering if that's a portion of this \$575 million in the long-range plan. Is that the loss of those lands attributed to that value? Again, this refers to the ring road overall budget here.

8:10

Mr. Drysdale: Yeah. Some of that land is in this three-year. I think it was \$65 million. It's hard when you can't talk much.

Mr. Stier: Minister, I appreciate your situation, especially when you've just got into a new ministry here in the past little while as well.

Mr. Drysdale: The \$65 million was in last year's, this previous year upfront payment for the Tsuu T'ina, and the remaining is in this year's. When the land transfers, the next payment is in '15-16, and it's \$275 million.

Mr. Stier: Okay. So that's not a component in this figure here.

Mr. Drysdale: Not in this one. These are dollars for the two ring roads. The land transfer is not till '15-16. There was \$65 million last year, and then there's \$275 million next year, but this year there's actually nothing for land transfers.

Mr. Stier: Okay. Carrying on with line 10 and the ring road topic here, can you give me an idea of what they've kind of spent on planning so far? I don't know if that's possible or obtainable. I'm very curious as to how that's been done. As you're looking for that information . . .

Mr. Drysdale: The planning for all the ring roads?

Mr. Stier: Well, no. This one in Calgary. You have probably spent some money. I've got drawings on my table upstairs.

Mr. Drysdale: For the southwest, you mean.

Mr. Stier: Right. The southwest side.

Mr. Drysdale: What's the planning for the southwest?

Mr. Stier: Yeah. Do you know what you've spent on the concept plans, the engineering so far, any alignment that's there? Secondly, I'm wondering, after you get that information, could you perhaps tell me: do you know what delivery method you might be tending towards for the southwest Calgary ring road? Is it P3, or is it not? What direction are you going in in that respect?

Mr. Drysdale: Well, I mean, of course, this all has to be finished and approved and carried out. The way I see it, I guess, is that it's a long piece of road, so we're going to split it in two pieces, actually. The piece that we already have, the land outside of the Tsuu T'ina Nation, we call the west one, and then there's the southwest one. We'll split it in two, and the west one we could start sooner, but the plan is to do two separate P3 contracts, one for the west one and one for the southwest.

Mr. Stier: Okay. So it is P3, then. That's your intent.

Mr. Drysdale: Well, the bids have to come in, and they've got to show value for dollar. If they don't, we won't. But that's the intent.

Mr. Stier: Is there actually a plan B? If we don't see anybody jumping for a P3 component, do you see another plan that you might approach in that regard if the P3 idea just doesn't gel?

Mr. Drysdale: Yeah. I mean, so far every ring road has been done with a P3, and they've been very successful, and we've saved \$2 billion. We've never had problems getting people to bid on ring roads. I don't see that. But if it doesn't show value for dollar, we won't accept the bid, and then we'll go back to a design/bid/build thing like we do with any other piece of road.

Mr. Stier: Okay. Good. Well, then, I'd like to move on from that. It would be nice to know at some point, though, perhaps – you know, one day I'd like to see how we're doing on the planning, and so on, that you mentioned, how the dollars are split out and how much you've spent on it already. That would be appreciated.

Anyway, if we want, then, to carry on, I'd like to go into twinning and interchanges. This goes to the estimates, page 215, lines 12 and 12.1. You know, it kind of strikes me close to home because there's one particular project that I have in mind – and I raised it here a little while ago – and that is regarding, as an example, highway 3. You know, there's a lot of portions of highway 3, because it's part of the national road system, that need attention, to my mind. The warrants, as an example, through the municipality of Crowsnest Pass are there, and they've been met long ago to have that twinned.

I'm just wondering: with the quarter of a billion you're going to spend on twinning in what we have here, can you hazard a guess on where some of these projects like that, where twinning of that road or highway 8, that are already planned and so on – if they're not on the three-year plan, how do we see those fitting in in the future with the budget you've got here? Are they already planned out, ready to go, and then when you can finally pull the trigger, you don't have to do anything more? Just how does all that work? We talked about this when I first opened up this discussion tonight. That's where I was going with this.

Mr. Drysdale: Yeah. I mean, that's a big discussion, some of the twinning that's here now. Highway 43 to Grande Prairie: that's a project that's been going on for 10 years, and we've been biting at it piece by piece. I think that after this year there'll only be 50 kilometres left, but that's something that might take another five or 10 years to finish. Some of that is in this year's stuff. Highway 28A: I think there's some twinning there.

You know, you talk about highway 8. I know we have that design done and ready to go, but it's not on the three-year plan. One of the reasons on highway 8 is that the ring road is going to affect that, and part of that ring road contract will be to do some of the twinning on highway 8 over the bridge. So, you know, we're probably not going to do that till the ring road is finished and that part is done, and then we'll decide. Highway 19 is another one that's on there that they want twinned from Leduc across to Devon. I know that highway 8 is important there, but if you talk to somebody in Leduc, highway 19 is more important than highway 8.

Mr. Stier: I understand. Yeah, I do understand about that. I certainly do.

Let's move on. In a similar vein, again, we're talking about the same section in the estimates here, line 12. Let's go to another one that's a little closer here, the Edmonton International Airport and highway 19 and the 65th Avenue interchange. I think this was brought up just recently in the House. Has this gotten some more prominence now? Are there changes in that interchange plan? What are we looking at there in terms of timing when we have things like the medevac now being run out of there instead of the muni? Has that changed the status of this one, and will we see that highway 19 and 65th Avenue interchange coming up a little sooner rather than later?

Mr. Drysdale: Well, definitely there's some pressure there, and as we talked about before, there is another development coming there for Edmonton, I think it is – maybe we shouldn't mention it – a huge development in the northwest corner of that intersection.

So we're working with them, and they've agreed to improve the intersection and do some work there as well.

The Chair: Minister, I'm going to stop you there. Thank you.

Our time for the first round is up. I want to thank Mr. Stier for doing an excellent job of referencing our budget documents in his round of questioning.

Folks, at this time, with your permission, I think it would be a good idea for all concerned to take a quick five-minute break. After five minutes we'll come back and resume our line of questioning.

Ms L. Johnson: And the Quebec election is over.

The Chair: Well, all right, L.J. I was going to save that for the introduction of our Liberal guest, but just for those keeping score and out of a point of interest, the results of the Quebec election are a Liberal majority. So I'll let Dr. Swann chew on that. We shall resume our budget estimates in five minutes.

Thank you very much.

[The committee adjourned from 8:19 p.m. to 8:27 p.m.]

The Chair: We'll bring the meeting back to order.

Minister, if you're ready, we're ready to proceed with Dr. Swann and the Liberal Party, emboldened by the results from Quebec. Dr. Swann, we'll turn the table over to you. Again, if we can make sure that we're referencing the budget document as it pertains to 2014-2015 and the business plan, we'd greatly appreciate it.

Dr. Swann, you have 20 minutes. How would you wish to proceed? Would you wish to split it 10 and 10, or would you like to have a discussion with the minister?

Dr. Swann: Back-and-forth discussion. Thank you.

The Chair: Okay. Terrific. Please proceed, Dr. Swann.

Dr. Swann: Thank you, all, for joining us. I'd like to build a little bit on what Mr. Stier was discussing in relation to the capital spending budgets for provincial highway maintenance and preservation, \$430,315,000, a decrease of \$15 million, or minus 3.5 per cent from the 2013-14 forecast. I wanted to be a little more clear about the maintenance budget. What proportion of these are P3s, and what proportion of them are government funded? How do you decide? How is the quality control assessed? How do you make decisions about changing operators?

Mr. Drysdale: You asked how we decide P3 maintenance. The budget here tells you how much is P3 maintenance. But when we sign a maintenance contract with a P3 proponent to deliver a certain section of highway, there's so much in there for the next 30 years, so much a year, and it has cost escalation. It increases as time goes by. So that's a sign. But as we finish more P3 projects, our ring roads will add to that budget because each section we finish adds another maintenance piece to it, and then it'll all gradually go up with cost escalation. That's worked into the contract.

I mean, one of the reasons I like P3s as much as I do is because the maintenance is built into it. You know, the same with schools or roads. We've seen in the past that if we need to find money and cut the budget, we'll cut it out of maintenance. That's just typically how you do it at home even. With a P3 contract we can't cut that maintenance, so the maintenance is maintained throughout

the whole 30 years. It's there, and we won't get away from that payment for 30 years, but the road will be maintained to that standard.

Dr. Swann: Thank you.

I guess part of what I'm asking is: if they don't meet the standard, what is the consequence?

Mr. Drysdale: Okay. That's the other part of P3s. I don't know; we could go on probably for two hours about P3s. That's the other part of the P3 contract I like.

Dr. Swann: You can't fire them, obviously.

Mr. Drysdale: No, but people think we're doing it to borrow money. We're not. I mean, that's a part in there. We could actually borrow the money cheaper than what a P3 proponent is, but you would never get a contractor to bid on it if you took the borrowing part out. Plus, if you took the borrowing part out, like you say, what can you do? Fire them? With the borrowing in there we still owe them money, so if they don't live up to their maintenance contract, we quit making the payments. I like to leave that borrowing in there, that we owe them money, so we always have a lever: if you don't do your maintenance, we don't have to pay you. That's the hammer you hold over their head.

Actually, the finance companies make sure the maintenance contractors do their work properly. Otherwise, the finance guys won't get their money. They actually watch them tougher than we do.

Dr. Swann: The other part of my question was: what proportion of highway maintenance is contracted out, and what proportion of highway maintenance is in-house?

Mr. Drysdale: All of our maintenance is contracted out in the province now.

Dr. Swann: What are the criteria for quality, and how do you maintain or release contractors on the basis of performance?

Mr. Drysdale: Do we fire them or basically cancel the contract, you mean?

Dr. Swann: Yeah.

Mr. Drysdale: Like I said before, it's like a demerit system.

Dr. Swann: What is the criteria for dismissing? What kind of reach do they have in terms of how long you would keep a contractor on who is not maintaining the quality that you have set?

Mr. Drysdale: Well, I think it's 15 demerits. Again, if they do a poor job with an incident – we reassess after every snowfall or incident – and if they don't perform to the standards of the contract, they'll get a demerit point. Once they get over 15, we can cancel the contract.

Dr. Swann: You have cut the budget by 3.5 per cent for maintenance in the 2013-14 budget. What implications does that have for maintenance across the province?

Mr. Drysdale: We didn't cut it. The preservation is in there, so it's a little confusing. Preservation is part of that maintenance. It gets a little technical. I think it's 50 mil. If you look at Budget '13-14 and Budget '14-15, it actually increased. It's just that the forecast was down in between there, so in 2013-14 they didn't reach their budget. They spent less than they forecasted.

Dr. Swann: Oh, I see. Okay.

How many different contractors do you have providing maintenance in the province?

Mr. Drysdale: Five.

Dr. Swann: Five maintenance contractors. How long has each of them been on contract?

Mr. Drysdale: They're not all due at the same time. Some just got a new one.

Dr. Swann: I'm just wondering: how many years have you had the contracts with these companies?

Mr. Drysdale: How long have we been contracting?

Dr. Swann: Yes.

Mr. Drysdale: In '96 we started with four.

Dr. Swann: Four have been since '96?

Mr. Drysdale: Yeah. Then we just kept adding. You know, in their timing they don't all come due at the same time. Some have just two years left, and some have four years left.

Dr. Swann: Okay. Presumably, all of them have maintained. Have you let any contractors go because of demerits?

Mr. Drysdale: No. Besides the demerits, they get fines if they don't live up to their contract, so we've levied a lot of fines. We've been within one demerit of a contract that was close.

Dr. Swann: But you've actually not fired anyone in the province?

Mr. Drysdale: Not yet, but it was close. If we get another year like the last one, yeah.

8:35

Dr. Swann: I'm sorry; I just want a little more clarity around P3 decision-making. It sounds like all your maintenance has been contracted out. How do you decide on road construction P3s versus public financing? Is it purely a question of how much of a budget you have in a particular year?

Mr. Drysdale: No. You know, they have to be larger projects. All the small ones we do in-house, or we don't go P3. It's typically the larger projects. So far the only ones we've done have been the ring roads in Calgary and Edmonton, and they're larger ones. Even when we put them out for tender, they bid. We've got a public-sector comparator, so we know what it would cost on a traditional method. If we don't show savings on the P3, we don't have to take the bid.

Dr. Swann: That was a question that followed from your statement that you saved \$2 billion from the P3 contract. Over what period? How did you measure that \$2 billion when some of these contracts are 30 years and we don't know a lot about the variables coming forward?

Mr. Drysdale: Well, we do a public-sector comparator, like I said.

Dr. Swann: For a 30-year stretch?

Mr. Drysdale: Yeah, to build and then to maintain for thirty years. You know, we have pretty good numbers on what it costs

us to build and maintain. So we have a number, and if the P3 doesn't come in under that, we wouldn't take it.

Dr. Swann: That's making a lot of assumptions about the next 30 years, obviously.

Mr. Drysdale: Well, yeah, but that's the only way you can do it.

Dr. Swann: Okay. To what extent have you followed this method? For 10 years, 15 years you've done some P3s?

Mr. Drysdale: Not that long. Since 2005.

Dr. Swann: Nine years.

To what extent have you found that the predictions were consistent with your calculations of 2005, including the buyback? I assume the province buys back the road at the end of the 30 years.

Mr. Drysdale: After 30 years we'll own it.

Dr. Swann: You don't have any buybacks?

Mr. Drysdale: No. We've paid it out. We'll pay it over 30 years.

Dr. Swann: So it remains to be seen, I guess.

Mr. Drysdale: Yeah. I mean, they're fairly new. You know, this could be a long explanation. With five years left we look at the road and look at the condition. So if we get to year 25, we'll do an analysis of the road because at year 30 it's ours again. We tell them what they need to do to bring it up to a standard, or we say that it's a good standard and that we're comfortable taking it. If we're not comfortable that it's at that standard, we'll quit that last five-year payment. That's why I like having that payment there. We don't want to wait till the last year and then say: oh, it's a piece of junk; it isn't up to standard. Well, too bad. We look at it at five years, and we'll quit paying them that last five years if it isn't to standard.

You know, we could probably save more. There was a year – was it 2007-08? – when the prices had gone through the roof to get work done and build, and we had the P3s locked in. We actually saved about 15 per cent. If we had bid it that year, it would have been 15 per cent more, but seeing as they were locked into the P3, we saved some money.

Dr. Swann: Timing is everything.

Mr. Drysdale: You know, with schools it's about \$2.5 billion that we think we've saved, and we've got some good numbers to prove that on P3 contracts.

Dr. Swann: I'll ask you again in 15 years.

The capital spending budget for the municipal water infrastructure grant program is \$75 million, a decrease of \$9 million, or minus 11 per cent roughly, from the 2013-14 forecast. That included the municipal waste water program, which was unchanged, and water for life, which was decreased. The decrease really applied to water for life. Can you discuss some of that?

Mr. Drysdale: Actually, if you want, I could go back a little farther. In 2013 they cut it, like, in half. We used to have \$150 million in water for life, and they cut it back to \$75 million, so we've taken big cuts. Last year it was supposed to be \$50 million, and it was \$59 million. You said that it's gone down. But those are projects that were carried over. Really, the budget was \$50

million, but they spent more than that because they were finishing some off from the year before.

I'll agree that the budget has been cut in half for water for life, and waste water was cut in half, too, from \$50 million to \$25 million. I'll be the first one to admit that that's not enough money. It's been cut. But, again, we made some tough decisions. We're living within our means. I'd like to see those numbers increased. The money we have there is basically fulfilling past commitments, and we really have no money to do new projects going forward. There's just no money in the budget. I'm hoping that even next year already we can start getting some more money into that budget.

Dr. Swann: Are those municipal water systems we're talking about in water for life?

Mr. Drysdale: Yeah, most of them.

Dr. Swann: Regional systems?

Mr. Drysdale: Yeah. They do a lot of regional systems now, where municipalities come together. I get lots of them coming and wanting more money and wanting to upgrade. They have good projects, and I agree with them, but the money is not there. But we've done a lot of projects over the last few years as well.

Dr. Swann: Yeah. Thank you.

I just want to flip back to some concerns that, again, Mr. Stier raised on bridge maintenance. The Auditor General's report of 2012 found that there was not enough data on the condition of bridges and overpasses to address the performance measure ensuring that these structures were in good condition. Are you reflecting in this budget the changes that the Auditor reported, and what is the value of the infrastructure deficit on critical bridge infrastructure?

Mr. Drysdale: You know, they haven't found it for me yet, but just from what you said there, there is a report. The last report from the Auditor General said that he found no bridges to be unsafe in the province.

Dr. Swann: Since his 2012 report?

Mr. Drysdale: Yeah. He did a review of that. I've got his statement here somewhere. Somebody could hand it to me if they want, because I just read it.

The Auditor General concluded that "the Department generally has well-designed systems to manage the structural safety of bridges." This still isn't the one that I was looking for. There's one that says that the Auditor General had no concerns with safety. I've got it here somewhere because I read it today.

Dr. Swann: Okay. That's what I wanted to know.

So this budget reflects that you are addressing the critical needs of bridge infrastructure.

Mr. Drysdale: Yeah. I guess what I want to say is to make sure that the people of Alberta aren't worried about the bridges not being safe. There isn't a bridge in Alberta that isn't safe to drive on. We do regular inspections. I mean, I know there were some questions about it, but once the Auditor General looked – we do good inspections. If we thought a bridge wasn't safe to drive on, we'd close the bridge, and we don't plan on closing any bridges.

I would like to see more money spent on bridges. Like I told Mr. Stier there, the bridge funding program has been cut, but I want to work to get that back in there, the grant that we give to

municipalities. We're still doing bridge work in the Transportation roadwork. Like I say, we've given them other grants to offset that, but I still would like to see more money into bridge grants for municipalities. Like I said, there are 4,400 bridges. I mean, it's a job that's never done.

I could go on, but I'll stop there.

Dr. Swann: I wanted the reassurance that the Auditor's report was addressed.

Mr. Drysdale: There's nothing that isn't safe.

Dr. Swann: Can you provide a total value of deferred maintenance? Is it reflected in this budget? I guess it's not, but how would you define the total value of deferred maintenance for Alberta's provincial infrastructure network? Can you provide that in a written format?

Mr. Drysdale: For all infrastructure, not just bridges?

Dr. Swann: Yeah, for all infrastructure.

Mr. Drysdale: I've seen that somewhere once, too. If they can find me the number. I've seen it.

Dr. Swann: Line 16, Alberta flooding, allocates just under \$46 million to recover from last year's flood. To what extent will this be the full cost of flood recovery?

Mr. Drysdale: Of the whole flood recovery program or just Transportation?

8:45

Dr. Swann: Your role, your part, in the flood recovery program.

Mr. Drysdale: You know, the whole program is about \$6 billion. The flood recovery as far as Transportation goes, some of that, if you count mitigation – what all do you count in that? Like, we could be doing mitigation work for 10 years out.

Dr. Swann: I'm just talking about the bridges that need to be replaced.

Mr. Drysdale: Well, \$110 million was allocated totally in '13-14. I think – and I'm just looking for the wording here – there are only three or four bridges that aren't back up and open. There are not many. [interjection] Just two bridges that aren't open after the flood.

Dr. Swann: Is that part of line 16, the \$46 million? Is that all included in the \$46 million?

Mr. Drysdale: Line 16, page 214?

Dr. Swann: Yes.

Mr. Drysdale: I don't see . . . [interjection] Oh, page 215. Well, no wonder. We're on a different page.

Dr. Swann: Sorry.

Mr. Drysdale: Yeah. That's all going back – in total, there's \$110 million over the next three years but \$36 million this year.

Dr. Swann: Okay. Thank you.

I'll shift to the strategic transportation infrastructure program, line 7.2, to assist municipalities to develop key infrastructure. Last

year the program was eliminated, saving \$114 million. Can you clarify what this means?

Mr. Drysdale: Yeah. Well, that's that STIP program again, or strategic information. They call it STIP. That was the bridge maintenance and resource road funding. In Budget 2013 we budgeted zero for those. You know, that's when we had the \$900 million cut in Alberta Transportation. We zero-funded those for the last two years. There is some money in there, but it's for past projects.

The Chair: Minister, I'm sorry. I'm going to have to stop you there.

Dr. Swann: Was that 20 minutes?

The Chair: Time flies. Yes, sir. Thank you for that line of questioning. Perhaps, Dr. Swann, you can come back to that in your round of five and five.

At this juncture we'll turn it over to Mr. Bilous, representing the NDP. Mr. Bilous, you have 20 minutes. How would you like to utilize your time, sir?

Mr. Bilous: In a discussion with the minister.

The Chair: Terrific. Please proceed.

Mr. Bilous: Okay. Thank you, Mr. Chair. Thank you, Minister and all your staff, for coming here this evening.

I'm going to jump right into it, and I'll apologize in advance if I cut you off. It's not to be rude. It's merely because there are quite a few subjects I hope to get through. I appreciate your understanding.

Mr. Drysdale: Just wave a white flag.

Mr. Bilous: I'm going to start off with highway 23. The twinning of it is a massive project that is obviously of great importance for the region.

Mr. Drysdale: Excuse me. I think you meant 63, right?

Mr. Bilous: Sorry. What did I say?

Mr. Drysdale: Twenty-three.

Mr. Bilous: Pardon me. I meant 63.

Mr. Drysdale: I thought that that's another road I don't know about. There are a lot of roads I don't know about.

Mr. Bilous: Fair enough.

Highway 63, which we're talking about, is of great importance to the region, to the province. Even though work has begun – and I appreciate that it has been in the process of being fast-tracked – there still are a number of accidents and dangerous driving on the highway that continue to be a big problem and endanger many Albertans' lives. I'm curious if you can just briefly, Minister, talk to an extent about why the project is taking so long to complete and if you care to comment on why it was not undertaken sooner.

Mr. Drysdale: Okay. That could be an hour's discussion. I mean, you'll wave the white flag.

Mr. Bilous: The Coles Notes version, please.

Mr. Drysdale: Yeah. Actually, technically the traffic count, the numbers, on that highway doesn't warrant twinning. There are lots

of highways, highways 8 and 19, that have a higher traffic count. That's why it wasn't up there to begin with, because of the volume of traffic. But because of the distance and the type of traffic and, you know, the long distances in between, it obviously was a dangerous piece of road and had lots of accidents. That's why it was decided to twin it, just because of safety reasons. It's not traffic volume.

When you say that it's taking so long, three years to build that stretch of highway is pretty fast, I think. I mean, I know it seems long to you, but you couldn't have enough contractors and Cats and scrapers to build that chunk of highway all in one year. The amount of equipment needed and the cost would be crazy even if you brought it in from all over the States. You know, to spread it out over three years to get decent prices – as we do pieces of it, we're doing pieces in the middle. So if drivers get frustrated – that's usually what happens. They get stuck behind a wide load and a long string of traffic. Drivers get frustrated, and they take chances they shouldn't take. That's what happens. In the meantime, now that we've twinned sections in between, at least it gives the traffic a chance to clear and go on, so they won't get so frustrated.

I mean, there are always going to be accidents.

Mr. Bilous: Fair enough. Understandable, Minister.

Three years was actually, I think, appreciated by many Albertans, getting it done as quickly as possible. The comment was a comment on the fact that there was an announcement made way back in 2006, and then it was delayed, delayed, delayed. I think, you know, Albertans are pleased that this is now a priority but wish that it would have been much sooner. So, simply, is it on track to be completed by 2016?

Mr. Drysdale: Yes. We're actually quite happy. I think the last tender is going to be awarded here soon, this spring. Then all contracts are awarded, and the contracts state to be finished in late '16. You know, barring a disaster, I'm pretty confident they will be done in '16.

Mr. Bilous: Okay. Thank you, Minister.

I'm going to jump over to highway 881, which as well has a problem with safety due to many of its curves and winding nature. As well, there are challenges with oversized loads being unable to use 881 and being forced to be on 63. Now, I just want to actually cite myself. Last year in estimates I questioned the minister about the decision to defer maintenance and twinning on 881. Now, I asked as well if there was a date when the deferral would be reviewed or how long it would be before Albertans could expect the expansion improvements of 881 back under way. I'm just wondering if you have a brief update on that, sir.

Mr. Drysdale: Well, I want to be careful that this doesn't sound the wrong way, but I'm sure you know that 881 parallels 63. You know, we're twinning 63 even if the traffic volume doesn't warrant it. If we're twinning a highway going up there, it doesn't make sense to twin two highways that parallel each other. I mean, if we get highway 63 twinned, that's going to take most of the pressure off 881. I don't plan to ever twin both of those highways.

Mr. Bilous: So deferred maintenance for 881: Albertans should expect to wait until after 2016 before that gets addressed, then, if I'm hearing you correctly.

Mr. Drysdale: I thought you said twinning 881. You said both. If maintenance is required for safety reasons and that, it won't get

deferred. But I'm not sure if you're talking about realigning or twinning or overlay or widening.

Mr. Bilous: No. It was a deferral of much of the maintenance that was cut out of last year's budget if I'm not mistaken.

Mr. Drysdale: I think a lot of that was the widening of it. If we're twinning the highway beside it – I'm not saying that we'll never do it, but it will drop down in priority. Maybe Mr. Stier's intersection on 2 would be a higher priority than that. You know, that's how you try to balance in the province.

Mr. Bilous: Okay. Thank you.

I'm going to jump to another topic here, and this relates to the budget, Mr. Chair. It's about funding for the LRT expansion. It's interesting that a week after the budget was released, the former Premier and Edmonton caucus members made an announcement committing to providing long-requested funding to the LRT expansion. Now, I'm curious as to how come that funding wasn't included in the budget and whether this was a politically motivated move. Why weren't those dollars included in this year's budget?

8:55

Mr. Drysdale: Well, when you announce a three-year budget, it doesn't have line items for every project in Alberta. It's a three-year budget, and those commitments that we made to the city of Edmonton are outside of the three-year budget. That's why they weren't included in the three-year budget. The only thing that was in the three-year budget, as I mentioned before, was \$155 million of new funding for GreenTRIP, which took it to the next phase. Like, the first billion dollars are funded. Then with that \$667 million in the three-year budget \$155 million was new money. Then we could do the second call for the next billion dollars, so April 15 the second call is out. The announcement the week after was nothing different than what was in the three-year budget the week before. It's not in there. You're right. It's not in here, but here's the plan.

Mr. Bilous: The money was in the budget, or it was not in the budget?

Mr. Drysdale: Not in the three-year budget. Well, there's \$155 million in the three-year budget, but the other money that we committed is outside of the three-year budget. The budget we presented was a three-year budget. Their plan to do with the LRT is way beyond that. So we had to explain to them after the budget how it worked, and they were happy in the end.

Mr. Bilous: Right. Okay. I guess that for clarification purposes you answered the question, Minister, but I think that in the future it's easier if the money is included in the budget and then we can see that the money is there as opposed to the money . . .

Mr. Drysdale: Well, we'd have to do a 10-year budget to do that. This is just a three-year budget. The \$155 million was in the three-year budget. I talked to the mayor that day, but they wanted more than \$155 million. They wanted \$600 million. Then the rest of it is outside of the three years, so we wouldn't show in a three-year budget year 5, if that explains it.

Mr. Bilous: That does make sense.

Minister, where exactly is the money in this budget for the stable, secure, long-term, predictable funding that cities have requested for future transportation projects, outside of what you just talked about for GreenTRIP and for the LRT?

Mr. Drysdale: Not counting GreenTRIP, you're saying?

Mr. Bilous: Well, the money for cities for long-term sustainable funding for transportation: is that only within the GreenTRIP envelope, or is there money that exists outside of that envelope?

Mr. Drysdale: Oh, yeah, there are quite a few different grants: MSI, basic transportation grants, the federal tax grant. It's all under Municipal Affairs. You know, even the basic transportation grant that used to come from Transportation has now moved to Municipal Affairs. They're administering it. It's under MSI, but there's a separate line. It's the same amount of money, but it's shown on a separate line.

Mr. Bilous: Is there any appetite to move away from grants toward actual predictable, stable funding for municipalities?

Mr. Drysdale: Well, that funding has done nothing but go up over the years. When you say, "predictable, stable," you know, that grant has always increased. They know they're going to get it and that it's going to slowly increase. I don't know about predictable or stable.

Mr. Bilous: Right. I would just challenge you on that in the fact that MSI that was promised to the city of Edmonton – and it's through last year's budget, but just to prove a point – was not in fact delivered as far as the dollars that were promised. The challenge: grants are few. I mean, first of all, you've got municipalities competing against one another for the same pockets of money, but they can also change on a year-to-year basis as opposed to a more stable model.

I'm going to jump to the water for life topic if I can, Mr. Minister. This year's budget for water for life funding for the municipal waste-water program remains stagnant, actually over the last two years. The municipal waste-water program has the same budget as last year, which maintains the cut of \$18,853,000 made in 2013-14. Water for life has the same budget as last year, maintaining the cut of \$74,023,000 made in '13-14.

Now, last year I had asked the minister about these two areas, and his response was that we're moving forward, albeit slowly, where I would argue that a cut or a freeze is actually a standstill, not a move forward. Especially when we look at population growth and inflation, the budget is actually cut. I know that earlier you had made a comment about how this is a priority. But, again, my question, to press you a little further, Minister, is: why wasn't this enough of a priority to maintain basic funding requirements?

Mr. Drysdale: Yeah. I mean, I could make it even worse because it actually was cut in half. If you go back two years, you know, some of these dollars, like the \$59 million in '13-14, is a \$9 million carry-over, but it was actually \$50 million. The last two years it has been stable at \$50 million for water for life, and it used to be a hundred, so it was cut in half. I agree with you that it's not enough. I wish it was three times as much. But the last two years it's been the same at \$50 million for water for life and \$25 million for waste water, so \$75 million in total the last two years.

It used to be \$150 million, and I would almost say that even \$150 million isn't enough, but, like I said, you've got to live within your means and balance the budget. We can get away with it for a few years, but I'm hoping that that budget increases over the years, and it needs to. It's important for Albertans. But at the same time – I'm not saying that it's enough – Alberta's water is probably some of the safest there is, the fewest boil-water announcements in Alberta of anywhere in the country. Our water

is pretty safe water. That doesn't mean we shouldn't stop improving it, and we need to keep improving it, but . . .

Mr. Bilous: Right. I'm sure some rural municipalities would have comments to make on that, so . . .

Mr. Drysdale: I meet with lots of them, and they're wanting more money, and I don't disagree with them. I'm not arguing. We need to put more money in there.

Mr. Bilous: Right. I guess, you know, just a comment, Minister. Earlier, when you were talking with one of the other critics about getting projects onto a priority list – I can't remember which project it was – you had said that you very much as well would like to see it get back on the priority list and talked about living within the budget the government has. Just a comment, something more for us to think about: you had said that when we see increases to the budget, then hopefully we'll get projects back onto the priority list or expand our projects. Something, you know, to consider is: where are we going to see increases to the budget? Not that I'm expecting an answer from you right now, Mr. Minister, but again, if there's a reluctance to address revenue shortfalls, then I'm not sure where money down the road is going to magically come from unless we're ever reliant on the swing of our international markets. I'll move on before the chair jumps in.

An issue that I'd like to bring up. I had an opportunity to chat with a councillor at AAMD and C about a bridge in Peace River around Fairview, in fact the major bridge. It was explained to me that the highway continues to slough year after year and that the government is putting money into upkeep but not actually addressing that the road is eroding, for lack of a better word, or sloughing, and saying that the reason is because it's a major grain-hauling route. As well, there is still heavy equipment that takes that highway. The vehicle count is fairly low, which is what, I believe, your ministry is using primarily as an indicator on the state of the highway and when and if dollars should be put into it. But, again, the problem is that the weight of these vehicles using this highway is having a significant impact. I'm wondering if your ministry, first of all, takes that into account when you're looking at budgeting which roads need maintenance and investment and if there is any thought about or intention about realigning this road, which will take a significant investment. I'm talking about, I believe, the Dunvegan bridge if I'm not mistaken.

Mr. Drysdale: Yeah. So you're talking about the slide on the hill and not the bridge?

Mr. Bilous: Yes, sir.

Mr. Drysdale: I'm quite aware of that one. In fact, in northern Alberta that's not the only road. It's fairly common. Even on the road to my place the hill slides all the time on there. There are lots of riverbanks in northern Alberta that slide. That's not unusual. To say that we're going to build a new road down every riverbank – you know, we monitor it, and if they slide, we keep them safe and fix them. There comes a point where if it slides too much, we're prepared to build the new alignment, but at this time we can still manage the maintenance of it and keep it safe for the traffic.

9:05

Mr. Bilous: Fair enough. I'm just wondering, though: at what point does the price tag of continually repairing a road that needs to be replaced or have a major overhaul – at what point does the Band-Aid solution become more expensive than addressing the real issue? Or worse: councillors and folks that live in that area,

especially all the grain farmers that are up there, rely on that road, and if it becomes unusable for a period of time, that's going to have a significant impact on people's livelihood, on industry, and on farmers getting their grain to market.

Mr. Drysdale: Point well taken. But, you know, the road has never been closed, and we'll manage it. To build a new road around the bank, like you're proposing: I'd be guessing, but it's huge dollars, like \$150 million, to build that. So to spend a couple of million dollars fixing it – but there is a point. If it slides too much, so that it's major repair, then we will build around. So there's the balance. It's a good point.

Mr. Bilous: Or if it slides to the point where it's shut down. I appreciate that.

A question that I did want to ask you. In my last minute and a half here, Mr. Minister, I just want to talk a little bit about bridges as far as maintenance of our bridges within the province. Again, estimates show that provincial highway maintenance is only \$54 million, which is down from \$66 million in 2012-13 and down significantly from the \$96 million currently forecasted for 2013-14. Bridge construction has also seen a decrease from \$42 million last year to \$31 million this year.

Again, I know my colleague from the Liberal caucus talked about this, but as far as the AG report in 2012, it was a very alarming report in the sense that there are many bridges that we do not know the integrity of because of how poorly the inspections were done, the fact that many of them were done by contractors whose licensing expired. You know, one of the comments from the Auditor General was that "the risk of the Department not maintaining bridges to ensure structural safety and not protecting Albertans' investment is unnecessarily high," which is a concern, I think, to Albertans in that we don't know the state and integrity of our bridges.

I'm wondering, Mr. Minister, if you can give an update on the actions that your ministry has taken to implement the outstanding recommendations, especially looking at collecting all information needed to assess the quality of inspections, assessing the number of inspections done in a day, whether adequate time is spent on these inspections to ensure that bridges are actually safe, and examining bridges and roads managed by municipalities and cities and owned by the province.

The Chair: Mr. Bilous, thank you very much for that question.

Mr. Bilous: Can I ask for it in writing?

The Chair: Yes, most certainly.

Mr. Drysdale: I found the answer. I was ready to give it.

The Chair: Perhaps the minister and his team can take that answer under advisement and respond in writing.

Thank you for your questions.

At this point in time we'll move to our independents, represented by Mr. Allen. Mr. Allen, you have 20 minutes. How would you wish to proceed?

Mr. Allen: Well, I'm going to go against the flow and just do the 10 and 10 here as opposed to what everyone else did.

The Chair: Very good. Thank you, sir. Please proceed.

Mr. Allen: Thank you, Mr. Chair. First of all, thank you, Minister, for being here. I think that probably you know this is a ministry that I have a significant amount of passion for. I'd also

like to acknowledge all of your staff that are here, many of whom I recognize from their assistance to me on the highway 63 report, and they were certainly instrumental in building my knowledge significantly in highway transportation, which I had none of before. As well, I think it's important to acknowledge the work of your ministry and the staff for all of the highway and bridge repairs that were done as a result of the damage from the flood last year. It was done quickly, and it's been done effectively. I know there's still much to do, but their efforts should not go unnoticed. As well, I'll acknowledge Andre Corbould. Andre, of course, was a significant loss to your department but a significant gain, I think, to the province as a whole in the work that he's doing to advance the flood repair.

My comments are going to be, largely, comments and not a ton of questions. My comments are going to be, I guess, to design the context of where my questions are coming from. I mean, I'm my own party whip and Transportation critic, so I may be focusing my comments on Fort McMurray-Wood Buffalo and what's important in the region here around the context of the government's priority for both market access and building Alberta, but I think it does tie into an overall provincial goal there.

As we know, Wood Buffalo is the region that's hosting some pretty mind-boggling economic activity that drives both the Alberta and the Canadian economies. Our permanent population has tripled in just over a decade. That's why there are as many as 60,000 people in addition to that that are driving in and out of the region, most living in work camps and project accommodations. That doesn't mention or even account for that we have nearly 90,000 accommodations now in the region for project accommodations, and that is going to just mean additional traffic, and the traffic is going to increase.

I will acknowledge again the commitment from the government to twin highway 63 from Grassland to Fort McMurray by 2016. I know there have been a lot of questions and a lot of comments from colleagues of all caucuses, and I thank them. There's been a time in the past where we had no recognition of that. This is certainly a project that's been a top priority for my constituency for quite a number of years. I travel it weekly. I'm very encouraged. As Minister McIver used to say, we've got a lot of Tonka trucks out there. Every constituent I've ever talked to that's travelled the highway always comments on it. I'm also encouraged to see it as one of your top performance measures in goal 1. It shows the commitment as well. It is the singular corridor for the safe movement of goods, services, and people in and out of Wood Buffalo. It is our primary route.

[Mr. Goudreau in the chair]

You mentioned highway 881. There's a significant difference between highway 881 and highway 63, and I'm going to address that here right away. It is moving up. We have 5,000 modules. That's just the large modules that are travelling up that highway as we're growing here, and that's not including all of the tractor-trailer trucks that are carrying just goods, services, and, in fact, many dangerous goods. We have a significant number of dangerous goods that travel through the centre of Fort McMurray on a daily basis, so those highway improvements are essential to improve public safety as well.

A lot of my constituents are asking – this is the first question – how much new pavement will we see open this calendar year? Estimates are anywhere from 60 to 100 kilometres. I'm just wondering if there is any way of confirming that so we can go back to my constituency with that.

When you first announced it would go into highway 881 – and you've already commented a little bit on this. There was \$350 million that was announced for improvements to highway 881 that wasn't twinning. It was some widening; it was some passing lanes. That commitment seems to have evaporated, and you've commented on that as well. But many of those improvements were in the Anzac area, first of all, but it was also to open access from highway 881 to highway 69 and then across the Clearwater River, which was one of the largest priorities assigned in the region. That has a significant impact on not only a dangerous goods route for what needs access going up as a bypass route, a dangerous goods bypass route, but it also gets access to industry for the amount of new construction that's going on and will have a great impact on, in fact, more oil sands development for the province. I'm wondering if we can sit down at some point and re-examine that promise and consider including it back in the budget at some point.

We talked about the MSI and GreenTRIP funding. It's not adequate to deliver transportation infrastructure in Wood Buffalo in general. Anything that we do in transportation will actually help grow provincial revenues in the province for all Albertans. We're looking for the government to embrace the innovation that it champions and explore with stakeholders the alternative delivery and finance instruments that are being proposed within Wood Buffalo to support the design, construction, and maintenance of new transportation infrastructure essential to our continued prosperity, the very same infrastructure that was identified in the government's unfunded Athabasca CRISP document.

9:15

So my next question there is: where is Transportation sitting at this point with the CRISP document and the recommendations that were made there in order to support the growth of the region?

Another project that was deferred in 2013 was the twinning and intersection work on highway 69, and that was going to provide as well access to provincial lands. I think, Minister, you and I talked back then, when you were putting land up for sale as the Infrastructure minister, and the comment was: nobody bid on it, so you guys must not need any land. But the point was more that we didn't have the infrastructure network or the transportation network to access those lands, and developers weren't prepared to buy property that they couldn't develop for 15 years. Now that you're in Transportation, I think you have a real strong understanding of that correlation between the two departments and how important they are.

So that's where that new approach came in by the province, and it was an approach that you actually championed. That was the land exchange between the RMWB and the province. It kind of makes the RMWB the province's banker to get that infrastructure done, but they get their money back and get the necessary infrastructure in place. They're repaid through the sale of Crown land to private developers. Now you're going to see the benefits of that under Transportation, and I think Mayor Blake said it best: you brokered it then; you get to benefit now. The entire community is benefiting as a result of that willingness to do things differently, and we appreciate that.

That's also essential to our community of over 85,000 residents now. But we only had 40 new lots available for sale last year, and two neighbourhoods that were intended to welcome over 40,000 new residents couldn't proceed until those transportation bottlenecks are removed. That willingness to explore options in exchange for the sharing of assets was significant to the region, and we thank you. We see that the government must be an enabler of this new way of doing business so that oil sands producers,

railroads, and other private-sector parties can make meaningful contributions to transportation infrastructure. It doesn't necessarily mean that the government has to pay for all of them but to be an enabler, to make it happen, and in the long run achieve market access goals that we have as a province.

[Mr. Khan in the chair]

Of course, there's the transportation co-ordinating committee that was formed in 2011, and the Ministry of Transportation is one of the three partners on that. It's between the RMWB, Transportation, and industry. They're making recommendations and priorities on essential transportation projects in Wood Buffalo, some of them through new governance and financing instruments. Is your ministry considering the adoption of any of those plans in their priority list?

Next, I also see you've reaffirmed the commitment to completing the Parsons Creek interchange. This is certainly a project that was also very important. It's the second of two stalled neighbourhoods. If you haven't been to Wood Buffalo, you have to understand the geography of the region, how it's laid out. These are all very sporadic communities. If you don't have access to them, we cannot continue to grow. We only had 40 new home lots for sale last year, two neighbourhoods intended to welcome 40,000. [Mr. Allen's speaking time expired] That didn't take long.

The Chair: Mr. Allen, thank you very much for that line of questioning.

We'll turn it over for 10 minutes to the minister and his team. Please proceed.

Mr. Drysdale: Okay. You know, there's a lot of information there, and I thank the member for that. I don't have to explain to him what's happening on 63 and what's going on there. I think you had a question about how much paving is opening this year there, and actually there's not a lot going to open this year. This is a big construction year. There's a lot of grade being built, but there's not a lot of new pavement opening this year. A big chunk will be next year. That's probably not something you'd like to hear, but that's the reality of it. It's a construction year on the grade but not so much on the paving. There may be one section that gets opened if things work out well.

As far as 881, you know, what I said before: we're spending a lot of money twinning 63. To spend money on two roads that parallel each other – I know the commitment was there. When the commitment was made to 881, that was before we committed to twinning 63, so there's a big difference there. I mean, I'm not saying that we don't need to finish work on 881. I think that not so much the upgrading but the far end, the bypass, and connecting through 69 there and around is important work. But just like you've heard other colleagues ask here today, they've all got an important piece of road, they've all got an interchange, and they've all got twinning work that needs to be done and highways that need to be upgraded. We're spending a lot of money on 63 now. It's important, and we'll get that done. That'll help take some pressure off 881, and we'll have to keep going.

You know, between the CRISP report and this other committee there are all kinds of road recommendations up there, and we're getting some of them done. Some of them, I think, are getting done through that land exchange that was in CRISP, the highway 69 part there and the twinning and the intersection.

That was kind of a unique piece of work that was done in Alberta, the first of it I've seen. The Ministry of Infrastructure had land there that we couldn't sell because there were no roads to it, and Transportation had no money to build the roads to it. The

Wood Buffalo region wanted to get the work done, so we did a land swap, where we give the municipalities some pretty valuable land and in exchange they would build the road to it. It's going to be a good deal for everybody.

It was quite a bit of land, and expensive land, so it allowed them to do quite a few projects, actually. It's the twinning of 69 and the interchange and the new road and interchange to the new airport up there that's going to open this spring – so that's a pretty important piece – and then a bus lane on 63 and some work at the interchanges. So it was a pretty comprehensive deal there that actually is going to be good for everyone. It's unique, and I think it's helping the municipality, it's helping the provincial government, and it's helping the citizens of Fort McMurray. Maybe we can do more of those types of things in the future, and I think it's going to be good.

Also, the Parsons Creek interchange there is helping the development up at that end, and that's a pretty big piece of work that's going on right now. We opened some bridges through Fort McMurray last fall there, major ones, eight lanes across that river now. [interjection] Ten lanes? Okay. It's even bigger than I thought.

We spent a lot of money on infrastructure and roads in that area, and rightfully so. We need to do that, and we'll keep doing that. I think you're already seeing the results of that. From talking to the people up there, the improvements that were made last fall were quite noticeable and a lot better. If we get Parsons Creek done and get the twinning done and get highway 69 – you know, Fort McMurray is a place that's growing. Everybody says that they've got the fastest growing area in Alberta. Well, Fort McMurray can probably say that and probably be right. I don't know; everybody else says it. There's a lot of development that's going to go on up there. We're never going to be done building roads in Fort McMurray and building infrastructure, to develop that stuff, because it's just going to grow so fast for so long. So we'll work with the municipality and with the people. If we keep making the improvements we've made in the last couple of years, we'll be gaining on it.

I don't know if there were any other specific questions in that other than the 881. You know, I get it. There are a couple of different pieces to that, the widening for the loads. I think that when the twinning is done on 63, it's probably a better place for the wide loads because traffic can get around them easy. I'm not sure how we'll handle that, but I think you'll see a lot of the loads going to 63, and the traffic will flow through and be safer for everybody and take a lot of pressure off 881.

9:25

I mean, the CRISP report: there was a lot of stuff in there, and it's not all going to get finished this year or next year. It's going to go on for years to come. We've actually done some stuff that was on there already and are making progress, but there's lots more to do.

I don't know, but I think that answers all the specific questions you had there.

The Chair: Mr. Allen, you have three minutes and 33 seconds if you wish to use that time.

Mr. Allen: Thank you, Mr. Chair. I burned all my time just talking and not asking questions, so I do have some specific questions that I will just throw out there, and hopefully we have time to just address them, just a couple.

We talked about the Parsons Creek interchange. The schedule for that was supposed to be for access by residents by 2015 and

full completion by 2016. It seems to be quite an aggressive schedule, based on work that's been done in the past. I'm just wondering if you can confirm that the project is on track for completion.

There's only one other question that I had, really, Mr. Chair, so he has time to comment. Results-based budgeting: can you comment on what your ministry has learned during the process and on what actions have been implemented as a result?

Mr. Drysdale: Yeah. First, the Parsons Creek interchange, you know, started in October '13. I don't need to tell you that. But phase 1 of the interchange, which will accommodate the first 12,000 residents of Parsons Creek, is scheduled to open for traffic in the fall of '15, so the fall of next year, and be completed in '16. You know, this is one of the largest non-P3 contracts awarded in Alberta to date. So, you know, if you don't think we're taking it seriously up there, what we need to build for infrastructure, that just proves that it's a large contract that was awarded, and it's on time to be completed as scheduled.

Mr. Allen: I wasn't suggesting that you weren't serious. I wanted to just say that it appears to be an aggressive timeline, an aggressive schedule.

Mr. Drysdale: You know, with RBB probably one of the most obvious things to come out of that for Transportation was that they moved our grants like the basic transportation grant and – there were two or three – the federal gas tax one. We used to administer it and handle it in Transportation. Now it's been moved to Municipal Affairs because they're handling all the grants.

So, basically, most of the departments were – I think that at one time there were, like, 70 or 90 different grants that we gave out. We've got them down to 23, and we're trying to bring them down more. We're doing them all in one place, in Municipal Affairs, through MSI so that every department doesn't have to have a grant department that handles grants and writes cheques and all that stuff. You know, that was part of the RBB. They said that we need to bring all those grants into one place and make it a more efficient use of taxpayers' dollars. So that's probably the biggest thing out of RBB for Transportation.

We must be out of time, pretty well.

The Chair: Thank you for that, Minister.

You have all of 20 seconds left, Mr. Allen, if you wish.

Mr. Allen: You know what? The next question I had would be a lot longer than 20 seconds, so we'll just discuss it offline at some point.

The Chair: Thank you kindly.

Mr. Drysdale: You can give a bonus to the next guy.

The Chair: That's right, 20 seconds. Very generous of Mr. Allen.

Now we'll move over to the PC caucus, and my understanding is that Ms Calahasen will lead off with some questions, and time permitting we may get to Mr. Casey and Ms Johnson.

Ms Calahasen, how would you wish to proceed?

Ms Calahasen: Back and forth if that's okay.

The Chair: Please proceed.

Ms Calahasen: Mr. Minister, thank you very much for being here today as well as your department staff. I know how hard they work, and I know that they've been constrained in many instances

when we're talking about rural Alberta. As you know, rural Alberta lives and dies by roads and by the Transportation department. So I'm sure I'm speaking for all rural Albertans when I talk about the need for anything to do with maintenance and preservation. I want to talk about page 214, line 5. There is such an incredible decrease of funds for highway maintenance and preservation on the capital plan spending. My question is: how can we expect to see the development of roads that are needed in northern Alberta or rural Alberta if you have such a decrease in the funding that's here? When can municipalities expect to see their deferred projects, as was identified earlier, when we have funding that doesn't seem to be matching what the needs are?

Mr. Drysdale: Was there a specific line that you are referring to?

Ms Calahasen: Line 5.4 on page 214 is one of the questions, on highway maintenance and preservation, assessment and support systems. It goes from \$22 million in '12-13, and then in '13-14 you went to \$12 million, and then at least through 2014-15 the estimate is \$13 million. I'm just wondering: how are you going to do that on this one here in the government estimates 2014-15?

Mr. Drysdale: Okay. I was on the operational, not the capital. On capital it actually goes up a million dollars this year.

Ms Calahasen: How sad.

Mr. Drysdale: You know, you just said a big decrease.

Ms Calahasen: No. How sad. Seriously. For your department, I'm talking about. How sad.

Mr. Drysdale: Rather than a specific line item, because that one went up – I agree with you, and we've talked about it quite a bit tonight as far as the maintenance and the capital build program. I think I touched on it once before. In the last few years we spent a lot of money on the two major ring roads around the two major cities, Edmonton and Calgary, and then twinning 63 to Fort McMurray. Plus, we had a \$900 million hit in my department two years ago, so it's taken a lot of the capital out of our department. The good thing is that those ring roads are nearly complete. The Edmonton one is finishing off, and 63 – we're going to get those big projects done, and then we can get back out to the rest of Alberta and get some more money spent in rural Alberta. It's well overdue and needed. I hear you.

Ms Calahasen: Thank you.

Mr. Drysdale: I was happy to see – as far as maintenance and preservation and highway rehabilitation, it had been cut, you know, in the last few years' budgets – that we got extra money in there this year, and we're spending I think something like \$753 million on highway preservation in this budget. That's an additional 2,500 kilometres of resurfacing the highways in Alberta. Some of them in rural Alberta are starting to show the wear, and they need to be rehabbed. We're finally gaining on that budget and increasing that. Twenty-five hundred kilometres is a lot of road to rebuild.

Ms Calahasen: It is. One of the questions, then, is to look at why your department would only focus on those specific projects when a need has been identified throughout the province. Across the province, as you know, there is such a high need. I'm wondering: why would your department just focus on those ring roads and then highway 63? I know this guy has been lobbying forever, but we also have needs in our other communities. I'm just wondering:

why would we do that? Why would we not spread that money over to everybody else and just sort of take our time doing the rest?

Mr. Drysdale: That decision was made. Those are important projects, those ring roads, and you can't just do them in little pieces, you know, to make them efficient, with the interchanges and everything. They're all important to the core transportation infrastructure. They support our economy in getting our goods to market. Even out in the rural, things have to come to the city. To get those ring roads around the city is important to rural Alberta as well – not as important as you think, I know – but when you do it all, you can't do a ring road just in little pieces because of the efficiencies of twinning and interchanges. They suck a lot of money for a few years, but eventually they will be done, and we're going to get it back in rural Alberta.

Ms Calahasen: I'd like to suck a lot of money into rural Alberta, too, and northern Alberta.

Anyway, Mr. Minister, a question about page 215 of the government estimates again. On page 215 you'll see 14, 14.1, 14.2. I'm really glad to see the increase in the rehabilitation and maintenance dollars. Tell me: what does this mean for Alberta's existing highway infrastructure, especially in rural Alberta, where we're talking about the high-needs areas? What does that increase mean?

9:35

Mr. Drysdale: Well, you know, I guess I kind of jumped ahead of you there, and I talked about it already. But it means 2,500 kilometres of resurfacing roads in rural Alberta. That's a lot of kilometres. I mean, it's not enough, but it's a good start. I think we need to increase that even more. We have 28,000 kilometres of paved highway in Alberta, so if you can resurface 2,500, that's a good start to redoing them. But it's one of those jobs that's never done because by the time you get to all the 28,000, you've got to start over and do the ones you did today again. It's just never-ending.

For a few years, as I said before, our budget was cut. The first thing you do is cut maintenance, and that's rehab work. You can get away with it for a few years, but it's starting to show up. We're starting to see it on our roads, so I'm glad to see it going the other way and us putting more money back into there. I don't think it's enough yet. I think we need to add more. I mean, Treasury Board is going to get tired of me coming to them always wanting more money for this or that or interchanges, but that's what we've got to do. You've got to do your job and lobby Transportation, and Transportation has to go to Treasury Board and try to get a bigger piece of the pie.

Ms Calahasen: And I know how hard that is.

The next question I do have, then, is that when we're talking about the highway twinning – and that's on the same page, 12.1, highway twinning, widening, and expansion – I see there's a decrease there as well. But we have interchanges, intersections, and safety upgrades, and there's an increase in there. The question would be, then, on the widening and expansion of highways. How do areas where we're trying to move resources from one area to the ports fit into that whole scheme of the three-year plan?

Mr. Drysdale: Well, you know, actually, that highway twinning and widening: there is a pretty good chunk of that that's on highway 43. I know maybe to you it's not north, but it's still pretty north.

Ms Calahasen: East-west.

Mr. Drysdale: It's going up there, and it's going to help your area get products out of there to market, down the twinned 43 and to the ring roads around the cities and over to the intermodal and onto the train and over to the ports. I mean, they all link, but we can always do more. The north is where a lot of resources are coming from now and are going to be coming from in the future, and the road system in the north isn't developed to the same level it is in the south. In the south they've been developed down there a lot longer, and the road systems are a lot more developed, so we need to spend money in the north to get to the resources and get them out to market to help all of Alberta.

Ms Calahasen: Thank you. I appreciate that.

My next question, then, has to do with the bridge construction projects, and I know some of my colleagues have already asked that question. As you know, there's such a high need to be able to develop bridges. When I look at the bridge construction projects, again on page 215, number 13, there is such an incredible decrease. I'm just wondering: how are you going to be able to deal with the priority list that is there, and how are you going to prioritize the bridges to be able to deal with the safety issues of those bridges?

Mr. Drysdale: You know, we've talked about it. I mean, there are 4,400 bridges in Alberta, and there's a value of about \$6.7 billion in bridges. They're something that needs to be maintained and invested in year after year. This year we're investing \$31 million in the bridges, but I know that doesn't cover enough. It's what we have this year, and we've got to increase that budget. I'm not trying to defend that it's enough money, but that's what we've got and we're spending this year. You can help me talk to the President of Treasury Board and get some more money for my budget. That would be the answer.

Ms Calahasen: Well, we'll do whatever we have to, Mr. Minister, just to make sure that we don't create any problems in terms of the safety or integrity of any of the bridges in our areas.

Mr. Drysdale: But as I stated before, there are no bridges that aren't safe in Alberta.

Ms Calahasen: Oh, good. Okay.

Mr. Drysdale: Don't scare people, because we do a good job of inspecting them. If there was a bridge that wasn't safe, we'd close it. We wouldn't let the public drive on it, and we don't plan on closing any bridges.

Ms Calahasen: My colleague here is saying that the one in Nampa is a huge issue.

Mr. Drysdale: It's safe, or it would be closed, Hector.

Ms Calahasen: Okay. On traffic safety, then, I guess I have a question. When you're talking about whether or not your department is doing enough to keep Albertans safe on provincial roads and highways, you're spending a lot on advertising and communication budgets. My question is: would it not be better to spend it on actually developing more construction projects or working on more construction projects?

Mr. Drysdale: So you're saying to take dollars from safety and put them in construction?

Ms Calahasen: Advertising and communications, yeah.

Mr. Drysdale: Oh, advertising and communications. Okay. You know, I'm glad you finally asked that. Nobody has asked that. I've answered the bridge question six times.

Ms Calahasen: And we really appreciate it.

Mr. Drysdale: Traffic safety is the number one consideration for us. Traffic safety isn't just legislation and regulations; it's educating the public, changing their driving habits. That's communication. That budget in communications: that's what we use for distracted driving, for the impaired driving legislation, the seat belts. That's what our communication is all about. Everybody has heard of Crotches Kill and all this stuff. Some people want to have more legislation and regulation, and they think that's going to fix it, but we think it's education, which is communication.

Just some of the statistics for the last five years: fatalities have decreased by 24.7 per cent, injuries have decreased by 25.7 per cent, unbelted occupant fatalities have decreased by 23.4 per cent, serious injuries in unbelted occupants have decreased by 43.9 per cent, intersection-related fatalities have decreased by 23.9 per cent, and it goes on and on. Alcohol fatalities have decreased by 38.6 per cent. You know, speed-related fatalities have decreased by 16.1 per cent. A lot of that is communication. This is despite the population increase of 7.7 per cent and that registered vehicles have increased by 10.5 per cent. So traffic volumes have increased, and all these fatalities have come down. Do you think \$23 million in communication is worth all those lives? I don't know.

Ms Calahasen: Good question.

Mr. Drysdale: I think traffic safety, these stats, are pretty important to what we've been doing. Somebody that says, "Don't spend money on communication": I have a problem with that. Rather than having laws and legislation and regulation, people need to change their driving habits, and you change them through communication, not regulation. You know, that debate can go on forever. I think the stats talk for themselves, and I was glad I finally got to tell you all this.

Ms Calahasen: Well, thank you.

On stats – and thank you for the stats – you're telling me about what you have been able to do in terms of outcomes. Knowing that you're implementing more strategies to support the traffic safety plan, what are some of those key priorities of this next plan? What are you intending to do to make sure that you do increase those stats even more?

Mr. Drysdale: Well, you're right because this plan, I think, goes to 2015, so we're working on the next plan. You can't just rest and say: "This is it. We're done." I mean, we've got to keep reducing those fatalities more. We can't say: that's good enough. When this plan runs out in '15, we want to have another plan ready to carry on from there. If we could keep reducing them fatalities by 25 per cent a year, that would be the best thing. I think it's probably unrealistic to hope we can keep doing that because you can't prevent every accident. But those are pretty impressive statistics.

9:45

Ms Calahasen: Thank you.

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

I think we have about four minutes for Mr. Casey to ask some questions.

Mr. Casey: Okay. I'll try to be quick here. Back to Ms Calahasen's comment around the ring road. I don't want to appear insensitive to Edmonton's and Calgary's needs, because I appreciate them very much and understand them, but at the same time, according to the business plan here on page 103, 28 per cent of your total capital plan spending this year is going to ring roads. Next year just slightly under 50 per cent of your whole capital plan spending is being spent on ring roads, and the year after more than 50 per cent of the entire capital spending budget for the province of Alberta is being spent on ring roads.

To be quite honest, while both major urban centres are absolutely critical to the provincial economy – there's no questioning that – the economic engine of the province lies in rural Alberta, yet there seems to be little emphasis being placed on that. As you develop your transportation strategy, how do you plan to address this deficit in rural Alberta while at the same time trying to build these two massive projects in urban centres when there are literally thousands of kilometres of highway that will either not be built or expanded to meet the growing needs of Albertans?

Mr. Drysdale: That's a good question, and we've touched on it a few times tonight. Those projects were started. They're pretty well all done. For the Edmonton ring road the last contract has been awarded. That project will finish in '16 or '17, I believe. The contract has been awarded, so the money is budgeted, done. There is one left in Calgary, and after – I don't know – 30 or 40 years of negotiation they finally got the land deal for the last piece there, so I would hate to not finish that piece of the ring road. But that's the only one left down there as well.

You're right. They've taken a huge amount of capital from the Transportation budget over the last years. You know, depending on whom you're talking to, the colleague beside you will probably think that that's the best money invested in Alberta. But remember that I'm from rural northern Alberta, too, so I know how important the roads are out there. I'm just new here, but I can't take it away from Calgary and Edmonton. They're already done, but we'll make sure in the coming years that we're going to be getting money back into rural Alberta to, like you say, get access to the resources that are out there and to the engine that's driving this province.

Mr. Casey: I'm just curious how your transportation strategy is going to address this. If this is a sustainable plan, then I'm curious, and I'll be curious to see how your transportation strategy addresses this, because in your budgets here I don't see anything that's telling me how you're going to do that.

Mr. Drysdale: Well, that strategy is a 50-year strategy, so it actually won't address the concern you just brought up, because it's bigger picture and farther out. We'll have it fixed before then.

Mr. Casey: Could I have that in writing, please?

Mr. Drysdale: As long as I'm Transportation minister, we'll have it fixed by then, but I'm not sure how long that will be.

But we do need to spend money in rural Alberta. There's no doubt about it.

Mr. Casey: Thank you.

The Chair: Just quickly, we've got 40 seconds for Mr. Goudreau to get one final question in on the record.

Mr. Goudreau: Well, thank you, Chair. I'll be insensitive to Edmonton and Calgary. I just want to make a comment. The green transit program went up from \$93 million to \$200 million to \$246 million. That used to be a little bit offset by the bridge program and the resource road funding. We've lost those two programs, yet we're increasing elsewhere. I used to be able to satisfy myself that at least we were getting some type of funding to support our infrastructure in rural Alberta.

I did 4,000 kilometres, Minister, in the last little while, and I felt like I was on third-world-country roads. We need to give it some attention.

The Chair: Thank you. We'll conclude the PC portion at that point.

We have 10 minutes remaining. The 10 minutes are for Mr. Stier. With a 10-minute exchange or five and five, sir?

Mr. Stier: I'll do the exchange, please, if that means back and forth.

The Chair: That is exactly right. Terrific. Please proceed.

Mr. Stier: Thank you, Mr. Chairman. Folks, for my last 10 minutes I've cherry-picked a few out of the 70 or 80 questions that we had here to try to get some of the meat of the matter down. I just need to dig in a little bit on some stuff that we did touch on before but maybe from a different angle, and I hope you'll have some patience with me if I ask you some direct questions.

We talked earlier about highway maintenance contractors and poor performance and so on and so forth. My third question had to do with a company called Carillion and how many times they were fined, et cetera, if you do recall. There were a significant number of them, and during the break a couple of other members of this committee asked me about that in some detail. I'm just wondering. When you have fines coming into play with these contracts and so on, I don't see those as an item here in the revenue section of your budget. I believe that would be, therefore, on page 217, where it's operational amounts by credit or recovery. I don't see a title there that would apply. That would be sections 1, 2, or 3 on page 217 on your revenue side.

With these kinds of contractors perhaps not living up to their obligations, would we probably see that more in the sense of deductions of payment to those folks? Is that how that is normally addressed?

Mr. Drysdale: That's exactly how it's addressed.

Mr. Stier: The second follow-up to that, then. I think you responded to one of the other members about demerits and so on in that same regard. I just would like to know how many demerits that company may have. It may not be at your fingertips – I understand – but I'd like to have perhaps a response in writing later on due to the time constraints. I think it's appropriate to ask that, and I would appreciate that if we could, please, just to satisfy ourselves.

That type of company has something like 195 different issues that they've been recorded to have against them. What kind of demerits would that amount to? I'd be very interested to hear about that.

Secondly, then, and moving on, when we look at new maintenance contracts, I understand that there's some consideration to go to 30-year contracts on ring roads for maintenance. I'm not sure if that is correct. Does anyone there know if that is the way we're going to go with maintenance contracts for ring roads? Is it a 30-year strategy?

Mr. Drysdale: On the P3s, you mean?

Mr. Stier: Yeah.

Mr. Drysdale: Yeah. It's a 30-year contract.

Mr. Stier: Then if we're looking at that kind of thing, is it possible that with that kind of commitment we would be looking at difficulties for local, smaller contractors to be able to compete in something like that? Is that something that is a concern? I don't know how we would handle smaller companies being able to compete in that regard. It might be a difficult thing. Are we narrowing things down? I understand there's going to be some competition this year for contracts in smaller places like High River, Okotoks, Turner Valley, Hinton, Edson, and Whitecourt. Are we going to be thinking of doing 30-year contracts in those ones as well?

Mr. Drysdale: You want me to answer some questions now?

Mr. Stier: Yeah. Thank you. It's all bundled into one.

Mr. Drysdale: I think you said Carillion.

Mr. Stier: Yeah. Thank you.

Mr. Drysdale: I'm not so sure that I should be speaking about specific demerits and fines in public, you know. I know where it's at. I can say that they were our worst performing company, and they are probably one demerit away from going under. I don't know how much I want to slam a specific company on a public recording.

Mr. Stier: I understand. We've got a FOIP document that proved all of the facts that I've been suggesting.

Mr. Drysdale: Yeah. We could have put them under in the middle of winter. We talked about it, and I didn't know if that was the wisest thing to do, to all of a sudden have no contractor on a big chunk of highway. So we worked with them to improve their service, and we got through the winter, and we're working with them going forward into the next year and trying to get pretty specific about getting some commitments out of them to improve their services. A lot of their problems, they were telling us, are manpower, of course, in some of these areas.

Mr. Stier: Minister, if I could interrupt you – and I apologize; the time is tight – I understand that they have been given, though, a new 10-year contract despite all of those problems. Does that make sense? Are they the only game in town in that area?

9:55

Mr. Drysdale: I think they got a two-year contract. [interjection] Oh, it was a 10-year contract. But it's not a new 10-year.

Mr. Stier: I'm just not sure if I can understand the sensibility of that given the facts that we've just presented and what's been confirmed from your department there now.

Mr. Drysdale: Well, I don't think they just got a 10-year. They had that a while. You know, they used to perform a lot better. If they were competing today for a contract, I'll guarantee you that they probably wouldn't get any contract, let alone a 10-year contract on their past performance.

Mr. Stier: Fair enough.

Mr. Drysdale: Then you asked about the 30-year P3 contracts eliminating the small guy. Those are just on the specific P3 roads they've built. So far it's just been the ring roads. They're a specific piece that they built, and the little guy wouldn't be bidding on those anyway.

Mr. Stier: Okay. So the ones I mentioned that are coming up, it's been suggested to me, in Calgary, High River, Okotoks, Turner Valley, Canmore, et cetera: are those being considered for 30 years as well or not?

Mr. Drysdale: No. Only the P3s, and those aren't P3s. We'll look at that. I don't think anybody should get a 10-year contract anymore.

Mr. Stier: Okay. Fair enough. Thank you for that clarification.

Just moving on, again, we're still talking about highway maintenance contracts, section 5.1, page 214. The last question I had in this section was: when we're looking at these things going out to tender and – we're talking about highway maintenance contracts now – looking at the bids received, how do you work it when you already have an incumbent there? I'm an incumbent, coming up for nomination maybe. Incumbents that already are in place: how do you score them? They might have a different advantage because they already have facilities and equipment and so on as compared to the outside bid.

Mr. Drysdale: Well, they all have to bid. The contract comes up for open bid, and everybody bids on it. I think we probably prequalify but maybe not always. Anyway, they bid on it, and we take the lower bidder.

Mr. Stier: Okay. So the lower bidder rules the roost.

Mr. Drysdale: Yeah. That's the way all government contracts are. We have gone in some cases now to prequalification. You know, the low bid gets it, but they have to be able to qualify to bid on it. If they can't show that they're capable of performing the contract, they don't get even qualified to bid on it. That's why we've been going with some of this prequalification stuff.

Mr. Stier: Okay. Thank you for that.

Now, moving on, I would like to go back to another highway situation, and again here we are on page 215 on the capital side of the budget, section 12.1. I'd just like to talk about the highway 12 area around Bentley. And you're laughing; I understand it's probably a bit of a hot item or a hot potato or something. Anyway, my information here says that it was off and on the list – we started talking about that when I first started this evening – and it was on again in 2011. Then there was some stuff going on, and then it came to a halt and never got going. What is happening there? Can you give us an update? Is there budget in here to finish this thing off?

Mr. Drysdale: I always tell everybody, you know, that I can't get too specific on one project, but I will tell you that I was pretty disappointed when I saw that project when I came along. It's one of those that suffered from that \$900 million cut. It was in the three-year plan. They started on it, and then it got cut.

They did the grade, but there is a little issue there. There's a major railroad crossing where the railroad doesn't align with the road, so they have to realign the railroad. They're working with CP, I believe it is. I don't know if you know what that's like, working with a railroad company to get them to realign the track. We're going to do it. They're in agreement with it. But before we

can finish the grade and finish paving it, we've got to realign the railroad track. That is holding it up at this time. There are some parts of that that we're going to do, you know, at the far end this year to help the community with their hundred-year celebration. We'll do the part through Bentley, you know, resurface their Main Street and that. The grade is built. I think there are two railroad crossings but one in particular that's causing us lots of trouble. We have to have that realigned before we can pave it.

You know, they say that we won't even get that railroad realigned, that it'll take all year to get that done. So it probably won't get paved this year, but we're working at it. I'm disappointed to see a project go like that.

Mr. Stier: Thank you for your comments.

The Chair: Folks, I apologize for the interruption. I'll advise the committee that the time allotted for this item of business has concluded.

I'd like to remind committee members that we are scheduled to meet tomorrow, Tuesday, April 8, at 3:30 p.m. in committee room B to consider the estimates of the Ministry of Municipal Affairs.

I'd like to take this opportunity to extend the committee's gratitude to the minister and his team. Thank you so much for your work. Thank you to the committee members for an outstanding job, to the *Hansard* staff, to our security and pages, and certainly, last but not least, to Mr. Tyrell, our committee clerk.

Folks, thank you all so much. This meeting is adjourned.

[The committee adjourned at 10 p.m.]

