

Title: Monday, March 13, 1995 Designated Subcommittee

Date: 1995/03/13

[Chairman: Mr. McFarland]

Time: 8:03 a.m.

THE CHAIRMAN: Good morning, everyone. We'll get right into our meeting of the designated supply subcommittee for the Department of Transportation and Utilities. Just a brief rundown on how we're going to operate. We'll have up to four hours: one hour for the members of the opposition, followed by an hour for the government members, up to another hour for members of the opposition, and then the final hour dedicated to the members of the government again. We'll have opening comments of up to 20 minutes for the Minister of Transportation and Utilities.

We have one motion here that requires our approval before we start. I don't know if you have a handout or if you want me to read it to you.

Be it resolved that the designated supply subcommittee on Transportation and Utilities allocate the four hours allotted to it pursuant to Standing Order 56(7)(b) as follows:

- (a) the minister responsible first addresses the subcommittee for a maximum of 20 minutes,
- (b) opposition subcommittee members and independent subcommittee members then have one hour for questions and answers,
- (c) government subcommittee members then have one hour for questions and answers,
- (d) opposition subcommittee members and independent subcommittee members then have one more hour for questions and answers, and
- (e) government subcommittee members have the remainder of the four hours.

This was agreed to by the House leader of the government of Alberta and the House leader of Her Majesty's Loyal Opposition. So with that, do we have a mover?

MR. DUNFORD: Sure.

THE CHAIRMAN: Thank you, Clint. Clint Dunford.

MR. WHITE: Do you have a handout on that?

MRS. DACYSHYN: No. I can show it to you.

THE CHAIRMAN: It was the same format that we used, Lance, at the other designated subcommittee. Stockwell Day and your House leader signed it. Are there any questions on the format? Okay.

Hansard can hear everything fine? "Sure," she says. Very good.

Mr. Minister, I don't know if you want to introduce your members, and then I'll let you carry on.

DR. WEST: Sure. I'd love to.

THE CHAIRMAN: Between 10 and quarter after I'll have to leave the meeting, and if it's agreeable with everyone, I'm going to ask Glen Clegg to chair the remainder of the meeting. I've got a funeral to attend.

Mr. Minister.

DR. WEST: Well, thanks very much, and good morning to the committee. I'd like to introduce the Deputy Minister of Transportation and Utilities, Harvey Alton, and Doug Porter, who is assistant deputy minister of administration. Gary Boddez is the assistant deputy minister of lotteries and reports directly to the

minister. Bob King is chairman of the ALCB and also at the present is acting in a dual role as chairman of the waste management corp. Is that correct?

MR. KING: That's correct.

DR. WEST: And my assistant, Jim Kiss.

I guess many of you have those leading questions into the Department of Transportation and Utilities. You're aware of the types of moneys that we're asking for this year, a gross level of \$621,709,000. Before we get started with your questions, I'd like to give a brief overview, and I have several handouts here to give you an understanding in a more succinct way of some of the topics and some of the general information as it relates to the department.

The main function of Transportation and Utilities is the protection, maintenance, safety, and future of our highways systems and our ancillary structures in the province as well as our bridges. It also deals with assistance to the municipalities through consultation and grants to the same end as the above. It works in a very complex structure of what we call a primary highway system and a secondary highway system as well as those roads and byways that are involved throughout the municipalities, which they generally look after themselves.

It is also involved in the operation of the Motor Transport Board and the Motor Transport Act and the services therein. This is an involved operation of some 270 members who go throughout the province maintaining the various Acts that we have in relation to safety on our highways and the disciplines, the safety regulations that our traveling, transport systems and other personnel on our highways have to obey.

In keeping with that function, we also have a major capital divestiture every year, not only in building brand-new highways and bridges as the growth of the economics takes place but also in maintaining those 28,000 kilometres of highway, both primary and secondary, and some 12,000 bridge structures in the province of Alberta. The maintenance part is roughly \$70 million to maintain those highways and byways. We also put a tremendous amount into our primary highway systems, highways such as those going between Edmonton and Calgary and those going in other directions throughout the province.

We also have a great deal of legislation, as all departments have, and we'd like less as we go into the future, but we control about 21 Acts. I'll stop now and have Jim hand out a few things to give you a start on that. I'm going to hand out some detail of what the Alberta Motor Transport Board does. I'll also give you a summary of Alberta Transportation and Utilities programs. These are very short and succinct. You can look at them over the next three hours, and you may get a better understanding of some of that. Here's also a list of the legislation that's involved in our department so that you have that. I'll get to some of these others as we go down the road.

The department also gives services as it relates to the REAs, the rural electrical associations. We have a strong history in the province of Alberta where we have developed services and electrical power to every nook and cranny in this province, and there are associations that run many of the distribution networks to those. We still give grants and loans to those associations for the development of some of those rural lines. We administer that.

We also operate Gas Alberta for the rural gas co-ops and associations, which also administers a grant program for the capital construction and helps them collectively purchase their gas supplies. That is operated by the Department of Transportation and Utilities and of course has been discussed at length over the

years as to whether it should be operated in or out of the department.

We also look after airports, and we're trying to divest of some 19 airports now. To give you an overview. There are some 68 airports in the province of Alberta at the present time that are operated by municipalities. There are also four major airports operated by the federal government that are up for privatization, they call it, but it's actually the movement over to municipalities, if they will take it, or to airport operating authorities. The 19 we have at the present time are airports that we have operated outside those 68 that I talked about, and we would like to divest of some such as Fox Creek, Lloydminster, and so forth. The forestry airstrips throughout the province are not included in these numbers and are operated outside of these airports. Our main thrust in airports up until now – and we will maintain it – is maintenance of the surface mainly, the surface being asphalt, and you'll see that we will still continue to put slurry coats or fog coats on these airports. We have also operated some of the buildings.

The Department of Transportation and Utilities also works on water and waste management grants to municipalities, in this budget roughly \$19 million, and these grants go to areas under 45,000 population. Anything over 45,000 does not get a grant, but then it's pro rated as a percentage on a population basis, right down to villages and that, that then would be 75-25. These are the grants that go to help in water treatment plants as well as treating the gray water or the domestic sewage.

We also have a major urban grant component, and over the years it has changed. It's a 75-25 basis for capital for helping with structures such as primary highways, thoroughfares that go through, interchanges, LRT, and what have you. It's now down to \$25 per capita, and it's based on a 75-25 split with the urban municipalities. It used to be \$75 per capita. So those grants have come down over the years.

8:13

One of the other functions is that we do set rules and regulations as it relates to busing in the province of Alberta. Of course, you know that we also have an agreement with Greyhound to deliver transportation between points in the province of Alberta. That's under review at the present time. We also license other carriers in the province of Alberta, miscellaneous local carriers that go between points A and B that take people to hockey games or to West Edmonton Mall or to different places like that from points in Alberta. We also license those and inspect those and make sure there's safety on our highways.

The other area in Transportation and Utilities which we are administering is the federal government infrastructure program, or the tripartite program, which is a third, a third, and a third between municipalities, the federal government, and the province. Our role mainly is to administer the grants that go out, matching the dollars from the federal government when the projects are given the green light in our municipalities. The federal government has extended the length on that program by two years. It has a benefit to us, of course, because it doesn't put the dollar crunch in the immediate future because we were going to end the program next year. It also helps our municipalities who weren't able to get their projects up and running in that time frame and needed some more time. It'll give them some sober second thought on these projects and not push them into making perhaps a mistake in their priorities or in their design and construction. On the other hand, it does draw it out over another two years for administration. At any rate, it should have a positive effect on our budgets in here because we won't have to draw down as much of that program in the immediate future as shown here this year,

where we were going to come to the major thrust of about \$89 million this year. We have no idea, as you well can imagine, what the savings effect will be because of the vast majority of projects out there and how they will be delayed now.

Now, the other side of this department is lotteries, the gaming control branch, the Racing Commission, and the Western Canada Lottery Corporation. We will hand out a distribution of the lottery fund commitments to the province this year and the size of them. The amount of moneys this year will be \$510,075,000, the major portion of that, \$385 million, being transferred to the general revenue fund. The three-year business plan and direction of lotteries now is to make it totally accountable and transparent to the people of Alberta, to bring it forward into the Legislative Assembly so that it is treated, the funds that are generated, as any other dollars being brought into government as revenues. It will be therefore totally identified before it moves out, both in policy and in the method that it will travel, being scrutinized by the Legislature and this committee. The only thing different in this list that I'm giving you, back to the traditional, is that it gives the whole fund now. Before we used to put out the \$125 million or \$137 million that just went to the traditionals: the Wild Rose Foundation, Sport Council, exhibitions and that, as you all know.

This gives you the total wrap-up of the amount of money that is dedicated and projected in our three-year business plans to the general revenue fund. This goes in and then comes out, the amount going to these other operations, and it has to come out in the form of grants that will be directed through the Legislative Assembly. You can see that the amount that has been generated is major, and as we have all pointed out, right now there is a review on by the Member for Lacombe-Stettler. I'm certain it's one of the most heavily attended and probably one of the most controversial of the review committees. That's the accountability of this fund. That's one essence of it. The second is the review, and the review was put out, as you all know, mainly to concentrate on what the people of Alberta thought of the lotteries and the various forms of gambling in the province of Alberta and also how they wanted these funds distributed and for what and what they thought of addiction and what have you. The private casino issue and that sort of thing have certainly raised their heads during these conversations, but they were not the focus of these, because we hadn't sent the committee out to look at those issues directly, although we knew they would come up.

The Racing Commission is under review also at this time. We didn't reappoint the chairman, Mr. Roy Farran, and we have put Mr. Doug Mitchell as acting chairman. He's reported to me recently that he's already cut \$300,000 from the administration of this operation without us even organizing yet. I have given him full direction to review the Racing Commission, its function, and racing in the province of Alberta. He will be looking at everything, a brand-new organization that assimilates the function of government sitting over here in a very streamlined way – no more than three commissioners, as set out in the Act; we now have seven; there's no need for that – and also setting out an organization, not much unlike a jockey club, that then by the industry, by the people who own these horses and do this, will make their rules and regulations in direction with the gambling public. We will not get into the issues of what type of entertainment takes place at the track. Our issue is to protect Albertans against other Albertans and to regulate the racing Act as far it comes to pari-mutuel betting.

The gaming control branch is also under review in that we see the Lottery Review Committee and the Alberta Gaming Commission doing the same thing: dealing with gambling in the province of Alberta. Very shortly we'll be dealing with the organization of those and the commissions. We'll report in due course as to how

that's going. The other side of it is that we will be studying that, and I'm sure that questions will come up as to the rules and regulations around traditional gambling. Don't ever get the idea that Albertans didn't gamble in massive forms. The VLTs have given a demonstration in life of how gambling can come to the forefront, but we've bet on a per capita basis . . . [interjection] Well, back in your day you even gambled in the oil field.

MR. DUNFORD: No.

DR. WEST: Yeah. Some of the biggest gamblers came from Alberta.

In this area here, the traditional gaming control branch, we want to streamline that and see if we can't give the charitable groups and volunteer groups a less structured organization in the rules and regulations, make them feel like they are volunteers and not somebody that's under scrutiny by a police organization but still protect the gambling public. Those are the traditional ones: bingos, charitable casinos, raffle tickets, and pull tickets. I think we'll see a more streamlined organization there.

The ALCB, again, has gone through a massive organization as far as privatization, and that part of it is certainly evolving. There's no doubt that it has reached a target on the one side. We still are dealing with the distribution. We have an agreement in place with an organization that is running the warehouse in St. Albert, and we hope that it will continue on. The privatization itself, in the initial form we had to take – and you'll notice in the budgets in 1993 that we paid out the hard costs. There are always hard costs incorporated in privatization. One is the amount of money we had to put out for severance packages and transition of the staff. That was some \$17 million.

Of course, we also had a structured write-down of the St. Albert warehouse, which was a major cost at that time. Remember, it was in the books at \$38 million, and at best case market estimates, it was put, it couldn't have brought more than \$25 million. These buildings and many of the liquor stores were built at the peak of the economic drive in the province of Alberta, and the cost of land and the cost of construction and some of the design that was put into these made them, as far as a market tool in 1993, almost impossible to get the book value out of. I think that the figures will show that we capitalized more than what was estimated as market value but less than book value.

We see that the revenue is steady now. Privatization will not have any more hits as far as those capital costs on the bottom line. We see 400-plus million dollars consistently coming forward, and in some ways it may be even higher than that, but we've stated to the Treasurer that we will maintain 400 to 410 and deliver any surpluses to the Treasurer as we go forth. With the new consolidated budget that we have, all those will be reported.

All right. We've touched on that. There are areas I didn't get into in great detail. Did we hand out the lottery commitments?

8:23

MR. KISS: Yes.

DR. WEST: Here's just an overview of the type of buses and the inspection we give. It's just information, and for those that have a farming background, they even give the specifications for grass seed on the side of our highways, in case you're interested.

I didn't go into absolute details of the facts and figures, go in and justify this amount and that amount. You have them before you, and I'm sure that as you come to them, you will ask me the questions. We'll give you the best we can as to why certain elements in the budget go up and down, where we have made

strategic reorganization. The three-year business plans are out. This department has streamlined and has cut back in accordance with the fiscal plan of the province of Alberta and yet maintained its services. This department over a long period of time has taken a tremendous downsizing in total FTEs. Remember, at one time this department spent \$1.2 billion on the programs I just talked to you about, and they're down to \$621 million.

Before I leave, one other thing I forgot to mention was disaster services, the reorganization of that organization and what it serves. It's the one that prepares municipalities and health people and other organizations for disaster of any proportion in the province of Alberta and delivers those services and education and training as well as preparedness from a provincial point of view. It also was responsible for the transportation of dangerous goods on our rail systems or highways and for training and enforcement of the dangerous goods Act, along with motor transport services. They both performed the same function. We rolled them into Transportation and Utilities for the first time. It had sat as a stand-alone operation for 34 years. Mark Egner had done an admirable job in directing that over the last 12 years, but in the reorganization there wouldn't have been a position for Mark, so it's now been rolled under the department, and that management position was taken out.

We will save about 1 and a half million to start with on the operating budget of \$5.4 billion. We will also save some 40 positions out of the 84. So we'll cut the positions in half and streamline them into the department of transportation. The plus to this is that the department of transportation and the Motor Transport Board do the inspections of dangerous goods, but we also have a whole complement through probably about 120 outlets throughout the province to co-ordinate disaster services with the people that are trained in disaster services. We have the equipment and manpower also to assist in those. It makes an awfully good co-ordination in this department in working locally if there happens to be a disaster such as the Hinton train crash, if you can recall that one. People were amazed that they could deal with some 90 people at that hospital. They'd just gone through a disaster training program the week before. Of course, we know what happened here in Edmonton during the tornado. Compliments and study of that came from all over the world, believe it or not. We even have people from Japan now asking – and they're asking other jurisdictions, too, how they handle disasters, because Kobe didn't go too well.

THE CHAIRMAN: Thank you for a very good overview of how you spend \$621 million in a fashion that used to spend 1.2.

For the benefit of your staff, Mr. Minister, and *Hansard*, could I just ask the members here to briefly identify themselves. I'll start here with Don.

MR. TANNAS: Don Tannas, Highwood.

MS LEIBOVICI: Karen Leibovici, Edmonton-Meadowlark.

MR. WHITE: Lance White, Edmonton-Mayfield.

MR. N. TAYLOR: Nick Taylor, Redwater.

MR. DUNFORD: Clint Dunford, Lethbridge-West.

MR. CLEGG: Glen Clegg, Dunvegan.

MRS. GORDON: Judy Gordon, Lacombe-Stettler.

THE CHAIRMAN: I'm Barry McFarland from Little Bow.
So with that, folks, who wants to take the first questions?

MR. WHITE: What we'll do, with your permission, Mr. Chairman, is we'll do a series of questions, and then we'll move from one to the other, if that's all right with you.

THE CHAIRMAN: That would be fine.

MR. WHITE: Mr. Minister, starting with the administration of your department and your office, the administrative services, it appears that your office expenditures and those of Mr. Alton's are down somewhat. But there is an anomaly in the assistant deputy minister's office in that there was an overexpenditure of some \$17,000 last year. This coming year it appears from what's budgeted that the ADM's office is down considerably, but there's a marked increase, an equal and opposite increase, in personnel and management services. Have the offices actually downsized, or is this a shift in responsibility from an ADM's office to personnel and management?

MR. PORTER: Okay. Perhaps, Mr. Chairman, I can address that question. The overall elements that you refer to in terms of personnel and finance: the reasons for the increases in those two elements directly relate to transfers of responsibility for certain functions from central agencies. In the case of the finance group and the personnel group both, there's a move of responsibility for payroll processing costs. The system is being privatized by Treasury. Departments are picking up those costs directly themselves this year, and there were no reconciling amounts of budget transferred for the previous year. Otherwise, both elements of personnel and finance show a decrease in the current year.

MR. WHITE: In philosophy the overall department does not seem to have – at least our research hasn't been able to find – an air transportation strategy, not just with the services that are provided and managed by the department in the way of airside services and overall marketing of your airports but of the majors: Edmonton, Calgary, Lethbridge, Medicine Hat, Red Deer, and Grande Prairie. Is there a document or is there something about that one can say: this is our strategy?

MR. ALTON: The department has originated and developed a committee that involves the Calgary Airport Authority, the Edmonton airport authority, the city. The official city of Edmonton, for example, had representatives, as well as representatives from smaller airports, do an Alberta air strategy study. That committee has worked. In fact, they have produced an initial report on how to better the airport development in Alberta, and that strategy has been in an initial report already produced.

MR. WHITE: So at this point there never has been a strategy, but you're working towards one. If that is so, when would one expect to see something either filed in the Legislature or distributed as an economic development strategy?

MR. ALTON: The department has always had a strategy for air development in Alberta, in fact has made representations to the federal government with respect to the issues of open skies, improved air service crossborder into the United States. There's always been a major amount of work done in those areas, but the more recent initiative is to involve all of the air authorities in Alberta in a common strategy for the betterment of all of Alberta. This has got, for example, the Calgary Airport Authority and the

Edmonton Regional Airports Authority involved in working together to develop air strategies that are for the betterment of all Alberta, rather than the concept of Edmonton and Calgary competing, to work together to sell the benefits of better air service to all of Alberta.

8:33

DR. WEST: Let me answer a little more directly. We set up the airport authority regulations and Act not long ago to empower local municipalities to take a direction on their own, and this was lobbied by the government to get into that. Of course, I think they're finding that there's a lot of work to do that and to organize and to get a system that's fluid, of course, with issues such as are like here in Edmonton with the industrial airport and the international and the two competitions between Calgary and Edmonton.

We are signature to the policy on that with the federal government, and we've just gone through some communication with them. They brought out a new policy of use it or lose it, which is going to help the carriers in this country because they're going to get channels and directions to other areas, both Canadian and Air Canada. Air Canada now can service Hong Kong. Air Canada is allowed that while Canadian gets others. It's going to help the flights and services into Alberta internationally and both to the states.

Locally as between the connector flights and that sort of thing in the regional airlines it's always going to be some bit of a struggle at the present time until the airport authorities and the various municipalities, I guess, pull together under that new legislation and Act. I'm not criticizing. We will do what we can as a provincial government. We're going to be there talking with them and helping them to the best of our ability. They have asked for more autonomy to get on with their own destinies, yet that doesn't solve the problems that we see, as I said, between the major airports in this province as well as the regional ones.

To get regular services into some of these areas at a price that Albertans can afford, except businesspeople, is going to be a challenge. It's a challenge for this country, not just for this province. The price of airfare in this country for Canadians and for Albertans is a shame actually. You can travel internationally because of the competitive skyways that we've got, but internally, because of the closed air system, a cost of going to Toronto, for example, from Alberta of \$1,490 is absolutely ludicrous.

MR. WHITE: Again, could we have the most recent published version of the government of Alberta's air transportation strategy? When would it be available, either the current draft of the committee that Mr. Alton referred to as the overall Alberta planning – I'm afraid I can't recall what the name of it is. Again, when would that be available?

DR. WEST: We'll take that as a matter of notice, your question on that, research it, and bring it forward. I can't give you that direct answer at the present time. As you understand, it's not a simple strategy, but we will bring forth the information we can to you.

THE CHAIRMAN: Mr. Minister and Lance, could I just remind everyone that we're dealing with the estimates of the expenditures and not as much with the policy decision at these meetings. We're not trying to get off onto the policy decision, but we're dealing with the estimates for this coming year. Although I can appreciate the fine line with three-year business plans and policies, we have to use a little bit of discretion in dealing with the actual numbers on the estimates, please.

MR. N. TAYLOR: I think I'll continue on the airport one a bit. It ties in, Mr. Chairman, with the airport development program. I'm thinking of rural airports. It also ties in to disaster services, and it ties in to air ambulance and that. Do you have a program or a plan for rural airports to be open in certain selected areas? You know, you can have automatic lights coming on or you lengthen hours of service so that if a disaster strikes out in a rural area and you have to move people fast, there's a plan. It comes under your disaster thing and also your airport thing. Is there any co-ordination so that people can get in there with choppers or fixed wing? Are there certain airports set out that are open at night or can be opened at night with a radio signal or something like that?

MR. ALTON: All of the current provincial airports plus the majority of the community airports have lighting systems that are available. Some of them are operated where the lighting can be activated by the pilots themselves. In other cases they're operated on an ongoing basis by the community. All of these airports – and they're licensed by the federal authorities – must meet certain standards in order to be a licensed airport. So the vast majority of all those 68 community airports and the provincial airports must be kept open and kept in safe operating condition year-round.

MR. N. TAYLOR: Okay. I guess maybe I didn't make it clear enough. I'm aware of what can be done in the majority, but I'm asking whether there's any integrated plan so that no area of Alberta is farther than yea distance from one of these airports that has lights that turn on and the runway would be plowed.

DR. WEST: That's a major communication with the municipalities on an ongoing basis through our general disaster plans that we set out, and we work with the municipalities on a constant basis on training and education and exactly what you're saying. I mean, whether it was the Hinton train crash and how we handled air ambulance in there, that was all co-ordinated beforehand and is in the disaster plans that are dealt with locally in the municipality and then co-ordinated through disaster services here in Edmonton.

MR. N. TAYLOR: But there's no overall map showing which . . .

DR. WEST: Well, there are hundreds of maps that show our airports and what they are. I mean, what you're asking is common sense, Nick.

MR. N. TAYLOR: Well, I was just saying for instance.

DR. WEST: Well, you don't legislate that.

MR. N. TAYLOR: Is the one at High Level open all the time?

DR. WEST: Yes.

MR. ALTON: We work with the Alberta Aviation Council. A map is produced of all Alberta airports, and it identifies what the conditions of operation are for all of those airports, which ones have lights, which ones are open 24 hours. That's all covered in that Alberta Aviation Council publication, which is put out on an annual basis.

MR. N. TAYLOR: Would you go so far as to say that there's no area of Alberta that's farther than a half hour drive from one of these airports?

MR. ALTON: All of the province is covered by airports certainly within . . .

MR. N. TAYLOR: But you don't know if there is any area that would take longer than a half hour drive to reach the airport that's open.

MR. ALTON: Just in some of the remote northern areas, obviously, where there is no development, but in the developed area of the province . . .

MR. N. TAYLOR: Okay. A shot in the dark: how about Smoky Lake?

MR. ALTON: There are airports within a half an hour's drive of Smoky Lake.

THE CHAIRMAN: Nick, if they all drive as slow as you, they'd never get there in half an hour.

MR. N. TAYLOR: A half hour's drive to Vulcan, you get no place.

Program 4. I'm not sure where you interface with Energy. As EEMA is disappearing or phasing out, we're talking about a new system of electric pricing whereby we're trying to stop probably the vertical integration between the power generator, the power transporter, and the power distributor. Now, I know you call yourselves utilities, but do you come in on that at all? Are you not going to have anything to do with the new planning? You're just on the distributing side, nothing to do with transportation or main power lines.

DR. WEST: Infrastructure. That policy is under Energy.

MR. N. TAYLOR: That's too bad. I had all sorts of wonderful suggestions for you there.

Another thing is secondary highway partnership, in program 2 again. As you know, 794 and the highway from Leduc over to the Wainwright road are the most highly traveled secondary roads in the province, or they were a year ago. They have a great deal of trucks. Is there anything in the works for reclassifying 794? That's from Westlock down to Highway 16. Are you calling it Highway 44? Well, you know yourself if you travel. I think I've carried on with you people for a few years. What's in the works for 794? Is it going to become 44?

8:43

MR. ALTON: No.

MR. N. TAYLOR: Why?

MR. ALTON: Because it doesn't meet the criteria currently for designation as a primary highway. It is only a few miles away from Highway 2.

MR. N. TAYLOR: You should put a sign up telling the truckers that: Highway 2 is over there; please use it.

MR. ALTON: Well, of course, we've spent tens of millions of dollars in upgrading and surfacing that highway because of the traffic that is on it, but it certainly doesn't currently meet requirements for a primary highway designation.

MR. N. TAYLOR: Well, how do you answer the critics who say that you have a circuit road coming from Leduc around through Devon and up and Highway 2 is way back through the city of Edmonton and the city of St. Albert? What the hell's the use of staying on Highway 2 if you can bypass the city of Edmonton?

MR. ALTON: Well, the highway, of course, that you're referring to, you know, services Devon.

MR. N. TAYLOR: You come whipping over the bridge into Edmonton driving a big 18-wheeler full of logs, you look out, and Highway 2 is through Edmonton and up through St. Albert. There's no way of accessing the north-south highway out of Edmonton after you've come around from Highway 2 on the south side. You just dump the poor guy out in the middle of nowhere, and he's got to shortcut through 794.

MR. ALTON: Secondary highways are designed to carry large volumes of traffic, just like primary highways.

MR. N. TAYLOR: They do that.

MR. ALTON: So the improvement of it as a secondary highway meets the requirements of that.

MR. N. TAYLOR: Not very satisfactory in the answers, but I guess I can't do much about that.

DR. WEST: Some of our secondary highways are better than our primary highways, and we're working on that.

MR. N. TAYLOR: I agree, but not that one.

DR. WEST: So as we move forward, the designation – primary, secondary – and the quality of the highway doesn't bear much witness to your discussion at the present time. I mean, you're saying that a designation would give you a better highway?

MR. N. TAYLOR: Yeah. Let's put it this way: not only a better highway but the local municipality wouldn't have to pay as much. This is part of the trouble. It's in a politically neutered area on the very edge of four municipalities, none of whom wants to spend money on it. So what we have is a major road that people use. As you know, the death rate is extremely high. Per thousand miles it's the highest in the province.

MR. ALTON: No, it isn't.

MR. N. TAYLOR: Well, if it isn't, it's Leduc to the other one.

MR. DUNFORD: I keep forgetting that part of this game is sending *Hansard* around to constituents. I've got to keep remembering that.

MR. N. TAYLOR: Exactly. So stay out of *Hansard*. They don't want any of your smart-ass remarks in *Hansard*.

DR. WEST: There is another issue that's very relevant. You're arguing political distribution, and we're talking here for the taxpayers of Alberta with the resources we have and the safety of those highways. We're looking after that to the maximum with the resources we have at the present time.

MR. N. TAYLOR: Well, I wish the next time you're driving up from Calgary that you'd decide to drive to Westlock continuously

and see what kind of a mess you're in. I noticed that from Pickardville to Westlock. It's a help, of course, but at the rate we're going, we will be well past the 2000s before we get it. Anyhow, it's not in my constituency, by the way, Clint.

When does the time clock go off?

MR. WHITE: Just keep going.

MR. N. TAYLOR: Okay. As you know, the hon. member is the hear-no-evil part of the three-person committee that's looking into lumbering. How do you finance or how do you extract from the out-of-province lumber transport industry funds to pay for the roads they're using to haul private logs out of Alberta?

DR. WEST: We're going to be looking at a permit fee.

MR. N. TAYLOR: You're going to look at it?

DR. WEST: We're pivoting on that right now.

MR. N. TAYLOR: They kind of surprised you; did they? You didn't know about it.

MR. ALTON: But they currently pay licence fees to operate in Alberta, like any other part of the trucking industry, and the licence fees that they pay are prorated between provinces, based on the distance they travel in each province.

MR. N. TAYLOR: As you know, rural roads weren't made for 18-wheelers to be hauling logs. That's just come up locally lately.

I'll pass it on. I think *Hansard's* got enough now, Clint, to keep us for a long while.

MR. DUNFORD: Well, I'll get my turn here shortly.

MR. N. TAYLOR: Well, no. I've got to get somebody elected in Lethbridge too, so I'll come back to that.

THE CHAIRMAN: Are you saying you don't have somebody elected in Lethbridge, Nick?

DR. WEST: Mr. Chairman, I might say that I enjoy the questions coming out, but it's starting to reflect a question period that would resemble the Legislature more than a committee studying budget for the taxpayers of Alberta. I think if we focus more on the dollars involved here . . .

MR. N. TAYLOR: This is the stuff you passed out called "program." Why did you want to pass them out if you didn't want questions on them?

THE CHAIRMAN: Nick, just hold on one minute.

MR. N. TAYLOR: This is what you just passed out.

DR. WEST: Well, concentrate on the figures.

THE CHAIRMAN: Nick, if you could put your hearing aid side on this side, could I make a comment, please? The minister has indicated something that I think I talked about before. We're treading into what might be policy rather than the programs. You were asking what will he be doing about certain things in the future dealing with logging trucks and transportation, and I think that's treading on future policy. So if you want to go along on

that bent, that's fine, but I think the minister has the right to maybe not provide an answer on some future perceived policy.

MS LEIBOVICI: Good morning, everyone. It's good to see we're off to such a fine start this morning. I've got a series of questions. Some of them may be bordering on the policy/program/estimate area, and I'm sure the hon. chair will call me to order if I sort of push the limit.

One of my first questions, actually, is that when I look at the estimates themselves, I see the title Statutory Operating Expenditure. I think this is the only department, when I flip through the estimates, that has that particular – well, no. I just found one. Economic development also talks about statutory operating expenditure. I'm just wondering why that is. Does it have a different meaning from operating expenditure?

MR. ALTON: What page are you on?

MS LEIBOVICI: Well, on any page – 301, 303; they're odd pages – you can see the statutory operating expenditure.

MR. ALTON: You're into the revolving funds then. Statutory operating expenditures refer to the Transportation and Utilities revolving fund.

MS LEIBOVICI: Well, that's the only thing that seems to be in government estimates. Is there another? Page 284; there we go. Okay.

When we look at the FTEs in terms of the differences that are going to occur, I haven't calculated out, but I think it's over 300 FTEs, probably 400 by the looks of it, that are going to be lost from last year to this year. Can you give us a breakdown in terms of where those FTEs are?

MR. ALTON: Yes. In transportation there are 2,387 FTEs. That's down from 2,714. In the revolving funds, which are the Gas Alberta and Transportation and Utilities revolving funds, in this budget there are 278 FTEs, down from 345. Gas Alberta is 14, down from 15. Public safety services is 75, down from 81. Lotteries is 65.5, down from 74.

8:53

MS LEIBOVICI: Again in terms of the transportation side of it, do you have a further breakdown by program area?

MR. ALTON: We have that, but it's not specifically identified.

MR. PORTER: We can provide it.

MS LEIBOVICI: So you can provide that at a later date? Okay.

DR. WEST: A lot of those are in maintenance and in certain other elements: technologists, surveyors, and some engineering factors and administration. That's the breakdown. We can give you those, but there are some of them coming in maintenance that we have in both mechanical and in operators and those doing highway maintenance, where some of the areas are being privatized.

MS LEIBOVICI: Are most of the areas, then, being privatized, or is it just work that doesn't need to be done anymore? Has there been any kind of analysis in terms of which positions will be let go and the reason for that?

DR. WEST: Right now highway maintenance, as I said at the beginning, is about \$70 million in this budget, and \$30 million is

privately contracted at the present time. There has been a policy of divestiture of certain functions as it relates to snowplow operators and also in some of the maintenance, in, say, crack filling or cutting of grass on the sides of the highways or painting and replacement of signs. Some of those will be coming up as we move forward and transfer those into public contracts. Out of the \$70 million, \$30 million is now under private contract, and \$40 million is within our . . .

MS LEIBOVICI: Has there been any kind of cost-benefit analysis done as to whether the movement of that into the private sector or being contracted out is going to provide a benefit to the government?

DR. WEST: Yes. That's done on an ongoing basis. It hasn't been totally wrapped up because the privatization initiatives are not complete at this time, but there are in some areas substantive savings. I can't give you an absolute on that percentage, but suffice to say that there are significant savings of 10-plus percent.

MS LEIBOVICI: So then are some of these figures subject to change – well, I guess they always are – in terms of we're not quite sure what the savings are going to be, yet the budget is being predicated on what the potential savings could be? Will there be some movement, do you foresee, over the next year or two?

DR. WEST: Yes. I see movement and some significant savings and changing in manpower components over the next couple of years.

MS LEIBOVICI: When we look at the lottery fund commitments – and I want to thank you for this breakdown; it's long overdue – do you have any idea as to what the three-year plan could potentially be for expenditures of dollars with regard to the lottery fund, or is it still too early because of the review that's going on? I know I've had a fair amount of my community groups saying to me that the CFEP program is something that's very necessary, as well as the Wild Rose Foundation. I'm just wondering if you've made any long-range plans as yet with regards to these dollars.

DR. WEST: To answer your question as fairly as I can, there has been no change in this program. The review committee is going on, but we've put in the three-year plan a fixed amount for traditional agreements that are in place. Such agreements are with various organizations like the RPW Foundation and Sport Council or Wild Rose, and that is fixed at these amounts under the three-year agreement that we have, expiring, I think for most of them, in '97. Is that correct?

Until such notification comes back and policy change from the review committee, that's set in the budget in a three-year plan at the present time. Because of fairly consistent levels of incomes from the VLTs and other forums, we've also been able to put \$510 million in the three-year plan in the budget. So if you extract the traditional agreements that are in place, which are at \$125 million, then you can see what is left generally as targeted to the general revenue fund. Right now – well, you can just take it and multiply it out. People are always asking what goes into the general revenue fund, and it's well over 70 percent at the present time.

MS LEIBOVICI: So just to clarify: you've got \$510 million, but only \$125 million of that \$510 million is dedicated to contracts?

DR. WEST: That's correct.

MS LEIBOVICI: Which are the ones then? I know that the CFEP is over; I thought it was this year. Right. So that's '95, not '97.

DR. WEST: Yes. Well, those are the ones that are left to the discretionary policies as may be brought back by the committee. Because we have medical equipment that's purchased and that sort of thing, some of these have to be renewed each year depending on what the minister submits at budget time, and those come up every year for review. I'm talking about the traditionals such as ag societies, ag initiatives, arts foundation, Historical Resources Foundation, Multiculturalism Commission, sports and rec, Calgary Exhibition and Stampede. You are right. There is a chunk of that \$125 million that is specific programs, dedicated, and that doesn't have to have the '97, but the majority of these will be the traditional agreements that are in place.

MS LEIBOVICI: Okay. I appreciate that. I can continue, I guess.

When we look at the estimates in terms of I think it's votes 2.2.1 and 2.2.2, with regards to the primary highway system and the secondary highway system, there's a significant decrease. Our calculations are a 27 percent decrease in terms of funding to the primary highway system and a 16 percent increase with regards to the secondary highway system. I'm wondering if you can explain why that large differential is.

THE CHAIRMAN: You're on page 287, are you, Karen?

DR. WEST: There was a significant change that took place last year in two areas in this budget. Of course, the secondary highway system has \$15 million less in its budget this year, but we transferred improvement districts over and created municipal districts. We used to keep their total budget for transportation in-house in the department of transportation, and now when we transfer it over to the municipalities, it becomes part of their operations. I'll let the staff explain this, but it comes out – this is a fair question, because there are some optics in this between urban and rural and primary and secondary, if you could explain it. It's because of the way we're accounting this year, and some of it – not totally, but some of it – is inherent around the improvement districts' transfer to municipal districts and the way we traditionally fund roads in municipal districts, by grants.

MS LEIBOVICI: If I can just maybe throw this question in as well, because it may be part of the same. Under vote 2.3.3, which is also on page 287, where it talks about the ancillary infrastructure, there's a 14 percent increase. I don't know if that's the same reasoning as your secondary and primary, and if it isn't, then that's another question. But if it is, then I might as well ask it all at the same time.

MR. ALTON: These are operating expenditures. There is another sheet which shows the capital expenditures. The operating expenditures of the primary highway system which show in the '95-96 estimates are \$7.601 million. That's the operating cost of administering the capital program. That is planning and some of the preliminary work done by the department to prepare the capital program for expenditures. The secondary highway system, which is \$73,410,000, because all of those funds are transferred to the municipalities who deliver the capital work – and under the budgeting system grants are classed as operating. Therefore, that number includes all of the costs of building the secondary highway system, whereas the primary highway is just the operating cost of

administering the primary highway system. The real money in the primary highway program is under the capital budget.

9:03

MS LEIBOVICI: And where is that?

MR. PORTER: Maybe I could help a little bit here. As the minister has said and Harvey has said, this year reflects a change in the accounting treatment, particularly hitting the element of secondary roads, and that's because of the change in the government accounting policy relative to what is capital investment and what is operating. Capital investment is defined to be those roads which are owned by the provincial government and in this budget reflect the primary highway system as being a capital asset of the province. In terms of the secondary roads, those are not owned provincially, and any of our moneys spent towards secondary highways are now reflected as operating.

So when we look at the elements of secondary roads, we need to really look at two pages: the page that you've related to, 287, where you can see that, for instance, we've got \$73.4 million in our current year estimate versus \$63 million. I would refer you to hold that number in mind and look at page 290, where we look at the capital on secondary roads. There you will see that our current shows a zero for secondaries and shows \$15.9 million in the previous year. This is because of a change in the accounting treatment. When you keep those two together, the combined investment made to secondary roads for '95-96 is \$73.4 million compared to \$79 million in the previous year. In effect there is a small decrease in the amount of investment going into secondary roads on a comparable basis between the two years.

The transfer of improvement districts to self-government is a major contributor to this, because before that point in time all of the improvement districts were also provincial investment and were shown as a provincial asset. With them now taking on self-government throughout this budget in the areas of secondary roads, grants to municipalities, a number of the program areas will show an up and down between capital and operating. You have to take both sides into account to be able to understand the overall change one year to the other.

DR. WEST: The initial question was: why does the primary show an increase this year?

MR. PORTER: Well, the primary on the operating side on page 287 really does show a decrease from \$10.4 million in '94-95 to \$7.6 million, and a lot of that does as Harvey says: it relates to a number of activities that take place around the primary highway systems, such as illumination.

DR. WEST: But there's an increase from \$102 million to \$112 million in the primary in 2.2.1 on page 290.

MR. PORTER: Really the comparable estimate for '94-95 on 290 is \$118 million, and it's down by \$6 million dollars in budget to the current year, to \$112 million. So it's the far right column in terms of '94-95 comparable estimate, \$118,726,000, and it decreases to \$112,385,000. So we have a year-to-year decrease in the amount of investment into the primary highway system as well.

MS LEIBOVICI: But the per capita is still \$25 per head; isn't it?

MR. ALTON: That's the urban transportation program. It has nothing to do with these elements. These are the primary highways outside of the cities.

MS LEIBOVICI: Okay. That has nothing to do with the primary highways because they're outside of the city. Got it.

I guess what I'm hearing you say, then, if I put the figures aside, is that because of the accounting practices there is no differential in terms of the primary highway and secondary highway systems in terms of how they were treated with regards to the allocation of funds.

UNIDENTIFIED SPEAKER: That's correct.

MR. ALTON: Both have a reduction in spending in the current year's budget.

MS LEIBOVICI: And the percentage is the same for both if I put aside the ID in terms of the transferring of funds.

MR. ALTON: Roughly.

MS LEIBOVICI: And what is that percentage then?

MR. PORTER: I can tell you on the secondaries it's about 8 percent, and I think it's fairly close to the same on the primaries.

DR. WEST: But it's a very difficult comparison, just so you know. If you took the kilometres of secondary and primary, they vary by 2,000 to 3,000. They're not the same in kilometres served, and of course the density of traffic on some would be higher than others. Therefore, it's very hard to say, "Did you give them the same amount of money as the other one?" As time goes on, understanding that certain highways every 15 to 18 years will need overlays – we've got a tremendous amount of kilometres in the secondary system that are going to need that – and that there needs to be twinning in certain areas and bridge structures and that sort of thing, straight comparisons back and forth will be difficult as we grow in the province. It's a fair analysis at the present time, but there are so many variables, as we can all understand, and a difference in the amount of miles served, or kilometres. Nick, miles for you.

MS LEIBOVICI: And me.

In terms of the ancillary infrastructure, there's a 14 percent increase. That's vote 2.3.3.

THE CHAIRMAN: That's on page 287.

MR. ALTON: Well, ancillary infrastructure is things like vehicle inspections, stations, provincial airports, ferries. Those areas are the kinds of infrastructure that are classed as ancillary.

Now, your question is: why the increase? It's primarily due to the need for some miscellaneous repairs to airports prior to their transfer to the local authorities. So we're trying to ensure that those facilities that are transferred to the local authorities are brought up to the required condition before they're transferred.

MS LEIBOVICI: When you say local authorities, do you mean the privatization initiative that the minister was talking about?

MR. ALTON: No. With most airports the local authorities are the local municipalities, in many cases the local town, the local rural municipality, in some cases the local flying club. They form an airport authority or airport commission and operate the airport locally.

MS LEIBOVICI: There were 14 airports, I believe the minister indicated, that we were looking at privatizing. Are those part of the ancillary infrastructure in terms of upgrading prior to privatization?

DR. WEST: Part of them. There is about \$400,000 being put into that this year. It goes into what we call slurry coats or fog seals, where the pavement on the tarmac or the runways is breaking up and they go and seal them off.

We will always maintain under our leases and that some maintenance responsibilities to these airports. Getting back to your question, we have a responsibility there for all types of reasons in Alberta to maintain these. So the operation is being transferred, but we will still maintain a responsibility to the maintenance of these. There are other things. I see here just another ancillary, some ferries, that the Rosevear ferry has to be reconstructed in certain parts of the province. So those ancillary structures will take miscellaneous dollars, and they increase and decrease depending on the year. So that's why you see some increases: there are some ferries in the province that need help.

MS LEIBOVICI: Just a request in terms of the amount of dollars: if it's possible to get a breakdown in terms of how much it's going to cost for us to privatize or sell these airports and I guess what the dollar value is expected back from those sales.

DR. WEST: We're not selling airports in that sense.

MS LEIBOVICI: Oh, okay. That's what I understood when you indicated privatizing, that we were going to sell.

DR. WEST: No. They'll be maintained. In the consolidated budget they're an asset to the province.

MR. N. TAYLOR: They won't be converted to tree farms or anything like that.

DR. WEST: That's right. If you want to see where the ancillary costs are – I tabled it in the Assembly – you can get a copy of the 1995 construction program. It has all the ancillary costs going in here. Just a few of them are the Warner airport, fog and seal and repaint; Beiseker; Fort McMurray; a weigh scale at Highway 13 and the Saskatchewan border; Lacombe airport, fog and seal and repaint; Taber; Wetaskiwin; Stettler; Bow Island; Cold Lake, fog and seal and repaint. So those are the types of ancillary infrastructures we're talking about.

9:13

MS LEIBOVICI: Okay. Thank you.

MR. N. TAYLOR: What is fog?

DR. WEST: Fog?

MR. N. TAYLOR: Yeah.

DR. WEST: A fog seal is an oil spray. You see a lot of that around here some days.

THE CHAIRMAN: Was that a voluntary withdrawal by Karen?

MS LEIBOVICI: Right now yes. Later on.

MR. WHITE: Mr. Chairman, with your permission, I'll move from fogs and the assistance to ferries in the province by the minister and move back into program 2, which is the operating of the rubber tire transportation system in the province. Presumably the object of the exercise of the department is, on the basis of utility, to deliver the same level of service throughout the entire province on a density basis, as the minister said, that it's backed on a basis of the more users presumably the higher the service level in that particular area. My questions relate to, again, the questions that my colleague mentioned: the apparent discrepancy between urban and rural service. Now, recognizing that the department does not have control over urban transportation planning and use of those dollars, presumably one of two things happens here to get this discrepancy, which I perceive as a discrepancy in service. Within 10 kilometres of where we sit, you can see the difference in service level quite easily. That can happen only two ways: either it's underfunded by the department in those areas, or the authority that has jurisdiction over those funds has spent their money in a different manner than is spent throughout the province. Could you explain, Mr. Minister, that apparent discrepancy?

DR. WEST: Well, I'll go back. As I said before, this came up a little while back as an issue, but I'll let them discuss this. There was some discrepancy because the IDs showed a transfer of \$15 million into the rural. It was always traditionally there. Now in comparison you would say that it's an increase, but it isn't when you take the push. I'll have them explain once again the balance between urban and rural fundings.

MR. WHITE: If I might, Mr. Minister. I listened very carefully to the explanation of your assistant deputy minister and understood how the accounting system had changed somewhat both between the operating and the capital and between the IDs and moving into a rural municipality. That wasn't the question.

The question, I guess more succinctly put, is that those that move from a large urban setting to a rural setting find that the level of service of the highways in this province, not always under the jurisdiction of the department – but recognize that there is a vast difference. You do the simple coffee cup test. Put your 7-Eleven coffee cup in the holder and drive through the city and see how much coffee you get at the end of the city versus driving from any rural destination to any other rural destination and not a drop is lost and the coffee's stone cold when you get there. That's the question I'm asking you.

MR. N. TAYLOR: Except 794.

MR. WHITE: There are exceptions for sure. That can happen in one of two ways: either the funding is less in those centres, particularly the larger urban centres, or the authority that has direct responsibility for provision of service, which oftentimes is not the department, is expending their money in a manner that would be different than perhaps one the department would recommend.

DR. WEST: Well, you've been a municipal councillor for years, and you're well aware of the process municipally and how you have to dedicate certain priorities. What you're asking is: has there been a discrepancy between municipalities as it relates to fair funding? The other issue is how you keep your potholes and how you do it. Depending on the management and the ability of the administration, whether it be in Vermilion, where I live, or whether it's the city of Edmonton, it is up to council how they priority base their dollars in keeping of the road system.

Now, the deputy will show you the dollar variance as far as the question of the total number of dollars based on the resources that Albertans can afford. It will give you an indication of how fair it's been.

MR. ALTON: Just in terms of the current funding, if you take all the programs where funding is provided to the rural areas versus the funding that is provided to the urban areas, in this budget the urban programs have been maintained at their current level. There's been no reduction in the urban transportation funding in 1995-96. The rural programs have been reduced by a total of 9 percent in this particular budget. Now, if you look as well beyond that to the current programs, on a per capita basis the funding that's provided to Alberta's towns and villages is less than the funding that's provided to the cities.

MR. WHITE: Yes. But that all being recognized, it's going back to the fundamental test again that there is this discrepancy. I hear what the minister's saying. It's most likely, because it can't be explained – at least at this table it's not being explained as a lack of funding. So it must be the management of the funds in the urban centres.

MR. ALTON: Well, certainly, the street system in the city of Calgary is in better condition than the street system in the city of Edmonton, and that's largely due to the priority that the city of Calgary council has given to the rehabilitation of their street system.

DR. WEST: That'll all change as soon as you're mayor.

MR. WHITE: Yeah, maybe.

MR. N. TAYLOR: This again, asking about the sheets of paper you passed around, is on the mandatory, periodic bus inspections. Could you bring me up to date? If you remember, we had a bad propane explosion and somebody passed the rule that they weren't going to have propane, and I notice buses with propane again. So I'm just wondering about a bus inspection program or a safety program, and I'm thinking more of school buses using propane, also whether compressed natural gas is used too, besides LPG and LNG. I'd just like to know what your rules are now.

DR. WEST: Well, I handed out a sheet. Did you get the sheet that shows the mandatory periodic bus inspections? That outlines the type of coaches and buses that are in the province as well as the type of inspection period that's required. We get a lot of requests from private contractors that say that every six months is a bit unfair for inspections.

MR. N. TAYLOR: Maybe you misunderstood. I'm not inquiring about that. I just wanted an update on what the rules are now with propane and school buses, the use of LNG and LPG in school buses.

MR. ALTON: The regulations regarding the hookup of propane on motor vehicles falls under the Department of Labour and the gas inspection branch. Following that school bus accident at Carseland, there were some changes to the regulations regarding the hookup of propane on school buses, and that concern has been addressed in terms of the change in regulations regarding the manner in which school bus propane is hooked up. They also can use natural gas as well, but I don't believe there's been much use at all with natural gas in terms of school buses.

9:23

MR. N. TAYLOR: Okay. Jumping around, a question on vote 2.3.2. The spending on public roads on Indian reserves and Metis settlements went down from \$10.4 million to \$2.7 million, a 74 percent decrease. Well, talk about the coffee cup test. You wouldn't be able to keep a bowl of concrete on your dash if you were to go driving through an Indian reserve. So why did you suddenly cut reserves? What goes on here?

MR. PORTER: That is the same issue as those roads that are ID roads. Transferring to self-government is impacting on the element that you're looking at. The roads that remain funded as public roads through Indian reserves relate to provincial roads through there, not ID roads. So again it's noncomparable. You have to go to the capital side and put the two together for that particular element because of the improvement district transfer.

MR. N. TAYLOR: Oh, I catch you. You're saying that many of the roads that were on reserves and Metis settlements were in IDs.

MR. PORTER: Many were.

MR. ALTON: If you look at page 290, public roads on Indian reserves and Metis settlements, the comparable has gone down. It was \$12.2 million, and this year the gross investment is \$3.8 million. So it's really a transfer of road authority.

MR. N. TAYLOR: So I can't really find it, then, from the government.

MR. PORTER: Can't directly.

DR. WEST: You'd have to go to our construction program and break down where the money is being spent. I mean, there are hundreds of projects in here. If you studied this and broke it down – and they're all here; it's the first time that this has ever been exposed – you could find out where the dedicated capital projects and maintenance has been. Now, you'd have to go to the municipality then, to the MD, and find out the subsequent capital programs that they're funding.

MR. N. TAYLOR: Would you be so kind? I don't know about this year but maybe next year. I expect to be around for a few years. When you're doing the secondary highway system breakdown, can you break down what's within reserves, either Metis or Indian? Right now you just put the number.

DR. WEST: We haven't classified them in anything else. You know, the Metis and their organizations are the same as any other municipality in the province right now. They're accessible to grants just like anybody else as a duly incorporated municipality, so we haven't tried to . . .

MR. N. TAYLOR: That's for Metis settlements but not for Indian reserves.

DR. WEST: We don't differentiate there. Our primary highways go through them, but the rest of the infrastructure inside is on federal or First Nation lands. They're in there. We haven't broken them down because that would insinuate, then, that we have a difference in classification in the province. Roads are roads.

MR. N. TAYLOR: As native affairs critic I know you do have a difference. Natives do complain in areas where their reserve

lies between where there is a bunch of nonnatives and there is a nonnative town. The road goes through the reserve, and they don't seem to feel they're getting the same percentage. They may be MD projects. They're not getting the same percentage spent on their roads as there is on a road coming up to the MD and going away from it. Take Alexander: that's out here between Barrhead and Edmonton. They don't get a grant per mile of road.

MR. ALTON: Because we pay all the costs of maintaining the roads through the Alexander reserve. One hundred percent of the costs of every public road on an Indian reserve are paid by the province.

MR. N. TAYLOR: But then where's the MD come in?

MR. ALTON: If you take the Alexander Indian reserve as an example, the MD maintains the road at a hundred percent of municipal cost from Morinville to the boundary of the reserve. The province maintains the road a hundred percent through the reserve, and the municipality on the other side of the reserve maintains that road a hundred percent at their costs. There's no cost whatsoever to the Indians for any of that road maintenance.

MR. N. TAYLOR: I know there isn't, but there is certainly a difference in quality. Maybe you should put the engineer's name up who designed it so they could go picket his house or something, because the quality of the road as you come up to the reserve is infinitely better than the quality of the road through the reserve and then going out the other side. Well, the same with over in Kikino.

MR. ALTON: Well, the capital costs of all of those have been funded by the province, so there shouldn't be any significant difference. Now, Kikino is a Metis settlement. That's a different situation than Alexander, which is an Indian reserve.

THE CHAIRMAN: Okay, folks. We've hit that time.

MR. N. TAYLOR: I'll let you go. I think that's in a vein I'll mine again some other time.

THE CHAIRMAN: Thank you, Nick.

That wraps up the first hour, and now the other people get a chance to ask a few questions. Who's first?

MR. CLEGG: I'll start, but I hope you don't rule me out of order because I don't want to get too specific. I've always had a problem when we talk about cutbacks, and I knew the figures when the minister said that we'd gone from \$1.2 billion for the transportation budget down to \$621 million. Do you feel that you can keep all of our primary highways and secondary roads in at least as good a shape, with some expansion, with that kind of a cutback in the last three or four years?

DR. WEST: The question begs a conclusion that I can't give in absolute terms. The department is maintaining the highway structure that we have and doing rehabilitation I guess with the resources we have. We have put more money into rehabilitation of the secondaries because we know that we can't build a new project and not maintain what we've already built.

The answer to your question lies in a bigger discussion. When the economy comes back in Alberta – and it's coming back, by the way – as I've always said, we should follow our economics with dollars in our transportation system. There's no doubt

there's going to be a major change in western grain transportation. We're going to have to look at some of those moneys. I hope we can make a good lobby to get some money from the feds for infrastructure when they close branch lines and look at rationalization, because we're going to have to haul a lot more grain on our road system.

I believe at the present time and within the fiscal plan we're doing an excellent job of maintaining what we've got, but in the future, as time becomes our enemy, we're going to have to have more money in rehabilitation. When the economy comes and new businesses come and you have to upgrade primary highways and new bridge structures and that sort of thing, certainly we're going to have to have more money, but the resources should be there consistent with the economic growth. So the answer to your question is twofold. Yes, we're doing a good job now, and yes, we're also going to have to have more money in the future as we grow.

MR. CLEGG: Well, you know, I've always said that we get criticized for health cutbacks and education cutbacks and social services cutbacks, and my philosophy has always been that there's no use having any of those in rural Alberta unless we've got roads to get to the facilities where in fact those are administered. You also know – I think it was in 1965; I go back almost as long as the hon. Member for Redwater – that the Social Credit government brought in the secondary road program and a promise was made at that time that within 10 years all secondary roads would be paved. Now, this is 1995 and that's 30 years. I was young then. What year would we possibly get all the secondary roads – and I know we've said that some of them aren't going to get paved – completed as proposed in 1965?

DR. WEST: All right. I guess I have the right as the minister now to say this: making a statement of when and where you're going to pave all the secondary roads is a wrong statement. Right now we have municipalities dedesignating secondary roads so they can get to their priorities. I had one the other day, 45 miles of secondary road that they want the removal of the numbers from, and they want to put the money into where the traffic goes, where the economy goes. So, first of all, let's rationalize the secondary system, and we'll probably need a lot less money because they can leave those roads that don't have people or commerce on them. Just because they were designated a few years ago doesn't mean that you should pave them now. So we're in a process where we're dedesignating a lot of roads; is that not right?

MR. ALTON: Yes.

9:33

DR. WEST: And I don't know what the numbers of those are. I have always said: let's follow the economy and the people of this Alberta in their corridors of life with good roads, but let's not pave roads that don't have that priority to them. So I'm not going to talk any more from the Sacred days of what we're going to do in targets. We're going to pave where it belongs, maintain where it belongs, and get on with it.

MR. CLEGG: Okay. Thanks. I just have one more. I feel very strongly that in 1965 – and Harvey has been around certainly that long or close to that long – a wonderful job was done by Social Credit designating the secondary road. There have been exceptions, but there haven't been a lot of changes in the secondary road, unless it's just happened in the last while. The argument was always that, you know, if there's a stretch that nobody lives

on, it doesn't mean that it shouldn't be a secondary road. The secondary roads were designed to feed the primary systems. You know, when I was with the MD, we had that very argument, but it's to try and get it down the centre of a district to feed to the – so I guess it's more of a comment. But, you know, I feel so strongly that we have to have more money in our whole transportation system. Now, of course, you know, we've got to get our books balanced. Nobody's going to argue that, but I think that we have to get our other departments under control so that we can get more dollars, because I think that if we keep this up for the next two or three years, we are going to have some deterioration of our highway system or secondary system, our whole road system.

MR. N. TAYLOR: Or toll roads.

DR. WEST: Yes. There are always innovative and creative new ways, and with the new technology coming along, we may be able to make our resources go further: new materials, some of the overlays, and that sort of thing. They're doing testing every day. There are new techniques coming up. I see one of the hon. members going a little bit like this. His engineering background may be too far behind him now.

THE CHAIRMAN: Thank you.

Next question, Don Tannas. [interjections]

MR. DUNFORD: Mr. Chairman, the Liberals are cutting into our time. We didn't cut into any of their time. Now, let's get on with this.

THE CHAIRMAN: All right.

MR. TANNAS: Thank you. I want to make a couple of comments. One, I would echo Glen's comments that our highways be maintained and improved and that we keep a watchful eye on that. That was one of my points that he took. The other point he took was the one on secondary roads as an important kind of thing. I mean, there were lots of villages and towns in this province that were not connected by anything greater than a gravel road, and the secondary road program has certainly improved that. Now some of the secondary roads carry far more traffic in limited places than some of the older primary roads do because they facilitate newer developments.

I was wondering about the completing of the export highway system by the year 2005. That's under the Provincial Highway Systems Development and Improvement outlook. Is that still a reasonable target, that by the year 2005 the export highway system will be completed, which is in your business plan here on page 7 of A Better Way II?

DR. WEST: Let's get back to what I just said about the secondaries. Fortunately or unfortunately, you can set targets, but building to hit targets when you have economies that go up and down and the cost of the dollar, perhaps the cost of materials, the cost of oil – there are all types of things in there. We say that you work on those projects, but the year 2005 is not attainable.

MR. TANNAS: Yet you've got it in A Better Way II. I just wonder how realistic it is, and you're saying it's not realistic. Okay.

MR. ALTON: In the longer range planning, you know, we've identified objectives, but as the funding has decreased, the requirement for rehabilitation, of course, continues to increase, as

Mr. Clegg mentioned. We must maintain the system we have, and each year the requirements for resurfacing and rehabilitation increase. In fact, you'll notice in this budget that the rehabilitation budget has been increased from an estimate last year of \$53.9 million. We've increased it to \$61 million this year to ensure that we maintain the existing system. Now, as those dollars increase, we must decrease the amount of new work that could be undertaken, and that results in projects like the export highway having to be spread out over a little longer period.

MR. TANNAS: Sure.

I want to turn to page 305 under gas. I don't know that there's anything sinister here, but I was just wondering why on the throughput of 40-some million dollars we would budget a loss in the net profit or loss for the year. Is that because in the previous year you made considerably more than you'd budgeted for and you're essentially a service?

MR. ALTON: Yeah. This is a revolving fund. It must break even. We generally try to balance it at least on a three-year basis. So if in a current year we have a surplus, the next year we would budget a loss to balance that surplus. First, I would say that all of the costs of administering the Gas Alberta fund are charged to the gas co-ops in Alberta. There are no provincial dollars going to this. This is a total funding by the gas co-ops. So there are no provincial dollars going into this. The problem in forecasting profits and losses or balancing the budget is because of the very major fluctuations in gas prices.

MR. TANNAS: All right. Thank you. There was just a comment made – I think to Edmonton-Meadowlark's questions – that things like filling in the cracks, cutting grass along the highways, and snowplowing would be privatized. Is this a possibility? Has this debate occurred?

MR. ALTON: We've been contracting grass mowing for a number of years.

MR. TANNAS: Yes, I see them all the time.

MR. ALTON: There have been a considerable number of contracts for crack filling in the past. We contract a certain amount of centreline painting, installation of guardrails, so there certainly has been a lot of those services provided by the private sector over the years.

MR. TANNAS: I've certainly traveled 50,000, 60,000 kilometres a year mainly on the primary highways and secondary roads, and I've seen that. I just haven't seen the privatized snowplowing yet.

DR. WEST: Well, they're integrated, and you won't recognize them as different, because they purchase trucks from Transportation and Utilities. As you're traveling the highways and byways, you can't differentiate between a department truck and a private truck. They're the same colours. They have the same warning lights. So they're out there. This year they haven't been out as much as others because we haven't had a lot of snow and that, but they're integrated. No matter what happened, you wouldn't be able to differentiate them on our highway system, and I hope you wouldn't be able to either, because we want a uniformity and a consistency of service. The support of the public is that they want to see a force that's unified and not split and fractured.

MR. TANNAS: Okay. I've got some lottery questions later on, so I'll let the next person go, and I'll come back.

MRS. GORDON: I plan to ask some lottery questions.

Can you tell me, Dr. West, about Alberta public safety services with the decrease in operating dollars there and the changes that are taking place? Will there be a user fee put in place for municipalities and elected officials that go and take the disaster service courses?

DR. WEST: Are you recommending that?

MRS. GORDON: Well, I will say that certainly the cost in the past was always borne by Alberta public safety services.

9:43

DR. WEST: The federal government puts in a big chunk of it on the training. They put in the majority of the dollars.

MR. ALTON: There is some cost recovery. Fees have been implemented in the last couple of years for some of the training courses, so there is a partial cost recovery, and the expectation is that that would increase.

MRS. GORDON: What percentage, Harvey, would it be presently, then, that you recover?

MR. ALTON: I think it depended a lot on the individual courses. Some were subsidized considerably more than others, depending on the nature of the course. Some of that training was done as kind of a service to the municipalities. There are other kinds of training which are considered more of a provincial responsibility, and the ones which were more of a provincial responsibility were funded to a much greater degree.

MRS. GORDON: Such as dangerous goods and some of those?

MR. ALTON: Yes.

DR. WEST: Here are some of the dedicated revenues that came in. The cost recovered from the federal government was \$822,000, whereas tuition fees from the training school were \$140,000. What percentage? You'd say that \$140,000 of \$1,083,000 was tuition fees. The dangerous goods permits were \$50,000, and miscellaneous other fees that came from some of the courses were \$71,000. So that's a bit of the revenues that came in to disaster services.

MRS. GORDON: While I do have the floor, I would like to certainly praise Alberta public safety services. I think that they've done an exceptional job for municipalities and those people that have been able to go through their courses.

Can you tell me where within your budget here an allocation would be for municipalities that are really in a position right now where they've had tremendous growth and cannot keep up with their infrastructure, whether that be their road network or certainly other infrastructure as well? What is in place to help those kinds of municipalities, and where's that dollar amount in this budget?

DR. WEST: Well, of course, the regular urban grants are there as well as the waste water and waste management grants. The \$19 million can be redirected to municipalities with high growth, and an example of that this year is Canmore, which is getting about \$10 million out of the budget for the upgrading of their water treatment plant. If some place like, say, Brooks has that sort of thing – we're going to see quite a massive explosion there around the new packing plant, some 1,000 to 1,200 jobs – then

they will access on a discretionary basis those funds based in gray water, treatment of sewer and water, and perhaps they will have to increase their component that goes into curb and gutter and that sort of thing and the development of a new subdivision. We work with the municipalities, various departments, to ensure that they have a direction here, but those grants every year have to be dedicated to the highest need. As I say, priority would have to be given to those that are going ahead and need those on a first come, first served basis.

MRS. GORDON: Another question I have is regarding dangerous goods routes. What is the dollar amount that's allocated towards dangerous goods routes, and how do you prioritize those, again, with the municipalities?

MR. ALTON: Well, there are no provincially designated dangerous goods routes. All primary highways are dangerous goods routes. So when they pass through a municipality, they are dangerous goods routes. We do not advocate the designation of dangerous goods routes. Those are all done by the municipalities themselves. If a town decides that they don't want trucks on a certain road or that they don't want dangerous goods on a certain route, those have to be designated by the municipality. There is no special funding from the province for dangerous goods routes.

MRS. GORDON: I didn't know that. Interesting.

Getting into lotteries, was there a dollar allotment given to the 1995 Canada Winter Games in Grande Prairie?

DR. WEST: Yes. It was from last year's dedication, so it won't show on this. I'd have to go back. I was minister at the time. Somebody says \$2.8 million, but it was in that range.

MR. CLEGG: I don't want to interfere, but I think that you'd have to go back further than that.

DR. WEST: Yes. But it's when it was drawn down.

MR. BODDEZ: That would have been paid out in 1994. It would have been \$2.7 million paid out. For '94-95 there was \$430,000 in the budget.

DR. WEST: It was decided in '90; it's four or five years ahead. The decision to give them that money was made then because they had to target their funds, and then they'd flow through as the games come onstream.

MRS. GORDON: The community tourism action plan, the infamous CTAP: is the dollar amount completely gone now? What is the status of CTAP?

DR. WEST: Well, the last applications will be received by the end of December this year.

MR. BODDEZ: CTAP was actually finished . . .

DR. WEST: Oh, you're talking about CTAP, not CFEP.

MRS. GORDON: Community tourism action program, the funds have all been . . .

MR. BODDEZ: For CTAP, yes.

MRS. GORDON: Oh, okay.

Can somebody tell me what the administration costs are for some of the foundations: Wild Rose, Science Alberta, Alberta Historical Resources, and Alberta Foundation for the Arts. What are the administration costs?

DR. WEST: Which ones did you want to know?

MRS. GORDON: Wild Rose and Science Alberta Foundation.

DR. WEST: The administration and staff component of Wild Rose is \$738,347 including 11 staff members and seven board members, directors.

MRS. GORDON: The Alberta Historical Resources Foundation?

DR. WEST: The administration and staff: \$105,467 including three staff and 12 board members.

MRS. GORDON: And the Alberta Foundation for the Arts?

DR. WEST: That will be \$589,500, with eight staff and 10 members.

MRS. GORDON: Okay. Is there a decrease within these foundations of administration dollars and staff components?

DR. WEST: Directly I can't give you – there's been some streamlining of Alberta Sport Council and Recreation, Parks and Wildlife. They're down to one board of directors, so they're literally cut in half. They used to have 33 staff at the Alberta Sport Council with operating of \$1.4 million, and at Recreation, Parks and Wildlife it was \$365,000 with 9 staff, and each had 10 board members. Now they have one board and have made a significant decrease in the amount. So, I would say yes, there has been some decrease, but I can't give you those facts on the Wild Rose Foundation and the arts foundation at this time. They did not take a decrease in the amount of funds. Just so you're aware, they didn't take the 20 percent reduction. They would be subject to the other reductions, but under their contracts and agreements they got the same amount of money over the three-year period and administered those at arm's length to us in their operations. As you pointed out – I just happened to have this. You were wondering why I had this. It's because I was interested in that myself, and I had it wrapped up. I know you've been getting some of that at your review committee.

MRS. GORDON: So the staff that are involved here: did they take any kind of percentage rollback in wages?

DR. WEST: Yes.

MRS. GORDON: With those foundations?

DR. WEST: Yes. And Lotteries did too.

MRS. GORDON: Yes, I know Lotteries did.

Dr. West, with you now being responsible for lotteries, in all of the changes you anticipate can we see a little bit more in the future than just the disbursement of funds as far as lottery estimates? Will we see a full accounting over and above what the disbursements are?

DR. WEST: It's in the business plan, and the answer to your question is yes.

MRS. GORDON: Okay. Good. Thank you very much.

THE CHAIRMAN: Thank you, Judy.
Clint Dunford.

MR. DUNFORD: Yes. Thank you, Mr. Chairman. When we're in these areas, my two favourite topics in transportation of course are the export highway and the Red Coat Trail. You were talking about targets earlier, and I would suggest of course that most targets these days are moving targets. In light of the recent announcements of the Crow benefit and the perhaps demise of the Canadian Wheat Board, are there any expenditures targeted this year for the export highway south of Lethbridge?

MR. ALTON: Not any major construction, just operations.

MR. DUNFORD: However, the changing dynamics in this country will, I suppose – your department will be right on top of that, I assume, as to how the traffic patterns might be starting to change south of Lethbridge to Coutts.

9:53

MR. ALTON: The first priority has been identified as completing the twinning between Fort Macleod and Lethbridge. There is a section of course, as you know, west of Lethbridge that's already twinned. So completing that section would allow at least a twin highway to Lethbridge, which immediately provides some benefits in terms of the type of trucking configurations that can run between Calgary and Lethbridge. On a divided highway you're allowed larger configurations than you are on a two-lane highway. As far as from Lethbridge to the border, then the priority would follow for twinning of that. At this point there's no construction planned.

MR. DUNFORD: Okay. Again under the highway construction portion, I guess I'm looking at the difference between the primary and the secondary. The Red Coat Trail: one of the problems it has had is that the major portion in Alberta continues to be viewed as a secondary highway system, and of course then the results of all that, my understanding is, are that it would be a municipally directed initiative. Now, we know that in the past we've had obstruction and, I guess, opposition to a Red Coat Trail coming out of the eastern part of our province, yet it's been detrimental to the Alberta advantage in terms of southwestern Alberta. How does the system work of a secondary going to a primary?

MR. ALTON: Usually the criteria that are examined to determine whether a route should be a secondary or a primary relate to traffic volumes, the nature of the traffic, the amount of through traffic versus local traffic, how much through traffic is generated. The Red Coat Trail unfortunately has very low traffic volumes. In fact, it has low volumes even for a secondary.

DR. WEST: I don't think it even follows the trail.

MR. DUNFORD: What's that?

DR. WEST: When they look back now and look at the actual geographic location of it, it may not be on the trail.

MR. N. TAYLOR: Point of order, Mr. Chairman. Could you tell me exactly where the Red Coat Trail starts and where it stops?

MR. DUNFORD: It starts at Winnipeg, and it moves in a westerly direction through Manitoba on a primary system, moves through Saskatchewan on a primary system.

MR. N. TAYLOR: That's number 3?

MR. DUNFORD: It's 13, I think, in Saskatchewan, and then it ends up in Alberta on the secondary system until it ties into Highway 4 to Lethbridge, and then it becomes number 3 to Fort Macleod. The terminus of the Red Coat Trail then is Fort Macleod, Alberta.

MR. N. TAYLOR: Where does it end in Alberta?

MR. DUNFORD: Well, the closest town would be Manyberries.

MR. N. TAYLOR: Manyberries, eh. Oh, okay.

MR. DUNFORD: The interesting thing, however, from an estimates standpoint is that it's the age-old problem, I think, of how traffic is determined. I think both of those highway systems that I'm bringing up today are caught in the old-style thinking. I think that the numbers are down on the export highway because of the fact that it is a two-lane. I think if it were a four-lane, you'd see a dramatic increase in traffic. I think the Red Coat Trail is the same situation. People know that when they get on the Red Coat Trail in Manitoba and Saskatchewan, they have no guarantee of the kind of road system they're going to face when they hit Alberta. So somewhere along the line there's got – I don't want to get into policy here, and I'm getting very close.

THE CHAIRMAN: You are. You'd better rein it in if we're on the horse.

MR. DUNFORD: All right. Well, if you build it, they'll come.

DR. WEST: You'd better get better water along that Manyberries corridor, because the drinking water isn't too good when you stop.

MR. DUNFORD: Speaking of water, there was a difficulty between this department and the city of Lethbridge on a water treatment situation. I understand that that's now been resolved. Are all of those costs in the estimates for '95-96, or is it a longer term period than that?

MR. ALTON: There will be costs that go beyond '95-96, but all of the costs that are required for '95-96 are in the budget.

MR. DUNFORD: Okay. It's my understanding that both parties are quite happy with the agreement.

MR. ALTON: Yes.

MR. DUNFORD: I always find it interesting how we view these estimates. We spend a lot of time on the costs but actually very little time on revenue. Where would I find the ALCB revenue numbers that are projected?

DR. WEST: They're dedicated to Treasury.

MR. PORTER: Yes, on program 2.

MR. DUNFORD: Oh, I see. So they won't show up here. However, you have a responsibility for that. Is there any increase

in the revenue estimates in '95-96 showing that the Safeways and the Save-on-Foods might be opening liquor outlets?

DR. WEST: Absolutely not.

MR. DUNFORD: The last question has to do with lottery revenues. Is that also dedicated to Treasury?

DR. WEST: Lottery revenues, yes. Well, it goes through the general revenue fund to Treasury.

MR. DUNFORD: Okay. What would the impact be on lottery revenue if the take by the players were increased from what I believe to be the current 85 percent to perhaps a more competitive situation in Alberta of somewhere in the 90 to 92 or 93 percent range?

DR. WEST: The VLTs are set at a 92 percent payout.

MR. DUNFORD: Oh, they're set at 92 percent?

DR. WEST: They're set at 92 percent across the board. All chips are programmed to a 92 percent payout. Because of the distinct nature of gambling, if you walk away after you win, you will get 92 percent of your money back. If you repeat play and keep playing winnings against losing, you get 69 to 70 percent.

MR. N. TAYLOR: What's that again?

DR. WEST: Well, all the VLTs are set at a 92 percent payout. That's based on a single run.

MR. N. TAYLOR: That's the same as Las Vegas.

MRS. GORDON: No.

DR. WEST: Yes.

MR. DUNFORD: Well, it's pretty close.

MRS. GORDON: It differs in Las Vegas.

DR. WEST: The jurisdictions vary between 92 and, say, 95 percent. It's consistent across – we took an average in Canada to come up with 92 percent. It can be higher. Some say we give all but 4 and a half percent back; some say 5 and a half. If you're in Vegas, you'll see them list that. But remember, that's on one spin. If you stand at the thing and keep spinning it and taking your winnings and shoving them back in, it comes down to an average of 70 percent.

MR. N. TAYLOR: Up here?

DR. WEST: All over.

THE CHAIRMAN: The questions are coming from this side, Nick. You can ask after, if you like.

DR. WEST: Here's a question, and I'm going to let Gary see if he can answer this. This is a good question. What would be the difference to our revenues if we raised it from a 92 percent to a 95 percent payout?

MR. BODDEZ: My guess is that you might even make more because people would sit there and play longer. The more you

play – as the minister says, if you reinvest your winnings, you lose that 8 percent or 5 percent if you raised the winnings higher, but the idea is that you would probably occupy more time on the stool playing the games, so we'd probably have more revenue coming back.

DR. WEST: That's been demonstrated.

MR. DUNFORD: Are you telling me that we're actually helping players by reducing the payout? Get serious. Come on.

DR. WEST: There have been 5,280 reports written on gambling. The people who study gambling – yes, what he says is absolutely true, although you can't ever discuss that at a table of common sense, because someone would say: oh, no; you're only saying that because you want more profit. In fact Vegas, which makes more than is being made here, does increase the payout and only takes 4 or 5 percent, but it makes more money.

10:03

MR. DUNFORD: What would happen to the lottery revenue if, instead of winnings clicking up on the screen in terms of credits, coins dropped into a tray? What do the studies show would happen there?

MR. BODDEZ: I really don't know. My guess again, my feeling would be that it would increase somewhat, because it would attract a different kind of player that's more interested in hearing the coins jangle out. But to the best of my knowledge, there's no jurisdiction in North America that has had the kind of response we've had to VLTs. The coin-in figures and the net win that we are experiencing here has not been duplicated anywhere that I'm aware of in North America.

MR. DUNFORD: Well, there is the suggestion that of course there's the hypnotic effects of those credits on the screen, and if there were coins hitting the tray, the person might pocket some of that and leave. The question was then directed as to what the revenue impact would be.

DR. WEST: Just to answer that directly, Vegas didn't find that as a fact. They like the coin in, coin out because they found that it maximized return. In fact, a few here in Alberta have requested me to go to coin in, coin out, especially at Northlands, and I've put a hold on that at the present time.

THE CHAIRMAN: Clint, before you wind up, I would like to just excuse myself, and Glen will be taking over, if that's okay. Lance has been very co-operative. He's indicated that they won't have any more lottery questions, so if there aren't any more from this side, Mr. Minister . . .

MR. DUNFORD: I'm not done yet.

THE CHAIRMAN: No. I'm just saying that Lance had indicated they didn't have any more lottery questions, so once the government members are finished, if the lotteries people want to, they could feel free to leave.

Thank you, Lance.

[Mr. Clegg in the Chair]

MR. DUNFORD: What would the impact be on lottery revenue from VLTs if the restriction of the 6,000 machines were removed?

MR. BODDEZ: We have yet to experience a decline, if you like, in the revenue growth curve that matches the number of placements that we put out. So the answer, based on our experience to date, is that if we were authorized to put out more machines, we would expect the revenue curve to follow the number of placements. It would go up, would be my short answer.

DR. WEST: Can I supplement that so that you can get the dimension of these in Alberta. When they set a target of 8,500, it was based on \$400 a week return per machine. Right now we're anywhere from \$1,470 to \$1,700, depending on where the machine is. That's four times. So to get the same amount of revenue as first projected, we would have had to put out 32,000 to 34,000 machines. Six thousand machines has maximized the return four times what was estimated on 8,500. Another jurisdiction, Manitoba, gets about \$500 a week. We're three times Manitoba on take per machine. So the answer to your question is that we would expect an explosion.

MR. DUNFORD: Well, Mr. Chairman, I want to be on the record as indicating that my wife works for AADAC, so I don't want to get into any other questions that might relate to some of the social aspects of gaming. I'm finished with my questions.

THE ACTING CHAIRMAN: Thank you, hon. member. Obviously – and I was guilty too – we are getting away from the estimates on just about every set of questions, but I'm going to be very lenient, if it's okay with the minister, because a lot of people are more interested in policy and how things operate. So if that's agreeable, I will be lenient. Is that okay with you, hon. minister?

DR. WEST: Absolutely, as long as they're genuinely interested questions and not political.

THE ACTING CHAIRMAN: That sounds fair to me. You always have the privilege or decision whether to answer them or not.

Don.

MR. TANNAS: Thank you. Under the Alberta Lotteries funds the operations showed in '93-94 a cost of \$41 million, then \$31 million in '94-95, and then zero in '95-96. Then there's an asterisk and it says that the grant is provided by GRF. Now, where do we find that?

MR. BODDEZ: There was a change, beginning with the 1995-96 fiscal year, in how Alberta Lotteries will receive its operating dollars. Prior to that time they used to deduct them from the gross revenues that came in, with a net flow through to the province. Effective with the April 1 fiscal year that grant will be provided through the general revenue fund and be subject to review and estimates and indeed Committee of Supply, as it is today. So that's why the two dollars don't show the same.

MR. TANNAS: And this is sort of the Auditor General's recommendation?

MR. BODDEZ: This is in concert with the recommendation of the Auditor General, certainly, and will approve the accountability of those funds.

MR. TANNAS: Now, where do I find that amount, though?

MR. BODDEZ: Page 299 under vote 6.6.1. You'll see for 1995-96 a total of \$24 million. That's the comparable figure to the one you had listed.

MR. TANNAS: Sure. And there's the \$31 million; right. Good. Thank you.

Now, the next item. I see there's \$12 million in the disbursements, and I wanted to just make a comment public. Edmonton-Meadowlark said it was high time that we got these. My recollection is that we got them every year for I don't know how many years and that they were tabled in the House, et cetera. So it may be news to some people, but it has been going on for a long time, because some of us have even printed it in our newsletters and stuff like that.

I see \$12 million under the Edmonton concert hall. Now, that can't be a traditional one, Mr. Minister; is it?

DR. WEST: Well, there are two sides to your comments. This is different because we're showing the total fund being reported on this sheet, and before we just showed the dedicated \$124 million.

MR. BODDEZ: We also showed the amount that was transferred to the general revenue fund, but this time, because of the change in accounting that I just described, it's been grossed up by the operating dollars. So that's the full picture that you're talking about.

DR. WEST: That's right. Before, you could take anything off for operating. At any rate, the \$12 million?

MR. TANNAS: Yes.

DR. WEST: Yes. This is a commitment to the Edmonton concert hall. It originally was a \$15 million commitment, and it's to be matched by the federal government and by donations and by the city of Edmonton for a total sum of 40-some million dollars, I guess the cost.

MR. BODDEZ: It's \$46.9 million.

DR. WEST: It's \$46.9 million. Fifteen million dollars will be coming from the federal government. We put \$3 million in escrow, which drew down interest that they could use in their operations, because they're going out and getting commitments of funding from the private sector and from foundations. This \$12 million sits here as a commitment. The majority of this \$12 million will not be released – that is under an agreement with them – until the books are balanced in the province of Alberta. The \$3 million in escrow was transferred to them here recently under our original agreement. They are to go out now to get the next \$3 million. They must show a funding from the private sector; they must go out and raise those funds. The base of it, which is \$9 million, will not be given until '96-97 or at such time as the provincial budget is balanced, and they're aware of that, by signature.

MR. TANNAS: I guess the question arises as to how – well, I'm not sure what this is. We have the Jubilee Auditorium, we have the Citadel Theatre, and this is an opera and symphony concert hall. Is that right?

DR. WEST: This is equivalent to the Jack Singer Concert Hall in Calgary. In the day the Jack Singer cost \$82 million, and it

gets \$1.2 million in operating from the arts society. So in comparison Edmonton . . .

MR. TANNAS: . . . is not doing as well.

MR. N. TAYLOR: Look at it this way, Tannas. Singer paid off. Maybe this one will.

10:13

MR. TANNAS: Oh, I don't disagree with that. It was news to me, and this isn't infrastructure-type funding.

DR. WEST: No. This commitment was given about three years ago.

MR. BODDEZ: Actually, in '89 I believe.

DR. WEST: In '89. It goes back quite a ways. The way we do our total cost accounting now, it's a contingent liability and must be reported. You understand that if it wasn't dedicated before, we held it out here, but now we have a totally consolidated debt and we must show contingent liabilities and commitments of every dollar.

MR. TANNAS: A couple more points I wanted, and to again echo Judy's comments with regards to disaster services. A couple of years ago we were starting to get duplication by the feds moving in on hazardous goods and suddenly having four-wheel drives and a whole bunch of people with hats and uniforms going to help us all out with hazardous, even though that was already being done. Have they scaled back on that, or have they decided not to duplicate, or have we just turned over that function to them?

MR. ALTON: We do all of the enforcement and inspection under the federal legislation.

MR. TANNAS: Right. So they've backed off then?

MR. ALTON: There are no federal inspectors nor will there be under the current situation.

MR. TANNAS: Okay; good.

Just another little word to illustrate I guess Clint's point. I don't know if it's transferrable, but for many years there was a nice road south of Longview down through the hills and the gaps between the Porcupine Hills and the foothills and the mountains. It was so nice that all the local people used to drive on that. It was a marvelous road. Now, of course, what they've done is they've made it a highway, Highway 22, and the traffic on there is absolutely incredible, the increased rate of traffic. Whether that fits in with Clint's Red Coat Trail or not, I don't know.

MR. DUNFORD: Yeah, it does.

MR. TANNAS: Sometimes that kind of thing can happen, where you put in a road and the traffic increases. One wonders whether or not there are a few vehicles there escaping the weight inspection station.

DR. WEST: Well, there's a good example, because now the major portion of our dedication for rehabilitation this year is Highway 22, and that's why we can't do the Red Coat Trail.

MR. TANNAS: That's where the money's going.

THE ACTING CHAIRMAN: Hon. member, we are not going to turn this into a lobby group. We've had too much of that.

MR. TANNAS: I was only drawing a parallel.

THE ACTING CHAIRMAN: The hon. Member for Lethbridge-West and now you: you've turned it into a lobby group. Now I've got the Member for Lacombe-Stettler wanting to do the same thing. We aren't going to be in a lobbying position here.

I didn't want to interrupt you, Don. Have you got any other questions?

MR. TANNAS: No. You've cut me off. I'm finished, thank you.

THE ACTING CHAIRMAN: Any more?

MR. DUNFORD: I'm done.

THE ACTING CHAIRMAN: Okay. No more government members? Then we're going to start with the hon. Member for Edmonton-Meadowlark.

Would somebody like to just have a three- or four-minute break to get coffee, or is everybody happy? A five-minute break for coffee?

HON. MEMBERS: Agreed.

THE ACTING CHAIRMAN: You can fill your cups, and we'll be back at it. Edmonton-Meadowlark will be up when we come back.

DR. WEST: Do we have any liquor board coming up?

MS LEBOVICI: Yes. I was going to address that.

DR. WEST: Okay.

[The committee adjourned from 10:17 a.m. to 10:24 a.m.]

THE ACTING CHAIRMAN: Can we bring the committee back to order, please. Everybody take your seat, please.

The hon. Member for Edmonton-Meadowlark.

MS LEBOVICI: Thank you. Just a brief comment to begin with. I was surprised, when I looked at the business plan for Transportation and Utilities, that there wasn't more of a breakdown in terms of what the performance indicators are. It's difficult when we're looking at the estimates to then judge for next year in terms of the impact of the cuts, or – and this is not going to happen in the near future – if there are any dollars put into a program area, how that impacts in terms of the performance indicators. Advanced education and Treasury do have more – it's still not as much as we would like to see – of a breakdown. For instance, if you look at advanced ed, you've got your time lines, your comments, your strategies. If you look at Treasury, it has more of a breakdown as well, and I think that would be quite helpful. I'd like to know if next year you will have more of a plan. I realize that the minister is new to the portfolio, and that might be a reason for this.

DR. WEST: Well, there are two sides to it. You're absolutely right. On the one side of the equation – on our highway system I asked the department to pull back and rethink benchmarks and that sort of thing. They were going to hire consultants to go out and ask Albertans if they think their highways are as good as

those in Saskatchewan or B.C. A lot of the questions had their own conclusions. You're an Albertan. Of course, your highways are better. Is that necessarily a benchmark for Alberta and our system? We do have in our core business plans some targeting for safety and the measurement and the quality control of our highway systems. That's in there. But some of the other benefits to the dollars expended as it relates to the economy or other types of things in Alberta, we're going to work on that. I hear you loud and clear.

We'll still have good measurements, I believe, and we'll have to concentrate well on safety and the amount of accidents and the types of structures that we've put in place to cut down on the amount of deaths and carnage on our highways. That has to be set and have a growth to it as far as results. We've got some of those, everything from seat belts to some of our driver safety programs, the safety of our vehicles, and we work with organizations like ITV and some of the rest. We're putting together plans for that. But actual output, dollars expended versus output and a cost analysis of that, we have some work to do.

If anybody has any recommendations – because it's a hard thing on performance output. I guess in advanced education you can say: "How many graduates do we have? This is how many failed in grade 12 a few years ago, and this is how many didn't, and this is how we've gone up in science or history." In our system how do you measure that output when you spend \$120 million on primary highways and then relate it to a cost benefit to Albertans. You have some of them nice to have, some of them based to economy. Did we get so many tonnes of material across that? Was that economy? Did we have so many happy, safe travelers per day? If you're traveling to a hockey game on your highway, is that a cost benefit to you? How do you measure it? If you have to go to work, that's one, and you've got safe highways to get to work and back. Then you've got your recreational time. Is the cost benefit from those highways measured or measurable? We can measure tonnage and we can measure economy, how many trucks and the safety, but when we get down to the general traffic that takes place on Sunday afternoon and we spent that much money last year, what's the cost benefit to Albertans?

MS LEIBOVICI: I would think, though, that there are. When I look at the performance measures that are listed here, it almost sounds as if there is some kind of performance measure in the industry. I can't say that I'm familiar with it, but it says, "Road safety performance rate." So that to my mind indicates that there must be somewhere within the transportation planning industry some kind of rate that you measure against. It's the same with regard to "highway and bridge condition rate." Those are very specific terms that you're using. "Public safety performance index." So again, to my mind, it sounds as if there's an index somewhere that's accepted throughout the industry. If there isn't – and I'm seeing sort of some gestures that there may not be – then I guess my question is: what is the department doing over the next year to develop those and what are those based on?

MR. ALTON: Those indexes do exist, and that's the measure that we are measuring against. For example, we have a sophisticated pavement management system that tells you the condition of every kilometre of paved highway in the province, and you can measure those again a year later to see whether or not you've maintained that condition. That's part again of the measures. So there are pavement index measurements. Then you want to ensure that you're maintaining that measure so that you're not seeing a deterioration of that system.

MS LEIBOVICI: I don't want to belabour the point, but when you look at Energy in terms of A Better Way II, it has strategies outlined, action plans, preliminary critical path, and internal performance measurement. I think it would help everyone around this table – this year's too late but next year – if you have that laid out as well. I'm pleased to hear that you do have those measurements, but it would be nice for everyone else to see those, and then we can ask maybe better questions when it comes to the estimates next year. So just as an overall comment.

DR. WEST: I agree with you, but I want to have two things. I want a results process.

MS LEIBOVICI: Uh-huh, I agree with you.

DR. WEST: Many times we put it in because it sounds good. "Let's have a benchmark and a process. This department has it." It means nothing, because in government who are you measuring against? Failure? Because all other governments in this country are broke and have debt. Therefore, are you measuring your efficiency against somebody else who is this much more inefficient than you are? I've never been able yet in government to put down a benchmark. You can apply some of the functions against the private sector, but when you put the benchmark against other governments, we are a dismal failure in this country, federally and provincially. Now, you'll say, "Well, some are balancing." No. Let's talk about the long-term debt and consolidated budgets across this country. What benchmark do we put in place to say, "That's all you need to spend on that function to get these results"?

MS LEIBOVICI: Well, we're not going to get into a philosophical argument here, but I do agree with you that government can and has in some jurisdictions been able to do exactly that: they take a so-called soft service and they do try to apply a dollar figure to that service. So it's not impossible to do, and it's something that I would hope to see.

DR. WEST: What I want to do is get it down as low as we can for better results in other provinces, and then we're the benchmark for Saskatchewan.

MS LEIBOVICI: Well, I do agree that what we need to have is a lot better in terms of the business plans. Though I picked Alberta Energy out of the hat, I think you're right that we still need to look at a cost-benefit analysis, and that's something, I guess in terms of the whole planning throughout government, that we haven't seen.

That leads me I think nicely into my next question, which is the ALCB. I must admit that I was trying to figure out, Mr. King, why you were here, because I didn't see ALCB in the transportation estimates at all. My information is that it's in Treasury, but I'm not sure where it is. Can you lead me to the right page where I can find out the estimates with regard to ALCB? I realize we've divested ourselves of the stores, but my understanding is that we still have a warehouse and we still have an administration. So where can I find that?

MR. KING: I think the easiest way to put that question into perspective is that since 1924 the ALCB was not funded through the general revenue fund. The board votes once a year on the operating budget, and that is essentially where we're at, and that's a statutory report. Now, that may change in the future. I'm sure the minister indeed will be looking at that because of the fact that

the operations of ALCB are winding down. That, more or less, since 1924 is how the board has been run.

10:34

MS LEIBOVICI: So you're saying that since 1924 the Legislative Assembly has never seen the figures for ALCB?

MR. KING: I'm not suggesting that the Legislative Assembly hasn't seen the figures, because there's an annual report. I don't know whether you have a copy.

MS LEIBOVICI: No, I don't. Not with me.

MR. KING: Do you want my copy?

MS LEIBOVICI: That would be nice.

DR. WEST: Those are tabled in the Legislative Assembly.

We're just about to embark on the next reorganization of lotteries, gaming control branch, and ALCB, which will indeed bring us into focus.

MR. KING: Another comment may be worthy. Before I call a board meeting on the budget, I make sure that there's consultation with the minister and Treasury. So it's not as if we're out there on our own voting ourselves a budget which is exorbitant. I think that if you look at our budget in relation to other Crown corporations, you'll probably find our budget is somewhat meagre by comparison in terms of the nature of our operation, which is a business, less of a business today, much less so than, let's say, two years ago. Essentially we're, I guess, in the regulatory tax business today as opposed to running a business such as a retail or clerk.

MS LEIBOVICI: If my memory serves me correctly, the annual report was about two or three months late in terms of being filed. I think it was supposed to be filed in March of '94 and wasn't filed until June or July. Is that correct?

MR. KING: I don't think it was late. What benchmark were you referring to? I believe the annual report was filed in accordance with the legislation. If you could be more specific, perhaps I could comment on it, but I don't quite follow your question.

MS LEIBOVICI: Well, my understanding – and again I'm working on memory here – was that the annual report was filed late. Is that correct?

MR. KING: That is not correct. I don't know where that . . .

DR. WEST: No. In fact, we filed two reports. The reports from the liquor board have been filed consistently, I guess, more on time the last couple of years than they have been, but again the nature of the Assembly, too, dictates when you're going to table reports.

MR. KING: I think as you read through the annual report, you'll see that we're under the close scrutiny of the Auditor General.

DR. WEST: The difference between this and lotteries, if we were doing that, is that the total amount of revenues are moved straight into Treasury from the liquor board, whereas remember before that we had a lottery fund and we would only dedicate certain amounts outside. The way the revenues are taken off the tax and

moved totally into the general revenue fund and reported in all the documents, consolidated budget and that, is distinctly different than the lotteries used to be. Lotteries are going to be the same as that now, but the liquor board never came under scrutiny that way from the Auditor General because there was distinct clarity of where the dollars went.

MS LEIBOVICI: Okay. The severance cost to the permanent employees was \$17 million. Is that correct?

MR. KING: Yes, that's correct. That's the same number the minister gave earlier.

MS LEIBOVICI: Okay. Thank you.

In terms of the estimates, when I look at page 288, it talks about financial assistance for urban transportation, which includes primary highway connectors, and I recognize that the minister has tabled a document that shows the primary highway system, secondary highway system, and auxiliary system. One of the areas that I think is of a concern throughout, I guess, the transportation system in Alberta centres around Edmonton and the fact that when you've got traffic moving up towards northern Alberta, when it hits Edmonton, there was a ring road that was being developed that has not been able to be completed. Now, recognizing that one of the goals of the department is to ensure that there's system co-ordination, that the roadways lead so that you can move from southern Alberta, especially the trucks, all the way up to northern Alberta with the greatest ease and the quickest speed, I would think that's one area that would be very difficult and would be a roadblock. My question is – and I realize that some of this depends on the municipality and the ratings that they put on different connectors – whether the department is looking at this particular issue at all, specifically, if I can be that bold, looking at Anthony Henday connecting up to Highway 16X and then continuing on towards Grande Prairie.

MR. ALTON: Well, currently the designated highway routing that moves traffic from Highway 2 south through to Highway 2 north follows the Whitemud freeway out to Anthony Henday Drive and then from Anthony Henday Drive north to Highway 16 and then across Highway 16 to Highway 2.

MS LEIBOVICI: No. If you look closely, if that's the map that you have, there's a little piece of road that's missing between Anthony Henday . . .

MR. ALTON: Well, you're talking about Highway 16. You're referring to the section between Highway 16 and Highway 16X.

MS LEIBOVICI: No. I'm referring to the section between Anthony Henday north towards Highway 16.

MR. ALTON: Well, Anthony Henday from the Whitemud freeway to Highway 16 is constructed and is in place. What doesn't exist is a connection between 16 and 16X.

MS LEIBOVICI: Right.

MR. N. TAYLOR: But then you come back into the city, and you get to Highway 2. That's the one I was telling you about.

MS LEIBOVICI: Right. Exactly. It doesn't complete through.

MR. ALTON: You then go back into the city and across to Highway 2 or the St. Albert Trail.

MR. N. TAYLOR: Yeah. Then straight out to St. Albert. My God, you're in a settled district for half an hour.

THE ACTING CHAIRMAN: I have to call you to order. I'm sorry; we're getting a discussion between people.

MR. N. TAYLOR: There's a lousy design to Highway 2. We're just trying to make the point.

MS LEIBOVICI: Yeah, it is.

It actually leads into another issue with regards to dangerous goods, I guess. Again, if I can be so bold, I think that we're looking at a potential disaster within the city of Edmonton along that routing; 170th Street is the designated DGR. Anthony Henday is also a DGR, but because of the fact that it doesn't have the connector to highways 16 and 16X, what ends up happening is that 170th is the truck route. Now, when you look at where that particular road goes, you're going past West Edmonton Mall, Misericordia hospital, a major, major traffic and retail area. Given the goals of the department, when I look at the issue of dangerous goods, then I think this is one area where the department is not meeting its goals.

MR. ALTON: To respond to that, I think that, firstly, the designation of the dangerous goods routes in the city of Edmonton is under the jurisdiction of the city council. The second point is that the city of Edmonton's priority for provincial funding on their primary highway corridor routes has been on the Yellowhead Highway. In fact, we've provided major amounts of dollars for the upgrading of the interchange that will connect the Capilano freeway to the Yellowhead. The city of Edmonton has not put a priority on the completion between 16 and 16X ahead of those projects. In fact, they have advanced an interchange project under the infrastructure program also at 50th Street and the Yellowhead. So the priority for those major corridors has been set by city council.

MS LEIBOVICI: I understand that. I do understand as well that that particular completion is now, I believe, the number one priority of city council due to the movement of some of the other projects off the list. I think that this is a provincewide issue as well as a municipal issue. We're looking at the movement of goods, dangerous goods, especially by allowing Swan Hills to have goods from outside of the province or from southern Alberta – well, they are anyways – move through. Although that is not the primary road, it could well be an alternate route. Again, because of the lack of a connector, that is why the DGR is the main use on 170th Street. So it's a bit of a chicken and egg deal in terms of what comes first and what doesn't.

10:44

MR. ALTON: Are you suggesting that we should dictate to the city council?

MS LEIBOVICI: No, I wouldn't suggest that, but I would suggest that when you're looking at financial assistance for urban transportation, which is vote 2.5, that's an area that I think needs major consideration. That is an area that needs to be looked at very closely by the transportation department.

I guess one of the questions that I have, again, is with regards to the number of FTEs. I believe it was 409. Do you have an amount as to how many people that will actually affect?

MR. ALTON: No. A certain number of those reductions will be achieved through attrition and voluntary severance, so the number of people that will actually be laid off has not been determined.

MS LEIBOVICI: In terms of the personnel costs, I understand that one of the reasons for them being higher this year was because of the movement to a payroll system; it sounds like a contracted payroll system. Is that correct?

MR. ALTON: That's correct.

MS LEIBOVICI: Can I then assume that next year we'll see a real reduction in those costs?

MR. PORTER: Actually, across government you should see that this year. In other words, Treasury's budget should be showing a decrease. The departments themselves are paying for the payroll system and the accounts payable system starting this year.

MR. ALTON: Which previously Treasury paid for.

MR. PORTER: Which Treasury paid for 100 percent.

MS LEIBOVICI: Has there been, then, an increase in terms of the cost? If we look at the total Treasury budget and at the way it's divided up amongst the departments, has there been an increase in costs because we are not contracting out that service?

MR. PORTER: My advice from the Treasury people is that it is an overall provincial savings, but you would have to ask that question to the Treasurer.

MS LEIBOVICI: Okay.

When we look again at disaster services and dangerous goods control, some of the input that I've been getting is with regards to the self-compliance that is part and parcel of the program. There's a partners in compliance program that's being continued, and I guess I'd like to know where the costs for that show up in the estimates. Are there any costs to that that are accrued to the department?

MR. ALTON: The partners in compliance program actually will mean a reduction in the operating costs of motor transport operations. The partners in compliance program is a program that's designed for those carriers that operate without any violations, without any overloads or any safety violations. They then are allowed certain privileges in terms of inspections, which results in a savings in the administrative costs of motor transport enforcement and enables them to devote more time to concentrate on those carriers that are continuously in violation. We have carriers that operate on the highway system who in an entire year will not have a violation. To continually pull them into the vehicle inspection stations and inspect them is a waste of the officer's time. So the program enables those who operate in a very effective and legal manner to be given certain privileges, which benefits both the industry and the department in terms of the enforcement costs.

MR. PORTER: That particular program is included in 2.6.2 on page 289 in the motor transport services estimates. That particular program has decreased by nearly 5 percent, part of it being because of this particular PIC program.

MS LEIBOVICI: Who are the partners?

MR. ALTON: The trucking industry.

MS LEIBOVICI: Are the Teamsters involved at all?

MR. ALTON: The Teamsters operate many of the trucks that are involved.

MS LEIBOVICI: Is this the area that – it's my understanding – is being looked at as running something like a DAO, where there are some government appointees, trucker association representatives, and where up to about a month or two months ago none of the affected unions, which is mostly the Teamsters, have been involved with discussions?

MR. ALTON: No. The committee that is working on the policy involves members of the Alberta Trucking Association and the department.

MS LEIBOVICI: Is there any plan to involve the Teamsters in terms of the self-regulation?

MR. ALTON: Not in terms of involving them in the direct administration of the program, but certainly keeping them informed as to what is occurring goes on.

MS LEIBOVICI: So as part of the self-audit they are not involved in terms of setting up what some of the requirements should be?

MR. ALTON: No.

MS LEIBOVICI: And there are no plans to involve them?

MR. ALTON: Not in that sense.

MS LEIBOVICI: Okay.

I believe the Member for Redwater has some questions.

THE ACTING CHAIRMAN: Okay. Before I get to the hon. Member for Redwater, the reason I was trying to keep order is because *Hansard* is having some difficulty. Secondly, Mr. King, if you answer any more questions – I don't know whether you will – would you just lean ahead a little bit, because they can't pick you up very well.

Okay. The hon. Member for Redwater.

MR. N. TAYLOR: Actually, I was going to ask Mr. King some questions, if that's all right. It's not particularly rigorous.

DR. WEST: Go ahead, Nick.

MR. N. TAYLOR: Yes. Mr. King, or to the minister, I noticed that you got out of most of your stores, but you still have quite a slug of them on hand – I don't remember exactly. I'm just wondering: are you working towards having no liquor stores? In other words, are we going to zero from owning any properties? You mentioned that you got rid of about 62 percent of the stores, that 145 of the 202 liquor stores are gone. Are you intending to go to zero?

DR. WEST: Well, we have no liquor stores. What public works has now and what they're working on is some property left, and if you want to call them old liquor stores, fine.

MR. N. TAYLOR: This report is '93, so in '94 you got rid of the balance of them.

DR. WEST: We're into '95, so what's left?

MR. KING: The last liquor store operated by the ALCB closed on March 15, 1994. We had a total of 156 owned properties, and of the 156 we have 19 properties left. Of that 19, 11 are liquor stores. The total value of those 11 remaining liquor stores is \$1.9 million, and we've already taken in \$59.4 million. So the number of liquor stores left to be sold out of a total of 156 is 11. In addition, we have nine parcels of land. On the leased property side, we had 67 leases. We only have one lease left to dispose of. By disposing I mean either buying it out or subleasing it. So we have virtually no properties left to dispose of, no liquor stores operated by the ALCB as of March 15 almost a year ago.

MR. N. TAYLOR: I see. So they'd just be assets transferred over to public works.

The second question is: are you looking at getting out of wholesale also; in other words, of handling, let's say, cigarettes? I notice you're out of the wholesaling of beer. I mean, not out of it, but a lot of breweries are wholesaling. Are you intending to try to do the same thing with whiskey so you're not even in the wholesale business, like cigarettes, say?

10:54

MR. KING: We're effectively out of the wholesale business today because (a) we don't own the product – the product is totally owned by the industry – and (b) under the flat tax or flat markup, the system that's in place today, a supplier could calculate backwards to determine what wholesale price they want their product to be priced at in the marketplace. So we're a wholesaler in name only.

MR. N. TAYLOR: I see. So you wholesale in name only because of the market.

MR. KING: Exactly.

MR. N. TAYLOR: That leaves another one. As you know, part of my constituency is remote, and they still handle a lot of the north country. There's been a tremendous growth of agency stores. I notice here from 14 to 73 in '93, and I think there are more. I'm getting a lot of complaints from the regular liquor store, that pays a fee and puts up proper walls and everything and is not allowed to sell anything but liquor, competing against agency stores, that are selling everything from fish bait to groceries to blue jeans with a little liquor on the side. They get the same wholesale price. In other words, the agency store is able to move in and get it from you at the same price that the legitimate one – not legitimate; the agencies are legitimate – that the regular store is. Now, it doesn't seem to me that there's fairness involved here, because if you're out in the boonies and you put a liquor store together, you have to have certain restrictions, and then an agency comes along with no restrictions. I know that there's a distance of travel, that you put, I think, a 20-kilometre thing, but nowadays in a hot car with second-grade gasoline you could cover that distance in a short time. So I'm just wondering about any plan you have of maybe charging the agency stores a little more for wholesale or making them go through the legitimate store.

DR. WEST: There are two things. Agency stores in the Act itself were always left there for a discretionary call as far as the

board was concerned. It's in the liquor Act and was empowered many years ago before the term "privatization" ever came along. It was never used, but to meet increasing demands for access to these products in areas where we didn't want to build any more stores because of the high cost of operating a store for low-volume sales, the agency division of the Act was opened up. There's a freeze on them at the present time; no more agency stores. Yes, it's a fair question, and you're absolutely right. I think the next thing – and I'll be bringing it forward – is to look at a licensing fee structure that addresses exactly your question.

MR. N. TAYLOR: Would that be a gradational charge at the wholesale level or something?

DR. WEST: No. In order not to breach the product itself, touching the pricing structure would not do it, but a fee: a licence per year annual fee.

MR. N. TAYLOR: I see. So that would try to make up for the fact that the agency store doesn't have to put up the capital costs.

DR. WEST: Yes. I'll be bringing it forward for discussion, but the point you raise – it's now cleanup time for some of the issues that were related around privatization.

MR. N. TAYLOR: One more ALCB so that Mr. King can get loose here.

MR. WHITE: Yes. Mr. Chairman, I'll just ask one question, maybe some supplementaries and allow Mr. King to get back to his duties. Mr. King or Mr. Minister, with the advent of the board not handling the product itself, not owning the product, basically not being in the wholesale or the retail business of liquor, just in the taxation and regulation, is it now not time to fold up the board and leave the regulation of the industry to those in the department, either this department or another department?

DR. WEST: Well, as I say, there's a transition taking place. One of the things that we have stated even in the business plan: we'd be looking at not only ALCB in isolation but the lotteries, gaming control branch, and that sort of thing, for a board that represents a licensing and audit control for the protection of the public from certain, you know, malices of these products. ALCB, you're right, could be wrapped up in that. I think very shortly we'll be looking at that because it's in our business plan that we've put out that we indeed would be doing that. You've identified exactly what's there. The other thing that needs to be done is a revamp of the liquor Act to bring it into the next century. So those two things: yes.

MR. WHITE: Tell me also: is it the intent for this board to be autonomous, semiautonomous, not just the board structure and how they're appointed or how they get to be there, whether elected or appointed, but also their governance, whether they are in sole care and custody of the regulations or are they in an advisory capacity.

DR. WEST: No, they will not be autonomous because it's inherent to the structure that we collect a large number of dollars from this in a tax, and of course we must then report that and dedicate it through the general revenue fund. Therefore, in that sense they will not be autonomous. In some regards they never have been autonomous. Although they've been sitting out there as a liquor board, duly formed by legislation and that sort of

thing, they were always reportable back through a ministry and to the people of Alberta.

I think we've learned one lesson from the lotteries: you can't make autonomous organizations out there that take such a large chunk of revenue and bring it back into program delivery for Albertans. You can't leave them autonomous; you have to have them duly reportable and responsible and accountable to somebody. That is the Legislative Assembly of Alberta, and the method of that is through a minister that takes these through committee and budget analysis, as we're doing here today.

So to answer your question, in the end when we put these together in whatever branch it comes up as, it will be accountable and dictated through regulation in the legislation but back, as the Auditor General has recommended, through the Legislative Assembly of Alberta.

MR. WHITE: So this singular board, if it gets to that, could be and would be an advisory one that searches out and gathers public opinion and recommends to the minister this change and this change and this change in various Acts and regulations in theory is what you're speaking of, gaming and liquor control and that sort of thing?

DR. WEST: This board would indeed do that as well as effect the policy and the regulations as set out by the government and would also be accountable for its revenues. But, yes, it would enforce and take forward policy advice on the Act as well as have specifically set out duties in licensing and in control of the finances as well as any breaches of the Act, whether it be drinking under age or whether it be fraud, manipulation of certain gambling events, or whether it be in the gaming area with volunteer groups, that sort of thing.

MR. WHITE: Finally, in their recommendations will they be the ones that are charged with the responsibility to evaluate and report that balance between revenue generation of what we would in the old days call a vice, the revenue generation of that versus some measure of social damage that in fact is done by the deliverance of this? Are they going to be the evaluators of that and the recommenders, or is that left with government totally?

DR. WEST: Well, that forum will take place through such things as is being done now with the lottery review. They are more in the mechanics and the delivery of a policy that is established through public review always. That will be a separate function from them in that respect. Although they will give recommendations as to what the policy's effect is at the time, a change in that policy would take place at government levels.

MR. WHITE: Thank you, Mr. Chairman. Those are all the questions we have on ALCB.

THE ACTING CHAIRMAN: Okay. Mr. King can be excused if there are no more questions to him. Certainly we're here for the minister, so it's the minister's decision who he brings to the meeting. Thanks for coming, Mr. King.

Okay. The next question.

11:04

MR. N. TAYLOR: I wanted to hook on to what the Member for Lethbridge-East talked about with western grain transportation being canceled.

MR. DUNFORD: I'm flattered you'd think I was Ken Nicol, but I'm Clint, Lethbridge-West.

MR. N. TAYLOR: I see. Lethbridge-West; I'm sorry. I promoted the hon. member without realizing it.

There is going to be a lot of north-south change, and I'm not sure the province is ready. You mentioned earlier the twinning of Highway 2, and outside of jumping on you again about the ridiculous way of Highway 2 going around Edmonton – I won't do that. I think you've already got the point that we think your planning on number 2 for trucks going around Edmonton is not too apt. How about moving over on another north-south road? If we're going to have our agricultural products and processing reach the U.S., it doesn't seem to me to be logical for a lot of our produce to come from eastern Alberta all the way over to number 2 and then south. What kind of planning is in the works for another north-south four-laner that starts out anywhere from the Smoky Lake country, goes down to Drumheller, then on down and crosses the border that way, making it much easier? Actually it would be more of a centre for agricultural produce to hit the main line to go south than Highway 2 would.

DR. WEST: Mr. Chairman, if I might step in. I guess this type of thing is almost viewing the province in the future with a hypothetical-type base to it. We still have to see the effects and the challenges that the western grain transportation system will have when we change the Act, and we've just been informed by the minister that there are many things in the Act that have to be changed. As well, there has to be a major discussion with the four western provinces as to the pooling and the types of moneys and dedication of those moneys, some 300 million plus dollars, and the distribution of that \$1.6 billion. You'd be able to discuss that with the minister of agriculture. I think he's doing the detailed discussions at this time with the minister in the federal government. He's taking the lead on that. I don't think it's fair to ask us how we see that sort of thing. It isn't relevant to this budget.

MR. N. TAYLOR: Well, I think you answered a lot of it already when you said that you haven't got any plans. In other words, it's bureaucratese for saying we don't know.

Then the other one is: in this transportation settlement that we're talking about, when you mention the cash fund, do you think that will be earmarked for alternative transportation systems? Is the minister of transportation looking at that?

DR. WEST: Well, that's a discussion that I think you should take up with the minister of agriculture. The term is, yes, but the question with the federal government is not in our hands. We are very concerned about how they dedicate that. They're talking about pooling. You know, we don't know whether they're talking about Churchill. If there's going to be a rationalization of branch lines and that, we would like some dedicated to our highway infrastructure. That question hasn't been answered by the federal government yet. They've earmarked this big chunk of funds, but they haven't literally said that so much would go to a province for – that's the discussion we're going to have to have with the federal government.

MR. N. TAYLOR: The next thing I'll jump to is hazardous waste routes. The deputy minister said that it's up to the city to designate them within the city. Is that so also rurally? I have the impression that with our rural roads the hazardous waste truck just more or less picks and chooses its own way, that the MDs do not

have anything to do with it, that it would be up to the department of highways.

MR. ALTON: No. The municipal districts and counties, for those roads that are under their jurisdiction, have the right to establish truck routes and dangerous goods routes.

MR. N. TAYLOR: That applies to secondary highways then?

MR. ALTON: Yes. On the primary highway system in its entirety are dangerous goods routes. We have no restrictions on the primary highway system, nor do we desire to designate any particular primary highway to be used. For example, if you're going from Edmonton to the Swan Hills site, we would not attempt to direct that traffic via any particular highway through any particular community. All the primary highway routes are available for the movement of dangerous goods.

MS LEIBOVICI: If I might just interject in terms of A Better Way II, you talk about financial assistance for local transportation systems development.

Partner with others to ensure ongoing priority needs are being addressed, and provincial and local systems are integrated into a seamless network for the movement of people and goods.

Implement changes to the urban program to focus assistance on roadway and transit projects serving provincial requirements.

To just supplement what the hon. Member for Redwater is asking about, I think, there does seem to be, according to your own plans, a role for the province to recognize when there needs to be this “seamless network” throughout the province. What we're saying is that there are definitely spots where that is not occurring.

MR. ALTON: The only requirement we have is that where we provide capital funding for the improvement of a roadway, that roadway must be available to all traffic. We will not permit provincial funds to be expended on a roadway that does then not allow any truck traffic. If they're going to use provincial dollars, they must be truck routes.

MR. N. TAYLOR: That would apply to all secondary. All secondary roads use some.

MR. ALTON: Yes.

MR. N. TAYLOR: So in effect you're saying that there are no restrictions on any highway in the province that the province contributes to building.

MR. ALTON: No. It's just that in a municipality – a town, a village, or a rural municipality – where there is a reasonable alternative route for dangerous goods, if the municipality wants to designate a particular route for dangerous goods, they can do so. We would not allow them, however, to use provincial dollars on a roadway that is closed to all truck traffic.

MR. N. TAYLOR: Another one I wanted to touch on was housing. I notice you're responsible for housing. It wasn't mentioned in the budget, but there is a terrific shortage of public housing on native reserves and Metis reserves.

DR. WEST: Would you kind of come back to reality? I no longer have housing.

MR. N. TAYLOR: Oh, okay. I'm just going by what you handed out, that's all. Okay.

DR. WEST: What did I hand out?

MR. N. TAYLOR: It's printed on the top, the liquor report. It says the minister responsible for . . .

DR. WEST: Yeah, but that's a year old.

MRS. GORDON: He's recycling. Good for him.

MR. N. TAYLOR: That's all right. That's faster than I usually am. So housing is out. Do you still have Access?

DR. WEST: No.

MR. N. TAYLOR: No? Then the other question is: at the rate you're getting rid of things, will the department undertake any cost-saving study to determine whether this department should be merging with public works?

DR. WEST: At the present time in the three-year plans, no. We are going to continue to review the department for cost-saving measures, but at the present time there has not been a study.

THE ACTING CHAIRMAN: Okay. The hon. Member for Edmonton-Mayfield.

MR. WHITE: Yes. There are a number of either dichotomies, anomalies, or . . .

MR. N. TAYLOR: Disharmonies.

MR. WHITE: . . . disharmonies, shall we say, in your business plan here, and I'll run down some observations here. All of program 4 – rural electrification grants, the administration of rural electrification support services – totals some \$1.4 million. The rural gasification utility, the distribution systems: all of that again is directed at provincial dollars and assistance of rural gasification. Then there's the municipal water and wastewater and potable water grants of some \$19 million and some fuel grants to those that are beyond the gas line utility. All of that totals some \$26 million, almost \$27 million, which, agreed, is down somewhat, that, coupled with a fact on page 5 of your business plan that says, "About 80% of Alberta's population growth will be in large urban areas." Then moving over to page 12, there's a title of a portion that says, "To increase opportunities to operate on a business-like, user-pay basis." Now, taking the user-pay basis and saying that 80 percent of the growth is in the cities, how does one justify spending \$26 million in direct subsidy to virtually every utility, except telephone, that the rural areas receive?

11:14

DR. WEST: Well, first of all, take \$19 million of that out of the centre of it, and now we're down to five. If you took the \$19 million and proportionately measured it to the cities right now, to the major infrastructures put in place – Canmore right now is doing a \$15 million infrastructure, and we're putting up \$10.8 million of that. Brooks will be drawing down on this, and I could go on and name them. Rural Alberta does not get the majority of that money.

Second of all, if it's a discussion that you have on the grants program, I think it's a fair enough discussion. It's been one where even recently to the rural electrification and Gas Alberta people I have said, "Do we need further grant structures for putting in services?" At the present time that discussion is going back and forth on the level of those grants with those organiza-

tions. Some of them will stand up and tell you that there's a decreasing need for some of that, and some of the major infrastructure has been put in before. That's one that's a fair comment, but we certainly have seen developments in the cities and that sort of thing with some comparable expenditures over the years. So I don't think it's a fair comparison of that \$26 million.

The heating fuel grants, of course, are the remote ones, those that aren't serviced by gas in this province; that's what that's for. It's about \$250,000. I don't know whether you want to get into that discussion, because that's for those areas that don't have a pipe that can get to them. This is, I guess, financially a much more acceptable way of putting it. This is a big bang for our buck, this quarter of a million dollars, compared to what it would cost to run services to those areas.

I'll let you supplement that, please.

MR. ALTON: I think the largest single factor that justifies these grant programs for the smaller communities – and these are the towns and villages and rural municipal areas – is the cost of doing things, the size of the cost to put in a water treatment plant and a wastewater treatment plant for a population of 1,000. The per capita cost is many, many times greater than it is to put it in in a city of 100,000 people. These small communities and these sort of sparsely populated areas could not have these services without some assistance. You could not put in the kind of treatment plant required, for example, in Canmore and charge all of those costs to the citizens of Canmore because the costs per capita would be prohibitive. Those treatment facilities there are a major benefit to the city of Calgary, because if that waste flows down the Bow River to Calgary, it has a major impact on Calgary.

So I think you've got to look at the economies of scale. Our programs are all designed to have a decreasing amount of funding assistance based on the size of the community and the cost per capita. So a community of 1,000 people would get a significant grant, a community of 20,000 would have a very low grant, and a community of 40,000 would get no grant.

MR. WHITE: I understand that, but just so long as it's realized that this is not on a user-pay basis. It's definitely not on a user-pay basis. From one page to the next, from page 12 to page 13, there's a difference in philosophy here. As well, you recognize that this is not marketplace driven, definitely not marketplace driven in the deliverance of utilities in rural areas. Just so long as we recognize that, that's fair.

DR. WEST: May I just make a comment on that? I've noticed that tendency here this morning, to compare the city to rural Alberta. I guess in respect to what your background is and why you're saying these things to a certain constituency – you wouldn't want to apply that philosophy in absolutes to the province of Alberta. I'll then go back and work out where the revenues come from in this province – from gas and oil, from agriculture, from forestry – and what benefits accrue back to the populated areas on a per capita basis, and then have the user pay from the wealth generated on the reverse and let them keep a proportionate share of the amount of revenues from the resource revenues that they accrue to certain areas, and I'll find that that philosophy will fall short.

We tend to redistribute the funds taken from certain areas in the province to the low-populated areas that generate the mass of wealth. It may not be that a Hanna or a Spirit River or some place like that has the population, but those people there work in industries that generate a tonne of wealth for this province. On an individual basis based on that community, under the same

principle as you can in a city with 650,000 people like Edmonton, they may not be able to afford putting in their waste management plant, but they accrue a lot more wealth for this province in generation.

So I think this is funneling down to a no-end discussion in terms of comparing urban to rural Alberta. It has no equity in it whatsoever, and when you compare budgets in that term, you lose the concept of this democracy and what we're all here for in the first place. It's not to break this province down into rural versus urban.

MR. WHITE: I was asking a question merely to point it out. Nobody disputes . . .

DR. WEST: No. The whole tendency of some of the conversation has been to compare the amount spent on urban roads and the potholes that you have here compared to Czar, Alberta.

MR. WHITE: Well, if you want to go back to that discussion, I put it down again to the coffee cup test. If you're saying that the same deliverance of service to all Albertans is fair and equitable, then you should be able to have the same level of service in the city as in Czar or Manyberries or Alder Flats, and that is not the case.

What I was merely pointing out was not that there isn't but that there definitely is need for some equity in distribution of utility service, whether it be – the deputy minister went through wastewater. We're not disputing that at all. This is the minister putting words in the questioner's mouth. This is not the questioner saying these things. I was merely pointing out and asking the question that on one page, page 12, it clearly says that we're working towards user pay, and on the other page it says that we're supporting rural Alberta with these subsidies. That's all I was pointing out. The minister and other members of his staff pointed out the reasons for it, and there is no dispute from this side of the table at all.

Now we're moving on to some other questions, not debate.

THE ACTING CHAIRMAN: You've only got one minute.

MR. WHITE: Oh, I do? Karen has a one-minute question.

MS LEIBOVICI: I do? I do. Sure.

MR. WHITE: She has one she wanted to get in.

MS LEIBOVICI: With regards to the specialized transportation services, pages 288, 289. It may or may not tie in with the services in terms of dangerous goods. I notice that there has been a decrease in both those programs, and one of the concerns that I've had expressed is with regards to the inspections aspect of it. Now, I notice that the inspection services under the DGC, vote 5.3, has not significantly decreased, but in terms of the overall program there has been a significant decrease. If I understand the voluntary compliance program, that works very well with those companies that have a good safety standard, but there are companies out there that don't.

11:24

My understanding also is that there has been some advisement to some of the inspectors not to issue tickets, and this is of major concern to the municipalities, especially Edmonton and Calgary where the trucks come through. They get stopped at either the Edmonton borders or the Calgary borders, and they then are issuing tickets to the trucks that have come through the province

and are not safe in terms of coming through. Is there any indication with regards to the decrease in the particular vote areas that this is going to affect the safety of the trucks and other vehicles on the road? That again is the information I've been receiving.

One of the other, sort of, bits to that – and I can provide you with more information – is that I believe there are some exemptions for farm equipment on the roads and that there's some taking advantage of those exemptions. I'll be pleased to provide the minister with some examples of that. Again, that seems to be due to the direction not to provide tickets to these two areas that are outside of Edmonton and outside of Calgary's jurisdiction.

MR. ALTON: Well, the reduction in budget is largely due to improved administrative cost. For example, we amalgamated the positions of the chairman of the Motor Transport Board with the ADM of motor transport services and have one individual doing both jobs. It's resulted in a saving. We've also cut some other areas of administrative cost. There's really been no reduction in the amount of enforcement and the amount of activity on the highways system in terms of monitoring the trucking industry.

We have always had a policy of working with the industry to try to educate and assist the industry as opposed to handing out tickets. Handing out tickets doesn't necessarily improve the safety. There certainly is no difference in the administration of motor transport regulations outside the cities or within the cities. In fact, we worked with both the cities of Edmonton and Calgary to assist them in setting up their truck monitoring systems so that they would be able to enforce the provincial laws in the same manner as on the rural highways system.

MS LEIBOVICI: Is there any breakdown of the revenue that's generated – maybe "revenue" is the wrong word – through the handing out of tickets for infractions?

MR. ALTON: Well, revenues from tickets or infractions, you know, go to the general revenue fund. The revenues that are identified for the department are from permit fees and fees for operating trucks with overweight or overdimension loads that require special permits.

MS LEIBOVICI: But you must track that.

MR. ALTON: Yes, all the details of all those revenues are available.

MS LEIBOVICI: Thank you.

THE ACTING CHAIRMAN: Well, thank you. You did sneak an extra four minutes there, but we're very lenient and we're a very good-natured group around here, so thanks for the question, hon. member.

Hon. Member for Highwood.

MR. TANNAS: Thank you, Mr. Chairman. A couple of things. One is on performance measures. It would be interesting to know as a performance measure the increase in the tourist rentals of cars, vans, and motor homes. We're seeing a change in tourism. At one time if you came from North Carolina, you drove all the way. Now a lot of people are flying and they're renting and going, and there might be a worthwhile sort of survey there to see how they find the roads. Anyway, that was just on that point.

Edmonton-Meadowlark raised a question on ring roads, and that's one of the things that I wanted to tie into. There does seem

to be a problem with the ring road concept: the impact it has on property owners who go to build or to subdivide and suddenly they find out that in 25 years or in 10 years there's going to be a road go through there. That's good planning; I won't argue with that. It's just when they can get out of their property. Sometimes they're left holding this piece of property that they've held for some years and they can't sell it, they can't build on it, and they can't get on with the rest of their life. I was just wondering whether or not there can be somehow money to purchase ahead where impacted, or a little more. That's a big problem when you've downsized your budget to a fraction of what it once was, but that is an area that is a concern.

DR. WEST: Did you want me to answer that?

MR. TANNAS: Sure. Yes, please.

DR. WEST: The phenomenon you just described is the restricted development areas that evolved back in the '70s for transportation corridors.

MR. TANNAS: It's related to it.

DR. WEST: Yes. The problem that you've identified is a big problem with any government in an advancing, growing society. It was estimated that the cost to purchase the land that was tied up in the RDAs when they took a paintbrush and set it out would have cost us over a billion dollars in years to come, based on '79 prices.

I think responsible governments in the future must not only respect property rights but also try to forecast a little more directly about how much land they need. What happened in those days you are well aware of, and that's the basis for your question: people literally had a caveat put on their lands that would sterilize them for that period of time.

MR. TANNAS: No. These are just relatively narrow paths. Anyway, just to identify a need.

I wanted to make a comment on the partners in compliance program. I think that's a really good program. It gives incentives to trucking firms to comply by offering them recognition, which is almost as important to many people as the other one, which is actually cash, where you save time. So I think that's a great thing.

The last thing I want to do is just respond in part to Edmonton-Mayfield pointing out the subsidies to rural Alberta. Paying a subsidy is when you give a greater amount than the product or the service generates in revenue. If you look at it, the subsidies in fact, if you really want to get to it, as the minister suggests, are to the urban areas, because the oil and gas and coal and all of those areas are in fact in rural Alberta. So these little programs kind of give a little bit of that back. The lion's share does go to the urban, but that's part of the deal.

MRS. GORDON: Just quickly, Dr. West. Last year we initiated a type of sign, a community sign that would be allowed adjacent to a municipality. Could you just tell me how that program has gone and if you have generated some revenue from it?

MR. ALTON: There's been a reasonable take-up. There are quite a number of communities in the province that have erected those kinds of signs, and there is, you know, a charge for each sign that is payable to the province. So while it hasn't generated large sums of money, it has resulted in the businesses that have been identified on those signs being able to be identified as you

pass down the highway. We had expected there would be a larger take-up, but I think some of the plans are still developing among some of those communities to put up additional signs this spring.

MRS. GORDON: I do believe it has filled a need, and it'll come in time.

DR. WEST: One problem with those signs which we've identified is if you're traveling along at 100 kilometres an hour and there are 16 signs on a billboard this size – wink when you go by.

MRS. GORDON: Touché.

Your new adopt-a-road program: could you please comment on how that is going as well?

11:34

MR. ALTON: That's also gone very well. Most of the highways adjacent to urban centres throughout the province have been adopted. The only highways that haven't been adopted are those that are, you know, in remote areas. But certainly that program was taken up very well, and we expect to see a fair reduction in the cost of collection of refuse from those highways in the coming year because of that program.

MRS. GORDON: Can you give me a ballpark figure here, Harvey?

MR. ALTON: I can't give you a number as to how many kilometres of highway, but Highway 1 between Banff and Calgary I think has been entirely adopted.

MRS. GORDON: Just on this road program again, do we plan to put along the highway the people who are cleaning the roads and give them the recognition? You know, in the States they do name the club or organization.

MR. ALTON: The signs are erected. You'll notice them. The signs have an Alberta rose in the background. There were two components to the sign. One said, you know, like, adopt a highway and then the names of the individuals. Again, some of them were hard to read if you were traveling by at a high speed. So on the new signs we have proposed to enlarge the name of the adoptee and take the other part off so that they will be more visible.

MRS. GORDON: Okay. I think it is a good initiative, and I do think they need to be recognized.

How long do you have a contract with that organization or association for?

MR. ALTON: They're given the authority. They're responsible for that year and then have the option of renewing on an ongoing basis.

MRS. GORDON: Thank you very much.

THE ACTING CHAIRMAN: Okay. Thank you, hon. member. Seeing no more questions from the government . . .

MR. TANNAS: Can I just ask a supplemental to that? Harvey, having driven in whether it's Georgia or California or whatever, there are some areas that appear to have the name of, you know, whatever it is: friends of this highway. In some areas, well done, and in others there seems to be as much trash as one could

possible imagine. Is there some criteria to continue the ongoing relationship and the warranting of a sign?

The other one is: in our area one of the questions that came up was the whole issue of insurance, why the group had to have a liability insurance policy.

MR. ALTON: The insurance issue has been addressed. Most of these organizations that will do this have insurance, and therefore the insurance issue really has been addressed. We've removed those requirements.

The other thing is that in the spring we still have the 4-H cleanup, so the adopting companies or individuals are scheduled to do a cleanup later in the summer.

MR. TANNAS: So it's just one a year then?

MR. ALTON: Yes, they must do it once a year. Those that find that there is more refuse and want to do it more often certainly can, but we didn't want to cut into the 4-H program in the spring. They will do the initial cleanup, and then the adoptees will do the one later in the summer. Then once fall comes and the snow comes, we don't worry about cleanup because it gets covered up by snow.

DR. WEST: We're hoping that those environmental groups who have put so much energy into lobbying would get out on the highway and put the same amount of energy into picking up junk.

THE ACTING CHAIRMAN: Okay. Under Standing Orders 56 and 57 the designated supply subcommittee on Transportation and Utilities will now conclude its debate on consideration of the 1995-96 estimates of the Department of Transportation and Utilities prior to conclusion of the four-hour period allocated. Would somebody like to make a motion to that effect?

MRS. GORDON: I will so move.

THE ACTING CHAIRMAN: The hon. Member for Lacombe-Stettler. This must have unanimous consent. All agreed?

HON. MEMBERS: Agreed.

THE ACTING CHAIRMAN: Okay. Then we adjourn.

Before we adjourn, I'm sure there are some people wondering why I'm sitting up here. It's obviously because I'm better looking than Barry, but that isn't the real reason. Barry was called to a funeral today in Calgary, and that is the reason I took over at 10. He had to catch the airplane to Calgary.

So thanks for your patience and thank you for your discussions and thank you to you, Mr. Minister, for your answers and to your staff. It's been a good review of your estimates.

[The committee adjourned at 11:41 a.m.]