

174.1.100
C.2

ALBERTA TRANSPORTATION & UTILITIES

**1998 – 99
Annual Report**

PREFACE

The Public Accounts of Alberta are prepared in accordance with the Financial Administration Act and the Government Accountability Act. The Public Accounts consist of the Annual Report of the Province of Alberta and the Annual Reports of each of the 18 ministries.

The Annual Report of the Province of Alberta contains the consolidated financial statements of the province and a comparison of the actual performance results to desired results set out in the government's business plan, including a message from the Provincial Treasurer. The province's audited consolidated financial statements include the accounts of government entities consisting of ministries (all ministries combined from the General Revenue Fund), revolving funds, the Alberta Heritage Savings Trust Fund and other regulated funds, provincial agencies and Crown-controlled corporations.

This Annual Report of the Ministry of Transportation and Utilities contains the audited consolidated financial statements of the ministry, and a comparison of actual performance results to desired results set out in the ministry's business plan, including a message from the Minister. The ministry's audited consolidated financial statements include the accounts of the Department of Transportation and Utilities to March 31, 1999, as well as the Transportation Revolving Fund and Gas Alberta to March 31, 1998.

This Annual Report includes, either as a separate report or as part of the financial statements, the reports or statements prepared pursuant to the Financial Administration Act, to the extent that the ministry has anything to report. A summary of expenditures under each appropriation in the ministry, as required by the Government Accountability Act, is included in the financial statements of the ministry.

Financial information relating to the Ministry of Transportation is included in this Annual Report as supplementary information.

TABLE OF CONTENTS

PREFACE	1
TABLE OF CONTENTS	3
MINISTER'S ACCOUNTABILITY STATEMENT	5
MESSAGE FROM THE MINISTER	7
A LOOK BACK: THE YEAR IN REVIEW	11
A LOOK FORWARD	15
MANAGEMENT'S RESPONSIBILITY FOR REPORTING	19
ABOUT ALBERTA TRANSPORTATION AND UTILITIES	21
DEPUTY MINISTER'S MESSAGE: IMPROVING OUR EFFECTIVENESS AND OPERATIONS	25
RESULTS ANALYSIS: GOALS AND STRATEGIES.....	29
ADDITIONAL KEY ACCOMPLISHMENTS SUPPORTING OUR CORE BUSINESSES	57
AUDITOR'S REPORT ON PERFORMANCE MEASURES	63
PERFORMANCE MEASURES	65
MINISTRY OF TRANSPORTATION AND UTILITIES - CONSOLIDATED FINANCIAL STATEMENTS.....	75
AUDITOR'S REPORT ON FINANCIAL STATEMENTS	79
ENTITIES	101

MINISTER'S ACCOUNTABILITY STATEMENT

Alberta Transportation and Utilities' (Alberta Infrastructure as of May 25, 1999) Annual Report for the year ended March 31, 1999 was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at August 31, 1999, with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.



Ed Stelmach
Minister
Alberta Infrastructure

MESSAGE FROM THE MINISTER



Transportation continues to play a key role in Alberta's economy and its overall competitiveness in the international marketplace. Alberta's future growth will continue to depend largely on its ability to export products and services to market in a cost-effective and efficient manner.

This past year, Alberta Transportation and Utilities (AT&U) focused on a number of initiatives that will increase the efficiency of our overall transportation system. We did not limit our focus to Alberta's highways; we also strove to improve rail, air and other multi-modal transportation facilities such as the border crossing facilities on the Canada-United States border and the port facilities on the West Coast. Work continued on initiatives with other provinces and the U.S., including the Western Canadian Corridors and Ports Initiative, the CANAMEX Corridor, Grain Transportation and Handling, the Alberta Aviation Strategy and development of a National Highway Policy.

In response to recommendations from the September 1997 Alberta Growth Summit, the Premier formed the Task Force on Infrastructure in the spring of 1998. This task force undertook a review of Alberta's transportation infrastructure, and the funding being provided. It recommended that additional funding be provided to ensure that the condition of the primary highways, and the secondary highways and local roads under municipal jurisdiction, does not continue to deteriorate.

As a result, additional funding of \$130 million was provided in 1998-99 for municipal and provincial transportation infrastructure. The task force also recommended that a further \$150 million per year be provided in each of the following three years.

In addition, the task force recommended that further work be undertaken to clarify the roles and responsibilities of the province and the municipalities regarding managing transportation infrastructure, and long-term alternatives for financing infrastructure requirements.

Improving traffic safety continued to be a key goal for AT&U. The Traffic Safety Initiative continued with its focus on education, awareness and enforcement. Working with our partners and stakeholders, we continued with education and awareness campaigns such as Think and Drive, Walk the Talk, Project 43, and the Smart Choices Impaired Driving Program.

The new *Traffic Safety Act* was tabled in March 1999 after extensive consultation with stakeholders and the public. This new act is the first of its kind in Canada and represents an amalgamation of four existing pieces of legislation, including the *Highway Traffic Act*, the *Motor Transport Act*, the *Motor Vehicle Administration Act* and the *Off-Highway Vehicle Act*. This new act includes graduated licensing for new drivers and administrative license suspension for those charged with impaired driving, as well as numerous other changes aimed at enhancing road safety.

During the past year, our role in providing rural utilities changed significantly. In an effort to enhance efficiency for the Government and the rural utilities industries, responsibility for the rural gas and rural electrification programs was transferred to Alberta Energy (now Alberta Resource Development). AT&U retained responsibility for the Alberta Municipal Water/Wastewater Partnership.

AT&U continued to support the Government Business Plan goals and strategies. Although our primary focus relates to the core business of *Prosperity* through the provision of effective and efficient infrastructure, AT&U also supported the core business of *People* through the provision of emergency preparedness and disaster response programs, numerous traffic safety initiatives, and its barrier-free initiatives aimed at improving accessibility for persons with mobility limitations. It also supports the core business of *Preservation* through its participation in the climate change initiative and its work in helping municipalities preserve their transportation infrastructure.

This Annual Report details how AT&U accomplished its goals and strategies and how we measured our performance. It also outlines some of the challenges we will face and how we propose to deal with them in the best interests of all Albertans. In order to accomplish our future goals and face those challenges head on, we will continue to work with our municipal and industry partners and with the stakeholders and the public in the review and development of programs, policies and legislation.



Ed Stelmach
Minister
Alberta Infrastructure

A LOOK BACK: THE YEAR IN REVIEW

The following highlights key initiatives undertaken during 1998-99 to support the goals identified in our 1998-2001 Business Plan. Details can be found in the Results Analysis section of this report.

- ➔ provided additional funding of \$130 million to a number of key municipal transportation programs in order to ensure the integrity of Alberta's overall transportation infrastructure does not continue to deteriorate.
- ➔ provided ongoing input into the federal review of grain transportation and handling in Canada. Justice Willard Estey was retained by Transport Canada to review all aspects of this important issue and released his final report in December 1998. Alberta worked with the other western provinces and jointly submitted input to the Estey review.
- ➔ continued to work in partnership with the federal, provincial and municipal governments and the private sector to improve access to world markets by implementing strategies such as the development of the North-South Trade Corridor; participation in the Western Canadian Corridors and Ports Initiative; development of a National Highway Program; and the formulation of an Alberta Aviation Strategy.
- ➔ implemented a strategy to tender the 1999 primary highway construction projects early, beginning September 1998 and ending April 30, 1999, allowing the ministry, the consulting engineering and roadbuilding industries to benefit from advanced planning and scheduling.
- ➔ undertook key safety programs and strategies under the Traffic Safety Initiative aimed at improving driver awareness, and enhancing education and enforcement.
- ➔ strengthened partnerships with the motor carrier industry to develop improved safety programs for commercial drivers and other industry professionals.

- ➔ undertook several major legislative initiatives such as the introduction of the *Traffic Safety Act*; the proclamation of the *Dangerous Goods Transportation and Handling Act*; implementation of increased fines for offenses under the *Highway Traffic Act* and *Motor Vehicle Administration Act*; and the proclamation of the *Highway Traffic Amendment Act* that provided for the red light cameras.
- ➔ continued to work in partnership with the federal, provincial and municipal governments and the private sector to ensure emergency preparedness contingency plans are developed for the potential consequences of the Year 2000 computer problem.
- ➔ implemented the first phase of the Infrastructure Management System Release 2, which provides the capability to add, refresh and update data in the data repository.
- ➔ launched the International Year of Older Persons website that provides information in three areas: AT&U's mandate to improve access to transportation; driver safety and health issues; and initiatives designed to improve public transportation options for seniors.
- ➔ received a Clean World Award recognizing our commitment to a cleaner environment through the annual Highway Clean-Up and the Adopt a Highway Program. The award was approved by His Excellency the Right Honourable Romeo LeBlanc, Governor General of Canada, and presented by Pitch-In Canada on behalf of Clean World International.
- ➔ received four awards under the Premier's Awards of Excellence Program. They were:
 - ❑ *Gold* for the Construct Projects Re-Engineering which started in 1996 as part of the ministry's transition from an in-house to an outsourced operation. The project looked at new ways of delivering construction projects in the new outsourced environment using consultants and contractors;
 - ❑ *Silver* for the Dispute Resolution Process which provides for the resolution, without the need to resort to court action, of all disputes which arise on Government of Alberta construction contracts;
 - ❑ *Silver* for the Walk the Talk About Back to School Safety Program which is a community-based program aimed at reducing cyclist and pedestrian injuries and deaths that occur on the way to and from school; and

- *Bronze* to the Department Wellness Committee which has become a significant force in the revitalization of staff morale and building of a new spirit and corporate identity at AT&U.

- initiated barrier-free projects ranging from indicating accessible washroom facilities on highway signs to establishing the Alberta Inter-Community Public Transportation Guide website, to assist persons with mobility limitations in finding transportation alternatives.

A LOOK FORWARD

Alberta's growing economy has affected all Albertans, especially industry, municipalities and the provincial government. Striving to meet the needs of our economy has put increased pressures on resources, particularly Alberta's transportation infrastructure. In this regard, AT&U's 1999-2002 Business Plan includes additional funding to ensure that municipalities and government are able to keep up with needs and prevent further deterioration of our infrastructure.

During the next several years, AT&U will undertake numerous initiatives to enhance Alberta's transportation system and to ensure the effective and efficient movement of goods to market. There will be many challenges, but there will also be opportunities. The following highlights some of the more significant initiatives, challenges and opportunities.

PARTNERING WITH MUNICIPALITIES

Both rural and urban municipalities have been faced with increased growth and traffic resulting from a prosperous economy. As a result, additional funding of \$150 million per year has been allocated for the next three years (1999-2002) following recommendations made by the Premier's Task Force on Infrastructure.

The Premier's Task Force on Infrastructure also recommended that AT&U work with the municipalities to clarify roles and responsibilities in the provision of transportation services and infrastructure, and to simplify and harmonize the funding programs. This could lead to the province taking over responsibility for key secondary highways in rural areas and key primary highways through cities.

Despite the increased funding, municipalities have requested that consideration be given to alternative funding options to provide long-term stable financing of transportation infrastructure. In conjunction with Treasury and Municipal Affairs, AT&U is reviewing the potential for additional revenues from other sources.

ENHANCING WORLD MARKET ACCESS

National Highway Program: Canada's National Highway System (NHS) currently comprises some 25,000 kilometres of highways that are key links between major cities, industrial areas, major resource areas, and ports of entry.

The NHS is essential if Canada is to remain competitive in trade and tourism. Alberta will continue to work with other provinces and territories to urge the federal government to commit to an equitable, long-term funding program to upgrade the system.

The United States has committed \$218 billion for a program to upgrade its overall transportation facilities, with a major focus on their national interstate system. Canadians will be at a distinct disadvantage if the federal government does not commit to long-term funding for the NHS, which is vital to Canada's national unity, jobs, international competitiveness and the safety of the motoring public.

North-South Trade Corridor: This corridor connects Alberta with the United States at Coutts and extends to the British Columbia border west of Grande Prairie, providing access to the Alaska Highway. It is also part of Canada's National Highway System. The ministry is committed to substantially completing this four-lane corridor by 2007. To do this, we must use the available dollars as efficiently as possible. This means being able to prioritize the province's transportation needs effectively, without unduly affecting other provincial priorities.

Western Canadian Corridors and Ports Initiative: This initiative will continue to examine methods to increase international market access for western commodities. AT&U will continue to participate in this public-private working group, which includes representation from carriers, facility operators, shippers and labour unions to improve the competitiveness of our transportation system, especially in relation to the United States system.

CANAMEX Corridor: AT&U will continue to work with United States jurisdictions to establish consistent truck weights and dimensions along the CANAMEX corridor which starts with the North-South Trade Corridor in Alberta and on to Interstate 15, through the states of Montana, Idaho, Utah, Arizona and Nevada. Harmonization of truck weights and dimensions will facilitate growing trade with our neighbours to the south.

To provide for more efficient trade with our CANAMEX neighbours, AT&U and Montana are exploring the feasibility of an independent class of driver's license for commercial vehicle operators, with a view towards expanding this to other states.

COLLABORATION WITH OTHER GOVERNMENTS TO ACHIEVE MUTUAL GOALS

National Climate Change Strategy: AT&U is participating in the national and provincial climate change process. The national climate change Transportation Table studies various options to mitigate greenhouse gas emissions from the transportation sector. AT&U will continue to focus on supporting innovative measures that will reduce emissions without severely compromising our competitiveness.

AT&U will also continue participating in the provincial climate change process through ministerial involvement in the Cabinet Committee on Climate Change, and ministry participation in the Climate Change Central Planning Committee.

Grain Transportation and Handling: The efficient and cost-effective transportation of grain to export markets is key to Alberta's agricultural industry. The final report of the Federal Grain Review led by Justice Willard Estey was publicly released on December 30, 1998. The federal government has recently announced a consultation process to develop the necessary operational detail for a new system. This process will prepare for changes to be implemented by crop year 2000-2001.

Alberta will continue its cooperative approach with the other western provinces and the federal government in an effort to ensure that changes to the current system meet the future needs of the agricultural and transportation industries.

YEAR 2000 COMPLIANCE

Alberta Transportation and Utilities has been actively positioning its technology and systems for the Year 2000 since 1996. The technology and systems were assessed based on their importance to the delivery of AT&U programs, the extent of potential Year 2000 problems and when problems were likely to occur. This resulted in a plan to address the Year 2000 issue.

This plan is on schedule. All of the mission critical systems and the majority of the other systems are now Year 2000 ready. The effort to address the remaining systems is scheduled for completion by August 1999. Measures have been taken to prepare the technology infrastructure for the Year 2000. This includes the technology infrastructure that AT&U relies upon. Further measures are planned to mitigate potential risks. This includes ensuring that resources are available to address any problems that may occur.

DEVELOPING OUR HUMAN RESOURCES

A Corporate Human Resource Plan was developed for the Alberta Public Service. Its priorities focus on aligning staff goals with ministry and government goals; building employee commitment; ensuring employees have the knowledge, skills and abilities needed; and introducing processes for the organization to meet changing needs.

AT&U will implement this plan by ensuring that its employees' goals and objectives are aligned with the ministry's goals and objectives; ensuring that employees are properly trained and have the appropriate information technology tools; and creating an internal environment aimed at improved teamwork.

ALBERTA TRANSPORTATION AND UTILITIES BECOMES ALBERTA INFRASTRUCTURE

On May 25th, 1999 Premier Ralph Klein announced a major re-organization of the Alberta Government. As a result of this re-organization, a new ministry, Alberta Infrastructure was established. Included in this new ministry are Transportation and Utilities (except Disaster Services), Public Works, Supply and Services (except Office of the CIO, Information Management and Technology Services), and School Facilities from Alberta Learning (formerly Alberta Education and Advanced Education).

This merger of resources and expertise is expected to improve the effectiveness and efficiency of the way all infrastructure is managed in Alberta. The new Ministry of Infrastructure will continue to be accountable for achieving the goals set out by the former organizations under Transportation and Utilities, Public Works, Supply and Services, and the School Facilities Branch. These goals will be rationalized to enhance effectiveness in Alberta Infrastructure's new business plan.

MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The Ministry of Transportation and Utilities includes: For the year ended March 31, 1999 the Department of Transportation and Utilities, and; for the year ended March 31, 1998 the Department of Transportation and Utilities, the Transportation Revolving Fund, and the Gas Alberta Operating Fund.

Executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, we ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the ministry for the year ended March 31, 1999, rests with the Minister of Alberta Infrastructure (previously Transportation and Utilities). Under the direction of the Minister, I oversee the preparation of the ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgements. The consolidated financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- ➔ provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- ➔ provide information to manage and report on performance;
- ➔ safeguard the assets and properties of the province under ministry administration;
- ➔ provide Executive Council, Treasury Board, the Provincial Treasurer and the Minister with any information needed to fulfill their responsibilities; and
- ➔ facilitate preparation of ministry business plans and annual reports required under the Government Accountability Act.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the Executive of the individual entities within the ministry.



Ed McLellan
Deputy Minister
Alberta Infrastructure

ABOUT ALBERTA TRANSPORTATION AND UTILITIES

OUR MISSION AND VISION

Alberta Transportation and Utilities (AT&U) contributes to Alberta's prosperity and economic development by ensuring the provision of a safe and effective transportation system; municipal water wastewater facilities; and disaster and emergency services.

AT&U supports the Government's theme of strong financial management by ensuring the provision of the best value transportation and municipal water wastewater infrastructure and services. We are doing this by:

- ➔ using innovative partnerships to provide services and infrastructure;
- ➔ using sound business principles and technologies to assess investment and set priorities;
- ➔ providing leadership to produce the greatest return for transportation and municipal water wastewater investments;
- ➔ using objective performance measures to manage our own activities, as well as those of our partnerships; and
- ➔ developing new skills to deliver our new role, ensuring that we have capable and motivated staff.

OUR CORE BUSINESSES AND PROGRAMS

Three core businesses contribute to the Alberta Advantage and guide the ministry in the achievement of its mandate: ensuring public safety; preserving the public's investment in the transportation infrastructure; and supporting Alberta's economic development and prosperity. Eight key program areas support AT&U's mission, vision and core businesses:

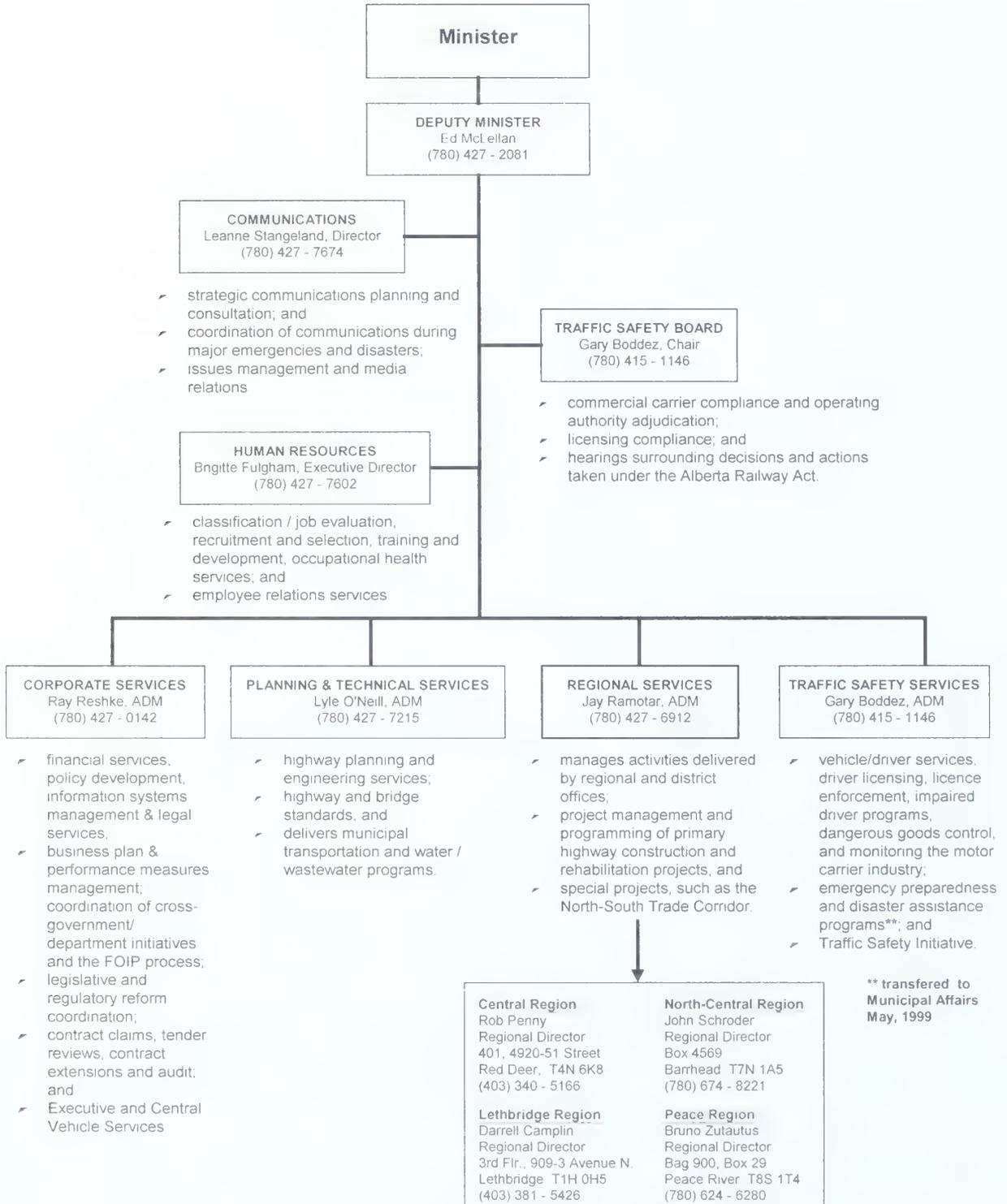
- ➔ *Road, Driver and Vehicle Safety:* monitoring motor transport compliance with commercial vehicle weight, dimension and mechanical safety requirements; motor vehicle/driver licensing standards and safety; driver education and testing; license enforcement; and impaired driving programs.
- ➔ *Primary Highway System:* managing the design, construction, rehabilitation, operation and maintenance of primary highways and bridges.
- ➔ *Dangerous Goods Control:* setting standards and monitoring the safe in-transit storage and shipment of dangerous goods within Alberta.
- ➔ *Disaster and Emergency Services:* providing support to ensure municipalities are prepared to deal with emergencies and disasters; and managing provincial response programs to real event disasters.
- ➔ *Transportation Partnerships:* providing financial support to municipalities to ensure well-developed and integrated urban highway and truck routes, secondary highways and local roads.
- ➔ *Water/Wastewater Partnerships:* providing financial support for water/wastewater infrastructure in smaller urban centres.
- ➔ *Efficient Multi-Modal Transportation:* influencing national and international policy in rail, air, passenger, ports/marine operations, and border crossing services.
- ➔ *Ancillary Programs:* managing the construction, operation and maintenance of rest areas, ferries and vehicle inspection stations, which complement Alberta's highway systems.

OPERATIONAL OVERVIEW

See organization and function chart on the following page. This reflects the status of the organization as of March 31, 1999.

Approximately 60 percent of our staff complement are located within four regional offices and ten district offices, and numerous vehicle inspection stations located throughout the province. The locations of the four regional offices are noted in the chart. Head office is located at:

Twin Atria Building
4999 – 98 Avenue
Edmonton, Alberta; T6B 2X3



DEPUTY MINISTER'S MESSAGE: IMPROVING OUR EFFECTIVENESS AND OPERATIONS

This past year has been an extremely busy one for all members of the AT&U team. The Results Analysis section of this annual report details the results of the seven goals outlined in the 1998-2001 Business Plan. Information on the results of our performance measures is also included.

Our Business Plan focused on the ministry's key goals and strategies. During the year, numerous other projects were undertaken which support our core businesses, which have also been included in this report.

During 1998-99, every effort was made to improve our internal operating efficiencies through restructuring, outsourcing and privatization, and by consulting with our partners and stakeholders. A summary of these activities follows:

IMPROVING OUR OPERATIONS

- ➔ a consultant was retained to undertake a review of the ministry's operations for the purpose of optimizing our operational processes. This resulted in an internal re-organization in May 1998, to ensure projects, once identified, have one component of the ministry responsible from inception to completion.
- ➔ the Rural Utilities Branch and programs were transferred to Alberta Energy (now Alberta Resource Development) on November 1, 1998. This transfer provided the opportunity to consolidate interests both from a program and broad policy perspective, and to increase efficiency.
- ➔ developed and implemented a strategy for early tendering of 50 percent of the primary highway construction and rehabilitation projects by November 30 of each year. Another 25 percent of those projects ready for tender by December 15 each year, and the remaining 25 percent of projects tendered by April 30 of the next calendar year.

- ➔ to ensure that the four-laning of the North-South Trade Corridor continues to meet the objective of being substantially complete by 2007, a Project Manager was appointed effective May 1998. The role of the manager is to provide overall guidance and direction to ministry staff in managing the North-South Trade Corridor construction schedule, land purchases, project implementation and measuring performance.

CONSULTING WITH OUR PARTNERS AND STAKEHOLDERS

- ➔ in partnership with the Alberta Roadbuilders and Heavy Construction Association and the Consulting Engineers of Alberta, AT&U developed a Joint Workforce Development Initiative to address the growing need for trained, highly-skilled people in Alberta's highway construction industry.
- ➔ participated on the Premier's Task Force on Infrastructure. The Task Force consists of representation from the provincial government, Alberta Association of Municipal Districts and Counties, Alberta Urban Municipalities Association, and the Cities of Edmonton and Calgary. The main objective of the Task Force is to examine ways to support infrastructure development in Alberta to assist municipalities in handling the pressures of economic growth.
- ➔ extensive public consultation continued with respect to the development of the Traffic Safety Act. Province-wide public meetings were undertaken and comments were solicited from all stakeholders, including law enforcement agencies, municipalities, safety associations and groups, and the general public.
- ➔ continued consultation with key stakeholders under the Traffic Safety Initiative to assist in the development of programs such as impaired driving, snowmobile safety, pedestrian safety, and school bus safety.
- ➔ continued sponsorship of the Minister's Advisory Committee on Barrier-Free Transportation. Meetings are held three times per year to ensure that the ministry receives input from key users, service providers, municipal and provincial stakeholders, to make sure that persons with transport limitations have transport options.
- ➔ continued consultation with stakeholders in the review and consolidation of key regulations including the Public Vehicle Certificate and Insurance Regulation and the Public Vehicle Weight and Dimension Regulation.

PRIVATIZATION AND OUTSOURCING INITIATIVES

- ➔ outsourced the operation of the provincial government's vehicle fleet to Jim Pattison Lease. Benefits of the contract include:
 - lower total cost to government for acquiring replacement vehicles;
 - reduced maintenance costs as all replacement vehicles will be under warranty;
 - increased autonomy and flexibility for ministries who will deal directly with the contractor; and
 - leasing of replacement vehicles will not affect government capital funding.

This initiative has resulted in an estimated savings of \$1.14 million for fiscal year 1998-99.

- ➔ privatization of Gas Alberta occurred July 1, 1998, and was structured so that it will be owned and controlled by its clients, the gas co-ops, counties and other rural gas distributors. The Rural Electrification loan portfolio was outsourced to the Toronto Dominion Bank allowing for increased flexibility for clients. The rural utilities programs and services are now the responsibility of Alberta Energy (now Alberta Resource Development).

Through the dedication and hard work of all our employees, and through effective partnerships, AT&U was able to fulfil its mandate successfully. We will continue our ongoing quest for improved efficiency by reviewing and refining our goals and measuring our performance.



Ed McLellan
Deputy Minister
Alberta Infrastructure

RESULTS ANALYSIS: GOALS AND STRATEGIES

GOAL NO. 1 – IMPROVING TRAFFIC SAFETY

CONTINUE TO IMPLEMENT THE TRAFFIC SAFETY INITIATIVE

Building on the success of the first two years, the Traffic Safety Initiative (TSI) continued to work on traffic safety issues that focus on the motorist, commercial vehicle, snowmobile, motorcycle, bicycle and pedestrian safety, and impaired driving in addition to many other traffic safety concerns.

Throughout 1998, the TSI partnered with a variety of stakeholders, communities, citizens, associations and businesses to create and deliver province-wide community-based traffic safety programs which target four key areas: information and awareness; education; standards; and enforcement.

During 1998-99, a review of the success of the TSI and its three-year cycle was undertaken. The preliminary evaluation took a broad overview and assessment of the initiative's programs since 1996. Key findings included:

- ➔ the initiative has become more research based, which will achieve better programming;
- ➔ awareness of the TSI's public campaigns has captured the public's attention;
- ➔ the public in Alberta has been significantly concerned with traffic safety which is a positive development;
- ➔ new approaches have been taken, departing from what we have seen before in Alberta; and
- ➔ a program that is issue specific has greater identifiable results as opposed to a program that addresses several items.

The following summarizes several of TSI's key accomplishments during 1998-99:

- ➔ in partnership with the Alberta Snowmobile Association and the Royal Canadian Mounted Police, launched the 1998 Snowmobile Safety Information and Education Program. The campaign focused on information, awareness and education towards driver etiquette.
- ➔ distributed over one million traffic safety promotional and collateral resources across the province. To ensure the effectiveness of the Think & Drive Promotion and Education Collateral Program, a stakeholder inventory review was conducted. The evaluation concluded that the current program is useful and serves a broad range of audiences in both rural and urban areas without gender bias.
- ➔ formed a partnership with the CBC – Alberta News to develop and air a special news segment called Road Smart. Premiering in May 1998, the segment reported on various traffic safety issues and opportunities and educated Albertans on timely traffic safety topics. Road Smart aired every Wednesday during the Alberta News for a 52-week duration.
- ➔ continued to work with key stakeholders on Project 43 – a community traffic safety program along the Highway 43 corridor. The working group consisting of representation from AT&U; Alberta Centre for Injury Control and Research; Alberta Motor Association; Alberta Trucking Association; Alberta Trucking Industry Safety Association; local communities; regional health authorities; and the Royal Canadian Mounted Police, developed Project 43 and its four major components:
 - ❑ engineering improvements;
 - ❑ community development and education;
 - ❑ enforcement initiatives; and
 - ❑ evaluation.



Project 43 is the most ambitious community safety initiative to date in Alberta. The working group assisted with and participated in the construction launches for Valleyview, Fox Creek and Whitecourt; and developed a framework for the community development and education initiative.

- ➔ launched the Summer Information and Awareness Campaign “Driving is a Risky Business”. Using a combination of billboards, radio and support materials targeted around summer and long weekend travel, the campaign focused on getting drivers to think more seriously about the risks associated with driving and how the application of safe driving habits and following the rules of the road can help reduce driver error.
- ➔ launched Collision Prime Time, a program that urged Alberta motorists to be more alert to the risk they create or take when they get behind the wheel, especially during high-risk times. Through a series of television, radio and outdoor public service announcements and advertisements, specific driver errors such as following too close, running off the road, failing to obey signs and red-light running were highlighted, as these actions contribute significantly to collisions. The campaign communicated directly to motorists that risk taking and disobeying the rules of the road are dangerous driving behaviours.
- ➔ formed a working group to assist People Against Impaired Driving in the development of a new video on impaired driving and an educational kit for high school age youths. Partners include the Canadian Broadcasting Corporation and the Alberta Alcohol and Drug Abuse Commission.

Work-to-date has included fund raising, video script approval, focus testing and the completion of video footage for editing. Future activities will include developing a teacher’s resource guide, supporting education materials and public launch and distributing a new video on impaired driving to Alberta’s high schools.
- ➔ launched the 1998-99 Smart Choices impaired driving education program. Government, local communities, enforcement agencies, impaired driving groups and businesses joined forces to further combat impaired driving through the coordinated Smart Choices province-wide program.

At a joint Edmonton Calgary event, key announcements included the unveiling of an exclusive media partnership with the Calgary Flames and Edmonton Oilers Hockey Clubs, where members of the two hockey clubs act as spokespeople against impaired driving.

- ➔ launched the province-wide Alberta Checkstop Program, and details on the provincial government's move to introduce stricter impaired driving laws for Alberta.
 - ➔ launched the 1998 Walk the Talk About Back to School Safety Program in association with Alberta Walk the Talk Day. The program was designed to encourage families to take the time to walk the route their children take to and from school and reinforce positive traffic safety behaviour in a supportive and fun manner. In September 1998, over 500 daycares and elementary schools across the province, representing 75,000 children, walked the talk to promote this community-driven child traffic safety education program.
- 
- ➔ conducted an evaluation of the Walk the Talk Program to determine if the program produced the desired outcomes and deliverables. Key findings indicated that 93 percent of the respondents stated they would participate in the Walk the Talk Program in 1999 and there was consensus that the program was simple, easy to follow and very informative. Respondents also stated that the program fits well with existing programs, provides supplementary educational materials, and is highly effective in teaching children and caregivers about traffic safety.
 - ➔ installed two electronic changeable message signs to aid traffic operations on Highway 2 between Edmonton and Calgary. The message signs provide current information about travel conditions so that motorists can make informed decisions about their travel plans and routes.

STREAMLINE LEGISLATION

During 1998-99 increased focus was placed on streamlining and consolidating all traffic safety legislation and regulations. The following initiatives were undertaken:

- ➔ developed the new *Traffic Safety Act* which will replace the *Highway Traffic Act*, *Motor Transport Act*, *Motor Vehicle Administration Act*, and *Off-Highway Vehicle Act*. The new Act was given First Reading as Bill 24 on March 31, 1999.

Substantial stakeholder and public input was received during preparation of the new *Traffic Safety Act*. This included public review of two discussion papers in the fall 1997 and the summer 1998. Public meetings were held in the summer of 1998 in Grande Prairie, Fort McMurray, Barrhead, Edmonton, Red Deer, Calgary and Lethbridge. Bill 50, the *Traffic Safety Act*, was introduced in the Legislature just prior to the close of the 1998 Spring Sitting. Further public input on the Bill was invited and incorporated into Bill 24.

Many stakeholder groups provided substantial assistance and in particular, two traffic police officers, one from RCMP Stony Plain Detachment and one from the City of Edmonton Police Services, were seconded to work with the ministry on this project on a full-time basis since the beginning of 1999.

The new *Traffic Safety Act* includes:

- administrative license suspension for those charged with impaired driving;
 - graduated licensing for new drivers;
 - a change to allow a review of 10 years of a driver's records (currently a five-year period) in determining the duration of mandatory suspensions for impaired driving convictions; and
 - an increase in the impoundment period to 60 days for a second vehicle registered to the same owner and involving the same suspended driver.
- ➔ combined the Public Vehicle Dimension Regulation and the Public Vehicle Weight Regulation into a new Public Vehicle Dimension and Weight Regulation. This new regulation, which came into force on August 1, 1998, consolidated those provisions of the existing weight and dimension regulations which are necessary in the public interest. Highlights of the changes are:
- revised procedure for calculating overload permit fees to reduce the fees for operators willing to balance loads on axles and generally to promote equipment which preserves road infrastructure;
 - the fee for a dimension permit is eliminated if obtained in conjunction with an over weight permit;
 - multi-trip permits for some types of overloads which do not vary in weight from trip to trip, thereby avoiding the need for repeated applications and approvals;

- increased inter-city bus lengths to 14.0 metres from 12.5 to accommodate longer buses now being manufactured; and
 - eliminated some permit types by including equipment exemptions in the regulations.
- ➔ increased fines under the *Provincial Offences Procedure Act* to enhance deterrence of violations under the traffic legislation. Examples of these increases are as follows:
- failure to wear a seat belt – to \$50 from \$25;
 - failure to yield to a pedestrian with a raised arm – to \$100 from \$50;
 - failure to tow a vehicle with two separate means of attachment – to \$75 from \$50; and
 - use of an ornament or device which obstructs the view of the driver – to \$50 from \$25.

The increased fines are the result of a review of the fines and penalties in Alberta and other jurisdictions throughout Canada.

- ➔ proclamation of Bill 215, *Highway Traffic Amendment Act* – Red Light Cameras. As of January 1, 1999, law enforcement agencies in Alberta are able to issue tickets for violations using evidence provided by red light cameras at intersections.

The cameras are designed to photograph vehicles that enter an intersection after the traffic control lights have turned red. They record information like the time, date, location, violation number and time lapsed since the light turned red.

Bill 215 also allows evidence to be entered in court by way of affidavit, rather than by requiring the personal appearance of a police officer.

- ➔ Bill 23, a new *Railway Act*, was passed, providing for the development of new shortline railways in Alberta. The new Act will also allow for better regulation of railway safety and an improved appeal mechanism.

- ➔ consultation was held with industry stakeholders with a view to amending and improving the provincial grandfathering provisions, which set the standards for cargo tanks transporting dangerous goods in the province. As a result, a revision to the provincial regulations has been drafted and will be in place in the new fiscal year, to complement the new *Dangerous Goods Handling and Transportation Act*, enacted during the year, which realigns provincial legislation with the national requirements.
- ➔ continued to monitor and enforce the dangerous goods legislation, focusing on improving compliance at the origin, the shipping sites, where compliance rates have continued to improve.

MONITORING THE MOTOR CARRIER INDUSTRY

1998-99 was a productive year for strengthening our partnerships with the motor carrier industry. These programs are aimed at improving communication and increasing education and awareness within the motor carrier industry.

- ➔ participated with the Canadian Council of Motor Transport Administrators North American Cargo Securement project in an effort to streamline and simplify cargo securement among the Canadian provinces and territories, the United States, trucking firms, shippers, and equipment manufacturers.
- ➔ conducted three public consultations in Edmonton, Calgary and Red Deer, giving the general public an opportunity to review and discuss the proposed standard.
- ➔ partnered with the trucking and bus industry and other government ministries to develop a Transportation Training and Development Initiative. The initiative was designed to ensure training for all aspects of commercial motor transportation and includes new training and certification standards for commercial vehicle drivers. The training program will be delivered by a combination of private sector training schools and colleges across the province.
- ➔ established a committee with representation from Transport Canada, Alberta Trucking Industry Safety Association and Alberta's Workers' Compensation Board to develop and test a fatigue countermeasure to be used for commercial drivers.

The Fatigue Management Plan (FMP) committee developed a scheduling process and identified four carriers to participate in a pilot program. The committee also contracted the Canadian Sleep Institute in Calgary to conduct the project evaluation and assist in designing the overall program elements and training material.

- ➔ implemented a progressive discipline system that monitors a motor carrier's safety performance based on its convictions for safety violations effective September 1, 1998. Carriers are advised of their standing, and given every opportunity to understand the nature of the problem, as well as given time and assistance to correct their safety issues.
- ➔ conducted 13,574 roadside inspections of commercial vehicles and school buses, based on Commercial Vehicle Safety Alliance criteria.
- ➔ conducted 122 carrier audits and 32 carrier investigations, and conducted 552 carrier reviews during 1998-99.
- ➔ established a committee of stakeholders to review the Special Motor Vehicle Inspection Regulation to enable recognition of other jurisdictions' inspection certificates for a period of three months; set a maximum fee for mandated vehicle inspection; and introduced mechanic and station licensing requirements.

INCENTIVES TO MOTOR CARRIERS WITH EXEMPLARY PERFORMANCE

- ➔ signed an agreement with the Northwest Territories on May 29, 1998 relating to the Partners in Compliance (PIC) Program.

PIC started as a joint and innovative program between AT&U and the Alberta Trucking Association. Under the program, transportation carriers, including truck and bus operators, commit to a high level of compliance and safety performance based on a system of benchmarks, reporting and general monitoring. The bus component was added to the program in 1998-99.

- ➔ rewarded carriers who participate in PIC with a number of operational and administrative considerations, such as reduced random inspections and less paperwork; and expedited service at vehicle inspection stations and roadside inspections.

MONITORING BY THE DRIVER CONTROL BOARD AND THE MOTOR TRANSPORT BOARD

The Driver Control Board and the Motor Transport Board continued to contribute to overall traffic safety in Alberta by controlling the license reinstatement of problem, high risk drivers and the approval or removal of safety fitness ratings for the commercial carriers.

During the 1998-99 fiscal year, the boards undertook 4,906 hearings whereby drivers with suspended licenses presented their case for reinstatement. The boards also participated in disciplinary hearings with respect to the compliance of commercial carriers not meeting Alberta safety fitness standards.

MONITORING HIGH RISK DRIVERS

AT&U continued to regulate and monitor high risk drivers by:

- ➔ suspending drivers who reach a set demerit point threshold or have been convicted of driving-related Criminal Code offences;
- ➔ using state of the art technology that monitors medically impaired drivers; and
- ➔ negotiating an agreement with the Province of British Columbia to honour Alberta's suspensions in order to ensure Alberta high risk drivers are not avoiding their responsibilities by obtaining a British Columbia drivers license. British Columbia has agreed to stop issuing licenses to Alberta suspended drivers.

GOAL NO. 2 – IMPROVING ACCESS TO WORLD MARKETS

DEVELOP THE NORTH-SOUTH TRADE CORRIDOR

AT&U continued the development of the North-South Trade Corridor, which extends from the British Columbia border west of Grande Prairie to the United States Border at Coutts.

Completed grading, base and paving on portions of the following highways:

- ➔ Highway 43 - 11 kilometres from Lakeview Road to Grande Prairie Airport – totaling \$6.9 million;
- ➔ 8 kilometres on Highway 43, east of Whitecourt – totaling \$6.6 million;
- ➔ 12 kilometres on Highway 4 south of Secondary Highway 845 to south of Lethbridge – totaling \$5.1 million; and
- ➔ Highway 16 Interchange at Secondary Highway 779 – totaling \$8.2 million.

Grading work only:

- ➔ 13 kilometres on Highway 4 – south of New Dayton to south of Stirling – totaling \$2.4 million;
- ➔ 17 kilometres on Highway 4 – north of Warner to south of New Dayton – totaling \$2.5 million;
- ➔ 13 kilometres on Highway 43 – Valleyview south corporate limit to south of Tom Creek – totaling \$4.9 million; and
- ➔ 13 kilometres on Highway 43 – east of Fox Creek to west of Junction 947 – totaling \$3.8 million.



In total, \$64 million was spent on the rural portion of the corridor during 1998-99. As well, \$30 million was provided in 1998-99 to Calgary and Edmonton to undertake segments of the corridor within their boundaries. These multi-year projects include the Deerfoot Trail Extension, and Deerfoot Trail Interchange in Calgary, and the Yellowhead Trail Winterburn Road Interchange and the Calgary Trail Ellerslie Road Interchange in Edmonton.

IMPLEMENT THE WESTERN CANADIAN CORRIDORS AND PORTS INITIATIVE

Four stakeholder consultation sessions were held with private and public representatives to develop a consensus on what the problems are and what needs to be done to improve the transportation services for Alberta commodities using west coast ports. The mandate was expanded to include Vancouver Fraser Valley Corridor, and all four western provinces, the Northwest Territories and Yukon are involved.

A strategic plan will be prepared and considered, with the initiative to be turned over the private sector to implement.

Through the consultation process, specific strategies were identified under four items:

- ➔ meeting the global competitive threat;
- ➔ removing or minimizing impediments;
- ➔ dealing with the transportation implications of increased value-added production; and
- ➔ improving information and education.

NATIONAL HIGHWAY PROGRAM

Alberta and the other Canadian provinces and territories, believe the federal government has an important role to play in funding the nation's major highways, whether with a new program or within their existing budget.

In September 1998, the Council of Ministers Responsible for Transportation and Highway Safety met in Regina, where they agreed to continue to monitor the condition and needs of the national highways, and continue to work towards a National Transportation Investment Strategy, with the National Highway Program as a key component.

AT&U continued its work with the Canadian provinces and territories in the development of a transportation investment strategy that will ensure Canada remains competitive in world markets. The strategy must support the development of the economy and provide benefits for all regions and economic sectors.

A National Highway Program would generate economic benefits through savings in travel time, increased safety and reduced vehicle operating costs. Reducing traffic congestion would decrease fuel consumption and hydrocarbon emissions across Canada, thereby having a positive impact on greenhouse gas emissions.

COUTTS/SWEETGRASS BORDER CROSSING

AT&U continued to work with the United States and Canadian federal governments on the design and construction of the first shared border crossing facility located at Coutts/Sweetgrass on the Alberta/Montana border. This unique facility will increase the efficiency of border crossing operations, particularly for truck traffic moving on the CANAMEX Trade and Transportation Corridor. The new shared border facility complements the joint Vehicle Inspection Station already operated by Montana and Alberta. It is anticipated that the new border crossing facility will be in operation by 2003, coinciding with the substantial completion of the four-laning of Highway 4 south of Lethbridge.

ALBERTA AVIATION STRATEGY

Considerable progress has been made in raising awareness among Alberta stakeholders regarding the need to provide an effective air transportation system for the next century, emphasizing air cargo and future value-added trends.

Improved air services will be essential for both passengers and goods, to keep our province attractive as a place to visit, for business and tourism purposes, and to ensure that the growing trend toward value-added production will not be impeded.

This initiative has been turned over to the Alberta Economic Development Authority for further action.

CANADA/U.S. MEDICAL RECIPROCITY AGREEMENT

In March 1999, an agreement was signed between Canada and the U.S. whereby Canadian drivers/operators of commercial vehicles will only require a valid Class 1, 2, 3 or 4 drivers' license as proof of their medical fitness.

In keeping with the North American Free Trade Agreement, this is another step towards ensuring the easy and effective movement of goods between Alberta and the U.S. It will allow eligible drivers to travel between the two countries without having to produce a medical fitness card.

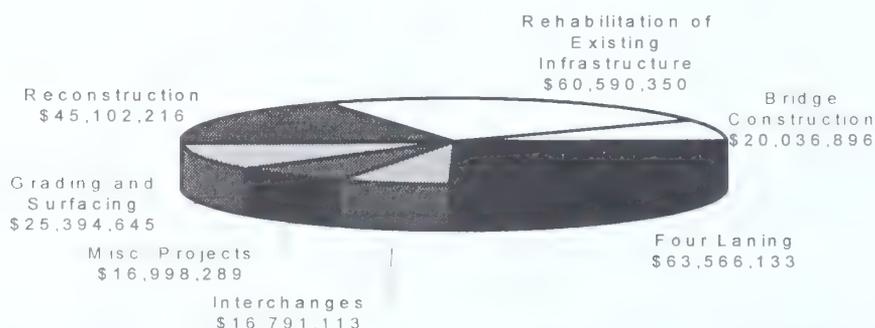
GOAL NO. 3 – MANAGING THE PRIMARY HIGHWAY SYSTEM

Preserving Alberta's primary highway system is critical to the province's economy. The function of maintaining and preserving the primary highways is now being done by the private sector, with the ministry providing overall management by developing standards and ordering work.

AT&U successfully implemented the strategy to tender primary highway projects as early as possible. The initial 1999 primary highway projects were tendered in the first week of September 1998 and 50 percent of primary highway construction and 74 percent of rehabilitation projects were tendered by November 30 and by December 31, 1998, over 80 percent of primary highway projects were tendered.

In 1998-99, 127 contracts were awarded for construction and rehabilitation work on the primary highway system. To implement the design and project management portions of these contracts, 268 consultant agreements were awarded.

As of March 31, 1999, there were approximately 15,826 two-lane equivalent kilometres of primary highways in Alberta. Of this, 13,040 kilometres are surfaced, including 1,664 kilometres which are four- and six-lane divided and undivided. The primary highway system also consists of 2,093 bridges and 131 major interchanges. The total net value of the primary highway system is approximately \$3.4 billion.



The chart on the previous page provides a summary of the \$248,479,642 spent on the primary highway system during 1998-99 for construction, maintenance and rehabilitation projects, including engineering, land purchases and other related costs.

PROTECT THE INTEGRITY OF THE PRIMARY HIGHWAY INFRASTRUCTURE

An additional \$30 million was allocated for primary highway preservation and rehabilitation projects. The following lists several key rehabilitation projects undertaken in 1998-99:

- ➔ Highway 2 – Slave Lake to east of Kinuso – totaling \$1.9 million;
- ➔ Highway 2 – South of Secondary Highway 611 to Secondary Highway 616 – totaling \$3.5 million;
- ➔ Highway 2 – Junction Highway 49 to Peace River – totaling \$2.1 million;
- ➔ Highway 3 – west of Kipp to Lethbridge – totaling \$1.9 million;
- ➔ Highway 3 – east of Grassy Lake to east of Bow Island – totaling \$3.0 million;
- ➔ Highway 7 – Black Diamond to south of Okotoks – totaling \$1.8 million;
- ➔ Highway 16 – east of Vermilion to Lloydminster (eastbound lane) and Kitscoty to Lloydminster (westbound lane) – totaling \$5.5 million;
- ➔ Highway 16 – Junction Highway 16A to west corporate limit of Edmonton and east of Highway 21 to west of Elk Island Park Access – totaling \$6.6 million;
- ➔ Highway 35 south of Junction Highway 986 to north of Dixonville – totaling \$2.5 million;
- ➔ Highway 42 – west of Secondary Highway 816 to Highway 21 – totaling \$2.2 million; and
- ➔ Highway 72 – west of Rosebud River to Highway 9 – totaling \$2.0 million.

MAINTAIN THE PRIMARY HIGHWAY SYSTEM

AT&U continued to oversee the primary highway maintenance activities that are now being undertaken by private sector contractors. Maintenance activities include snow plowing, grass mowing, crack filling, and pothole repair. Ministry staff continued to order work, undertake inspections and set standards for all maintenance activities.

In total, \$92,545,877 was spent on primary highway maintenance activities in 1998-99. Of this amount, \$3,563,967 million was dedicated to the maintenance of bridges.

Outsourcing primary highway maintenance began in 1995-96, and several of the long-term contracts will expire during the next two years. In order to ensure maintenance activities are undertaken as efficiently and cost-effectively as possible, a detailed review of the highway maintenance contracts began in 1998-99. All aspects of the contracts are being reviewed, including unit pricing, process, etc. with a view to having new contracts in place for 2000-01.

MONITOR WEIGHTS AND DIMENSIONS OF COMMERCIAL VEHICLES

In order to ensure that over-weight vehicles do not cause unnecessary damage to Alberta's highways, AT&U issued 150,000 permits for over-weight and over-dimensional commercial vehicles.

IMPLEMENT THE INFRASTRUCTURE MANAGEMENT SYSTEM (IMS)

IMS is a state-of-the-art infrastructure management system where economic and technical criteria can be used to prioritize the maintenance, rehabilitation and construction needs of Alberta's highway network.

Following the implementation of Release 1, several updates and enhancements were identified, based on user feedback and the desire for continuous improvement of the application. As a result, the following enhancements were implemented:

- ➔ a glossary of IMS and AT&U business terms contained within the Help function for future use by industry partners;
- ➔ a revised menu structure in the Geographic Information System Query sub-system to make navigating simpler; and
- ➔ a new version of Impromptu Web Query to enhance the navigating-reporting function.

In addition to Release 1 updates, the first phase of Release 2 was implemented. This phase provides the capability to add, refresh and update data in the central database containing AT&U transportation infrastructure data, also known as the data repository.

Over the past year, IMS team members have presented eight technical papers to audiences in both North America and Europe. Topics for the papers varied, but were all related to the delivery of infrastructure-related data and maps, using web technology.

LAUNCHED THE HIGHWAY SERVICE REST AREA PROGRAM

In July 1998, AT&U launched the Highway Service Rest Area (HSRA) Pilot Program along the Yellowhead Highway.

The HSRA program is a partnership between AT&U and private businesses designed to provide basic rest area services such as washrooms, fuel, food, telephone, parking, picnic areas and more, at business sites along primary highways. In return, the province will formally designate and recognize these facilities as official provincial rest areas identified with signs, and on the Alberta road map. At the end of the pilot program, AT&U plans to expand the program to cover all of Alberta's primary highways.

GOAL NO. 4 – REINVESTING IN STRATEGIC PRIMARY HIGHWAY IMPROVEMENTS

IMPROVE THE PRIMARY HIGHWAY SYSTEM

Strategic improvements to other primary highways continued in order to accommodate the current and anticipated increase in the movement of people and goods resulting from enhanced tourism and trade. These projects improved safety by upgrading substandard portions of the system in order to reduce injuries and economic liabilities.

During the 1998-99 fiscal year, the ministry undertook the following key projects:

- ➔ Highway 14: Whitemud Drive Interchange – completed interchange totaling \$11.3 million;
- ➔ Highway 3: west of Barnwell to Secondary Highway 864 (Taber), including Barnwell By-pass – four-laning totaling \$11.0 million;
- ➔ Highway 22: Longview to Black Diamond – reconstruction totaling \$7.1 million;
- ➔ Highway 2A: Secondary Highway 582 to north of Olds – widening totaling \$6.0 million;
- ➔ Highway 9: west of Secondary Highway 855 to Highway 36 (South) – widening totaling \$5.3 million;
- ➔ Highway 13: Highway 2 to west of Wetaskiwin – reconstruction totaling \$3.6 million;
- ➔ Highway 40: south of Gregg River to south of Highway 16 – complete grading totaling \$3.1 million, and south of Simonette Forestry Tower to south of Kakwa River Bridge – Asphaltic concrete pavement totaling \$2.0 million;
- ➔ Highway 33: Pembina River to Barrhead – reconstruct and overlay totaling \$2.2 million; and
- ➔ Highway 88: south of Jackpine Creek to Bear River – grading totaling \$2.8 million.

GOAL NO. 5 – SUPPORTING MUNICIPAL TRANSPORTATION PARTNERSHIPS

On August 24, 1998, the Premier's Task Force on Infrastructure released its recommendations resulting from its review of transportation infrastructure needs in Alberta. Based on those recommendations, \$130 million was provided as one-time funding in 1998-99 to supplement existing municipal transportation programs in order to deal with high priority projects and alleviate the backlog of applications under several programs. In addition, the task force recommended that further additional funding be allocated in order to ensure that the integrity of municipal transportation infrastructure does not continue to deteriorate. As a result, a proposal for additional funding of \$150 million per year has been included in Alberta Transportation and Utilities 1999-2002 Business Plan.

As well as recommending increased funding for municipal transportation infrastructure, the task force also recommended that the existing funding programs be streamlined and the roles and responsibilities for the management of roads now under municipal jurisdiction be clarified. In this regard, AT&U initiated a process which will consist of a detailed review of all programs and criteria, and a Rural Roads Study.

The Rural Roads Study is intended to provide a snapshot of key local roads and key secondary highways, indicate what effect vehicle types and travel patterns have had on the system and what impacts might be expected in the future. As part of the rural roads study, criteria for the identification of key secondary highways and local roads will be developed. The study will be used in the formulation of options for disentanglement. Discussions with the municipalities will begin in 2000.

FUNDING URBAN TRANSPORTATION INFRASTRUCTURE

The Alberta Cities Transportation Partnership provides cost-shared funding to Alberta's 14 cities and the urban services areas of Sherwood Park and Fort McMurray. The program consists of three components:

- *Basic Capital Grants* provides cost-shared capital funding (75 percent government 25 percent city) for capital improvements and rehabilitation on primary highways, truck routes, and major transit capital projects within city boundaries.

With the Premier's Task Force recommendations in August 1998, this grant was increased to a province-wide average of approximately \$55 per capita.

- ➔ *Primary Highway Maintenance Grants* provides \$1,959 per lane kilometre reflecting the province's responsibility in sharing in the cost of operating and maintaining primary highway routes through cities.
- ➔ *North-South Trade Corridor Grants* provides cost-shared grants under specific agreements for provincially important projects within cities. Substantial additional funding was allocated in 1998-99 for the North-South Trade Corridor projects within Edmonton and Calgary.

For the 1998-99 fiscal year, an additional \$30 million was provided for *Transit Capital Grants* based on recommendations of the Premier's Task Force on Infrastructure. The purpose of this one-time grant was to deal with the increased transit ridership, especially in Calgary, resulting from the increased population and economic growth.

CONTINUE THE STREETS IMPROVEMENT PROGRAM

The Streets Improvement Program provides cost-shared financial assistance to Alberta towns, villages and summer villages for the construction of lasting street improvements. Approved projects are eligible for 75 percent provincial funding for construction and engineering costs.

Funding for this program had not been allocated beyond 1998-99; however, the Premier's Task Force on Infrastructure recommended that this program be enhanced to the required funding level to meet the municipalities' ongoing needs and to alleviate the backlog of applications. In 1998-99, a total of \$15 million was provided to 86 municipalities for eligible street improvement projects. Some examples of the work undertaken by the municipalities are:

- ➔ Railway Avenue reconstruction in Bawlf;
- ➔ Carman and Armstrong Streets paving in Carmangay;
- ➔ 9th and 14th Street, S.E. upgrade in High River;
- ➔ road rehabilitation in Nampa;
- ➔ Railway Avenue upgrade in Coronation;
- ➔ street paving in Mayerthorpe;

- ➔ Railway Avenue paving in Marwayne;
- ➔ curb and gutter replacement in Grimshaw; and
- ➔ upgrade of 50A Street and overlay of 45 Avenue in Millet.

PROVIDE FUNDING FOR SECONDARY HIGHWAYS

Secondary highways play a vital role in Alberta's overall transportation network by collecting traffic from local roads, connecting population centres and other secondaries, supporting the decentralization of industry and integrating with the primary highway system. These highways are under municipal jurisdiction with the province providing cost-shared financial assistance for highway improvements.

During 1998-99, \$99.1 million was provided to assist rural municipalities with upgrading and rehabilitation of secondary highways within their boundaries. Of this amount, \$10 million was provided for high-priority secondary projects as recommended by the Premier's Task Force on Infrastructure, several of which are noted below. As this is a partnership between the municipalities and the government, the municipalities also spent \$15.3 million for their share of the projects. Some of the projects funded under this program are as follows:

- ➔ Secondary Highway 505: Belly River to Highway 2 – widening and reconstruction totaling \$5.7 million;
- ➔ Secondary Highway 524: east of Secondary Highway 879 to south of Suffield – base and paving totaling \$2.3 million;
- ➔ Secondary Highway 570: Secondary Highway 848 to Secondary Highway 862 – base and paving totaling \$2.1 million;
- ➔ Secondary Highway 665: Golf Course Access to Hutterite Corner – totaling \$2.1 million;
- ➔ Secondary Highway 794: south of MD Boundary to east of Pickardville – widening and reconstruction totaling \$2.0 million;
- ➔ Secondary Highway 806: north to Linden to Secondary Highway 583 – overlay and reconstruction totaling \$2.3 million;
- ➔ Secondary Highway 813: north of Orloff Lake Road to south of Rock Island Lake Road – base course and asphaltic concrete totaling \$2.1 million;

- ➔ Secondary Highway 855: Highway 14 (Holden) to Junction Secondary Highway 626 – base course and asphaltic concrete totaling \$2.3 million;
- ➔ Secondary Highway 633 to north of Secondary Highway 663 – grading totaling \$2.3 million;
- ➔ Secondary Highway 897: south of Secondary Highway 659 to Highway 55 – final paving totaling \$2.6 million; and
- ➔ Secondary Highway 580: east of Highway 22 (Cremona) to Highway 2A – pavement overlay totaling \$3.0 million.

CONTINUE TO PROVIDE FUNDING FOR LOCAL ROADS

Formula-based grants are provided annually to all counties, municipal districts, Métis Settlements and the special areas, to assist these rural municipalities in developing their network of local roads and bridges. Like all municipalities, the rural areas have been especially affected by Alberta's growing economy, the decentralization of industry and the rationalization of the railways.

To ensure that the integrity of the local road system and the taxpayers' investment was protected, \$20 million in additional funding was recommended by the Premier's Task Force on Infrastructure. In 1998-99, a total of \$35.6 million was provided to rural municipalities for improvements to local roads, as well as \$8.2 million for upgrading local road bridges.

RESOURCE ROADS/NEW INDUSTRY PROGRAM

The review undertaken by the Premier's Task Force on Infrastructure indicated a need to deal with the demands industry was placing on Alberta's road infrastructure. The task force therefore recommended that the existing programs, the Resource Roads Improvement Program and the Roads to New Industry Program be combined, and a new program be structured with improved criteria that would more effectively meet the needs of the municipalities and the province.

As a result of the task force recommendations, the ministry undertook a detailed review of the programs in consultation with representatives from the Alberta Association of Municipal Districts and Counties, Alberta Urban Municipalities Association, and the provincial ministries of Agriculture, Food and Rural Development, Municipal Affairs, Energy, Economic Development and Environmental Protection.

A new program was developed and will be implemented effective April 1, 1999. The new Resource Roads New Industry Program will assist in providing roadway infrastructure for developments such as value-added processing facilities, intensified farming operations, resource-based industrial development, or high throughput elevators.

During 1998-99, \$18.9 million was provided under the two existing programs. This funding was allocated to 61 municipalities for the construction of 93 resource road projects.

PROVIDE TRANSPORTATION FUNDING FOR METIS SETTLEMENTS

Several years ago, Métis Settlements received municipal status and are now responsible for all local roads within their boundaries. Although Métis Settlements receive the annual formula-based local road grants as provided to other rural municipalities, they still have extraordinary needs that must be addressed, including the issue of providing all-weather access roads to their hamlets.

In its review, the Premier's Task Force on Infrastructure identified providing higher standard access roads to Métis Settlements as an issue and recommended that funding be provided for this need. As a result, an additional \$2 million was provided in 1998-99; this was allocated for the construction of Phase I of the East Prairie Métis Settlement access road. This is in addition to the annual funding provided under the Rural Transportation Grant program, which was also substantially enhanced in 1998-99.

MANAGING THE CANADA/ALBERTA INFRASTRUCTURE WORKS PROGRAM

The Canada-Alberta Infrastructure Works Program provides per-capita grants to urban and rural municipalities for local infrastructure projects. All projects are cost-shared equally between the municipalities and the federal and provincial governments. The initial program commenced in 1994 and ends in 1999. In February 1997, an enhancement to the program was announced for projects constructed in 1997-98.

Activities in 1998-99 focused on completing projects and processing of the grants. By the time the program is finalized in 1999-2000, it will have provided \$206 million in provincial grant funding. With the municipalities and the federal government matching this amount, the total funding from this program will be \$618 million.

GOAL NO. 6 – SUPPORTING SAFE AND COST-EFFECTIVE UTILITY SERVICES

The purpose of this goal changed significantly during 1998-99 with the transfer of the rural gas and electrification programs to Alberta Energy on November 1, 1998. Alberta Energy (now Alberta Resource Development) will report on the rural gas and electrification programs for 1998-99.

The ministry retained responsibility for the Alberta Municipal Water/Wastewater Partnership. This program provides cost-shared financial assistance to eligible municipalities for the construction of safe and environmentally acceptable water supply and treatment and wastewater treatment facilities.

During 1998-99, \$14.5 million was provided for the construction of 64 projects in 62 municipalities.

GOAL NO. 7 – SUPPORTING RESPONSES TO MAJOR DISASTERS AND EMERGENCIES

PREPARE FOR EMERGENCIES

Emergency Preparedness Plans: During 1998-99 the ministry validated 171 municipalities' emergency preparedness plans and assisted 133 municipalities in testing their Municipal Emergency Plans. As well, a new Alberta Emergency Plan, which details functions to be performed by provincial government ministries during a major emergency or disaster was implemented. In addition, four of Alberta's eight provincial emergency plans were validated and two were exercised.

Y2K Preparedness: In October 1998, the ministry was formally assigned responsibility for the preparation of a provincial contingency plan to address emergency management needs that could result from the Year 2000 computer (Y2K) problem. Therefore, in January 1998, the ministry began Y2K Awareness presentations to municipalities, government ministries, the business community and industry.

The Y2K Alberta Consequence Management Steering Committee had its first meeting in October 1998. It is comprised of executive level management from key provincial and federal government ministries, health care authorities, municipal associations, emergency response organizations and essential service providers in the private sector including power, natural gas, oil and gas producers, telecommunications and other utility services.

The committee agreed to the establishment of the Y2K Alberta Working Group and authorized their designated participants to cooperate fully in identifying potential risks and implementing measures to ensure that Alberta's municipalities are assisted in managing any consequences that may be faced on the morning of January 1, 2000.

The Y2K Alberta Working Group, which consists of nearly 60 member organizations, met for the first time in December 1998, and has developed into a highly effective forum for the open exchange of information. A communications strategy has been established and a web site was introduced in March 1999.

Municipalities were provided with material that will help them to determine functionality of their own essential services, as well as extensive information on progress being made by all essential service providers. It is expected that the Alberta Y2K Consequence Management Plan will be introduced during the summer of 1999.

RESPOND TO DISASTERS

There were 34 real-event emergencies in the province for which Municipal Emergency Plans were activated. The affected municipalities were responding to 17 forest fires, five prairie grass fires, four dangerous goods incidents, two structural fires, two pipeline releases, two flooding events, one mass casualty incident and one well blow out. AT&U's Disaster Services Officers provided immediate advice and assistance where needed for all 34 incidents.

Although none of the incidents required implementation of a disaster recovery program, AT&U did provide \$239,000 in financial assistance to 10 municipalities that incurred extraordinary evacuation costs or other related emergency operations costs as a result of the devastating forest fires in north western Alberta in the spring of 1998.

CONTINUE NEGOTIATIONS WITH THE FEDERAL GOVERNMENT

Alberta played a lead role in organizing a provincial-territorial initiative to urge the federal government to improve delivery of disaster recovery programs that are cost shared under the Federal Disaster Financial Assistance Arrangements. A technical steering committee representing key provinces, including Alberta, prepared recommendations for review by provincial and territorial Ministers.

On November 2, 1998, Ministers from Alberta, Manitoba, Ontario, Quebec, and the Northwest Territories met in Winnipeg. They reviewed, expanded and approved the recommendations. They were subsequently ratified by all 12 Ministers and formally sent as a consensus document to the Federal Minister Responsible for Emergency Preparedness.

ADDITIONAL KEY ACCOMPLISHMENTS SUPPORTING OUR CORE BUSINESSES

UNDERTAKING BARRIER FREE TRANSPORTATION INITIATIVES

AT&U has been a leader in Canada in encouraging the improvement of accessibility for those who have problems travelling. While accessible transportation is crucial for all Albertans with transportation disabilities, it will become particularly important given the aging of the population.



The Minister's Advisory Committee on Barrier Free Transportation has initiated projects ranging from indicating accessible washroom facilities on highway signs, to establishing the Alberta Inter-Community Public Transport Guide website, which provides detailed information for those who must, or wish to, use bus or air travel. The Advisory Committee has representation from government, carriers, service providers, consumer groups and municipalities.

IMPLEMENTING THE JOINT INDUSTRY WORKFORCE DEVELOPMENT INITIATIVE

Together with industry, educational institutions, and other government ministries, AT&U developed transportation related career development programs aimed at attracting, training and developing members of the construction and consulting industries and government.

One of the programs under the Joint Industry Workforce Development Initiative is the Transportation Infrastructure Career Development Program that offers undergraduate civil engineering students at the University of Alberta and the University of Calgary, the opportunity to gain industrial experience in each of the three major sectors of the highway construction industry – contractors, consultants and government.

This initiative was launched December 7, 1998, and the first students involved in the Transportation Infrastructure Career Development Program will begin their industrial experience during the summer of 1999.

DEVELOPING THE CENTRE FOR TRANSPORTATION ENGINEERING AND PLANNING

AT&U, in partnership with the Cities of Calgary and Edmonton, the Universities of Calgary and Alberta, UMA Engineering Ltd., Stantec Consulting, Reid Crowther & Partners Ltd., and EBA Engineering Ltd. have developed the Centre for Transportation Engineering and Planning (C-TEP).

Housed at the University of Calgary, the centre provides technology transfer services and research facilitation for Alberta institutions and corporations involved in transportation engineering and planning.

C-TEP serves these needs by acting as a central clearinghouse and coordinating body for information and research needs relevant to its members. Courses being offered are:

- ➔ Road Safety Audits;
- ➔ Class B Bridge Inspection Course;
- ➔ Highway Design;
- ➔ Traffic Management Video Seminar;
- ➔ Hec-Ras Hydraulic Course; and
- ➔ Pavement Design.

HOSTED THE TRANSPORTATION ASSOCIATION OF CANADA'S MINISTERS MEETING

AT&U hosted the Transportation Association of Canada's (TAC) Council of Ministers Responsible for Transportation and Highway Safety on May 29, 1998 in Edmonton. TAC, a non-profit association with government and industry members, acts as a neutral forum for the discussion of transportation issues and concerns and as a centre for technical excellence in surface transportation infrastructure.

Transport Ministers from all provinces and territories, and the Federal Minister of Transport, discussed the following topics in an effort to develop consensus on transportation issues of national importance.

- ➔ North American Free Trade Agreement;
- ➔ National Highway Policy;
- ➔ harmonization of National Safety Code Standards, vehicle weights and dimensions, and the Federal Motor Vehicle Transport Act;
- ➔ transportation and climate change; and
- ➔ grain transportation in Canada.

A highlight of the conference was the signing of an agreement to increase truck and bus safety by the Premier of the Northwest Territories and the Minister of AT&U. The agreement relates to implementation of the Partners in Compliance Program which was developed by Alberta in 1997.

The agreement will expedite the cross-border movement of goods between Alberta and the Northwest Territories and provide recognition and prestige to carriers who operate at high safety levels.

ENHANCING CORPORATE HUMAN RESOURCES

Rewards and Recognition Program: The program is designed to motivate employees and produce quality results as their accomplishments are recognized. The program provides a means of recognizing employee accomplishments.

There are six program elements, three of which focus on recognition – Take 2, Long Service and Positive Influence – and three focusing on reward and recognition – Bright Idea, Innovation and Team 2000. Of these, Bright Idea, Innovation, Team 2000, and Positive Influence have yearly nominations, which are eligible to be considered for awards at the annual ceremony.

In March 1999, the Rewards and Recognition Committee formally called for employee nominations for the awards to be reviewed by an independent panel at the end of April. The first annual awards ceremony has been scheduled for June 1999.

Implemented New Management Performance Appraisal System: In April 1998, the ministry implemented a new management appraisal system that ties performance directly to the accomplishment of business plan goals and objectives and captures employee competencies. This new system will be used as the basis for the development of a performance management process for non-management employees.

Undertook a Work Climate Survey: Using an independent consulting firm, the ministry conducted a work climate survey with ministry staff. The purpose of the survey was to identify workplace conditions important to AT&U employees. As well, employees were asked if they felt these conditions are happening in their workplace.

The survey was separated into five categories covering communication and involvement; performance and evaluation; training and development; organizational support; and job satisfaction.

In response to employee feedback, the ministry is setting a priority on developing and implementing initiatives aimed at addressing issues raised.

Journeys: In order to enhance internal communication within AT&U, “Journeys”, an internal employee newsletter, was initiated. Its goal is to provide staff information about AT&U business and its employees through news articles and general interest stories.

Managed by a cross-divisional editorial committee, all employees are encouraged to provide information and input into the newsletter.

AUDITOR'S REPORT ON PERFORMANCE MEASURES

Report of the Auditor General on the Results of Applying
Specified Audit Procedures to Key Performance Measures

To the Members of the Legislative Assembly:

I have performed the following procedures in connection with the Ministry of Transportation and Utilities' key measures included in the *1998-99 Annual Report of the Ministry of Transportation and Utilities* on pages 65 to 74:

1. Information obtained from an independent source, such as Statistics Canada, was agreed with the information supplied by the stated source. Information provided internally was agreed to the reports from the systems used to develop the information.
2. The calculations which converted source information into reported measures were tested.
3. The appropriateness of the description of each measure's methodology was assessed.

As a result of applying the above procedures, I found no exceptions.

However, these procedures do not constitute an audit of the key measures and therefore I express no opinion on the key measures included in the *1998-99 Annual Report of the Ministry of Transportation and Utilities*.

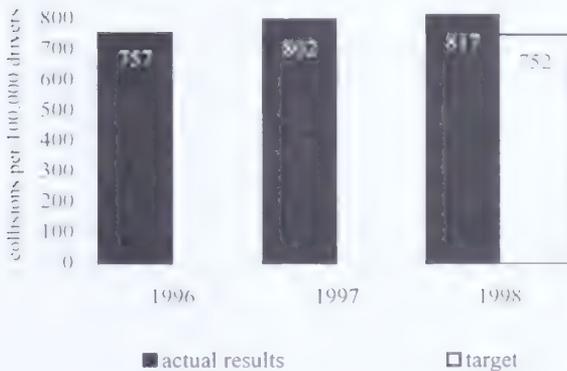
 FCA

Auditor General
Edmonton, Alberta
August 17, 1999

PERFORMANCE MEASURES

CASUALTY COLLISIONS

Casualty Collisions per 100,000 Drivers



Casualty collision rates give us an indication of our success in achieving **Goal No. 1 – Improving Traffic Safety.**

The measure reports the number of casualty (injury and fatality) collisions per 100,000 licensed drivers per calendar year on Alberta's roads. Data used for this measure is obtained from the Alberta Collisions Information System. The number of licensed drivers is

obtained from the Motor Vehicle Licensing and Registration System administered by Alberta Registries.

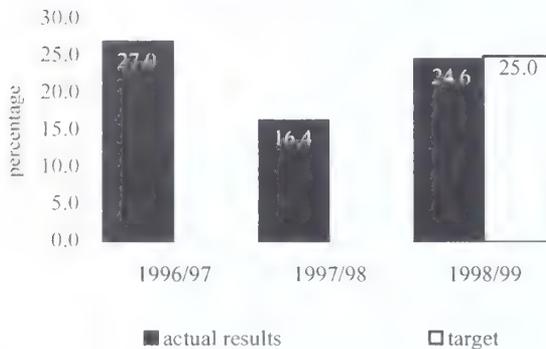
The results from 1996 were used as a baseline to set targets for the following years. Based on the results, the target for 1998 has not been met. Contributing factors resulting in the increase of casualty collisions continue to be driver error and increased traffic. Of total collisions, including property damage collisions, 89.1 percent involved driver error. Increases in traffic volume, population, licensed operators, registered vehicles, and growth in the economy have contributed to changes in the number of casualty collisions.

The increase in casualty collisions from 1997 is not substantial. Through its partnership with stakeholders and others in the road safety community, AT&U will continue to enhance efforts to educate drivers on the role they play in traffic safety, as well as enhance regulatory tools such as the graduated driver licensing and administrative license suspension programs.

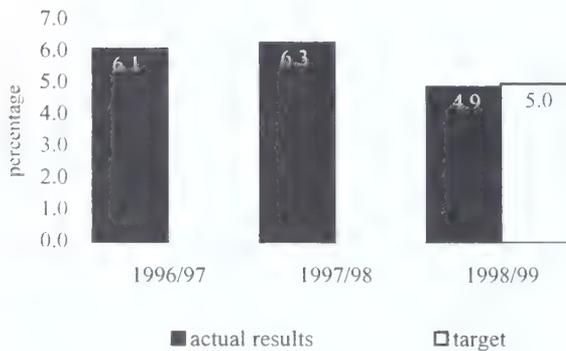
NOTE: In Alberta, a reportable collision is a traffic collision that results in death, injury or property damage in excess of \$1000. For the purpose of this performance measure only those collisions that resulted in a casualty (death or injury) were included.

MECHANICAL SAFETY OF COMMERCIAL VEHICLES

Percentage of Inspected Vehicles Requiring On-Site Adjustments



Percentage of Inspected Vehicles Requiring Attention of Mechanic



During mechanical inspections, AT&U collects data which allow us to measure our success in achieving **Goal No. 1 – Improving Traffic Safety.**

This measure is defined as the percentage of commercial vehicles that are rendered out-of-service using nationally recognized standards (Commercial Vehicle Safety Alliance) when inspected by ministry staff at roadside checks. The results are reported in two categories: vehicles requiring minor on-site adjustments; and vehicles requiring the attention of a mechanic.

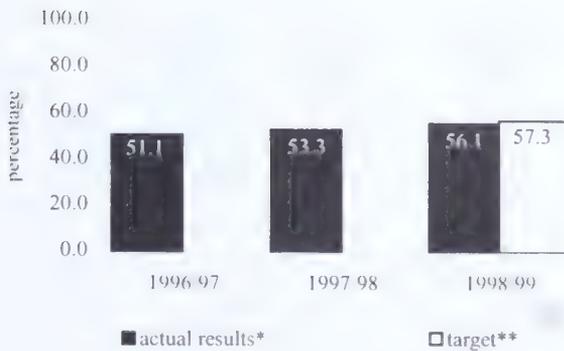
The results for 1997-98 and 1998-99 are based on a sample of inspections collected during the six month period from June to November. The Business Plan stated that a random sampling would be undertaken. In actuality, for ease of administration, every second truck was inspected. The results prior

to 1997-98 were based on data collected from the three-day RoadCheck Program undertaken in the first week of June 1997.

Based on the results, the targets have been met for 1998-99.

NORTH-SOUTH TRADE CORRIDOR

Percentage of North-South Trade Corridor Twinned



Measuring the percentage of the North-South Trade Corridor which has been twinned, gives us an indication of our progress in achieving **Goal No. 2 – Improving Access to World Markets**. In this measure, both urban and rural portions of the North-South Trade Corridor are included in the calculation.

The percentage for this measure is calculated based on the amount of the corridor that has been twinned compared to its total length,

using department highway data. The North-South Trade Corridor consists of 1,175 kilometres of highway, of which nearly 100 kilometres are within urban municipalities. As of March 31, 1999, 658 kilometres had been twinned, an increase of 33 kilometres from last year.

Targets for this measure are set based on the amount of funding that will be required annually to substantially complete the North-South Trade Corridor by 2007.

This measure, as previously reported in the Business Plan was calculated from baseline data estimations. The data as represented above gives a more accurate indication on the status of this project.

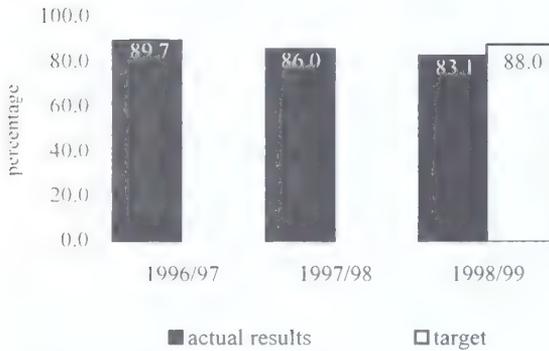
The results above indicate that we did not meet our 1998-99 target. It is expected this minor variance of 1.2% will be addressed in the next year or two and will not affect the scheduled completion date of this project.

* Comparative results from previous years have been re-stated to include both urban and rural portions.

** The targets as indicated in the Business Plan were re-calculated based on more accurate baseline data.

PRIMARY HIGHWAY PAVEMENT CONDITION

Percentage of Primary Highway Providing Desirable Driving Standards



Primary highway condition gives an indication of AT&U's success in achieving **Goal No. 3 – Managing the Primary Highway System.**

This measure is defined as the percentage of the primary highway system that provides desirable driving conditions for the traveling public based on the Pavement Quality Index (PQI). Key factors include pavement smoothness and riding comfort. This measure does not include bridge condition data.

The results from 1996-97 were used as a baseline to set targets for the following years. The 1998-99 results indicate that we did not meet our target for this year. This is a direct result of reduced funding being available in the early to mid 1990's for rehabilitation. The need for additional funding has been partially addressed with the provision of an additional \$30 million in 1998-99 and \$50 million in 1999-2000 in the ministry's base budget.

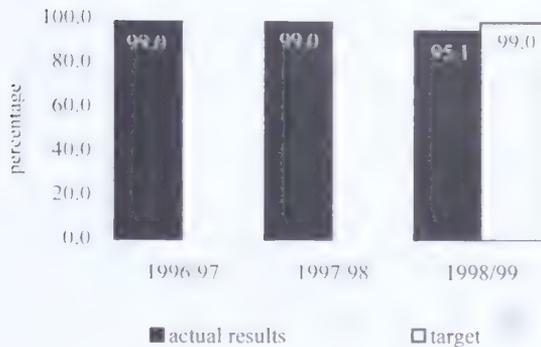
Based on the recommendations of the Premier's Task Force on Infrastructure, an additional \$25 million was allocated to the primary highway system in 1998-99, and a further \$29 million in 1999-2000.

Given the aging nature of the primary highway infrastructure, it will take several years of increased funding to rehabilitate the highways to meet our target for the future.

In 1999-2000, results will be reported using the International Roughness Index (IRI) rather than the PQI. IRI is a standard measure of road smoothness which is used in many Canadian provinces, the United States and other countries. IRI is considered to be less subjective than PQI and yields more consistent and reliable results. It will also enable Alberta to compare the rideability of its road to that of other jurisdictions.

LEVEL OF SERVICE OF RURAL PRIMARY HIGHWAYS

Percentage of Rural Primary Highways with Level of Service "B" or Greater



Level of service is a measure of the ability of traffic to move freely during peak hour volumes. By measuring the percentage of rural primary highways which provide a level of service of "B" or better (on a scale of A to F, A being the highest), we are able to monitor our success in achieving **Goal No. 4 – Reinvesting in Strategic Primary Highway Improvements.**

Level of service is calculated using traffic volume data for peak hour volumes collected along the highway network. Intersection counts are also performed to determine the types of vehicles using each section of highway. Using the American Transportation Research Board's Highway Capacity Manual, this data is used to calculate level of service ratings for each section of highway.

The results are a composite of rural primary multi-lane divided highways and rural primary two-lane undivided highways. There are 1,040 kilometres of rural primary multi-lane divided highways. Of this total, 100 percent of rural multi-lane divided highways provide a level of service of "B" or better.

There are 11,030 kilometres of rural primary two-lane undivided highways in the province. Only 5.3 percent (or 585 kilometres) of the rural two-lane undivided highways provide a level of service less than "B". This 585 kilometres of highway providing level of service less than "B" is spread in small sections throughout the rural two-lane undivided primary highway system.

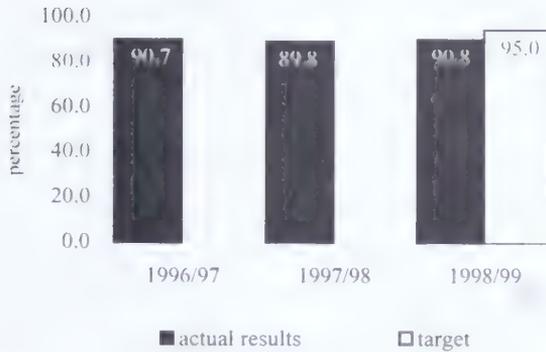
The longest consecutive stretch of highway providing less than a level of service of "B" is 60 kilometres along the North-South Trade Corridor on Highway 43. There are also a number of smaller sections along the North-South Trade Corridor providing a level of service less than "B". These problem areas are being addressed through the North-South Trade Corridor twinning project which will result in the elimination of traffic congestion on this route.

The target of 99 percent for this measure was based on the benchmark year of 1995-96. Between 1995 and 1996, Alberta experienced virtually no increase in traffic volume (0.4 percent). During 1997, Alberta experienced an increase in traffic volume of 7.1 percent over 1996 levels. During 1998, Alberta experienced an increase in traffic volume of 3.9 percent over 1997 levels. This increase is primarily resulting from the growing economy, resulting in increased movement of goods by truck, as well as increased tourism. We did not meet the 99 percent target in 1998-99 largely due to this increase in traffic volume.

In 1997-98, 60 kilometres of primary highway were twinned, and in 1998-99 another 50 kilometres were twinned. In competition with growing traffic volume, it may take some time for these continued efforts to result in an improved level of service rating.

SECONDARY HIGHWAY PAVEMENT CONDITION

Percentage of Secondary Highways Providing Desirable Driving Standards



Secondary highway pavement condition gives an indication of AT&U's success in achieving **Goal No. 5 – Supporting Municipal Transportation Partnerships**.

This measure is defined as the percentage of the secondary highway system that provides desirable driving standards for the traveling public based on the Pavement Quality Index (PQI). Key factors include pavement smoothness and riding comfort. This measure does not include bridge condition data.

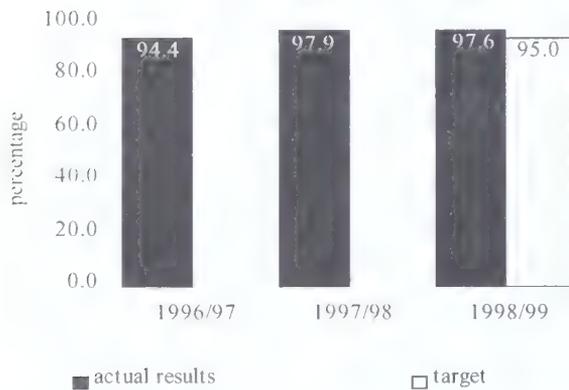
As of March 31, 1999, there were approximately 15,222 two-lane equivalent kilometres of secondary highways in Alberta, of which, 10,266 kilometres are surfaced. The results from 1996-97 were used as a baseline to set targets for the following years. In 1998-99, results indicate that we did not meet our target for this year. We did, however, show an improvement over last year's results. Based on the last four years' results, the condition of the secondary highway network appears to be stable.

In 1997-98, \$80 million was spent on the secondary highway system. In 1998-99, \$101 million was spent on the secondary highway including an additional \$10 million as recommended by the Premier's Task Force on Infrastructure. These investments have contributed mainly to the stabilization of the secondary highway system condition. It will likely take several years of enhanced funding levels before we are able to increase the pavement quality to meet our targets.

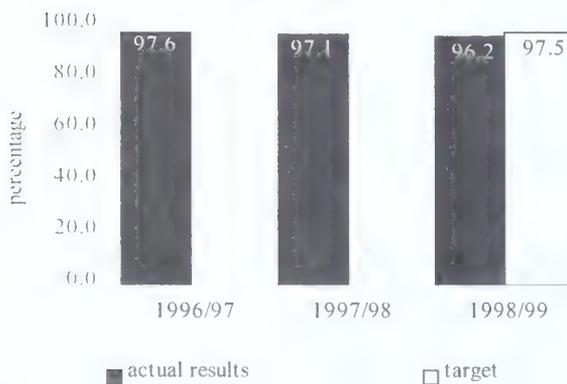
In the future, results will be reported using the International Roughness Index (IRI) rather than PQI. IRI is a standard measure of road smoothness which is used in many Canadian provinces, the United States and other countries. IRI is considered to be less subjective than PQI and yields more consistent and reliable results. It will also enable Alberta to compare the rideability of its roads to that of other jurisdictions.

EFFECTIVENESS OF WATER AND WASTEWATER TREATMENT FACILITIES

**Percentage of Water Treatment Facilities
Operating with Approval**



**Percentage of Wastewater Treatment
Facilities Operating with Approval**



In order to monitor our success in achieving **Goal No. 6 – Supporting Safe and Cost-Effective Utility Services**, AT&U measures the percentage of communities which are eligible for funding assistance under the Alberta Municipal Water/Wastewater Partnership and have water treatment and wastewater treatment facilities with an effective operating approval. This means that the facilities meet the licensing standards as set by Alberta Environment and have been issued a license to operate.

The data used to calculate this measure is obtained from Alberta Environment. The results from 1996-97 were used as a baseline to set targets for the subsequent years.

AT&U plays a role in water and wastewater treatment in that we provide grants to assist municipalities to upgrade those facilities which do not meet the standards set by Alberta Environment.

Eligible communities include cities (under 45,000), towns, villages, summer villages, and eligible hamlets (i.e., hamlets must meet certain lot size criteria) within counties, municipal districts, Métis Settlements, and the special areas.

As indicated by the results, the target for water treatment facilities was exceeded. The target for wastewater treatment facilities, however, was not met by some 1.3 percent. Although certainly still within the range of acceptability, the results can be attributed to several causes, such as changing environmental standards, increasing demand from growth pressures, and limited funding availability.

Municipalities continue to face increasing demands on their infrastructure dollars and may have delayed upgrading of their wastewater facilities to undertake higher priority work. As well, provincial funding in the past several years has not been available to undertake all projects and a waiting list exists. With increased funding being made available for transportation infrastructure, municipalities should now be able to redirect some infrastructure funding to upgrade their wastewater facilities as needed.

EFFECTIVENESS OF EMERGENCY AND DISASTER RESPONSE

By measuring the percentage of eligible claims where a damage evaluator arrives on site within 30 days of a claim being received, we are able to gauge our success in achieving **Goal No. 7 – Supporting Responses to Major Disasters and Emergencies**.

In the event of a disaster, a Disaster Recovery Program may be implemented depending on the extent of damages and other circumstances. For this measure, a Disaster Recovery Program has to be formally announced and a claim process put in place. Since no programs were implemented in 1998-99, there are no results available.

The results from 1996-97 were used as a baseline to set targets for the following years.

	1996-97	1997-98	1998-99
Results	99.7%	100%	n/a*
Target	-	100%	100%
No. of Eligible Claims	682	419	0

*As there were no disasters warranting the implementation of a Disaster Recovery Program in 1998-99, there is no data to report on this measure for this year.

**MINISTRY OF
TRANSPORTATION AND
UTILITIES -
CONSOLIDATED
FINANCIAL STATEMENTS**

March 31, 1999

MINISTRY OF TRANSPORTATION AND UTILITIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1999

Auditor's Report

Consolidated Statement of Operations

Consolidated Statement of Changes in Financial Position

Consolidated Statement of Financial Position

Notes to the Consolidated Financial Statements

Consolidated Schedule of Revenues

Consolidated Schedule of Budget

Consolidated Schedule of Expense Detailed by Object

Consolidated Schedule of Purchase of Capital Assets

Consolidated Schedule of Salary and Benefits Disclosure

Consolidated Schedule of Comparison of Expenses by Element to Authorized Budget

AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Transportation and Utilities as at March 31, 1999 and the consolidated statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Ministry. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Ministry of Transportation and Utilities is required to follow the corporate government accounting policies and reporting practices as disclosed in Note 3. These accounting policies have been established by Alberta Treasury and are consistent across ministries. With certain exceptions, the basis of accounting is in accordance with generally accepted accounting principles. My reservation of opinion in this auditor's report identifies the exceptions from generally accepted accounting principles that arise from following the accounting policies established by Alberta Treasury.

The following accounting policies are exceptions from generally accepted accounting principles:

Pension obligations

Obligations to pension plans for current and former employees of the Ministry have not been recognized as a liability in the accompanying statement of financial position and

consequently the annual change in the liability has not been recognized in the statement of operations. In my view, on a basis of allocation similar to that used for Provincial agencies, an amount of approximately \$2,543,000 due to pension plans at March 31, 1999, in the Ministry's capacity as employer, and which is reflected in the financial statements of the Department of Treasury, should be recognized as a liability in these financial statements. The effect of not recognizing the annual change in the liability is to overstate expenses for the year ended March 31, 1999, by approximately \$1,069,000.

Site restoration costs

The Ministry reports the costs of reclaiming gravel pits and fuel tank sites in the period in which the restoration work is performed rather than in the periods in which the liabilities arise. In my view, the Ministry should estimate the cost and record the liability for site restoration when the gravel is excavated and when the fuel tank sites are acquired. The estimate of the liability should be refined each year, as the extent of required restoration work becomes known. I believe that the effect of this departure from generally accepted accounting principles is significant.

Excluded direct costs

Accommodation and certain other administration costs incurred in the operation of the Ministry have not been included in expenses. These costs, estimated at \$2,675,000 for accommodation only, are recorded by the ministries that paid the expenses on behalf of the Ministry of Transportation and Utilities.

In my opinion, except for the effects of the matters discussed in the preceding section, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

 FCA

Auditor General
Edmonton, Alberta
May 19, 1999

MINISTRY OF TRANSPORTATION AND UTILITIES
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1999
(IN THOUSANDS)

	1999		1998
	Budget (Schedule 2)	Actual	Actual
Revenues: (Schedule 1)			
Transfers from Alberta Lottery Fund	\$ -	\$ 130,000	\$ -
Transfers from Government of Canada	3,760	2,247	16,414
Fees, permits and licenses	13,105	14,100	19,496
Investment income	854	854	2,558
Vehicle operations	2,395	3,154	4,103
Other revenue	2,192	5,783	6,936
	<u>22,306</u>	<u>156,138</u>	<u>49,507</u>
Expenses: (Schedules 2, 3 and 6)			
VOTED			
Ministry support services	15,871	21,937	19,134
Construction and operation of transportation systems	503,463	626,814	581,952
National Infrastructure Program	121	218	185
Partnership for municipal and rural utilities	20,436	14,426	37,526
Disaster services	3,000	2,733	33,581
Transportation services	2,877	3,241	4,164
	<u>545,768</u>	<u>669,369</u>	<u>676,542</u>
VALUATION ADJUSTMENTS			
Provisions for doubtful accounts	-	125	4,350
Adjustment for accrued vacation pay	-	450	211
	<u>-</u>	<u>575</u>	<u>4,561</u>
Loss (gain) on disposition of capital assets	-	1,078	(284)
Gain on disposition of loan portfolio	-	-	(4,165)
Write down of assets	-	745	1,526
	<u>545,768</u>	<u>671,767</u>	<u>678,180</u>
Net operating results from continuing operations	<u>(523,462)</u>	<u>(515,629)</u>	<u>(628,673)</u>
Net operating results from discontinued operations (Note 4)	-	-	3,802
Net Operating Results	<u>\$ (523,462)</u>	<u>\$ (515,629)</u>	<u>\$ (624,871)</u>

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF TRANSPORTATION AND UTILITIES
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1999
(IN THOUSANDS)

	1999	1998
Operating Transactions:		
Net Operating Results	\$ (515,629)	\$ (628,673)
Non-cash items included in Net Operating Results:		
Amortization	99,509	93,510
Loss/(gain) on disposal of capital property	1,078	(4,449)
Write down of assets	745	1,526
Amortization of discounts	(854)	(854)
Valuation adjustments	575	4,561
	<u>(414,576)</u>	<u>(534,379)</u>
Decrease (increase) in accounts receivable	32,692	(10,375)
Decrease (increase) in loans and advances	123	(47)
Decrease (increase) in inventories	904	(5,047)
Decrease in accounts payable and accrued liabilities	<u>(28,166)</u>	<u>(9,933)</u>
Net cash provided by continuing operations	(409,023)	(559,781)
Net cash provided by discontinued operations	<u>-</u>	<u>7,898</u>
Cash provided by operating transactions	<u>(409,023)</u>	<u>(551,883)</u>
Investing transactions:		
Purchase of capital assets (Schedule 4)	(186,356)	(147,695)
Transfer of capital assets to (from) other entities (Notes 11, 17)	2,273	(74,161)
Proceeds on disposition of capital assets	5,323	3,426
Surplus returned to General Revenues (Note 3(a))	-	(3,873)
Transfer of net assets to another ministry (Notes 4, 17)	(2,768)	-
Proceeds on disposition of loan portfolio	<u>-</u>	<u>22,570</u>
Cash used for investing transactions of continuing operations	<u>(181,528)</u>	<u>(199,733)</u>
Cash provided by investing transactions of discontinued operations	<u>-</u>	<u>225</u>
Cash used in investing transactions	<u>(181,528)</u>	<u>(199,508)</u>
Financing Transactions		
Net transfer from General Revenues (Note 16)	<u>590,498</u>	<u>752,716</u>
Net cash provided (used)	<u>(53)</u>	<u>1,325</u>
Cash, beginning of year	1,325	-
Cash, end of year	<u>1,272</u>	<u>1,325</u>

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF TRANSPORTATION AND UTILITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 1999
(IN THOUSANDS)

	<u>1999</u>	<u>1998</u>
Assets:		
Cash	\$ 1,272	\$ 1,325
Accounts receivable (Note 5)	40,640	72,495
Loans and advances (Note 7)	151	274
Inventories (Notes 6, 14)	10,103	11,394
Capital assets (Notes 8, 11, 14)	3,414,293	3,336,586
	<u>\$ 3,466,459</u>	<u>\$ 3,422,074</u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 46,159	\$ 75,789
Holdbacks payable	7,095	5,181
	<u>53,254</u>	<u>80,970</u>
Net Assets		
Net assets, beginning of year (Notes 3(b), 16)	3,341,104	3,217,132
Surplus returned to General Revenues (Note 3(a))	-	(3,873)
Transfer of net assets to another ministry (Notes 4, 17)	(2,768)	-
Net operating results	(515,629)	(624,871)
Net transfer from General Revenues	590,498	752,716
Net assets, end of year	<u>3,413,205</u>	<u>3,341,104</u>
	<u>\$ 3,466,459</u>	<u>\$ 3,422,074</u>

The accompanying notes and schedules are part of these financial statements.

**MINISTRY OF TRANSPORTATION AND UTILITIES - NOTES TO THE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1999**

NOTE 1 AUTHORITY

The Ministry is comprised of the Department of Transportation and Utilities which operates under the authority of the Government Organization Act, Statutes of Alberta.

NOTE 2 PURPOSE

The Ministry is responsible for:

- The development, construction and maintenance of an integrated transportation system to facilitate the safe and efficient movement of people and products and the economic development of the Province.
- Assisting in the provision of certain essential utility services which affect the daily lives of Albertans. These services relate primarily to municipal water supply and waste water facilities.
- The administration of the Canada - Alberta Infrastructure Program which provides funding for a wide variety of municipal infrastructure projects.
- The development of an overall provincial program of preparedness for, and response to emergencies and disasters, and for the administration and enforcement of the federal and provincial regulations pertaining to the movement of dangerous goods.
- Providing a fleet of automobiles and light vehicles for lease by the Government of Alberta.

NOTE 3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

These financial statements are prepared in accordance with the following accounting policies that have been established by government for all ministries. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

a. Reporting Entities

The reporting entity included in these statements for the year ended March 31, 1999, is the Department of Transportation and Utilities. For the March 31, 1998, comparative period, the reporting entities were the Department of Transportation and Utilities, the Transportation Revolving Fund, and Gas Alberta Operating Fund.

On December 1, 1997, management decided to discontinue operating the Transportation Revolving Fund. At March 31, 1998, operations of the Transportation Revolving Fund were wound up and transferred to the Ministry of Transportation and Utilities. On wind up of the fund, the surplus of \$3,873 was returned to General Revenues.

The statements reflect the operations of the Ministry of Transportation and Utilities for 1998-99 and provide a comprehensive accounting of the financial position and results of the Ministry's operations. The Ministry Annual Report provides a more complete picture of the operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Provincial Treasurer. All cash receipts of departments are deposited into the Fund and all cash disbursements made by the departments are paid from the Fund. Net transfer to from General Revenues is the difference between all cash receipts and all cash disbursements made.

b. Basis of Financial Reporting

Basis of Consolidation

For the year ended March 31, 1998, the accounts of the Department of Transportation and Utilities and its two revolving funds were consolidated. Revenue and expenditure transactions, inventory and financing transactions, and related asset and liability accounts between consolidated entities were eliminated.

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services in return.

Expenses

Expenses represent the cost of resources consumed during the year on the Ministry's operations. Expenses include amortization of capital assets.

Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for employees' service related to prior years.

Certain expenses, primarily for office space, legal advice, and banking services incurred on behalf of the Ministry by other Ministries are not reflected in the Statement of Operations.

Valuation Adjustments

Valuation adjustments include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value.

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals as well as operating inventories.

Inventories held for consumption and resale are valued at the lower of cost or net realizable value.

Capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. All land is capitalized. The threshold for capitalizing new systems development is \$100,000 and \$15,000 for all other assets. Capital assets are restricted to those acquired for cash or exchanged for other assets. Other assets acquired by right or paid for by others are recorded at zero cost.

Liabilities

Liabilities include all financial claims payable by the Ministry at fiscal year end, except certain pension benefits which are reflected in the financial statements of Treasury Department on behalf of all Ministries.

Net Assets

Net assets represents the difference between the value of assets held by the Ministry and its liabilities.

Site Restoration Costs

Costs for gravel pit restoration and fuel tank site reclamation are recognized in the financial statements when the work is undertaken. No annual provision is made for future removal and site restoration.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, advances, accounts payable and accrued liabilities, and unearned revenues are estimated to approximate their book values.

NOTE 4 DISCONTINUED OPERATIONS (IN THOUSANDS)

Gas Alberta Operating Fund

On October 2, 1997, management adopted a plan to discontinue gas brokerage and retail billing operations. These activities comprised the total operations of the Fund. Gas brokerage operations ceased June 30, 1998, and were taken over by the private sector. Retail billing operations were moved into the Ministry effective April 1, 1998.

Under the terms of the agreement to transfer operations to the private sector, the purchasing entity assumed the assets and liabilities of the fund as at June 30, 1998.

Pursuant to an Order in Council dated November 1, 1998, the responsibility for the Fund was transferred to the Ministry of Energy as described in Note 17. The results of operations of the Fund for the three months ended June 30, 1998, are included in the Ministry of Energy consolidated financial statements.

NOTE 5 ACCOUNTS RECEIVABLE (IN THOUSANDS)

	<u>1999</u>	<u>1998</u>
Government of Canada - Disaster Recovery	\$ 28,155	\$ 46,933
Receivable from Canadian National Railways(*)	7,525	9,371
Other	5,072	16,272
Allowance for doubtful accounts	<u>(112)</u>	<u>(81)</u>
Total	<u>\$ 40,640</u>	<u>\$ 72,495</u>

Accounts receivable are unsecured and non interest bearing.

(*) This receivable is a result of the sale of Alberta Resources Railway to Canadian National Railways in December, 1995. Annual payments are required on January 1, in the amount of \$2,700 and the receivable matures January 1, 2003.

The receivable is disclosed net of a discount of \$3,275 (1998-\$4,129) which is being amortized to income over the term of the agreement. The total amortization for the year ended March 31, 1999, was \$854 (1998-\$854).

NOTE 6 INVENTORIES (IN THOUSANDS)

Inventories held for consumption are comprised of gravel and snow and ice control materials.

	<u>1999</u>	<u>1998</u>
Inventories held for consumption	\$ 6,296	\$ 7,546
Land held for resale	<u>3,807</u>	<u>3,848</u>
	<u>\$ 10,103</u>	<u>\$ 11,394</u>

NOTE 7 LOANS AND ADVANCES (IN THOUSANDS)

	1999		1998
	Gross Amount	Net Realizable Value	Net Realizable Value
Travel advances	\$ 151	\$ 151	\$ 157
Loans receivable:			
10 year loans	-	-	21
25 year loans	-	-	96
	-	-	117
	<u>\$ 151</u>	<u>\$ 151</u>	<u>\$ 274</u>

NOTE 8 CAPITAL ASSETS (IN THOUSANDS)

The cost of the assets and amortization for the Ministry are summarized below.

Highways include original pavement, roadbed, drainage works, and traffic control devices. Equipment includes vehicle inspection stations, scales and lighting, ferries, automobiles and light vehicles.

Work in progress is included in the totals shown but is not amortized until it is put into service.

	Estimated Useful Life	1999			1998
		Cost	Accumulated Amortization	Net Book Value	Net Book Value
Infrastructure assets					
Highways	40-50 Years	\$ 4,332,321	\$ 1,530,797	\$ 2,801,524	\$ 2,750,765
Bridges	50 Years	469,070	145,056	324,014	314,101
		<u>4,801,391</u>	<u>1,675,853</u>	<u>3,125,538</u>	<u>3,064,866</u>
General capital assets					
Land	Indefinite	246,722	-	246,722	228,138
Buildings	25 Years	14,124	4,660	9,464	8,669
Electronic data processing equipment and systems	5 Years	22,516	10,635	11,881	6,486
Equipment	3-50 Years	48,998	28,310	20,688	28,427
		<u>332,360</u>	<u>43,605</u>	<u>288,755</u>	<u>271,720</u>
		<u>\$ 5,133,751</u>	<u>\$ 1,719,458</u>	<u>\$ 3,414,293</u>	<u>\$ 3,336,586</u>

NOTE 9 COMMITMENTS (IN THOUSANDS)

Commitments as at March 31, 1999, which will become liabilities if and when terms of existing contracts, agreements or legislation are met amount to \$581,863 (1998 - \$523,159).

<u>Fiscal Year</u>	<u>Capital Programs</u>	<u>Operating Programs</u>	<u>Grant Programs</u>	<u>Total</u>
2000	\$ 95,800	\$ 161,786	\$ 62,784	\$ 320,370
2001	2,472	81,753	28,930	113,155
2002	1,066	46,585	17,138	64,789
2003	1,241	32,735	27,400	61,376
2004	-	22,173	-	22,173
Total	<u>\$ 100,579</u>	<u>\$ 345,032</u>	<u>\$ 136,252</u>	<u>\$ 581,863</u>

The Ministry leases certain equipment under operating leases which expire on various dates to 2003. The aggregate amount payable for the unexpired terms of these leases included above is \$1,253 (1998 - \$Nil).

NOTE 10 CONTINGENCIES (IN THOUSANDS)

At March 31, 1999, the Ministry was named as the defendant in 152 various legal actions. Seventy of these claims have specified amounts totaling approximately \$52,579 (1998 - \$52,833), the other eighty-two claims have not specified any claim amount. Included in the seventy claims are forty-three claims amounting to \$47,052 (1998 - \$49,379) in which the Ministry has been jointly named with other entities.

The Alberta Risk Management Fund provides coverage for 134 of the total 152 claims noted above. The Fund provides coverage for \$49,845 (1998 - \$50,065) in claims where an amount has been specified.

The resulting loss, if any, from these claims cannot be determined.

NOTE 11 RELATED PARTY TRANSACTIONS (IN THOUSANDS)

The Ministry paid \$1,600 (1998-\$1,331) to various other Government of Alberta departments, agencies or funds for supplies and/or services during the fiscal year. In addition, the Ministry paid Payment Systems Corporation (PSC), which until March 31, 1999, was a joint venture partially owned by the Province of Alberta, \$329 (1998-\$191) for computer processing. Accommodations, legal, telecommunications, personnel, and certain financial costs were provided to the Ministry by other government organizations at no cost.

The Ministry received revenues of \$2,902 (1998-\$3,733) from sales and rentals to other provincial government ministries.

The Ministry and its employees paid certain taxes and fees set by regulation for permits, licenses, and other rights. These amounts were incurred in the normal course of business and reflect charges applicable to all users.

Equipment assets owned by the Ministry of Public Works, Supplies & Services with a net book value of \$10 were transferred to the Ministry of Transportation and Utilities on April 1, 1998.

In response to a recommendation of the Premier's Task Force on Infrastructure, the Ministry received \$130,000 from the Alberta Lottery Fund to finance cost-shared municipal transportation programs.

During the year there was a transfer of programs to the Ministry of Energy, see note 17.

NOTE 12 TRUST FUNDS UNDER ADMINISTRATION (IN THOUSANDS)

The Ministry administers a trust fund that is a regulated fund consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the fund and administers it for the purposes of the trust, it is not included in the Ministry's financial statements.

The trust fund under the Ministry's administration is the Impaired Driving Initiatives Trust Fund with a balance of \$5 as at March 31, 1999 (1998-\$5).

NOTE 13 ADVANCES AUTHORIZED FOR NATIONAL INFRASTRUCTURE PROGRAM (IN THOUSANDS)

The National Infrastructure Program is a Canada - Alberta construction program representing a total infrastructure investment of \$618,400 shared by federal, provincial and local governments over five years. Included in the program is an enhancement of \$104,100 (provincial share of \$34,700) which was expended in a prior fiscal period. All provincial costs have been recorded by the Ministry up to and including the year ended March 31, 1999. All projects that will be funded by the provincial and federal governments were approved in a prior fiscal period.

In addition to the provincial costs included in the statements, the federal portion is received by the province and paid to the applicable municipality through an authorized advance account administered by Alberta Treasury. As at March 31, 1999, the outstanding amount of the federal portion that will flow through to Alberta municipalities is \$340 (1998-\$12,000).

NOTE 14 MEASUREMENT UNCERTAINTY (IN THOUSANDS)

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount.

a. Capital Assets and Inventories Held for Resale

The Ministry maintains a portfolio of land (valued at \$246,722 (1998 - \$228,138)) held for future development of transportation systems. Periodically the Ministry is required to purchase a larger area than is needed for the highway as part of negotiations with landowners. The unused portion then becomes surplus and is disposed of by the Ministry.

The Ministry is in the process of identifying surplus properties which meet the above criteria. Where property has been identified as surplus, the value of the property has been removed from capital assets and included in an inventory of land held for resale at the lower of cost or estimated resale value. The properties that have been so identified are valued at \$3,807 (1998 - \$3,848). Properties where final usage has not yet been determined are considered to be held for future development and are included in the Ministry's capital assets at historical cost.

The Ministry continued its examination of surplus properties during the 1998/99 fiscal year. Material reclassifications of land from capital asset to surplus inventory are expected to occur in future periods, however the dollar value cannot be accurately determined at this time.

b. Cost Sharing with Federal Government

The accounts receivable include claims for disaster recovery program cost sharing from the Federal Government and are subject to their audit adjustments. The adjustments are not known but could reduce the amount recovered significantly. The amount of such claims included in accounts receivable is \$28,155 (1998 - \$46,852).

NOTE 15 UNCERTAINTY DUE TO THE YEAR 2000

The year 2000 issue is the result of some computer systems using two digits rather than four to define the applicable year. Government computer systems that have date sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000, which could result in miscalculations or system failures. In addition, similar problems may arise in some systems if certain dates in 1999 are not recognized as a valid date or are recognized to represent something other than a date. The effects of the year 2000 issue may be experienced before, on, or after January 1, 2000. If not addressed, the effect on operations and financial reporting may range from minor errors to significant systems failure that could affect the ability to conduct some government operations. Despite the government's efforts to address this issue, it is not possible to be certain that all aspects of the year 2000 issue affecting the Ministry, including those related to the efforts of customers, suppliers and other third parties, will be fully resolved.

NOTE 16 COMPARATIVE FIGURES

Certain 1998 figures have been reclassified to conform to the 1999 presentation.

Due to from General Revenues reported in 1998 has been reclassified to net assets in 1999. The change in net assets reported on the Statement of Financial Position includes net transfer to/from General Revenues. As a result, the net contribution to from General Revenues as previously reported is no longer required.

NOTE 17 TRANSFERS OF RESPONSIBILITY (IN THOUSANDS)

On November 1, 1998, an Order in Council was approved to transfer the administration of several acts related to utility regulation to the Minister of Energy. This transfer, effective April 1, 1998, included the transfer of responsibility for gas brokerage services (Gas Alberta Operating Fund), retail billing operations and grants to municipalities for rural utilities. The Order in Council also provided for the transfer of pipeline assets and associated revenues to the Ministry of Energy. This transfer was made effective November 1, 1998.

Revenues and expenses, relating to the transfer of responsibility, reported in the Government Estimates for the year ended March 31, 1999, have been restated as disclosed in Schedule 2.

Included in the net operating results for the year ended March 31, 1998, were revenues of \$45,746 and expenses of \$53,251 related to the operations that were transferred. Of these amounts, net revenue of \$3,802 was reported as "Net operating results from discontinued operations". The net assets included in the March 31, 1998, Statement of Financial Position that were transferred were \$2,768.

Pipeline assets owned by the Ministry of Transportation and Utilities with a net book value of \$2,283 were transferred to the Ministry of Energy effective November 1, 1998.

NOTE 18 SUBSEQUENT EVENTS

On May 25, 1999, the government announced a major reorganization. As a result, effective April 1, 1999, the Ministry of Transportation and Utilities was reorganized. The Ministry's responsibilities for Disaster Services became part of the Ministry of Municipal Affairs. The rest of the Ministry's responsibilities became part of the newly established Ministry of Infrastructure.

NOTE 19 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Deputy Minister of the Ministry.

MINISTRY OF TRANSPORTATION AND UTILITIES

Schedule 1

FOR THE YEAR ENDED MARCH 31, 1999

SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS

REVENUES (IN THOUSANDS)

	1999		1998
	Budget	Actual	Actual
Internal government transfers			
Transfers from Alberta Lottery Fund	\$ -	\$ 130,000	\$ -
	-	130,000	-
Transfers from Government of Canada:			
Disaster assistance programs	2,718	1,047	15,089
Other	1,042	1,200	1,325
	3,760	2,247	16,414
Fees, permits and licenses			
Motor transport services	13,105	14,060	19,496
Other	-	40	-
	13,105	14,100	19,496
Investment income			
Investment income	-	-	744
Amortization of loan discounts	-	-	960
Amortization of discounts	854	854	854
	854	854	2,558
Vehicle operations	2,395	3,154	4,103
Other revenue			
Refunds of expenditure			
Previous year's refunds	-	2,935	3,073
Railway relocations	515	636	-
Other	-	-	(52)
Miscellaneous			
Rentals	112	438	296
Cost recoveries	965	867	2,623
Other	600	907	996
	2,192	5,783	6,936
Total Revenue	\$ 22,306	\$ 156,138	\$ 49,507

FOR THE YEAR ENDED MARCH 31, 1999

SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS

BUDGET (IN THOUSANDS)

	Original Estimates (c)	Transfer of Responsibility	Voted Supplementary (c)	Authorized Budget
Revenues:				
Transfers from Government of Canada	\$ 3,760	\$ -	\$ -	\$ 3,760
Premiums, fees and licenses	13,105	-	-	13,105
Investment income	854	-	-	854
Vehicle operations	2,395	-	-	2,395
Other revenue (b)	2,192	(300)	-	1,892
Gas brokerage operations (b)	460	(460)	-	-
Less revenues from discontinued operations (b)	(460)	460	-	-
	<u>\$ 22,306</u>	<u>\$ (300)</u>	<u>\$ -</u>	<u>\$ 22,006</u>
Expenses:				
VOTED				
Ministry support services (c)	\$ 15,871	\$ -	\$ 987	\$ 16,858
Construction and operation of transportation systems (c)	503,463	(820)	130,000	632,643
National infrastructure program	121	-	-	121
Partnership for municipal and rural utilities (b)	20,436	(6,436)	-	14,000
Disaster services	3,000	-	-	3,000
Transportation services	2,877	-	-	2,877
Gas brokerage operations (b)	460	(460)	-	-
Less expenses of discontinued operations (b)	(460)	460	-	-
	<u>\$ 545,768</u>	<u>\$ (7,256)</u>	<u>\$ 130,987</u>	<u>\$ 669,499</u>
	<u>\$ (523,462)</u>	<u>\$ 6,956</u>	<u>\$ (130,987)</u>	<u>\$ (647,493)</u>

- (a) In the event that actual voted expenses in the prior year exceed that budgeted, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount for voted expenses in the current year.
- (b) Responsibility for Rural Utilities and the Gas Alberta Operating Fund was transferred to the Ministry of Energy effective April 1, 1998.
- (c) Government Estimates were approved on March 26, 1998 and Supplementary estimates were approved on December 9, 1998 and on March 8, 1999.

MINISTRY OF TRANSPORTATION AND UTILITIES**Schedule 3****FOR THE YEAR ENDED MARCH 31, 1999****SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS****EXPENSE DETAILED BY OBJECT (IN THOUSANDS)**

	<u>1999</u>		<u>1998</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Voted:			
Salaries, wages & employee benefits	\$ 39,586	\$ 37,599	\$ 36,590
Supplies and services	291,623	313,431	306,861
Grants	114,981	218,757	281,437
Financial transactions and other	45	73	(52)
Amortization of capital assets	99,993	99,509	93,532
Less expenses for discontinued operations	<u>(460)</u>	<u>-</u>	<u>(41,826)</u>
Total voted expenses for operations	<u>\$ 545,768</u>	<u>\$ 669,369</u>	<u>\$ 676,542</u>

	1999				1998
	Original Estimates	Voted Supplementary	Authorized Budget	Actuals	Actuals
Ministry support services	\$ 9,750	\$ -	\$ 9,750	\$ 7,632	\$ 3,977
Construction and operation of transportation systems	163,300	12,500	175,800	177,935	138,483
Transportation services	1,000	-	1,000	789	5,235
	174,050	12,500	186,550	186,356	147,695
Assets transferred from another Ministry at net book value (Note 11)	-	-	-	10	74,161
	<u>\$ 174,050</u>	<u>\$ 12,500</u>	<u>\$ 186,550</u>	<u>\$ 186,366</u>	<u>\$ 221,856</u>

- (a) In the event that actual voted expenses in the prior year exceed that budgeted, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount for voted expenses in the current year.
- (b) Government Estimates were approved on March 26, 1998 and Supplementary estimates were approved on December 9, 1998 and on March 8, 1999.

FOR THE YEAR ENDED MARCH 31, 1999

SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS

SALARY AND BENEFITS DISCLOSURE

	1999		1998	
	Salary (1)	Benefits & Allowances (2)	Total	Total
Deputy Minister (3) (4)	\$148,466	\$5,912	\$154,378	\$126,855
Executives (5)				
Assistant Deputy Minister, Traffic Safety Services	114,469	23,949	138,418	118,231
Assistant Deputy Minister, Corporate Services	112,950	29,216	142,166	117,349
Assistant Deputy Minister, Regional Services	105,818	24,261	130,079	108,262
Assistant Deputy Minister, Planning & Technical Services	94,567	16,950	111,517	113,378
Motor Transport and Driver Control Boards				
Chairman (6)	-	-	-	95,247
Part-time Board Members (7)	206,217	-	206,217	165,143

- 1.) Salary includes regular base pay, bonuses, overtime and lump sum payments.
- 2.) Government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships, tuition, and vacation payments in lieu of entitlements.
- 3.) An automobile was provided, but no dollar amount is included in benefits and allowances.
- 4.) 1998 Salary has been restated to include a performance bonus paid in 1999
- 5.) Payments in lieu of vacation entitlements taken were made to executives in 1999 (1998) :
 - Assistant Deputy Minister, Traffic Safety Services - \$ 7,931 (\$ 6,925)
 - Assistant Deputy Minister, Corporate Services - \$ 14,276 (\$ 8,657)
 - Assistant Deputy Minister, Regional Services Division - \$ 8,735
 - Assistant Deputy Minister, Planning & Technical Services Division - \$ 1,819
 These payments are included in benefits and allowances amounts.
- 6.) On December 31, 1997 the former Chairman of the Motor Transport and Driver Control Boards retired and the positions of Chairman were assumed by the Assistant Deputy Minister, Traffic Safety Services.
- 7.) Members of the Boards are paid between \$ 100 and \$ 260 per meeting attended based on time.

FOR THE YEAR ENDED MARCH 31, 1999

SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS

COMPARISON OF EXPENSES BY ELEMENT TO AUTHORIZED BUDGET

(IN THOUSANDS)

	Original Estimates	Voted Supplementary	Authorized Budget	Current Year Actuals	Unexpended (Over Expended)
Expenses:					
Voted					
Program 1					
Minister's office	\$ 210	\$ -	\$ 210	\$ 214	\$ (4)
Deputy minister's office	312	-	312	311	1
Information technology services	8,700	-	8,700	13,704	(5,004)
Other corporate services	6,649	987	7,636	7,708	(72)
	<u>\$ 15,871</u>	<u>\$ 987</u>	<u>\$ 16,858</u>	<u>\$ 21,937</u>	<u>\$ (5,079)</u>
Program 2					
Contract services	\$ 2,053	\$ -	\$ 2,053	\$ -	\$ 2,053
Planning and technical services	11,485	(820)	10,665	8,588	2,077
Traffic safety board	554	-	554	563	(9)
Regional service delivery	8,641	-	8,641	10,623	(1,982)
Traffic safety services	18,585	-	18,585	19,192	(607)
Primary highway construction	7,008	-	7,008	8,406	(1,398)
Primary highway maintenance and preservation	159,600	-	159,600	164,784	(5,184)
Maintenance of public roads on indian reserves and Metis settlements	1,000	-	1,000	1,696	(696)
Ancillary infrastructure	2,891	-	2,891	2,439	452
Infrastructure for new industry	5,000	-	5,000	1,912	3,088
North/south trade corridor	1,040	25,000	26,040	30,292	(4,252)
Grants to rural municipalities	21,000	22,000	43,000	43,963	(963)
Resource roads	15,000	-	15,000	13,420	1,580
Grants to transitioning municipalities	12,100	-	12,100	12,270	(170)
Secondary highways	91,400	10,000	101,400	99,125	2,275
Alberta cities transportation partnership	38,600	58,000	96,600	87,961	8,639
Grants to towns and villages	10,000	15,000	25,000	24,808	192
Capital amortization	97,506	-	97,506	96,772	734
	<u>\$ 503,463</u>	<u>\$ 129,180</u>	<u>\$ 632,643</u>	<u>\$ 626,814</u>	<u>\$ 5,829</u>
Program 3					
Support services	\$ 121	\$ -	\$ 121	\$ 72	\$ 49
National Infrastructure Program	-	-	-	146	(146)
	<u>\$ 121</u>	<u>\$ -</u>	<u>\$ 121</u>	<u>\$ 218</u>	<u>\$ (97)</u>
Program 4					
Rural utility grants and services	\$ 6,436	\$ (6,436)	\$ -	\$ -	\$ -
Municipal water and wastewater grants	14,000	-	14,000	14,426	(426)
	<u>\$ 20,436</u>	<u>\$ (6,436)</u>	<u>\$ 14,000</u>	<u>\$ 14,426</u>	<u>\$ (426)</u>
Program 5					
Disaster services	\$ 3,000	\$ -	\$ 3,000	\$ 2,733	\$ 267
Program 6					
Transportation services	\$ 2,877	\$ -	\$ 2,877	\$ 3,241	\$ (364)
Total voted expenses for operations	<u>\$ 545,768</u>	<u>\$ 123,731</u>	<u>\$ 669,499</u>	<u>\$ 669,369</u>	<u>\$ 130</u>

ENTITIES

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency

Agriculture Financial Services Corporation
Alberta Agricultural Research Institute
Alberta Alcohol and Drug Abuse Commission
Alberta Dairy Control Board
Alberta Energy and Utilities Board
Alberta Foundation for the Arts
Alberta Gaming and Liquor Commission
Alberta Government Telephones Commission
The
Alberta Heritage Foundation for Medical
Research Endowment Fund
Alberta Heritage Savings Trust Fund
Alberta Heritage Scholarship Fund
Alberta Historical Resources Foundation, The
Alberta Insurance Council
Alberta Motion Picture Development
Corporation
Alberta Municipal Financing Corporation
Alberta Oil Sands Technology and Research
Authority
Alberta Opportunity Company
Alberta Pensions Administration Corporation
Alberta Petroleum Marketing Commission
Alberta Research Council

Alberta Risk Management Fund
Alberta School Foundation Fund

Ministry Annual Report

Agriculture, Food and Rural Development
Agriculture, Food and Rural Development
Community Development
Agriculture, Food and Rural Development
Energy
Community Development
Economic Development
Treasury

Treasury

Treasury
Treasury
Community Development
Treasury
Economic Development

Treasury
Science, Research and Information
Technology
Economic Development
Treasury
Energy
Science, Research and Information
Technology

Treasury
Education

Ministry, Department, Fund or Agency

Alberta Science and Research Authority

Alberta Securities Commission

Alberta Social Housing Corporation

Alberta Special Waste Management
Corporation

Alberta Sport, Recreation, Parks and Wildlife
Foundation

Alberta Treasury Branches

ATB Investment Services Inc.

Calgary Rocky View Child and Family
Services Authority

Chembiomed Ltd.

Credit Union Deposit Guarantee Corporation

Crop Reinsurance Fund of Alberta

Department of Agriculture, Food and Rural
Development

Department of Community Development

Department of Economic Development

Department of Education

Department of Energy

Department of Environmental Protection

Department of Family and Social Services

Department of Justice

Department of Municipal Affairs

Department of Public Works, Supply and
Services

Department of Treasury

Edmonton Community Board for Persons with
Developmental Disabilities

Education Revolving Fund

Ministry Annual Report

Science, Research and Information
Technology

Treasury

Municipal Affairs

Environmental Protection

Community Development

Treasury

Treasury

Family and Social Services

Treasury

Treasury

Agriculture, Food and Rural Development

Agriculture, Food and Rural Development

Community Development

Economic Development

Education

Energy

Environmental Protection

Family and Social Services

Justice

Municipal Affairs

Public Works, Supply and Services

Treasury

Family and Social Services

Education

<i>Ministry, Department, Fund or Agency</i>	<i>Ministry Annual Report</i>
Environmental Protection and Enhancement Fund	Environmental Protection
Gainers Inc.	Treasury
Gas Alberta Operating Fund	Energy
Government House Foundation, The	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
Lottery Fund	Economic Development
Michener Centre Facility Board, The	Family and Social Services
Ministry of Advanced Education and Career Development ¹	Advanced Education and Career Development
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Community Development	Community Development
Ministry of Economic Development	Economic Development
Ministry of Education	Education
Ministry of Energy	Energy
Ministry of Environmental Protection	Environmental Protection
Ministry of Executive Council ¹	Executive Council
Ministry of Family and Social Services	Family and Social Services
Ministry of Health ¹	Health
Ministry of Intergovernmental and Aboriginal Affairs ¹	Intergovernmental and Aboriginal Affairs
Ministry of Justice	Justice
Ministry of Labour ¹	Labour
Ministry of Municipal Affairs	Municipal Affairs
Ministry of Public Works, Supply and Services	Public Works, Supply and Services
Ministry of Science, Research and Information Technology	Science, Research and Information Technology
Ministry of Transportation and Utilities ¹	Transportation and Utilities
Ministry of Treasury	Treasury
N.A. Properties (1994) Ltd.	Treasury

<i>Ministry, Department, Fund or Agency</i>	<i>Ministry Annual Report</i>
Natural Resources Conservation Board	Environmental Protection
Persons with Developmental Disabilities Calgary Region Community Board	Family and Social Services
Persons with Developmental Disabilities Central Alberta Community Board	Family and Social Services
Persons with Developmental Disabilities Foundation	Family and Social Services
Persons with Developmental Disabilities Northeast Alberta Community Board	Family and Social Services
Persons with Developmental Disabilities Northwest Alberta Community Board	Family and Social Services
Persons with Developmental Disabilities Provincial Board	Family and Social Services
Persons with Developmental Disabilities South Alberta Community Board	Family and Social Services
Public Works, Supply and Services Revolving Fund	Public Works, Supply and Services
S C Financial Ltd.	Treasury
Science and Research Fund	Science, Research and Information Technology
Utility Companies Income Tax Rebates Fund	Treasury
Victims of Crime Fund	Justice
Wild Rose Foundation, The	Community Development

¹ Ministry includes only the department so separate department financial statements are not necessary.

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

<i>Fund or Agency</i>	<i>Ministry Annual Report</i>
Alberta Cancer Board	Health
Alberta Heritage Foundation for Medical Research	Science, Research and Information Technology
Alberta Mental Health Board	Health
Alberta Teachers' Retirement Fund Board	Education
Improvement Districts Trust Account	Municipal Affairs
Local Authorities Pension Plan	Treasury
Long-Term Disability Income Continuance Plan – Bargaining Unit	Advanced Education and Career Development
Long-Term Disability Income Continuance Plan - Management, Opted Out and Excluded	Advanced Education and Career Development
Management Employees Pension Plan	Treasury
Provincial Judges and Masters in Chambers Pension Plan	Treasury
Public Post Secondary Institutions	Advanced Education and Career Development
Public Service Management (Closed Membership) Pension Plan	Treasury
Public Service Pension Plan	Treasury
Regional Health Authorities	Health
School Boards	Education
771045 Alberta Ltd. operating as Travel Alberta	Economic Development
Special Areas Trust Account	Municipal Affairs
Special Forces Pension Plan	Treasury
Universities Academic Pension Plan	Treasury
Workers' Compensation Board	Labour

National Library of Canada
Bibliothèque nationale du Canada



3 3286 51898866 8

For additional copies of this report contact:

**Alberta Infrastructure
Business Management Branch
1st Floor, 4999 – 98 Avenue
Edmonton AB T6B 2X3**

Telephone: (780) 427-2091

Fax: (780) 422-0232

email: <http://www.tu.gov.ab.ca>

To be connected toll-free, outside of Edmonton call 310-0000

ISBN 0-7785-0264-3

Printed in Canada
September 1999
Printed on Recycled Paper