

Transportation and Utilities

Business Plan 1997-1998 to 1999-2000

Accountability Statement

This Business Plan for the three years commencing April 1, 1997 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 April 10, 1997 with material economic or fiscal implications of which I am aware have been considered in preparing the Business Plan.

The Ministry's priorities outlined in the Business Plan were developed in the context of the government's business and fiscal plans. I am committed to achieving the planned results laid out in this Business Plan.



Walter Paszkowski
Minister of Transportation and Utilities
April 12, 1997

Our Mission

Alberta Transportation and Utilities (AT&U) contributes to Alberta's prosperity and economic development by ensuring the provision of:

- ◆ an effective transportation system
- ◆ essential utility services to rural areas
- ◆ disaster and emergency services

Our Vision

Alberta Transportation and Utilities supports the Government's theme of strong financial management. We are a smaller organization, focused on ensuring the provision of the best value transportation and utility services and infrastructure. 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 utility 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 department 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 weight, dimension and mechanical safety requirements; motor vehicle standards and safety; driver education and testing; license enforcement; and impaired driving programs.
- ◆ **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, trained and ready to deal with emergencies and disasters; and managing provincial response programs to real event disasters.
- ◆ **Primary Highway System:** managing the design, construction, operation and maintenance of primary highways and bridges.

- ◆ **Transportation Partnerships:** providing financial support to municipalities to ensure well developed and integrated urban highway and truck routes, secondary highways and local roads.
- ◆ **Partnerships for Municipal and Rural Utilities:** providing financial support through loan and grant programs for essential utility services (water/wastewater, rural gas and electric).
- ◆ **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 and vehicle inspection stations, which complement the primary highway system.

New Business Directions, Goals and Strategies

In our previous business plan, our key strategies focused substantially on a number of major organizational and operational changes that were underway at that time; strategies that would significantly impact the way our department carries out its mandate and delivers its programs. For the 1997-2000 business plan, these changes are now essentially in place. We are utilizing the private sector to a greater degree for the hands-on delivery of many programs and services, and our organization has been re-engineered and streamlined to enhance its operational efficiency and cost-effectiveness.

AT&U as an organization now concentrates its staff resources and efforts on the setting of standards, the development of policy, the management of contractors and partnerships, and the regulation of safety in the transportation and natural gas distribution industries. Our new business directions and key strategies will harness the talents of our staff and combine these with the efficiencies provided by information technologies to ensure that AT&U's core businesses and programs are delivered in a highly effective manner.

Our goals for 1997-2000 include:

Goal #1 - Reinvesting in Strategic Highway Improvements

Alberta's economy is growing as a result of the Alberta Advantage. Tourism is increasing, export trade under the North American Free Trade Agreement is growing, and trade initiatives involving Asia and other regions of the world are fuelling increased overseas exports for Alberta. To handle the resulting increase in the movement of people and goods on Alberta's highway system, strategic improvements will be made to key highway corridors that serve trade and tourism.

Our 1997-2000 business plan carries forward the initiative announced in 1996 to improve Alberta's primary North-South Trade Corridor, and it also continues to have a strong emphasis on improvements to primary highways throughout Alberta. For the first time, a three-year plan for primary highway improvements is included in the expanded version of this business plan and will be distributed separately to all of the department's clients and stakeholders.

Continued 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, will be a primary focus in our strategic highway improvements initiative. Over the next 10-15 years, the efficiency of this corridor will be substantially enhanced through the twinning of existing two-lane sections and the construction of key interchanges along the corridor. These improvements will take place in high-priority rural sections of the corridor, and in urban bottlenecks within Grande Prairie, Edmonton, Calgary and Lethbridge. For 1997-2000, some of the key projects along this key trade and tourism corridor will be:

- ◆ Continued twinning of Highway 3 between Fort Macleod and the City of Lethbridge, and twinning of Highway 4 between the United States border and the City of Lethbridge.
- ◆ Extension of the Deerfoot Trail in the City of Calgary from Highway 22X to Highway 2.
- ◆ Completion of the three remaining median widening projects on Highway 2 between Airdrie and Red Deer, and various other improvements on Highway 2 between Fort Macleod and Edmonton.
- ◆ Extension of Anthony Henday Drive from Highway 16 to Highway 16X within the City of Edmonton.
- ◆ Continued twinning of Highway 43 between Gunn and Valleyview, and continued twinning of Highways 2 and 34 around Grande Prairie.

Funding for this initiative will be derived primarily from internal administrative savings within AT&U that will be re-allocated to our capital and operating budgets for primary highways and to our budget for the Alberta Cities Transportation Partnership.

Other proposed strategic highway improvements to support increased trade and tourism include:

- ◆ Twinning of Highway 3 from the Town of Coaldale to the junction of Highway 36 (northbound) just east of Taber, consisting of three projects.
- ◆ Development of the Northwest Calgary Bypass Road to relieve traffic congestion on 16th Avenue.
- ◆ Construction of the Whitemud Interchange on Highway 14 to coincide with the City of Edmonton's extension of the Whitemud Freeway.

Goal #2 - Strengthening Rural Transportation Partnerships

In our 1996-99 business plan, we committed that there would be no additional reductions above those outlined in the 1995-96 plan in the level of funding for our rural transportation partnerships. For 1997-2000, we are not only continuing that commitment, but will in fact provide increased funding to support special needs in rural municipalities as outlined below.

Alberta's extensive system of secondary highways and local roads supports interprovincial and international trade and tourism, as well as the intra-provincial movement of people and goods for Alberta's agricultural, resource and manufacturing industries. Alberta's secondary highways and local roads provide critical links for our communities, enhancing not just the local economy but also the quality of life of our rural citizens.

AT&U's partnerships with rural municipal governments support needed improvements to this system; improvements that increase efficiency in the movement of people and goods, and also ensure the continued inter-connectivity and quality of this infrastructure. AT&U works closely with rural municipal governments and their association, the Alberta Association of Municipal Districts and Counties, to develop these partnerships. This working relationship strives to achieve maximum efficiency in program administration by avoiding duplication of effort and resources, while ensuring that both partners have clear responsibilities and full accountability for the use and expenditure of provincial and municipal tax dollars that fund rural road projects.

We mentioned earlier that Alberta's economy is growing. This growth not only impacts the primary highway system, but it also increases the demands on secondary highways and local roads. Alberta's resource industries, particularly the forestry and energy sectors, continue to haul more products on rural municipal roads. In addition, ongoing rationalization of grain-dependent rail lines and grain elevators, as well as increased value-added processing of agricultural products, will change the way agricultural products are transported in rural areas. While this increased activity in these industries is good for Alberta's economy, increased trucking activity in rural areas will obviously accelerate wear and tear on rural roads.

Consequently, AT&U has enhanced its support for rural municipal roads through the Resource Roads Improvement Program. This new program, announced in mid-1996 as part of the government's Reinvestment Plan, will make available \$21 million in funding assistance for local roads impacted by resource industry and intensive agricultural traffic. This level of funding will be in place for fiscal years 1997-98 and 1998-99, and will be derived from internal savings generated by AT&U, Alberta Municipal Affairs and Alberta Economic Development and Tourism. In addition to the Resource Roads Improvement Program, rural municipal governments will receive \$86 million in provincial funding under the Secondary Highways Partnership Program and \$50 million in funding for local road systems.

Goal #3 - Supporting Urban Transportation Partnerships

The commitment to maintain funding levels for our transportation partnerships was also made to our urban partners. Funding under the Alberta Cities Transportation Partnership will continue on the basis of \$25 per capita for basic capital grants, and the formula used to calculate the level of funding assistance for primary highway maintenance within cities will be continued. AT&U will also continue its contractual commitments to cities for major primary highway construction projects, although the budgeted amount for these projects will decrease in relation to the 1996-97 level to reflect additional funding provided to the cities in 1996-97 for improvements to portions of the North-South Trade Corridor that are under the jurisdiction of these cities.

In addition, funding for local roads and streets in towns, villages and summer villages under the Streets Improvement Program will increase to \$10 million for 1997-98 and 1998-99 from \$5.6 million in 1996-97. This program will be renewed in 1997 as part of the government's Reinvestment Plan.

Goal #4 - Improving Traffic Safety

During 1996, we consolidated responsibility for road safety programs within AT&U. In addition, we kicked off a major Traffic Safety Initiative in conjunction with a number of public and private sector

partners who have an inherent interest in improving road safety in Alberta. For 1997-2000, the Traffic Safety Initiative will continue to be a major focus for AT&U. This initiative has three primary thrusts, all of which are aimed at the vehicle driver: education, awareness and enforcement. The intent is to make drivers more conscious of their responsibilities on the road.

We will also continue to work with our stakeholders and partners to review traffic safety legislation, regulations and policies, in order to identify changes that enhance safety and provide Albertans with ideal “rules of the road”. Ultimately, we propose to streamline and consolidate road safety legislation, in order that Alberta’s 1.9 million registered drivers better understand and appreciate their rights and responsibilities in the areas of driver, vehicle and road safety.

Goal #5 - Managing the Primary Highway System

During 1996, AT&U outsourced functions related to the engineering and maintenance of the primary highway system to the private sector. This outsourcing has been successfully completed, and we are now working with our private sector partners to preserve the value and quality of the system, and to continually improve the cost effectiveness of system engineering, construction, rehabilitation and maintenance. Albertans have made a considerable investment in Alberta’s primary highway system, an asset that is currently valued at approximately \$4 billion. AT&U recognizes its responsibility to protect the value of this asset, and to maintain the quality of the system for the future.

For the 1997-2000 period, AT&U will continue to develop and apply optimum standards for all aspects of the primary highway system. We will also continue to develop and use computer systems, new technologies and other tools to ensure cost-effective management and decision-making for the primary highway system. These tools will, for example, assist us in determining whether continued patching of the surface of a particular portion of highway is the best option, or whether surface repaving would be a more cost-effective alternative in the long run.

Goal #6 - Supporting Cost-Effective Government

AT&U has made a significant contribution to cost-effective government through its recent initiatives to outsource major functions and to re-engineer all remaining functions. Since 1995, our staffing levels have reduced from 2,150 to the current staff complement of 780. For 1997-98, proposed spending on programs will increase while program delivery and administration spending will decrease. In fact, spending on administration and program delivery will be reduced by 8 percent, in addition to the 23 percent reduction achieved in 1996-97.

AT&U is now a flatter organization with a reduced number of levels and wider spans of control for individual managers. We will be fully accountable for the effective operation of our core businesses and for the effective delivery of our programs, and we will measure our effectiveness and our productivity to demonstrate our accountability to the government and to Albertans. A strong level of investment is required in information system technologies to support sound decision making and the provision of key information for our partners and stakeholders.

In addition, we will actively support the government’s regulatory reform initiative. AT&U is in the process of reviewing all of its 71 primary regulations to meet the requirements of the Alberta Regulatory

Reform Task Force. We will retain only those regulations that are necessary in the public interest, and we will demonstrate that regulations repealed or amended will result in reduced costs for both business and government. In addition, the department is reviewing the 21 acts which enable these regulations.

During 1996, 26 regulations were comprehensively reviewed. After consolidation, streamlining and rescindment, there are expected to be 12 regulations instead of 26. During 1997, a further 27 regulations are scheduled for review, with the remaining 18 to be reviewed in 1998. At the end of the program, we anticipate a 59 percent reduction (from 71 to 29) in the number of regulations under AT&U's jurisdiction.

Goal #7 - Supporting Responses to Major Disasters and Emergencies

Included in AT&U's mandate is the responsibility to support Alberta municipalities in planning for and responding to major disasters and emergencies faced by their communities. For 1997-2000, we will continue to work with our municipal partners to develop and test their emergency plans and enhance their preparedness for unforeseen disasters and emergencies. We will also facilitate the readiness and reliability of the Government Emergency Operations Centre, and ensure staff respond quickly and effectively to assist Albertans in the event of real-life disasters and emergencies.

Goal #8 - Monitoring the Motor Carrier Industry

An efficient and cost-effective motor carrier industry is important for Alberta's export industry and for the shipment of goods within the province. Where possible, AT&U will support industry initiatives that improve motor carrier efficiency and enhance our province's export competitiveness. However, the safety of trucks and buses on Alberta's roads will continue to be AT&U's top priority for the motor carrier industry. This applies to carriers hauling dangerous goods within the province, trucks carrying commodities or manufactured goods, and buses.

For 1997-2000, AT&U will continue to encourage and support initiatives that focus on the motor carrier industry taking on increased responsibility for self regulation and monitoring, education and training, and other safety related matters. For example, the Partners In Compliance Program supports the self regulation of carriers with exemplary safety records. We will continue to monitor all carriers, in particular those carriers not willing or ready to take on responsibility for self regulation, and we will enforce appropriate safety measures as needed. In addition, through permitting and other initiatives, we will strive to ensure that industry makes an appropriate financial contribution towards the development and upkeep of Alberta's road network, where vehicle weights and dimensions have impacted the integrity of the infrastructure.

Goal #9 - Supporting Safe and Cost-Effective Utility Services

Through its Municipal Water/Wastewater Partnership, Rural Gas Program, and Rural Electrification Program, AT&U will continue to support Albertans residing in rural areas and small communities to obtain basic utility services that Albertans living in major urban centres are able to take for granted. In addition, AT&U will continue to set standards for and monitor the safety of natural gas distribution systems in urban and rural areas throughout the province.

Summary

In the preceding text, we have outlined AT&U's commitment to its mandate and its contribution to cost-effective government. We have also outlined the new business directions we are taking following the successful completion of our outsourcing and re-engineering initiatives. These new directions will focus on core functions and programs that are appropriate to the government's new way of doing business, and that support the government's core businesses of people, prosperity and preservation.

Our new business directions also reflect our continued commitment to our clients and our stakeholders, including industry, our municipal and utility partners, and all Albertans who rely on our programs and services for their business, for their safety, and for their quality of life. AT&U is committed to cost-effectiveness and quality in the delivery of these programs and services, using the talents of our dedicated staff and the efficiencies provided by innovation and technology.

The following outlines the key performance measures we will use from 1997 to 2000 to confirm our effectiveness, and also outlines our three-year budget plan for the period. Additional measures in support of a number of our goals are being developed for consideration in future business plans.

Key Performance Measures

Mechanical Safety of Commercial Vehicles - This measure is defined as the percentage of commercial vehicles that did not meet one or more of the criteria used nationally (Commercial Vehicle Safety Alliance) when inspected by department staff at roadside checks. "Minor" adjustments are those that can be made on site without the attention of a mechanic.

	Target 1995/96	Results 1995/96	Target 1996/97	Business Plan Targets		
				1997/98	1998/99	1999/2000
Requires minor adjustments	32%*	31%*	26%	25%	25%	25%
Requires mechanic's attention			6%	6%	5%	5%

* No breakdown of the 1995/96 target and results is shown as the data are not available. The percentages shown represent the combined totals for both categories for the 1995/96 fiscal year.

North-South Trade Corridor - This measure is defined as the percentage of the North-South Trade Corridor that is twinned.

Baseline 1994/95	Target 1995/96	Results 1995/96	Target 1996/97	Business Plan Targets		
				1997/98	1998/99	1999/2000
N/A*	N/A*	N/A*	47.4%	49.7%	55.3%	60.1%

* The North-South Trade Corridor Initiative was announced in 1996/97, therefore prior targets and results are not available.

Road Safety (Highway Collision Rates) - This measure is defined as the number of reported collisions occurring annually (by calendar year) on Alberta's highways and roads per 1,000 licensed drivers.

Baseline 1994	Target 1995	Results 1995	Target 1996	Business Plan Targets		
				1997	1998	1999
43.0	N/A*	42.7	42.7	42.2	41.7	40.7

* No target is shown for 1995 as the methodology for representing highway collision rates has changed since the previous business plan.

Transportation of Dangerous Goods - This measure is defined as the percentage of on-road dangerous goods incidents with the potential for significant harm or loss to the public.

Baseline 1994/95	Target 1995/96	Results 1995/96	Target 1996/97	Business Plan Targets		
				1997/98	1998/99	1999/2000
N/A*	N/A*	21%	20%	17%	15%	15%

* No data are available for 1994/95 and 1995/96 as this measure has recently been defined.

Primary Highway Pavement Condition - This measure is defined as the percentage of the primary highway system that provides desirable driving standards (i.e., pavement smoothness and riding comfort) for the travelling public.

Baseline 1994/95	Target 1995/96	Results 1995/96	Target 1996/97	Business Plan Targets		
				1997/98	1998/99	1999/2000
91%	87%	87%	86%	86%	88%	90%

Effectiveness of Emergency and Disaster Response - This measure is defined as the percentage of claims where an assessor arrives on-site within 30 days of a claim being received after a disaster response program has been announced.

Baseline 1994/95	Target 1995/96	Results 1995/96	Target 1996/97	Business Plan Targets		
				1997/98	1998/99	1999/2000
N/A*	N/A*	56%	100%	100%	100%	100%

* The baseline for 1994/95 and the target for 1995/96 are not available as this is a new measure.

Reduction in Commercial Vehicle Overloads - This measure is defined as the number of overloaded commercial vehicles as a percentage of total vehicles inspected.

Baseline 1994/95	Target 1995/96	Results 1995/96	Target 1996/97	Business Plan Targets		
				1997/98	1998/99	1999/2000
18%	18%	15%	14%	13%	12%	11%

Transportation and Utilities Ministry Consolidated Income Statement

(thousands of dollars)

	Comparable 1992-93 Actual	Comparable 1993-94 Actual	Comparable 1994-95 Actual	Comparable 1995-96 Actual	Comparable 1996-97 Forecast	1997-98 Estimates	1998-99 Target	1999-2000 Target
REVENUE								
Department	7,244	32,430	63,212	74,022	38,852	19,612	18,026	15,540
Transportation Revolving Fund	57,487	63,470	40,958	33,411	14,429	5,275	5,587	6,067
Gas Alberta Operating Fund	(2,096)	463	2,711	616	1,048	625	625	625
Alberta Resources Railway Corporation	14,092	12,752	33,173	1,514	-	-	-	-
Consolidation Adjustments	(53,366)	(52,933)	(69,021)	(26,080)	(8,161)	(252)	(252)	(252)
Consolidated Revenue	23,361	56,182	71,033	83,483	46,168	25,260	23,986	21,980
EXPENSE								
Program								
<i>Voted</i>								
Department	690,690	644,341	653,610	630,076	612,522	542,611	542,160	532,160
<i>Statutory</i>								
Transportation Revolving Fund	57,269	62,140	43,018	40,642	15,053	4,644	5,124	5,604
Gas Alberta Operating Fund	1,246	1,114	882	984	742	625	625	625
Alberta Resources Railway Corporation	8,043	4,879	3,159	76	-	-	-	-
Consolidation Adjustments	(50,436)	(52,135)	(33,513)	(25,642)	(8,161)	(252)	(252)	(252)
Consolidated Program Expense	706,812	660,339	667,156	646,136	620,156	547,628	547,657	538,137
Debt Servicing Costs								
Alberta Resources Railway Corporation	3,095	1,680	36	-	-	-	-	-
Consolidated Expense	709,907	662,019	667,192	646,136	620,156	547,628	547,657	538,137
GAIN (LOSS) ON DISPOSAL OF CAPITAL ASSETS	1,860	(164,917)	(381,634)	(66,095)	(4,827)	(8,248)	(1,149)	(1,030)
NET REVENUE (EXPENSE)	(684,686)	(770,754)	(977,793)	(628,748)	(578,815)	(530,616)	(524,820)	(517,187)