

LEGISLATIVE ASSEMBLY OF ALBERTA

Monday Evening, October 22, 1973

[Mr. Speaker took the Chair at 8:00 o'clock.]

GOVERNMENT BILLS AND ORDERS
(Second Reading)Bill No. 70 - The Workers' Compensation Act

MR. TAYLOR:

The next principle I want to deal with, Mr. Speaker, is the matter of the employer's reports. There have been times in this province, and I suppose in every province, when the employer has been reluctant to send in a report of an accident. I think it has gone into months with regard to some cases, even in this province. I think this is inexcusable because under the Act the board has to have the employer's report and the employee's application. It appears to me that the fine that is suggested in the act is far too low and I hope the minister would review it before we get into committee. I think, a maximum of \$50 for an employer not sending in the accident report is too low. I have no objection to the daily amount, but this should be at least \$500 or \$1,000 maximum or on a straight number of days, whatever that comes to. Certainly \$50 is far too low for this type of reluctance.

The next principle I want to deal with is the matter of a person on compensation being discharged or fired by the employer. I think this is a pretty serious offence when a person is on compensation, unable to work, and during that period the employer decides to discharge or fire that person. This has happened here in Edmonton at the Royal Alexandra Hospital for one. I don't think the principle is sound, and I think it should be an offence for an employer to discharge a person legally on compensation.

The next principle I would like to deal with is the compensation payable by industry - correction, I have already dealt with that one - the one of medical reviews. I believe it has been the practice of the compensation board in Alberta throughout the years, and perhaps of all compensation boards in Canada, that when they ask for a review by a second group of medical men, they turn over the files that are already available. I don't really think this is fair to the employee. I can understand turning over the x-rays and that type of thing, but to turn over the opinion of the doctors who have already examined the employee is very unfair. The type of accident, the claim and the x-rays could well be turned over to the medical board, but I think it is completely wrong to turn over the medical opinions that the board has already received, and it weakens the position of the board.

The board could get an independent decision from the second or the third medical, whether it is one man or several, by asking for their opinion based on the condition of that person and on the x-ray pictures, et cetera. Too often when the decision of the previous doctor, particularly if he happens to be an Edmonton physician or surgeon, is given, the second report comes back almost identical. This is hardly fair to the employee. I think the medical position would be strengthened if the compensation board asked the second medical for his view based on the x-rays and on the condition that he finds in that workman when carries out the examination.

There are some cases where there is a third party involved. For instance, the accident happens in the course of employment, and the driver runs into a herd of deer. If they happened to be deer it is probably the Crown that is involved. Where there is a third party involved, whether the Crown or otherwise, I think that person should have some right to carry on with that

third party. I think the subrogation sections are too stringent in this regard. As a matter of fact, where a decision is given under subrogation on page 9, the court's decision is subject to the approval of the Workmen's Compensation Board. This doesn't seem consistent with justice to me. In a case like that, the compensation board should be prepared to accept the decision of the court, and the decision of the court shouldn't have to be subject to the approval of the Workmen's Compensation Board. This seems completely inconsistent with having an independent review by a court if the decision of that court has to be subject to the approval of the compensation board.

There are two or three other items with which I want to deal. One is safety committees. I believe that the employees have a vitally important part to play in safety committees. As a matter of fact, I think the example of the coal mines where employees are the safety committee, along with the pit boss or sometimes the fire boss, has proved very, very efficient. At one time the coal mining industry's record was anything but desirable. That has been improved greatly through the use of these labour-management safety committees.

I do think there is some merit in the suggestion by the Alberta Federation of Labour that the decisions of these committees should be very carefully considered. Whether or not they should always be acted on immediately is questionable. Certainly most employers are willing to act on these when it is in the interest of safety in the mine. The employee has more interest in this than the employer. It's the employee's leg, arm or eye that comes off or out and the employer is the one who pays the money. Money is important, but not nearly as important as an eye, leg, arm or a broken back. Consequently the employee has a greater interest in the safety committees and wants to see the safety conditions carried out.

I think there is also some merit when the labour people, the working people, are concerned about unsafe working conditions in an industry. Let's say a coal mine that is hazardous down in the bowels of the earth. I wouldn't go so far as to say that the compensation board should have the right to close up the coal mine, but where the situation is really unsafe, if the employer is not prepared to act on the recommendation of the compensation board, the board should have the right to go to court to get an injunction to close the mine. An independent body would be hearing all sides, the employer, the employee and the compensation board, who I believe would be speaking for the employee, and close the operation if the working condition is serious. If it's really serious I can't understand any employer wanting to keep the particular operation going, but where it's questionable I can understand employers doing that because their profit is involved. In that case, the compensation board should have the right to apply for an injunction to close that particular mine.

The only other principle with which I want to deal now, is the principle, acknowledged in this act, of paying compensation to a person who has been living common-law. This has been a problem, particularly in coal mining camps and probably in lumber camps, for a number of years. There has been an unfair burden, I believe, placed upon taxpayers where children are involved in a common-law arrangement, and compensation was not applicable.

This year the act recognizes the five-year principle, that they have lived together for five years. I would like to see that this principle would be recognized if there are children involved. If there are no children involved, I have no particular objection to the five-year period. I think it's very unfair to the children, when they have to be supported by taxpayers' money if they arrived on this earth through that particular union, or that particular arrangement.

Mr. Speaker, in closing, I want to say once again that I think there is a definite place for the government to be vitally interested in compensation. I think the arrangement of having an advisory committee to the minister, with the government setting out the regulations in conjunction with the board, should strengthen the board and give better treatment to the workers of the province. After all, I think that's going to be the criterion, and not the organization of the board. Most workers couldn't care less whether there's a chief administration officer or a chief executive officer.

I think the proof of the pudding will be in the eating, and the proof of the new arrangement here will be whether or not we can give fair and just compensation to people who are injured in industry.

MR. SPEAKER:

May the hon. minister conclude the debate.

SOME HON. MEMBERS:

Agreed.

DR. HOHOL:

Mr. Speaker, I will not deal this evening with the specifics that have ranged widely and extremely excellently, because the debate was so full and comprehensive and complete. I will leave them and hope I have the understanding of those who made specific points that I will examine them closely in clause-by-clause reading. I will assure the members that I have a very complete list of the specific points made and will respond to them in that way during that particular part of the examination of Bill No. 70.

In summarizing briefly, Mr. Speaker, I should like to recognize again the contribution of the members of the committee that brought down the recommendations from which this legislation has been drafted.

There's no question that the point made by the hon. Member for Vermilion-Viking was something that we all shared when we began. We were afraid we would never get to a point where any shaft of light emerged. Then we decided it was very normal, very proper, to place every conviction, every attitude, every understanding, every aspiration on behalf of constituents on the table right from the beginning, from these would emerge what has finally been the report from which we drafted our legislation. That a certain kind of courage, that a certain kind of value system soon began to emerge was apparent. Something else also emerged, and that was a kind of mutual respect amongst and between members.

How many legislatures are fortunate enough, Mr. Speaker, to have a Mr. Cooper, a gentleman who sat on the special committee on this subject three times in a row? That would make it over a period of some nine or thirteen years. He tried to keep us on the straight and narrow with respect to the initial formula put together by the very courageous, the very eminent member of the judiciary, William Meredith.

On the other hand we had the hon. Member for Edmonton Highlands, who probably knows by heart the formula and the equation that Mr. Meredith put down. His ideals, his convictions, were to assist everybody in every way possible, and then to adjust the formula. I think this kind of vision and this kind of courage benefited the committee immensely.

As you know that today's ... [Inaudible] ... Mr. Anderson's sense of balance in how to keep in mind both the worker and the industry in our deliberations. And so on down the line. Each member had a unique and a very special mark to make in the formulation of this report and the subsequent legislation.

Now, Mr. Speaker, the aspirations of all who presented briefs orally, in writing, in meetings with us - and these were over many hours and many weeks and many months - cannot be met in any kind of legislation. So it is in this one. The overriding principle is to assist the worker to the maximum at no prejudice to the industry.

I should simply like to talk about two major considerations that we are really involved in when we deal with compensation and then deal very specifically with the details on clause-by-clause reading.

As a committee we had a very clear challenge to examine the formula that first began in the studies in Ontario in 1905 and subsequent legislation in 1915, and pretty well developed in the same way across this nation, and either accept it as a still-workable approach to compensation or to advise the government and the Legislature that that was not the case. We spent many hours on this because it was a significant and proper kind of judgment we had to make. It wasn't our view that because this formula and this arrangement between industry and employees was formulated many years ago that we necessarily had to begin with it, so we felt that was the first judgment we had to make. We finally made the judgment that the basic concept, the basic principle of compensation was sound. The kind of trade-off formula that industry and the labour people at that time put together was sound.

Once having made that judgment, certain other things either followed or did not. It is this area that I briefly want to talk about. If the concept, the initial trade-off formula that we are so familiar with were to be dropped, so would compensation, as we know it. We were not prepared to recommend that because likely it is a departure that is some years in the future. The result would, Mr. Speaker, be insurance. We want to be clear on this because there is a great deal of understanding but at the same time, possibly misunderstanding of

the concept of compensation. If you remove the formula, then what you really have is insurance, the kind of thing that most of the United States have.

In the present system both industry and employees give up certain possible benefits which they might find in the courts for certain assured benefits. This, in a very fundamental way, is the concept and the formula of compensation. This has very clear implications to benefits being a portion of the earned income, not the whole of the earned income.

So, Mr. Speaker, to say that compensation should be at least equal to public assistance, or welfare if you wish, is the same kind of argument that was sometimes made during our discussions on the matter of minimum wages, that those should be no less than the person who isn't working and is on public assistance. To talk in these terms is to misunderstand in a fundamental and basic way the notion of compensation based on the portion of earned income and based on the maximum ceiling for computation. And that's what compensation is about. If we didn't do it this way, then we would be in the courts where winner takes all and the loser pays the bill. Industry and employees, through their representatives, very reasonably were prepared to give up something for the assured return of some benefits.

We felt that the system was sound but we were also of the view that there was a great deal more that could be done with the compensation formula than has been the case in this nation over the past. We could do more to provide the best possible service to the worker and, in our view, at no prejudice to industry. It seems to us, Mr. Speaker, that Chief Justice Meredith, in his initial formula of so many years ago, and it was an excellent one, has been used too often as a shield to moving out courageously to expand the formula to its limits. This is what we attempted to do.

One member spoke of an autonomous board, but all the acts in Canada - and we examined them closely - and those of other nations, such as New Zealand and some nations of Europe, speak of independent boards, not autonomous boards. Meredith himself, as we examine his treatise, in no way implies an autonomous board in its literal sense. The term used in all the acts is the term "independent", which is vastly different from "autonomous."

The important principle here, Mr. Speaker, and this is exceedingly important, is that all boards exist as a result of government legislation, and perform under the statutes of the government. This surely means that when the government creates any board, in this case the Workmen's Compensation Board, the government intends that the board should carry out some function of the government's work on behalf of the people who elected it. The danger, then, lies not in overattendance of government on the Workmen's Compensation Board, but in government's abdication of responsibility in this important matter.

This important principle relates very closely to the matter of the advisory board. Opinion is divided, and our counsel from some quarters was that this committee should advise the board, and not the minister responsible for the Workmen's Compensation Board. The principle here is that if those elected are responsible for the formulation of policy, for statutes under which a board carries out this mandate, on behalf of government, then surely again, sir, the counsel, the advice, the criticism and the recommendation should be to the government, not to the agency that carries it out. I think this is important, this understanding of the relationship of government to the board, that the committee reaffirmed in its recommendations to the Legislature.

As the members for Drumheller and Edmonton Highlands pointed out, the board will have an expanded role and a bigger job, in recognition of which legislation provides for more commissioners and a specific leadership function for the chairman.

The matter of safety has been excellently discussed. It is clearly a matter of great consequence, importance, and recognizable legislation. Until the third reading and until we establish the commission, I reaffirm the statement I made on the introduction of the debate before us, that is, every department, every agency involved with safety in government, on behalf of Albertans, will examine this function. We will attempt to increase the approach to safety in a coordinated way. It will be treated with the considered and careful judgment that so important a matter deserves.

Mr. Speaker, I was pleased and proud to open debate on Bill 70. I'm equally pleased and proud to close the excellent debate, and look forward to clause-by-clause review.

[Applause.]

[The motion was carried. Bill No. 70 was read a second time.]

MR. SCHMID:

Mr. Speaker, may I revert to introduction of visitors?

HON. MEMBERS:

Agreed.

INTRODUCTION OF VISITORS (CONT.)

MR. SCHMID:

Mr. Speaker, it has been said, to judge a nation's tomorrow look at the character of its youth today. It is therefore with a special degree of pleasure that I would like to introduce to the hon. members of this Assembly, the parents, scoutmasters, and advisors of a group of young people who are in the members gallery and who have achieved the Queen's Venturers Award.

The Queen's Venturers Award is made to a Venturer who has acquired competence and skills that will be of considerable use to himself, his Venturer Company and the community. He has been recognized by his company, his advisor and the Boy Scouts of Canada as being worthy of receiving this award.

The Queen's Venturer Award signifies that a Venturer has, in the opinion of those who know him, both the character and ability to be of significant help to other people. The award consists of a cloth emblem and a parchment certificate.

Mr. Speaker, the following Venturers are sitting in the members gallery: Mr. Glen Archibald Dick, Louis Gustave Pahud, Gordon Cadek, Trevor Anderson, James Kennedy, John Olsen, Paul Von Hochhausen, Edward Hauck, David Kelly, Gregory Peehan, Brian Holro, Ken Bauman, Craig Israel, Tommy LaRose, Paul Kelly, and Donald Hagan.

Would all members kindly join me in congratulating these Venturers.

GOVERNMENT BILLS AND ORDERS (CONT.) (Second Reading)

Bill No. 83 The Rural Gas Act

MR. FARRAN:

Mr. Speaker, I move second reading of Bill No. 83, The Rural Gas Act, seconded by the hon. Member for Stony Plain.

This act represents as important a landmark in the development of rural Alberta as the coming of the Rural Electrification Associations which spelled the end of the old Delco battery plant.

Mr. Speaker, when I've been in the country at the opening of some of these new gas co-operatives, the joy among the members has almost approached ecstasy. The absence of natural gas has been to them the chief symbol of the difference between the standard of living in town and country. They've been hoping for this for a long, long time, and some of them have been trying to organize gas co-operatives for many years. The first ploughing in of plastic pipe for a gas distribution system represents the fulfillment of their dream.

This \$116 million program to deliver natural gas to most of the 20 per cent of Albertans who presently do not enjoy its benefits is part of the government's overall strategy to strengthen the rural economy. If we are to defeat projections that in the past purported to show that almost all Albertans will live in two or three metropolitan areas in the future, the economic infrastructure in rural Alberta must be improved.

The economic imbalance that exists when more than two thirds of the population lives in two large cities surrounded by thousands of acres of empty farmland is obvious. The metropolis itself has almost as harmful an effect on the quality of life as that of a dying small town. Neither are desirable and both must be avoided.

So the government doesn't accept any of the old cliches about no growth or slow growth centres in rural Alberta. It has taken steps to restore prosperity to agriculture, the key industry, through emphasis on sales, on credit to allow young farmers to follow in their fathers' foot-steps, on better prices for food products, and on the processing of agricultural products within the province.

It has also offered loan capital to small business in rural areas, and has begun decentralization of government services across the province. It has taken other measures in housing, senior citizens' accommodation, agricultural societies, recreation areas, all to improve the quality of life in rural Alberta.

Important to these objectives must be the provision of the sinews of the economic framework, through utilities, through roads, and through communication. Hence a greater expenditure on secondary roads and on pavement in small centres. Hence the new programs to assist with the capital costs of sewer or water. Hence programs to reduce the cost of long-distance telephone calling. Hence the act which I have put before you tonight, this Rural Gas Act, to assist farmers to obtain a supply of a convenient fuel at a reasonable cost.

There is a clear parallel between this plan and that of other utilities. Any administration which seeks to supply a utility to the scattered dwellings in the rural areas has a limited number of alternatives. It can cross-subsidize through the rates between town and country, between the densely-populated areas on the one hand - those that are easy to serve - and the sparsely-populated areas on the other hand - those that are difficult to serve. Or it can subsidize the more difficult areas from general revenue at the expense of the easy.

Both methods achieve the same end of spreading the butter more evenly on the bread. Of course, there has to be a judicious limit to both if the economy is not to suffer from an attempt to achieve something that lacks basic economic good sense. The cost of servicing a particular area has to be reflected to some degree in the cost to a particular customer.

If you believe that the best form of utility is one that is independent but regulated - whether it be a private monopoly or a Crown corporation - the government must be concerned with both rates and franchise boundaries. A utility operating on a certainty as a privileged company with a regulated rate of return must not be allowed to skim the cream, to serve only the areas that are easiest to serve. This will naturally happen if there is a sort of nineteenth century laissez-faire attitude towards franchise boundaries. Only the areas easiest to serve will be served. That, incidently, is why we are so concerned about some provincial input into cable television franchise boundaries and rates - I say that as an aside.

Unless a master plan exists close to the beginning of the planning of the utilities, the problem of reaching out becomes very complex at a later date. The best way for all utilities is to say, this is your franchise area, you've got to take the rough with the smooth. We'll regulate your rates to make sure that you have a fair return on your capital investment. You have to offer your service to everyone without exception.

Perhaps a worse way, although it is another way, is to nationalize a utility and to spend without the constraint of cost of service areas, or regulated rates of return.

In Alberta - and I am not being critical because all our systems, like anywhere else in the world, have evolved with time - we have three different approaches to the utility system.

First, and perhaps best, is the Alberta Government Telephone system, whereby a Crown corporation has the entire province as its franchise area. It grew before the First World War because a private telephone company was unable or unprepared to supply service anywhere other than to the densely populated urban areas, the easy-to-reach places. Gradually Alberta Government Telephones took over numerous rural mutual telephone companies - the self-starters, when neighbours got together with neighbours, thinking this is the only way they could get a communication service.

In AGT there is full scope for cross-subsidization between town and country, excepting, of course, the City of Edmonton. However, the off-setting advantage for the absence of the dense consumer market of Edmonton is that Alberta Government Telephones has full responsibility for the long-haul revenue everywhere in the province. If it ever lost that jurisdiction to another regulatory body the situation would be very different. Here I remind you that

AGT has the lowest unsubsidized residential rates in Canada, and hasn't had a general rate increase since 1966. This includes since 1971, despite the rapidly escalating costs.

Secondly, we have the power utilities, a picture that is much more balkanized and where the opportunities for cross-subsidization are much less. We have municipal power companies, particularly again the City of Edmonton, supplying their own power to their own easy-to-serve areas. Then, outside we have the big private, but regulated, utilities of Calgary Power and Alberta Power.

Coming very late in the game, disgracefully late really, if you want to claim credit, were the Rural Electrification Associations which didn't really get going until the early 1950s, when farmers were encouraged to help each other in small franchise areas. There is some cross-subsidization in the power field in the sharing of costs from the main transmission lines and the main power plants. But the REAs were similar in many ways to the new rural gas co-ops, and there was very little room left for cross-subsidization between town and country. They have franchise areas which are not only limited by geography but also by class of customer, because they are only allowed to serve farm customers on 20 acres or more. By agreement they have some cross-subsidization assistance from the power companies and they get their operating and maintenance charges at cost. They have a vague promise in the tri-party agreement of no more than 2 cents a kilowatt hour for power, and there is some nursing of them at cost from the power companies. They were able to borrow at only 3.5 per cent for their capital programs, and recently the government has offered interest-free loans for costly extensions above \$2,500 per customer.

There are problems arising, partly from the extra amount of consumption on the farms as the prosperity of agricultural Alberta improves, where farmers can no longer get by with a three K.V.A. transformer and they now need five and seven K.V.A. More commonly, also around the two cities, from the tremendous number of new subdivisions allowed by regional planning commissions, and partly from the growing cost of both power and capital facilities in a period of very high inflation.

An essential feature of the REA plan was that individual taps into the power lines were not allowed, even though a person may have been extremely close to the source of power. The cost was averaged along a particular line and if people joined on later a refund was made to the original subscribers. But the basic principle was there, that supply had to be through the REA for farmers and through the private utility franchise holders for others.

Now I come to the third form of utility. We have AGT with a total franchise area embracing the entire province where there is maximum opportunity for cross-subsidization. We have the power companies where there is very limited opportunity, but there is still some.

Now we come to gas. The utility gas distribution system for Albertans was allowed to grow like Topsy and no real effort was ever attempted to cross-subsidize between town and country. As a result, the only people served were those in the densely populated urban areas or those close to a pipeline. Certainly a few small gas co-ops were formed during the '60s, but not very many. Since rates were based strictly on the cost of service for comparatively small areas, which included the high capital cost of rural assistance, the rates were only viable for a limited number of rural customers.

Utility companies, by the very nature of the game, have an interest in expanding their rate base by ever-increasing capital investments on which they can make an allowable rate of return. But their object is defeated if the capital cost is so great that the consumer price for gas is exorbitant compared with other fuels. So I believe it is unfair to criticize the private utilities for only serving with natural gas those who are easiest to serve. It was the system that beat them. They were not allowed to spread the butter more evenly on the bread, to cross-subsidize in the manner of AGT. They did their best within a limited distance of main pipelines, and that was all they could cut.

Now technological advances have been made that alter the picture to some extent, so the time is perhaps fortuitous for the expansion of these rural gas systems. We can now plough in, at approximately three miles an hour both plastic pipe and aluminum pipe, instead of the old costly business of digging a ditch and laying steel. The plastic pipe has been allowed by the ERCB for pressures up to 60 pounds per square inch. It used to be 50, and there is a possibility it may be allowed up to as much as 80. Aluminum pipe is now practical for high pressures between 450 pounds to 600 pounds per square inch.

The gathering system of Alberta Gas Trunk Line runs like a heap of spaghetti all over the province. So here, with minor amendments, was a possibility of spreading the capital cost of the main pipe, as it's already spread in the average price of export gas. TransCanada averages its price for gas throughout the Alberta Gas Trunk Line gathering system. All we had to do was legislate to allow the common carrier, Alberta Gas Trunk Line, to use and to replace gas in its system, to barter, to buy and to sell.

It therefore occurred to the new government, even before it assumed office incidentally, that more could be done to deliver natural gas to the 80,000 potential rural consumers. We wrote it in New Directions for Albertans prior to August, 1971. Today, we're finally delivering on the promise in legislative form.

We have operated under a position paper and guidelines for the past year, which is under some handicap using regulations of other acts, but I can tell you there is a possibility of some 6,300 consumers and a minimum of 5,000 being tied on in this first six months of operation.

There are certain key points in the plan. The most important and most basic point, since cross-subsidization between town and country is no longer possible, is that equalization has to take place through the general revenues by way of grant.

Here are the key points.

The franchise areas should be as large as possible and the outer boundaries should roughly coincide with an economic contour limit of \$3,000 per customer. In other words, the franchise areas will contain farmers who could be reached for an average capital cost of \$3,000. This would be in the regulation.

A dollar level will be set, also in the regulations, by which it paid any farmer to convert to natural gas by standing on his own feet whether he paid this first amount, which we've settled at \$1,700 by way of cash, through a loan, through monthly instalments, or by a surcharge on the price he pays for gas. We said 85 per cent of this sum would be covered by a guaranteed loan through the Co-operative Activities Branch of the Department of Agriculture at a rate of 1 per cent over a floating prime rate. The rest of it would constitute a down payment.

The third point was that the difference between this first level set at \$1,700, on which the farmer could stand on his own feet, and the horizon level of the franchise boundary of \$3,000, would be covered by grant. In other words, a \$1,300 grant per consumer.

The fourth point was that individual taps would no longer be allowed, except under special circumstances. I have read in the newspaper that the grey eminence of the opposition, who is not actually in these chambers, objects to this point. I reiterate that it was a part of the principle of the old Rural Electrification Associations as well. Neighbour has to help neighbour if the objective is to be achieved. If individual taps are allowed under special circumstances, and we do envisage that they might be, then they'll be required to pay a surcharge on their gas to cover their eventual membership in a co-op.

The fifth point is that a government gas broker would buy and sell gas to the consumer at a reasonable price. Perhaps this will be the eventual vehicle for any gas rebate plan.

Sixth, while retracted service areas may be allowed for a start, within a larger franchise area, first gas has to be offered to everyone within the franchise area. Second, two-thirds of the people have to be willing to take it within the retracted service area - a service area of reasonable size.

Seventh, a penalty will be charged to a johnny-come-lately who caused extra costs by joining late.

The eighth point was that grants will be made to utilities officers appointed by counties having substantial gas co-ops although their duties would not be confined to gas co-ops alone, but would also involve the organization of REAs and the solution of REA problems. Grants will be made to those who use other fuels because they're outside the economic \$3000 contour horizon, outside the franchise area possibilities.

Finally, grants will be made for special cases involving lengthy steel or aluminum high pressure lines to convey gas across sparsely-settled land to get to an area where a gas co-op is feasible.

Now, Mr. Speaker, naturally there are bugs to be ironed out in a scheme of this magnitude, but I can say, without fear, that it is off to a very good start. My predecessor, the hon. member Len Werry, laid the foundations of the plan. I was entrusted with its detailed unfolding. It is a plan that is not confined to farmer-owned co-ops. Utility-sponsored rural systems are also entitled to the same help. No one wants to take a narrow view of how to get the gas to the farms. So long as those who can obtain it do so at a reasonable price, that's all that matters.

Before closing, Mr. Speaker, I would like to give special thanks to the hon. Minister of Agriculture and the many rural MLAs on both sides of the House for their encouragement in this big rural gas plan. I would also like to pay tribute to the Ste. Anne Gas Co-operative, which built the first large system during the past year. It was on their actual experience in the field that many of our guidelines were based.

[Applause]

MR. PURDY:

Mr. Speaker, it is a pleasure this evening to enter the debate on this most important act for rural Alberta.

I think it is most expedient this evening that I relate my comments around the Ste. Anne Gas Co-op mentioned previously by the hon. Minister of Telephones and Utilities, as it was a test project for the policy that we knew we were going to set forth in our guidelines.

Many co-ops were formed previous to this, but the first actual gas co-op was formed in 1964 in Alberta. Thirty-seven of the forty-seven co-ops operating at that time had their development from 1964 to 1967. Since 1971, 28 co-ops have been incorporated. Some are now operating and some are now under construction.

I'd like to take the hon. members back to the earlier history of the province when gas was first exported from the Province of Alberta. This was done under the Alberta Energy Board, which was formed in 1938. The bill established the Alberta Oil and Gas Conservation Board and gave the board the authority to approve all exports of hydrocarbons beyond the boundaries of Alberta.

In 1949 the first request to export gas came to the province and Alberta rejected this. It was rejected by the Oil and Gas Conservation Board. The board stated that there were insufficient gas reserves in Alberta to meet a 30 year requirement for customers.

This policy of requiring producers to maintain an inventory of proved reserves on hand for domestic customers is a major ingredient for Canadian federal authorities. The exportable policy makes explicit assumptions about the trend of future prices. Future assumptions are estimated for the next 30 years. Present reserves are now known. If present reserves are greater than the demand estimates, the surpluses can be exported.

In 1951 the Alberta Conservation Board decided that gas could be exported. This is the advent that I'm leading up to in 1964 when the first co-op was formed. These co-ops were formed around existing gas wells and existing pipelines. No concentrated effort was made by municipalities to go out to search for rural gas consumers. They did this, in fact, for large industrial complexes, but not for many farmers or rural residents to hook on to any of their lines. In other words, the availability of a tap was virtually nil.

The position of major utilities in the province was that they would serve and concentrate on serving urban areas with large markets. We also had private utilities and municipally-owned utilities. But a municipally-owned utility or a private utility is limited to a greater return by the PUB and not all the time would it be feasible for them to invest extra amounts of money for an outlying area. The only other alternative was then to come up with a natural gas policy which we presented to this Legislature in April of 1973.

I have here, Mr. Speaker, two rural gas policies, one presented by the Minister of Telephones and Utilities, April of 1973, another rural gas policy, I imagine, presented to this Legislature February 27, 1968. After our policy was announced in this Legislature many questions were asked of the minister about questions in the position paper, when they would be forthcoming, and so on.

The question that I asked was, why so many questions when the former government thought they had a rural gas policy? To read into the record, this former gas policy of the former government goes as follows:

The policy with regard to rural gas distribution is affected by factors relating to availability of supply,

1. discovery of sweet gas pools,
2. location of new gas plants for processing raw gas,
3. expansion of the pipe line grid of The Alberta Gas Trunk Line Company Limited, and
4. proximity to gas pipe lines of other companies.

No mention is made here of building lines like the Alberta Energy company or Gas Alberta will do. It further states,

Experience gained in the last four years in the use of plastic (polyethylene) pipe and recent improvements in the methods of plowing in plastic pipe are making rural gas distribution an economic possibility in more areas of the Province.

To my knowledge, not very much of this was done. It goes on:

Whenever an application for the incorporation of a gas co-operative is made to the Supervisor of Co-operative Activities, he requires the persons making the application to provide the geographical boundaries of the area proposed to be served with natural gas. The area proposed is then referred to the Superintendent of Pipe Lines of the Department of Mines and Minerals for a report by his inspection staff. On obtaining the inspector's report it is forwarded to the Supervisor of Co-operative Activities for his consideration with the other data supplied with the application for incorporation.

There is no mention in here of franchised areas, services areas or whatsoever.

Upon incorporation, the co-operative association then makes application to the Department of Mines and Minerals for a permit to construct the distribution system it proposes to install. If the application is satisfactory as to the proposed route, pipe size and other specifications, a permit is granted to the co-operative for construction of its distribution system.

Under The Cooperative Marketing Association Guarantee Act, the Government is prepared to guarantee the repayment of borrowings of not in excess...

Get this hon. members:

...not in excess of fifty per cent of the capital expenditure incurred by a co-operative in constructing the gas distribution system.

When the Ste. Anne Gas Co-operative started, we immediately raised that to 85 per cent of the guarantee.

Should any other person or company apply for a permit to construct a pipe line to deliver natural gas within the area allocated to a co-operative, the Superintendent of Pipe Lines will have an investigation made. If the potential consumer definitely feels that he should not be required to obtain his supply of gas through the co-operative, the results of the investigation are reported to the Minister of Mines and Minerals for a decision as to whether the permit for construction of the proposed pipe line will be granted in accordance with the application, granted subject to special terms and conditions, or rejected.

Now I imagine because of that clause in the policy there were a lot of pipelines or co-ops that were probably turned down and a lot of them that did not go forward.

Under The Gas Utilities Act, a gas utility company may serve the consumers it agrees to serve and as well is required to serve the consumers it is directed to serve by order of the Public Utilities Board.

The operator of a natural gas pipe line may serve rural customers near his pipe line ...

But he didn't have to go out and spend money to go an extra mile.

...and anyone owning or otherwise having the right to natural gas may drill a well to satisfy his gas requirements.

This was signed by A. R. Patrick, Minister of Mines and Minerals.

Now as I pointed out earlier, Mr. Speaker, the rural gas policy has been centered around the Ste. Anne Gas Co-op. The Ste. Anne Gas Co-op has a significant history behind it. It was on approximately April 1, 1972, that a small group of farmers, mainly farmers involved in Unifarm, decided once again to try to get natural gas into their area. They had tried this on previous occasions with the previous government, but were told, or I imagine they were told that this type of co-op would not work, and "We are not going to enter any agreement like this that is going to be a hazard to the government. In other words, we will not guarantee it." It would appear that there was no risk taken by the previous government because I believe that it was afraid to stick its neck out and come out with a policy that would be beneficial to the farming communities of rural Alberta.

To go further with the history of the Ste. Anne Gas Co-op. A telephone survey was conducted, and 202 people said they were interested. Then 2 of the people from the area took the lists of names and locations to Edmonton to get a price through an engineer. In April of 1972 a public meeting was held in Onoway to see how much interest could be gathered. At this meeting it was decided to go ahead and form a wholly-owned co-op, and a provisional board was set up. At this meeting, they also decided that members of the original board would canvass the rural area and collect \$25.00 from each person who wanted gas service to pay for a feasibility study and come up with a firm cost.

Mr. Speaker, I'd like to point out that at this April 1972 meeting, two members of the present government were present, namely the Minister of Agriculture and myself. At this meeting, the Minister of Agriculture pointed out that we were embarking on a phase of getting gas to rural Alberta and since these people of the Onoway area had the initiative, they should go ahead, let's get going and let's get a job done.

In the first part of May the first directors' meeting was held, and Palmer Engineering Company of Edmonton was engaged to conduct a study. The total cost of this feasibility study was around \$7,500. This included engineering, hall rents, mileage, and so on.

By June of 1972, 335 people had paid \$25 and this study was made and the price was established. About this time, the people in the Barrhead area also joined this co-op.

I would like to point out to the hon. members, Mr. Speaker, how involved this co-op is. They have held a directors' meeting every Tuesday since 1972, and are still holding meetings. In fact, this last Friday they held one that lasted till 2:30 in the morning.

In July of that year, they decided to start selling contracts. Sales went reasonably well, with 10 per cent down, and the balance on lien notes or cash. Lien notes signed prior to August 31 bore an interest of 7 per cent, and later ones 1 per cent above prime. In early August they had 325 rural customers and approximately 325 urban customers. These customers are the ones who are included in summer villages and small hamlets.

It was on a particular day, I think it was August 4, the letting of a contract for construction was asked. As the contracts were let, interest grew, construction got under way and more and more people became interested. At that time a total of 440 rural customers and 385 [urban] customers had signed up. Gas was available to all but a few rural parts of the Alberta Beach area and all the urban area in the Silver Sands area, which is approximately 40 miles west of Edmonton.

When frost came in November it stopped the crew. At the present time, or at the presentation of this report of which I'm making notes, Mr. Speaker, - and this report was read to an annual meeting March 1, 1973, - the company has no less than 355 miles of plastic line, 6 miles of steel line, 5.5 miles of aluminum line, 300 road crossings, 12 highway crossings, 6 railroad crossings, and 37 pipeline crossings.

They also did a bit of arithmetic in their annual report and from the Ste. Anne Gas Co-Op, plastic line would reach from Onoway to south of Lethbridge. It's quite a distance. Ste. Anne is still growing and they are one of the largest wholly-owned co-ops at the present time.

Mr. Tomlinson, the President of the Ste. Anne Gas Co-Op, in his report, thanked many people for their efforts and their patience and paid special attention to the 800 plus customers. He also stated that they had problems, the people who had refused easements or, in other words, people who had tried to stop them. In fact, in his report he said, thank you, you are the ones who presented him with a real challenge, made the board of directors stick together and prove it could be done. They state that they got around in every case. In early November, they had two contractors working, three burning crews, two road crossing crews and a yard crew. At one time over 40 men were employed in this area.

I may point out, Mr. Speaker, that during the month of November, when the unemployment rate is usually quite high, the unemployment rate in this area was nil because of the emphasis on using unemployed employables on this project.

Six miles of steel line were laid as an investment for the future of the expected heavy loads between Onoway and Highway No. 16. This particular area is built up of many new subdivisions and the six miles of line cost the co-op approximately \$35,000.

Now, Mr. Speaker, I'd like to go into the aspect of aluminum line which the hon. Minister of Telephones and Utilities mentioned earlier. Aluminum line was laid in the Ste. Anne Gas Co-Op, in this area, the first time anywhere in North America. I have with me this evening a piece of this aluminum line; it comes in a coil, 5,000 feet on one coil. The coil would be approximately 15 feet high and there is an apparatus in the back end of a caterpillar tractor - it usually takes about a D8 cat in our terrain, in the country we live in, to have enough power to plough this into the ground. It's ploughed in approximately two feet under the earth. The diameter of this pipe is two inches and, as the minister pointed out earlier, it will withstand pressure from 450 to 480 pounds.

We have here a welded joint - that's what they call it. Aluminum is very, very difficult to weld and what they use is cordite. There is a sleeve between the two joints of pipe. The pipe is put over the top of the sleeve, then an explosive cordite charge is set on each end and the fuse is set off. This fuses the aluminum piping together and there is no chance of a failure. I would like to table this, Mr. Speaker if any of the hon. members would like to have a look at it.

I believe, Mr. Speaker, that with the advent of ploughing in of aluminum line, it is going to be quite a saving to other co-ops in the Province of Alberta. I have some figures here which we worked out yesterday.

The cost of ploughing in aluminum line runs from \$1 to \$1.10 per foot. Now, you compare that with steel - a steel line has to be trenched and laid into the trench - steel comes in 22 foot lengths. It costs from \$1.50 to \$1.75 a foot. The cost of plastic line - and plastic is used for carriers, for individual taps off the aluminum or the steel line - ploughed in usually runs around 75 cents per foot, depending on road crossings and so on. The problem with using plastic is that you can go from 60 to 80 pounds p.s.i. but over that it is unsafe.

I would make a recommendation to the Department of Telephones and Utilities to maybe look at the aspect of using more aluminum line for farm connections instead of plastic piping. At the present time there is a shortage of res and also plastic pipe in the province. Now, I don't know if this works.

Going further into the Ste. Anne Gas Co-op: at the time of the annual meeting, which was March 1, the total cost of the project was \$980,000. I expect it is over \$1.5 million right now. The government has guaranteed 85 per cent of all construction costs. The remaining 15 per cent will be covered by the co-op and taken out in loans by the individual farmers.

The Ste. Anne Gas Co-op is now buying gas from Canadian Utilities and Canadian Industrial Gas. The thermal quality of the line varies from time to time, and the rate is adjusted to compensate for this. The difference in billing is one cent for every BTU over 1,020 BTUs per mcf. For example, gas with a thermal quality of 1,035 therms will be billed at 49 cents.

I would like to congratulate all members of this gas co-op. I believe that their installation charges were the lowest of any wholly-owned co-op in the Province of Alberta. Their cost last year was in the neighbourhood of \$1,250; this year with the continuation, it is costing them around \$1,450.

They say, we as members of this system, no other utility company owns part of it, are masters of our own house. Further, gas co-ops around us don't seem

to get off the ground. A number of people in these areas have approached us and people are now asking if they can be served by this co-op. This surely must be evidence of their success in moving and getting things done. They had their problems and they will probably have more problems. But with patience and common sense they can solve these and continue to do a good job.

At this time, Mr. Speaker, this co-op is still growing. It has expanded into the county of Barrhead, the western fringes of the area of Sangudo, and south to Lake Isle. I anticipate by November 1 this year they will have in the neighbourhood of over 1,300 customers. Most of these will be using gas, a most efficient and clean fuel that should have been used by the people of Alberta a long time ago.

We have other co-ops which are being set up in the Stony Plain area. In fact, I got a phone call this afternoon to be present at 2:00 o'clock on Wednesday afternoon for the ploughing-in ceremonies of the West Parkland Co-op.

In summing up, Mr. Speaker, I think that one of the hazards of the co-op, and one of the problems that they do encounter, is absentee landowners, especially people in the City of Edmonton who have land and are holding it. When a member of the board of directors approached the co-op for an easement to cross their land, they absolutely refused. This has cost this particular co-op - and it's going to cost the other co-ops - extra money for going around and so on. This is a very important issue to the people of Alberta: these absentee landowners - guys who are speculating on land outside the fringe areas of Edmonton and Calgary and wherever it may be - should actually allow these co-ops to cross their land. Someday they may have a subdivision in there, or want to build on this land themselves. It's just going to cost them more money than if they would allow them to go across now. If they allow them to go across now, the service line would be available for the hooking-up of any service that they may desire.

Thank you, Mr. Speaker.

MR. SPEAKER:

The hon. Member for Spirit River-Fairview.

MR. NOTLEY:

Mr. Speaker, first of all, I want to say I intend to vote for second reading of this bill. I have a number of reservations about it, but I think it is important that we get on with the job of supplying gas to rural Albertans. This is, I think, going to do just that.

Before I get into the body of my comments though, I would just like to suggest that I was interested in one thing that the hon. minister mentioned when he was speaking. He referred to Alberta Government Telephones and then went on to talk about the gas situation.

I wonder whether or not the government had an opportunity to read the Hanson Report on gas ownership prepared for the City of Edmonton in 1964. The reason that I raise that, Mr. Minister, is because the Hanson Report had been set up to assess whether or not the City of Edmonton should acquire ownership of Northwestern Utilities. The report looked at the situation and concluded that public ownership of natural gas distribution was wise, but not at the municipal level. The most appropriate approach for public ownership would be to establish a province-wide distribution system for the major cities as well as the rural points. Because that was a report which members from the city of Edmonton, Mr. Speaker, will know was the center of at least some controversy in Edmonton at that time, I would be interested in hearing from the minister when he closes debate as to whether or not his department had an opportunity to consider the merits of that particular report.

Mr. Speaker, the real choice, of course, is whether or not we proceed with co-ops or whether we set up a Crown agency to provide natural gas to rural Albertans. While the minister's argument suggested that because we couldn't spread over the costs from the cities to the rural points, somehow this led us to the argument that gas co-ops were preferable to a Crown agency. Frankly, I don't really think it makes that great a difference. It seems to me that all the arguments the minister raised can be applied either for or against both types of ownership. It seems to me, therefore, in assessing this question we have to take a pretty close look at the merits of the two major alternatives.

The rural gas co-ops are going to be very similar to REAs. A difference, of course, as the minister pointed out, is that the revolving fund of the REAs is

at 3.5 per cent. The interest rate which people who join rural gas co-ops will be paying will be prime plus one per cent, so it will be somewhere 7.5, 8, or 8.5 per cent, depending on what the prime interest rate happens to be when the gas is taken in. So there is going to be that difference.

On the credit side of the ledger Gas Alberta is almost certainly going to mean a better bargaining position for the co-ops. I think that without some sort of provincial brokerage firm such as Gas Alberta, the whole concept of rural gas co-ops would really flounder. So at least that is an important distinction. The REAs were forced to buy from the private utility companies. The rural gas co-ops will be buying from the government broker.

The problems of REAs - and I just want to make very passing reference to this, Mr. Speaker, because when we talk about rural gas co-ops I think it is good to take a look at the role of the REAs - I found in my constituency that the REAs really have very little to say any more. Alberta Power makes all the major decisions.

The one useful role they perform is not in any management sense but rather as consumer defenders. I think that is about the only useful function that they can provide which isn't really provided in one way or another by the power company itself. I have a number of examples - two very quick ones, Mr. Speaker.

A few months ago, we discovered in northern Alberta that Alberta Power, in the midst of all the timber we have in the North, had run out of power poles. But due to the rather aggressive intervention of the local secretary of the REA they suddenly found the power poles. So that in this sense the REA had been, I think, useful and had played a role as a consumer defender, sort of a junior Ralph Nader, I suppose, for farmers getting electricity.

But in terms of actually having any management role, I just don't see that the REAs perform much of a function.

Now, there are a number of questions that I have about the role of gas co-ops. I can accept the argument that if we want to get the program off with a bang and get as many farms as possible provided with gas as quickly as possible, the rural gas co-op route is the best one to take because you can take advantage of all sorts of volunteers who will go out and who will beat the byways and pathways of the problems, knocking on their neighbours' doors in an effort to get them into the co-ops. Certainly, I think that's an important thing that we can't dismiss lightly. There is going to be a tremendous amount of voluntary effort. The minister made mention of that, the hon. Member for Stony Plain, and he quite rightly pointed out the work that had been done in his area. Those of us in rural constituencies who see the efforts made by the board of directors of the various co-ops know perfectly well that in a sense the public gains, because of a good deal of voluntary work which wouldn't otherwise take place.

But my concern is, what happens once we get these initial service areas set up? Because, at least in the North, it's just not going to be feasible to supply gas to all the franchise area. So we're going to have to move on the basis of a much smaller service area.

My fear is that while this work will make it possible to move faster in the service area, what's going to happen once that is established? What's going to happen to make it possible to push out beyond the bounds of a service area and provide natural gas within the confines of the overall franchise area?

I suspect, Mr. Speaker, that we would probably achieve the final result - that is, more coverage, the maximum coverage - within a franchise area if we had a Crown agency that took the same tack in installing natural gas to farms as we have through the AGT program of rural telephone service. But I am willing to admit that in the first two or three years, my guess is that the volunteer labour that we can rely on will give the program a somewhat quicker start and will mean more people will actually have natural gas. The test will be whether or not more people will have natural gas five years down the road, or six years down the road, whether or not we'll end up with 55 or 60 per cent utilization of natural gas within a franchise area, or whether we'll reach 85 or 90 per cent utilization rate. At this stage of the game it is just not possible to calculate what the result would be, but my suspicion is that if we took the approach of a Crown agency and carried on a program such as AGT has undertaken, we would get more people hooked up in the long run.

The second question that I would like to raise, Mr. Speaker, and I would hope that the minister would answer this, is: how are we going to define reasonable cost? I think there should be some mechanism clearly explained as to

how reasonable cost is computed. The minister well knows that there is still an argument raging in this province over what "power at cost" means. There are many people who think power cost means costly power. But the fact of the matter is that we haven't really defined sufficiently what power cost means. As I read through the background paper here and also the position paper that was tabled in the spring, I don't see anywhere a reference to the mechanism as to how we are going to define reasonable cost. I suspect again, Mr. Speaker, that the government would be well-advised to try to nail that down as quickly as possible.

I listened with interest to what I thought was a reservation in the minister's statement today when he said that Gas Alberta could be a device for implementing the two-price system for rural gas consumers. I found that rather interesting and I would like him to clarify it because, quite frankly, it seems to me the only way we could make the two-price system work for rural gas consumers would be through Gas Alberta. But I would be interested in what the minister means. That again is going to be of interest to rural people as they see energy costs rising. They want to make sure that not only do they have some sort of vague general statement that two-price natural gas is going to be provided by the government, but I think they have a right and are entitled to know just what mechanism the government has in mind to, in fact, provide that two-price gas.

For most people, or at least for a lot of people, the conversion is a pretty marginal proposition between ... unless we see escalating propane prices, which is of course, a possibility.

I was also interested in reading over the act, Mr. Speaker, to see that while the co-ops themselves are going to be regulated by the Public Utilities Board and people who have complaints about the rate structure can appeal to the board, apparently Gas Alberta isn't going to be regulated by the board. Now, as far as I am concerned, I think that all public utilities should come under the purview of the board, including for that matter the city-owned utilities in this province. I think either you have a public utilities board which is set up to regulate rates across-the-board, or you don't. In my judgment we should be allowing certain exclusions. I am wondering why Gas Alberta isn't subject to the Public Utilities Board.

Still another question to which I would hope that the minister would respond is the whole question of safety. It was one thing for a REA to get started a number of years back, to get electricity in. I am just wondering to what extent we're going to have the necessary supervision to maintain the strictest possible safety standards. Because again, dealing with natural gas, it seems to me that this is an area where it will require a tremendous amount of pretty cautious supervision.

For example, the rural utilities directors: I understand that some training will be given to them but I, for one, would like to know, or be reassured that we will be providing sufficient funds from the province so that the counties, the municipal districts and what have you, are able to perhaps go beyond just someone who will take the job and then get some training, but perhaps will be able to hire engineering graduates and have the money to pay the kind of income necessary so that we can have pretty definite safety supervision.

One final question that I would like to raise, Mr. Speaker, is the issue of the contracts to put in the rural gas. While we don't have any evidence yet because it hasn't been tabled in the Legislature, I think that we should have some idea as to whether or not contractors are getting together to up the bid price, especially in view of the fact that we're picking up as much as \$1,300 a customer over and above the \$1,700 raised by the farmer.

In fact, is this \$1,300 going to be a direct subsidy for farmers to get rural natural gas or is a portion of it going to be bled off in the form of higher profits by contractors who see a large number of co-ops all ready to go at once and who unofficially carve up the business among themselves?

Mr. Speaker, in general summary then, while I have many questions, in my judgement, a better long-term approach would be the establishment of a Crown agency. I wouldn't be surprised that we reach this conclusion a few years down the road anyway. The fact of the matter is that there is a pretty strong and a very legitimate demand in rural Alberta to see installation of natural gas and because this act makes that program possible, I certainly intend to support it.

I just want to close. I notice a little heckling from the hon. Member for Drayton Valley over there. I wasn't going to mention this but about 15 months ago we had a debate in this Legislature on a provincially-owned power grid, to

take over, in effect, the responsibility of the REAs. The hon. member spoke very eloquently in that debate in favor of a provincially-owned power grid. I suspect that...

AN HON. MEMBER:

It's the same as his politics. He doesn't know whom he belongs to.

MR. NOTLEY:

...somewhere down the road that he will be rising in his place in this Legislature and speaking in favor of a provincially-owned natural gas corporation. But some of us on the opposition side are used to being ahead of our time. We'll welcome our hon. gentlemen to our point of view when they reach it.

But to the extent, at least, Mr. Speaker, that this is a start, I certainly support it and I would urge all hon. members to do the same.

MR. SPEAKER:

For the purpose of alternating equitably between the two sides of the House, could we have the hon. Member for Smoky River followed by the hon. Member for Cardston.

MR. J. MILLER:

Mr. Speaker, I would like to say that my constituency is Lloydminster and I am quite proud of it.

MR. SPEAKER:

I have provided an opportunity for the hon. member to say that.

MR. J. MILLER:

Thank you, sir.

There is no doubt in my mind that this rural gas act - we have another tremendous step forward in progress for rural Alberta. This is just another example of Alberta leading the way in Canada. I believe history will show, Mr. Speaker, that here in Alberta during the last few years and in the years to come, greater strides will be made in the development of rural Alberta than in any previous period.

I can well remember the days of heating our homes with wood and coal. I guess the reason I remember so well is that I was the fellow who had to bring in the buckets of coal, make sure that there was kindling to start the fire in the morning and take out the ashes. The job of banking the fire was an art and if the job wasn't well done we would find ice on the kettle in the morning. We always appreciated the quality of the good Drumheller coal which we got in those days.

However, the advantage of supplying natural gas to rural areas is not entirely that of heating homes but it is also a means of increasing farm productivity. I would remind the members that many times the margin of profit for farm commodities is extremely small, even going so far as being a negative margin. We find that right now the feedlot operators who are having to sell their fat cattle are experiencing a loss.

With the implementation of rural gas the producer will find many uses for this utility. He will heat his hog houses, resulting in greater feed efficiency and less loss of young pigs; heated chicken houses will produce more eggs; heated sheds for the cows which are having their calves will result in less loss in calving. We will have heated hothouses, so that the farmers can produce their own vegetables. We will have heated machine shops to enable farmers to work in their shops during the cold winter months. But Mr. Speaker, by far the most tremendous benefit for the farmers - and we will find that in the falls like we are experiencing right now, and it seems that we get about one fall in five, when we can't get the crop off because of wet conditions making harvesting impossible - is that of being able to dry their grain. Using natural gas and grain dryers to artificially drying grain will enable the farmers to harvest earlier, and not be so dependent upon the sun to dry the grain to a level where it can be safely stored.

I would also point out, Mr. Speaker, that the installation cost per farm is indeed reasonable, when one considers the many benefits to be derived from this utility.

In my own constituency there are also villages which will benefit from the rural gas distribution. This is only fair; all Albertans deserve a fair share of the benefits enjoyed by the people of this province from their ownership of the natural resources.

It is interesting to know, Mr. Speaker, that approximately 21 per cent of Alberta households remain to be served. This is estimated to be on the order of 40,000 farm families, and up 42,000 families in small towns, villages and hamlets.

I would also like to point out Mr. Speaker, that the system for delivery of natural gas to rural areas is indeed a very complex problem. I would like to congratulate the minister for having the intestinal fortitude to tackle this problem. It requires the establishment of priorities to ensure orderly development and will require the harnessing of all Alberta resources in the field.

The idea of establishing franchised areas as widely as possible will enable the maximum number of consumers to be reached and be hooked on. It is certainly hoped, under this system, to ensure a system covering 8 per cent of the potential subscribers.

An example of the co-ops presently being set up are: Lobstick Co-op, located east of Edson, in the Evansburg-Niton area, was incorporated in 1973, and has 332 potential customers; the North Peace Gas Co-op, located north of Fairview, has 678 potential customers; and the Big Country Gas Co-op, located in northern Drumheller area, has 245 potential customers.

Mr. Speaker, Gas Alberta is handling this undertaking. Gas Alberta is a section of the Department of Telephones and Utilities which will negotiate the purchase of gas for rural systems at a reasonable wholesale price and equalize rural gas prices to some degree throughout the province. Gas Alberta will be acting as the broker.

I would like to point out that the people of Alberta are looking forward to the implementation of this program. I hope that it has the support of all members of this Legislature.

MR. HINMAN:

Mr. Speaker, I want to congratulate the minister for a very good bill. Certainly I can see no reason for anybody to object to what has been done, and I will be surprised if the people of Alberta are not very happy about it.

However, I want to just point out to the hon. Member for Stony Plain that he's a little bit mixed up, like the cook who talks about the fine omelet and doesn't give the hen any credit.

As recently as two weeks ago, I took my grandson with me to pick up an implement, and there was a man there - it was at the jail, mind you - who had just bought a separator, a threshing machine, and my grandson asked me all about it. I told him how it worked and how the teams had to come in. He said, gosh, they were dumb in those days. And they were. I think he thinks the same about the idea of using horses. Why didn't we use tractors, and why didn't we have perma-press clothes?

Now, actually, there was an evolution, as the minister mentioned. Things come in their order. They may be hurried up a year or delayed a year by the willingness of somebody to sponsor them or the reticence of people to fall for them. I point out that now 20 per cent of the residents are not served with natural gas, but there was only about 25 per cent when the current government got busy on this. So, really, it isn't entirely a wonderful thing, though I'm all for it.

Now, what did happen? Had there been no gas supply, there would have been no rural gas plan, and that's why we are ahead of all the rest of Canada in this wonderful piece of legislation. I would point out to you, too, that it took a long time for the - what shall I call them - the appliances to be developed to make such a thing popular. Really, the most important factor of all is the affluence which has come to rural Alberta.

If gas had been ever so available not very many miles away and not too many years ago, the cost of changing from the old wood stove to a gas range would have prevented many people from going into this plan. Today \$3,000 doesn't mean very much, but some of you who were around when we were trying to sell rural electrification will realize how hard it was to sell because people just didn't have the money, and, of course, we didn't have the money to make loans. There I point out again, that it's wonderful for this government to be able to make loans, but had we been borrowing \$200 million a year for the last 10 years they might not have found quite so easy to do this.

The co-op idea had to evolve too, and it wasn't particularly a Conservative idea. In fact, the only really Conservative thing I see about this is the color scheme on that gas pipe.

The idea of cross-subsidization had to develop and it took a long time. I'm going to talk a little bit about that in a few minutes.

The evolution of equipment; it would have cost you many, many thousands of dollars more for each customer had they not developed the modern equipment. When you see them going along rolling out this gas pipe at the rate of 1.5 miles an hour in some areas, you have some appreciation of what the evolution in equipment has meant to get this done.

The development of plastics; when the old government first talked about this, it was conceded that we had to use steel pipe, and there was no steel pipe produced in this province in those early days. That too was an evolution that took place before the present government took over.

The pollution problem had something to do with it too, and the plain enjoyment of the niceness of gas to heat. Some of you will remember, my good friend from Red Deer South, when we just didn't heat all the house. You just closed up the bedrooms and took flat irons to bed wrapped in flannel to enable you to get the bed warm.

Well, things have changed, and I'm very glad of it. This principle of cross-subsidization is one that has been debated ever since I can remember. How far will we go in this averaging? It was taken for granted in the old days that if you went out in a remote area, you could buy land for \$2 an acre while it was \$40 an acre nearer to town, and that the difference in the price was a subsidy to you to haul your grain further, to have further to go for mail. This went right on into education. Rural people didn't expect any more than a Grade 8 education. Some of them didn't expect that. But things change, fortunately.

Each one of these is a step in what we may refer to as cross-subsidization. But, how far do we go? I found this a little bit critical in the House the other day when the Government of Canada suggested this cross-subsidization to make gas and oil available all over Canada at somewhere near the same price. Frankly, I wasn't much in favour either, because I'm one of those who'd help to pay, and I have some Scots ancestors. How far do we go? We know we are not going to be in favour of subsidizing the users in Saskatchewan and those in Manitoba to sort of equalize the rates, but there are many other fields where perhaps we are going to get further.

One of the factors that has not been discussed is how much extra subsidy do you give the man who is in a position to use a lot more gas? Suppose he has a big farm and he has four married couples living in four residences. He also has the big shops that one of our members mentioned, or an irrigation system and natural gas costs less than half what propane does. Should he get the same total subsidization as his neighbour who can't use that much?

I'm not going to be critical of the way it is done, because nobody can work out a plan exactly. But I say that we did go into this in many ways. We extended the highways to villages and to towns where the use would never justify it, where the people never could have afforded it. It is good because it is making a better society.

We didn't, however, suggest subsidizing the cost of dental service in Fort McMurray a year ago last spring when we were discussing it in the House. We took it for granted that if a dentist doesn't want to go up there, if he wants a higher price because he is there, that that is all right and the people who went up there will just have to get used to it.

I am just pointing out how far we may still go. All of our hospitalization plans, all of our medical service plans are cross-subsidization, and perfectly good as far as I am concerned.

When it comes to the servicing of these facilities, they require very, very little. I have been interested in it ever since many years ago when my own little town was interested in putting in gas. When we were just about ready to do it along came the gas company with lots of money to advertise, and fine speakers, and halls, and converted the people into believing that we shouldn't put in our own gas system, oh no. They did the same in Pincher Creek, and what was the result? Both of them paid for their whole gas systems in five years, but we are tied to a rate. Nobody at that time, of course, got too excited about it; that's what happens.

But it is going to bring me to one of the points that I want to ask you to be thinking about. I am not going to propose that this bill be amended this year. I think we are pretty lucky to start with it where it is. I am going to point out some of the very fine features of this act before I sit down. I want you to keep in mind some of the things that may be satisfactory in the future.

When we set up the REAs we didn't tie the REA to any source of electricity for very long. As I remember, at the end of ten years they could renegotiate. When the natural gas came, some of them have actually considered setting up their own generating plants, and may do it. Then, of course, they have the problem of emergency supply. Will the government make it necessary for the big power companies to supply them with alternate electricity in case of emergency?

These are things that came up with REA. The REA required a considerable amount of servicing - lots more than natural gas - and so the ownership by private companies wasn't just as advantageous as it will be to have these gas companies. There can be emergencies, but in general you have one man servicing a whole area. I am going to say that Canadian Western Natural Gas has given good service, far beyond what you might expect. People are always calling them to come out and fix some failure that has resulted from stupidity or misuse.

Now, my point is that in the future we may want to amend this bill to permit co-ops to buy out the franchise holders in other areas. One of the reasons is simply that when they put these lines in a franchise area they do not tender the actual installation of the system.

I faced that too in the circumstance I talked about. I had contractors in this province ready to put in the gas distribution systems in Pincher Creek and Cardston at about 65 per cent of the actual cost the gas company incurred.

I had the same experience when I wanted to electrify an irrigation scheme. We watched those fellows work; we could have put the scheme in ourselves for half that cost, but we were not permitted to: this is high-voltage electricity.

So I am concerned that sometime in the future we make it possible for co-ops to buy out the franchise areas. When that happens it will be necessary for the government to make a provision as to the price. In instances such as Fort Macleod where they discussed doing this, the gas companies admitted that their lines, which had been in 50 years, were still almost perfect. They thought they ought to get the same price that it would cost today to put them in. This was 20 times the original cost. We may be talking about that at some future date too.

There are a few other aspects of this that are pretty good. I was just wondering when I looked over at the hon. Minister of Agriculture if, with his research, he couldn't develop some breed of cattle that could convert this gas immediately to beef. It isn't out of the question when they tell us they can now make margarine out of the stuff. You never know what can be done from here on.

AN HON. MEMBER:

You can make protein out of it.

MR. HINMAN:

The very good features of this act that I am going to mention are these:

First, under regulations on page 4, you've done something that perhaps should be in every bill. When I say "you" I'm out of order, I know, but the hon. minister has seen to it that the areas where he may make regulations are pretty well defined. I think that is certainly in keeping with the democratic process.

On page 7, "The Minister may waive compliance with any provision of this Act ..." Now I think that was a very important clause because, as time goes on, you

are going to run into very special circumstances where it would be wise, and to nobody's disadvantage, for the minister to be able to change some of these things.

Going to page 10, I found Clause 16,

(1) The chief officer, on his own motion or upon application, may, subject to the regulations, amend a franchise area approval.

(2) The chief officer may, in lieu of making an amendment to a franchise area approval, issue a new franchise area ...

I have some experience with that in my own constituency. We have a franchise area under Canadian Western Natural Gas. They came out of the little area of Glenwood-Hill Spring where the farms are irrigated, and pretty close together. They signed everybody up and took cheques from all of us - I happen to have a farm there too - but along toward the end of the season, when it was pretty late and they wanted to stop, they found an excuse to leave some 16 farmers unserved because they said one farmer wouldn't let them go across his land. Well, I pointed out that I thought they could do it. There is a means of doing it.

When I talked to the farmer he said, "Well I didn't actually refuse. I came out one morning and found crews driving through my freshly irrigated fields. I asked them what they were doing and they said they were surveying a gas line. Being a little hot-tempered I told them to get the heck off my land." Then when they came back to discuss putting it through, he said, "Well now, just what are you going to do? When are you going to do it? Are you going to start going through my fields right now? Are you going to shut off my irrigation water while you go under the ditch?" They began telling him what authority they had. In the end he told them again where they had better get off, and they didn't go back.

But they didn't come to the people who were concerned and ask us if we might mediate in this instance. So now these people have been told this year, two years later, that they could be served by an alternate route, but the cost is going to be up \$400. I suppose they look at this nice grant that the province will afford them and say, well, it won't hurt you people anyway. It might not, but I don't think we ought to tolerate that kind of thing. That is why I am glad of those sections which permit the minister to make some changes.

I like Section 23, page 12, where it says there can be a review, because I think in the future we would like some reviews. Out of the reviews will come some changes in the legislation.

Then on page 15 we have the Gas Alberta, I think a splendid plan. I was a little startled to hear the minister say there was going to be a surcharge, but I don't suppose that is bad when it goes to a good purpose. I had hoped he would try to average out this cost so that in the end everybody gets an advantage, and I hope they still will. At least it assures that every co-op can get gas, that the supplier who has gas in the region can't withhold it. I think that too is a very splendid clause.

When you come to individual taps I think experience will teach us a few things. If somebody had an individual tap previous to last spring, he's fine. Now he may have some problems.

What I'm thinking of, in the areas where people are beginning to use sprinkler irrigation, where gas is a cheap and very fine fuel, many of them live along gas pipelines. Well, all there is to tapping a line is that they have an instrument and it doesn't matter how high the pressure is.

The lines going across our own particular property are running at about 3,700 pounds, but when they went to hook us in it only took them 20 minutes. They had big clamps they put along the line, they have a valve that they pressed on with great pressure and then they simply drilled through and shut the valve off. Very simple, but they have a rather exorbitant charge for doing it.

But what I'm really coming to, is it going to be necessary, when you have these lines going clear across your farm, to go to the gas company or the co-op and say, now you run a subsidiary line right beside the other one sometimes and sometimes not around my farm to serve me. Or is it in the best interests of everybody to permit these individual taps? If there are individual taps in franchise areas, then it seems to me that the rate they charge need not be the same as they charge for domestic fuel. Actually they are always glad to give

you this gas in the summertime when the lines are under least pressure and when the supply of gas is greatest.

At any rate it is possible to get these individual taps and I think it was a good piece of foresight on the part of the minister to do it.

The rest of the act, of course, is just what is necessary to make the other acts fit in. I'm going to support this bill rather wholeheartedly. The things I have said, I think, simply mean that in the light of experience we may want to make some changes. We may want to extend this cross-subsidization and as long as we do it as it's being done here, I like it. Maybe we can't make the city people who got the cheap gas in the early days share the rate with us, but they are going to pay a considerable part of the taxation from which these subsidies will come, and I think it's perfectly proper for it to be that way.

In the light of experience we will gain considerable knowledge and perhaps be willing to amend this act to make it work even better.

The whole matter of energy may change the picture of things too, and we have to keep that in mind. I think there will be areas served today with subsidy where the people who took the gas will not use it. In spite of the minister's best efforts, in which I support him wholeheartedly, the number of farm units declines and we don't know whether the people will continue to live there. But I do think that if the government follows its policy of doing all it can to make rural living attractive, many of them may stay there.

I could tell you, I think some changes have to be made in the municipal act, and others, to permit them to maintain, or somebody to buy just those buildings which are already there. It's all right to say that these have to be taxed separately, and to soak them the same as you do in the city, but I think there is a place where some cross-subsidizing may be necessary to keep them on these farms that are already serviced. What I mean is, if a fellow would rather buy a good farm home that exists and is going to be deserted, and if to do so he has to commute 20 miles to work, then there has to be some cross-subsidization in the taxation scheme to make use of these things. We have the same problem in the schools and we've been attempting to use these things to meet it.

In the end, I would urge the members to support the bill. I congratulate the minister on the way it has been done. I think he has had foresight in almost every aspect that I could have conceived. But I would like to put to the member that the hen had something to do with the omelet.

MR. SPEAKER:

The hon. Member for Camrose followed by the hon. Member for Wetaskiwin-Leduc.

MR. STROMBERG:

Mr. Speaker, I certainly enjoyed the remarks made by the hon. Member for Cardston and his talk of the good old days of chickens and eggs and threshing machines, and sadirons in bed and horses and hauling grain and his barefoot days. Fortunately, Mr. Speaker, my memory does not go back 60 or 70 years. I find it quite strange that the memory of the hon. Member for Cardston does not even go back 4 years. But fortunately mine does. At that time I had the opportunity to sit in the members gallery here when the late Len Werry questioned you at that time as to why you would not finance the ...

MR. SPEAKER:

Would the hon. member kindly address the Chair.

MR. STROMBERG:

They're playing games on me over here, but those were the days, Mr. Speaker, in the twilight of the Social Credit government. Under those circumstances I can certainly see why the light went out for them.

Mr. Speaker, today's kind of farmer ...

[Interjections]

MR. DIXON:

... clarify the situation. I'm sure the hon. Member for Camrose wouldn't want to mislead the House. But the hon. Member for Cardston was not in the House four years ago.

MR. STROMBERG:

But I believe you were.

MR. DIXON:

You can't remember.

[Laughter]

Mr. Speaker, I don't know where I come into it. I'm listening with rapt attention, but I just didn't want the member to mislead the House. There were some of us here and there will be some of us here for a few years longer too.

MR. STROMBERG:

Well, I question that last statement.

Mr. Speaker, I would like to point out that it's absolutely essential that today's kind of farm be serviced with natural gas. Not only in the heating of their homes, or in the appliances that they have in those homes, but grain dryers, dairy barns, hog barns, poultry operations, definitely need a large supply of this Alberta fuel. Our villages, towns and hamlets today have signed up for rural gas with the attitude that it has really been a godsend to their communities. Now the farmers in that community can retire in their own towns and have all the facilities of a larger centre,

[Mr. Diachuk in the Chair.]

Mr. Speaker, there are 16 gas co-ops under construction today in the province: Paintearth, North Peace River Gas, Battle River Gas - which is in my constituency, Pembina River Gas, another one for my constituency - South Flagstaff Gas Co-op, East Central Gas, Laco Gas, Lobstick Gas, Ste. Anne Gas, Barrhead, Westlock, West Sturgeon, Leduc West, Erskine and district, Crossroads Gas Co-ops and West Parkland Gas. I would like to convey to the minister and to the members of his department the appreciation of the executive and the members of the Battle River Gas Co-op for the cooperation, encouragement and help given to them in the refinancing of their co-op.

MR. HENDERSON:

Mr. Speaker, I really hadn't intended to get into this debate - you know, those famous last words - but I really felt that I should get up and offer a little bit of advice to some of the government members. I am convinced the road to political oblivion lies along, believe in your own political propaganda. I think the hon. Member for Stony Plain, and possibly the member who just spoke, seriously have to look at whether they believe some of the things they have been saying because in my view, if they really do, they are in pretty serious political trouble already.

Be that as it may, Mr. Speaker, I intend to support the bill, but I do think that it's not unreasonable to point out some of the pitfalls I think the government should be looking towards. I think the Member for Cardston very adequately mentioned a number of them, probably most of the ones that would concern me, but I think they should not be overlooked at this time.

I come back to the question of political propaganda when it comes to taking my comments into account and looking at the fact that a number of us now sit on this side of the House. I recall hearing in the extreme some political supporter of mine arguing very vociferously that Social Credit was responsible for the fact that oil was in the ground. I think the arguments about the responsibility of the present government in this regard could be exaggerated up to the same degree so far as the applicability of this particular program.

Certainly there could be no doubt about the fact that technological development in recent years relative to ploughing in now aluminum, previously plastic, pipe is probably the biggest single factor that accounts for this program being feasible now. It simply wasn't a very short use ago. So, I suggest to the hon. Member for Stony Plain to remember when he gets ladling out

the political laurels to his gentlemen who occupy the front benches opposite, that there is quite an element of good luck in the fact they came along at the right time and became the government, because five or six years ago they'd have had some difficulty just as we would have had, or did have, in trying to formulate a policy.

One of the things that bothers me, Mr. Speaker, and it bothers me to some extent about this program, is the attitude that politicians are doing the taxpayer, the public, a favour when they loan him money. I'm sure it has been the experience of anybody with calender years to their credit, that there are an awful lot of people who get in an awful lot of trouble by having too much money loaned to them at too easy terms. When one looks at some areas where the gas co-ops undoubtedly are going to be in high demand, I think the government has got to anticipate some difficulty down the road in some of these areas. One only has to look at the size of farmsteads in the Province of Alberta going from south to north and it becomes very obvious as one proceeds progressively further north in Alberta the size of the farm units become smaller. I think one of the prime factors is that northern Alberta to a large extent was settled at a later date in the evolution of the province. This isn't entirely true, but basically.

I have to go along with the remarks of the Member for Cardston that there are going to be some areas in the province, notwithstanding the best efforts of this government or any other government, where the farm populations are going to decline. The question is a matter of when. The economics of putting in the rural gas system can be very attractive now, with the present farm population. But one doesn't have to extrapolate too many years in the future.

Notwithstanding government policy, if the same trends occur in some of those areas towards consolidation of farm units into larger units, there is bound to be a decline in farm population. Co-ops that have borrowed money, substantial amounts, to put systems in under present conditions, on long terms and 85 per cent co-op responsibility, I think could very definitely find themselves in financial difficulties in some of these areas in the years to come, I think this is a possibility, a probability.

This doesn't mean that the program shouldn't be proceeded with, but I do suggest, Mr. Speaker, that it's wise on the part of the government to anticipate this probability to some extent. To that end I support the views of the hon. Member for Cardston regarding the depreciation on the investment in some of these systems. I think this applies not only to the co-op, but particularly where the government is making grants to private utility companies. Surely to goodness, the regular utility laws relative to investment depreciation and so on shouldn't necessarily be taken into account in some of these cases.

I'm mixing two things up here; the private utility companies and their eligibility for grants, and the co-ops. In the case of the private utility companies, I would sincerely hope that the government does not get too deeply involved in lending grants to some of these small promoters who are liable to get into the business. I don't know how one prevents this, but I know the Minister of Agriculture and the Minister of Telephones and Utilities are fully aware of the difficulties in Wetaskiwin West where they formed a co-op, borrowed substantial amounts of money guaranteed through the co-op, and then made a deal with a private utility company. The company has gone bankrupt and the co-op, in effect its equity, the money it has put into the system, basically has not been protected. As I say, I know the government is fully aware of this but I mention it simply to point out that I hope provision is made in the bill for the eventuality and the possibility of the government having to take over. At least not in the bill but, I should say, in the policy that they are setting up. The government may eventually have to take over and operate some of these co-ops. I think this is a distinct possibility.

I think looking into the future, one also cannot but look at the REAs and wonder as a matter of policy, whether at some point in time this won't become desirable.

I, as a member of the Legislature, completely aside from which side of the House I sit on, concluded when I sat on that side of the House that maybe some of the problems that are developing within the REAs have reached the point where the province should entertain the possibility of taking over and setting up a Crown corporation to operate the REAs. I didn't feel it necessary that the province had to get directly into the operating business. They could still contract it out. But I think the power companies, in the case of the REAs, have gotten around to the position of believing that they owned the REAs. They owned the system, and they could dictate everything that happened to them.

Maybe with the co-ops, it would appear that the substantial portion of the gas co-ops are going to be self-operated or operated by the management of the co-op, some of these problems won't develop. But I do believe that this possibility should be kept in mind and allowance made for it in formulation of public policy to take care of these prospects as they go down the road. At least if we're committing several millions of public dollars to the project at this point in time, then certainly we want to be assured that that investment is fully protected in the future.

One of the things that I'd like to agree with is a remark from the Member for Spirit River, whom I don't agree with on many things, illustrating that he and I represent the left - east, no not the east-west, but the left-right coalition party in this Legislature, I'll support him on this particular item.

I do think there is a lot of merit in the argument that all utility companies in the Province of Alberta, including Gas Alberta, should be subject to the Public Utilities Board regulation. It's always been incomprehensible to me, even on that side of the House, why for example the Edmonton utility system shouldn't be subject to the same stipulations as is AGT, for example.

The town I live in owns the gas system, and it's a good money-maker for the town. I don't see anything whatever wrong with the town-owned system being subject to the Public Utilities Board requirements. I'm really wondering what's wrong, in keeping with that principle, with Gas Alberta coming under the purview of the Public Utilities Board. I don't think the government is contemplating it as a money-making operation, but when it does get into the question of equalization of sale prices, and so on, it would provide some review body to examine what the equalization policies of the government are. I think it would be a step in the right direction that would hopefully lead, before too many years pass, to all utility companies publicly or privately owned, coming under the purview of the Public Utilities Board.

So Mr. Speaker, I would repeat again that it's my intention to support the bill, but I do once again suggest to some of the gentlemen seated opposite me there, ladling out the praise on the legislation, to bear in mind that the road to political oblivion is best assured by believing one's own political propaganda. I was just getting a little concerned that some of the gentlemen seated opposite were afflicted by that particular political problem.

Thank you.

MR. SORENSON:

Mr. Speaker, just a few comments on the principle of this bill, The Rural Gas Act. There has already been a volume spoken on this bill, and there isn't too much left to say about it, but I did want to get on record as supporting the bill.

The Alberta farmer is a genuine miracle worker. Now, and I suppose I should underline that now, he'll have natural gas on the farm.

Down through the years we have had many advances on the farming front. We've had electricity, buried telephone cables and rural sewers, to mention just a few. So the miracle farmer had a miracle government working side by side from the early '30s until 1970, and a good foundation was laid. I feel that the Alberta farmer has no equal anywhere in the world when it comes to farming. He must combat and overcome obstacles of weather; hail, early frost, early snows. He must combat these. It was ably pointed out by the Member for Lloydminster that with the drying systems he'll be able to grow more of these grains. He certainly will. Rape has become one of our major grains, and now we'll have natural gas for a rape processing plant in my constituency. Right, Mr. Minister?

Well, countries around the world are seeking our livestock. There's no doubt with rural gas in our farm buildings we'll greatly improve on the quality and quantity of our livestock. Yes, the Alberta farmer is truly a miracle worker.

Mr. Speaker, I'm an Alberta farmer first, and a Sedgewick-Coronation farmer second. And oh, how I enjoy getting things for my constituency. We're getting the gas. Thank goodness we are on the same plane as PC constituencies here. We have the money and we are getting the gas.

I see a favouring-friends-and-a-punishing-enemies policy in many areas of the present government, but not in this bill. The coming of natural gas to our rural areas will certainly be of benefit to all Albertans.

I'll expect to have a little more to say on the bill when it comes into committee. Thank you, Mr. Speaker.

MR. TAYLOR:

Mr. Speaker, I want to make two or three comments in connection with the bill.

First of all, I want to support the extreme left and the extreme right coalition in connection with the Public Utilities Board.

I'd like to expand on what the two hon. members said. I really believe that all utilities should come under it, including Edmonton Telephones and propane. I don't think it's fair at all for AGT to be required to go to the Board of Public Utility Commissioners for telephone rates, and the Edmonton Telephones does not. Its rate can simply be approved by city council.

I can't see anything wrong with the Board of Public Utility Commissioners having under its purview all public utilities, as the name implies. I think this is something the hon. minister should keep in mind as we progress.

The other thing that I'd like to ask the hon. minister to do - and again this was referred to by the hon. Member for Spirit River-Fairview - is to review the pros and cons of REAs today in regard to whether they are performing a function, whether they are getting the best price possible, or if they are being taken in by the power companies. You can hear arguments on both sides.

I would think the government would do the people of this province a real service by making an objective review of the REAs to see just what they are doing, what the power companies are gaining from them, and if there is any real merit in retaining them as REAs, or bringing them under a Crown corporation.

There is one point I'd like to bring to the hon. minister's attention in regard to the co-ops, and that is to ask him, when he is dealing in closing the debate, about the retracted areas that he mentioned.

I have in mind a town, a town such as Gleichen, where there are 130 places of residence, where they could put in gas at probably \$50,000 to \$65,000. Number one, will the government require that the town form a co-op?

There are some difficulties in regard to this because you have two organizations. You already have the town; the office, the collecting ability, the town council. If you form a co-op you have another body that is going to have to set up similar duplication. Probably the total cost of the two miles of line in that town would be \$65,000 at the very most. If the government picked up some of this it would certainly make gas possible for the people there. Say they picked up \$150, it would still be quite a saving to the government and still provide gas to the people at a lower price.

I think one of the things the hon. minister will want to pursue is what effect this will have on the formation of a co-operative from six miles east of Gleichen on towards Calgary. There is an area there suitable for the formation of a co-op and we are actually working on that. I think everyone there would want to know the effect it would have by having Gleichen under a program of its own as against having Gleichen part of that very large co-op.

I personally think, without any detailed survey, that the area is going to be large enough for a co-op without the town of Gleichen and it might be advantageous for the government and for the people of the town to work out some kind of plan. If a co-op is absolutely essential, I suppose the town could form a co-op and the people could make the town council the board of directors, and so on, but the people there, I gather from discussing the matter with some of the elected officials, would like to see it done as a town rather than as a co-op.

I would appreciate the comments of the minister in regard to this particular point to see if there is going to be some way of handling this or if a co-op must be formed, irrespective. There are certainly some advantages and disadvantages either way. I certainly hope that the town of Gleichen can be considered and its desires can be considered to see what effect it would have there and on the future co-op.

The only other point I would like to mention, Mr. Speaker, on this particular bill, indirectly connected with the bill, is the effect on the price of fuels to those who are, you might say, back in the sticks: those who, it is found, cannot secure the natural gas, when the market is so reduced there may actually be an increase in price for those who must continue to use coal or some other types of fuel. I would hope that the hon. minister would have some very careful program worked up so that these people will not be penalized because they are at a distance that makes it impossible for them to be part of a co-op.

MR. DIXON:

Mr. Speaker, there is one subject that hasn't been discussed tonight. I would like to bring it up in order that the minister could enlarge on this problem because it does involve a lot of people in Alberta, in particular, almost every community outside of the major cities. That is the propane industry. They are quite concerned as to what is going to happen to them.

Some hon. members have touched on the fact, what about the people of this 21 per cent that haven't been served with gas. We will probably find out that, of that 21 per cent, there will probably be 10 per cent still using other types of fuels, regardless of what sort of plans the government may bring in, even if they increase their subsidy. They are concerned with the fact that, of \$116 million that is going to be spent in the gas program, almost \$42 million is going to be non-repayable grants. In other words, taxpayers money is going to be used to subsidize the plan, and the propane industry naturally is concerned.

The industry is a big industry and it has a lot of things in its favour, for all we may be carried away with the thought that everyone should get natural gas. That is a nice thought because it is a cheap, clean fuel, as has been pointed out, but there are situations where we are going to need propane. I notice that in the government plan they are going to subsidize those people by some \$250 maximum, paid to propane and fuel oil users. That is going to be small if the propane rates get so high. Not only the rate of the fuel, but I think where the cost will come in will be the fact that the people who are servicing propane will probably have to go 30 or 40 miles out before they find their first customer. This is going to have the effect of reduced services plus higher costs.

The propane industry should be looked at as another matter. Most members, I think, have a copy of the recent report of the Department of Mines and Minerals. I think we should take into account that the discovery of natural gas has only doubled - I should say, the production of natural gas has doubled, say in the last five years, but the production of propane has tripled in the last five years. It is a very clean fuel, just like natural gas. We should do everything to see that we keep the propane industry healthy. I think it is important because we are still going to have to use it.

I believe we should do a lot of research, as this program goes forward, because even with the program just starting - I notice the hon. member, Mr. Speaker, was talking about Stony Plain and the gas co-op in the Onoway area. If you divide \$900 and some odd thousand by the number of customers, it runs about a \$1,000 a customer. This is fine, but as you go farther afield you are going to run into greater costs, a greater amount of money being put in by the individual and greater subsidy by the government. This is when you have to look at the propane and natural gas aspect.

I noticed tonight, Mr. Speaker, there was a lot of talk about what the former government hadn't done as far as the natural gas supply is concerned. I think it is a real credit to any government that, up until 1971, there were only 21 per cent of the people in Alberta who didn't have natural gas. Somebody must have brought in a lot of installations, whether it was the former government or private enterprise. Somebody should be getting some credit, at least, for what has gone on. If there is any criticism to the government opposite it is the fact that they seem to pooh-pooh anybody that had anything to do with the province prior to 1971. The hon. Member for Camrose went to great lengths to sort of ridicule the hon. Member for Cardston on the tough times that some of the early people had in building this province. Some credit, not ridicule, should be given to them. I say that in light of the fact that it was individuals who built this province, not governments. They should be given credit for what they did.

AN HON. MEMBER:

Don't forget the Social Credit helped a little.

MR. DIXON:

The hon. Member for Stony Plain - I don't believe he is in his seat at the present time but I would like to remind him that working for a utility company other than natural gas, I wonder what his boss will say tomorrow after he reads Hansard. They are always talking about clean fuels as an alternative to natural gas but according to the hon. member and the company he works for, natural gas has it over everything else that he has anything to do with. He is going to have a conflict of interest before he realizes it.

[Interjections]

I like the suggestion of the hon. Member for Cardston too. He mentioned the fact that maybe we should look at it through the municipal act. There are cases where some of our farms are being deserted - nice, good, substantial homes - which could be used with a change in legislation. Many of those homes being deserted have natural gas in them already or are serviced with natural gas.

This is one of the reasons I am getting back to my original suggestion of propane, Mr. Speaker. We must look realistically at trying to service areas with natural gas in view of the fact that some of our farm population is actually decreasing. A co-op might put a lot of money into gas lines which won't be used if the house or the farmstead becomes deserted. We should, in cooperation with the propane industry, keep it as healthy as possible. We'll certainly need the propane industry even if the government program reaches the highest expectations of all the members in this House. I go

I go along with the other hon. members in the House in supporting this bill, but at the same time I think we should look at the fact - and I'm going to close with these remarks - that propane is a fuel that is increasing in production, and should be used wherever possible. Also, propane is a fuel that can be used in emergency cases and in cases where there is some doubt as to whether the farming community may lose its population. Those are the areas where I think we should be encouraging further use of propane rather than pushing natural gas.

Thank you.

DR. HORNER:

Mr. Speaker, I'm a little bit like the hon. Member for Wetaskiwin-Leduc tonight. I hadn't intended to take part in this debate, but after having listened to my hon. friend for Cardston, for whom I have a great regard, and having listened to my hon. friend for Wetaskiwin-Leduc, and having a fairly good memory - on occasion - I recall those days when we were in opposition. I recall some of the speeches made in those days, particularly a commitment, not of the former Premier, but the Premier before the former Premier, in which we got him to commit in this Legislature, back in 1968, that he, in fact, would take it upon himself to have a look at franchising the Province of Alberta so that we could have a rural gas distribution system. That wasn't in 1971 or 1970, that was in 1968.

Unfortunately after he decided to step down we heard no more. In spite of repeated requests of the minister in charge at the time, the Minister of Industry and Commerce, we heard no more about any kind of rural gas plan for Alberta, in spite of the fact that a number of us on the opposition side at the time pointed out what was happening; that there were little pockets of density along pipelines that were getting serviced with natural gas by the pipeline utility company and that, in fact, nobody else was getting serviced. The factors that came into play were: the question that we didn't have any plan for rural gas distribution in Alberta; that all of these things were being done on an ad hoc basis in spite of the fact that we continually pressured the previous government to set up some kind of policy so that, in fact, we could develop a province-wide natural gas distribution system.

I want to say immediately, Mr. Speaker - because I've been involved, having regard to some responsibilities in co-operatives and to some long-standing interest in the matter of rural development - how pleased I am with the ability of our present minister to grasp the needs that we have in rural Alberta concerning natural gas and concerning this bill. I can't say enough about the kind of aggressiveness, the way that he has gone about providing that particular need.

But I guess really the thing that brought me to my feet was the sort of looking-down-your-nose comment from the hon. Member for Calgary Millican to us people in rural Alberta. He says, well, you know, we've got a lot of propane

out there and surely that's good enough for you country bumpkins, and why don't you use it? Well, Social Credit went on that for a number of years, and said, well, you know, you've got propane out there, you've got lots of propane and you guys should be using it. Now you don't have any business having natural gas; that's for us city people and us town people.

If the hon. Member for Calgary Millican would just venture out a little and find out what is going on beyond the realms of his rather confined existence, and have a little broader perspective than to castigate a member of this Legislature in regard to his job - [a member] who is still willing and able to stand up and represent his constituents in spite of that job - then I quite frankly think it is pretty small of that hon. member to even comment on it.

AN HON. MEMBER:

Take it easy now.

DR. HORNER:

Now, let's talk for a moment about propane and bring the hon. member up to date. It may be a real disservice to use propane as a fuel in this province. In fact, propane may be far more valuable as a feedstock in the petrochemical industry. Indeed, if my honourable colleague in the Department of Industry and Commerce can't use it, I can tell him - as, I think, my honourable friend from Cardston - how we could use it. As a matter of fact, Mr. Speaker, there are processes now in the pilot stage in which single cell protein is being developed, feeding on hydrocarbons. It may in fact become a very valuable source of basic protein, not only for animal feeds but for human feeds.

There are much greater things to do with propane than to use it as a fuel for us poor country people. Really, it doesn't matter when it gets 40 degrees below and the propane closes off, or the snow blows and the propane truck can't come in. That's okay, we're used to that kind of thing out there, so we can put up with something else for a little while until we can get some more propane ... Well, that's the attitude of the former government to everybody who lived outside the Calgary-Edmonton corridor. It was: well, you know, you poor fellows really, we can't understand why you are living out there; we'd really like to help you, but if you'll just move in here... Then they come up and say we're going to have depopulation of the farms.

AN HON. MEMBER:

Tell it like it is.

DR. HORNER:

Has my honourable friend been out lately? Does he know that there are several thousand more people working in agriculture in Alberta today than were a year ago? Does he know that every town in Alberta is now growing at a comparable rate to that of the two major cities?

AN HON. MEMBER:

They're in the Civil Service.

DR. HORNER:

Well, even that's a pretty big step, from what was happening before, you know; a pretty big step. Another interesting thing is that some of my honourable friends who are now complaining, are those writing the most letters saying: the next time we decentralize, can't we have one out here?

Sure, they're in the Civil Service. And sure government should be a leader in trying to do something about the general growth of the province, decentralizing the growth and having a balanced growth throughout the province. That's something we harped on for four years.

So when my honourable friend gets up and talks about the depopulation of the farms and about propane - of course, there has to be some consideration to those people who have had an interest and an involvement in the provision of this service in rural Alberta. My colleague, the Minister of Telephones and Utilities, has made that consideration in giving them preference in municipal utilities jobs and finding whatever other satisfactory accomplishment we can for them. But to suggest that because there's a lot of propane and that it is a satisfactory fuel - well, Mr. Speaker, that made me get up. Because I thought

we'd got rid of that country-bumpkin attitude on the part of government a long time ago - at least since August 30, 1971. I just don't like it rearing its head again.

MR. CLARK:

Mr. Speaker, ... those notorious words. I hadn't planned to become involved in this debate until ...

I think perhaps the most accurate thing that the Deputy Premier said was in the first portion of his comments, when he said: "I have a fairly good memory - on occasion." Then he became involved in everything from country bumpkins to the petrochemical industry, to feedstocks, to a number of things.

Let me simply say three things. The first is this. It becomes very clear in this Assembly that all members, or most members, are going to support the legislation which is before the House. That is a credit to the Minister of Telephones and Utilities and we're pleased with that. But in saying that, I think there are two or three things that Minister of Utilities should well keep in mind.

One of the areas that perhaps impinges upon the use of the rural utilities branch of his department, and is covered in PART three of the act, deals with the problems that rural Alberta faces when they start to negotiate with the distributors now. I think especially in terms of rural towns in this province. The minister might very seriously consider making the services of this branch, his rural utilities branch of his department, available to the towns, villages and hamlets across this province, when they become involved in negotiations with the various gas distributors.

I know from my own particular constituency, that the town of Sundre has gone to The Board of Public Utilities Commissioners and found that the board can be of no assistance to it in dealing with this problem of renegotiation with the particular company involved. Whether it applies to Sundre or other areas across the province, when we are dealing with the question of The Rural Gas Act, in addition to looking at the farmers - and I think there is legitimate concern there - we should also look at the rural growth centres in the province and some assistance in helping negotiation in that particular area.

With the question of propane, and the comments made by the member for Calgary Millican and also the Deputy Premier, I'm sure there are very few members in this Assembly who wouldn't agree with the statement that regardless of how successful this program is, there are going to be farmers in various areas of this province, for one reason or another, who are not going to be able to have natural gas services.

It's all well and good to talk in terms of the \$250 subsidy for the provision of the tank, or a certain percentage, whichever is less. I support that program, but let me say this. In the long term, the government could perhaps do a great deal more for those people who aren't going to be able to use natural gas, by seeing that the price of propane doesn't fluctuate the way that it has over the past number of years. I don't know the price in our particular area right now, but it's gone up four or five cents. It's almost like a yo-yo.

So if the minister can use his influence on his colleague ahead of him, the Premier or whomever he has to use it on, to see that those people who do have to use propane - for the reason that they have no other option - have an opportunity for some stability in the price involved, this, I think, would be an equal kind of service to those people, as is intended for the users of natural gas, in this particular legislation.

The last point I want to make is this. There has been some reference to the left-right or the right-left coalition, talking in terms of expansion in the role of the Board of Public Utilities Commissioners, so that, in fact, they would sit upon applications for rate increases regardless of who is trying to increase the rate. I think that's a good suggestion, one, it appears, many members on both sides of the House would be prepared to support. Certainly it is one I'd hope the minister would have a look at. While we're talking in terms of things moving so quickly, who knows, the minister might be able to bring a recommendation back for the spring session in that area.

MR. HARLE:

Mr. Speaker, I'd just like to add a few comments to what has already been said, particularly in discussing the area of what is known as the urban consumer

in this rural gas program. By definition, I think, we would have to say that urban consumers would be those people living in the small towns, villages and hamlets not presently served with gas.

Many urban consumers will benefit under the rural gas program. As of last Friday, I understand, where gas co-operative areas have already been established, there are approximately 2,000 potential urban consumers. This does not include the numerous acreages and cottages which will also get served in addition to the strictly urban-type potential consumer.

The formation of rural gas co-operatives under this program also makes it possible for existing commercial and industrial-type users. I'm thinking here of seed processors, alfalfa dehydrators, fertilizer and grain drier plants. I think, though, if there is to be much expansion of the use of gas in these types of facility, there will have to be an examination of rates. I don't believe that the gas price that these people will get from the rural co-operatives will be adequate, unless there is some reduction because of large consumption.

The urban consumers generally fall within two categories. There are the large users and the unincorporated settlements. The large users would cover those urban municipalities, which, as I've described, are not presently receiving gas - the towns, villages and hamlets. There is the commercial and industrial user, of course. In the unincorporated settlements, this covers the hamlets, beach areas, and acreage subdivisions.

With the exception of consumers located in urban municipalities, and industrial, commercial, and cottage users, all other urban-type consumers are eligible for government grants under the rural gas policy.

Now, as a general rule, the cost of service to the urban municipalities for these types of consumers will not exceed the \$1,700 level. The urban municipalities, of course, have several options open to them in order to get gas. They can build and operate their own municipal utilities system. They can purchase gas from a rural gas co-operative, or from any other distributor of gas. They have the option of joining the rural gas co-operative on an individual member basis. They also have the option of joining the rural gas co-operative on a municipal basis.

So there are many options available to the urban consumers. Whichever option is chosen, of course, all consumers in incorporated settlements are normally required to pay for the cost of transmission and the distribution system required to bring gas to their houses. In many cases the cost of gas service to urban municipalities can be reduced where the cost of transmission facilities to bring gas into the area is shared with the rural gas co-operative.

Other consumers in the unincorporated settlements, are normally required to pay for the cost of distribution facilities only. This will probably amount to \$500 to \$800 dollars per consumer.

I think it is rather interesting just to see the list of communities - and I'm thinking now of incorporated communities; rural towns and villages - which are now included in rural gas areas. These are: Bawlf, New Norway, Edberg, Rumsey, Empress, Chinook, Cereal, Youngstown, Halkirk, Alliance, Galahad, Silver Sands, Val Quentin, and Southview. These are places which I'm sure all of us have driven past over the years, and not realized that these people did not have gas.

Another aspect of this rural gas program that I'd just like to touch on is the fact that the program itself has created many jobs. One just has to drive around rural Alberta today to see the activity that's going on in rural areas with construction crews moving into many areas of the province which would otherwise not even have been thought of, had it not been for this rural gas program. I'm thinking of the creation of a job now known as utility officer, and the fact that grants are made to the counties and municipalities for another very valuable job in the rural gas program. I also would like to point out that if you drive on our highways today you'll see the truckers hauling pipe and supplies for our rural gas program.

So, all in all there are benefits beyond just the rural gas itself, benefits to the community as a whole, as a result of jobs created by the program.

Thank you, Mr. Speaker.

MR. DEPUTY SPEAKER:

May the hon. minister close the debate?

HON. MEMBERS:

Agreed.

MR. FARRAN:

Mr. Speaker, I'll try to skim over most of the points as quickly as possible, since the hour is late.

First of all, the philosophical argument of the hon. Member for Spirit River-Fairview on Crown corporations versus private utilities. Speaking personally, I find all monopolies distasteful, the worst of all are probably the state monopolies - but monopolies are sometimes necessary in the utilities field. All I agree with is that they should be regulated, if such monopolies exist. A private utility which is regulated is not all that different from a state corporation which is regulated. The worst thing of all is a state corporation which is not regulated, like the Saskatchewan utilities, subject to no regulation and no control, and also entitled to draw on the treasury for funds - unlike AGT which has to stand on its own feet and cannot draw on the treasury.

The question of the floating prime rate. Certainly, interest rates have gone up; 1 per cent over prime is now higher than it was some six months or a year ago - considerably higher - but in the lifetime of a loan I don't think this will make all that much difference. One must remember that the farmer is more prosperous than he was in previous years and is probably as well able to pay the going interest rate as Alberta citizens.

The question of power poles not being available. Certainly the REA did work on that but I think the credit should probably go to the Rural Utilities Branch which supplied some old telephone poles to fill the gap.

Not forcing people away from propane is very important. We are not compelling anyone to take gas. It's being offered on reasonable terms. We are saying that we will shield them from the escalating world price. Gas Alberta will purchase at a reasonable price. They are being assisted by grant to get this clean and convenient fuel. But nobody is forcing them to have it; it's a free choice. If they want to stay with propane, they can stay with propane. I believe that many small users will stay with propane, so long as the propane dealers don't gouge the public - they'll have less reason to gouge when they are competing with the rates for natural gas which are reasonable.

He mentioned power cost, and reasonable cost. The words "reasonable cost" are used in the position paper in the act. Gas Alberta does intend to buy at reasonable cost. It'll be close to the average price of export gas through the whole system. There will some cases where the gas will be more expensive than export gas, where it's being delivered on a lengthy small line from a distant field and may be as high as 35 cents. This will be put in the main part and, as far as possible, we'll average the price across the province. We will have the latitude of going 10 per cent up or down on an average price for difficult areas.

The point of Gas Alberta, as I said, is to shield from the escalating world price. You said that you weren't sure about my remark concerning gas rebate. Well, this is only one way. There are other ways - other ways of direct cheques to the consumers instead of cheques to the utilities or to Gas Alberta, which are reflected through the gas bill.

You mention the point which was taken up, through the Chair, Mr. Speaker, by several other speakers. The hon. Member for Spirit River-Fairview mentioned the point about complaints regarding rates being taken to the Public Utilities Board for Gas Alberta. This is a fair suggestion. I don't believe that it is really necessary, since Gas Alberta is merely a broker and is just really doing a bookkeeping enterprise of buying the gas as cheaply as possible and then turning it over to the gas co-op. If it is to be the vehicle for the government's gas rebate plan it would be rather strange for a government-appointed board, such as the Public Utilities Board, to rule on whether that gas rebate is proper or not.

You were concerned about the utilities officers supervising safety. They are, indeed, undergoing short courses at the moment, courtesy of the utility companies, in plumbing and gas fitting and REAs so far as, you know, a journeyman level is concerned. I don't believe we can possibly employ university graduates in this field, as was suggested. Safety is also inspected by the Gas Protection Branch which comes under the Minister of Manpower and Labour, and also by the inspectors of the Energy Resources Conservation Board

before final approval is given to a pipeline system. So I think there is adequate inspection.

Of course, we are alive to the possibility of contractors getting together to rig the price. We have going prices for burying so many miles of plastic pipe, so many miles of aluminum pipe; we have an idea of what the prices should be and we are capable of auditing the books at the end of the job. The grants will not be paid until the system is close to completion. In the beginning they have to function on their loan.

The hon. Member for Cardston talked about a surcharge through Gas Alberta. What I was talking about was a surcharge to individual taps. This surcharge would be put in trust until such time as it is either proven or not proven that a gas co-op is not going to form around them. The gas co-op forms around them, then the surcharge will be paid into the gas co-op in lieu of membership from the individual tap. If the gas co-op does not form, the money in trust will be repaid to the owner of the individual tap after five years.

We are, of course, also alive to the possibility of people padding the price. This is why we have the Rural Utilities Branch; part of their job is to watch this sort of thing.

The question of the cost of loans was raised by the hon. Member for Wetaskiwin-Leduc. I say again that I don't believe that the short period of, say, a 10 per cent loan, during which interest fluctuates, means that much over the lifetime of a loan. If we are to have high interest rates forever, then that is going to be a thing of life for all Canadians, but I believe it will come down as the years go by. It always has.

I don't accept, and I don't believe the government accepts, the inevitability of the declining farm population. We don't accept the former government theory that there were no-growth or slow-growth areas. We believe that the farm population, if anything, will increase parallel to the increasing value of food and prosperity of the agriculture industry. In fact, as the hon. Minister for Agriculture said, during the last year there have been 8,000 new jobs in agriculture in Alberta, perhaps the first time this has happened in 25 years.

The hon. member mentioned the Wetaskiwin West Co-op. I reiterate that the government is prepared to give it a guaranteed loan to buy the system at a reasonable price. Then it would be entitled to a grant to rebuild it, and then, of course, they would be starting from scratch as if they had bought a secondhand car. I can't see why they are having trouble getting this message when other co-ops, that have the residue of the anchor pipeline system, have not had any trouble - like Battle River, Birch River and the rest of them.

Of course, the hon. member is correct over the burying of plastic pipe and now, in the last 18 months, the possibility of buying aluminum pipe, which make these systems technologically feasible.

It was suggested that the Public Utilities Board should control municipalities. Well, that really must be a question for the municipalities themselves, if we respect local autonomy. I don't believe we, as a provincial government, can force such a thing upon them. If there is a demand for the regulation by the Public Utilities Board it must come from the grass roots. Already in the Act it is possible for any customer in a municipality, who feels he has been unjustly treated by a municipal utility, to complain to the Public Utilities Board, which will carry out an investigation. So far, nobody has done that and yet it has been in the Act for some time.

The hon. Member for Sedgewick-Coronation - I don't know. I wrote down here that he kissed the blarney stone, or maybe he kissed the moonstone because he sounds moon-struck!

The hon. Member for Drumheller talked again about power at cost and the truth of the cost of construction of Rural Electrification Associations. He perhaps doesn't know that the Public Utilities Board is presently carrying out an audit and inquiry into the rebuild costs of the Paddle Valley REA. This will either substantiate or put at rest the rumours about overcharging, once and for all.

He talked about Gleichen. As the hon. Member for Stettler said, many small villages and towns have or are about to receive gas by virtue of gas co-ops. I believe that since Rosebud to the north, in the hon. member's area, is doing so well - and it already includes a fair number of small places like Ardenode, Nightingale, Chancellor and so on - that Gleichen would probably be well

advised to go in with the co-op. There is another co-op forming to the south. I don't see that Gleichen is all that different from places like Alliance, Galahad, Halkirk and so on which cooperated with co-ops in order to get gas for their people.

A municipality can be a member of a co-op, and it can sort of make a partnership or deal with a co-op, if it wants to. The County of Smoky River wants to go as a municipality through its entire county with a gas distribution system. I would certainly like to see that.

There is a little bit of a snag at the moment in that the Local Authorities Board doesn't see how they can borrow the money. They can't borrow it under the Co-operative Activities Branch, although they can be one member, because they can't take liens on land. Yet if they do it as a municipality it must be a much cleaner deal because they can charge a couple of mills on the mill rate under a local benefit by-law and if the people don't pay they have the best way of executing a lien there is under The Tax Recovery Act. Somehow we will try to sort that snag out.

For those at the end of the line, this will be considered as time goes on. I hope there are not going to be too many at the end of the line who can't receive gas.

The hon. Member for Calgary Millican was concerned about the propane industry. We have an inquiry presently under way, under the Public Utilities Board, into the entire question of propane. It's my personal belief that there will always be some customers for propane in the province, and that as the rural population increases, which I think it will, the small users will probably stay with propane and the propane dealers will remain viable. But they will only remain viable if they cease gouging - I don't want to accuse them of gouging - they will only stay viable if they desist from gouging their customers.

I close the debate.

[Mr. Speaker in the Chair]

[The motion was carried. Bill No. 83 was read a second time.]

DR. HORNER:

Mr. Speaker, I move the House do now adjourn until tomorrow afternoon at 2:30 o'clock.

MR. SPEAKER:

Having heard the motion for adjournment by the hon. Deputy Premier, do you all agree?

HON. MEMBERS:

Agreed.

MR. SPEAKER:

The House stands adjourned until tomorrow afternoon at 2:30 o'clock.

[The House rose at 11:01 o'clock.]