

LEGISLATIVE ASSEMBLY OF ALBERTA

Monday Evening, June 3, 1974

COMMITTEE OF SUPPLY (CONT.)

[Mr. Diachuk resumed the Chair at 8:00 o'clock.]

MR. CHAIRMAN:

The Committee of Supply will come to order.

Executive Council (Cont.)Appropriation 1460 Human Resource Research (Cont.)

MR. RUSTE:

Mr. Chairman, the Minister of Federal and Intergovernmental Affairs isn't here, but at the time we discussed it in the Estimates he indicated he would let us have a map showing the 36 points for the Alberta Information Service. I have one, but it doesn't show 36 points. I was just wondering if anybody can answer that.

Also, before you answer that, is ...

MR. CHAIRMAN:

Mr. Ruste, may we finish with 1460 first.

MR. RUSTE:

Okay.

MR. CHAIRMAN:

Any further questions on 1460 before we go to the final one?

SOME HON. MEMBERS:

Agreed.

MR. CHAIRMAN:

Last call on Appropriation 1460.

DR. HORNER:

Mr. Chairman, if I could just respond directly to the hon. Member for Wainwright with regard to the information service, if my colleague comes in I'll bring it to his attention. If not, I'll bring it to his attention in any case.

MR. RUSTE:

Mr. Chairman, a further question there on the ...

MR. CHAIRMAN:

Mr. Ruste, I wonder if Mr. Dixon - were you going to rise on Appropriation 1460?

MR. DIXON:

I just want to ask one question of whichever minister is concerned. I take it it is the Solicitor General. When an appointment is given or a contract is awarded to a man or woman who is working full-time at the university, does private enterprise other than university people have an opportunity to bid on those kinds of jobs? I have in mind a particular chap I know who works full-time at the university. He's also doing research for the province at the same time. I was just wondering how this can fit in with his full-time duties as a university professor. Do they get agreement from the university before the contract is awarded, or is it up to the individual to work out his own arrangements?

MISS HUNLEY:

Mr. Chairman, I don't have anyone at the university except Dr. Baker. The arrangement was made whereby he teaches part time and they pay part of his salary and we pay the balance in order to complete the study he was undertaking at the time. I don't have any knowledge of others because I haven't let any of that type of research contract. Perhaps the hon. Minister of Advanced Education could help us on that.

MR. FOSTER:

Mr. Chairman, it's a little difficult to generalize. I don't think there is a general rule that would cover all cases. I could try by saying that the dean of a faculty is usually aware of the research activities of the faculty members. They have a first obligation to the university, if we're talking about universities. They certainly have leave to carry on research activity. I doubt that a faculty member would be permitted to take on a full teaching load and also assume what others would describe as a full-time research position, because they are simply incompatible with each other.

The teaching load of the staff member would be assessed, his research work would be assessed, and if in the opinion of his peers it was thought he could perform both jobs satisfactorily he would be allowed to do so. But it isn't simply up to the individual to take a full teaching load and then take a full commitment for research. It's discussed among members of the faculty, usually with the dean.

Appropriation 1460 agreed to:

\$208,585

MR. RUSTE:

The second item that I referred to with the Minister of Federal and Intergovernmental Affairs was the matter of the price for the two page ad in The Edmonton Journal about the Edmonton park. I think he was going to get that information for me. I haven't got that yet.

DR. HORNER:

I will bring it to the minister's attention and see that the hon. member gets it.

MR. RUSTE:

Well, I just did a little checking myself and I find it is around \$3,500.

DR. HORNER:

We will get the information for the hon. member. I'm sure if it was \$3,500 it was well spent.

MR. RUSTE:

Mr. Chairman, I think that is a matter of opinion.

MR. CHAIRMAN:

Resolved that a sum not exceeding \$19,785,217 be granted to Her Majesty for the fiscal year ending March 31, 1975 for the Executive Council.

[The motion was carried.]

Department of Consumer Affairs

MR. ASHTON:

Mr. Chairman, Subcommittee D has had under consideration Vote 33, the Estimates of Expenditure for the Department of Consumer Affairs and begs to report the same. I therefore submit the following resolution:

Resolved that a sum not exceeding \$3,090,174 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Department of Consumer Affairs.

MR. CLARK:

We have had a number of questions asked in question period. I wonder if the minister would care to make any statements as to where he sees the department going in the course of the next year. It might facilitate discussion in a few minutes.

MR. DOWLING:

Mr. Chairman, I would like to make it very brief.

First of all, during this initial year we asked for very little in terms of budget because we felt it would take that long for us to examine our responsibility and determine just exactly where we did want to go. During that period of a year it became very obvious that there had to be some amendments to the Statutes presently our responsibility. Those we have done in the main. We have made the major ones. There will be some others introduced in the fall portion of this sitting which are also considered to be of some priority.

In discussions with other ministers in other provinces and with the federal minister it became very obvious to us that although our concern for inflation is sincere and very profound there were only certain things that a provincial government could do. We set about, through our department and through other departments of government, to do as many things as we could to soften the blow of inflation.

There is no single provincial jurisdiction that has made any impact at all and in an anti-inflationary way they have been able to, within the means disposable to their provincial governments, soften the blow in certain ways. In that regard, as a result of our recent conference held in Jasper, it was very obvious to us that the Government of Alberta has gone far beyond most jurisdictions in softening the blow for those on fixed incomes, the lower income group, some people on welfare, and in this area.

In this budget we are proposing, Mr. Chairman, as a priority, to put the accent on consumer education. With those few brief remarks I believe I will just assume that the other members have some questions.

MR. CLARK:

Mr. Chairman, then in light of what the minister says perhaps there are some comments that I should make with regard to the department.

I think, Mr. Chairman, it would be fair to say that in the course of the year - it was last spring, a year ago now, when the government announced it was going to go ahead with the Department of Consumer Affairs. I recall when we were in second reading of the bill that the minister was sitting approximately where the Minister of Telephones and Utilities is now sitting. I indicated at that particular time that it seemed to me that this legislation and the government's commitment in this field was rather newly found, that in fact it was a move the government was making at that time and there hadn't been a great deal of forward thinking done with regard to the establishment of a Department of Consumer Affairs.

The present minister then assured me that the Department of Consumer Affairs had been - and I'm rather paraphrasing somewhat - but something to the extent that a Department of Consumer Affairs was an integral part of the Conservative approach to things before the Conservatives became the government of the province.

So in light of that I'm surprised the minister has had to take a year to, as he says, get the department functioning, although I am pleased he now recognizes that basically what he has done in the last year is to get the department functioning at least a little bit. I emphasize "at least a little bit" because there are two areas I am particularly displeased with as far as the department is concerned.

First of all, the department really hasn't been successful in giving much protection to Alberta consumers. Secondly, the department has really failed to take very seriously its commitment in the field of monitoring food prices and, in fact, getting this information in the hands of the consumer and doing something as far as those indiscriminate businessmen in Alberta are concerned. I emphasize it as a relatively small group, but several times in the course of this session we have had the Minister of Consumer Affairs and also the Provincial Treasurer say, well, that's part of the free enterprise system. I think we should understand very clearly that the right to gouge isn't really part of the free enterprise system. That does no more credit to the free enterprise system than a few things I could think of.

That has been one of the areas I frankly have been disappointed in. The department hasn't been prepared to, in fact, come to grips with some of the gouging that has gone on.

I notice, Mr. Chairman, in looking at the annual report of the Consumer Affairs Branch of the department, if you leaf through the report there is quite a large number of areas where the Consumer Affairs Branch of the department points to some rather significant problems. These aren't problems that have just been here, but are problems that frankly in the last year the department has done very little to come to grips with.

There have been the questions of direct selling methods and high pressure selling tactics. There has been the question of home improvements. We were told a year ago by the Attorney General, who had the responsibilities at that time, that once they got some amendments in place they would do something about home improvements. There are the questions of long-term financing for clubs, home warranties, double pricing in food stores - and in fairness to the minister there, at least he had some meetings with the various firms involved and has indicated to us that there have been some benefits there.

Certainly though, the minister hasn't come to grips with the field of misleading advertising. He has rather passed it off, over to the federal government.

Well, if any member wants to go through the Consumer Affairs Branch annual report, he will see there is a large number of areas which fit into that category that had been reported by the department and on which precious little was done by the department.

Secondly, Mr. Chairman, you will find the provinces of British Columbia and Ontario have gone some distance in introducing legislation dealing with trade practices.

The Conservative government of Ontario and the NDP government of British Columbia have gone some distance in that direction. I must say very frankly there are some parts of that legislation I am not very enthused about, but nevertheless I would hope the minister, in the course of his remarks during the estimates, would give us some indication what kind of legislation he is going to bring in in the fall, because he has indicated to us during the question period that he would, in fact, be bringing in legislation in the fall dealing with trade practices. I hope he will be in a position to indicate to us what his and the government's thinking is at this particular time.

Then, Mr. Chairman, in the course of this session we have asked a number of questions and there have been a number of comments back and forth, both inside and outside the House, regarding - I think the term was - the highly sophisticated monitoring services that have been done by the government. We first started to hear about these highly sophisticated monitoring reports during last fall's session. Then finally this spring we were able to find out what really was going on. I am still at a loss to understand why it was so difficult to pry these figures from the Department of Consumer Affairs, because when you look at these figures, very frankly where there is a comparison from week to week and then also a provincial comparison done by DVS, there really is no comparison of the various places where people can buy food. This kind of information, first of all, the consumer hasn't been able to get his hands on - at least not until very recently - and secondly, if he did it wouldn't be a great deal of help to him.

In a bit of a fit of frustration, we have a high school student who comes to the Opposition office once a week to do some work. We had that high school student go out and look at five different stores in a particular region of Edmonton and compare twelve different products over a period of seven consecutive weeks; then had him wait one month and do the comparison again.

It will take me a few minutes, Mr. Chairman, but I would like to pass on to the members of the Assembly the results of this not highly sophisticated but very unsophisticated survey, and point out the kind of benefits that this kind of information can have if it gets into the hands of the consumer.

The five stores we looked at were the Co-op, WDF, Safeway, Woodward's, and IGA. We took twelve fairly basic commodities: milk, butter, bread, flour, hamburger, bacon, chicken drumsticks, Taster's Choice freeze dried [coffee], white sugar, potatoes, tomatoes and sirloin steak. I am not suggesting that sirloin steak is one of the basic

commodities. But it is interesting to see what happened during the course of the seven weeks.

As far as the Co-op was concerned, this package of items that I mentioned would have cost \$15.82 during the week of March 23. We get down to the week of April 24, it had gone from \$15.82 to \$17.08. Then from March 24 to May 29 it increased from \$17.08 to \$18.28.

As far as WDF was concerned the same package would have cost \$15.95 on March 23 and \$17.03 on April 24. Then from April 24 to May 29 it went from \$17.03 to \$18.32.

As far as Safeway was concerned the basic package would have cost \$16.27 on March 23, \$17.09 on April 24. From April 24 until May 29 it would have gone from \$17.09 to \$18.66.

As far as Woodward's was concerned the basic package cost \$16.17 when we started on March 23, up to \$17.07 on April 24, and from \$17.07 to \$18.41 by May 29.

At IGA the basic package cost \$17.23 to start with on the first date, to \$18.21 on April 24. Then it increased to \$18.88 by May 29.

Now, I think there are three rather significant things: had this simple, very unsophisticated basic kind of information, costing very little, been made available weekly to consumers in Edmonton, and if the consumers had chosen to shop around at the various places involved and had bought things at the cheapest price in the various stores, they would have saved 15 per cent on their food bill.

Now it seems to me that that would have been a meaningful and rather significant contribution on behalf of the Department of Consumer Affairs, to at least tell people in the city of Edmonton to do some comparisons. Make these comparisons public at least once a week. If by doing that we could save a number of people on fixed incomes and lower incomes 15 per cent on their food bills I would have no qualms at all about voting for the excess of \$3 million as far as the Department of Consumer Affairs is concerned.

I must say I am not very enthusiastic at all about voting for the estimates for the Department of Consumer Affairs. It is almost impossible to pry the government's figures out of the minister. When we first started to talk about the figures the government had, it was a highly sophisticated report done by, I think, 56 or 58 people. We find out that it was really done by 25 or 26 people. It was on a part-time basis. The information wasn't available weekly, and there was no comparison between the various stores.

One thing I believe the minister and the government have to decide is, is the Department of Consumer Affairs there primarily to serve the interests of the consumer? I hope that's what it is there for, because we have several other government departments that look after the interests of various other segments of society. Now if the minister doesn't feel the department should be involved in that kind of monitoring and making that kind of information available to the average Edmontonian, average Albertan, so they can make those kinds of savings if they want to, then I am at a bit of a loss to understand what the department is all about.

I am sure some people will say, well, you know this kind of information isn't being given anywhere else. Let me then refer the minister to what is being done in the province of Manitoba. There are a number of things that are done in Manitoba that I am not all that enthused about.

This is one of the better efforts that has been done in the province of Manitoba, and it is done by the Department of Agriculture there. In December, 1972 they started giving out weekly statements of food and farm prices in Manitoba. A weekly publication comes out. It looks like this, very simple and unsophisticated. It talks about pork, beef, turkeys, broiler chickens, eggs, cheese, milk, potatoes, turnips, carrots, onions, parsnips - very unsophisticated. But what it does say to the Manitoba consumer who wants the information is, the price on the farm is this much, the wholesaler's price is this much and the retailer's price is this much. It seems to me that just goes some distance to show the consumer whose getting the markup, whose taking the markup. It goes some distance to show the consumer it isn't the farmer who is responsible for the ridiculous prices that occur in a lot of circumstances.

If the Minister of Consumer Affairs and his colleague, the Deputy Premier, were doing this kind of monitoring, and making this kind of information available to Albertans weekly, I would say hair on you, that's the kind of thing you should be doing. Because you would be getting into the hands of those consumers who desperately need this kind of information, the kind of information that can be helpful to them.

There has been more than one occasion when, for the life of me, I haven't been able to really understand the thinking of the department. I think I referred to this letter earlier on occasion, but I would like to repeat it. Last fall a person wrote to the minister regarding his monitoring of food prices on many consumer articles, and the letter said:

I would be interested in obtaining a copy of the results of such monitoring and, in particular, those results which deal with food, clothing, antifreeze and fertilizer prices. It would also be appreciated if you could send some information pertaining to the actions which have been taken as a result of this monitoring. Thank you very much for your trouble.

Well, on February 28 this person got a response from one of the consumer officers in the department. The first paragraph acknowledges the letter to the minister. The second paragraph says:

The information which we are obtaining in our monitoring program is for the purpose of examining trends and fluctuations of various items throughout the province and also to compare data throughout the province, with that compiled by Statistics Canada. At present, Statistics Canada only collects data for Edmonton and Calgary. It is not for the purpose of supplying information to the consumer on prices of different products at specific stores. As a result, we are unable ...

I underline again:

... we are unable to give you actual price levels in different stores or areas. This type of information would be of questionable value as prices are changing daily.

Well, all the consumer has to do is go and buy anything and he knows prices are changing daily. But what is the purpose of the monitoring? In the course of the committee studies, we asked the minister how many charges had been laid. I believe the procedure is that his department, when it becomes concerned about something, passes the information along to the Attorney General. The Attorney General's department, if it feels it is appropriate, lays charges. I would be very interested in finding out how many charges have been laid as a result of this kind of monitoring. No one is so naive to sit in his or her place in this Assembly and say that there hasn't been gouging in some cases. Obviously there has.

My colleague, the Member for Drumheller, when we were talking about the antifreeze effort earlier in this session, pointed out very obviously where there had been gouging in antifreeze. The minister on that particular occasion said, well, that's part of the free enterprise system. I'd have to say in the course of being in the Legislature for 14 years, that was the most damning bit of advertising the free enterprise system received.

I don't particularly blame the minister completely. I really have difficulty understanding whether the government's serious about the Department of Consumer Affairs or whether it isn't. If the government isn't serious about what's happening in consumer affairs, then the minister is in an impossible situation.

AN HON. MEMBER:

That's their problem.

MR. CLARK:

He is the minister but he's not able to do the things that need to be done.

Earlier during question period in this session, we questioned the cost of living increase. We'll have some more comments on this when the Provincial Treasurer's estimates come up. But in the back of the Budget address, the blue book figures were 6.5 per cent as the increase in cost of living in Alberta last year. Well, you go back and check the Statistics Canada information. If you compare between August '72 and August '73 you will find the consumer price index goes up 7.4 per cent. From September '72 to September '73 it was 7.7 per cent; October to October, 7.8 per cent; November to November, 7.8 per cent; December to December, 8.1 per cent; January to January, 7.8 per cent; February to February, 8.4 per cent.

During the same period of time the cost of food has gone up. From August to August, 16.8 per cent; September to September, 17.4 per cent; October, 17.9 per cent; November, 17 per cent; December, 18 per cent; January, 15.4 per cent; February, again 17 per cent.

I raise the question of the increase in food for this reason: there are a number of people in the province who are on fixed incomes, lower incomes. These people have precious little disposable income. It's these people who have to spend a larger than ever portion of their income on food. It's all well and good for us to talk about the cost of living going up 6, 7, 8 or 9 per cent, but we're missing the point completely. We don't recognize that there is a sizeable number of people who have a very, very small disposable income. Those people are the ones who are having to pay 16, 17, 18 and 19 per cent increases in the cost of food. It seems to me that those are the people who could benefit most from the reasonable kind of monitoring system. Even if the government was doing what they're doing in Manitoba, it would be of some assistance to those people. If the government was doing, on an unsophisticated basis, simply what we had this high school

student do - where he could point out to people on fixed incomes and low incomes how they could save 15 per cent on their food bill - I can't help but see that that would be a real step in the proper direction.

Well, I could go on for some time, Mr. Chairman. I want to emphasize that I think the Minister of Consumer Affairs is a nice fellow but he's going to have to put on his boxing gloves with his colleagues in the cabinet and get some more 'oomph' in that particular department. Either go that route or let's wipe out the department. Let's not try to kid Albertans that we're really concerned about what's happening in consumer affairs. The minister knows well that there are several examples wherein a situation has been brought to his department's attention and it has been forwarded to Ottawa to be handled by the combines investigation people. Everyone in this Assembly knows how slow a process that is. Many of us have shared the frustrations of that situation.

So perhaps I'll just stop right now, Mr. Chairman. Hopefully the minister will respond and indicate to us why he hasn't been doing some of these things. If the minister doesn't have any reason for not doing these things, if he's not prepared to say he's going to move in this direction and do some of these things, then frankly I suggest we reduce the salary of the minister to a dollar and get on with saying to Albertans, look we don't have a Department of Consumer Affairs, you're completely left in the lurch here, at least that's where you stand.

So I hope the minister would respond in some of these areas and give some indication of his thinking, especially in the area of monitoring food prices, especially in the area of naming gougers, naming people who are abusing the free enterprise system and are abusing the consumer. I don't think there are many of those people. But if the minister was prepared to go to bat and name some of the organizations involved like the Better Business Bureau does - they name people from time to time when they've got a good case - then I think once some of these gougers found this kind of thing out they'd either shape up or ship out. I don't care which they do as long as they do one.

Until the department shows that it has that kind of guts, that kind of determination and that kind of fortitude, well, we're going to continue to have some of the gouging my colleague from Drumheller talked about.

MR. NOTLEY:

Mr. Chairman, a few comments on the estimates of Consumer Affairs. I think perhaps the first thing I would raise relates to the general philosophy of the department. When we discussed this matter in subcommittee, one of the things that quite frankly concerned me was the explanation of the minister that the department is attempting in effect to draw a balance between protecting the consumer on one hand and looking after the legitimate interests of business on the other.

Mr. Chairman, that's fair enough but it seems to me that that kind of philosophy for the Department of Consumer Affairs in the present government at the present time in Alberta just simply isn't good enough. The reason I say that is because first of all, it is certainly no secret that this government has done everything it can to increase the price of certain commodities. Indeed we've had discussions in the Legislature here and throughout the province, with the Premier and other members of the cabinet, extolling the increase in the price of natural gas for example, the increase in oil, what have you. That is in itself a move towards inflation. The mere increase - something which incidentally on balance I support, getting a higher value for some of these commodities - nevertheless sets the stage, if you like, Mr. Chairman, for a government which has a built-in vested interest in the price of things going up.

Mr. Chairman, not only do we have that situation but, at the same time, we have very definite expansion in the construction stage of the Alberta economy and a number of major projects taking place at the same time. This is going to have the inevitable effect of pushing up the cost of construction and further fueling the fires of inflation and upping the cost of living.

Mr. Chairman, because we are at this particular stage in Alberta's history and because we have a government, it seems to me, where the balance has shifted very much towards getting a higher price while you can, in my view we have to have one department of government which is very clearly a consumer's advocate. The idea of the department being a rather statesmanlike compromise between a consumer's advocate position on one hand and just an apologist for the business community on the other, isn't good enough. It isn't, in my view at least, the kind of energetic leadership required to, if not totally balance the situation, at least make sure that the consumer's voice is heard effectively and articulately in the cabinet and in the government caucus.

Mr. Chairman, I want to make a number of observations about the various programs presently in place. Before that, I do want to discuss one specific question which I would ask the minister to respond to when he closes. That is, where do we stand today on the Better Business Bureau grant? Has that been settled? One of the things that astonished

me, quite frankly, during the subcommittee estimates was even the suggestion that we might be cutting back on the grant to the Better Business Bureau. This is one organization, a private organization admittedly, that has developed an excellent reputation throughout the province. People, many of whom are not used to going to the Department of Consumer Affairs, have a good deal of confidence in the Better Business Bureau. As such, whenever they do have complaints or are concerned about a particular business or what have you, they contact the bureau. I think that by and large the Better Business Bureau has really played an excellent role in protecting Albertans from some of those business operators who are less than ethical.

Mr. Chairman, dealing with the question of consumer education, I was interested that the hon. Member for Olds-Didsbury raised the question of the Manitoba reports. I certainly think those reports are worth while for a number of reasons. They are first of all worth while because they provide information to the consumer. That is excellent. But they are worth while in another important way, inasmuch as I think they show something a lot of consumers have to recognize, and that is, when the cost goes up in the supermarket it is not normally as a result of farmers making large amounts of money. The problem of price spreads, which as I recall was the subject of a federal commission in the mid-50s, is really the major difficulty. That is something which is borne out too by the Batten Royal Commission which the three prairie governments commissioned during the late 60s.

Mr. Chairman, that kind of ongoing information is important because there is a real danger that we will sometimes get the situation where consumers, when they see the price of commodities rising in the supermarket, focus their attention on the farmer. On the other hand the farmer too often is too willing to blame other people rather than perhaps zeroing in on where I maintain the main problem lies. That's with the middle man, with some of the profits that processors are making. Certainly the report of the Batten Royal Commission four or five years ago made a pretty devastating critique of many of the practices of some of the large supermarkets.

Mr. Chairman, the question of consumer education is important, but I wouldn't want us to exaggerate the importance and assume that consumer education in itself is going to solve the problem. I am sure the minister is well aware that right now the wife of a professional person, the member of a consumer group, is in a position where she is pretty knowledgeable about where the best buy is. The problem with information is not in the middle class or the upper class of people, but it's among lower income Albertans who simply don't have the information. In some cases it's even difficult for them to get it. There is a language problem. In other cases, Mr. Chairman, even if we did get the information to them, where you have inner city situations, it's just difficult for a senior citizen or a family of a different ethnic background who doesn't speak English very well, to cope with these problems or to shop around. They may not even have a car. It's not possible to jump in a car and drive all over the city of Edmonton to shop around trying to get the best bargains even if that information is available.

I don't want to downgrade the importance of consumer education and information disclosure, but at the same time let us not jump to the conclusion that just simply making this information available is going to assist the low-income person who very often is caught in a situation in which he just doesn't have the flexibility to drive around and shop around, whether for gasoline, for lower priced food, or what have you.

The minister in introducing the estimates mentioned one area in which the provincial governments could move, and that's [in] softening the blow of inflation. I recognize there is no magic answer to the problems of inflation. No responsible person in this Legislature or anywhere else is going to stand up and say, we can lick inflation. A large part of inflation today is due to a worldwide phenomenon. You just can't talk seriously or logically about licking the cost of living in Alberta with a single blow. Nor can you do this with some of the rather inopportune and clumsy proposals for price and wage controls we hear about from time to time. That sort of thing is just going to create a bureaucratic monstrosity which in my judgment is thoroughly objectionable.

But having said that though, Mr. Chairman, when we talk about softening the blow we have to assess the softening of the blow within the context of our ability to do that and within the context of the revenues we have as a result of inflation. Prices are going up for petroleum. Prices are going up for natural gas. We have a huge windfall. Mr. Chairman, it simply isn't good enough for the minister to say, well, we are doing better than another province. You know that we might be doing a good deal better than Newfoundland, for example. We might be doing better than some other provinces in different areas, but I think that you have to judge what this government is doing in the area of insulating low-income people from the ravages of inflation against the yardstick of the income we have at our disposal and the ability we can command to deal with that problem.

Mr. Chairman, as I see it we can talk all we like about setting that windfall aside for physical resource development, for capital programs of one kind or another, but I make no apology for saying that a very important claim on that money has to be human resource development. That includes insulating lower-income people from the problems of inflation

to the extent that we reasonably can. Mr. Chairman, I don't believe that in simply making the flat statement that we might be slightly better off than other provinces which haven't gained by the opportunity price situation for their commodities is in itself a justification for letting matters rest there.

I want to deal with two or three areas where, in my view, the Department of Consumer Affairs - even though they are not within its jurisdiction - should nevertheless provide the leadership in government.

The first is in the area of gasoline pricing. I don't think there is any way, and I introduced the bill, but I simply reiterate what I said when I introduced the bill that [I don't think] there is any way we are going to be able to protect the consumer in this province unless we bring gasoline marketing under the operation of the Alberta Public Utilities Board. In so doing I think that is the only way we are going to make it possible for most service station operators to have a reasonable margin they can live on and, at the same time, protect the reputation of the vast majority from the unscrupulous few. I agree when we are talking about gouging we're not even talking about a large number; it's a very tiny number of people who do this. But the unscrupulous too often make a bad name for the good, honest businessmen. Nevertheless, Mr. Chairman, I believe that the selective controls over certain commodities like gasoline can and should be undertaken. We have to keep in mind that this is not something that Alberta would be doing on its own. If we were the only province doing it, we might have to think twice, but other provinces, even Nova Scotia, have moved in this area.

Still another important part of the cost of living - and I realize it is not in the minister's department but I think he should be pushing within the cabinet to do something with the present housing situation. Land prices are going up. As far as I'm concerned we simply have to zero in on the profits made by land speculators.

I had the opportunity not too long ago to talk to one of the major house building presidents in the province of Alberta who made it pretty clear to me that he liked what he saw from the Government of Ontario where, as the minister knows, they have brought in at least a modified speculator's tax. I can't think of anything more socially useless than speculating in land. If we want to generate capital for investment, then let's do that. We've got a lot of excellent agencies to do that. We have the Alberta Opportunity Company now. We have many corporations in the province which are trying to entice capital. Far better that the people of Alberta be encouraged to invest in that direction rather than simply trying to make a fast buck in urban land.

Mr. Chairman, there's no way you're going to bring land costs down, whether you have land banks or what have you, until you just make it impossible for people to make money out of land speculation. There's only one way you can do that and that's with a very heavy speculator's tax. Mr. Chairman, I think that kind of move is necessary. Now I know some will say that's discriminating against a certain type of investment, and I say to you, you bet it is. But that's something which governments have to do, that's one of their responsibilities. It's part of Keynesian economics, to use the power of government to channel investment for the public good, to prohibit, slow down or discourage investment in some areas that aren't socially useful and encourage it in other areas that are socially useful. Mr. Chairman, I don't see much social utility in land speculation.

So these are some of the thoughts I have in terms of general summary about the department, Mr. Chairman. I would like the minister, when he concludes the discussion, to bring us up to date on the progress, if any, towards the implementation of the various recommendations of the Batten Royal Commission Report as it relates to advertising and as it relates to efficient use of space. I know we are all aware of the arrangement that was made last summer, but I think that, beyond that particular impression, I would be interested in where the government stands at this stage, as to those remaining recommendations of the Batten Royal Commission Report which to date have not been implemented.

MR. LUDWIG:

Mr. Chairman, in taking part in the debate on the estimates of this department, it is my opinion that to date the Department of Consumer Affairs has not justified its existence. I think that some of the responsibilities moved to the department from other departments have, if anything, been downgraded. There is a serious disappointment among those who have to deal with some of the sections of the department. The complaints are perhaps a little more numerous than the minister would care to admit.

I was rather impressed with the minister's statement that the major thrust in this budget is going to be to educate the consumer. I think the hon. minister ought to be well aware of the fact that the consumer has been picking up some very hard lessons in the last year or two, that he is receiving a very painful education and is looking about for someone to come and provide, not a complete remedy to the high cost of purchasing the necessities of life, namely food, clothing and shelter, but at least some indication that there is someone seriously concerned about the consumer.

It is my considered opinion that the consumer in this province today doesn't rate very highly with this government. You might say they are doing a tremendous amount, and there's always an apparent flurry of activity in the Department of Consumer Affairs. When you analyse what he has done, the hon. minister has been shadowboxing. He has been high on publicity, high on getting a telephone number in the department so anybody can phone the minister and tell him what the problem is. That was always a possibility in the past, Mr. Chairman. I am of the opinion that some of the good work the Better Business Bureau has been doing, which should apparently be handled by the Department of Consumer Affairs, may as well be shifted back to the Better Business Bureau.

I am sure the minister would much prefer it if I lauded him for some of the very few things he indicated he would move on, but I think he is well aware of the fact that the public has very little confidence, not only in what he has done, but what he proposes to do. I am saying that just shadowboxing and creating the impression that there's really action in this department is not good enough.

I remember a question I put to him about some very serious problem concerning some sectors of the public that have to deal with his department. I said, which way is this going? He said, it's going up. Well, I can tell him that everything in that department had better go up. It's got no other way to go as far as I'm concerned, Mr. Chairman.

We talk about telephoning the department to complain so the consumer may be advised, may be given an education. I am saying the consumer has been getting a very, very rough education in the last two years and he's paying for it through his nose.

I am sure the hon. minister, when he is given a question, very conveniently hides behind the private enterprise system when it suits his purpose. Anybody can do that. Any time we ask him what he is going to do in this or that area, if anything, [he says], well, it's a private enterprise system.

Somebody ought to advise the hon. minister that he can't do anything in this area of consumer prices, of the cost of consumer goods in an inflationary time, without stepping on some toes. He can't go through his department, do a job and be nice to everybody. If he wants to do it then let's move him out and let's get somebody else in who can stand up with the determination and conviction that perhaps is evident in the Deputy Premier's way of handling things. He should just stand up and get things done instead of looking sideways to see whether his signals are right when he answers a question.

I think one of the sections of his department that we ought to question is the vote for Consumer Protection. I would like to have the minister stand up and give us some details as to what he has done in consumer protection, what initiative he has taken, what leadership he has provided. I think there are many areas other than prices that affect the consumer, that affect the concern of consumers. I am referring to perhaps objects on the market that may be dangerous. One doesn't have to just wait until someone like Ralph Nader advises him that something is dangerous. This department ought to take the initiative and ought to ferret these things out and satisfy itself that all is well and the consumer isn't being taken with items on the market that are not only expensive but may be dangerous. I am referring to the belated recognition on the part of some governments that there may be a problem with regard to water kettles and lead poisoning. There may not be, but the minister would not know.

The question of a young man being killed in the province by inhaling some aerosol spray product - now, the minister could say, well, I haven't heard anything, we are going to have an inquest. Why doesn't the minister take the initiative and see what can be done? There may be a real problem here. We may have to make a move in the labelling of products to advise that these things can be poisonous because certainly all these aerosol spray products are handled by all members of the family.

Those are just a few of the items of concern that the public has. And the minister tells you they are going to educate them. I bet they will. They are well on the way to getting a full education now. One thing they do know [is] that they do not rate very highly with this government.

The question of gasoline prices has been raised. [Regarding] the variety of prices by the retailer, nothing has been done. There appears to be some concern about monitoring prices. That doesn't solve the problems. You can monitor things till the cows come home but the consumer keeps spending more and more every day. One thing the government ought to realize about gasoline prices is that this is an issue in this province at the present time, that everywhere you go the people wonder why they have to pay so much for gasoline when it is produced in this province. On top of that we have a sales tax on it.

I know the Deputy Premier was very good at repeating himself on the sales tax on gasoline and the sales tax on liquor. Everything that was taxed in this province was a sales tax. All of a sudden - I don't think he has used that word ever since he became elected to office. Why we continue a 10 per cent sales tax on gasoline at a time when no one could justify a sales tax is beyond me.

The Better Business Bureau was mentioned by the hon. Member for Spirit River-Fairview. The other day I phoned a department of the government concerning the licensing of mechanics. They advised me that this issue was hard to enforce. On the question of mechanics who hold themselves out as repair shops for motor bikes, they are not licensed. I asked, where can I follow this thing up? The man on the phone, who was an authority, said, phone the Better Business Bureau. I said, how about Consumer Affairs? He said I am recommending the Better Business Bureau.

That's a sad endorsement for a department that's asking for a \$3 million-plus budget so it can educate the public.

I would like to see the Companies Branch move back to the Attorney General's department. That section of the Consumer Affairs department is going nowhere. They are in bad quarters. They are not staffed properly. The volume of work has increased to the point where the Companies Branch is not efficient. The minister may say it is, but there is a serious lag in services from that section. The hon. minister has to do something and not merely get up and say, well, they are going places. They are going nowhere. Every time I go to the Companies Branch there is a line-up of lawyers trying to get companies incorporated. It isn't the lawyers who are being stalled; it is the clients.

So, Mr. Chairman, the Companies Branch is not operating at an efficient level. The fault lies clearly with the Minister of Consumer Affairs. I believe the insurance and real estate issues ought to be moved from that department also. The minister is too concerned about doing his fancy footwork with relation to PR in his department, rather than coming to grips with the problems at hand.

I think those are just a few of the items I want to raise. Let the minister respond. I hope he can respond effectively because to date if anybody is impressed with the performance of his department it isn't the consumer of this province.

Thank you, Mr. Chairman.

MR. RUSTE:

Mr. Chairman, in speaking to the vote on the Department of Consumer Affairs, I well recall the time in this Assembly when the consumers branch was introduced in bright and glowing terms. Certainly I think the people in Alberta were expecting great things from the Department of Consumer Affairs.

I had mine miffed a bit earlier this session when on March 12 I asked the minister the following question during Oral Question Period.

Mr. Speaker, my question is to the Minister of Consumer Affairs. Has your department been able to determine by study, as indicated in your recent letter to me, whether the antifreeze shortage is real or forced?

And then the hon. Minister, Mr. Dowling, answered as follows:

Mr. Speaker, we have studied the matter of antifreeze supplies for some number of months as indicated last fall in the session. Our information indicates that there is no real shortage of antifreeze because the companies manufacturing the product in fact produced something in the order of 10 per cent this year over the requirements of last year. The companies that do produce it and have it in storage, have it in storage for the purpose of industrial commitments, industrial contracts that they made some time ago.

He went on to say:

They also indicated that there would be no further supplies to the public for private automobiles from January on - I think the date was. So if there is a shortage of supply it is created by people buying up and hoarding the product. The price set by one of the companies in question is similar to that price set last year. However there are, as is normal, some scalpers who are charging probably double that price.

I won't go on, Mr. Chairman, and quote it all. It goes on further to where Mr. Taylor asked a supplementary question as follows:

... Mr. Speaker, to the hon. minister. Is the department considering prosecuting the gougers who have been charging double the price?

To that, Mr. Chairman, the answer from Mr. Dowling was:

Well, as the hon. member knows, Mr. Speaker, in a free enterprise system it is pretty difficult to prosecute anyone for free enterprise.

Now, Mr. Chairman, for a minister of the Department of Consumer Affairs to answer in those terms certainly doesn't say to the gouger or to anyone who is attempting to charge excessive prices, you'd better take it easy. I think, Mr. Chairman, that when the Consumer Affairs department takes that attitude - and certainly time and time again during this session their sophisticated monitoring system has been mentioned by the hon. Leader of the Opposition and others - that's a far cry from the statements made some time ago when they were talking about leadership. They were talking about cost-benefit analysis.

Now we are getting such terms as sophisticated monitoring studies, assessment, evaluations. I was surprised, as all could be, the other day when I understood the minister to say that he was not going to interfere with the federal government in their consumer affairs or similar department. I would have thought, Mr. Chairman, that the minister would really stand up for the consumers of Alberta. He would have got on the plane and gone down and told them, now this is what we should have from Alberta, instead of just sitting back and saying, boys, you do it as you want to and we'll follow.

I submit, Mr. Chairman, that certainly much more should be expected from the Department of Consumer Affairs in this province. I'm waiting to hear what the minister has to say.

MR. BENOIT:

Mr. Chairman, I'm almost ashamed to get up and add fuel to the fire, but I do have a word I'd like to add. The minister has been kind of getting it in the neck and I don't know but that there's a reason for it.

The one thing I was concerned about with regard to the Department of Consumer Affairs is the fact that the minister has mentioned on more than one occasion that no 'teeth' or particular authority is there so that he can go and put the hand on somebody and say, here, you change the situation. He has often mentioned the fact that that's within the purview of the federal department; that that's their responsibility and they do have the authority. This raises a question in my mind as to the actual purpose for which the Department of Consumer Affairs exists. As the hon. Leader of the Opposition pointed out, it doesn't even provide that much information to the people, at least not as much as it could if the results of the studies that are being made were presented to the people.

The Better Business Bureau is doing an excellent job, as has been pointed out tonight, and it seems that the Department of Consumer Affairs is almost a duplication of many of the things the Better Business Bureau is already doing. So the question is raised, what does the Consumer Affairs department do that isn't being done or couldn't be done by some other existing authority or department? As has been pointed out, a number of divisions or branches of other departments have been put under Consumer Affairs that might have been left where they were.

So, Mr. Chairman, it is a problem to know why we do have a Department of Consumer Affairs unless it's going to take on a different format than it has. For that reason I have to concur almost 100 per cent with what has been said up to this point without repeating.

MRS. CHICHAK:

Just one or two comments I would like to make. After hearing the hon. Member for Calgary Mountain View I can never resist making my own remarks. It's unfortunate he's not in the House at the moment, or has he placed himself in another obscure position so that one can't see him?

MR. LUDWIG:

I don't think my position could ever be as obscure as the hon. member just speaking.

MR. CHAIRMAN:

Order. Order.

MRS. CHICHAK:

Well, Mr. Chairman, that remark doesn't really trouble me. I consider the direction from which it came. I would more likely have noticed it if it had been coming from its proper place, but that's fine.

The hon. Member for Calgary Mountain View ranted and raved on and on about the fact that the Alberta consumer has no confidence in the minister and in the Department of Consumer Affairs that has been established here by this government. I reflect back to the date or the time when the hon. member, Mr. Dowling, was appointed minister and then I

review some of the kinds of planning he had to do, where he had to start from, what he had to start to work on. Then I look back ...

AN HON. MEMBER:

Don't look.

MRS. CHICHAK:

... at the number of years there has been government in this province. All of a sudden there's never been any need for being concerned about consumers until right now. It seemed it's just this present government that has recognized there is a need and is recognizing that in order to do an effective job in this province it has to take the time necessary to do a proper and effective job of planning, of preparing programs that would be meaningful; not simply to put a lot of paper together, as the hon. Member for Calgary Mountain View would have us believe, and put a lot of statistics together and say, here we are, everything that a consumer may want and we can give it to you on a sheet of paper. That's very strange. I wonder why the former government didn't do that if it was all that simple.

They say that consumers don't rate with this government. I sort of look back and review the records when we came into office in 1971. If you review the people who didn't rate with the former government and look at the long waiting lists for years and years of the handicapped, of the senior citizens, or rural Albertans and their plight, the small business people - I don't need to go on with that list. It does really make one smile and wonder whence those words come [and] what sort of wisdom has suddenly come up.

I think it needs to be recognized that the hon. minister hasn't had very much time in that his deputy was only appointed some two months ago, or just a little over. I think that he is doing a very effective job. Inasmuch as members on the opposite side might like to pick on where they think there is a weakness, a weak link in the chain, well there just are no weak links in this chain. Believe me, the Minister of Consumer Affairs is going to prove himself far more than the members on the opposite side could possibly dream of.

Thank you.

MR. RUSTE:

Mr. Chairman, I'd like to ask a question of the hon. member who last spoke and that is as follows: has there ever been a time in the history of this province when prices have risen as quickly as they have in the last two years?

MRS. CHICHAK:

I don't know, Mr. Chairman, whether questions may go back and forth from member to member, but in any event I will answer the hon. member. If you will review the years, how many years back has there been such a rise in incomes, in the rate of pay for labour, in all of the materials? I think we have to look at how much balancing there has been and how much growth there has been and what programs we have been faced with. I think there has been just as much, in its own ratio, need for consumer affairs. There have been just as many problems. Perhaps the problem of prices hasn't been quite as great but then the rise in incomes hasn't been as great as well. Nor has there been as much in the way of new development, but I think the hon. Member for Wainwright has to recognize that in years past consumers had just as many problems, perhaps of a different nature, but they did have them. There was a need for consumer affairs for many years. So let not the hon. member say we can't handle this matter.

MR. DIXON:

Mr. Chairman, I'm sure the hon. Member for Edmonton Norwood will agree with me that I am on safe ground as a Social Creditor talking about interest rates, and this is what I'm going to speak about.

Mr. Chairman, to the minister. I think one of the things people are more concerned about today, even more than food or many of these other things we are talking about, is the high interest rates being charged and the almost impossible position in which many people are finding themselves now in order to buy homes. This is because of two things: the high cost of interest as far as mortgage is concerned, and some of the requirements now requiring up to 40 per cent before you can buy a house. I think this is affecting many people, and putting them in a position where they can't do what they would like to do. They'd like to own a home in Alberta. This is very essential, to have a roof over your head, because the high interest rate and the higher down payments are being reflected now in increases in rents.

I feel that for all the minister ...

[Interjections]

... I'm sure he'll say it's a federal government responsibility as far as interest rates are concerned, but I still think we can do [some] monitoring. We can have some input to the federal government as to why they feel that here in Alberta in particular we should have more encouragement in home ownership and maybe in many other places. Because we have many features in Alberta that people like to take advantage of. I'm sure the government will be pleased for me to say this, Mr. Chairman - the fact that they can take advantage of the tax reduction and things like that, but there is no way they can take advantage of that if they can't own a home.

Just as recently as yesterday, one large apartment here in Edmonton automatically increased its rates. The reason they were able to do this was because, as the slowing down of purchasing of homes happens, that of course has an effect on the demand for rental accommodation. So we are faced with two increases: an increase in the mortgage rate which in turn means increases in rent for those people who either can't afford or are not in a position to meet the higher requirements set now by many of the mortgage companies.

I am talking about usury, Mr. Chairman. I am sure we all received a letter from the City of Edmonton asking that under Bill No. 53, The Municipal Government Amendment Act in which we are allowing the City of Edmonton to charge up to 1 per cent per month on unpaid accounts, it be made 1.5 per cent a month which is equal to 18 per cent a month on unpaid accounts. They say many business places in Alberta are charging that.

Well, if this is true, it is something I think the Department of Consumer Affairs should be looking into. That is 50 per cent more than the merchant, or whoever it is they owe the money to, can borrow the money at from the bank on unpaid debts. It would be reasonable maybe to expect a 1 or 2 per cent surcharge over and above the rate they have, but 18 per cent, to me, needs investigation. That is only the average. There may be some paying over that when you consider the interest and service charges.

To me this is a very, very serious thing. It amounts to a lot of money. We talk about an 8 cent increase in gasoline. Yes, it hits a lot of people. But if you get a 2 or 3 per cent increase on your mortgage, or a 6 per cent increase on any outstanding debt you may owe over and above the prime rate, this is more serious in my humble opinion than some of the things Consumer Affairs is investigating.

I bring this to the attention of the minister knowing full well that the argument could be made that it is a federal government responsibility. They are the ones who can do something about interest rates. I still think this province and this government can do something about rates charged for credit and service use for goods purchased in Alberta, also to have feedback to the federal government showing our situation in Alberta with the demand for homes at the present time and to take a more realistic look at the mortgage situation within our province. I know that the Alberta Housing Corporation tries to do its part and the Treasury Branch tries to do its part to hold the line but there is no way they can do it. Maybe we could use those two institutions as an example to the federal government [showing] that it must be more realistic when it comes to the mortgage rate as far as home ownership is concerned.

While I am on my feet, Mr. Chairman, I would like to bring one point to the minister's attention. He may or may not like to investigate it. There are ads appearing over TV recently that state, purchasing real estate in Alberta can be dangerous. That, to me, is a very misleading type of advertising. It's very doubtful; I shouldn't say very doubtful, it's even worse than that. I think that kind of statement run by some large real estate corporation outside our province is outright misleading. Yes, they have a few offices here but their main office is outside the province of Alberta. I think it should be brought to their attention through the Department of Consumer Affairs that we will question that type of advertising.

There are many, many legitimate business people in the real estate business and have been in Alberta over the years. For that type of ad to be allowed to be repeated over the air every day, that in Alberta it's dangerous to purchase real estate unless you deal with this certain company or get their catalogue, is very misleading. In particular it certainly should be investigated because it is licensed here. I suppose their offices here are probably a front for their whole national operation.

I think it should be brought to their attention that to operate a legitimate business in the province of Alberta it is not necessary to have those kinds of scare tactics. If there is anything that is a good investment, it's Alberta property, so there is nothing dangerous about it as long as they deal with legitimate people. There are many, many legitimate business people in Alberta willing and able to sell or purchase real estate for anyone in Alberta or anyone outside Alberta, for that matter. So I just bring that to the minister's attention.

In particular, I would like to have the minister comment on the average of 18 per cent plus service charges now being charged for accounts that are overdue and, in some cases, for accounts that aren't overdue.

MR. COOPER:

Mr. Chairman, I have a comparatively easy question for the hon. minister. I'm wondering about the matter of communication between the Alberta Department of Consumer Affairs and the federal Department of Consumer and Corporate Affairs. What I have in mind are cases similar to that of the lead poisoning caused by some kettles. This, of course, is of interest to the whole country. Another case was that of the Easter chocolates during the Easter season.

I would like to know if there is any prior communication from the federal department or does the minister receive his information in such cases in the same way we do, through the news media? Possibly the minister could enlarge on communication between the two departments when he answers the other questions.

MR. HINMAN:

Mr. Chairman, I have a new tack. I think I was the only one in the House who objected to a Department of Consumer Affairs. I still object. To me it is just some more government meddling and some more 'too much government'.

Every time I listen to everything said here, I recognize some truth in it. But I keep asking myself, are we going to say that a merchant can't sell his product for double the going price if he can find a fool? Are we going to say to the people, you can't buy it until you read the label as you go around just to make sure it's what you want? Are we going to have a gestapo to check every label and be sure it's correct? Now if you want to do these things, perhaps you can justify consumerism.

But what does it do? The costs of this department are probably equal to the savings made by all the people who really need to save. At the same time you excite the enmities of the people and stir up their suspicions. You impose inconveniences galore on both the merchants and the people.

Now the result hasn't been good. We've had pollution controls, but there is still pollution. We've had mandatory seat belts in automobiles. We raised the price of the car about \$28 I'm told. Now we've got to pass a law, so my colleagues say here, to make people use the darn things.

If you want to go a little bit further, why don't we pass a law that you have to buy by bulk? Then you don't have to worry about packaging, you can watch the merchant weigh the stuff out and if he puts his thumb on it you can whack him. Maybe that's the way. Maybe you'll get away from the attractive designs that coax each one of us to buy a product we didn't need at all. That would save still more money. Maybe you should pass a law to make the consumer responsible if he gets taken. Punish him. Smarten him up a little bit.

Maybe on the other hand, we could just let these things work. If you want to protect him, you say you've got to have a market - a supermarket within walking distance or he is going to lose more in transportation than he saves in price by going to the little fellow just around the corner. You can't go all the way.

Now we do need penalties for fraud; that's another matter. What about styles and flavours? I've watched the price of pop go up from 6 cents to 25 cents. Just recently, in the building, it jumped 25 per cent. We didn't pass any law that we had to buy it in bulk around here or put a dispenser out in the back. If we want to waste the other nickel, just go to it. Soda pop is a good example.

Now the other thing is that the poor old minister who has been called on to waste good talent in this department doesn't really have any authority. He has really got to wait for a complaint because it is like the arguments we always have about whether you keep the fellow in the asylum or not. How do you know he is going to kill his mother-in-law? All he can do is wait for a complaint and call in the police.

Now to me this whole approach is one we should have avoided. It's the best example you can get of the ultimate in overgovernment, overmeddling. Just as soon as you say competition will work well in the market place, just as soon as you put on penalties for fraud, as soon as you enforce the acts we do have - we have penalties for false advertising, but how much false advertising escapes? Well, practically 90 per cent. We have pure food and drug laws and they work pretty well, but not completely. We have weights inspectors, but still scales are wrong.

So my objection simply is that you've chosen a minister with all kinds of talent and you've given him a job of meddling in affairs where the people ought to be responsible.

In the end all you are going to do is make it more inconvenient and make it more costly for the consumer under the political guise that because he's so simple the grandfather government will save him from all abuse.

Thank you, Mr. Chairman.

SOME HON. MEMBERS:

Question.

MR. DOWLING:

Mr. Chairman, may I have permission to close the debate?

MR. CLARK:

I'm not so sure we can guarantee that.

MR. DOWLING:

First of all, Mr. Chairman, I would like to say that the hon. Member for Olds-Didsbury indicated there was no real forward thinking by this department. I would suggest that for 35 years there really hasn't been any concern for the consumer because they had ample opportunity for many years - there were 36 - to establish a Department of Consumer Affairs if they had wanted.

AN HON. MEMBER:

Hear, hear.

MR. DOWLING:

So talking about forward thinking, I think we lacked a great deal of thrust during 35 years. I can recall, Mr. Chairman, during my term in the Opposition, as short-lived as it was - thank goodness - that there was some question of establishing a department of consumer [affairs] at that time. That thinking didn't last very long. They either didn't have the courage or maybe they thought better of it for some reason.

Just another couple of comments regarding the questions by the Member for Olds-Didsbury. He mentioned the B.C. and Ontario legislation. I should tell him that for some number of months we have been examining what we called a consumer, corporate and financial institutions piece of legislation, for want of a better name. It comes out as the same thing as their legislation - a fair trades practices piece.

I am a little concerned, as he indicated he was, with some of the things in the fair trades and practices bills in B.C. in particular, and with some of the problems that the Ontario ministry is having with theirs. Neither of these pieces of legislation have passed through their respective Houses at this point. They are going to go with some difficulty if they do go.

Regarding the monitoring procedures, I perhaps made a bad choice of terms when I first talked about monitoring. I felt that in establishing this department the Premier wanted us to go slowly and make sure we were doing the right thing. I also believe very firmly that we should do everything we can to avoid gathering a pyramid of people just for the sake of hiring people. In view of that I felt that since the Department of Agriculture has had its district agriculturists all over the province in every major community and in other smaller ones we would be well advised to utilize their services in the beginning.

If we do feel, as time goes on, that our monitoring procedures are of value and should be upgraded, perhaps with consumer affairs people, with some of the people we have in our regional offices, then perhaps we can take that step. I don't believe we should take it just for the sake of building a major department when it may not be necessary.

I have some difficulty withstanding the pressure of some of the branches. As one of the members mentioned, some branches are understaffed. They will continue to be understaffed until I can determine, or our branch can determine, that any increase in staff is truly required.

I have to mention one thing here which I really would sooner not mention. I should mention first of all that the branch is not only composed of a Consumer Affairs Branch, a Consumer Credit Branch, Licensing of Trades and Businesses, a Companies Branch, an Insurance Branch, an Automobile Insurance Board and the Debtors' Assistance Board - it's all of those things. So it has a multipurpose.

One of the things that I thought was extremely important to do the moment the department was established was to find the holes in the present legislation that were

causing the former administration some problem. I speak, of course, of the demise of Rocky Mountain [Life] Insurance, of Cosmopolitan Life, and all of those problems. The very first piece of legislation we introduced was an amendment to The [Alberta] Insurance Act to make certain, in our view, that these sorts of things would not occur again.

The second piece we introduced last fall. We introduced an amendment to The Licensing of Trades and Businesses Act which would provide us the facility of examining the books of a business we felt was perhaps straying from the straight and narrow a little bit. In fact we could go as far as to seize those books with the minister's permission.

We have taken some steps but not faltering steps, very sure ones. We made them because we knew what we were doing. I believe that in all my time in consumer affairs, that's the way the steps will be taken.

The hon. Member for Spirit River-Fairview - it may not have been he - mentioned first of all that he was also concerned about the number of things Consumer Affairs was not doing. I just remind him of the number of branches we have authority for.

I should mention also, or remind him, that the tax was reduced at the pumps to guarantee to the consumer of Alberta the lowest possible price of any jurisdiction in Canada, and I have some difficulty with the gas prices. I have been asked to regulate the gas prices so they are all the same. I get a feeling from some of the things the members in the Opposition are saying that they are, in fact, proposing wage and price controls, so I have some difficulty with some of these things.

The hon. member for Spirit River-Fairview should also be reminded that under the Public Utilities Board we also have propane pricing. There is a two-price system for natural gas coming up.

I have no intention, Mr. Chairman, to introduce anything by way of legislation which would in fact destroy a very legitimate, honest, business community that has made a great contribution to Alberta over the total time it has been a province.

Regarding the Better Business Bureau grant, we have examined their proposal for this year again. My concern is that in the last years they have had a surplus in their financial statement that in fact equals the grant that we give them. I think we could be criticized very severely for simply providing this organization with a surplus, although they do a very excellent job. We may find other methods by which we can assist them. Certainly their grant will not be cut off in total. We may examine it with these people and come back to them with a counter-proposal.

As I indicated in my very brief opening remarks, our job I believe, within the limits of our financial capacity and others is to soften the blow of inflation for those least able to afford the escalating costs. I remind all hon. members of our program to assist senior citizens with health care problems, steps to upgrade the minimum wage, the \$10 increase for a guaranteed income supplement and other things of this nature. The major one of course, has to be the 28 mills tax reduction.

The other thing I should mention is that we are very much aware of the speculator's tax as introduced by the Ontario government. Not too long ago we followed with interest that particular bill as it was going through. It is probably the only truly anti-inflationary measure that has been taken by any provincial jurisdiction in Canada. All the rest are designed primarily to soften the blow of inflation.

I can hardly believe the hon. Member for Calgary Mountain View who says the consumer doesn't rate very high. Well, I would suggest that if he compares it to the rating the former administration gave him we are 100 per cent better.

The other thing I think is really important is that the consumer has to know where to go. He has to know where to go in government to find out what in fact his position is relative to protection, how he can buy a house, how he can buy a mobile home and what he should do when signing a contract.

In view of this we decided there were so many things that were provincial responsibilities that we had to open a box called Box 1616 so that people could, in fact, get in touch with government. We are establishing over the course of this year several additional consumer offices. We do not want them under any circumstances to become consumer complaint offices. We want them to become consumer offices where in fact we can do our total jobs in various areas of the province. The places I obviously think of are Calgary, where we opened our first one, Fort McMurray, where our next priority is, the Peace River country, south central Alberta, and I would suggest Red Deer and places such as this.

Thinking of dangerous products, and remembering that the hon. Member for Calgary Mountain View did bring up, a couple of times, suggestions that these items should be investigated relative to their being dangerous and on the market - as he well knows, the

Hazardous Products Act does fall under federal jurisdiction and we have in all cases, where we have learned of some product that might be considered dangerous, notified the federal authority immediately.

The most recent one that comes to mind is the danger that is inherent in some of the camping equipment currently being sold. I don't want to alarm everybody about it. There are some questions as to the length of time it takes for some tents being sold to burn. I understand the standard is something like five minutes and all of the products being sold do not live up to that particular level.

Again the business of price fixing. Gasoline is still available in rural Alberta as well as in urban Alberta for less than 50 cents and as much as 74 cents.

With regard to the Companies Branch, the member again brought up the matter of the Companies Branch and I should remind those members who do not know about the branch that it was once located in the basement of this building. Apparently, because it wasn't an organization that was thought very highly of, they relegated it to the basement. It was also in the Terrace Building, and I suspect a half a dozen other places. We can move it again very easily. We have space provided for it in the Petroleum Plaza. But in further examining that proposal and realizing the necessity for that organization to be located in the central core of the city where it is easily accessible to the law fraternity, after several meetings with the bar association of Edmonton or Alberta, whatever, they prevailed upon us and our program now is to establish a Companies Branch in the central core of the city, next to the courthouse.

The hon. Member for Wainwright obviously is not as old as I thought he was. I would surely think that he, of all the people in this Legislature, would remember the quick rise in prices during the war, in terms of percentages.

Regarding contact with the federal government, Mr. Chairman, I have had three or four specific meetings with the federal Minister of Consumer and Corporate Affairs, where we made various presentations. One of the items we discussed early was the possibility of removing the 11 per cent sales tax on building materials, and another one was the upgrading of the Small Loans Act and the Interest Act federally. That really talks about the problem the member for Calgary Millican mentioned, the 1.5 and 1 per cent interest rate.

The problem with this is that a small loan is a \$1,500 loan. When a consumer wants \$500 and by law the loaning company is required to charge a minimum amount of interest, it will do everything it can to make sure that loan is not the small amount of \$1,500 or less. It will make sure it is something more than that, and will get the consumer into a position of indebtedness that he really didn't want to be in, also into a position where he is paying a higher interest rate.

I must compliment the hon. Member for Wainwright on his ability to read.

The hon. Member for Highwood in a way was suggesting we duplicate services that are already provided.

[Interjections]

Maybe he wasn't, but I got the impression he could have been. My view again is the same as it was before. We can have legal counsel, we can hire legal council - it is expensive - and we can have them as part of the department or we can have them as part of the Attorney General's department, giving us the same kind of advice, the same kind of expertise. I see no reason why we should have a police force for the Department of Consumer Affairs. I believe if there are charges that must be laid because of some fraudulent practice or some practice that is in contravention of some Act, then the investigations and the accumulation of information should automatically be forwarded to the Attorney General's department for examination, and if needed, charges should be laid.

I should mention also, Mr. Chairman, that 119 referrals were made to the Attorney General's department, and of those 54 were settled prior to any action at all being taken. There were some 60 prosecutions, 38 from consumer affairs, 10 from The Licensing of Trades and Businesses Act, 12 from the Insurance Branch. There were 32 convictions, 16 from consumer affairs, 8 from The Licensing of Trades and Businesses Act and 8 from the Insurance Branch

I want to thank the hon. Member for Edmonton Norwood for her contribution.

SOME HON. MEMBERS:

Hear, hear.

MR. DOWLING:

The hon. Member for Calgary Millican did mention the high interest rates being charged by the various organizations. In my view, if you examine the monetary system we live under, it would appear that that would be an anti-inflationary device that might possibly limit credit buying. One of our major problems in Canada today is not the availability of merchandise, but the availability of credit. I'm sure the hon. member follows The Globe and Mail and [has] read the recent article in that publication indicating that the amount of credit being granted in Canada is growing by leaps and bounds. It's something we should be concerned about. So I would suggest that the 1.5 per cent interest as opposed to 1 per cent or 18 per cent as opposed to 12 per cent is, in my view, perhaps a method of discouraging credit buying and has to be examined in total before we say it's bad or good.

I did mention the article about small loans and the problem of the Small Loans Act and why we propose that it be upgraded to modern day standards.

I appreciate the notice about: "The purchasing of real estate can be dangerous." I'll put that under advisement and look into it further, but I do know of what you're speaking.

I mention, for the benefit also of the hon. Member for Vermilion-Viking, that we do have communications between the Department of Consumer Affairs and the federal department. They are on an ongoing basis. I mentioned the most recent one about the camping equipment. We were given notice about the Easter chocolates by the federal government rather than the other way around.

I would also like to thank the hon. Member for Cardston for making my speech much better than I would have.

There are two or three other things I would like to mention. One of them, of course, [is] the failure of the two insurance companies and the need for upgrading The [Alberta] Insurance Act as a primary priority with the department. I can recall a number of things which have been taken care of in the last little while; pyramid selling, Kitters' penny stocks from bucket shops, battery telephone selling of stocks and so on. Those have all been looked after. Those were a problem when we took office.

I can't help but say again, without trying to be unkind, that if we are being accused of contempt for the consumer, the former administration could be accused of a greater contempt for the consumer than we. I say, with all honesty, that we have no contempt for consumers and that our job is to protect them at all costs. There are many branches to this department and through all those branches we protect them.

It's easy to have hindsight, Mr. Chairman, and I'm reminded of the things that I know so well; thalidomide babies, stilboestrol, ergot preparations. I would like to know what the former administration did relative to those, and whose responsibility they said it was.

I should mention a couple of things we propose as a possible legislative package, and where we really think we are going with consumer affairs. As I indicated, we have for some months examined fair trades practice legislation. We are working very hard on this particular bill, because I think it probably should be the core of what consumer affairs in Alberta should be. It will provide for some control over unconscionable practice and deceptive practices through voluntary compliance agreement. In other words, it will keep out of the courts a clutter of small complaints that really need not be there. If this doesn't work, there will perhaps be an option for firmer methods; a commission hearing on questionable practices and finally, perhaps, a ministerial order.

Our two thrusts in the proposed legislation are to stop the practices before they become problematic. I would have liked nothing more than to have been able to deal with some of the people we have dealt with in the last little while who have had to go to court and pay major fines and have left the consumer out there with no recourse, without anything, without any redress at all.

It seems to me that if we are to protect the consumer, there must be an option for redress. He must have a chance to recoup his money or take the article back or something of this nature rather than charge the fellow, send him to court, have him pay a \$10,000 fine and the consumer goes home, happy that the fellow got his just deserts but unhappy because the consumer was left with nothing. So this is one of the things we really must have in it: constructive redress rather than a jail sentence where the consumer is still out of money. We want the business to give the consumer proper recompense.

The Real Estate Agents' Licensing Act is being examined. The hon. Member for Calgary Millican, I'm sure, will know that we are working very hard with the Alberta Real Estate Association, and have for 20 months, to upgrade their examination procedures, to require extra-provincial agents to be licensed and resident in the province to sell. In terms of your Arizona land salesman, I think I mentioned that. We want to deal with the possible establishment of a real estate assurance fund, which I am totally in agreement with, the

establishment of a real estate council and a licensing order which will perhaps upgrade and stiffen the examination in licensing requirements.

We have, as the hon. members know, introduced two licencing orders to date. One deals with auto sales dealers, the other with the contracts. I should say our position, relative to the building of homes and the warranty on homes, has always been to support the private sector in its proposal to develop a warranty system that is uniform all across Canada, that is participated in by three levels of government, by the Housing and Urban Development Association of Canada and by the Construction Association of Canada, and in that way develop something that truly comes out in a positive way. We talked about it, as hon. members will recall, many, many times.

We are now hung up in a situation where the federal government would like to run it and some provincial governments would like to run it. My view still is that the private sector plan is the best because it is funded by the private sector and doesn't cost the consumer, through its government which runs things in a very expensive way, a great deal of money.

We have not abandoned the Better Business Bureau, we have not abandoned the Consumers Association nor have we abandoned any other consumers association which wishes to make presentations on behalf of consumers to any public hearing or wishes to do studies of any kind. Within our financial capabilities we will support them.

Our education package, as I suggested, is truly one of our major thrusts. We believe that if we are to do anything positive for the consumer we must let him know what legislation we have in Alberta to protect him, how he should go about the various things like buying a home, signing a contract and this type of thing.

We are considering at the moment, Mr. Chairman, an information reporting bill. The subject was broached in the Legislature a number of times. As I mentioned - a review of The Credit and Loan Agreements Act, warrantees and guarantees legislation, the House Warranty Program, advertising of all kinds, whether it be TV, radio or the other media, and a revamped companies act which is long overdue. And I have to agree with the hon. Member for Calgary Mountain View on that score, it is long overdue. We did a study of some minimal consequences earlier on and because of that it was pretty obvious that we had to go further than that. We have taken the next step in the process of truly re-examining the Companies Branch at this time.

Thank you.

MR. CLARK:

Mr. Chairman, I've got one question and a couple of comments. I'd like to ask the minister how he feels about this binding arbitration of disputes between consumers and businessmen that the better business bureaus of Canada are trying to encourage across Canada. Has his department been involved with them in working out the arrangements? It's my understanding that the better business bureaus of Canada are meeting on a national basis to try to develop this across the country.

The second comment I would like to make is, if one were to follow the minister's reasoning about moving the Companies Branch down to the basement and how that was really downgrading the Companies Branch, then I would like to ask the minister how come the present 'now' government moved the Legislative Counsel from the fourth floor to the basement. I think that rather indicates the shallowness of the reasoning involved.

The only other comment I would like to make is, if you take out the comments the minister made about what the former administration didn't do - and even I admit that the former administration wasn't perfect - I would hope that perhaps by this fall session the minister could be to the point where he would be able to kind of stand on his own feet and not pantywaist around the bush about what wasn't done by the former administration or what isn't being done by Ottawa. A party that had all these consumer affairs plans lined up quite some time before it became the government shouldn't take more than ten years to get to the point of being able to stop blaming the former administration and stand on its own feet.

MR. LUDWIG:

Mr. Chairman, I think the hon. minister has raised a few points that ought to be commented on, particularly with reference to the Companies Branch. I think the staff of that section has done a tremendous job in the past. I am not faulting the staff, but I am saying that the volume of business has increased tremendously and is accelerating. One can't just wait for something to happen, for Providence to intervene. The circumstances under which the branch operates now are not suitable. The minister simply has to do something. It isn't enough to say, you didn't do this, you didn't do that.

I was rather amused at his stressing of the fact that there was nothing done on consumer affairs under the previous government - nothing at all. He says it's about 100 per cent better. Well, I say he ought not to be a piker and say at least 200 per cent better. Two hundred per cent of nothing is still nothing, Mr. Chairman.

There was rather an unexpected outburst of understanding from the hon. members opposite when the hon. Member for Cardston made rather a good speech, that we don't need the department, that maybe we could do without it, it really under the best of circumstances isn't going to justify its existence. So the hon. members opposite applauded. I felt maybe we could utilize this situation. Maybe we don't need the department.

The minister says he is not going to bring in any legislation to justify his existence. He's got to go slow. The hon. Premier told him to go slowly. I believe he has exceeded the Premier's fondest hopes in that regard. So at least in one score he has won.

They talk about not having done anything in the past. I don't think one can compare the inflationary situation today to that of three years ago. The signs were there. It was happening. It was beginning to hurt the consumer, but since then the situation has become extreme. The consumer was complaining, but now he is hurting. The circumstances in 1971 and 1974 are entirely - you can't compare them for what's happening.

In fact, I feel that the Conservative party itself is making a major issue out of inflation as being the number one issue in Canada today. The hon. minister says there is nothing he can do, that he's not going to disturb the system as it is now. I'm not sure just how we can go about it but let's not create the impression, Mr. Chairman, that we are going to do something great for the consumer. If the minister is telling the consumer he can't do anything for him then he ought not to reverse himself in public and state that we're doing great for him. There is a limitation, I believe, on what he can do, but at least let's do what we say we are going to do.

I think that the hon. minister was so grateful for the support he got. The only support he got from the other side was from the hon. Member for Edmonton Norwood. I thought that under the circumstances the minister was obliged to be grateful for small mercies.

There was quite a speech given that all of a sudden the consumer is king. The consumer has got it made under this new department. I don't know when this will come. Perhaps it will be a ministerial announcement. But the consumer doesn't know. The majority of the consumers doesn't know what this department can or is doing for them, or intends to do for them. I know the hon. minister's intentions are good, but that's as far as this thing goes.

We talk about being concerned about the elderly consumer. I'm not at all impressed with the fact that with the distribution of the surplus money of this province - in the distribution of the surplus funds we have with which we say we are going to wipe out certain taxation - the aged, most of whom live in cheaper property, are getting much less than those who are really able to get along without any distribution of the wealth of this province.

Now it might be an attitude that the hon. minister doesn't agree with me on, but I think he will have to agree, Mr. Chairman, that the poorer people in this redistribution of the great wealth of this province - and more to come - are going to get less than the wealthy. Now this is not a consumer oriented attitude. It may be expedient. It might even fit in with the bill - with the situation where the Minister of Municipal Affairs says, I can't dislocate my thinking, I can't alter my thinking because we are calling it a tax reduction scheme. If the rich get ten times as much as the poor, so what. That is not consumer oriented because the poor people also have to buy food.

So perhaps we ought to show our true concern, show our true colours and show where we stand with the consumer and say we will give them a minimum grant - which is all it is - of \$350. There will be some sincere thinking about the consumer, Mr. Chairman. These are just a few of the things I want to raise and I'm quite serious about them. If the hon. members opposite feel this department is really not going to do too much, then let somebody tell us that we can use \$3 million a lot better than we are using it now, and let's wipe it out, Mr. Chairman.

SOME HON. MEMBERS:

Question.

MR. CHAIRMAN:

Moved by the Chairman, Mr. Ashton of Subcommittee D:

Resolved that a sum not exceeding \$3,090,174 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Department of Consumer Affairs.

[The motion was carried.]

Department of Telephones and Utilities

MR. TRYNCHY:

Mr. Chairman, Subcommittee C has had under consideration Vote 32, the Estimates of Expenditure for the Department of Telephones and Utilities and begs to report same. I therefore submit the following resolution:

Resolved that a sum not exceeding \$21,955,703 of income and \$6,032,000 of capital be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Department of Telephones and Utilities.

Mr. Chairman, I would like to also say that because of Bill No. 54, Vote 3206 was not completed in subcommittee and was left open for a full committee.

MR. BUCKWELL:

Mr. Chairman, I would like to ask the minister several questions dealing with - the notice of question No. 174 ...

MR. CHAIRMAN:

I wonder, Mr. Buckwell, in view of the chairman's report, if we couldn't complete Appropriation 3206 before we go into general.

Appropriation 3206 Natural Gas Rebate Plan agreed to: \$ 20,000,000

MR. BUCKWELL:

Well, the question I would like to ask the minister is the total number of co-ops that are expected. I understand there are 100 areas in the province. At present there are some 41 and the number of gas co-ops which have been given a permit by the Energy Resources Conservation Board to proceed with construction this year is 20.

The second question I'd like to ask him is, have we got enough materials on hand for the 20, or could more co-ops be given a permit to proceed this year?

The third question I'd like to ask is if the price of propane will be a decision in the people expecting - you're looking at an 80 per cent sign-up. If the price of propane were to remain at 21 cents or thereabouts, it would have a great decision on the number of people signing up for natural gas. In this respect, if 80 per cent, say, sign up, what is going to happen to the price of propane or to the propane distributors? What costs are they going to have when their customers are so far apart?

The last question I'd like to ask the hon. minister, Mr. Chairman, is: do those who have a gross cost figure at this particular time at an 80 per cent sign-up level, and cannot proceed this year if the inflationary costs add greatly to the gross cost next year - is the government going to help subsidize some of this inflation?

MR. MANDEVILLE:

Mr. Chairman, I've got a couple of questions I would like to ask the minister.

One question is, under the established co-ops that are already set up and have their franchise - I'm referring to the old co-ops - do they qualify for grants for installation for residence, the irrigation installations, and also the installations for grain dryers?

Another question is, will they qualify for a grant for any extension they need for their present transmission lines?

Another question, Mr. Chairman, is in regard to the utility officer. Under the Act the utility officer has to be hired by the county or the municipality. I was wondering if in the area where the county or the municipality is not prepared to go into the agreement with gas co-ops to hire a public utility officer [and] where there is a \$15,000 grant, has the minister worked out any method whereby these co-ops can get this grant to pay their utility officer in a particular county or municipality?

MR. CHAIRMAN:

Any more questions, Mr. Minister?

AN HON. MEMBER:

Sure there'll be more.

MR. FARRAN:

Well, Mr. Chairman, I'm not surprised that there are so few questions because these estimates had a thorough working over in committee.

In answer to the hon. member Mr. Buckwell, [as to whether] we have enough material for the 20 co-ops that have received permits from the ERCB and the balance up to 41 that are in the process of receiving such permits, we hope, and have been promised, 12 million pounds of resin which should be enough for 10,000 new rural consumers this year, which was our target. However, there has been a very late start to ploughing because of the wet conditions in the fields. Some of the land is so wet that it can't support heavy machinery, and the realization of that target largely depends on the kind of weather we have in the fall.

I am confident that we have the material. We also have promise of sufficient aluminum pipe from Alcan for the high-pressure transmission line.

So far as propane is concerned, this is now fully under the jurisdiction of the Public Utilities Board. They are expected to have hearings into propane prices in the very near future, which will establish some firm basis on which a judgment can be made, so far as rebate schemes are concerned.

I would imagine, from the reaction that I had from the industry, producers and distributors at the time of the voluntary rollback to 21 cents, that anything less than that will probably cause some pain and concern to the industry.

What will happen to the price of propane when customers become more scattered because of the success of the rural gas plan? We'll have to look at that when the eventuality arrives. Since prices and supply are now under the jurisdiction of the Public Utilities Board they could issue an order which is based on a just and reasonable price and then again we can consider assistance if the price is too high for the propane consumer to bear.

There is a possibility, of course, that we could persuade the gas co-ops themselves to go into propane distribution if the market dwindles to such an extent that the private entrepreneurs are not interested.

What about cost figures which may escalate again next year if inflation is not checked? Well, next year is another year and we'll look at the degree of government help at that time. The present basis appears to be a very fair one, that for the prices above the \$3,000 target figure the department pays a total cost of high pressure transmission lines; then, if there is still an overexpenditure of about \$3,000, it is split on a 50-50 basis with the co-op. The co-op on its own collateral of the distribution system itself can borrow from the Co-op Activities Branch without going back to individual farmers for lien notes and the balance of 50 per cent comes in the form of a special grant from the department.

The hon. member Mr. Mandeville had several good questions. What about existing co-ops that want to expand or infill? Well, the same rules apply as far as sprinklers are concerned. However, if a farmer doesn't elect to take a grain drier at the formation stage of a co-op, it may be literally impossible to go back and put enough high pressure facilities in the distribution system to accommodate him at a later date. So I would advise anybody who wants a grain drier to get one now at the early stages of the gas co-op. I don't say this is a 100 per cent watertight rule. It may be possible to accommodate them but it doesn't require too much wizardry in engineering to see that it might be difficult.

The question of extensions of existing franchise areas or service areas requiring high pressure transmission lines - they will qualify on the same basis as new co-ops.

Utility officers - the plan did provide for them to be hired by the county or the municipal district. The thought in the beginning was that they would be coordinators of all utility functions within the county, including gas co-ops and REAs. In some cases it is true that local authorities have not been very quick to utilize these new bodies in a way which will promote and expedite the formation of gas co-ops.

As a result, only 10 days ago we sent out a letter stressing that utility officers should be used with two functions. One is the supplementary inspectors, because the ERCB is understaffed in the area of inspection and can't always be there when plowing is taking place. If they find something that is wrong at a later date, it could be quite costly if the lines have to be dug up again and replaced. So we have urged that the utility officers be used like field inspectors, not as policemen but riding close to the plow to make sure the regulations are observed. We have also urged that they should be used to help promote and coordinate gas co-op activities during the formation of construction stages. We have not had a response from any county saying that they are not prepared to do this with the utility officers.. If they don't use these people correctly in the manner intended in the beginning, then I suppose the question of the \$15,000 a year grant will be reconsidered.

MR. BUCKWELL:

Mr. Chairman, further to the matter of inflationary costs. I am concerned, as I am sure the hon. minister is aware, that a good many of the co-ops signed members originally for \$1,700. There was full knowledge that it was going to cost them more than that, but this is what they signed up at. I am concerned about the ones who are signing now. They know it is going to cost more than \$1,700. The price is quoted and they sign under that basis. [Because of] the inflationary factor they say they can't get it done this year. The materials are not bought. If they proceed in 1975 and it has gone up, say, 10 or 15 per cent through labour or materials, this is what I am concerned about. I realize that co-ops formed next year will be looking at probably a higher figure than those this year, but it is the ones that are signing this year. For example, in my own area of Willow Creek, Canadian Western Natural Gas Company is signing people for \$1,833 and they guarantee, if it doesn't go in this year, next year it will still be the firm price. Are all the co-ops getting a firm price for next year if they are signing them this year?

MR. FARRAN:

Mr. Chairman, I appreciate the hon. member's concern. I am aware of what went on at the meeting at Lethbridge which was attended by the honourable Mr. R. Speaker and yourself, where the position was put by some of the co-ops in southern Alberta that \$1,700 was a firm promise and price. Well, it is firm so far as the farmer is concerned, but the co-op of which he is a member can afford to borrow to some extent to cover the costs of inflation. Just as the farmer would not expect the price of his produce to be frozen at 1971 levels, neither can he really expect the costs of materials to be frozen forever at that \$1,700. They don't go back to the farmers for more liens.

The 50 per cent of the overexpenditure, which is shared with the government - the government pays half of it - can be borrowed directly by the co-op. It can be financed by a small surcharge on the gas. Inasmuch as we are introducing a Natural Gas Rebate Plan which will probably give a lower wholesale price from Gas Alberta to the co-ops than they anticipated last year, there is still room for them to pay a little extra without any pain.

If I went along with the suggestion that was made in Lethbridge at the meeting you attended and paid the whole of the excess with government grants, there would be no discipline left in the exercise. These co-ops have a special place in our private enterprise system, and to some extent they have a responsibility for controlling costs.

MR. BUCKWELL:

Mr. Chairman, I am rather amazed at the statement the hon. minister made, that the firm price was \$1,700 for the farmer. This is what your brochure said, that the maximum cost was to be \$3,000, the farmer's share was \$1,700, and this was it. This was why they signed them. Now the ground rules have changed because of inflation and extra costs. The farmers are going to pay \$1,700 no matter how you cut it, whether you put a surcharge on gas, or the co-op can borrow extra money. The consumer, the farmer, whoever is in that co-op, has to put up the extra money. This is what they are concerned about, what I am concerned about today.

I realize that you haven't got a firm price. You are getting co-ops today, for example, that [say] we have a firm price of, say, \$1,833 and if we don't get it in this year we will guarantee you that next year it will still be the same price. This is the utility company co-ops or areas. When we get into the straight co-ops, are they guaranteeing a price? It is most unfair to people today when they don't know what the price of propane is going to be if they don't take the gas, natural gas. If they do take natural gas, if they say, for example, if you went to buy a car today and it was going to

cost you \$5,000 and when you take delivery of it it is going to cost you \$6,000, maybe you wouldn't have taken it. This is the position they are in today.

The government is not really changing their basic philosophy at all. All you are doing at the moment is reacting to every price increase. I'm rather amazed that the minister would stand in his place and say, this is all it was going to cost the farmers from \$1,700.

MR. FARRAN:

I've told you that it only costs the farmer \$1,700. Some half the excess expenditure after the very generous government grant for paying for high pressure transmission lines will be paid for by the co-op itself.

But it's pointless continuing the argument. You refer to Willow Springs - Willow Creek is it? - which is a Canadian Western Natural Gas Company sponsored co-op. Their price incidentally would have been lower if they had agreed to the earlier suggestion to amalgamate with three smaller co-ops.

MR. NOTLEY:

Mr. Chairman, I wonder if the minister could give us any statistics, whether the department has compiled any statistics, as to the average increase across the province in the installation costs predicted last year compared to the estimates that are coming this year.

MR. FARRAN:

Yes. Many of the co-ops are coming in at around \$3,500. If the consumer cost is in excess of \$4,000 then they have a problem. It's better to proceed with the co-ops that are in a more viable shape in this instance, and look at those problem cases later.

[Mr. Appleby in the Chair]

MR. NOTLEY:

Mr. Chairman, just to follow that up. I wonder if the minister could perhaps be a little more specific. When he uses the \$3,500 figure is he talking about co-ops where the average estimated cost was \$3,000 last year or less? There were some, as we can appreciate, that actually came in under the \$3,000 last year. What I'm trying to drive at is, what overall percentage increase are we witnessing? Is it 20 per cent? Is it 25 per cent?

I would like him to perhaps break down some of the reasons for the increase. What percentage would he allocate to increased labour costs, what percentage to material costs, what percentage perhaps to the engineering cost involved and perhaps also because our preliminary estimates were not as sound as they could be?

MR. FARRAN:

Well, Mr. Chairman, it's utterly impossible to measure apples against oranges. Every co-op is different. They have different lengths of pipe. The farms are different distances apart. There are different types of gas that require deodourization, some odourization. Some of it requires a higher pressure line. Some can be looped. Some go in straight lines. It's just impossible to generalize.

When I say \$3,500 this is the typical co-op that was coming in at \$3,000 per capita before. Some of those that came in at less than \$3,000 per capita were service areas on about a 66 per cent sign-up. They have now been persuaded to spread their wings a little further in view of the greater interest in obtaining natural gas this year and an 80 per cent sign up is not difficult to obtain.

MR. NOTLEY:

Mr. Chairman, I can certainly appreciate that obviously there are going to be differences. I wonder though whether or not the department has been able to break down a little more thoroughly the prototype of an average co-op. When you say \$3,000 a year and they go \$3,500, obviously there must be some breakdown as to what that cost increase is.

MR. FARRAN:

I've given you that in the \$3,500 above the \$3,000, but there are no two co-ops alike. We don't live in a socialist state so the materials come from different private enterprise companies, all of which are competitive.

MR. R. SPEAKER:

Mr. Chairman, to the minister. Has the minister or the department given any recommendation to any of the co-ops that there's a freeze on this year and that because of their level of cost this year they will have to wait until next year? Has it been indicated to any of the co-ops that they will be unable to proceed because of lack of material or equipment? That's the second question. The third one is, has there been any freeze on some of the co-ops by withholding the franchise area because it looks as if the cost is too high in that particular area or development?

MR. FAFRAN:

No, Mr. Chairman.

MR. R. SPEAKER:

The subsidization that is given via transmission lines, or 50 per cent of the cost over and above that, seems to have as its objective working towards the level of \$3,000. I was wondering what argument the minister uses in that type of thinking, in not just subsidizing each one of the co-ops to the \$3,000. That's the object he's attempting to reach.

I become a little concerned when one co-op may have to dig into its pockets for \$400 or \$500 and [another for] maybe \$50 or \$25, as one does that we are both aware of. But there is a basic principle that the cost in each one of the co-ops is going to differ. The cost per member is going to differ. But these are rural people all over Alberta and they have a feeling, or it has been indicated to them that \$3,000 was the level. I'd like the minister to elaborate on that a little more.

MR. FARRAN:

Well, I'm quite aware who indicated this to them. I think it was the hon. member himself.

As I pointed out, every co-op varies. This is not a socialist state. We're not attempting to cover everything above \$3,000 by grant. These co-ops are independent agents and they are in an entirely different territory. Some of them might never have expected gas in their lifetimes if this program hadn't come along. They would certainly never have gotten it under the old system. The only ones who would have gotten it would be those who were lucky enough to live along one of Alberta Gas Trunk Line's pipelines. There is just no way you can say that it should be equalized between, say, the people in the short grass country in eastern Alberta, where the farms may be ten miles apart, and those that may be close together in areas west of Edmonton.

MR. R. SPEAKER:

Mr. Chairman, just two comments. One, I certainly want to see the rural gas program move ahead. The other comment is with regard to my making that comment to gas co-ops that \$1,700 is the level. If we just examine some of the material that has been sent out across the province, we'll find example after example in the material where \$1,700 was the indication. In Hansard of April 30, 1973: "The farmer would be responsible for his costs up to \$1,700." And I could read some more there.

There are a number of other examples. At the beginning of the rural gas position paper [we read]:

That the Province of Alberta assist from general revenues, a maximum of \$1,300 per farm consumer for those whose per customer costs are between \$1,700 and \$3,000. The farmer would be solely responsible for his costs up to \$1,700.

We can read on page 7 of the Rural Gas Policy for Albertans:

In other words, any system which can be built at a per customer cost of \$1,700 or less can stand on its own feet on the basis of monthly payments already being made for propane.

On page 8:

The target of this plan is to make natural gas available to all Albertans who can be reached by a distribution system costing up to \$3,000 per customer.

On page 9: "The government is, therefore, prepared to assist" It mentions \$3,000 again.

The people who went out from your department, Mr. Minister, indicated [it] at mass meetings. I sat in on the mass meetings and didn't get involved, just sat and observed. The figure of \$1,700 was mentioned over and over again.

The directors of the co-ops, as they went out and sold the contracts, came to my house. I am a member, I am a contract holder and I was in a hurry. I said, what's it going to cost? Is that all it's going to cost me? He said, yes, you pay up your \$1,700, [and] you can use it as a tax deduction. I said, fine. I gave him a \$1,700 check and I said, in full confidence that these people had been given all the information, where do I sign the contract?

I don't want to debate that point and cause a concern. At the grass roots level of these co-ops this is the people's understanding. It's become that kind of problem, Mr. Minister.

That's why I try to clear in my mind how you use transmission line and then 50 per cent of the cost to come up with a subsidy formula, when the people out there who have been rushed into this co-op system, with their eyes closed or open, I don't know - in an attempt to move ahead, this problem was created. It's a combination of errors. I don't know. I think we should have just another look at it and look at the cost, look at propane costs, the propane subsidy and try to work ourselves out of it.

At this point in time the wave of political reaction - I talk of that in a non-partisan sense. You can talk about it any way you want to. If the Minister of Agriculture was sitting over here he would have 4,000 or 6,000 or 7,000 farmers sitting out here in the lobby over the situation. We've at least tried to be reasonable.

[Interjections]

Those are the circumstances. When the co-op directors attempt to go back and collect it, whether it's an added gas price - I will have some remarks on that later on - or other ways, there is going to be quite a concern. I think we should try to solve the thing now. We are willing to talk about it on an unemotional basis here unless the minister himself allows a debate when we come to the motion.

MR. FARRAN:

Mr. Chairman, the hon. member is determined to distort this rural gas program. I gather he hasn't been in favour of it from the beginning. I might tell him ...

MR. R. SPEAKER:

Mr. Chairman, on a point of order. That is totally wrong, incorrect. I have never said that. There is no place the minister can find that because he is caught in a bind. He is trying to work his way out of it and trying to blame it on the fact that we are causing political difficulty and that I'm against the program. There is no way I'm against this program. I want it to move ahead but I do have, as a responsible member for that area where I have three co-ops, to clear the information here in this Assembly. The minister has a responsibility, he's paid for it and so was I when I was on that side, to sit down in an attempt to discuss the program rationally and not be defensive. That's all I want.

AN HON. MEMBER:

Agreed.

MR. FARRAN:

I might say, Mr. Chairman, that the Sunshine Gas Co-op in the hon. member's riding is an extremely successful one. I only wish that Johnny Green, the President, was here in the House to tell you ...

MR. R. SPEAKER:

Mr. Chairman, I would like to make a comment on that. I appreciate that ...

MR. DEPUTY CHAIRMAN:

Will you just wait until the minister finishes his reply and then make your comment.

MR. R. SPEAKER:

It's a point of order. I think I should comment on the information. Point of order, Mr. Chairman.

MR. DEPUTY CHAIRMAN:

That's not a point of order. You can make another comment afterwards.

MR. R. SPEAKER:

I haven't even ...

MR. DEPUTY CHAIRMAN:

The last one was not a point of order either. You can make another comment, Mr. Speaker, after the minister has a chance to reply.

AN HON. MEMBER:

Agreed.

MR. FAPRAN:

The \$1,700 is still all the farmer is being asked to contribute. There was nothing in the position paper on the Rural Gas Plan saying at what price Gas Alberta will be able to sell gas wholesale to the co-ops. I have already explained that the estimated price of 32 cents of last year will probably be considerably less because of the Natural Gas Rebate Plan. The farmer is only responsible for \$1,700. This is the only amount he has to sign liens on his land for as collateral. Any extra funds can certainly be borrowed by the co-op itself which is a free agent on a vote of its board of directors.

[Mr. Diachuk in the Chair]

No co-op in southern Alberta or anywhere else has to have natural gas. This is an offer from the government to help them get natural gas, but if they want to stay on propane they can, or they can burn wood or coal. This is the first time in the history of rural Alberta that they have had an opportunity to get this clean and convenient fuel. You might just as well say that the government's offer of a grant of \$1,300 should have been frozen as of last year, but the government hasn't taken that position. It has increased the grants to keep pace with inflation by paying 100 per cent of the cost of high-pressure transmission lines and half the excess above \$3,000. That is generous. That's keeping pace with inflation and the co-ops themselves can also do a little bit.

MR. R. SPEAKER:

Mr. Chairman, I appreciate that the government has taken increased cost into consideration, has looked at a new formula for giving subsidization to the co-ops. I think that's very good. It's in the right direction.

With regard to the specific co-op mentioned - the Sunshine Gas Co-op - the cost at this point in time, with the grant on transmission lines and with the 50 per cent grant is going to cost the local co-op \$25 more per member, plus \$25 from the government. That's not much for the Sunshine Co-op. The name of Mr. Green, some fellow in my constituency, was mentioned [as] chairman of the co-op. That's fine. It was only \$25 and in times of inflation, in times of today, we can hardly go downtown and have a dinner for \$25, but the principle is what we are talking about, Mr. Chairman.

[Interjections]

Well, if I took Don along, the Minister of Federal and Intergovernmental Affairs, it might cost \$50 or \$35.

It's the principle, Mr. Chairman, that we are attempting to discuss here. We have another co-op at the other end of my constituency. I was going to ask why it wasn't on the list here. The first estimates for the Bow River Co-op and the Little Bow Co-op have come in at the present time. The Bow River at the present time with transmission is \$4,400. Paying the transmission costs it is around \$3,600, which means that the added costs on a 50-50 basis would be \$300 per member. In other words, we could put it into the gas price or through there, or the co-op could decide to get \$300 more out of myself as a member. Little Bow's cost is around \$4,200.

I think the principle is that it is okay for Sunshine because it is a low one. I think the members most likely would accept it. But here in Bow River, where the cost is around \$3,600 after transmission is paid, they have to go back for \$300 or have the co-op [borrow] \$300 from the government and then repay it through the price of gas over a period of time, plus the assistance through the rebate plan. The comment I have on that is that the rebate plan is only guaranteed for three years and the loan usually is over ten years. It does leave some unpredictability there. I think that's the principle. My honourable colleague from Macleod attempted to establish what may happen in 1975, 1976 or 1977 because as it looks now it is going to take two, three or four years possibly before the

installation. Whatever principle we establish now in the payment from government most likely will apply then. That's why I think it is our responsibility to discuss it at this time.

MR. FARRAN:

Well, Mr. Chairman, I will just give one other little calculation. The \$1,700 figure was arrived at as a level at which it paid a farmer to convert from propane at 14 cents a gallon if he put up \$1,700 himself and was buying gas for 55 cents per MCF. The average propane cost in the province is now 21 cents, so it pays a farmer to convert for \$2,500 now as opposed to \$1,700. This is because of the inflationary pressure in the economy.

The situation in two years time may be better. We may be making our own polyethylene resin here. It looks as though we will be, through the efforts of this government.

SOME HON. MEMBERS:

Hear, hear.

MR. BUCKWELL:

Mr. Chairman, in dealing with the minister talking about inflation - and I realize the bind they are in - when you first established your guidelines it was \$3,000. In answer to the hon. Member for Spirit River-Fairview you said it was \$3,500. Inflation had picked up the \$500 in the meantime. Now that is in one year. What happens in two years? Is it going to be that the same co-op that could have got in at \$3,000, and is now \$3,500, is going to be \$4,000? This is what we're concerned about. How can you go on today and ask people to sign up? For example, I have mentioned a utility company co-op. You say we are not asked to pay for more than \$1,700, and here is a contract with \$1,833 in it. These are the things that are difficult to understand.

MR. FARRAN:

Well, under normal circumstances Willow Creek wouldn't have gone at all. And don't think they are getting any gift from the utility company. They'll be paying a little more for their gas. There are no grants coming from Canadian Western Natural Gas.

The crystal ball we all have may read differently on the situation next year. I don't know whether inflation's going to continue, and I doubt if any member in this House does.

AN HON. MEMBER:

You know.

MR. FARRAN:

We'll face the problem when we come to it. In the meantime, it was stressed in the position paper that any co-op or any rural consumer who couldn't be reached for \$3,000 was considered not to be viable and we give them a \$250 grant towards a propane tank. If they want to take that alternative it's still open to them.

MR. BUCKWELL:

Mr. Chairman, to the minister, who set the boundaries for the co-ops? Has the government done so itself? The government set the boundaries that the whole province should be covered by co-ops. Now having set the boundary for the co-op, the co-op then takes over. They get a gross cost per consumer within that franchised boundary. Who cuts the customer off if his cost is too great?

We'll go back to the \$3,000 and propane at 14 cents. You took in as many customers [so] that the gross average cost was \$3,000. The ones beyond that were too far out, it was not viable to sign them up. At the moment the government, we'll say, with friendly persuasion, has turned around and said to the co-ops, this is your franchise area, take everybody in. Now having got everybody in, who then decides if the cost is too great? What we're actually saying today is that if the cost in Willow Creek, we'll say, was \$4,400, you could say, well, the co-op doesn't go at all. This is ridiculous, because maybe out of the 400 people who are potential customers there could be 300 who would take the gas at \$3,000.

You are actually saying to us now that the co-op is responsible. Who but the government set the boundaries? You have told the co-ops to take everybody in, to get a gross cost.

AN HON. MEMBER:

Yes.

MR. BUCKWELL:

This is what the co-op people have told us.

MR. FARRAN:

They told you wrong. The franchise boundaries were set after an application by the co-op on the basis of a feasibility study done by the engineers they hire.

MR. BUCKWELL:

Mr. Chairman, I disagree with the minister. I was at the co-op meeting that was formed in Claresholm. This is what fellows from your department told them: this is your boundary set by the government - set by your department. So don't give us this malarkey that the co-op set that boundary. It was the government that set the boundaries for the co-ops and then turned it over to the co-ops and said, sign everybody up and get a gross cost.

AN HON. MEMBER:

This is a rational discussion.

MR. FARRAN:

Well, Mr. Chairman, I'm afraid I just can't respond to that. The feasibility studies, the \$3,000 contour last year, were the bases on which boundaries were drawn. Certainly after the co-ops made their applications the department then drew the line on the map and said, this is your franchise area. They divided the province in orderly fashion on the basis of these feasibility studies to try to minimize boundary disputes.

If the hon. member really thinks the natural gas plan is bad for his riding I advise him not to take it, because we've got plenty of other people who will take it.

SOME HON. MEMBERS:

Agreed.

MR. BUCKWELL:

Mr. Chairman, the minister should have been a fisherman for the red herrings that he is throwing.

AN HON. MEMBER:

Hear, hear.

MR. BUCKWELL:

If there are 400 people within a co-op area and it's too expensive, surely 300 could take it.

At the meeting in Claresholm when your people came down, the co-op hadn't even been formed. It was that afternoon that they formed a co-op. It was put on the board there with a map from your department. Your civil servants outlined a franchise area for us and told us, this is your franchise area. We hadn't even formed a co-op. So to turn around and say that the co-ops formed their own franchise areas, or applied to the government for them, is pure malarkey, straight from Ireland.

MR. R. SPEAKER:

Mr. Chairman, I'd like to support that because exactly the same thing happened in Bow River at the meeting I attended. The information was given and at that point in time the co-op was formed. The number of people were picked from different areas, they formed a co-op at that point and then said, go out and get the people signed up. They didn't even have a feasibility study. They signed us up. We were involved in the project and then later we found out what our cost was. I don't blame the co-op because that was the direction they were given. The fellows and the directors did a fine job down there, but that's the bind you are in Mr. Minister and I mean, you just can't deny it or say, no that's not the way it is. That's the problem. I think you have to come up with some solutions now. That is what we want.

MR. RUSTE:

Mr. Chairman, I think we can move further north and find the same situation. I sat in on two meetings and my understanding from those meetings was that those were the boundaries you operate within. Certainly if the minister has a different opinion, I'd

tell him that's not what's coming out into the field. What's coming out into the field is the fact that it is going to cost you a maximum of \$1,700 and the government is going to go for \$1,300 above that.

What I'm afraid of is at this time - 1974 has been a year when there has been a fair amount of money floating in the agriculture economy. We're going to see that diminish in 1975 and 1976 unless something happens that is going to be different. Then what's going to happen with the ones who have anticipated gas under this program? I'm not against getting gas to the rural people but that is the impression which has been left with these people.

There are two points that I'd like to make. One is that this is the area you operate in, and second, there is a maximum of \$1,700 to the farmer.

MR. STROM:

Mr. Chairman, I have listened with a great deal of interest to the discussion up to this point and I would like to bring in one other factor that certainly is very important to the discussion we are having.

First of all, I want to say that I noted the minister has been very careful to refer back to what the previous administration did in the matter of rural gas co-ops. All I can say to him is that he as well as anybody in this House knows that the scene has been changing as rapidly as anything I can think of.

The matter of the kind of pipe that has been usable - I can recall when the first study was made giving consideration to the use of rigid pipe. No one even talks about rigid pipe anymore, that's a thing of the past. When we start talking about decisions which were made, I think we have to keep in mind a statement I've made half a dozen times if I've made it once. If we're being critical of something that happened ten years ago, let's keep in mind the circumstances that surrounded it ten years ago. Let's not talk about it in the light of information that we have in 1974.

Now, Mr. Chairman, I want to make it very clear that I think we've come a long way. I can recall when the hon. Minister of Agriculture stood on this side and argued with us that we ought to be giving greater consideration to a rural gas program. I can also recall hearing him tell us later on, I think possibly after he got into government, that we had to look at an overall program covering the total province and for that reason there was a holdup on the development of gas co-ops within the province while the government was taking a look at it. I don't disagree with that. I say that's fine.

What I object to is when you start talking about what happened in the past and say that this is so much better than what happened previously. Of course it is. Nobody is even going to debate that. That is a foolish kind of debate to get into and I have no intention of doing it.

Now, I have heard the hon. minister also debate the matter of the \$3,000 in total cost. He said it was never given as a fixed program, yet he stands in his place tonight and uses the \$3,000 as a total cost to the farmer - \$1,300 as a grant from the government, \$1,700 by the farmer and the rest will be a loan by the co-op. Mr. Chairman, what I fail to note is how that becomes a charge to anybody else, other than the shareholders within that co-op. That's really all we are saying. The government has said it is prepared to take care of the costs of high pressure lines, and again I think this is good, a further step forward to meeting additional costs. But we are also pointing out, as clearly as we can, that in the minds of people there was a distinct feeling that their cost was going to be \$1,700. You can cut it any way you want to, but that's the way it is.

Getting back to the point of the sign-up, and I speak now only about my own area. I happen to have a co-op that is made up of quite a large irrigation block - which is very helpful. But also included in that area is some very, very sparsely settled land, and by including the sparsely settled area their costs are going up very considerably. My question is identical to that of the hon. Member for Macleod. Who makes the final decision as to the boundaries of that franchised area? Will it be a 40 mile co-op? Can they cut it off any where they want to?

The minister shakes his head. Now all I am saying at this point in time is that from the latest information I have been able to get, they are uncertain, they don't know where they can go on it. All we want is some clarification. Who makes the final decision? On what basis is it made? Is it made on the basis of X dollars per member? How is that decision made?

MR. BATIUK:

Mr. Chairman, listening to the hon. member's criticism about the designated area, I feel I should just mention that I think some of the representatives are neglecting their

duty to inform their constituents. I am a member of a gas co-op, and particularly when the Lambco gas co-op was being formed I know I was called to every meeting. They wanted the information, and I never told them they were going to get boundary such and such. They started off with 200. It wasn't feasible and it wasn't made. They went to 300 and so forth until it was.

The same with the hon. Member for Macleod. I can't see him say that 400 isn't feasible. How could 300 be? We look to expand it, and there is no way that I have ever heard of any designated boundaries. When the feasibility study showed an area that the Lambco gas could - within the \$3,000 limit, they asked for approval and that is how it was. But I never heard of anybody telling you your boundary is going to be so and so. I still think that the hon. members have not gone out and maybe not informed their co-ops.

MR. BUCKWELL:

Mr. Chairman, in answer to the hon. Member for Vegreville. It is quite interesting to note that, say, for example, in the REA, if there are 400 customers and they are stretched out, surely there is a group that is fairly close together that gets gas or gets the REA at a reasonable cost. As far as informing the co-ops, who can inform the co-ops when the minister changes his mind almost daily or weekly? If you can't believe the information that comes from his own civil servants, who are actually there, who are you going to believe?

MR. FARRAN:

Can we wrap it up quickly so we can go to bed? Mr. Chairman the way the franchise area is drawn is on a very preliminary feasibility study of the maximum number of farmers who can be reached for \$3,000 on 1972 costs. Within that franchise area, a co-op can then apply for a service area to commence construction and another boundary is drawn for the service area. Certainly the final designation of the franchise area is the responsibility of the department, and any disputes over boundaries are subject to appeal to the Public Utilities Board. But it begins with a feasibility study and an application by a co-op.

There is obviously a difference of opinion. There is not going to be any meeting of the ways, but I tell you if we follow the route that is being suggested, that all costs be covered by a government grant above \$1,700, you would not solve the problem. The co-ops must have their own discipline of controlling costs. If it is all covered by grants then it will just be lapped up by the pipe extrusion plants, engineers and contractors and we will start from another plateau.

MR. STROM:

Mr. Chairman, I certainly can agree in part with the statements the hon. minister has made. This has gone on as long as there have been governments and as long as there have been grants provided. At least it's a feeling that is often held by those who are in government, that it reflects increased costs.

Nevertheless I'm still a little concerned, Mr. Minister, in the manner in which they will establish their franchise area. You have suggested that they include the total area, which I am certainly in accord with. I support it 100 per cent. My particular area has that southeast corner which, if the minister can look at a map, is a very bad one. It is included at the present time. Now my question - maybe it has been answered to the co-op. I haven't had any late communication with them, and I haven't tried to contact them. I do know what the situation was the last time I spoke to them. Their cost, if that area has to be included, will be very, very high. If they were to include only the irrigation area that could certainly bring it down.

I want to say too that the permission to have two shares on one farm through irrigation has been very helpful to the total area. We're still in difficulty with that one. I would like to have the minister respond as to the procedures that would be followed in establishing a franchise area in that southeast corner.

MR. FARRAN:

Well, Mr. Chairman, I know there are problems in the hon. member's riding. They have got a very big area. The department is trying to help by locating certain capwells and trying to reach agreement with a comparatively low pressure gathering system by Canadian-Montana. I know there are problems there. The department is working on them.

MR. STROM:

Just one further question that I wanted to ask earlier, in the area of propane. The hon. minister has said that it is now under the PUB. There will be a grant of \$250 to anyone who decides to remain on propane.

As long as that remains a fixed situation in relation to gas, the user can then make his decision based on that formula. Now my question is: is there any chance, in the minister's view, that propane could remain more constant than the price of dry gas, for example? Is there any way that any commitments or any arrangements can be made to ... [Inaudible] ... some that way? Because I know some of the problems that farmers are facing right now in trying to make a decision whether they should go for a dry gas hookup or stay with propane.

MR. FARRAN:

No, Mr. Chairman. I'm afraid I can't forward guess or second guess the Public Utilities Board hearing. The only information I've had on propane was hearsay earlier in the year when the government did act and achieved a voluntary roll-back. We have no firm cost figures on the propane industry but I hope to have them after the Public Utilities Board hearing.

As far as the \$250 grant for a propane tank is concerned, I would just like to correct the hon. member. This grant is for those who are beyond viable reach of a natural gas system, not for those who declined gas when it can be delivered at a viable rate.

MR. STROM:

In other words they have to be outside of the franchise area, Mr. Chairman, or they will not qualify for the money?

MR. RUSTE:

Well, Mr. Chairman, to the minister. This gets back - maybe we should finish the propane or the natural gas. Do you want to finish that now?

MR. R. SPEAKER:

I was wondering, with regard to the discipline factor the minister has mentioned, whether there were other alternatives that were attempted? I know we can do certain things through a financial squeeze to keep the pressure on. I was wondering, does the department have engineers who can be used as inspectors in the department or has some type of analysis been done? I know you have your own staff in the department. Mr. Mandeville mentioned the use of the officer. I thought maybe this could be another route we could check right at the field level. I was wondering if some new approach was attempted there?

MR. FARRAN:

Mr. Chairman, we have a few engineers in the department but they are in short supply. They do check all the designs for the engineers as far as they possibly can. If a co-op runs into serious trouble we will send an engineer into the field to consult with the private engineer they have hired. We can't grandfather it all for them. They've really got to stand on their own feet to a large extent.

MR. R. SPEAKER:

Mr. Chairman, how many different engineering firms are in the field? I know there is Palmer Engineering. Are there a number of others planning gas co-ops across the province or is it limited just to two or three at the present time?

MR. FARRAN:

I wish there were more. There are, at the moment, half a dozen active. I was very encouraged last week when the big engineering firm of Acres came into the field.

MR. RUSTE:

Mr. Chairman, I missed the subcommittee meeting on your department. I'd just like to know how many co-ops have been formed to date. In your anticipation, what is the time for the completion of these in the building program?

MR. FARRAN:

This was in the answer I gave to the written question - 74 was it? - from the hon. member Mr. R. Speaker, which I filed with the clerk this morning.

I might say that over the past year this is roughly what has happened: 32 new rural gas co-ops were formed of which 16 commenced construction during the year. About 1,300 miles of gas pipeline was laid, about 4,500 new rural gas consumers were served with natural gas. I myself participated in eight grand openings of new co-ops. We made capital grants to gas distributors amounting to \$2,886,717. We attended 700 meetings with gas co-ops.

MR. R. SPEAKER:

Mr. Chairman, there are just two more questions and then I'll quit too.

With regards to the utility officer, has any arrangement been worked out, or possibly could be with the co-ops where the utility officer works with the co-ops for five years, then transfers to the municipality - just in the initial stages?

The other was with regard to payment of engineers. I understand there are two different methods. One, the co-op can pay the engineer on an ongoing basis. I forget what the other one is; it's on a percentage basis at the end of a project or something. Are there any problems in this arrangement at the present time?

MR. FARRAN:

Mr. Chairman, the method of hiring and paying the engineers is a matter for the board of directors of the co-op. In the early stages they sometimes pay a per diem rate while other co-ops will insist on a firm price for a feasibility study and then a percentage, according to the engineers manual of rates of the end contract price. It is again a matter for the co-op.

The utility officers have to be in part inspectors and in part coordinators. I hope they will perform a dual role of helping the gas co-op during their plowing phase. I don't believe there is any way they can actually become employees of the gas co-op because they have got some inspection role.

MR. RUSTE:

Mr. Chairman, to the minister. This gets back to the telephones and AGT. In areas where the DDD goes in, and their staff displaced in a community - has the government or your department given any consideration to putting other government departments in there to take up the staff? I appreciate that the staff is transferred so they may not lose their jobs, but I mean, to the community where there is personnel lost as government staff to have another department or something fill in for them?

MR. FARRAN:

Mr. Chairman, as a result of representations from the hon. member, we're not far enough along with DDD not to be able to make a compromise. We did keep some of the staff in Wainwright who might otherwise have been displaced under a full DDD changeover.

So far as locating other government departments is concerned, it's not not only my say-so. It's a question of decision among all my cabinet colleagues. All I can say is that the general policy of the government is to decentralize as far as possible and to build up the economy of rural Alberta.

MR. RUSTE:

Mr. Chairman, another question deals within the public accounts we studied this year. On page 26 there is a matter of the loans to interveners regarding [the] Calgary Power rate increase application. What is the situation as it relates to the repayment of these loans?

MR. FARRAN:

I didn't get the question. Does it relate to public accounts? Is that ...

MR. RUSTE:

Yes, we had it in public accounts on page 26. It reads as follows under Schedule (c) (1), Loans Advances and Accounts Receivable. It deals with loans to interveners regarding a Calgary Power rate increase application of some \$351,500. My question is, what is the state of that as far as repayment goes?

MR. FARRAN:

I haven't got public accounts before me because I didn't think it was before the House tonight. I can tell you from memory that we did make interest-free loans available to interveners in the Calgary Power rate hearing, and that the final award of costs has not yet been made by the Public Utilities Board. I am hopeful that it will award costs against Calgary Power and in favour of the interveners, then we won't have a problem.

MR. RUSTE:

I think many of us [in rural areas] who received our power bills the other day received a notice about power rates going up, and so on. What is the position of the government as far as it relates to power at cost in the rural areas?

MR. FARRAN:

That's a long subject. It's also one for the Public Utilities Board which regulates utilities in this province. It has given notice to the union of REAs that it is prepared to discuss this whole question of power costs at a separate hearing. I did notice, for information, that it disallowed an application for a rate of 2.1 cents per kilowatt hour and reduced it to 2 cents per kilowatt hour, which is contained in the tri-party agreement.

MR. DIXON:

Just one quick question to the minister before the department is closed out. It is regarding the City of Edmonton and the extended flat rate calling. How are the negotiations going between the City of Edmonton regarding the extended flat-rate calling, and also [regarding] the cable problem? Is that going to be resolved before too long? I would like the minister to bring us up to date on any negotiations that might be going on at the present time.

While I am on my feet, I would like to ask a question with tongue-in-cheek. I wondered why the hon. minister, when anybody complains about his phone being cut off for non-payment of bills, uses the hon. Provincial Treasurer as an example, because the hon. Provincial Treasurer was not able to pay his bill. A lot of people in Alberta are wondering why he does this, because the Provincial Treasurer, with all the money he doesn't know what to do with, ought to have been able to look after his own telephone bill.

Seriously, Mr. Minister, getting back to Edmonton, there has to be some decision made fairly quickly because the people in the Edmonton district are very interested in this flat rate. How are the negotiations going? Are we going to pass legislation allowing Edmonton to have the cable rights or not?

MR. FARRAN:

Mr. Chairman, the negotiations are coming along quite nicely. Thank you.

MR. BUCKWELL:

Mr. Chairman, I just wanted to ask the minister a question. This is with regard to your pay telephones. We seem to have two types, one, that you can reach the operator, and then having placed your call you put in the required number of nickels or dimes. [With] the other kind you have to pay before you can even reach the operator. I think this is a dangerous type of phone, not for the money involved. If a person saw an accident he could have \$100 in his pocket and not have any change to operate the telephone. I think maybe you could see if there is any logical reason why you have the two types. Quite often it has happened to me [that] I want to phone the police. If you could dial the operator [you could] tell her you have the problem. The idea that a person could have \$100 in his pocket and can't even use the telephone is rather serious, particularly, say, on a highway where there could be a very bad accident. You go to phone and can't use the phone for that reason.

MR. FARRAN:

We're replacing the antiquated phones of the previous regime just as quickly as money will allow.

MR. LUDWIG:

Mr. Chairman, I think the minister is rapidly becoming antiquated in his own department.

I would like to ask him one question he tried to answer in committee and didn't do such a good job on. Perhaps he has had the opportunity to become informed since then. It is with relation to people who have mineral rights on their lands and have leased these rights and are obtaining free gas from the lessee. Are there any controls on this problem now? Can the minister tell us how many people are getting free gas in this manner in the province at this time?

[Interjections]

MR. FARRAN:

Well, Mr. Chairman, before I answer that question I have been directed to answer the former question which was something of a joke, and I apologize for a private letter of mine to a friend at The Edmonton Journal being used in a news column. The Hon. Gordon Miniely, the Provincial Treasurer, inadvertently overlooked a payment of 95 cents. It is not AGT's policy to cut off telephones for such a small amount, especially since it would have cost him more to have sent the cheque that month than in the following month. So he paid the bill and got the 5 cents change plus a receipt. But it just shows that even the mighty sometimes suffer under the tough collection procedures of the telephone company.

As far as the other question is concerned, what was it?

AN HON. MEMBER:

He didn't say anything.

MR. LUDWIG:

Mr. Chairman, I will repeat the question. The minister didn't know the answer the last time I posed it. He tried to answer, but I think that he perhaps sought some advice on the issue after that.

How many people in this province are getting their gas supplies free by tapping the supply of the lessee of the mineral rights of the owner?

MR. FARRAN:

Mr. Chairman, I don't know of any, but that would be a matter for the hon. Minister of Mines and Minerals or the ERCB.

MR. LUDWIG:

The hon. minister did state that this, in his opinion, was an illegal practice. I did ask him to follow up the matter and he said he would. So I thought that ...

[Interjections]

Pardon?

[Interjections]

Well, that's about the best effort from the hon. minister tonight. He fumbled all over the place with answers that nobody bought, and now he finally says, I don't know. I do believe this is happening. It's a public interest issue and somebody ought to find out. I wonder if the Minister of Mines and Minerals can advise whether this is legal or not.

AN HON. MEMBER:

Name some.

MR. LUDWIG:

No, I don't wish to name some, but I could. But I am asking questions. If the hon. minister says there aren't any, I'll drop it. But I believe there are.

[Interjections]

The hon. Doctor Warrack is saying names.

MR. CHAIRMAN:

Order.

MR. LUDWIG:

I wonder if some of the hon. ministers can see if they are getting it free. Then we can start from somewhere, Mr. Chairman. I believe one of them is receiving free gas. Let him volunteer the circumstances. We might clear the issue right now.

MR. STROM:

Mr. Chairman, I think I heard the minister correctly [when] he said he was having the antiquated phones removed as quickly as possible. I would like to make a suggestion to him, and I do it on the basis of an incident I read about in the paper a couple of years

ago. Some fellow had gone out on a back trail in the wintertime and staggered into a telephone booth and was able to make a call from there. Now I suggest that in those isolated areas it would be very, very wise indeed to have a phone that could be used without putting a dime in it. I suggest he look at it very seriously.

MR. DIXON:

Well, Mr. Chairman, I notice the minister was a little more serious in his answers. On my question regarding Edmonton and the flat rate, now I wonder, Mr. Minister, is there some kind of deadline? Negotiations are, as you say, going on, but how long? What is the plan? Is there going to be a decision before too long, or is it just a case of negotiation after negotiation? Surely there should be some sort of deadline set when they are going to be finalized. The people in these outlying areas outside Edmonton are anxious to know whether they are going to get the service, or whether they are going to be part of the City of Edmonton.

And on the other, with the cable, there's a lot of money involved and I don't think it's a case where we want to be kind of flippant with answers. I'm being serious. I'd like to know from the minister, are the negotiations - which, I understand are going along all right - but is there a deadline, or is it just going to be going on for ever, hoping that the thing will disappear?

MR. FARRAN:

Well, Mr. Chairman, I can't say any more than that the negotiations are coming along quite nicely, thank you, and God willing, EFRC will be a fact around Edmonton in November 1975.

SOME HON. MEMBERS:

Question.

MR. RUSTE:

Mr. Chairman, this is a question to the minister. We get cable in the cities for TVs and so on through wires used on the telephone poles. I was wondering if there has been any development or any sign of any development that they would be enabled to go out into the rural areas?

MR. FARRAN:

Are there any other questions, Mr. Chairman?

AN HON. MEMBER:

Question.

MR. FARRAN:

Well, we are still negotiating with the federal government over the question of provincial input into cable television. At the moment it's under the control of the federal CRTC.

AN HON. MEMBER:

Question.

MR. CHAIRMAN:

As moved by the Chairman of Subcommittee C, Mr. Trynchy:

Resolved that a sum not exceeding \$27,987,703 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Department of Telephones and Utilities.

[The motion was carried.]

MR. FOSTER:

Mr. Chairman, I move the committee rise and report.

MR. CHAIRMAN:

Is it agreed?

HON. MEMBERS:

Agreed.

[Mr. Diachuk left the Chair.]

* * * * *

[Mr. Speaker resumed the Chair.]

MR. DIACHUK:

Mr. Speaker, the Committee of Supply has had under consideration certain estimates, reports progress and begs leave to sit again.

MR. SPEAKER:

Having heard the report and the request for leave to sit again, do you all agree?

HON. MEMBERS:

Agreed.

MR. FOSTER:

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. Acting Government House Leader, 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 11:05 o'clock.]