

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Wednesday, April 28, 1976 2:30 p.m.**

[The House met at 2:30 p.m.]

PRAYERS

[Mr. Speaker in the Chair]

head: INTRODUCTION OF BILLS**Bill 43****The Stray Animals Act**

MR. BUTLER: Mr. Speaker, I beg leave to introduce Bill 43, The Stray Animals Act.

[Leave granted; Bill 43 introduced and read a first time]

MR. FOSTER: Mr. Speaker, I move that Bill 43, The Stray Animals Act, be placed on the Order Paper under Government Bills and Orders.

[Motion carried]

head: INTRODUCTION OF VISITORS

DR. PAPROSKI: Mr. Speaker, I'd like to introduce to you, and through you to the members of the Assembly, some 60 students from Victoria Composite High School, in the constituency of the hon. Minister of Hospitals and Medical Care. They are accompanied by their teachers, Mrs. Untershute, Mr. Mock, and Mr. Sailer.

Mr. Speaker, it's a special privilege today to introduce these students because many, of course, come from my constituency of Edmonton Kingsway. But it's a very special privilege indeed because this is my school, my alma mater. I welcome them to the Assembly. I congratulate them for taking an interest in the legislative process. I would ask them to rise and be recognized by the House.

DR. HOHOL: Mr. Speaker, it's my pleasure each year to introduce students from the Father Leo Green School in the constituency of Edmonton Belmont. There are 69 students with us this afternoon, attended by three teachers, including Mrs. C. Ritter.

This particular class, sir, is doing a long-term study of the legislative process and its workings in Alberta. I had the opportunity to visit the school and the pleasure to meet the students and teachers. I have in my hands, too, correspondence between some of the students and the hon. Premier. I should like the teachers and students to please rise in their places in the Assembly and be welcomed by the House.

MR. BATIUK: Mr. Speaker, it gives me pleasure to introduce to you, and through you to the members of the Legislature, and to myself, a young lady I have

never had the chance to meet personally. I have communicated with her. She's a very important person. She represents the Vegreville provincial constituency in the Grade 4 social studies class in the Father Leo Green School. I would ask that Mary Jane Stang rise so she could be recognized.

head: TABLING RETURNS AND REPORTS

MR. JOHNSTON: Mr. Speaker, I'd like to table two copies of the Municipal Statistics compiled by my department, which reflects the aggregate of data for all municipalities for the year ended December 31, 1974.

MR. GETTY: Mr. Speaker, I'd like to table the 25th annual report of the Alberta Department of Lands and Forests.

head: ORAL QUESTION PERIOD**Coal Policy**

MR. CLARK: Mr. Speaker, I'd like to direct a question to the Acting Premier, and ask if he's in a position to indicate to us whether the government has had discussions with the ERCB on the matter of its rebuttal to the ECA's report dealing with government exploration to determine coal supplies, and the ERCB's comment that in fact that would be prohibitive — a comment which I am inclined to agree with myself.

My question to the minister is: has the government finalized its future approach to exploration to determine coal reserves in Alberta, in light of the differing opinions of the ERCB and the ECA?

MR. GETTY: Mr. Speaker, in regard to the second part of the question, I'm sure the government's position will be clear when the coal policy is announced, hopefully to the House.

With regard to the first part of the question from the hon. Leader of the Opposition, both my colleague, the Minister of the Environment, and I have had discussions with the Energy Resources Conservation Board regarding their reaction to the ECA report. We advised the ERCB that they shouldn't feel constrained not to release their views regarding the ECA report.

MR. CLARK: To the minister, Mr. Speaker, a supplementary question flowing from the same report. It's the comment made by the ERCB that the board expects coal-based thermal plants to play an increasingly important role and to provide about 90 per cent of Alberta's total energy requirements by the end of this century.

My question to the minister is: have there in fact been discussions with the ERCB along this line? Is this the general tenor of the government's thinking with regard to the source of electrical power in this province at that time?

MR. GETTY: Mr. Speaker, the responsibility for The Hydro and Electric Energy Act is a matter on which the Energy Resources Conservation Board reports to

my colleague, the Minister of Utilities and Telephones. I would ask him to reply to that question.

DR. WARRACK: Mr. Speaker, pursuant to the natural gas policy statement made in the Legislature in November 1972, and the implementation which has gone forward from there, it has been the expression of policy by the Government of Alberta that base-load electric-supply capacity — as distinct from peak-load — for the province of Alberta ought to be based primarily upon coal-fired electric generating units, rather than natural gas. That matter stands as of the present moment.

Just to add further to my comment, I've not yet had an opportunity to review whether the report to which the hon. Leader of the Opposition refers would have some impact on my area of responsibility.

MR. CLARK: Mr. Speaker, a follow-up question to the Minister of Utilities and Telephones. Is it the government's plan to move towards coal-generated electricity being 90 per cent of the electrical base in Alberta at the end of this century, or 20 years from now? Is that the general direction the government is moving?

DR. WARRACK: Mr. Speaker, the answer is yes, with the exception of the time frame. In a rapidly changing area of technology, to reach towards the end of this century is a very far-reaching matter. But, certainly, projecting into the coming decade, as policies stand, the answer would be yes.

MR. CLARK: Mr. Speaker, to the Minister of Energy and Natural Resources, another question flowing from the same report. It deals with the comment made by the ERCB that the board recognizes that coal will become an increasingly primary feedstock for new petrochemical operations in Alberta for the next 10 to 15 years.

My question, very candidly, to the minister is: is this in keeping with the government's present plans via the petrochemical industry?

MR. GETTY: Yes, Mr. Speaker. The hon. Leader of the Opposition may recall that, in several of the reports the board has made to the Executive Council regarding various projects approved by the board and presently using natural gas, the board has put a condition in the recommendations to the government and in the permit approvals to the applicants that they must consider converting to coal in a period of time, in some cases in 10 or 15 years. So, for the hon. Leader of the Opposition's purposes, I would only confirm it is the government's view that many petrochemical projects will have coal as a feedstock, as well as oil and gas.

MR. CLARK: Mr. Speaker, then one last supplementary question either to the Minister of Energy or the Minister of the Environment, whichever feels most inclined. In light of the comments from the ERCB today, which as far as coal reserves in Alberta are concerned differ considerably from the point of view expressed by the ECA, I'd like some indication from one of the ministers as to how the government sees the two agencies and their relationship.

Where does the government see this question of

Alberta's coal reserves? Is the government going to try to reconcile the two points of view? What are the relationships, and what future involvement will the Minister of Energy have in that area?

MR. GETTY: Mr. Speaker, I think it's well recognized that there is always a stress and strain, I guess, between the views of conservation and resource development. Some of those differences of opinion are reflected in the two reports the hon. Leader of the Opposition is talking about.

However, it should be clear that, legislatively, the responsibility for the conservation and assessment of future efficient use and protection of Alberta's present and foreseeable requirements lies with the Energy Resources Conservation Board.

Government House

MR. CLARK: Mr. Speaker, I'd like to direct the second question to the Minister of Housing and Public Works. I'd like to ask the minister what the mechanism is which the Department of Public Works is using in the renovation of Government House. I ask specifically with regard to the refurbishing of the downstairs area.

MR. YURKO: Mr. Speaker, the Department of Housing and Public Works has an architect who also doubles as a project manager in charge of the job. His name is Mr. Alan Traish. He is primarily responsible and accountable to the Deputy Minister and me with respect to the implementation of the works and the renovation of Government House.

MR. CLARK: Mr. Speaker, a supplementary question to the minister. Was the minister involved in a meeting which took place regarding a difference of points of view on the way in which the main floor portion, directly at the foot of the stairs, was being finished? Was the minister involved in that meeting? Could the minister indicate to the Assembly the decision taken as a result of that meeting?

MR. YURKO: Mr. Speaker, the Department of Public Works undertakes tasks or jobs for various departments of government, and some on its own account. When there is a degree of conflict between the sponsoring department and the Department of Public Works — which is acting as a service department for the department it's doing work for — the procedure that's generally followed is that the decision-making process is moved upward to the deputy minister and eventually to the minister for a decision either on fact, putting all the facts on the table, or on policy.

I should say that with respect to most projects, apart from getting involved in establishing the policy and direction and timetable, I don't generally get involved in the mechanics of the project unless there is some degree of inability to make a decision in some particular area.

With respect to Government House, there were a number of differing opinions between the consultant and my department officials with respect to decorative aspects of the lower floor. In this particular case, I got involved directly and brought to the meeting such people as I felt were necessary to reflect on the future use of the building.

MR. CLARK: Mr. Speaker, a supplementary question to the minister. Is the minister in a position to confirm that, as a result of that meeting, part of the decorative work that had been done was removed, and that a change of plans developed as a result of that meeting? Could the minister also indicate the cost involved?

MR. YURKO: As I indicated, Mr. Speaker, I had not one but several meetings with the architects, assistant architect, and consultant involved. For several of the meetings I particularly invited Mrs. Lougheed and Mr. John Whalley, who acts generally in an official capacity at functions at Government House and knows the relationship of objects to functional requirements and aspects of Government House.

In the course of these meetings, I put a number of matters on the agenda to be finalized. One, of course, was the matter of the actual design work in the dining room, which could in fact be different from some of the other rooms; also the actual design and decorative work in the foyer, which is the main entrance to the dining room; and several other matters such as the selection of art work for Government House.

In all cases where decisions had to be made, they were discussed thoroughly. Where I had to rule between parties, I certainly did — so that the job could be expedited and finished in time for the opening on Heritage Day, August 1.

With respect to the changes the hon. Leader of the Opposition suggests, there was a very slight change of requirement in the foyer. The crew, which was very enthusiastic in terms of the ceiling design, had proceeded before it had received clearance on the nature of the ceiling design in the foyer. As a result, a slight change and alteration was made there. Otherwise, the dining room proceeded in accordance with decisions made by the appropriate personnel.

MR. SPEAKER: Might this be the last supplementary on this point.

MR. CLARK: Mr. Speaker, would the minister tell us the cost involved as a result of this slight change?

MR. SPEAKER: With respect, I would suggest that that would be a question eminently fitted for the Order Paper.

MR. CLARK: Like \$10,000.

Pesticides and Herbicides

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the hon. Minister of the Environment. It concerns the recent report on pesticides and herbicides by the ECA.

Mr. Speaker, in the light of concern expressed in the report regarding overuse of herbicides and pesticides and a general preference for alternate methods of control, is the minister considering any comprehensive legislative changes in response to the report?

MR. RUSSELL: Mr. Speaker, as soon as I received the report, I gave it to my department, which is also reviewing it with the Department of Agriculture. They're going to report their analysis of the recom-

mendations and a suggested course of action as follow-up to the report.

MR. NOTLEY: A supplementary question to the hon. minister. Will there be any specific meetings on the recommendations of the ECA concerning herbicides and pesticides with agricultural service boards throughout the province?

MR. RUSSELL: Mr. Speaker, it's a little too soon to give a firm answer to that. It's very difficult to respond to these lengthy and complex reports which are many months in preparation. The only assurance I can give the hon. member is that the two departments, Environment and Agriculture, are now commencing their review of the ECA recommendations. Surely, if discussion with the different boards and agencies throughout the provinces is desirable, I would think that would happen.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. At this point in time, has the government given any consideration to a timetable for the review by the respective departments so a policy decision can be made by the government?

MR. RUSSELL: No, it hasn't, Mr. Speaker. The reason for that is two or three of these major reports either have just been received or are expected. They'll all have to go through the same process. We'll just keep them moving as quickly as we can.

Commonwealth Games

MR. TAYLOR: Mr. Speaker, my question is to the hon. Minister of Housing and Public Works. Has the hon. minister or Alberta Housing been approached by the Commonwealth Games group to assist in securing housing for visitors and contestants during the Commonwealth Games?

MR. YURKO: Mr. Speaker, I haven't been approached in any way that I know of at this time. I don't believe any official in either the Alberta Housing Corporation or the department has been approached. But I would be prepared to check to find out for certain.

Cattle Rustling

MR. KUSHNER: Mr. Speaker, I wish to direct my question to the Attorney General. There are very serious problems developing in the province of Alberta ...

SOME HON. MEMBERS: Oh, oh.

MR. NOTLEY: No doubt about that.

MR. KUSHNER: ... in regard to cattle rustling.

AN HON. MEMBER: Not in Calgary Mountain View?

MR. KUSHNER: It's not in Calgary Mountain View, but I do have quite a few friends and, as a matter of fact, relatives. This problem has developed particularly in the last two years — because of some relaxation as far as the act is concerned, or the deterrent is not good enough. I really don't know.

I wonder if it has been brought to the minister's attention.

MR. FOSTER: Mr. Speaker, I am aware that cattle rustling has been going on in Alberta for some time. However, I'm not aware that it's any more a problem today than it perhaps was a few years ago. In the event that it might be, I'll be happy to inquire.

I would point out, Mr. Speaker, that I think the bill introduced in the House today, The Stray Animals Act, will have a very direct effect on the whole question of cattle rustling in Alberta. To the extent that there are policies or procedures in the law that would help to minimize this area, I think you'll find the provisions of The Stray Animals Act tighten up these policies and procedures with respect to the conduct of people who are in custody of animals. I'm not aware of any problem in the courts. If the hon. member who framed this question is concerned that the judiciary is not imposing strict enough penalties, I'd be happy to look at it.

Dodds-Round Hill Project

MR. STROMBERG: Mr. Speaker, my question is to the Minister of the Environment. Did your department have any personnel at the Camrose meeting last Saturday, when Dr. Curry from the Montana State University stated that the Dodds-Round Hill area would be impossible to reclaim?

MR. RUSSELL: No, I don't believe we did, Mr. Speaker. But I'd be glad to check that answer for the hon. member and report to him.

While I'm on my feet, though, I should correct an earlier answer I gave with regard to the Camrose-Ryley subject. Some time ago, in answering a question in the House, I indicated that Dr. Trost had been in the vicinity talking to the people. I got a memo from him yesterday. He had been reading *Hansard*, and he said that is not correct. Many of the citizens have spoken to him, have visited him in his office, but he has not personally been out there.

MR. STROMBERG: A supplementary, Mr. Speaker, in light of Dr. Curry's worldwide experience in strip mining and being responsible for drafting the laws on strip mining for the state of Montana. Will your department be giving consideration to using some of Dr. Curry's advice and, maybe, his expertise?

MR. RUSSELL: Mr. Speaker, I attempted to indicate earlier that the route the government follows in a situation like this is to act upon the recommendations of the Energy Resources Conservation Board which legislatively is charged with assessing the presentations by the proponents for the development. I suppose that if the evidence of Dr. Curry or any other expert was introduced in the hearings or [in a] submission, that would be carefully considered.

Power Outages

MR. BATIUK: Mr. Speaker, I'd like to direct my question to the hon. Minister of Utilities and Telephones. This is with reference to the cutoffs of electricity this winter in the east-central part of the province.

Could the minister advise whether he knows if there was definitely an emergency or power shortage? Or could this have been a gimmick in favor of Calgary Power?

DR. WARRACK: Mr. Speaker, I'm happy to advise the hon. member that there was indeed a very serious power shortage. It was the third in my time of responsibility; as a matter of fact, in July, November, and most recently in January 1976. It was a serious power outage that was due to the combination of very high demand — hon. members might recall that this was in early January when the temperatures were more than 40 below Fahrenheit. I can't remember the conversion into Celsius, but it's roughly the same — that combined with mechanical failures which, as I recall, were in both the Sundance area Calgary Power development and production centre, and the Battle River area that's in the production supply area operated by Alberta Power Limited.

MR. STROMBERG: A supplementary, Mr. Speaker. I would like to inquire of the minister the possibilities of two major power plants on a given night in a given hour — would the possibilities of that happening again not be one in a thousand?

MR. SPEAKER: Possibly the hon. member might do his research in another location.

Game Regulations

MR. MANDEVILLE: Mr. Speaker, my question is to the hon. Minister of Recreation, Parks and Wildlife. Could the minister indicate when the 1976 game regulations will be made public?

MR. ADAIR: Mr. Speaker, they've gone through two of the committees right now. I would hope that as quickly as possible, without being more definitive at the moment, that should be within about six weeks.

MR. MANDEVILLE: Supplementary question, Mr. Speaker. Could the minister indicate what organizations have input into the regulations? Will there be a meeting for the members of the Legislature to have some input into the game regulations before they are made public?

MR. ADAIR: Mr. Speaker, basically, the recommendations initially come from a committee that involves all the various organizations throughout the province related to hunting. That involves Unifarm, the farm community, various sporting organizations, the Fish & Game Association, and all the other interest groups. I haven't got the specific names of those people at hand right now, but I can provide them if you would like. They then make recommendations to the inter-departmental committee.

MR. MANDEVILLE: Supplementary question, Mr. Speaker. Could the minister indicate whether there will be a meeting of the members of the Legislature to have some input into the regulations before they are made public?

MR. ADAIR: Mr. Speaker, I don't anticipate that right now. We're following the same procedure we have in the past.

MR. MANDEVILLE: Supplementary question, Mr. Speaker. Will there be any hen pheasants harvested in the province, or any recommendations for hen harvest for this 1976 season?

MR. ADAIR: Mr. Speaker, I'd rather take that as advisement and try to answer that tomorrow so I don't make any error. I can get that information and bring it back.

MR. STROMBERG: Supplementary, Mr. Speaker, to the Minister of Recreation, Parks and Wildlife. Is it too late for your department to give serious ...

MR. SPEAKER: Would the hon. member please use the ordinary form of parliamentary address.

MR. STROMBERG: My apologies, Mr. Speaker. Would the minister give consideration to the recommendations of Unifarm and the Camrose Fish & Game in making the Battle River valley a game-management unit this fall and not the following fall?

MR. ADAIR: Mr. Speaker, as I mentioned to the hon. member, the possibility of it being too late may, in fact, be there, but we are certainly taking a look at it for him.

Career Counselling

DR. PAPROSKI: Mr. Speaker, a question to the hon. Minister of Education. I wonder if he would indicate to the House whether he has information from government departments to indicate that there is serious duplication of career information between the departments of Education, Advanced Education, other departments, the school system, and federal Manpower information.

MR. KOZIAK: No, Mr. Speaker, I have no such information, nor do I believe there is such a serious duplication.

DR. PAPROSKI: On a supplementary, could the minister indicate to the House whether he has information from the school systems in Alberta which indicates there is serious duplication of career information, and such duplicated information is not suitable or adequate for all grades?

MR. KOZIAK: Mr. Speaker, I responded to a similar question posed by the hon. member a couple of days ago. I answered that the agency in the provincial government which is most competent to provide information relative to careers is the manpower section of the Department of Advanced Education and Manpower. The information it collects, collates, and provides is very useful to the counsellors employed by school boards, who then adapt this information to fit the needs of the children they deal with.

DR. PAPROSKI: Supplementary question, Mr. Speaker. Who is primarily responsible for career information in the provincial government? Is it the

Department of Education, the Department of Advanced Education, or the Department of Labour?

MR. KOZIAK: Well, Mr. Speaker, from the answer I gave earlier, it would seem clear that as the manpower section of the Department of Advanced Education and Manpower is the proper department to obtain that information, the gathering of that information should be in the hands of that department.

The Department of Education would be there to assist the school boards by providing that information to them. The school boards and the counsellors they employ would be the ones most competent to make sure that that information reaches the children.

DR. PAPROSKI: Mr. Speaker, so the House can be abundantly clear, are we to understand ...

MR. SPEAKER: Might this be the final supplementary on this point.

DR. PAPROSKI: Mr. Speaker, a final supplementary then. Is it clear, as the minister is indicating to the House, that the primary responsibility that the school systems would go to for career information for the students is the Department of Advanced Education and Manpower? Secondly, would the minister review the matter to assure that suitable and adequate co-ordinated information for various students is flowing from the government to the school systems?

MR. KOZIAK: Mr. Speaker, I think the best way I can answer that is to refer the hon. member to the annual report of the Department of Education, in particular pages 64 to 66, which outline the function of the counselling and guidance section of the Department of Education. I am sure those three pages would be of great assistance to the hon. member in appreciating the way that section of the Department of Education assists school boards, teachers, and students in this province.

Misericordia Hospital

MR. R. SPEAKER: Mr. Speaker, my question with regard to certification is to the Minister of Labour. Is the minister or any member of his staff investigating the situation at the Misericordia, the new provincial hospital, regarding the CUPE application to organize the 400 employees formerly under a different union, and the 200 clerical employees who previously were not under the SEIU?

MR. CRAWFORD: Mr. Speaker, the application the hon. member asks about is one that, in order for it to be dealt with, must go before the Board of Industrial Relations. I believe that application is pending there now but hasn't yet been dealt with.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the minister. Can the minister assure the House that the clerical workers will not be forced to join CUPE when they were not even informed they would be included in the application for certification which is now, as you indicate, before the board?

MR. SPEAKER: I regret to interrupt the hon. member, but in view of the quasi-judicial nature of the Board of

Industrial Relations and the fact that this question or the answer might be construed as an attempt to influence the decision, it might be well if it were postponed until after a decision has been reached.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the minister. Could the minister indicate whether the CSA had the opportunity to make application to represent these employees?

MR. CRAWFORD: Mr. Speaker, I have no information on that question at all.

Taxi Company

MR. KING: Mr. Speaker, I wonder if the hon. the Solicitor General has information that he could give the House respecting the fact that City Cabs in Edmonton is not at this time providing service.

MR. FARRAN: Mr. Speaker, yesterday I took action under Section 57 of The Motor Vehicle Administration Act to suspend the certificates of registration and to recover licence plates from City Cabs, a company operating in Edmonton. The reason was that we had evidence that it was not covered by insurance.

VS Services Contract

MR. CLARK: Mr. Speaker, I'd like to direct a question to the Acting Minister of Social Services and Community Health, the Minister of Labour. I'm sure he already knows what the question is.

Is he in a position to indicate to the House whether the VS Services contract has been signed?

MR. CRAWFORD: Mr. Speaker, it is true I knew more about what the question was going to be than what the answer was going to be. The answer is that the hon. Minister of Social Services and Community Health is expected to return to the House for tomorrow's question period. I believe that she would like to deal with it herself at that time.

Energy Policy

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the hon. Minister of Energy and Natural Resources. It's a follow-up to a question posed yesterday. I'm sure in the intervening 24 hours the minister, who is a very rapid reader, will have had an opportunity to digest the federal report. Mr. Speaker, my question to the hon. minister relates to the federal report.

Does the Government of Alberta share the view that for Canada, self-sufficiency in petroleum products is no longer possible, and that self-reliance, where we still have to depend to a large extent on off-shore oil, is a more practical reality?

Ministers' Absence

MR. GETTY: Mr. Speaker, just before replying to that, I'm sorry I missed an opportunity to say to you, sir, and to other members of the House, that there's been a unique coming together of circumstances. With the hosting of the western premiers' conference, several federal-provincial ministerial meetings, and a health

problem, there are depleted ranks in the cabinet today. I apologise to the House for the fact that so many ministers had to be absent.

Energy Policy (continued)

MR. GETTY: Mr. Speaker, dealing with the hon. member's question: Alberta, of course, is self-sufficient. Alberta believes it would be best for Canada to be self-sufficient. It may be that, while aiming for self-sufficiency, we will come to realize that self-reliance is all that can be achieved. However, I think we should strive for self-sufficiency.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. At this time, has the Government of Alberta, any of its agencies or departments, or the petroleum marketing board come up with any calculations of a price that would be necessary to achieve self-sufficiency for Canada?

MR. GETTY: No, Mr. Speaker. It's a very difficult figure and it would be one that would only be open to almost any individual judgment. I filed in the House Alberta's six self-sufficiency principles in pricing. But other than that, no; I think it would be setting an unrealistic target for ourselves, to try to come up with such a price.

MR. NOTLEY: Mr. Speaker, a further supplementary question to the hon. minister. Bearing in mind the report tabled in Ottawa yesterday, has the Government of Alberta, either formally or informally, been asked to co-operate with Ottawa in some kind of monitoring procedure to ensure that higher prices in fact are used for increased oil and natural gas exploration in Canada?

MR. GETTY: No, Mr. Speaker. The matter has been discussed at a federal-provincial energy ministers' meeting — that the federal government felt that some type of monitoring system may be necessary in the future. However, there has been no direct request made to the government to assist in a monitoring system. As a matter of fact, to the best of my knowledge the federal government has not yet developed a monitoring system.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Does the Government of Alberta have any views on the advisability of a monitoring system? Have any suggestions been made by the Government of Alberta concerning possible mechanics of a monitoring system?

MR. GETTY: No and no, Mr. Speaker.

Legislature Building Security

MR. TAYLOR: Mr. Speaker, my question is to the hon. Minister of Government Services also responsible for Culture. Since this Legislature Building has been burglarized on one or two occasions, what steps have been taken to make sure windows, particularly in the lower parts of the building, are locked every night?

MR. SCHMID: Mr. Speaker, I appreciate the hon. member's question. Presently we have our windows on the ground floor checked every time the night watchman punches his watch clock around the building. We also have an outside security guard on duty all night long. Of course the other windows in the rest of the building are checked as the security guard makes his rounds.

Actually the only time we are aware of entry to the building was when we had the scaffolding at the back of the building at the time of the renovations to the outside. At that time access was gained through a door on one of the balconies, rather than through a window. Should we put up further scaffolding, that will be definitely under better security measures than in the past.

Coal Policy
(continued)

MR. CLARK: Mr. Speaker, I'd like to direct a question to the Minister of Energy and Natural Resources. It flows from the comment he made earlier in answer to a question. I believe the minister said that petrochemical plants in Alberta will be required to have the capacity to convert to coal.

Will such a requirement be made of the Alberta Gas Ethylene plant that's going ahead in the Red Deer area?

MR. GETTY: Mr. Speaker, the hon. Leader of the Opposition obviously misunderstood my answer. I said that in considering applications for petrochemical projects, in some of their recommendations to the Executive Council, when recommending approval of certain projects, the Energy Resources Conservation Board has made a condition of that approval an assessment by the company over a period of time — I believe in one case it's 10 years, 15 years in another — [such] that the company would have to come back and show cause why it could not now convert to coal. But the Energy Resources Conservation Board has not made that a condition of all such projects.

I would have to check the report they made to the Executive Council on the Alberta Gas Ethylene project. Having read it, my quick recollection is that they did not make that recommendation with regard to it.

MR. NOTLEY: Mr. Speaker, I'd like to direct my question to the hon. Minister of Labour, but first I have a supplementary question to the hon. Minister of Energy. It really concerns the whole question of tabling the coal policy.

At this point in time, is the minister in a position to advise the Assembly when the government proposes to table the Alberta coal policy?

MR. GETTY: Mr. Speaker, as I've mentioned before in the House, the policy is composed of a variety of elements. Even these elements contain some options that are being considered at the cabinet-committee level now. It would then proceed to cabinet for approval. The policy will also be discussed with certain groups on a consultation basis so they are familiar with the various policy elements and will be able to add some assistance in their development. Some of that has gone on already.

Putting together those various things, Mr. Speaker, it's difficult for me to give a time commitment. I would like to be able to do it while the House is sitting. The present progress of the House makes me feel that should be possible.

MR. NOTLEY: Mr. Speaker, that may be true.

Third-level Air Service

MR. NOTLEY: I'd like to direct this question to the hon. Minister of Labour, and ask if the Department of Labour has received any complaints from employees of Bayview, the air line which recently discontinued service in northwestern Alberta, concerning back salary owed by the company.

MR. CRAWFORD: Mr. Speaker, this is a question which the hon. Member for Lesser Slave Lake also raised to me. I indicated to him that the services of the Board of Industrial Relations are available to Albertans for the purpose of receiving that type of complaint. My understanding is that the individuals involved may well be approaching the Board of Industrial Relations in the near future.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Is the Government of Alberta contemplating any move at this time to assist the people in question in collecting the back wages?

MR. CRAWFORD: Mr. Speaker, I would have to say the answer to the first question in effect answers the second, because the machinery provided by the province pursuant to statute is the machinery of the Board of Industrial Relations.

MR. NOTLEY: Mr. Speaker, one further supplementary question to the hon. minister. In view of the problem concerning prior commitments of the bank and federal government and what have you, is the Department of Labour considering any recommendation to government concerning bonding of third-level carriers to cover wages in the event of financial difficulties or bankruptcy?

MR. CRAWFORD: Mr. Speaker, the question is certainly timely. The issue is timely. Not long ago I asked the department to begin a review of the ways in which unpaid wage claims could be rendered more secure and more manageable, in the sense of the procedure a person must go through to lodge his complaint and to receive some effective response.

In the course of that I've had the advantage of some discussion with two of the judges on the provincial bench who happen to have, because of their jurisdiction, a large number of wage claims coming before them. In order to improve the situation, we're using the input from their observations based on their experience on the bench, along with the research section of the department, to see if we can bring forward recommendations which would be made public before being finalized.

False Advertising

DR. PAPROSKI: Mr. Speaker, a question to the minister who would be responsible for abuse in advertising. Would the minister indicate to the House if there have been any prosecutions regarding false or abusive advertising with respect to per gallon gasoline pricing, in that all numbers are not equally displayed — especially after the decimal point? It's advertised at so much per gallon, like 69.9, but the nine is usually small.

I wonder if the minister would indicate to the House if there have been any prosecutions.

MR. DOWLING: Mr. Speaker, on behalf of the Minister of Consumer and Corporate Affairs, I'll take that question as notice. He will respond at the earliest convenience.

ORDERS OF THE DAY

[Mr. Speaker left the Chair]

head: **GOVERNMENT MOTIONS** (Committee of Supply)

[Dr. McCrimmon in the Chair]

Department of Utilities and Telephones (continued)

MR. CHAIRMAN: The Committee of Supply will now come to order. Are there any further questions to the minister before we proceed with Vote 1?

MR. NOTLEY: Mr. Chairman, just to pursue the friendly, convivial discussion we had last night, I'd like to underline the importance of one of the recommendations made in the brief to the Alberta government by the Federation of Alberta Gas Co-ops. The Federation of Alberta Gas Co-ops suggests that there be some certainty in the price of natural gas over the next 10 years. That may in fact be a somewhat longer period of time than is realistic at this stage.

However, it seems to me that as a result of yesterday's announcement by the federal government, we do have a rather important change in the picture. The federal government is saying that in their view the price of oil should rise to the world level. So we're going to look at an increase of perhaps \$4 or \$5 a barrel over the next several years. The federal government policy paper accepts the proposition, Mr. Chairman, that there should be a BTU equivalent in natural gas, which would mean a substantial increase in the price of natural gas.

So it seems to me that yesterday's statement by the federal government is going to place energy costs in a somewhat more certain spectrum than we've seen for the last three or four years. We've been dealing with an uncertain world situation. We've been dealing with controversy within the country. Now it seems to me that there is pretty strong evidence that the federal and provincial policies on energy prices

are similar.

The information given to us during the estimates of the Department of Energy and Natural Resources by the chairman of the Alberta Petroleum Marketing Commission, whose views I don't often agree with, but whose views and knowledge of the field I certainly respect, would indicate that energy prices are going to be reasonably predictable in the foreseeable years; that once we arrive at world prices there will be a reasonably moderate increase beyond that. That being the case, Mr. Chairman, it seems to me the argument can be made at this point that because there seems to be more certainty in the world and Canadian situations, the government will be in a position, after July 1, to tie down a pretty clear-cut policy of shielding energy prices within this province and giving the rural gas co-ops some pretty clear indication of what they're going to be looking at from Gas Alberta.

I'd just like to add one other thing. We've often heard that the price of energy in Alberta is the lowest in Canada, and by and large that's true. I would say, however, that if you look at some of the capital costs rural gas co-ops have to bear, and compare the total the individual consumer has to pay with prices in other parts of the country, you'll find that comparison is not always favorable to Alberta. For example, if you take a 1,300 square foot home and look first of all at the North Peace Co-op and the new rate structure, which was established after the annual meeting and which is somewhat more favorable than the one before the annual meeting, the average cost of heating that home would be \$49.93 a month. On the other hand, looking at homes in the eastern townships of Ontario serviced by Northern and Central Gas — I'm quoting Toronto because obviously in a large city where you have a concentration of population, you're going to have a much, much cheaper rate. So I think we have to try to compare apples and apples, not apples and oranges. If we look at the eastern townships, according to the information I've been able to obtain, we'll find that the average price for heating that 1,300 square foot home in a rural area would be \$43.82 a month, serviced by Northern and Central Gas Corporation Limited. What I'm saying, Mr. Chairman, is not that the gas rate is more expensive in Alberta than in other parts of Canada. Clearly our wellhead prices are lower. I'm saying that the consumer can very easily say, all right, I'm paying \$49 a month and on the other hand someone in Ontario is paying \$43 or \$44 a month. Really, do I have the cheapest natural gas in the country?

The rate for the gas itself may be lower, but because of the heavy construction costs, which we all acknowledge are a pretty important part of the gas rate — nobody is going to be able to solve this problem overnight. But it seems to me that we should be a little careful when we talk as boastfully as we have about the lowest rate. Many consumers find that a little difficult to understand at their end of the chain.

However, the point I want to stress at this time, Mr. Chairman, is it seems to me that as a result of federal moves to date, there is probably a much better chance that we can establish some sort of certainty. That being the case, it seems to me the ball is now, or will be after July 1, clearly in the court of the Minister of Utilities and Telephones [for him] to come up with

a long-term policy for shielding energy prices in this province, so that gas co-ops know where they're at.

DR. WARRACK: Mr. Chairman, indeed I think it is worth while to bring that matter back on the table briefly, as a result of the federal government's energy statement which is not, of course, the same as it would have been a very few months ago. I suppose basically that's my point, with respect to remarks both last night on the throne speech and earlier in Public Accounts, that the date the largest amount of this evidence is in, with respect to energy pricing package information that will be effective July 1, and the best possible reading which would be the latest possible reading of energy policies toward the future, would be most useful in our being able to have the maximum amount of certainty consistent with reality.

I notice, for instance, as the hon. member points out, that the commitment by the federal government, despite the distinction between self-sufficiency and self-reliance they draw in their position paper, does refer to reaching world level for oil prices and moreover, on our natural gas here, going from the present 85 per cent of commodity value to 100.

I think the basic point is that it points out the wisdom of — for example, as I said before — rather than early in 1976 addressing this as a policy matter as the Government of Alberta. It has proven to be wise to wait until some of these major matters with respect to decisions for July 1 and the latest energy statement by the federal government be on hand to make those judgments.

As I indicated in Public Accounts in December, it is my intention to undertake that area of important policy assessment after the July 1 decisions that apply across Canada are made, and of course taking into account all policy and other relevant items that might come forward as we draw our conclusions on this matter.

Certainly there's no disagreement with the Federation of Alberta Gas Co-ops, or for that matter with the hon. member, on the question of the extent of certainty of commitment that can be made, consistent with the realities that are to be faced.

Just commenting briefly — I can be brief, and I'll do some follow-up myself — in mentioning not comparing apples and oranges, I guess the hon. member is indicating that the eastern townships of Ontario have farm distribution systems of natural gas. I was not aware that there was anyplace else where natural gas was distributed as exhaustively as we've undertaken with the rural gas program in Alberta.

For example, it would not be fair to compare Alberta farms just going into place by way of the rural gas distribution program with towns in the eastern townships of Ontario. But [it would be] more fair perhaps to compare population centres, be they smaller towns in rural areas of Ontario with smaller towns in rural areas of Alberta, such as Three Hills, that have had natural gas service for many, many years; part of the price relationship is an implication of a longer term contractual arrangement. In any case, that comparison is an interesting point, and I'd like to do some follow-up on that.

Finally I would draw to all members' attention that the present price of 56 cents for the support price under the natural gas rebate plan is a commitment from April 1, 1976, through to March 31, 1977. The

two important implications to be drawn from that are: first of all, the comparison of a present situation elsewhere in Canada with the situation in Alberta is a shorter term one between April 1 and July 1. As we know, on July 1 the prices elsewhere in Canada will go up substantially. That was anticipated as a part of reaching the 56-cent point of decision relative to the natural gas rebate plan. Secondly, to conclude and draw to all members' attention, the price protection announced for this fiscal year in Alberta will remain in place as a firm commitment throughout the heating season, which is the bulk of the expenditure for natural gas in Alberta. Elsewhere in Canada they will have much higher prices of natural gas in the coming heating season.

MR. ZANDER: Mr. Chairman, I would like to direct a question to the minister. What effect will the oil policy announced yesterday in the House of Commons have on pricing and the price people in rural Alberta will have to pay for natural gas? Would it not be in the best interests of co-ops now planning to construct in say, 1977, to issue a warning that they not be tied in, and relate the price we expect will have to be paid by these co-ops? I'm looking at some that are now up at \$1.70. If we are now at 85 per cent of the price of natural gas, I think we could probably safely say we are looking at another 25- to 30-cent increase.

As I've told the co-ops forming out there now, we have to look years ahead before we invest these millions of dollars in construction costs to bring natural gas to the people of rural Alberta. And then we find out they are not able to pay the price that the gas is ultimately going to be five years down the line.

DR. WARRACK: Well, I certainly think that's a valid observation by the hon. member, with respect to looking ahead in that way. With the opportunities I have had and in fact sought to have, including commenting in this Legislature about the future prices of energy, I can't imagine natural gas being one of the energy alternatives. There is really no question that these will go up. It's a question of when and how much. Certainly, as I said at the annual meeting of the Federation of Gas Co-ops in Edmonton in November, this was on the horizon. I did not at any time there or elsewhere make any commitment beyond the present commitment of the natural gas rebate plan, with exactly the considerations in mind that the hon. Member for Drayton Valley brings to my attention.

The only other thing I guess I might add is that I think it's a reasonable proposition to expect, perhaps with some shorter term aberrations of one kind and another, in the longer term — I think it would be fair in a planning context to look at the longer term — the alternate energy sources to increase roughly on the order of one another. So, even if the price of natural gas were to continue to go up at some level consistent and proportionate with alternate sources of energy, in fact the relative positions would remain roughly in balance over the longer term.

MR. MANDEVILLE: Mr. Chairman, one certainly would have to appreciate the problems the minister is having with the rural gas co-ops. In some of the areas, I think they are starting to level off and are able

to operate on a better tone. However, travelling throughout the province, I have to say the rural gas co-op is one of the areas we find the most complaints in. I talked to many of the co-ops. They, especially the gas co-ops that had large expenditures in setting up, did appreciate very much the new program the minister announced to help them.

I also want to say that in my own area the gas co-ops are set up. We have a number working satisfactorily. However, as I say, we have many complaints throughout the province. I would hope the minister took note of the good recommendations and suggestions in the budget speech of the Member for Redwater-Andrew. I appreciated them very much. I think one of the areas that is causing problems in some of the co-ops is the franchise. They are stretching out and trying to take in too many of the remote citizens. It's costing the entire operation large sums of money to reach out to get these people in the distant areas. I would hope the minister could help to look at the franchise areas, and possibly use propane in some of these remote areas.

There are two questions, Mr. Chairman, I would like to ask the minister. A concern I found in several of the co-ops: are they going to continue to get the grant that has been available for the last two years to the municipalities for a utility officer? Also, as the Member for Redwater-Andrew indicated, I wonder if the minister is giving any consideration to setting up or promoting municipally operated gas co-ops.

DR. WARRACK: I might say I appreciate the point the hon. member makes with respect to the fact that there are certainly a lot of difficulties in a major program that's going forward, involving so many people and such a variety of circumstances. It's a healthy challenge to the enterprise and ingenuity of which I've seen a great deal. As the hon. member has travelled the province, because I know it is his responsibility within their caucus to keep an eye on this area, certainly that's very true. Along with his kind hospitality, I also appreciate, [during] the evening we spent together at the Dinosaur meeting in Brooks, his comments with respect to the additional financial assistance available for circumstances that lead to costs unfortunately unavoidably above \$3,750 per member.

With respect to the important question of remote portions of franchise areas — I guess [this] would be the right way to express it — this was part of our thinking with respect to an additional financial assistance by way of going from 50 per cent sharing on costs to whatever level they might reach on the up-side, instead to find a breakpoint a threshold beyond which the costs would be shared 75:25. We wanted to take into account the unavoidable problems that were created for boards of gas co-ops that face such situations as pure remoteness, as the hon. member mentions; situations of topography, such as muskeg; crossing difficulties, as the hon. Member for Lesser Slave Lake has brought to my attention; the pipeline crossing problems that, as a matter of fact, the hon. Member for Drayton Valley has brought to my attention in his area and would be the case in some other areas as well; and the fairly substantial capital costs involved in crossing irrigation ditches. This is to some considerable extent offset by the fact, as I said last night, that they have a second peak

season of use in the summer for irrigation purposes. Nonetheless it's a major cost factor.

We wanted to accept those circumstances and assist in a further way by 75:25 sharing above the \$3,750 per member threshold, to give more assistance to the co-ops which face the kinds of problems the hon. member is mentioning. It's my understanding, subject to correction, that in addition the local co-op board can make some differential charge to take into account the remoter kinds of situations, and balance the question of fairness with respect to the other members of that co-op. So the local board is in a position to deal with those decisions. It was our intention, and I think effectively so, as many people have mentioned, to make it possible to deal with those situations more readily by sharing 75:25 in the costs involved because of the remoteness problem, and to have the franchise areas filled in an exhaustive way.

With respect to the specific question on utilities officers, it's certainly our intention to continue those grants. Those will be included in Vote 2, summary by object of expenditure, under grants. I believe the figure is \$732,000 for the present fiscal year. The answer to that question is, yes, certainly within a reasonable planning time frame.

With respect to the specific question of operations by municipality or by county, we do have some of these organized, particularly in the area of the Member for Redwater-Andrew, with respect to Thorhild and Smoky Lake. They're a couple of good examples where they have proceeded on the basis of the municipal system. That's an option fully open for people to choose as to whether that might make sense for their particular circumstances. If the local consensus is that that makes sense for them, there's no constraint or difficulty from the point of view of provincial government policy.

MR. R. SPEAKER: Mr. Chairman, I'd like to change the topic to AGT if I could. In the annual report there is an indication of a compact page call unit. It's a new area the department has launched into. I was wondering if the minister could indicate the actual capital cost, or the cost to the department, to install such an operation.

DR. WARRACK: Mr. Speaker, that's a matter of detail that I don't have at my fingertips, but I'd certainly be happy to obtain it for the hon. member. For those who have not seen these amazing little gadgets, they involve a very small electronic unit that operates by calling a specific telephone number, and the little box goes beep-beep-beep. It's what doctors use when they're on call and need to know whether someone needs to reach them.

It's also the beep-beep-beep referred to in *The Calgary Herald* cartoon of me on Saturday, with the little thing in the pocket saying, beep-beep-beep. To the uninitiated, that's what's involved.

I'm sorry I don't have that specific information, but I'd be very pleased to get it and provide it for the hon. member.

MR. R. SPEAKER: Mr. Chairman, the report mentions a portable data terminal. I think that's different from what the hon. minister has just described. Would he have any indication of the cost of that type

of operation and how much capital investment the department has in that area?

DR. WARRACK: Offhand, I don't. But that's an item of information which I'd be pleased to obtain, along with any others that may be of concern or interest to the hon. member.

MR. R. SPEAKER: Mr. Chairman, there were some others, too. I'd like to have the capital involvement or the investment of the department, both in physical facilities such as the computer terminal here, as indicated, and staff to operate, sell or promote these items.

The third was in the area of closed-circuit TV. I understand AGT installs a number of those. Computer communication, establishing terminals so that one business can communicate with another; for example, Time Air could have a network of data information collection systems.

I'm not sure of the others I have on the list, but I understand AGT gets involved in the sale and installation of burglar alarms, facilities, fire alarms, and public address systems. I wonder if the minister could just confirm at this time if AGT is involved in those things. If he hasn't any of the financial figures at this time, maybe he could indicate that, and we can follow that up later in our study.

DR. WARRACK: [Not recorded] . . . fire alarms? I didn't get that.

MR. R. SPEAKER: Public address systems.

DR. WARRACK: Okay. Certainly. I have written down seven items. Is it seven items that you have, hon. member?

MR. R. SPEAKER: I think that would be right.

DR. WARRACK: As to whether AGT is involved, the answer is yes to the first four. I'll get the further information that you request.

Burglar alarms, yes; fire alarms, yes; PA systems, yes. We're involved in all seven.

MR. R. SPEAKER: That's very good. Would the minister indicate from his knowledge and awareness whether these services are provided by the private sector in businesses throughout Alberta at the present time?

DR. WARRACK: Mr. Chairman, there's no question that in a number of areas they are indeed. In one instance specifically, I've had considerable comment from members of the business community, particularly the smaller businesses that are able to take advantage of the computer information system available to them through Alberta Government Telephones. They're very pleased with that and they hope that would continue.

In any case, I think probably the most important response to the member's question is, first of all, yes, for the most part they are provided by others. Therefore you might say they're competitive services in some sense. Secondly, the Public Utilities Board hearing which commenced in March and continued to April 20 was addressing exactly the question of

what spectrum of Alberta Government Telephones' operations should be regulated by the Public Utilities Board, and which should not.

There are a number of areas — I suspect all of these, subject to checking — which have not to this time been regulated by the Public Utilities Board. Then, of course, the more traditional service areas have. There has been the extensive hearing, with interventions and presentations on that. The Public Utilities Board has that matter presently under advisement, and at a future date will be reporting its decision. This would be a decision Alberta Government Telephones would be abiding by.

MR. R. SPEAKER: Mr. Chairman, could the minister indicate if each one of these areas has been — it's difficult for me to use the word profit-making — but let's say showing black on the ledger of AGT, and has been a source of income for AGT to compensate for other losses?

DR. WARRACK: That's a good question, Mr. Chairman. As I understand it, the nub of the argument before the Public Utilities Board is just that.

I'm not sure the word "profit" has the same meaning in a Crown corporation as elsewhere. It's certainly the intention that they would be net revenue generators, not be a financial drain on the rest of the operations of Alberta Government Telephones, but if anything be an additional service within which there could be some cross subsidy. This has been the question. Now, as I understand the financial analysis that's been put to the Public Utilities Board by Alberta Government Telephones and all the interveners, and questioned by the Public Utilities Board, it is whether the proper basis to make the judgment the hon. member poses is marginal or incremental cost analysis or fully allocated cost. The basic difference is what portion of the overhead ought to be considered in one system as compared with the other. It's my understanding that the hon. member is reaching really the core of that discussion and hearing before the Public Utilities Board and that they would be ruling on it.

MR. R. SPEAKER: Mr. Chairman, further to the minister. Since there are indications that these have been self-sufficient enterprises, has the minister some other areas in mind that he would be bringing into AGT or launching AGT into to sort of supplement the income of AGT? Are these some of the considerations in the hearings?

DR. WARRACK: As to whether I might, for example, be thinking of some additional areas beyond what's presently contemplated, I am not. If it were consistent with the financial viability of Alberta Government Telephones and service to the people of Alberta, upon assessment and recommendations, from within or outside the Crown corporation, I'd certainly be open to considering it. As a matter of fact, if any hon. member wanted to make such a proposition, I'd welcome comment and suggestion. But I don't have any present intentions on the basis of any areas they are not presently involved in that I'm thinking of suggesting for AGT to expand into.

MR. R. SPEAKER: Mr. Chairman, two questions together. If there aren't any areas to expand in, has the minister considered reductions in any areas? Has the commission itself made any recommendations to you either to reduce or enlarge the area of responsibility of AGT in such things?

DR. WARRACK: On the question of whether I'm giving consideration to a reduction in the spectrum of operations of Alberta Government Telephones, I purposely do not address my mind to that question, despite occasional representations, because that matter is being examined by the Public Utilities Board. I think that that would be an appropriate assessment once their conclusions are brought in and their decisions finalized. At the present time, I have recommendations for neither expansion nor reduction from, can I say, the management committee or the executive committee of Alberta Government Telephones. I do not have any of those on board. I would think that I would not have during the period of time this matter is being examined by the Public Utilities Board.

MR. R. SPEAKER: Mr. Chairman, to the minister. In being involved in the areas that are bringing revenue into AGT, has the minister, the commission, or AGT, as employees, found the private sector inadequate in supplying this type of material?

DR. WARRACK: No, I don't think that interpretation would be accurate. More normally what occurs is that someone in the business community has a need. They look around [to see] who can fill that need. As it often happens, due to the years of accumulated experience and technological capability within Alberta Government Telephones, it turns out to be the most appropriate or, in some cases, really the only source from which this service can readily be provided. So you're more or less faced with the question of either seeing the business firm go without that service entirely or having to pay higher costs than necessary for it to be provided. The third and better alternative to either of the other two would be that it be provided within the skills and capabilities present within Alberta Government Telephones.

But the hon. member may be driving at this point, and if he is, I think it's valid: in an area of service, should you have a sequence of such service provisions such that over a period of time there develops a sufficient market for an operation that could be independent and standing on its own feet to actually provide that service on at least as economically viable a basis, then that could very well be an argument for considering a reduction or withdrawal of involvement by Alberta Government Telephones, or at least not expanding it so that it were possible for that to become literally a viable new industry in the province. I don't know whether there are some of those circumstances presently.

As I'm sure the hon. member knows and so do I, some make that argument presently. Again, that matter is being examined to a considerable extent. But I think that's a threat of logic worthy of some future assessment.

MR. R. SPEAKER: Mr. Chairman, with regard to the assessment. The minister is saying to me at this time

that the matter is not of any real concern or consequence to the private sector, the competition of AGT with private businesses really isn't of consequence, and as a minister of the department, you haven't examined that particular thing. The Premier and the Deputy Premier tell me you're a private enterprise government and you believe in profit and you believe in supporting small business in Alberta. So the minister is telling me, well, I can ignore that as head of the corporation; really it might be happening, but I'm not going to dig too far because we can do it ourselves, in-house, and to heck with the private sector. Is that what's happening? Or have you got a plan of investigation to make sure that you uphold the free enterprise market place concept of the Conservative government?

DR. WARRACK: Well certainly the hon. member can believe those things if he wants. That's not what I said, of course. But in any case I've indicated a willingness and desire to look at that area. Perhaps I didn't explain it well enough for it to be perceived. But I did say this area was being examined by the quasi-judicial Public Utilities Board. I think I said two or three times, during the course of our discussion here, that at the time their conclusions are drawn, I think it would be appropriate to enter that assessment. That's not to conclude in advance that it's of no consequence, and so on and so forth.

MR. R. SPEAKER: Mr. Chairman, to the minister, just so I'm clear. The board is just investigating to decide whether or not a profit was made by the services we have discussed here. They're not making a recommendation as to whether AGT should continue in those fields; that decision still belongs to the commission and the minister. Is that assessment correct?

DR. WARRACK: That assessment is basically correct, Mr. Chairman. The thing that I perhaps should elaborate further — one never knows how much detail to go into on each of these questions — is that the Public Utilities Board is presently examining. I understand that whether there's a profit yielded or a net revenue yielded from the operations is but one of the facets they would be considering as they examine the spectrum of activities of Alberta Government Telephones, and conclude which ones should not be regulated by the Public Utilities Board.

I think the latter part of the observation made by the hon. Member for Little Bow would be accurate; taking those conclusions from the Public Utilities Board into the planning future of Alberta Government Telephones' operations would indeed be the task and responsibility of the Alberta Government Telephones Commission.

MR. CLARK: Mr. Minister, I'd like to provide this brief opportunity for you to comment on two aspects. One is the AGT operating budget for the year. The minister will recall that last week I tried to ask this question in question period and got shot down by the Speaker.

At the same time, I'd like the minister to comment on the kind of budget review AGT went through this year, and the kinds of things that were hacked out, to be very candid. We've had, what is it, a 20 per cent interim increase? The minister has indicated that if

AGT doesn't get the kinds of increases it's applying for, it could be in rather serious financial problems, at the same time talking about a rather sizable deficit for this year. I think then we get around to the question that it's important that people outside AGT be convinced that AGT itself has really looked at its own budget from within. I think the minister will recall I asked him this matter in the House earlier. He indicated he'd have the information for us during the estimates.

DR. WARRACK: Mr. Chairman, that's quite right. As a matter of fact, I had written the hon. Leader of the Opposition a note relative to the answer to the question he was asking, which then was later recorded by way of an interview outside the House. That was not a matter of discourtesy, but simply a response to a question posed to me about anticipating a \$6 to \$7 million loss in AGT operations in 1976.

Certainly the budget review process is not an easy task. It's a very large operation. We in Alberta Government Telephones, and particularly the hard-working directors of the Alberta Government Telephones Commission, certainly did not want to be considering such things as layoffs, for example, that would be in the area of operating costs.

Moreover, they did not want to be in a position of having serious service reductions, although I think it's inevitable that because of the effort to hold operating costs in line to the extent possible, in the judgment of those dealing with the budgetary matters, and what alternatives would result in what consequences, there would be some degree of service reduction; for example, some instances of more than four people, for at least a period of time, on a multiparty rural line. While there's no policy commitment never to have more than four on a rural party line, it's been the operating objective to try not to do that unless it's unavoidable. I suspect it will become less unavoidable, to some extent. But again, it would be minimized to the extent possible.

Another area that's really a pure cost-of-service/cost trade-off, again particularly in rural areas and very small population centres, is the difficulty you have about a request for a service call by way of a change of service or some other alteration that requires a mechanical delivery of service by a person arriving there in his truck [with] equipment to do it. Of course, if you're willing to pay the cost, you can do this immediately and literally respond on a basis of one call to one service call response.

The difficulty is that you have your staff driving trucks most of the time and working a minority of the time. On the other hand, if people are literally in a position where we have to tell them we can't respond immediately, and then a crew can be sent to do, say, three jobs at once, it's the same amount of driving time, but they're able to have more work time when they're there.

Now, this reduces costs on the operating side particularly, as the hon. member mentioned. But the difficulty is that there are additional waiting periods between service changes, service improvements and, in some cases, even repairs. A kind of lessening of the quality of service is the result. Those are a couple of ideas that come to mind.

Certainly another area that's difficult, and a lot of telephone systems around the world have found it out

— as a matter of fact, I didn't realize how good ours was until I was in England. But in any case, you can always defer a capital expenditure. This does relate to the question of operating cost, because capital expenditures put into place require operating costs through the future. The difficulty is that by deferring a capital cost expenditure now, you're often in a position of consciously undertaking [that it will] cost you more in the future, and during the interim period you have a lessening of service that people in Alberta have become used to with respect to their telephones. So, again, it largely comes down to a kind of balance of cost versus service.

Theoretically, on an item by item basis, really, which of course is pretty difficult to do — and what I can report to the hon. member in response to what is an important question in a year when you're anticipating losing money, is whether the Alberta Government Telephones Commission has addressed itself and consciously made those kinds of judgments with respect to costs, both operating and capital, relative to the level of service and the possible lessening of service we might judge the people could live with. That conscious process has occurred. One could argue that it could be closer to the bone, so to speak.

On the other hand, when service is delayed in the manners I've described — and I quite often get notes and phone calls from members of the Legislature on that very matter. They don't always seem all that amenable to waiting just because it would cost more. But in essence, we have consciously tried to make that balanced judgment.

MR. CLARK: Mr. Chairman, I wonder if I could ask the minister: are you in a position to give us a firm figure as to what the operational budget of AGT is in '76 over '75?

DR. WARRACK: Mr. Chairman, I have only preliminary information on that. Let me explain why. There are some areas of expenditure — the hon. member brought up the subject, for example, of the traffic agreement that was reached, put to the AIB and rejected, and is now being appealed to the AIB by the union. The outcome of that, of course, will have a pretty major impact on the operating budget. Similarly, with the plant negotiations that come into play on May 1, although discussions [occurred] earlier than that, certainly the magnitude of the settlement there would have a good deal of impact — particularly that one, because it involves a very large number of people. So it's pretty difficult to make a prediction you'd be tied to. Of course there are other kinds of uncertainties as well.

I guess the detailed information I have on hand refers to the final information with respect to 1975, although I thought I had it for the full period. Oh, yes I do. I thought I did. The estimated operating expenditures for 1976 are \$243 million.

MR. CLARK: What were they for '75?

DR. WARRACK: \$197,635,651. So I guess you could rapidly make a calculation of the percentage change. It would be pretty substantial. That, in a lot of ways, is a rather happy observation inasmuch as a very significant expansion and diversification of Alberta's economy is going on. As I'm sure everyone will be

aware, as a public service it's essential to not only meet [that], but in instances where it's readily predictable that there will be a large future expansion as well, you can save a good bit of money by designing ahead and putting into place the facilities that you know will be required in a relatively near-term time horizon.

MR. CLARK: Mr. Chairman, it would be fair then to say that, on a \$245 million budget, we're looking at a \$46 million increase in the AGT operating budget for this year, which I suppose is in the vicinity of a 20 per cent increase in the operating budget of AGT, isn't it?

I'd just like to get one further point clear, Mr. Minister. Regardless of the contract signed with the employees you alluded to earlier, the large group, is it fair to assume that, in light of the Anti-inflation Board's recent ruling as far as AGT employees are concerned, that increase isn't going to be over 11 per cent? I assume that's not built into the budget.

DR. WARRACK: Yes, I think that's a fair observation. Part of the budgeting process was to take into account what at the time could be anticipated from the relatively preliminary guidelines and regulations available from the Anti-inflation Board. The best judgment our staff working with this area could make on those expenditures was put into the budget. So those anticipations are taken into account.

MR. CLARK: Mr. Chairman, we're in a situation where we're having about a 23 per cent increase in the budget this year. We're in a situation where, with that, we're going to have a \$6 to \$7 million deficit. How does the minister plan to turn this thing around next year?

DR. WARRACK: Mr. Chairman, I believe a bit of a time trend of those increases can be calculated. The increases involved are not at all out of line with the recent historic experience of Alberta Government Telephones relative to this.

For all hon. members' benefit, I might add that it's not strictly — let's say, for the sake of discussion — an easy calculation. It's not just, say, a 10 per cent increase relative to the wages of the people involved. In an expanding economy and serving particularly the diversified areas of Alberta, in the case of serving areas entirely in Alberta outside the two major cities, as well as serving Calgary, certainly a very considerable staff expansion is required. The increase in wage level naturally has to apply to the new staff taken on, as well as those who are continuing as valued employees of Alberta Government Telephones.

MR. CLARK: Mr. Chairman, I grabbed the AGT report, and perhaps I missed something. But my question to the minister really is: Mr. Minister, we've had a 20 per cent rate increase. We've got a \$6 or \$7 million deficit this year. What do you see happening next year? Will we be going back to the Public Utilities Board for another rate increase, Mr. Minister? Because you can't continue very long with a \$6 or \$7 million yearly deficit, can you?

With a 23 per cent increase in our expenditures this year, regardless of whose economic theories one follows, one can't go along that pattern very long. So what I'm really saying to you, Mr. Minister, is: what

do you see happening? Is it a combination of expenditures coming down? Is it a combination of more revenue coming in? Are you thinking in terms of a rate increase next year? I

recognize there's a bit of uncertainty because of the hearings in Calgary now. But let's assume that the 20 per cent rate increase goes along. Just where are we going?

DR. WARRACK: Okay. Mr. Chairman, I'm sorry. I didn't fully perceive the import of the member's question. The answer is all of those things. That is to say, if the people of Alberta would want to consciously decide on a significant deterioration of service, perhaps to the state of only being somewhat better than what's available in the industrial world, let's say, a real cost squeeze could be put on. We'd have to recognize that we actually were consciously making a decision to have that deterioration in service in the future.

I guess it's natural that if people are happy, you don't hear from them, and if they would like something more, you do. Most of the representations I receive are certainly along the lines of improving service and inducing costs by doing so.

As I did express initially, it certainly has been the effort of Alberta Government Telephones to try to make that balanced judgment on the cost side, with respect to both operating and capital costs. It's for that reason that I say all of these, with respect to the description I've just given on costs.

In addition, let me be clear about the status of the rate case application by Alberta Government Telephones before the Public Utilities Board. The application was filed in September 1975, including the request for an interim rate adjustment. A hearing on that matter was held by the Public Utilities Board, and it was agreed to, effective December 1. That 20 per cent interim rate increase is included in the revenues of the 1976 budget.

The next step that came about was that it was the feeling of the Public Utilities Board, in part at the urging of the Alberta Government Telephones Commission, to come to grips with the question of just what activities ought to be regulated by the Public Utilities Board and which should not. That is the hearing that took place last month, concluded this month, and is presently under advisement.

Will there be a rate increase application beyond the 20 per cent? I didn't catch that as essentially being the question the hon. member first asked, but now I do. The answer clearly is yes. The application to the Public Utilities Board for a rate increase is for more than the 20 per cent that was granted on an interim basis December 1, 1975.

Just as an aside to explain that, the Public Utilities Board is in a position where it wants to be sure to not grant an interim increase that on final resolution of the rate application will be higher than the final, in which case you have to figure out a way to refund the people, which is an administrative nightmare and very costly, and which no one wants to get into. That's why with roughly a 35 per cent total increase in rate application filed September 1975, the board granted an interim rate increase effective December 1, 1975.

Then [it] goes into the phase one hearing on how much revenue is justified for Alberta Government

Telephones in the judgment of the Public Utilities Board, with all the presentations by the applicant, interveners, and so forth. It's the same for any other utility, for that matter. That's the phase one hearing, cross-examination, review and assessment, and ultimately decision by the Public Utilities Board. So that's the aggregate amount of dollars.

If the judgment is that an increase in revenues is needed — to some extent, we're discussing that at this time, I suppose — then phase two is another set of hearings, analysis by the applicant, interveners, and so forth, on who should pay and in what proportions, to make up the amount granted in phase one.

Now, the timing is this. The phase one application on the aggregate amount of revenue that Alberta Government Telephones should be allowed to generate from its customers is scheduled to begin in the middle of June. As I understand it, there's scheduling for intervener positions in July, responses by Alberta Government Telephones to the interventions in August, and cross-examinations both ways. The target for a final decision on phase one is a late date in 1976.

If more revenues are justified in the judgment of the Public Utilities Board, they would proceed to phase two. This would likely materialize in late winter or spring 1977. The pure scheduling of it [makes it] appear that there would not actually be a rate increase in 1976 because of the time it would take to go through the process I've described — I hope not in too much detail. It's highly likely that there would be [an increase] in early 1977.

MR. CLARK: Mr. Chairman, a very brief question to the minister. Working on the assumption that the Public Utilities Board gives Alberta Government Telephones the whole 35 per cent applied for, will that balance your books next year?

DR. WARRACK: It's extremely difficult to say. The reason is that I simply don't want to mislead the House or the hon. Leader of the Opposition. If inflation is controlled to the extent we all hope it will be, I certainly think the answer is yes. If it isn't, it's entirely possible the answer will be no. More than anything else it would hinge on that very factor.

I might just explain that there has been a substantial period of time from 1967 through to September 1975 during which there have been no rate applications by Alberta Government Telephones. In sort of a trend sense, the rate of inflation overtook the rate of productivity increases that were possible, meaning that the revenues didn't any longer keep up with costs and the heavy impact of inflation on them. I might also point out — and hon. members will notice this from page 30 of the annual report — there's a gradual and pretty alarming increase in the embedded cost of capital debt. Those are costs committed for the period of the borrowing that's involved and have to be paid. It can only come down when the interest rates come down, which in turn is when inflation is more controlled than it presently is.

MR. CLARK: Mr. Chairman, just one further very straightforward question. Mr. Minister, had the Public Utilities Board approved the whole 35 per cent this

year, would Alberta Government Telephones be operating in the black?

DR. WARRACK: Mr. Chairman, the answer depends entirely on the effective date. If it's January 1, for example, and perhaps that was what the hon. member meant, I don't think there's any question that it would be in the black.

MR. NOTLEY: Mr. Chairman, just to pursue that for a moment, I wonder if the minister could provide the committee with some estimate of what we're looking at in extra yield in revenues as a result of the 20 per cent interim increase. What would the yield of revenues be, had the 35 per cent increase come into effect at the beginning of January?

DR. WARRACK: I can give some figures that, I think, are sufficiently close for the policy discussions, though to be exact [they] might require some further checking and calculation. In any case, the aggregate amount asked for, which would be the aggregate amount presently planned to be requested by way of phase one — phase one being the aggregate amount of revenues now, not the allocation of them — would be \$49 million incremental. This works out to be on a full-year basis. The 20 per cent works out to be in the order of a \$25 million increase in revenue. The remainder would be the gap left.

MR. NOTLEY: Just run that past me again. The aggregate figure required is \$49 million. The amount that would in fact be yielded, if the 35 per cent increase were in place all year, would also be approximately \$49 million. Would that be correct? And the 20 per cent increase works out to \$25 million. I'm just wondering about the arithmetic here.

It seems to me that this perhaps is getting into somewhat more detail. If the 20 per cent interim rate increase is in place for the year, it should yield somewhat more than \$25 million. If my arithmetic here is right, it should yield somewhere in the neighborhood of \$30 million. I know that's not a large amount of money when you're looking at \$250 million. But that seems to me to be somewhat closer to the mark.

DR. WARRACK: Mr. Chairman, I think the hon. member had the advantage to pencil it out and I didn't. It's certainly closer to 30, and it's not a small difference. I have some recollection of it actually being 27 or 28.

MR. TAYLOR: Mr. Chairman, I'd like to deal with two or three points while I'm on my feet. The first one is extended flat rate calling. My question in connection with this extended flat rate calling program is: how much is this actually contributing to the deficit we have in Telephones today? For many years as a backbencher, as a cabinet minister, and on the opposition side, I urged that we have extended flat rate calling in the constituency I have the honor to represent. I did this because many people felt they should have a connection with their main marketing centre, which is Drumheller in some cases, Strathmore in others, Calgary in others. This last year we saw the extension of the EFRC program from Morrin to Drumheller, from East Coulee to Drumheller, and

from Rosebud to Drumheller — something the people had been wanting for many, many years.

I have been asked in the constituency: will this pay for itself? My answer has been that it will certainly leave more money in the pockets of the people because in many cases, if they make X number of long distance calls, they're going to save a considerable amount of money — which means the revenues of AGT will go down that much. I rather think that one of the purposes of a telephone system is not particularly to make money, but to enable people to live in as buoyant a fashion as possible. When we have a program that leaves more money in the pockets of the people, particularly the producers of the province, I think some consideration has to be given to that.

I would like to just stop there for a moment and commend the minister for the way he handled the EFRC program in these three areas. I think this was done in a commendable way, in a democratic way. The people had an opportunity to raise objections if they chose to. As a matter of fact, because he was out of the province at the time, I think the minister went the second mile in having his executive assistant, Mr. Speelman, and Mr. Walt Sutherland and others at a central location to which people could come. I was particularly delighted with the way Mr. Spielman, Mr. Sutherland, and the other AGT representatives dealt with every type of problem that came.

Actually, many people came down to say hello, rather than to make any complaint. These men were there for over eight hours during which people could come to register complaints. I think two or three at the most came to register complaints. Others came down to commend and so on. I do think this is a very excellent way of doing it. At my pre-session meetings which followed that public gathering in Drumheller, whenever the matter arose, and it did arise in one or two places, I asked them why they had not come to the meeting that had been provided by the Minister of Utilities and Telephones. In every case they said, well we didn't come because we were in favor of the program. We felt the only ones who should come were those who opposed it. If that was the case, there is very, very little opposition.

But I think this program will contribute, and I would like to have the minister's comments, towards a deficit. Certainly there won't be as much income from long-distance calls, as I see it, unless things change radically. In spite of that, I would like to go on record as favoring this program as one that contributes in many other ways towards the buoyancy of this province. Now a farmer who wants a part for his combine might get that part within an hour, whereas previously he may have had to wait several hours, and sometimes several days. So I'm not going to try to enumerate all the ways, because there are many. That is one program.

The second thing I'd like to mention in connection with AGT . . . I had the pleasure of being the Minister of Telephones for several years. It was in the tough years when money wasn't very plentiful. As a matter of fact, the total plant at that time was probably in the vicinity of less than \$300 million. About that time technology started to move. We could forecast tremendous expenditures for AGT in the coming years, and they have materialized. I think the subsequent ministers had to make a decision on

whether or not we wanted AGT to be a second-rate or a top-rate telephone system on this continent — perhaps in the world, but I'll leave it on this continent. We could have saved a tremendous amount of this capital investment had we decided not to go into direct distance dialling, had we decided to be content with the old type of telephones, all the inconveniences and so on. But I think the decisions were right, that we wanted our telephone system to be the best or equal to the best on this continent.

Consequently, there's been a number of years in which I might say millions of dollars have had to be spent on central office equipment, on technology to put us on a par with the telephone systems of the U.S.A. and Bell Canada, in order that we not have a second-rate telephone system.

I notice in the annual statement that the total plant investment now is over \$1 billion, \$1.1 billion. I assume from past experience this is on a depreciated value. It's not accumulated, it's depreciated to the end of that particular year. Consequently, we have a plant that's worth \$1 billion, and we have a debt of about \$885 million. But I think another feature of this should be noted. In 1967, the return on our rate base was 4.5 per cent, but on the same rate basis in 1975 the return was 5.9 per cent. It seems to me the Alberta Government Telephones Commission and the minister have been conducting a very carefully thought out business program, one that any private business would envy.

Now I want to interject here that when it was my responsibility to be the Minister of Telephones in this province, I had one or two conversations with Bell Canada, who looked with envy at the Alberta plant, even in those days when we were having tremendous growth pains. At that time we were offered at least \$100 million for the plant. I said to Bell Telephone at that time that before I could even consider recommending this to the cabinet of this province, I would want to know what you would do with the rates if this became your responsibility. They were very frank about it. One of the men said, we would probably triple the rates in Alberta. Our rates were and are some of the lowest on this entire continent. So I said immediately, I was not prepared to recommend to the government of the province of Alberta the sale of AGT.

So I think when we look at our long-term debt, our total plant investment and the potential of this, and thirdly the fact of new technology and advancement, it is gradually coming to an end where we will have the top-rate system throughout this 255,000 square miles of Alberta. Then we will start getting the other end or reaping the harvest. I think that's going to materialize. If I didn't think that, I would look and feel somewhat disturbed about the present debt situation of AGT. I think the debt situation can be looked after. I believe the various ministers who have had to make decisions since the time I left that department, and the excellent brains that compose the AGT Commission — and I say that honestly, because I believe they are outstanding men in every respect — now are bringing our telephone system up to the most modern in the world, and reaching near the end within a very few years of modernizing this telephone system. Then I think we're going to see returns, still at the best rates in this country. During this whole time, millions of dollars have been left in the pockets of

Alberta business and Alberta people, because there has been this modern look at telephones with a view to having telephones serve the people, not simply serve the profit motive.

So I wanted to say a few words on that, because I think the hon. minister, the government, and some of the past ministers down to the place where I left off, should be congratulated for the way in which this business has been conducted.

I would hazard a guess that today Bell Canada would not think twice about paying more than \$2 billion for this telephone system, if they could get their hands on it. But if they did, the people of this province would be paying right through the nose in rates. Today they're getting the very best rates possible. Even with the increases, we'll be miles ahead of the other privately operated telephone systems on the continent.

I think that's all I wanted to say in connection with the telephone situation, except one other comment in regard to the debt. I notice that the debt has been gradually moving from the United States into Canada, and I think this is excellent. I had a lot of heartaches when I had to go down to New York to sign, I think it was \$25 million worth of certificates, which I was able to do in an hour and a half with their modern signing equipment. But I said to one of the chaps at the time: yes, I can sign them all in an hour and a half, and probably the people of Alberta will be paying interest on them for the next 25 years. We couldn't get money at that time in Canada at a comparable rate. I notice now that our debt in Canada is more than double what it is in the United States. I'd like to say I hope that trend continues, where we can in this country finance our own expansion of a service to the people such as Alberta Government Telephones.

So I just want to say to the people who have retired from the commission, the former ministers and the present members of the commission, that I think they're doing a conscientious job for the people of Alberta. Even though programs like extended flat rate calling may not contribute a profit in the Telephones' books, it's certainly contributing a profit in the books of the people of the province. In the final analysis, I think that is the best possible place to leave a profit.

Now while I'm on my feet, I'd just like to say a word or two in connection with gas utilities. In the first place, I would like to pay a tribute to the minister, to Mr. Brooks, Mr. Warner, Mr. Collins, and to the former minister for the tolerance they have had and the understanding of the fact that everybody isn't made of money, that many people who wanted gas were having a difficult time finding the money to do it. I found complete understanding in this regard on the part of the people.

As a matter of fact, the present minister has gone the second mile in making gas possible, and I'm not casting any reflection on the previous minister. But in the case of Wayne and Cambria, as I told the people at the meeting, had we waited for the time when they themselves could afford to have gas, it would probably be another 20 years. Somebody in the audience said, another 50 years you mean. They just couldn't afford it without some help. It was a program where the minister along with the co-operative branch went the second mile in helping the people to help themselves. Even the poorest person in that area was able to get the advantage of gas.

They're going to enjoy that this coming winter. They are certainly looking forward to it. I like that attitude. I think that is going to pay dividends to the people of the province, when we have working people able to enjoy the luxury of gas the same as those who are rich.

In connection with the Big Country Gas Co-op, we've had some problems. Again, the problems have to a large degree been about where you get the gas and how you get it there. Again, men like Mr. Warner and Mr. Collins have gone the third and the fourth mile to try to do something to make sure, in one case, that we could get gas into one home. I wouldn't have been surprised at some civil servant saying, well, it's only one person. I can't be bothering my head about one person. I've got bigger problems. But that attitude never showed itself. They simply said, we'll do everything we can, and they went to an extreme amount of work and effort to endeavour to make sure that everybody in that area was able to enjoy gas.

Now there are problems, of course. In any program that big there are going to be a lot of problems. But I think we should emphasize not all the problems, but all the good being done. Many, many people are now enjoying the benefits of this clean heat, this clean fuel, who had no hope of doing so before this government program came into being.

I say that in honesty, because I remember bringing a delegation from the Starland area to the minister when I was in government. The minister spent half an hour telling those people all the reasons they couldn't expect to get gas. They went home disgruntled and they went home sad, and they went home mad, but that was the minister's view: you just couldn't extend gas into a whole municipality.

Now, when we look at the picture, it's entirely different. Almost everybody in that municipality has gas, because the government extended the program that would help people to help themselves. So I want to say, on behalf of the people whom I represent, there may be problems, there have been problems, and there will be problems. But as long as we have a sympathetic ear that will hear us out and that will endeavor to solve them, I can't see too much difficulty in the future. I'm hoping the people all over this province will be able to enjoy the benefits of the clean fuel that we happen to have in the province of Alberta.

DR. WARRACK: Mr. Chairman, I'd like first of all, as earnestly as I can, to draw my own statement of gratitude to the hon. member for the positive comments on the rural gas program, in contrast with some of the bad-mouthing last night. It's unfortunate that not all were here to hear what the hon. Member for Drumheller just said about the policy. He can say it without being accused of being "defensive", which I would be accused of in referring to the program and its success in the glowing terms that the hon. Member for Drumheller used, sincerely I know, as is the confidence of all here.

I particularly want to give thanks and gratitude to some of the people on the staff of the Department of Utilities and Telephones, the Department of Consumer and Corporate Affairs, and, prior to March 1975, the co-operative activities branch of the Department of Agriculture.

I'd particularly like to single out Assistant Deputy Minister Doug Brooks for the tremendous job, and the almost unbelievable way he remained open, sympathetic, and helpful despite, let me tell you, taking a lot of abuse.

The hon. Member for Drumheller did ask me a specific question with respect to the extended flat rate call system, on the intuition that it would likely not be fully self-supporting in a financial way. That is correct. In isolating that item, it has a loss factor of about \$3 million or perhaps \$3.5 million per year. But the hon. Member for Drumheller focusses on the point: what kind of service and system are you going to have in this province? Are we going to go first-rate, or are we going to be second-rate or worse, to use the very applicable terms of the hon. member?

Quite frankly, on a policy basis, from a lifeline service — the basic service to people — it's the judgment that that amount of loss, if you want to put it that way, is simply worth it for the people of Alberta. That judgment has been made; that program put into place.

I particularly thank the hon. member for his comments on the way we worked out — partly with the hon. member's advice, I'd like to add — to go about getting the job done which needed to be done, having people express their views and accommodate what turns out to be a clear and happy consensus with respect to the Drumheller area's EFRC problems, which were indeed serious. But the basic point is that it's worth it, even though the program may not fully sustain itself.

One could argue that if we dropped the EFRC program we would lose less money, perhaps could even anticipate losing none in 1976. How many people in this Legislature think that's a good idea? Very few, I believe. But basically it focusses on the core and the nub of the question, the policy perspective as distinct from this and that and, by comparison, the other relatively modest item of importance, what kind of system are we going to have. As a matter of fact, and I have absolutely no hesitation in saying this, I think Alberta has been enjoying, prior to our becoming the government — so as to take away any defensiveness, as it would be called, on the part of my predecessors or myself — the best telephone service anywhere. That's to the credit of the previous government and the previous ministers, including the hon. Member for Drumheller, who were responsible. As he rightfully points out, it doesn't grow on trees. It's a matter of planning and putting the money behind that planning to develop a service that meets the best level of quality: first-class service in a first-class province.

Finally, with respect to the financial area and the observation of considerable acumen, in my viewpoint, on the debt-equity ratio of very substantial debt, a debt-equity ratio of about 93:7, I would say that this is a matter of some concern. As a matter of fact, it's a pretty major concern, particularly in the event of losses going on further, because the losses can only come out of the 7 per cent. It can literally disappear very, very quickly and be a problem.

At the same time, I very much welcome the astute comment that indeed the debt loading, by way of its direction and therefore by way of the destiny over our own affairs, is gradually coming more and more from the United States to Canada and, as a matter of fact,

to a great extent to Alberta through the treasury of the province, and that that's a very helpful and positive thing. I could hardly agree more with any contention in this entire discussion.

At the same time, and I want to emphasize this, I do have some concern about the financial future, not only on a balance sheet, year by year, revenue versus costs basis, but also on the question of the debt-equity ratio. It's another one of the areas I intend to devote my attention to when time permits.

MRS. CHICHAK: Mr. Chairman, there were a couple of things I wanted to clarify. Perhaps I missed a few points when the hon. minister started dealing with his estimates at the start of this afternoon.

From the annual report of AGT, I notice that the employee increase over the past two years is some 27.9 per cent, breaking down to 15.8 in '74 and 12.1 in '75. I'm not sure of the projected increase, or if there is one, with respect to 1976. On the surface, there would appear to be a rather high increase in staff. In view of the many technological changes that have been made, where one might presume, or the indications are, that with the new innovative changes less personnel is required, I wonder if the minister has information on the major causes of this growth in personnel and in what kinds of areas.

The other area I wonder if the minister has information on is with respect to the primary management development program the corporation had and the change or move with regard to the secondary management courses. The report indicates that some 170 new supervisors completed the primary management course, and some 565 supervisors had taken the secondary management course. With regard to this, my question would be on the make-up of the personnel moving up the management ladder, so to speak, the percentage breakdown of male and female personnel; and in the higher paid levels of employment, the breakdown with regard to the male and female personnel.

Perhaps the minister would wish to deal with those questions.

DR. WARRACK: Mr. Chairman, those are excellent questions. First of all, with respect to the employee increase, there's no question that indeed it's substantial. I think it's perfectly valid at all times for all citizens of the province really, let alone all members of the Legislature, to address the question: is there fat in it, and is it too high?

I would say again that certainly there has been an effort on the part of the Alberta Government Telephones Commission and the directors with the responsibilities related to that. I can't say to the hon. member that I have found time in the schedule I've been keeping in the last 13 months to really address that as much as it perhaps should be. But I can assure the hon. member that in the review there's a consciousness of that consideration by way of budget implications and otherwise on the pace of employee expansion.

As to causes of growth, of course, we are in the happy situation in Alberta where we have had very considerable economic growth. In fact, in the recent, I suppose, 18 months [we have] literally been almost an island of economic viability, compared with anywhere else across North America; that might be a

bit of an exaggeration, but certainly in Canada. I understand British Columbia is picking up now.

In any case, there has been considerable growth in the economy, the number of economic activities to be served and the people related to them. So the growth of the economy itself has been substantial, and there's a need to meet the service requirements that come from that growth in the economy.

A second area is that in my experience, so far anyway, I've found people generally tend to want a little better service over time, if anything. In virtually any area of service, an improvement often is fairly labor intensive. So there is an impact on the employee requirements, if we're to meet the service improvement aspirations often expressed to us in Alberta Government Telephones. It may be that we've tried a little too hard to meet those service requirements, perhaps even to the extent that that could be reconsidered.

Certainly, at the same time, as the hon. member points out — and this is an important observation that she makes — offsetting the growth in the economy and the quality of service that people tend to demand of their telephone system like any other service, which tends to increase the employee requirements, there is some offset on the technological advance or, if you like, the productivity advance that goes by way of the new technological developments that we're able to put in place over time and particularly during the course of economic growth.

So those are the comments I'd make on that particular area. I would have to get the information with respect to the primary management, secondary management, and the point, as I understand it, of assured fairness with respect to all categories of employees including male and female opportunities. Quite frankly, it's not all that unusual that those opportunities are not fully equal. Quite honestly, I've not addressed that particular matter. I do not have the information on hand to address it, but at this time I would like to give assurance to the hon. member that I would get that basic information for her and undertake to follow up, perhaps with her advice.

MRS. CHICHAK: Mr. Chairman, if I may then perhaps be a little more explicit with respect to the information I would like in that area: that is, in both those areas, whatever differences there are in the wage levels. If within each category there are various wage levels, I would appreciate having those; the numbers of males and females. In addition, I would also like the procedure the corporation follows in the encouragement, direction, or opportunity given to the personnel to have the courses available and to have them taken.

On another two matters, one probably a little more for clarification. The report mentions various tie-in services, but it really doesn't expand on the relationship. I'm not clear on the total meaning the report places on tie-in services. I would anticipate this means across the country, with other facilities. But I'm not clear on that. I wonder if the hon. minister can provide some information.

Also the report indicates the number of shares held in Telesat Canada. I'm not sure what this really means. I wonder if the minister could perhaps clarify those two points.

DR. WARRACK: I'm inclined to think the observation made by the hon. member is likely correct, relative to the tie-in matter. I would certainly be pleased to follow that up. Perhaps she would indicate which page and column.

MRS. CHICHAK: Unfortunately, I didn't bring the entire report with me, and I didn't mark the page specifically.

DR. WARRACK: I'll find it. You mentioned shares in Telesat. I'm not aware that AGT holds shares in Telesat. I guess they do. They do. I'd be happy to provide that kind of detail as well.

MRS. CHICHAK: Mr. Chairman, unfortunately I didn't mark my page with regard to that particular aspect, but the report indicates there are some 2,799,000 shares held in Telesat Canada. Perhaps . . .

DR. WARRACK: I think you asked that.

MRS. CHICHAK: Oh, no, no. I'm sorry. That's in the report. If he doesn't have the information now and could make that available with the other questions, it would be in order.

DR. WARRACK: I thought it was the question of the number of shares. What is the information that's required?

MRS. CHICHAK: Well, the report indicates, Mr. Chairman, that AGT owns 2,799,000 shares in Telesat Canada. I'm just not sure what Telesat Canada is and the nature of the shares and the benefits.

DR. WARRACK: I see. I'll be happy to get the explanation.

MR. MANDEVILLE: Mr. Chairman, in regard to the policy approved by the Public Utilities Board on individual line service where a reconnection is charged \$100 and \$25 per quarter mile, the minister had indicated in the question period that this program wasn't coming into effect until 1977. From the question period, I got the understanding that he'd be taking a look at this. The minister shakes his head. Maybe he could . . .

DR. WARRACK: No, it was approved by the Public Utilities Board early in 1976 and is in effect now.

MR. MANDEVILLE: Mr. Chairman, I'd just like to read here.

The individual line service . . . the hon. member refers to was approved by the Public Utilities Board back in February. It has to do with the question of hooking up disconnects of individual line services that had been in place prior to the Public Utilities Board ruling.

During the coming year, when they want to have them reconnected, they will not have a problem reconnecting them in the normal way for this year only, in order to get past the transitional period. But in the future, the normal circumstances of disconnection, then reconnection, would apply. That's in the future, starting in 1977. In the coming year, when they

go to reconnect, they'll have no problem.
Could the minister explain?

DR. WARRACK: I may have misunderstood the hon. member's question at the outset. The individual line service charges are in place at this time and approved by the Public Utilities Board. If the hon. member's question was specifically on the reconnection matter, the answer I gave in the House and that the hon. member just read is exactly accurate, inasmuch as there's a transitional period during which people had no opportunity to be advised that they might have a problem reconnecting after they disconnected.

For example, a recreation cabin at Kinbrook island, just south of Brooks, [dis]connected in the fall. Then there's a change in the charge policy put into effect and approved by the Public Utilities Board, before they have a chance to reconnect. That would hardly seem fair. So only the transition situation on reconnections was involved. The matter as I described it the day I answered the hon. member's question in the House and that he just read from *Hansard* is correct. The reconnection only is the part that goes into full force and effect in 1977. All other aspects are presently in force and effect.

MR. MANDEVILLE: In other words, Mr. Chairman, for example if a cottage owner or a farmer temporarily disconnected his phone in February, after this was approved, in the spring he'll have to pay the \$100 and the \$25 per quarter mile if he reconnects.

DR. WARRACK: Yes, with the timing as set forth by the hon. member.

MR. NOTLEY: Mr. Chairman, I wonder if we could go back to EFRC for a moment. This matter was raised by the Member for Drumheller, as it relates possibly to contributing to the overall deficit expected this year. My interest, however, is to deal with the question of what we're looking at this year in terms of expansion of EFRC. I understand that we're working at this stage on a 30-mile radius. Now, for most parts of the province a 30-mile radius is more than enough. It offers full opportunity for people to phone into the town where they do most of their business.

There are, however, some exceptions to the rule where you do have very real problems of distance. The Peace River Planning Commission and I brought this matter to the attention of the minister. Just for the interest of other members, there's one community in my area — I'm sure there are other communities in southeastern Alberta and eastern Alberta, as well, where the same general problem would hold true — it's an exchange in a little community called Bear Canyon. As a result of the line that was drawn up, half the exchange really has no toll-free calls at all. This represents more a source of annoyance than anything else to the people in the region.

I realize one has to go a step at a time. The first phase was to bring in EFRC as it relates to the 30-mile radius. However, my question to the minister is: at what point does he see AGT extending this radius, particularly as it relates to those remote centres — there probably wouldn't be too many in the province, but there are some — to [give] them the same sort of flat rate calling to their centre of trade or commercial activity?

DR. WARRACK: Mr. Chairman, it's quite right. The hon. member and I have had an exchange of correspondence on this. Prior to this, I believe I also had correspondence from people in the area. The situation is as it was just described. Bear Canyon is in an area well outside the 30-mile radius. By the way, in the extended flat rate call system, it isn't a matter of all exchanges within 30 miles being hooked up to one another, but a matter of the 30-mile radius applying for a smaller exchange to go to its market centre. As it stands presently, there is no undertaking beyond that 30-mile contour. No such expansion, I regret, is presently contemplated. I think all hon. members will understand why. It would be one of the possible future options in the improvement of service in Alberta, should AGT be in a position to afford it. But it will be some time before the financial situation is clarified so that it will be possible to contemplate seriously any expansions in the quality of service that might be provided.

I think it's worth while also to mention that essentially the last two major expansions in the quality of AGT's service have been in rural areas, respecting the rural buried cable program and now the extended flat rate call system. I think some consideration might need to be given to the question of whether some equally high priorities ought to be considered in the future for the urban areas, in the event that AGT can afford it.

MR. NOTLEY: Mr. Chairman, just to pursue that. What is the projection at this stage to complete the first phase, the 30-mile radius?

DR. WARRACK: Mr. Chairman, my recollection is that it's late 1976. But I wouldn't want to imply inadvertently that that would mean Alberta Government Telephones would be looking at an expansion of that radius. That commitment is there and will be met. From there, it's a matter of examining all priorities and the financial circumstances of Alberta Government Telephones, to determine what future courses of action and quality of service improvements might be in order.

MR. CLARK: Mr. Chairman, just two matters I'd like to ask the minister about. They refer to this rather heated matter of natural gas.

The first one really deals with the question of industry within the boundaries of rural gas co-ops. One of the points made to me several times by people in the rural gas co-ops is this question of the right of a co-op to be able to sign up industry that may move into its area. I recall last night the minister talked about the exception if a very large industry should come in. Okay, maybe that's one kind a situation. But I must say I've had a considerable amount of disappointment expressed to me that that is apparently in the master agreement between the government and the co-ops, that in fact a co-operative isn't guaranteed the opportunity to service industry that moves into its area. So I'd be very grateful for the minister to explain his thinking on that.

The second more important problem though, is the question of the short-term financing which is available to the rural gas co-ops. I say to the minister that it seems to me when we have the kind of heritage money available now, the government would be very

wise to think of setting up some sort of revolving fund for the amount of money the rural gas co-ops have to get financing for — be it short-term or longer term financing. I know one of the co-ops in central Alberta and some of the other co-ops in the province have made this proposition to the association of rural gas co-ops. It's my understanding there have also been some discussions with officials in the department.

It seems to me on the surface, this would be a big step forward. It would assure the co-ops of long-term financing. I think we could help the interest rate sizably there. Well, as far as I'm concerned, it would be a big step in the right direction, lending a great deal of stability to the co-ops on a longer term basis.

Just to summarize that point, we would like to ask the minister his thinking with regard to using a portion of the heritage funds to set up a fund perhaps somewhat comparable to the REA fund that was set up several years ago. I'm not suggesting at the interest rate — I believe it's 3.5 per cent, or something like that — but at a substantially lower interest rate than the rural gas co-ops are able to get today.

DR. WARRACK: I probably dealt too briefly with the question of the franchise areas last night when that question was posed. I may have unfortunately used as an example something that was a large development complex, but I didn't mean to confine that illustration only to the large.

Basically, on the question of industry development within franchise areas, a provision was put into The Rural Gas Act. That was what I referred to last night when I was referring to the intent of The Rural Gas Act not to force, by taking away the free choice, those who would be putting up the risk capital and have the management responsibility to take away the choice as to their gas service. In other words, if you had the franchise area in any industry that was contemplating locating in the franchise area, their choice as to that particular management decision would be removed if they had no choice as to whom they took gas from. So as I explained last night and used the one example, it's a feeling — and this is consistent with the original intent of The Rural Gas Act — that the free choice management opportunity ought to be there for the managers responsible for that risk capital being put up.

As I think I mentioned last night, in a number of cases where there might be smaller developments, particularly smaller developments that might be done on a co-operative basis, such as agricultural processing, they often have some interlocking directors on their boards and one thing or another, and it makes a lot of sense for them to make the choice of taking the gas from the local gas co-op. And that's fine.

On the other hand, in instances where the people with the management responsibility would decide otherwise, it's our view that they ought to be free to make that management choice, not take from the rural gas co-op unless they want to. So that's where that matter stands.

With respect to the financing matter, it is a fact that there's been a very large amount of financial assistance by way of grant; as I say, \$33 million in this fiscal year's budget for the rural gas program. This is a very substantial amount as an outright grant that has not been available, for example, to the REAs as

they've developed. It's been a kind of subsidized interest rate which I think the hon. member was referring to when he mentioned the 3.5 per cent.

At the same time considerable financing help is available, both with respect to the members' initial contribution for natural gas service and to other obligations they might have. I believe they can borrow up to 85 per cent of their requirements as a guaranteed loan at 1 per cent over prime, as it stands now, through the co-operative activities capability. So to that extent, there is some considerable financial assistance available on a loaning basis in addition to, of course, the very major grants provided and made available for rural natural gas construction and for the utilities officers, as was mentioned by the Member for Bow Valley. That's where the matter stands at the present time.

If strong cases were made with respect to the possibility of altering the financial arrangements, I would certainly be open to consider them. But the matter as I've described it will certainly be the program as it's in place for 1976.

MR. CLARK: Mr. Chairman, just so we get finished before 5:30, I'd like to say this. If I recall the minister's comments last night, he talked of the price of gas going up depending on what happens in July. It's inevitable, the price is going to go up, and the government isn't committed to the continuation of the rebate program past the end of this year. So the government is hopefully going to be involved in the reconsideration of whether they go further rebate or some other routes.

I guess what I'm really saying to the minister is: in the course of looking at the options, I think the government would be wise to look at setting up some sort of revolving fund at an interest rate not 1 per cent above prime but several per cent below, let's say in the vicinity of 7 or 8 per cent. We can say 7 per cent. I pull that figure out of the air. But I'm really saying to the minister that in the course of looking at the options that you're going to have to look at for next year, I would strongly urge the minister to look at that kind of option.

Needless to say to the minister, next year when we get back to the new program I will look forward to the minister's explanation as to why he's followed the suggestion or why he hasn't followed the suggestion in the course of the deliberations for next year. To me, it is one of the proposals with considerable merit that's come from a number of people in the rural gas co-ops.

DR. WARRACK: Mr. Chairman, I think that's a fair proposition. I note the hon. member ties that in to the future of the rebate plan and the possibility of some offset that would be involved there. I'd be pleased to take a look at that. As a matter of fact, if the hon. member has some further thoughts upon reflection on the matter, I'd very much welcome them as well.

MR. NOTLEY: Another area that I'd like to move into is a question of REAs and brushing of rural lines. As the minister is probably aware, there is a problem with a lot of the REAs in northern Alberta. Brushing of lines constructed a number of years ago is now a matter of some concern and considerable expense.

Mr. Chairman, just to put the question, I believe the minister received a copy of a letter from Peace Grove-Worsley REA. The gist of the letter is important to summarize for other members. I met the director of the board and he expressed some considerable concern that they felt what was presented to them was a proposal, namely that they would pay approximately \$1.50 per month per member for pool operation and maintenance. As a board, they discussed that proposal and felt they would take it under advisement and respond at some future time.

Subsequent to that, a general meeting was held of the REA in question, and representatives from the department apparently were there, as well as representatives from Alberta Power. Nobody discussed this particular policy. Subsequent to that, at a regional meeting of REAs, the Peace Grove-Worsley people were advised, as a result of one of the questions put during the course of this regional meeting, that in fact Alberta Power was going to proceed with this particular proposal.

The point made by the REA board members, and made very strongly to me, was that they were under the impression in the original communication that this in fact was going to be a proposal which could be accepted or rejected by the REAs.

In order to take advantage properly of the new operation and maintenance feature, the REAs are going to have to undertake a very substantial brushing program, bringing their brushing up to rather stringent standards, which in their assessment will cost at least \$100,000, perhaps considerably more than that; but in any event, far beyond any reserve the REA has at this time. So they would have to embark upon probably as much as \$250 or \$300 a member assessment for brushing to bring their lines up to the standard that they could qualify for this proposal, which now apparently is a policy. They were under the impression that it was a proposal which they could accept or reject.

So I'd like the minister to respond to that, and perhaps we can conclude it now. If not, we may have to go into the next session.

DR. WARRACK: Mr. Chairman, I did receive the letter. In fact, it may be a copy of the letter that the hon. member has. My recollection of the letter is as he just described it. I've asked for a detailed assessment and evaluation of the situation. I'm hoping it will be possible to work out what the difficulties are, at the earliest possible day. But that has not yet occurred.

In any case, I understand what the concern is. It's quite right that I did receive that communication. I have asked for a detailed evaluation of the matter, and when I have that on hand and an opportunity to deal with it, I'll certainly try to make the fairest possible judgment.

MR. NOTLEY: Mr. Chairman, is the minister in a position to tell us whether or not the operation and maintenance proposal in fact is in place now?

DR. WARRACK: Well, Mr. Chairman, that's one of the items that will be part of the evaluation and

review that I've asked for. So I'm certainly not at this time.

Agreed to:	
Ref. No. 1.0.1	\$101,728
Ref. No. 1.0.2	\$86,750
Ref. No. 1.0.3	\$71,416
Ref. No. 1.0.4	\$123,869
Vote 1 Total Program	\$383,763
Ref. No. 2.1	\$36,040,220
Ref. No. 2.2	\$302,993
Vote 2 Total Program	\$36,343,213
Vote 3 Total Program	\$70,081,060
Departmental Total	\$106,808,036

DR. WARRACK: Mr. Chairman, I move the estimates of the Department of Utilities and Telephones be reported.

MR. CHAIRMAN: You have heard the motion. Are you agreed?

[Motion carried]

MR. FOSTER: Mr. Chairman, I move the committee rise and report.

[Motion carried]

[Dr. McCrimmon left the Chair]

[Mr. Speaker in the Chair]

DR. MCCRIMMON: Mr. Speaker, the Committee of Supply has had under consideration the following resolution, begs to report same, and asks leave to sit again.

Resolved that a sum not exceeding \$106,808,036 be granted to Her Majesty for the fiscal year ending March 31, 1977, for the Department of Utilities and Telephones.

MR. SPEAKER: Having heard the report, do you all agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: Does the committee request leave to sit again? Do you agree?

HON. MEMBERS: Agreed.

MR. FOSTER: Mr. Speaker, by way of House business tomorrow night, I propose that we continue in supply, moving with the Department of Advanced Education and Manpower, which I expect will take most of the evening.

HON. MEMBERS: Agreed.

MR. SPEAKER: The Assembly stands adjourned until tomorrow afternoon at half past 2.

[The House rose at 5:30 p.m.]