

**LEGISLATIVE ASSEMBLY OF ALBERTA****Title: Monday, May 2, 1977 2:30 p.m.**

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

**PRAYERS**

[Mr. Speaker in the Chair]

**head: INTRODUCTION OF VISITORS**

MR. JAMISON: Mr. Speaker, it's my privilege this afternoon to introduce to you, and through you to the members of the Assembly, Mr. Bruce Crozier, the national co-ordinator for the Kinsmen Clubs of Canada. Bruce has been in Alberta this past week to charter two new clubs in the province, one in the town of Olds and one in the town of Morinville.

He's accompanied by his wife Joan, and Linda Stewart the wife of the governor of the Kinsmen Clubs of Alberta. They're seated in your gallery, Mr. Speaker, and I'd ask that they stand and be recognized by the Assembly.

**head: INTRODUCTION OF BILLS**

**Bill 37**  
**The Child Welfare**  
**Amendment Act, 1977**

MISS HUNLEY: Mr. Speaker, I beg leave to introduce a bill, The Child Welfare Amendment Act, 1977. The principle of this bill is to prescribe the power to confine a child by a judge or by the director of child welfare, where in the opinion of either such confinement is in the child's best interests. The authority of either is subject to a number of legal safeguards contained in the bill.

This bill is in response to the growing concern that neither a judge nor the director has sufficient legal authority to require the confinement of any child in circumstances beyond those of a reasonable parent.

[Leave granted; Bill 37 read a first time]

**Bill 34**  
**The Hydro and Electric Energy**  
**Amendment Act, 1977**

DR. WARRACK: Mr. Speaker, I beg leave to introduce Bill No. 34, The Hydro and Electric Energy Amendment Act, 1977. A number of amendments are involved in Bill 34. The important principles can be grouped in three. First of all, the contingency and emergency planning process, which sets forth information and reporting systems on which to plan and specifies actions which can be taken by way of electric energy allocations and operations; secondly, with respect to transmission and distribution planning and operations, Bill 34 will specify the location and extent of rights of way in a more specific manner. It will

cause a mechanism for settling compensation claims when an agreement is not possible and the movement of a transmission line is ordered by the board; thirdly, for electric distribution in planning emergency and operation circumstances, provisions which may require alteration of those distribution arrangements; thirdly and finally, a mechanism for handling problems for either electric or communication systems that would be caused by electrical facilities being put into place.

[Leave granted; Bill 34 read a first time]

**head: TABLING RETURNS AND REPORTS**

MR. HARLE: Mr. Speaker, I wish to file with the Legislature Library a research paper entitled The I.B.C. Variplan Proposal prepared for the Alberta Automobile Insurance Board by Mr. W. A. Stevenson.

As required by The Credit and Loan Agreements Act, I wish to table the annual report for the year ending December 31, 1976, prepared by the supervisor of consumer credit.

I wish to file with the Legislature Library the annual report for the year ending August 31, 1976, of the textile analysis service at the University of Alberta.

MR. MINIELY: Mr. Speaker, I'd like to table two copies of a letter of reply to Mr. Roberts, chairman of the Calgary General Hospital, on the general matter of the Calgary General Hospital psychiatric wing.

MR. CRAWFORD: Mr. Speaker, I'd like to table documents pursuant to two statutes. One, pursuant to The Electrical Protection Act, is a copy of the Canadian Electrical Code, along with the regulations under The Electrical Protection Act — two separate documents. The other, pursuant to The Pension Benefits Act, is the report of the branch for the period ending March 31, 1976.

DR. WARRACK: Mr. Speaker, I have the honor to submit the annual report of Alberta Government Telephones for the year 1976. Copies will be provided for each member of the Legislature.

**head: INTRODUCTION OF SPECIAL GUESTS**

MR. TESOLIN: Mr. Speaker, it gives me great pleasure to introduce to you, and to members of this Assembly, a person who plays a vital role in cementing a booming community into a stable, progressive community. I'd ask that Peter Duffy, editor of *Fort McMurray Today*, seated in the members gallery, stand and be recognized by this Assembly.

DR. PAPROSKI: Mr. Speaker, I'd like to introduce to you, and through you to the members of this Assembly, 31 grade 9 students from the well-known school of Westmount Junior High located in the well-known, active constituency of Edmonton Kingsway. They're accompanied by their teacher Mrs. Helen Rogers. I'd like to congratulate them for taking an interest in the legislative process. They have indicated they will communicate their concerns to me. They're located

in the public gallery. I'd ask them to rise and be recognized by the House.

MR. HANSEN: Mr. Speaker, it gives me great pleasure on your behalf as the Member for Edmonton Meadowlark, to introduce to you, and through you to the House, 30 grade 10 students and their teacher from Jasper Place Composite High School. I'd ask them to rise and be recognized by the House.

MR. DIACHUK: Mr. Speaker, I wish to take this opportunity to introduce a class of some 50 grade 5 students from Newton school in my constituency, accompanied by teachers Mrs. Yewchuk and Mrs. Dutchak and student teacher Miss Steele. They are seated in the members gallery. I'd ask that they rise and be recognized by the Assembly.

#### head: **MINISTERIAL STATEMENTS**

##### **Department of Advanced Education and Manpower**

DR. HOHOL: Mr. Speaker, the government is in a position to make a significant announcement to the Assembly and to the people of Alberta with respect to a change in the status of four provincially administered institutions.

Over the last two years, government has given considerable and careful consideration to the proposition that certain institutions in postsecondary education now administered by the government through the Department of Advanced Education and Manpower are of a stature that they could be better served through public governance. Education, at whatever level, has a long and proud tradition of lay participation in the development of policy. By whatever name, a public governing authority provides the people with the capacity to participate in this development of public policy. The very nature of education and its development seems to me to require this kind of structure in educational institutions.

Accordingly, Mr. Speaker, based on this notion of the worth of public participation in governance, I am pleased to announce today that the four colleges now administered by government will become public colleges when the appropriate arrangements for the changeover can be made, but no later than September 1978. Specifically these colleges are Olds, Fairview, Lakeland, and Keyano.

I look forward to this new development, Mr. Speaker, and hope it has the support of all the members of the Assembly as it has of the people of Olds, Fairview, Keyano, Vermilion, and surrounding communities.

Thank you.

#### head: **ORAL QUESTION PERIOD**

##### **Drought Contingency Plans**

MR. CLARK: Mr. Speaker, I would like to direct the first question to the Premier. It flows from comments made by the Premier last week in the Assembly with regard to the drought situation in southern Alberta. Is the Premier or the Deputy Premier in a position to

outline to the Assembly any plans the government has to deal with the drought situation? I ask it especially from the standpoint of the effects of water shortages on some small municipalities.

MR. LOUGHEED: Mr. Speaker, the cabinet committee of rural development, which has been charged with this responsibility and is chaired by the Deputy Premier, will be meeting in a special meeting this afternoon. At the time of Ministerial Statements tomorrow, it may be possible that the Deputy Premier and Minister of Transportation will be able to give a report, at least of an interim nature, responding to the question from the hon. Leader of the Opposition.

MR. CLARK: Mr. Speaker, a supplementary question to the Premier. In the course of the plans the government is now considering, is shortage of water for rural communities one of the matters specifically under discussion? I raise the question quite frankly because a community like Crossfield in my own constituency will shortly be facing costs of \$300 a day.

DR. HORNER: Yes, Mr. Speaker, that very specifically is one of our primary concerns. Quite frankly the grass fire hazard has lessened somewhat at the moment, and our attention will be focused on the provision of water to municipalities and indeed for livestock.

MR. CLARK: Mr. Speaker, a supplementary question to the Minister of Agriculture. Is the minister in a position to indicate the results of discussions going on with the federal government, flowing from the federal government's announcement, I believe last Thursday or Friday, with regard to its contingency plans for farmers in Alberta?

MR. MOORE: Mr. Speaker, no I'm not. As indicated by the Premier, within the next day or two we may be able to provide more information on that subject as well.

MR. MANDEVILLE: Mr. Speaker, a supplementary question to the hon. Minister of Municipal Affairs. Has the minister had any discussions with or reports from towns and villages as a result of shortage of water in Alberta?

MR. JOHNSTON: Mr. Speaker, we have not had any reports other than the one to which the hon. Leader of the Opposition is referring. But we will be discussing it this afternoon.

MR. PURDY: Mr. Speaker, a supplementary question to the Premier. Could the Premier advise the Assembly if the drought situation prevalent in Alberta and western Canada will be discussed at the premiers' meeting coming up this week?

MR. LOUGHEED: Mr. Speaker, yes it will. We will be participating in those discussions. I might just mention that the Minister of Federal and Intergovernmental Affairs is in Ottawa today conducting discussions of a similar nature. However, we will enter those discussions in Brandon on Thursday and Friday, aware there is a regional responsibility but that we in the province of Alberta have some special circum-

stances and our direct responsibilities lie within this province.

#### **Postsecondary Institutions**

MR. CLARK: Mr. Speaker, I would like to direct the second question to the Minister of Advanced Education and Manpower. Is the minister in a position to indicate what plans the government has for the future governance of NAIT and SAIT, in light of the announcement today?

DR. HOHOL: We've examined the situation for all provincially administered institutions and felt the first step at this time would be to deal with those colleges that carry the name, not in that elementary or simplistic way but for other reasons as well. NAIT and SAIT, dealing with more specific trades — each trade having a community-based advisory council — did not appear to us at this time to warrant a board of governors, though it doesn't preclude this kind of governance in the future.

MR. CLARK: Mr. Speaker, a further supplementary question to the minister. What plan does the government have as far as AVCs are concerned, specifically in Calgary and Edmonton? Is it the government's intention to keep the AVCs under the direct control of the Department of Advanced Education, or is the government looking at some alternatives as far as governance is concerned?

DR. HOHOL: At the present time the AVCs would remain as provincially administered institutions. It would likely be in error to attempt to move the logistics of public governance over all provincially administered institutions at one time. At first glance it may appear to be an elementary kind of exercise. As a matter of fact, it is not.

#### **NAIT Extension**

MR. CLARK: Mr. Speaker, a supplementary question to the minister. Has the minister had an opportunity to check into the concerns raised in the House, I believe last week, with regard to the possible purchase of some furnishings at NAIT?

DR. HOHOL: Yes I have, Mr. Speaker. At this time there has been no decision to purchase furniture from any particular supplier for the renovation of the old Simpsons-Sears store for NAIT. Any furniture purchased will be by tender through the purchasing agency of government.

Secondly, no employee of the government has gone on a trip which has been paid for by private companies in respect to the possible purchase of furniture for NAIT. By ministerial permission an employee from Alberta public housing and one from NAIT, by permission of the president, did make a trip to look at certain work stations. This was paid for by the government of the province of Alberta. This inspection was necessary because of the special nature of the furniture required.

Thirdly, Mr. Speaker, the only complaint I'm aware of respecting the supply of furniture for NAIT has been by one furniture manufacturer, regarding work

station systems and furniture.

Tenders have not yet been called.

MR. CLARK: Mr. Speaker, one further question to the minister. Mr. Minister, has your department been involved in reviewing the complaints that have been lodged by your department . . . Well, let me put it this way: we raised the matter in the House last week, and the matter was raised with the minister's office some time [previously]. Is the minister in a position to indicate whether that investigation has been finalized?

DR. HOHOL: Yes it has, Mr. Speaker.

MR. CLARK: Mr. Speaker, what's the disposition of the matter? Is the minister going to get the various groups together? Where does it go from here?

DR. HOHOL: Mr. Speaker, I have to say that the hon. Leader of the Opposition missed the point of my response to his question. The tenders have not been let. The tenders are public, and all companies are open to bid. So this is yet to be.

#### **Alberta Game Farm**

DR. BUCK: Mr. Speaker, I'd like to address my question to the Minister of Recreation, Parks and Wildlife. Can the minister indicate if there have been any applications from parties interested in buying the Alberta Game Farm?

MR. ADAIR: No, Mr. Speaker. I should also point out the fact that the two interested parties that had contacted us some time during the period from February 1 were actually discouraged by Dr. Oeming from proceeding any further because of what appeared to be an actual sale of the Game Farm. As a result, there has been no contact since that time.

DR. BUCK: A supplementary, Mr. Speaker, to the minister. Is the minister considering extending the deadline for people who may be interested in purchasing the Game Farm as far as support for the purchase of the land goes?

MR. ADAIR: Mr. Speaker, I did give that some thought, but initially the deadline was placed there at the convenience of Dr. Oeming, who had appeared to want to resolve it as quickly as possible. At this point I think we would not consider extending it.

DR. BUCK: Mr. Speaker, can the minister indicate if he's had any recent conversation or discussion with the owner, Dr. Oeming?

MR. ADAIR: No, although I could indicate I've attempted to contact him since Wednesday of last week to see just where he was with the group he indicated would be buying the farm, and I have not been able to do so.

#### **Electroconvulsive Therapy**

MR. TAYLOR: Mr. Speaker, my question is to the hon. Minister of Social Services and Community Health. Has her department set out guidelines in addition to

those of the College of Physicians and Surgeons in connection with electric shock therapy, or ECT, for patients in Alberta hospitals?

MISS HUNLEY: To the best of my knowledge, we follow the instructions put out by the College of Physicians and Surgeons. I would have to check and advise the hon. member whether we have any in addition.

MR. TAYLOR: Supplementary to the hon. minister. Where written permission cannot be obtained in Alberta hospitals, is another procedure followed before ECT is rendered?

MISS HUNLEY: I'd like to check the actual procedure, Mr. Speaker. It's been some time since I reviewed it. I feel sure, though, that they're very responsible in their attitude toward this type of treatment.

MR. TAYLOR: Supplementary to the hon. minister. Over the years a large number of ECTs have been administered. Has any evaluation been made of the effects on these patients a year, two years, five years afterward?

MISS HUNLEY: I believe there has been, Mr. Speaker. But once again I'd like to refresh my memory so I can clearly advise the hon. member. I know it's a matter of great interest to the College of Physicians and Surgeons, as well as to my department.

#### **Consumer Education**

MR. MANDEVILLE: Mr. Speaker, my question is to the hon. Minister of Consumer and Corporate Affairs. Has any action been taken on the government task force on elementary school consumer education, which recommended that children, while in elementary school, should learn how to spend money wisely?

MR. HARLE: Mr. Speaker, there has, in the sense that we did employ and share with the Department of Education the services of a person knowledgeable in this area. She spent a great deal of time going to various teachers and teachers' meetings discussing the subject.

MR. MANDEVILLE: A supplementary question to the hon. Minister of Education. Could the minister indicate whether the government is considering consumer education in our schools?

MR. KOZIAK: Mr. Speaker, I believe the proper answer to that question would flow from the debate we'll be having in this spring session and during the fall of this year on the goals and objectives of education.

#### **Mental Health Advisory Councils**

MR. CLARK: Mr. Speaker, I'd like to direct a question to the Minister of Social Services and Community Health about the staffing of the regional mental health advisory councils. Has some staff or money for staff now been made available for the regional mental health advisory councils?

MISS HUNLEY: Mr. Speaker, we actually fund the Provincial Mental Health Advisory Council. It's been brought to our attention that the regional mental health advisory councils feel they could do a better job, had they more resources, both financial resources and research people. So they have a special subcommittee of the provincial council looking at that.

The chairmen of the regional councils have been attending the meetings of the Mental Health Advisory Council. As a result, they are taking a look at what the needs might be, and how they can best serve the people and carry out the purpose for which they were set up. I have not had a report from the Advisory Council, although I believe it's under active consideration at the present time.

MR. CLARK: Mr. Speaker, a supplementary question to the minister, having regard for one of the functions of the Advisory Council in the field of co-ordination of mental health services. Is the minister in a position to indicate the rationale behind the decision made not to share Dr. Hellon's report on the phasing down of the Alberta Hospital at Ponoka, but to make the report available to the chairman of the Provincial Mental Health Advisory Council and not to the regional councils?

MISS HUNLEY: The Mental Health Advisory Council works very closely with me and advised me, and it was discussed with them for their input. Because it was only a planning document that was a long way from being accepted as either a department or a government position, we felt that working with the Provincial Mental Health Advisory Council would probably be the initial step to take. That doesn't mean the regional mental health advisory councils can't discuss and be involved, because it's a long-range planning document, not only over the next decade but over several.

MR. CLARK: Mr. Speaker, a supplementary question to the minister. Was it the decision of the minister that Dr. Hellon's report should not be made available to the regional mental health planning councils, or was it a recommendation from the Provincial Mental Health Advisory Council?

MISS HUNLEY: I have to reach into my memory, Mr. Speaker, because I remember speaking with Dr. Blair about its various merits. I'll have to take that as notice and check my correspondence.

MR. CLARK: Mr. Speaker, a further supplementary question to the minister. Is the minister in a position to indicate if a permanent chairman has been named for the Provincial Mental Health Advisory Council, or is the council still operating on a temporary appointment for chairman?

MISS HUNLEY: We have an acting chairman at the present time while we are actively considering the appointment of a permanent chairman.

MR. CLARK: A supplementary question to the minister. Is the minister in a position to give us some indication when either that appointment will be made permanent or a new appointment will be made?

MISS HUNLEY: Part of the problem with recruitment of very capable and interested people is the time constraints they have. One candidate whom we felt might be eligible for appointment effective January 1 decided at the eleventh hour that he had taken on other assignments and consequently was not available even though he was very interested.

Since then we've interviewed a number of people. I hope to be able to make an announcement about an appointment before very long.

#### Social Assistance

MR. TAYLOR: My question is to the hon. Minister of Social Services and Community Health. Is every applicant for social assistance visited in his or her home by a social worker before assistance is given?

MISS HUNLEY: I'd like to think that's possible, Mr. Speaker, but it is not. They do a follow-up visit as fast as possible. In many cases the assistance given is emergency in nature. So it varies according to the case load the particular worker is carrying, and of course the residence of the individual. In a rural area many of them cover a large distance. Many workers in the large cities have a high case load, so it makes it somewhat difficult for them to do that. Rather than hold up help needed on an emergency basis, they try to assess it as best they can on the spot.

MR. TAYLOR: A supplementary to the hon. minister. To the extent that this is done, has the experience in Alberta been similar to that in other provinces, where a reasonable percentage of the applicants immediately withdraw their application when they find they're going to have someone visit their home?

MISS HUNLEY: I don't know that I'm in any position to offer that comparison or comment on it, Mr. Speaker. One of the things we have done, in my estimates this year, was the appointment of a special team which would look at our procedures to see that they're as good as possible, as airtight as possible, and as compassionate as reasonable, but also on a random basis to investigate those recipients to find out if there is fraud or cases of people receiving [help] when they're not qualified to do so.

So they have two assignments: one reflects on the administration of the regional offices and their procedures, whether they're adequate. The second is the follow-up to find out whether anyone is figuring out a way to beat the system.

MR. TAYLOR: One further supplementary to the hon. minister. Since work may be available in one area and not available where the applicant applies, is there an exchange of information between the various welfare offices in regard to unemployed employables and work for them?

MISS HUNLEY: We try to work very closely with the Department of Advanced Education and Manpower, as well as with the Canada Manpower offices. As a matter of fact, in some areas we have someone from the federal Department of Manpower almost on assignment to us on a consultative basis.

#### Bicycles

MR. R. SPEAKER: Mr. Speaker, my question is to the Solicitor General. Could the minister indicate whether there will be any new regulations or legislation with regard to bicycles, specifically in urban centres?

MR. FARRAN: No, Mr. Speaker. We don't contemplate any at the present time, although there is the possibility of some regulations pertaining to power bicycles.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the Minister of Transportation. Could the minister indicate whether, when he has had consultations with the urban centres, there has been discussion with regard to establishing bicycle routes through the city or into the centre of the city, one, to encourage the use of more bicycles and, two, with the incoming mopeds, I believe they call them, causing certain concerns.

DR. HORNER: As a matter of fact, Mr. Speaker, they are complementary. But I would have to get more detailed information on the question of whether we have had some detailed discussions with the cities relative to allocating bicycle routes. I'll do that.

#### Fort Saskatchewan Jail Library

DR. BUCK: Mr. Speaker, I'd like to address my question to the hon. Solicitor General. A short preamble, Mr. Speaker: a senior citizen group gathered books and placed them in the library at Fort Saskatchewan. My question to the minister is: is he aware that this library was taken out of the Fort Saskatchewan Correctional Institution?

MR. FARRAN: No, I'm not aware of that fact, Mr. Speaker. There was some correspondence about a year ago concerning a lady who was acting as a volunteer librarian at Fort Saskatchewan. I had understood that she was continuing in this function. This is the first I've heard that there's been a further problem.

DR. BUCK: Mr. Speaker, a further supplementary question to the minister. Would the minister check into the matter and find out if the library will be returned, if it in fact has been taken out and is going to stay out? The information I had, Mr. Minister, was that some bureaucrat said the space was required, and he took it out. Can the minister check to see if that facility will go back in the institution?

MR. FARRAN: Yes, Mr. Speaker.

#### Agriplast Ltd.

MR. MANDEVILLE: Mr. Speaker, my question is to the hon. Minister of Agriculture. Could the minister indicate the status of the Agriplast plant at Camrose?

MR. MOORE: Mr. Speaker, I could not do that in an up-to-date fashion. I'll check on the matter and try to report later.

### Calgary General Hospital

MR. CLARK: Mr. Speaker, I'd like to direct a question to the Minister of Hospitals and Medical Care. It really flows from a letter the minister sent to the chairman of the board of the Calgary General Hospital. Can the minister advise the House why almost eight months elapsed from August '76, when the minister first expressed his dissatisfaction with the program budget for the psychiatric wing at the Calgary General, to April '77? Why did eight months elapse and no hard negotiations [to] make some decisions so the facility could open on time?

MR. MINIELY: Mr. Speaker, as I indicated in a paragraph in the letter, which perhaps I should repeat or just refer to in connection with answering that question, the first operating budget received from the hospital was in November 1975, and at that time indicated the following figures. In 1976 the cost of the existing psychiatric and forensic program, which the Calgary General has operated for some years, was \$2,091,364. The projection in the first operating budget for 1977 that the hospital provided to us was \$3,893,426. A letter was subsequently received from the hospital administrator in August 1976, increasing the operating budget to \$6.6 million for a nine-month period July 1, 1977, to March 31, 1978. This, Mr. Speaker, would approximate to a \$9 million operating budget annually, substantially more than double the first budget submission received from the hospital. This was in addition to the existing program costs.

Now this cost was brought to my attention. There were ongoing meetings between officials of the Hospital Services Commission, the division of mental health of the Department of Social Services and Community Health, and the hospital, including the administration and the chief of psychiatry of the hospital, with respect to program. It did not come to my attention as the minister until the budget was being examined in August, September, and October 1976. At that time I expressed concern that, considering there was an existing psychiatric program, the costs had escalated substantially, and that more details and justification should be obtained from the Calgary General Hospital.

Dr. Bradley subsequently signed a letter, which I examined, to the Calgary General Hospital indicating and requesting further details. Some additional details were provided by the hospital but still did not answer the fundamental question. The fundamental question remains that the hospital has not adequately provided us with full details, explanation, and justification for such a dramatic rise in a very short time. I would point out that in the hospital's own figures those costs more than doubled between November '75 and August '76.

MR. CLARK: Mr. Speaker, a supplementary question to the minister. Once the minister was advised of the tremendous increase and the costs involved, did he either write or meet with the chairman of the board between August '76 and, really, [when] this whole matter became public? Has the minister personally met with the board?

MR. MINIELY: Yes, Mr. Speaker. As the letter says I met with the board in Calgary on April 2, 1977. That

was the time when, as the minister, I personally expressed my concern to the board at what had happened to the costs.

Perhaps I should refer to and read into the record, Mr. Speaker, the three specific responses I made to the board at the time I met with them on April 2 in Calgary. First . . .

MR. SPEAKER: Is the hon. minister prepared to table the document?

MR. MINIELY: It has been tabled, but perhaps in answer to the question of the hon. Leader of the Opposition I should indicate what I told the board at that time.

MR. SPEAKER: If it has been tabled, perhaps it's not necessary to read it out.

MR. CLARK: Perhaps I might rephrase the question to the minister. Mr. Minister, between August '76 and April 2, '77, did the minister meet with the board?

MR. MINIELY: Well, Mr. Speaker, I'd indicated to the Leader of the Opposition that I had instructed officials of the Hospital Services Commission to pursue further details. Several meetings took place between officials of the Hospital Services Commission, the Calgary General Hospital administration and chief of psychiatry, the division of mental health of the Department of Social Services and Community Health, and had not arrived at a satisfactory explanation for that increase. I did not meet with the board directly on the matter until April 2, 1977, in the city of Calgary.

### Fluoridation

MR. TAYLOR: My question is to the hon. Minister of Municipal Affairs. Has the minister or the department received requests from municipalities for special grants or grants for the purpose of fluoridating their water supply?

MR. JOHNSTON: Mr. Speaker, I don't have that information. As far as I recall, we have not received any special requests for assistance. However, I am now preparing a request for the hon. member with respect to the number of communities that have passed plebiscites with respect to fluoridation, and I will certainly be able to add the question he has asked today to that comment.

### ORDERS OF THE DAY

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

[Dr. McCrimmon in the Chair]

MR. CHAIRMAN: The Committee of Supply will come to order.

**Department of  
Utilities and Telephones**

DR. WARRACK: Mr. Chairman, I did have questions from three members and only had time to respond to one. I have not yet had an opportunity to respond to the others. However, it might be there are other questions that someone would like to pose. If that's so, perhaps I would compile them. If not, I would proceed with responses to the questions I had.

MR. CHAIRMAN: Are there any further questions to the minister?

DR. WARRACK: First of all, particularly because of the extensive and frankly very helpful comments by the Member for Bow Valley regarding a number of matters, I would like to undertake responses to those. Then, although the majority of the comments by the Member for Spirit River-Fairview were by way of follow-up from what the Member for Bow Valley said, I would add some additional comments with respect to that.

At the outset I'd like to do two things. Both are things the hon. Member for Bow Valley and I talked about and agreed to at the conclusion of our discussion on Friday. First of all, in addition to the items he had mentioned and that I made notes about, the hon. member asked if I would also add some comments with respect to the methods of capital financing and amortization. I'm very pleased to do that, because the hon. Member for Stettler and Minister of Consumer and Corporate Affairs and I have been discussing that very matter. It has been raised with me from a number of quarters. So I would like to do that as a result of the conversation the member and I had.

Secondly, also something that follows from Friday's discussion and the discussion between us after the Legislature adjourned on Friday — the member and I were jointly baffled as we compared notes on one particular matter. Members will recall that the hon. Member for Bow Valley indicated having had a letter from the Bowell Gas Co-op. The letter was dated April 27 and received on Friday. He read into the record the concerns of that particular co-op with respect to gas pricing and some other comments that indicated concerns. I want to indicate, Mr. Chairman, that on Friday I also received a letter from Bowell Gas Co-op signed by the same person, Mr. Olson, dated the same as the hon. member's letter. It is unfortunate he wasn't provided with a copy of my letter along with his, and unfortunate that I wasn't provided with a copy of his letter along with mine. But if I refer to this letter, they will both be in *Hansard* and we can carry on with our respective responses.

The letter has a rather different tone from the one referred to on Friday. It reads:

Dear Dr. Warrack:

We have just received final grant moneys for the original construction program of the Bowell Gas Co-op Ltd. With this in mind, the members and directors would like to thank yourself, the staff of the Department of Utilities and Telephones, for the co-operation and attention to all matters concerning our co-op during all phases of the program.

The letter then goes on to extend particular thanks to one of our staff, Mr. Harding, business advisor in the

Department of Utilities and Telephones. The member from Bow Valley and I agreed this had a rather different tone from the letter he received. We agreed it would be worth while to put both forward for the information of the House.

Turning specifically, if I might, to responses with respect to the comments — and again I emphasize, helpful — by the Member for Bow Valley. The questions of future price comparisons and of hookups by potential members, these being people who have put forward their initial deposit — in most cases \$1,700, but in some instances at the decision of the local board, somewhat less — I guess the main comparison to refer to with the question of their hooking up is in fact, comparison with what. On one hand, there is comparison with propane. That really works out at the 26 cents per gallon maximum figure presently in force in most of Alberta. That works out to over \$2.35 per MCF by way of comparison. That's a pretty hefty price to compare with.

Secondly, as all members know, this particular price parameter has not been reviewed for close to two years, perhaps all of two years, and is under review at the present time. As a matter of fact my understanding is that a hearing on that very matter is occurring today, May 2. That's one standard of comparison.

I guess another standard of comparison is the fact when one contemplates hooking up . . . I recall when my own parents hooked up they were in the position of basically comparing an old system based on propane as compared with the changed, modified, or if you like, reconstituted system of natural gas. The fact is, they recognized very clearly that there is a valid comparison between an old system and a new system that's involved in the dollar comparison. In all fairness, the full cost of this is hardly chargeable to the rural gas program.

I would be inclined to think the comparison in terms of energy price alternatives would not be unfavorable in the future with respect to natural gas. At the same time, even if there were no price or cost advantages, it seems to me the cleanliness, convenience, and continuity natural gas offers are a very major positive set of characteristics for it to be compared with anything else.

The hon. Member for Bow Valley also referred to an exceedingly important subject with respect to the leak experience in the rural gas systems. I'm happy to indicate that one of the major areas of increased budget expenditure in this department's set of appropriations will be a considerably expanded capacity to deal with that operating problem.

A number of surveys have been conducted with a view to determining just where the problems were. The preliminary results are essentially that the leaks are not so much in splits and leakages in the pipe itself, some of the old 3306 pipe excepted. But aside from specific, relatively few, major examples related essentially to bad pipe, most of the leaks that have been determined really relate to fittings and generally to the operating housekeeping of the system itself. Now that's a preliminary kind of result, by way of pretty limited surveys which we feel should be expanded. The budget, if approved, will have the financial capacity to do that. But that would be under way.

When the hon. member raised the question in the

question period, I indicated I'd be pleased to arrange for him a full and detailed briefing of where we are on this matter and what we're contemplating, and that we'd very much welcome input and suggestions with respect to doing it as well as we can in the future. Aside from perhaps some supplementals the hon. member might have, I think that would deal with my remarks there. Finally, I bring to the attention of members that in the budget proposed for the coming year in the Department of Utilities and Telephones, in Vote 1, Ref. No. 1.0.3 — I'm sorry, I may have that number wrong — a substantial increase is provided to do that particular job better in the future.

In the area of insurance, aside from one or two cases which may, although I'm not sure, be involved with co-ops not protecting themselves with liability insurance that would be reasonable and, in that way, possibly not participating in the group program arranged by the Federation of Alberta Gas Co-ops, there had been some real concern — and I guess this dates back to about mid-1976, as I recall, perhaps in the latter part of the summer — that was ultimately worked out between the insurer and the Federation of Alberta Gas Co-ops, as to striking an appropriate arrangement to provide the necessary insurance. That's my understanding on that matter.

An extremely important item was raised, and it's been outstanding since the beginning of the program: that's the question of the income tax deduction for member contributions to rural gas co-ops. The hon. Member for Bow Valley mentioned this and wondered where we were on that. The short answer is: we're responding to that effort in a very aggressive manner. Unless someone wants it, I'll not review the history of it, where it had been approved at the regional office level in Edmonton, but not so in Calgary and, when they saw the ruling from Ottawa, it was then disapproved and the matter has stood at that point since then, even though Unifarm, in co-operation with the Federation of Alberta Gas Co-ops and partly through financial assistance arranged between the Department of Agriculture and the Department of Utilities and Telephones, has been pursuing this matter.

As a result of the renewed effort, I think there is now some hope. But I don't hold this out as any definitive expectation that we might be able to achieve a change in that matter. It's certainly our view in the Department of Utilities and Telephones, shared by the other departments involved in trying to follow up this matter and get a favorable ruling from the federal government, that it is a reasonable proposition with merit. We've been aggressively trying to put forward the merits of the case. At the present time we do not have a flat "no" answer; consequently, we do hold some hope.

I note also that the hon. member posed this question to me just recently, on April 22, and that some meetings have taken place since that time. So I'm hoping we'll have a favorable result in the future to report on that very important matter.

The hon. member made mention — and frankly, he's right — that since the inception of the program there have been a number of administrative problems of one kind or another. As a matter of fact, it was the recognition of that that really caused the commissioning of the Reid, Crowther report, the results of which were tabled in the Legislature a month, perhaps six weeks ago. In terms of dealing with the problems

there, just as frankly as admitting that a number of the problems were at the provincial government level, it's also fair to say that a number of them were not. I guess it's human behavior to kind of ping-pong the problems from one to another, and this and that. But quite frankly, there are problems at all levels to some extent, certainly in terms of the government administration, certainly in the local co-ops — some extremely well done, some much less so.

Hon. members will recall that three example cases were used by way of a kind of trial run of the ideas suggested by the Reid, Crowther reports. Meetings on their results — in terms of the local co-op operations, the government administrative operation, and suggestions for the provincial Federation of Gas Co-ops as well — are now going forward. A number of them have already been held. So that's been a pretty major thing.

The hon. member referred to the question of transmission versus distribution. I think I heard a lawyer say one time that this is a matter that's clearly gray. I'm not sure how it can be "clearly" and "gray" at the same time. But basically it means that an area of judgment is involved. The proposition of transmission lines to bring the basic supply of gas into the franchise area is transmission; that is to say, to provide natural gas supply into the rural co-op franchise area, f.o.b. franchise if you like. There are the cases where it's clearly transmission to bring it into the franchise area. Other instances that are largely in the purview of the local gas co-op, are clearly distribution. Then there are situations where, for example, due to heavy loads in certain areas and long spans of geography that might be between those heavy loads, or between the heavy loads and the taps that serve the area, there can be a large volume of distribution within the franchise area that is still distribution.

The difficulty with the member's suggestion of calling all lines "transmission" that are metal, steel, or aluminum is the fact that some of them simply aren't. So it's a question that you wouldn't want to have your rules and regulations force the construction of the system in a way that did not make economic sense. In a number of cases it makes economic sense to construct the system with metal lines, even though they're strictly and clearly distribution. The difficulty would be that if all metal lines are called transmission, whether or not they are, of course everyone would want to built with nothing but metal lines and the cost would be far more than necessary. So a judgment is involved there, and I can only say that we try to be as reasonable as possible. I hope no one laughs because when I say that, I really mean it.

We really try to be as reasonable as possible in the judgment involved and strike arrangements where in the apportioning of the costs distribution is a part of the responsibility of the local gas co-op, supported by the financial formula system we have which everyone is familiar with, as distinct from those that are in fact transmission. As transmission lines, in order to provide the gas supply f.o.b. franchise area at the same price from Gas Alberta regardless of where that franchise area might be, these transmission lines are paid for 100 per cent by the provincial government with no contribution from the rural gas co-op at all.

I appreciated the hon. member's remarks with respect to the changes we've made in the capital grants system. We addressed this matter, as the hon.



member will know, about a year ago January as to whether the 50/50 system of cost sharing above \$3,000 per member was a reasonable division of cost in instances where rural gas co-ops might have had to face high costs for no reason of their own, but simply geographic and other kinds of circumstances they had to face. For example, pure remoteness, which causes a lot of physical installation between users and customers, is a very real problem.

Secondly, some of the terrain both in terms of hilly terrain that might in some instance go through relatively unsettled areas, and in the more northern areas. I was thinking of suggestions made to me a year and a half ago by the Member for Lesser Slave Lake where they have to deal with muskeg. It's either almost impossible to construct in the summer, or you have to do it in the winter and that's expensive. That kind of problem. The crossing of pipelines, the crossing of irrigation ditches — some of those unique cost-incurring things that just are not something the local gas co-op can deal with and have any reason to have been able to offset in their management. That was why a year ago February we made the move to go to 75/25 sharing above \$3,750 per user in a system.

Further to that and recognizing the continued cost increases that had taken place, though they are now abating to a considerable extent, as I announced in mid-January in Grande Prairie we felt it would be reasonable to go to a 90/10 kind of split above \$4,500. In addition, for my part I am not persuaded that we should be into any kind of 100 per cent financial support system where someone making the decisions on expenditure isn't putting up any part of the money. It seems to me we really need to retain the cost-sharing concept. I think that's reasonable both by way of cost control and by way of the reasonable division of the expenditures necessarily involved.

I'd also make the observation that for my part I'm not very enthused about low-interest financing from the heritage fund, which was one of the points brought up by the hon. Member for Bow Valley and the Member for Spirit River-Fairview. [There are] two reasons for that, in my mind at least. One is simply this — and this will be literally music to the Provincial Treasurer's ears: I would be reluctant to undertake the kind of forward financial commitment that forces major expenditures in the future, perhaps beyond the time horizon that we can count on revenues from non-renewable sources such as oil and gas. If we did that, whether it was from the heritage fund or somewhere else in terms of low-interest loans, it is in fact a subsidy. It is a grant because of the decrement in relation to actual market, real commercial value. Consequently, I think there would be some wisdom at this point in Alberta's history in not projecting budgetary expenditures into long forward time frame periods, but rather meeting them now when the revenue picture is the way it is, just reminding everyone that in fact we are looking at a declining future revenue situation from non-renewable resources. I guess everyone knows we are approaching 50 per cent of provincial government revenues from those sources.

In terms of the heritage fund itself, I would make the proposition that the low-interest use of money from the heritage fund would be in contrast with the

basic parameters and thrust of the fund. We're only putting 30 per cent of the revenue in the heritage fund; 70 per cent of it is being used here and now. Surely it's reasonable for us to meet those financial responsibilities now, without subtracting dollars from future generations of Albertans in the process. We might want to have a good debate on that point, but that's certainly my thought on it now.

Three other items with respect to the extensive and welcomed review by the Member for Bow Valley: one is the suggestion, and I know it basically comes from the proposal made by the Federation of Gas Co-ops, for a freeze on the price of natural gas for five years. I have all kinds of expenditures I'd like to see frozen, for longer than five years if possible. But I can't find any list where magic is on it.

Quite frankly, the only conceivable way that that proposition can be made is when someone makes that proposition — as the hon. Member for Spirit River-Fairview did as well — concurrent with saying what you are going to do to get the money. One suggestion is to bleed it off from the heritage fund. Another is to have a sales tax. Another is to increase the income tax. Another would be, for example, to cut — and I mean cut — major expenditure programs of the Alberta government in major program areas like highways. I know I have some ideas on more things that should be done in my constituency, and I guess almost everyone, from a rural area at least, has.

If we want to cut those out and forget them for, say, five years — or hospitals. I have a hospital that is under construction, expansion, and renovation at Trochu, and I think that's a proper kind of service to the people of that area. I do not think we should close that down in order to have more money available to freeze the price of natural gas. I'm not sure the Member for Bow Valley wouldn't feel that way about the Brooks hospital.

But in any case, all I'm simply saying is that there are essentially those options. The only way to propose a freeze for an extensive period of time in the price of natural gas is to tell me which of those things you would also do in order to be able to afford it.

Secondly, if I might, though the hon. member didn't raise it until we were discussing it later — it's an important matter and one that my colleague, Mr. Harle, and I have discussed along with a number of other members of the Legislature — that is the question of the time frame in which the capital amortization is spread. As I recall, the way the hon. Member for Bow Valley put it when we discussed it, it was the concern with the relatively short period of time, presently a 10-year period. Two things happen. One is that there is a large amount of money that has to go into the gas rate. That's the gas rate as distinct from the gas price — the gas rate, including the capital amortization cost, in addition to the cost of gas itself. That is high, if the period of time involved is short. It really seems to me an argument can be made that the experience, even so far, with the rural gas program is such that there is physical solidarity and soundness about the rural gas systems that would allow us to look reasonably at a time frame longer than just 10 years.

Secondly, one of the other aspects involved is that there is a considerable change in the position of people who take gas right away as compared with

those who defer. When you have a short period of capital amortization and therefore a high amount of capital amortization cost in each MCF's gas rate, again distinct from gas price, the people who defer hooking on are in a position where they actually gain something, because in the meantime some of the capital cost is paid off by those who have hooked on. I think there is an equity problem there that would also shift the thinking and balance of judgment in the direction of a longer period of time than the 10 years that's presently the case. My colleague the minister responsible for Consumer and Corporate Affairs, Mr. Harle, and the Provincial Treasurer Mr. Leitch, and I are looking at finding a way to try to extend that period longer than the 10-year period that's presently the case.

Thirdly, the hon. member asked me to indicate some idea of the present status of the program in terms of the number of people to whom gas has been provided and so on. I've secured that information. This is effective at the end of the fiscal year, where slightly over 37,000 users now have the opportunity for natural gas who would not have that opportunity were it not for the rural gas program. I might add that in the fiscal year just completed — even though, as we all know, there has been extensive complaining and what not — just the same, we had a target of some 10,000 for the fiscal year and achieved in fact over 11,600 new users to whom natural gas was made available under the rural natural gas program. I say, quite frankly, that is a major extent of penetration and achievement.

The 37,000 I referred to would involve, figuring the number of people per household or per farm — however you want to refer to it — would be close to 150,000 people. That's a lot of people in rural Alberta, and all this achieved in a comparatively short time of something like three and a half years. By way of the amount of money that's been involved in capital grants so far, the observation made by one member is essentially right. It's over \$70 million, though less than \$80 million.

That's the basic report. I've got it in detail, pipeline miles and so forth, which I could elaborate on if desired. But in any case it's slightly more than 37,000 new users under the program in the three and a half years — I think that's a correct calculation — it has been under way, and that's serving roughly 150,000 people in rural Alberta.

A couple of comments somewhat different from those of the hon. Member for Bow Valley were made by the Member for Spirit River-Fairview, although he's not here at the present time. Aside from the things that were the same as the Member for Bow Valley said, the member essentially made the proposition that there ought to be price discrimination in favor of rural users of natural gas or, if you like, against urban users. That's pretty easy to do when you're in a position that you're dealing with a relatively small percentage of the provincial total. For example, the amount of gas I personally use would certainly be a small percentage of the provincial total, and it sure would be nice if I didn't have to pay for it. That wouldn't have impact on the bills of the rest of the people of Alberta very much. But is that fair?

The other thing that makes it easy to take that position is if you have relatively little hope of being in a position of responsibility to have to back it up. I

suspect, and certainly my thought on it at the moment is that it would be very difficult to defend to all Albertans, rural and urban alike, a process by which there was that kind of price discrimination. That particular matter is a subject of debate and a welcome one here or on another occasion. But I really think it would be difficult to defend price discrimination of that nature against urban users as reasonable, appropriate, and fair. I suspect that some of the people who represent urban citizens in this Chamber are also getting concerns expressed to them on the costs of utility rates, and natural gas in particular, and might want to offer some observations with respect to any proposition that would not only have a price difference but would enlarge the price difference so it would be [even] higher for the urban areas in order to keep it lower in the rural areas, rather than equal treatment.

One of the things I was really surprised by in the observations of the Member for Spirit River-Fairview — and again it's unfortunate he's not here — is that he made some comment as to why the gas rate should be higher in the rural gas systems. He didn't seem to appreciate the distinction between the gas price for gas itself, and the gas rate for the gas plus the capital amortization involved. A major part of the reason is that they end up owning the system. In Edmonton or Calgary you do not buy any ownership of the system when you pay your gas bill. In the typical rural gas co-op arrangement, you are buying the system, much of it in fact paid for by the provincial government but having the ownership in the hands of those user members. They end up owning the system. There's no wonder there's some difference in the gas rate, though not necessarily. There may be, but not necessarily a difference in the gas price.

I'm kind of disappointed to see that overlooked. It's an extremely important one. It's extremely important to distinguish between gas rate and gas price. And it's extremely important to realize what you get for the difference. That's ownership of the system in one case, and no ownership in the other. Quite frankly, with the extent of provincial subsidy involved in the capital construction costs of the system, it really looks like a heck of a deal to get the ownership of the system for that comparatively little input by way of capital amortization in the gas rate.

I believe that deals with the items mentioned by the Member for Spirit River-Fairview that were different from those of the Member for Bow Valley, with the exception that the Member for Spirit River-Fairview did pose a question or two with respect to REAs. One of these dealt with the question of brushing. In his particular region of the province, the Alberta Power franchise area is in place. I'm informed that the two regions in question that might be thought of, as the question was posed, are experiencing a very high percentage of REAs participating in the brushing program set up by Alberta Power. As a matter of fact, I understand over 30 REAs have already signed up in the participatory process involved in brushing in those areas in order to have a kind of ongoing well-designed system to take care of present and future brushing requirements, rather than doing nothing for a period of time and literally being faced with urgency after that. I wanted to make that point.

The question of deposit reserves was also brought

up. I'm pleased to say that about a hundred — I think it's actually a few more — of the rural electric co-operatives in Alberta have in the last year and a half increased their own self levies for deposit reserve fund purposes to provide for future requirements. Admittedly in some instances the amount of increase may not be enough to put forward a financial footing that's clearly sound into whatever their particular system might be. But it seems to me a rather remarkable response to the initiative that had been taken and the concerns that had been expressed from a number of quarters, including the Minister of Consumer and Corporate Affairs with whom I share responsibilities in this area, and myself and our respective staffs, about the financial capacity to take care of the future in REA systems. In response to that, on a voluntary basis by way of local board decisions, about a hundred REAs have already responded by way of increasing the levy on themselves to provide more funds for their financial capacity in the future. I think that's a major step forward, quite frankly, a very major and important step by the REAs to look out for their own requirements in the future.

I think that covers the points the hon. Member for Spirit River-Fairview made. He'll no doubt have a chance to pick up in *Hansard* at an ensuing date the points made that were different from those made by the Member for Bow Valley.

MR. TAYLOR: Mr. Chairman, I don't want to hold up the estimates, but there are two or three comments I would like to make. I believe the comments of the hon. Member for Bow Valley quite clearly reflect the thinking of a great number of people in the co-ops. I appreciate the very excellent and courteous way in which he has presented his arguments.

I'd like to add just one or two comments in regard to a few of the items. Some of them may not be questions, but I think I should voice the feelings of the people who have approached me in regard to these items. In the first place I'd like to say that in the growth of the gas co-ops, there are bound to be tremendous problems and growth problems in any scheme that big. As a matter of fact, a few years ago there was difficulty in even getting consideration for gasification or a rural gas program in one municipality, let alone the entire province. I don't think we should understate the gigantic problems involved.

I would like to pay tribute to the former minister, the present minister, and departmental officials for the way in which they have tackled this gigantic problem. I also appreciate the attention the minister and the officials of his department have given to problems that have arisen when we brought them to their attention. The people do appreciate that even though they get frustrated with delays, many of which are certainly not the problem of the department but the problem of the local co-op. Nevertheless they do become very frustrated, and they appreciate the extra efforts, the second mile, that officials of the utilities branch have gone to to try to correct them.

One of the problems I have found is the mistakes not so much of the gas co-ops but of some of the consulting engineering firms. In estimating the amount of gas and the amount of growth, they have failed to include additional customers; and not only additional customers but the additional appliances

that would be used in utilizing natural gas. Consequently, when a line becomes overloaded, approval can't properly be given to new customers for fear there would be an explosion, human life would be taken, or there wouldn't be enough to deal with a 20 or 30 below zero day.

I have never urged the department to approve something that shouldn't properly be approved. I think some of the consulting engineering firms should have their knuckles rapped pretty badly for their failure to include estimates of the expansion most people could foresee. This problem is going to be with us for a while, until these things have been corrected. It's going to cause frustration on the part of new applicants for service in many of our rural gas co-ops.

I would like to deal with the leakage problem for a moment or two. I feel this is a serious problem, because it's not only waste but could become very dangerous. I would like to see the department do even more than it is in tracing down leaks and the reasons for the leakages. I think every bit of natural gas we can save from wastage is all to the good, particularly when we realize that people in other parts of Canada and the world are keeping pretty chilly because they haven't got enough gas to keep them warm.

The hon. minister mentioned what I consider a very excellent record of some 11,600 new users in 1976. I'm wondering if the hon. minister would clarify this as people who have signed up or people who have actually hooked up. One of our problems today is the number of people who have signed up but have not yet hooked up. They're waiting for the price to stabilize or for the economic factor to come in that they can save money by hooking up. This is creating quite a problem in our rural gas co-ops.

I don't know what you can do about it. Certainly we live in a free country, and it's people's choice. But any economic facts that would encourage these people to hook up after they've signed up would certainly be a tremendous help to the rural gas co-ops, because they are geared to the large number of customers they anticipated would sign up and hook up. I think this may take some consideration and time to solve, but I think it's very important that we try to solve it.

I too have had a number of people talk about this freeze on natural gas prices for rural customers. I think you can make a good case for a freeze for rural customers. For instance, production of food is involved. I have a letter from a farmer who points out that his gas is used not only to heat his home but to heat his barn. It's also used for pumping water for irrigation. All these are production items; they increase his production. Because we want to increase our food supplies, we should make gas available at a more reasonable price.

Although the freeze affects relatively few in the province — they say 1 to 2 per cent — I don't think it can be considered on the basis of the number it affects. I think there has to be a pretty good reason for a freeze that's going to create a different price. I have people living in some of my towns who are much poorer than those who are asking for the freeze, who are having difficulty paying their bills now. So I really have mixed feelings in regard to the freeze.

Many of the people living in my urban areas are having just as difficult if not a more difficult time than those in the rural gas co-ops. They're having difficulty paying their bills now. It seems to me the urban bill is already higher than many of the rural bills. While I am very sympathetic toward the suggestion of a freeze, I think there might be better ways of handling this whole situation than creating first- and second-class citizens. I personally would hate to stand up in an area where one person is using natural gas in a rural gas co-op and another is using natural gas in a town or village, and tell them one is going to be frozen and the other isn't. I think we'd immediately create tremendous problems.

We can, however, help the situation a great deal by giving every possible consideration to our rural gas co-ops. I say that because for many years they did not have the opportunity of getting natural gas. Bringing in a program that has now enabled, as the minister stated, some 37,000 users or 150,000 people to enjoy clean heat is one of the big items to the credit of this government. This is something like 10,000 or more people a year. It appears that in another three or four years, practically the entire rural population will be using natural gas. This is too wonderful a scheme to let go sour in any way. I'm sure the government and the minister — and I know the minister is very concerned about doing everything possible to keep these gas co-ops in an economic position.

I think we can stop there in regard to the rural gas co-ops. The minister probably has a better grasp of the problems than the ordinary MLA, because he's dealing with them every day. I think the program recently brought in to finance capital has greatly improved the situation and is welcomed by our people. As the year goes by, some other steps may be necessary particularly to encourage more people to hook up, and to deal with some of the other problems mentioned by the hon. Member for Bow Valley.

The other item I wanted to mention on natural gas is, I think, already government policy; that is, to cut down on natural gas to industry to a point where it can be cut out to the greatest possible degree, where an industry can properly use other sources of power. I don't think you can simply cut it off and say, we'll cut you off if the economics of using other sources is completely out. But I think we can properly say there are industries using natural gas today that could properly use other sources of power.

One of the things that bothers me a great deal is that the previous government persuaded the city of Edmonton to turn to natural gas and give up the use of coal. They went to considerable expense to convert to natural gas. I can understand the feelings of the people of the city, particularly the city council, when we now ask them to change back to coal. If the change back to coal is required — it was a government mistake, not a city mistake — I think there should properly be compensation for the city.

I think there is a place where coal could properly be used. In the day the conversion was made, the whole trend was to turn to natural gas because we didn't have markets for it. Today the situation is entirely different. I realize it creates for the present government a problem that is not of its making. But I do think the city has some claim for assistance if we're going to insist they cut back or reconvert to the use of

coal.

Now there is just one other problem I want to deal with. This is the extended flat rate calling. This has been not only welcomed by many of the people in my constituency but there is a terrific craze for more of it. People from various parts of the Drumheller constituency want more EFRC. They have seen the value of it in spite of the fact that some of the votes were negative a few years ago. The people have since realized the tremendous value of EFRC in having connection with their market centre. It has even gone beyond that. For instance, the people of Standard and Hussar want to connect with their major marketing centre, namely Calgary. Standard is some 40 miles away and Hussar some 60 miles away, so it means extending the flat rate calling area, doubling it or adding another 10 miles or so.

I would like to suggest to the minister that while the government doesn't have any plans, as I've been informed by the minister himself, of extending it to 40 miles in the immediate future, I would like to see the minister and his department make a check on the estimated cost to extend it 10, 20 or 30 miles. It may be that people are so anxious to have the service that they would be prepared to extend the cost. I realize that the extension of cost isn't just one or two exchanges, and that an additional burden is placed on all AGT subscribers that would have to be considered pretty carefully, but it would give a tremendous advantage to places like Standard and Hussar who have their major marketing centre in Calgary. If that can't be done, then a connection with a place like Strathmore would be a reasonable alternative until the mileages have been extended.

As a matter of fact I have just received a petition from Hussar, signed by 85 per cent of the people of that telephone area who want EFRC to Calgary and, if not to Calgary, they would be glad to settle for Strathmore, which is almost half the way. This would certainly give them some benefits at the present time.

The other area that want an extension is the Michichi area running from west of Delia right to Drumheller. The Michichi people do most of their business in the city of Drumheller and when the extension was made from the Morrin area there was a tremendous advantage for those people and tremendous happiness was created. Now the people of Michichi would like to have a similar program outlined.

I imagine the hon. minister is swamped with requests for EFRC. I would like to see some real progress in this in the next couple of years, where areas with a large percentage, say over 80 per cent of the subscribers, want EFRC within the present limits, that we endeavor to carry out that program, and at the same time make a study to see what would be involved in actual dollars to extend that calling from the 30 miles to 40, 50 or 60 miles.

Those are all the points I have at this time, Mr. Chairman, and I would appreciate the hon. minister's comments, particularly on EFRC.

MR. MANDEVILLE: Mr. Chairman, just a few comments. First of all in regard to the letter from Bowell, I would like to say that I did get a letter from Bowell and the hon. minister got one. They were both mailed on the same day. I think in all fairness to the people from Bowell, the letter I got is a general complaint that we are getting from a lot of co-ops,

and it's really on the pricing of gas. My letter indicates it's the price of gas they are concerned with, and it's not only Bowell that is concerned in this area. I happened to get this letter that particular day and that's why I used it as a reference. But the concern is the increase in the price of gas and concern about further increases.

I think the letter the minister got, Mr. Chairman, indicated that they have a grant and they appreciated the co-operation they were getting from the staff and so on, which I indicated that I was pleased with as far as some of the co-ops in my constituency were concerned. So in all fairness to the writer of the two letters from Bowell, I think he was looking at it from two different aspects. I appreciate very much — one of the areas [in which] many of the co-ops have gotten in touch with me and I have also talked to the federation, increasing the time frame from 10 years to a longer period of time. If we can do this I certainly think it will help considerably.

As I mentioned in my remarks the other day, Dry Country Co-op have 400 applications that haven't hooked on. I think their concern is possibly the high capital cost but more of their concern is the pricing. Are we going to get another increase in gas or is it cheaper to use oil or propane? I think this would certainly be a step in the right direction if we can increase this time frame, say from 10 years to 25 years, to make it more equitable for the people who are hooked on and are using gas, so they don't have to pay for all the capital as far as the installations are concerned.

I mentioned one area in my remarks, Mr. Chairman, and possibly the minister could give us just a brief breakdown on the different amounts of gas. The figures I think I used were 1 per cent for gas co-ops, 3 per cent for rural gas people, and the balance for urban. I realize it will be hard to do, but just ballpark figures, the amounts of gas used in rural versus urban Alberta.

DR. WARRACK: Mr. Chairman, I certainly appreciate the remarks of the hon. Member for Drumheller with respect to the fact that the undertaking of providing a rural gas system that basically covers rural Alberta is truly an enormous one. Not only that, but as far as I know it has never been undertaken anywhere else.

One other thing I suppose accentuates observation by way of emphasis is that essentially we have embarked — with the help of members of the Legislature and certainly, as the member says, with respect to the staff not only of the Department of Utilities and Telephones, but many others involved in various responsibilities in the provincial government for example, the gas protection branch, the Department of Labour, the people in Consumer and Corporate Affairs — [on] the input with respect to pipelines and inspections by Energy Resources Conservation Board, just to name some that come to mind.

It really has been major because it's not a matter of chipping away at the program from a small beginning but really one of undertaking the province as a whole, all at once. It really has been a gigantic undertaking and I certainly would like to add to the Member for Drumheller's kind comments with respect to department staff, some of whom are here today, particularly Mr. Jim Dodds who otherwise could have been doing what people do when they retire, missing winters,

golfing, and things like that. But instead, he accepted the challenge — realizing how badly the people of Alberta needed his help — to undertake being a Deputy Minister of Utilities and Telephones, even though this puts him into working roughly two years beyond retirement age.

I would also like to mention Assistant Deputy Minister Doug Brooks, Mr. Gene Tywoniuk, who handles our financial accounting in personnel, Mr. Wayne Brown of Gas Alberta, and from my own office, Mr. Doug Hirsch, who's my special assistant, and as a matter of fact — although she's not here — the very great help that from time to time she has been able to provide, my secretary since coming into government, Mrs. Lea Roberts. I think they've done a heck of a job. Any of the things that have been a problem, I guess have more likely been mine than theirs.

AN HON. MEMBER: Agreed.

DR. WARRACK: You couldn't wait for that chance, eh?

I would like to report just briefly — and I don't want to drag this out too long; I have a tendency to do that, as everyone has no doubt noticed — with respect to errors by consultants, engineering consultants, and so on. Early in my time of the present responsibility of slightly more than two years, I was very concerned about this. We sat down with the professional association that covers the engineers in Alberta, indicated the concerns we had, and asked them for their advice and assistance. After a preliminary look at the situation, and sharing with them the frequency and nature of complaints — as best we could put our hands on them — that have been coming to us and members of the Legislature, and inviting responses from individual rural gas co-ops, the association decided there was indeed enough concern that they should take a specific look at this matter, and they did that. As a follow-up to the meeting we had, they did extensive review within their professional association and came out with a number of recommendations that included further review of certain firms in certain instances of rural gas co-op work where they may be contemplating future disciplinary action. But that is their decision as a professional association. For my part, I thought they were extremely helpful, responsible, and responsive to this problem that had obviously developed within their own area of responsibility.

I might say that one of the things that also came out of those discussions was the concept of having a circular letter to all co-ops and others who would be involved in the rural gas system. The first went out in April of last year, for 1976, and then a revised follow-up this year, April 1977, as a kind of package that tells in one place many of the considerations involved in undertaking the construction, operating, and maintenance of rural gas systems. In any case, I particularly want to indicate to the Member for Drumheller that we did that kind of follow-up and got a highly co-operative and responsive series of actions, I feel, by the professional association involved.

I certainly agree wholeheartedly with what the hon. member said with respect to the leakage problems in natural gas. It's difficult to conceive of talking about energy conservation — as I did in my own budget address in the Legislature on March 16 — and have significant quantities literally being wasted, and even

more so, the possibilities of danger. By way of response, I simply indicate that we have considerable additional capacity budgeted in this budget, and have made those arguments in the budgeting process that we should be doing more. Given the support of members through the budget proposals, we shall.

With respect to the numbers I mentioned, there is some difficulty in distinguishing between hookups, sign-ups, and things like that. Basically, we make our compilations on the basis of information given to us by the rural gas co-ops, and the compilations are documented by us as work having been done; that is, they then receive the grants on the basis of that.

In some sense, I suppose that if the gas is brought in beside someone's house, in terms of the financial capacity of the rural gas program and so forth, the job is done. The remainder is up to that individual. At the same time, I'm not sure it makes sense for an individual to include the \$1,700 already put up in the decision of whether or not to hook up, because that's sunk money. The reasoning which justifies that is basically, as the rural gas co-ops have often put it to us, the fact that because the person signed up, the system was designed including that person.

So there is some distinction in the numbers there. But the extent of numbers that the local co-op has completed by way of following up the sign-ups that have occurred — when they have completed that job, they provide this information to us. That is what is compiled.

I certainly agree that the hon. member basically put the heart of both sides of the argument on the price-freeze question. The fact is that there is a priority kind of need for agriculture and food production by farmers. On the other hand, it sure is the truth that there are a lot of people, not only in smaller centres such as the hon. member and I represent in our legislative capacities, but in our cities — and you don't have to look very far to find that you've got a lot, and I mean thousands of people — who are far less well off than those asking for the freeze. You really have difficulty finding equity in that.

I certainly appreciate the comments the hon. member made with respect to ways of finding additional help, which was really what we undertook. As a practical matter, we felt that the rural gas system would just not be something people could afford without some government help in the first place. As the realities developed, including inflation, we felt it was reasonable, necessary, and for that matter practical, to increase the percentages of capital grant support, which — if one wants to think of it in terms of interest rate and make that comparison — is really zero interest; not only zero interest but zero repayment, a kind of transaction in order to build them. As the hon. member says, we've made some changes in this. I overlooked, and I should not have, the fact that the hon. Member for Spirit River-Fairview recognized that point as well, indicating that the changes which had been made by way of the capital financing formula had indeed been very helpful to many of the co-ops.

I certainly appreciate and agree with what the hon. member said with respect to coal. I'm sure everyone watched what the President of the United States said to the nation on April 18, and to a joint session of Congress on April 20, that it's time to face reality in energy costs, prices, and future supply; and that one

of those realities is the conversion from one fuel to another where it makes sense on a future supply basis and an economic basis, and literally to do it on a basis that also takes account of environmental concerns. There's just no way we should be looking at coal on any other kind of basis than the environmental protections by way of cooling ponds if necessary, electrostatic precipitators, and appropriate, thorough, and careful reclamation of whatever lands are disturbed by way of coal. There has to be a recognition that a major future in many areas, including Alberta, is coal.

I don't really know the interaction and history with respect to the city of Edmonton and the provincial government at the time of the conversion itself, but I would think it's clearly regrettable that at this point in our history, the technological capacity to deal with coal has been gone for some time. Because it's very clear that for the city of Edmonton, through Edmonton Power, to be in a position of essentially generating its own requirements — which I understand is their preference — they need to be getting into coal, and they would now be essentially starting from scratch.

In recognition of the kinds of things the hon. member was saying, I should also point out, in case it's not clear, that the natural gas rebate plan — now, starting in this fiscal year, the natural price protection plan — does apply to Edmonton Power. And an electric rate protection is involved for the users in the city of Edmonton that really isn't involved anywhere else in the province. As a city, they have certainly made the argument to me that the hon. member refers to.

I might also say that in the initial implementation of the rebate plan there had been a different threshold for household, small business, and farm use from the use of natural gas for generating electricity. Starting last year, the fiscal year prior to this one, we removed that separate threshold and made the support price applicable to the city of Edmonton in the same manner as anyone else.

There's just no doubt that extended flat rate calling, EFRC, has been welcomed. I think there's been an even better response than anticipated on the part of people. In some instances I'm not sure we had people's attention long enough for them to fully perceive that it would increase their rate. I think the hon. Leader of the Opposition will recall a brief conversation he and I had with one of his constituents in Sundre during the central Alberta tour. He said, we knew we were going to be hooked up, but what's this increased charge? I said, well gee, if it's not worth it maybe we should take it out. Right away the Member for Olds-Didsbury said, no, no, it's fine, in fact it is a bargain — and it is.

One of the problems with it being a bargain is the fact that in a financial way — let me emphasize that, in a financial way — it's a loser. Even with the additional charge, for example with Sundre hooked to Olds, continuing the example I was using, the additional revenue generated does not nearly compensate for the cost and for the revenue foregone because it's no longer long distance and there's no toll collection. There are some cost savings in that you don't have to administer relatively small bills and so forth. On balance it basically provides better service but does lose money.

We're putting that area forward as part of the phase two review of Alberta Government Telephones

rates by the Public Utilities Board, because we're in a position where a considerable amount of money, some \$2.7 million, was lost by AGT last year. This year, exclusive of a land transaction that turns out to have been of fairly major proportions, there was less than \$1.5 million positive net income; that is, we're in the black but only by less than \$1.5 million, and that's on a revenue magnitude of over \$307 million. As a matter of fact, the amount of net revenue is so small that the debt/equity ratio deteriorated even further in 1976.

What I'm saying is that AGT as an operating Crown corporation is now in a difficult financial position. That being the case, coupled with the fact that EFRC does lose money in additional hookups [and] under present revenue guidelines would lose even more money, we have reached the conclusion that we need to hold off on further hookups until the rate determination matter is concluded — which would be late this year, possibly October or November. That's what we're looking at on the timing.

If the proposal that's part of the phase two rate review is approved by the Public Utilities Board, I think we would be in a position early the following year to begin looking at some of the circumstances where people can reasonably be viewed as not having equitably good telephone service compared to others. The case I think of is Carbon, in the hon. member's constituency, although close to mine. It's a situation where they had the opportunity to vote in 1973. They voted against it, so EFRC was not put in. But it seems to me that about 1978 would be an appropriate time to reconsider, when five years have passed, and in instances where no hookups at all are available. From a policy viewpoint, that's the nature of my thinking on the matter of future possible EFRC hookups. If we have the financial capacity to do so, that's the kind of process I see in the future.

On the additional comments made by the hon. Member for Bow Valley — he just stepped out, but the Leader of the Opposition might refer [this] to him — I simply agree with everything he said, including the matter of the letters and so forth. My suggestions were just by way of completion. He did ask one question: what percentage of gas use is involved in the rural gas co-ops at the present time? It's 3.5. It would be projected to grow to something in the order of 5, perhaps somewhat larger, because obviously the percentage would increase as the rural gas program is constructed and people get on stream. But my understanding is that it's presently about 3.5 per cent.

The figure 1 per cent was used by the Member for Spirit River-Fairview, but I think he probably found that figure in the February brief of the Federation of Alberta Gas Co-ops. They had understood it to have been 1, and a year and a half earlier it was 1. As part of the follow-up from that meeting we had with the federation, I wrote to them to indicate that in fact the correct figure now is roughly 3.5 per cent, and it will gradually rise.

MR. CLARK: That's the total production?

DR. WARRACK: Not total production, no, because by far the majority of production in Alberta goes outside the province.

MR. CLARK: Used in Alberta?

DR. WARRACK: Yes, used in Alberta, that's my understanding.

I think those were the matters that were brought forward, Mr. Chairman.

MR. R. SPEAKER: Mr. Chairman, I'd like to have more information about some questions raised in the discussion. One is with regard to Gas Alberta. I was wondering what percentage of the co-ops are using Gas Alberta as a source of gas at the present time.

I'd like the minister to discuss the delivered price of gas from Gas Alberta to the co-ops. For example, I understand for the Bow River Co-op it's something around 85 or 86 cents. Included in that is a service cost I think at present somewhere in the vicinity of 17 cents, or a little less than 17 cents. That's the third question I'd like to raise with the minister: what is that service cost made up of, and what type of services are delivered to the local co-ops?

The fourth question I'd like to raise with the minister goes back to the question of the bad pipe. I understand the minister was negotiating with some of the co-ops as to assistance or a settlement. I understand some of the co-ops were practically in a position of bankruptcy because of that fact. What were the final settlements between the government and the co-ops in difficulty because of bad pipe?

DR. WARRACK: First of all on the percentage using Gas Alberta. I guess there are two ways to look at that: the percentage of the number of co-ops or, alternately, the percentage of total gas. I'm not sure what those figures are. Let me go on to the other items in the hope someone can send me down a note with what those numbers will be. We will come back to that, and someone will send me a note with that particular data.

With respect to the services provided by Gas Alberta, what's involved is basically this: gas is available in raw form at the field, that is the gas production field. What has to be accomplished is the processing of that gas, if necessary — unless it's unusually sweet, some processing is necessary so it's usable — and its transportation from where the gas is produced into the franchise area where it needs to be distributed, for example, Little Bow in the hon. member's constituency.

In that process of course all the calibration and so forth that's necessary to put it into the pipeline, to carry it, then take it out of the pipeline at properly checked pressures — in some cases water has to be removed and so forth — is done by Gas Alberta largely in the sense of making arrangements with companies in the business doing that kind of thing; for example, AGTL.

I could indicate on a detailed basis that Gas Alberta purchases gas from many sources. These include gas export companies, for example at Empress, that have export lines heading elsewhere out of the province; from gas utility companies that operate in Alberta, some very familiar to everyone — Northwestern Utilities, Canadian Western Natural Gas and others such as Lloydminster Gas, Beaver River Utilities; from private oil and gas companies where obtaining the supply might be by a direct relationship; and in some instances from individual gas wells, the well opera-

tion handled by some arrangement through Gas Alberta.

Gas Alberta negotiates contracts with each supplier to obtain the gas at the least cost they can. Of course the cost of gas varies [between] suppliers due to a number of factors such as transportation costs, the extent of processing necessary, these kinds of operations. It also depends somewhat on the nature of the system you're taking it off. If you're able to take it off a large nearby transmission line, that's a more economic way to get supply than off a small line nearby using a major percentage of the line's total capacity.

With respect to Gas Alberta there is in fact a kind of hidden subsidy, if you like — but not hidden to those of us reviewing the budget here — in that the Gas Alberta staff, and operations within the Department of Utilities and Telephones are covered in this budget presently before us. They are not included in Gas Alberta's per MCF calculation of charges necessary to obtain gas supplies and arrange for their delivery in the quantities and qualities to the locations within the franchise area of the rural gas co-op. So, to the extent that this is in the budget rather than in the Gas Alberta levy, some degree of subsidy is involved.

Aside from those, the other costs are set up on a levy-to-recover-cost basis. The hon. member asked me exactly what they are. The exact Gas Alberta levy for the fiscal year 1977-78, committed throughout the entire 12 months of the fiscal year, is 16.94 cents.

I think the hon. member will immediately say, why would it be that? Let me explain. It had been 14 cents at a time in the past. The Gas Alberta operating fund that operates out of the Department of Treasury had been incurring a significant loss. Last year we felt we needed to increase the levy because of the loss. But we felt that, considering the other kinds of guidelines involved, we would live with only a 10 per cent increase last year even though that did not fully cover the loss involved. We anticipated a loss in the past fiscal year because of this, and we were right.

Looking to this year, we made the same nominal 10 per cent change, even though we recognize this is not likely to fully cover Gas Alberta's costs. If you take 14 cents and add 10 per cent, you get 15.4 — which it was last year. If you add exactly 10 per cent of 15.4 on top, you get 16.94, which is committed for this fiscal year, April 1, 1977 to March 31, 1978. That, added to the present 69.5 support price, which you will recall has the two components, gives the total of 86.44. That was the figure the hon. member was referring to.

One other observation I could make on this is that at the choice of the co-op, Gas Alberta will do the billing for the co-op. Some co-ops do their own billing. But if they prefer, Gas Alberta will do it for a 1.1 per MCF service charge. That service charge is unchanged from last fiscal year. I hope that handles that.

On the question of bad pipe, those who were on the Public Accounts Committee last fall will recall that we had some difficulty on how far we should go in discussion of that topic because legal counsel was acting for the full group of rural gas co-ops that had bad pipe claims and problems. Some of these also related to the Plastex bankruptcy. As I understand it, a number of these have been settled, but a number

have not. Some are still in limbo. That's one observation, with respect to the bad pipe problem and the claims involved.

There are two other aspects I could comment on, one that is finalized and one that is not. The one that is finalized is with respect to pipe that has already been installed, that is to say, pipe in the ground. We reached the conclusion, certainly a generous one — though it's unfortunate there is the problem — that we would go as far as a 90/10 breakdown with the local co-op on costs of replacing pipe they feel needs to be replaced.

The matter we're not settled on at the present time but hope to be in discussions that are going forward is how to handle the costs of pipe in inventory that has not been installed, but might perhaps better not be installed if there's any question about its physical condition and structure.

Back to the original question, a bit like Swami: approximately 70 per cent of the co-ops use Gas Alberta service.

#### Agreed to:

Ref. No. 1.0.1	\$103,736
Ref. No. 1.0.2	\$89,145
Ref. No. 1.0.3	\$92,564
Ref. No. 1.0.4	\$131,639
Vote 1 Total Program	\$417,084
Ref. No. 2.1	\$32,947,811
Ref. No. 2.2	\$1,274,166
Vote 2 Total Program	\$34,221,977

#### Vote 3

MR. R. SPEAKER: Earlier I listened to the minister discuss the price of gas and indicate that if the government were to come forward with a three-year plan, we'd have to saw off with other alternatives. He listed five or six things that seemed rather relevant to all of us as legislators. In light of a number of reasons, I don't really think the comparisons were that fair.

The number one reason is that the minister indicated sort of offhandedly that the gas price is going to go up, that's the way it is, and Albertans have to face it. There's no other way of doing it, and we as a government are giving no guarantees. No indication there's been any kind of research as to what it would cost, projections: it was just a very generalized type of answer.

I don't think that's good enough for Albertans at the present time. No matter where we go or wherever I travel, I find people raise the question of the cost of natural gas. Even with the rebate the cost is high, and it's a concern amongst the people. I want to know from the minister whether he has really had a good look at it or whether he's just come to the conclusion that it can't be done, the price is going up; people [should] accept it, the consumer pays the bill, and that's the way it is. Maybe the minister should have a little more in-depth look and consider it just a little further at the present time.

DR. WARRACK: With the major amount of money involved, Mr. Chairman, that's certainly an important and valid comment. I [inaudible] them at the time we were working on budget estimates through depart-



ment efforts to assist, look at what it would cost to consider the alternative of no change in the price of natural gas, based on looking forward to the same level of price change, namely \$1.75 — \$1.05 in July and 70 cents on January 1 — which was the tracking that occurred in the previous fiscal year. The result was that at least \$150 million would be required.

If we as a legislature are prepared to make the priority judgment and forego enough other things, it certainly is possible to spend at least \$150 million on the natural gas price protection plan. But this involves deciding not where a few dollars here and a few dollars there might come from. If we're going to hold to the kind of global budget growth that I know the hon. Leader of the Opposition certainly expressed concerns about in his remarks on this budget in the Legislature, if we're going to hold to that level of growth and not be higher, we have to find at least another \$35 million, and I say at least another \$35 million. You don't find that by looking only at minor programs. You have to be looking at major expenditure programs to find that kind of money. If you don't — and that's one of the alternatives for that amount of money — you need to decide what tax increases or what combination of them you prefer.

I apparently gave the hon. Member for Little Bow the impression there was no choice, that's the way it had to be, and that's that. Not at all. The people of Alberta, through their representatives in this Legislature, have the choice about their priorities. It was the balanced judgment and conclusion, as we reviewed it and made the proposal to the Legislature, that a 50 per cent increase in natural gas price protection in one year was a major amount of additional increase, the other portion to be reflected by those who would be paying the bills.

That is not the only option, and I certainly didn't intend to give the hon. member or any other hon. member the impression there were no other options. But the other options, at least by way of holding the price lower and therefore having far more money in this natural gas price protection plan appropriation, do involve making a hard choice about where that money comes from.

That's a lot of dollars that can only come by dealing with a lot of major programs, no doubt on top of a lot of minor programs. That was why I made reference, for example, to highway construction and hospitals. If you're going to come up with this much more money, you have to start looking at those kinds of major expenditure appropriations.

If that's not an alternative one feels is consistent with the priorities of the public of Alberta, then you're on to other kinds of alternatives such as eroding the heritage trust fund — reminding everyone that even now only 30 per cent of the non-renewable resource revenues from oil and gas go into the fund, and we use 70 per cent for our current requirements. Alternately the money could be raised by sales tax, alternately by income tax. But with that amount of money there are difficult choices.

But I do not say to this Legislature that there's no choice. Not at all. There is that choice to be made. In the budgeting process we addressed this question and made the decision we felt was reasonable on balance, reasonable by way of taking a major portion of the increase in natural gas prices from having to be borne by the people of Alberta, with a 50 per cent

increase in one year in the natural gas price protection plan, but that it was reasonable for the remaining amount to be carried forward by the users. But this proposal is a balanced judgment matter, not a closed kind of decision. Nor would it be in another year, in the event there might be members who feel this should have such a high priority that there would be other kinds of expenditures of a major nature that they would want to see cut back or, alternately, tax increases somewhere in order to support the proposal.

DR. BUCK: Mr. Chairman, I'd just like to say a word or two on the rural gas program. First of all, Mr. Minister, the chickens are just starting to come home to roost — just starting to come home. When the rural gas program was started, this government in all good faith went ahead and did a selling job on the people who were going to enter the program. They did a good job. Everybody was quite enthused about going into the program. But as with so many programs, the government sort of went into the program blind. Surely with all the money this government spends on consultants, specialists, and experts, they should have had a better idea than they did of what was going to happen to the program.

When the debate raged here in the Legislature, we tried to tell the government, have a good look at what it's going to cost you to get the rural gas program going. I think that is a responsible position. We didn't say, don't go ahead with the program. But we did say, have a realistic look at what it's going to cost the people who are going to be hooked up, so when you do the selling job — when you ask farmers and leaders in the community to do a selling job, they really know the product they're selling. Now these people who were leaders in their communities feel they've been sold down the river. [interjections]

Come on, the Deputy Premier says. But he knows it as well as I do. If the Deputy Premier would like to read the letter sent in by some of the people in the Provost area, I think they have [made] an excellent presentation of exactly what was promised and what happened at the end of the program. They have it documented that the government promised the price of gas would stay way down here at 28 cents. But that didn't happen. That did not happen.

Who is now going to do a selling job on the people in the rural areas to get more hookups? Because when I go through my constituency and other constituencies in this province I ask them, are you hooked up? Some say yes, some say no. And I ask the ones who have said no, are you going to hook up? And they say, no way. They feel this government has misled them. And I think they can be justified in feeling they've been misled. Some of the people who end up paying in the vicinity of \$1.25 and \$1.50 per MCF to pay not only for the gas but for the capital expenditures, feel they've really had the shaft. When you speak to people in the business of the utility companies . . . a very good friend of mine said we are lucky this was a mild winter because [with] all the increases the hon. minister and his department have given us, they would have been marching on this Legislature [during] this session if it had been a bad winter.

So the minister had better be ready. There are going to be very, very many unhappy people when we

get a cold winter and the prices have tripled and quadrupled. The people in Alberta who own the gas under this province feel they shouldn't have to pay \$1 per MCF.

It's fine for hon. members from urban areas to laugh. But it is a real concern for the rural community, for the farmer caught in the cost/price squeeze. This is one of the major costs if he's in any kind of large operation. Ask the people in the greenhouse business. Ask many who have gone into the greenhouse business, and borrowed funds from the Alberta Opportunity Company or the Agricultural Development Corporation, how they're making out. I have a man in my constituency who is in the greenhouse business. I asked him in February, how's your gas bill? Oh, he said, I'm sure glad it's been a warm February, the warmest on record. But, he said, already my gas bill for that month was \$200. I said, what would it have been had it been a cold February? He said, \$600. That's for a month. This is a little free-enterpriser who is trying to make a living. He has to pay between \$200 and \$600 a month for his natural gas.

MR. GHITTER: He won't be able to stay in Hawaii so long.

DR. BUCK: He won't be able to stay in Hawaii. Only Conservative backbenchers, front benchers, and lawyers can afford to go to Hawaii at that rate. [interjections] Not even dentists can afford to go to Hawaii.

MR. NOTLEY: They're looking for places to invest the heritage fund over there.

DR. BUCK: Mr. Chairman, the point I am trying to make to the minister is that rural gas co-ops are going to have more than a difficult time trying to convince other people to hook up. So while the minister is telling us what a great favor this government is doing us because our natural gas prices are lower than those of somebody in Toronto, that doesn't impress the man on the street, the man carrying a lunch bucket or driving a tractor. That doesn't impress him one bit. He's not at all impressed when the minister tries to tell the people of Alberta how much money the shelter program is costing the government.

But you know, the Deputy Premier learned in Ottawa that you can go to deficit financing and the man on the street is not upset. But the man on the street can understand when he's paying as much or more for his gasoline. When the man on the street is paying more for natural gas than he feels he should, he can understand that.

I say to the minister and to the government: you had better not believe that professor who gave you the report yesterday which said you're going to be in power for the next 40 years. Somebody told the Social Crediters that same story back in '65. If you had had a survey in 1965 to find out how long Social Credit was going to stay in power, I think you could have done a poll that would have indicated about the same thing that poll indicated to the PCs.

MR. R. SPEAKER: Did Peter write the poll?

DR. BUCK: So I say that the man on the street is getting sick and tired of this government telling him how well he's being treated by this government. When his utility rates go up 15, 16, 20 per cent, when his natural gas prices go up and up and up, when his gasoline prices go up and up and up, he starts to wonder what is going on with this government.

His licence plates went up again, and he doesn't see any improvement in the roads. As a matter of fact we're getting fewer roads built than we used to. [interjections] Come on, come on, the Deputy Premier says.

AN HON. MEMBER: Are you trying to filibuster?

DR. BUCK: I'm not trying to filibuster. I'm just trying to wake this government up, Mr. Chairman, . . .

AN HON. MEMBER: Why would you do that?

DR. BUCK: . . . to the political facts of life.

MR. NOTLEY: Sort of like Paul Revere.

DR. BUCK: It's fine to be arrogant. It's fine to have blind faith in these little surveys. But I would like to take that poll conductor out to some of the areas where he'd find 70 per cent of the people are against this government. A good place to start is the rural gas co-ops. This phenomenon is escalating every day. People come to us and say, I voted for this government in '71, I voted for this government in '75, but I will never vote for it again.

MR. DIACHUK: Heard that before. Change it.

MR. R. SPEAKER: Yeah. You'll see how it changes.

DR. BUCK: So I say to the hon. members of the government: if you want to go blindly floating along thinking all is fine, all is well, that you've got everybody in Alberta hoodwinked into thinking you're managing their financial affairs responsibly and the way they should be managed, just keep on sleeping. This government is losing any initiative it had after the '75 election. They are really coasting now. And the professorial Minister of Utilities and Telephones may come up here and give us the horizontal and the vertical integration . . .

MR. R. SPEAKER: And the circular.

DR. BUCK: . . . and the circular. And the input and the output, and the support . . .

MR. CHAIRMAN: Order please. We're on Vote 3, natural gas . . .

DR. BUCK: Right!

MR. CHAIRMAN: . . . price protection for Albertans.

DR. BUCK: Right, Mr. Chairman.

MR. CHAIRMAN: Could we keep to the subject.

DR. BUCK: So when the minister gives us this song and dance story about what a great job this government is doing for the natural gas user in this province, I say that is not a fact, Mr. Chairman. That is not a fact. The minister had better do a better selling job than he is, to convince the people of Alberta that they shouldn't have the cheapest natural gas rates of anybody by a country mile. And when the minister gives us this big story about, well, where are we going to take the funds from, I'll tell you the first place. They should just cut out a lot of those plushy jobs, those \$20,000, \$30,000 and \$35,000 per year jobs that they've got the back page of the *Edmonton Journal* plastered with every week. That's a good place to start. And, Mr. Chairman, if we form the government, I'll tell you the first place we're going to cut out [in] the civil service is some of these plushy jobs in the \$20,000 and \$30,000 a year group. That's where we're going to start. And the guys with the blue cars — that's going to be another spot. But those are the only two areas, because the civil service in this province does a good job for the people of this province. But when it goes from 19,000 to 34,000 or 36,000 — and that's not even counting the contract people, some of Miniely's . . .

MR. CHAIRMAN: Could we get back to Vote 3 please, the natural gas price protection for Albertans.

DR. BUCK: I am making a point . . .

MR. CHAIRMAN: If you would check Section 52 (1), you will find that once we've gone . . .

DR. BUCK: You check it, Mr. Chairman, I'm busy.

MR. CHAIRMAN: Sit down, please, for a moment. Once we have had the preamble, you have an opportunity to cover the broad ground; that is, before we go into the actual votes. Once we go into the actual votes, the discussion is to stick directly to the vote in question.

DR. BUCK: Thank you, Mr. Chairman.

MR. CLARK: What ruling is that?

DR. BUCK: Now getting back . . . Yes, well, wait a minute.

MR. CHAIRMAN: Section 52(2), I believe, (1) or (2).

DR. BUCK: If the Chairman wishes to cut me off, Mr. Leader of the Opposition, that's okay. But speaking on the natural gas development program . . .

MR. CHAIRMAN: Section 52(2).

DR. BUCK: Mr. Chairman, this government is not convincing the people out there in the rural gas co-ops that it is doing a good job on their behalf. The hon. minister was raised in a rural area, and he knows who has to go out and sell these programs: the leaders of your community. Many of them have resigned from the boards of directors of those co-operatives because they just can't go out in good faith and look their neighbor in the eye and say, you know, we've been had. We've been led down the garden

path. Every time they went back and tried to sign up more people, the price would go up, and it would go up again, and it would go up again.

MR. APPLEBY: Come on, Walter.

MR. NOTLEY: The truth bears re-telling.

DR. BUCK: You see, hon. Member for Athabasca . . .

MR. APPLEBY: If you shut up, I'll shut up.

DR. BUCK: We don't have the government agencies that can crank out that propaganda. We don't have that kind of budget . . .

DR. HORNER: You've got a lot of research help; why don't you use them?

DR. BUCK: . . . to hand out the propaganda. The hon. Deputy Premier wants to yip about research help. The research help the taxpayer of Alberta is paying for to research some of the stuff in his department certainly wouldn't have gone blindly into building a lamb processing plant. But I'll get back to the rural gas co-ops. [interjections]

Mr. Chairman, I say to the minister that this government had better re-evaluate its gas support program. If it doesn't, I feel that this government has misled the people in the rural gas program.

Thank you, Mr. Chairman.

DR. WARRACK: I always enjoy listening to my colleague from Clover Bar. In my non-professorial way, I'll try to reply. He's two for four. As I say, I always appreciate what he has to say. Gosh, I don't have time to read those papers with all those big jobs, but compared with MLA incomes, they don't sound too bad. So that's one for the hon. Member for Clover Bar.

One thing also, on the business of believing polls: I don't. So I agree with the hon. member there. I was not yet back in Canada in 1965 when the poll he referred to was taken. He's quite right. When I began to talk to people in rural Alberta, they were saying something rather different from the poll he mentions, which apparently suggested Social Credit would be the party of "responsibility", as I prefer to "power".

DR. BUCK: On a point of order, Mr. Chairman, will you read the appropriate section to the minister as well — 51(2).

MR. CHAIRMAN: Perhaps, Mr. Minister, if you could confine your remarks to Vote 3, and the answers to questions asked on Vote 3.

DR. WARRACK: I would be pleased to do that. I had assumed that if he said it and it's in order, it must be in order for me to say the same thing. In any case, I was trying to find something to agree with him on.

Mr. Chairman, aside from repeating what I said relative to gas prices and the financial priorities that essentially determine those, as I described in reference to the remarks of the Member for Little Bow, I hate to do it, but I simply disagree with the hon. member. Maybe it makes the hon. member feel

better in that they never did anything in this area of rural gas programs. But I think the policy thrust is right. I think the accomplishments to date in a 10-year program as originally contemplated, considering that nothing had been done for so long — to the sadness of the rural public interest, and that the people in the rural areas by way of the harnessing of their co-operative enterprise and their sense of neighbourliness — have achieved a great deal, only catalyzed, not solely done by this government. I think the people out there, in contrast to what the hon. member said, deserve a lot of credit.

MR. R. SPEAKER: When we referred to this whole gas program, there's no question that the people in the local areas certainly deserve a lot of credit. No question about that. They were the force that made it possible that 37,000 connections are there today. They went out and sold this program on the front line, talked to their neighbors, talked to their friends, with the idea in mind that the government would back up what they were selling.

First of all, we started with the \$1,700 with regard to the program. All of a sudden, the day after they'd sold the contract, the price was up. That was the first misleading statement. Then we started with the low gas price. Look where it's at now: 86 cents, and it started below 30 cents. That's the second thing. You tell me how long those people can talk to their neighbors and say, this government is going to follow through with a certain announcement, and that we're really going to have something happen.

At the present time, maybe the best position of this government is to say they're going to increase the price of gas to the rural user, and that's the way it's going to be. Because that's likely the most honest answer. To find any kind of commitment from this government about long-term planning, or one- or two-year planning, doesn't seem possible. If it does happen, maybe there's no credibility to it anyway. Because the guys on the front line, the local boards, really haven't found that kind of support coming forward.

The minister talks about alternatives and how we can come up with this kind of money. Very quickly, if we look at the increase in the civil service since this government came into power — and my colleague mentioned a 16,000 increase — it's increased from 19,000 to 35,000. If each of those people at the present time is earning \$10,000, that's over \$150 million. Maybe that's one of the places we could look at. Maybe the priority of putting people into government who really haven't any specific function, such as the hon. Minister of Hospitals and Medical Care did . . . then we'd be able to come up with this kind of money.

I don't know where the goals and directions of this government exist at the present time. They're not the priorities of the people. The people from the grass roots are concerned about this. They're going to continue to press not only you, Mr. Minister, but the rest of people sitting in this Legislature. This will be one of the biggest issues during the next rural campaign. If the minister isn't able to answer it now, can't answer it then, I think certainly that survey discussed a little earlier won't be worth the paper it was written on.

Mr. Chairman, I just don't feel the minister is giving

some attempt to look at lower gas prices. I raised the concern with regard to the service cost to the various co-ops. The minister indicated it has been increased by two consecutive 10 per cent increases. It's now at 16.94 cents. Has any consideration been given to picking up the operating cost, picking up a portion of that increase in the operating cost? Even 2 or 3 cents would certainly help the rural gas user at the present time. I haven't heard any thought or consideration of that kind. The answer from the minister is still, we don't know how we are going to do it. The gas price is going up, that's the way it is. I think we need more answers than that.

MR. CLARK: Mr. Chairman, I was out of the House and perhaps the matter was raised. If it was, I'm sure the minister will say so. But there are two or three gas co-ops across the province who are in very desperate financial straits. I think in terms of one out in the Provost area. In that particular co-op about two months ago, over 50 per cent of its system's gas was coming out through leaks in the system. What is the situation specifically with the Neutral Hills Co-op, which is centred in the Provost area? What specific steps is the government taking as far as Neutral Hills Gas Co-op is concerned? That isn't the only system, but it's one of the ones I'm familiar with.

The information I received from them is that close to 50 per cent of the gas going into their system is coming out of the holes in this blessed pipe they have in the ground. There is just no way we can expect the consumers in that particular system to pay the cost for this gas that's virtually going up in thin air. Their system went in the ground during a period of time when the ERCB people were just starting to take over the controls for supervision. I think the quality of supervision that was done was, well, less than desirable. And that's being very charitable, as I understand it. The tracer wire can't even be found in a lot of the line, and they got this poor pipe we have had the problems with.

Mr. Minister, my recollection after meeting with that group was, frankly, we the members of the Legislature couldn't leave that group on the line. They had gone out and sold the program well. They were involved in a situation where their consulting firm hadn't done a very good job by them. They ended up with this poor pipe, I think through no fault of their own basically, because they were told by the people in your department that they should use Canadian pipe rather than bring some in from the States which other co-ops did later on.

Mr. Minister, I ask specifically with regard to the Neutral gas co-op — and there are one or two other gas co-ops who are in the same situation — what kind of steps is your department taking for those gas co-ops?

DR. WARRACK: Mr. Chairman, I do not know the specific situation of the Neutral Hills gas co-op.

MR. CLARK: It's the one out in the Provost area.

DR. WARRACK: Is that No. 52?

MR. CLARK: Yes, 52. My apologies. Provost.

DR. WARRACK: Okay. In any case, I'm not in a position to report specifically on a particular gas co-op. It's pretty difficult to do that with nearly a hundred of them across the province, but I would give the undertaking to follow-up on the matter, both personally and expeditiously, if the hon. member wishes to discuss the result of that follow up with me.

However, with respect to some of the items he mentioned on a policy basis as distinct from the individual gas co-op that was referred to, we did have considerable discussion about the question of leaks, and one of the pretty major increases involved in the Gas Alberta budget is a greater capacity to deal with that problem. A certain amount of work has been done already and we think more needs to be done.

As I mentioned earlier, I guess in response to the Member for Bow Valley, the preliminary indications are that leaks tend to occur more in the fittings, with respect to tightness and housekeeping, rather than in the pipe — with some individual exceptions where there is a bad pipe problem. That may very well be the case in the one the hon. member is referring to. But I'll follow that up.

We did discuss that, and part of what is in this budget is additional financial capacity to do much more of that work. The hon. Member for Bow Valley suggested, as did the hon. Member for Drumheller, that more was needed. I agree, and that's intended and budgeted.

With respect to some of the engineering problems, I'll just briefly recap: we had worked with the engineering association, and they developed an examination report that I see the hon. Leader of the Opposition is familiar with. There's been a follow-up on that. With respect to bad pipe by the way, I also mentioned that there are some cases outstanding in the legal sense, particularly those that relate to the Plastex bankruptcy, but that we had reached the conclusion as far as bad pipe in the ground was concerned that we'd enter a 90/10 financial support relationship for replacement of pipe that the local co-op judges needed. An outstanding matter as yet is the question of what may be bad pipe that's in inventory. We're working on that at the present time.

MR. CLARK: Mr. Chairman, just to follow up, to the minister with regard to the Provost co-op. One of the very serious points they made to me was on the kind of supervision that was undertaken during the period of time their project was being worked on. The ERCB had the responsibility at that time. The kind of supervision, the fact that they couldn't find the tracer wires and so on, really led to a large portion of their problem. I remember the comments made by one or two of the gentlemen who were about at the stage of saying, somebody else can have this job.

My question to you, Mr. Minister, is basically this: very candidly, how many co-ops are in very serious financial shape? I say "very serious" because I know . . . Take the co-op in my own constituency and the one in your own constituency. By comparison, they're in good financial shape. In addition to the Provost co-op, how many other co-ops are in, let's say, serious financial shape at this particular time, be it as a result of the pipe problem, or of other problems? I recognize in some cases it has been management.

DR. WARRACK: Mr. Chairman, I'm not really in a position to toss out a number. You know, each is a matter of judgment. I suppose on the part of many co-ops the mere fact of having to look at a price increase that we've been discussing is something that may lead some to conclude they're in difficult financial circumstances. But I'm really not in a position to do that kind of classification, and I'm not sure that's really appropriate in any case. Certainly at this point it's not something I can possibly line up in terms of, there's several dozen here, and others, and others, and others in different classifications.

For example, with respect to the matter of Gas Co-op No. 52, any indication of concern from any hon. members, wherever they might sit, I'm pleased to deal with and work towards a resolution.

MR. NOTLEY: Mr. Chairman, just before we move off this appropriation, I wasn't able to be in for the minister's initial response, but I have had several notes taken.

There are three points I'd like to respond to briefly under rural gas co-ops, Mr. Chairman. The first point is with respect to the question of whether we should have a gas freeze for rural gas co-ops as opposed to a gas freeze for everyone. The second relates to the analogy on the capital costs question between rural gas co-ops inasmuch as they own the system. The third deals with the minister's initial response that if we are going to have a gas freeze for gas co-ops — I suppose assuming the argument that it's not possible to distinguish — then we're going to have to look at some of the things he mentioned in response to the Member for Little Bow.

Mr. Chairman, I want to deal first of all with the question of the basic argument that the Federation of Alberta Gas Co-ops is placing before the government: a gas freeze for a period of time. I believe the federation has talked about five years. The hon. Member for Bow Valley raised five years. I suggested in my remarks that since we have begun the price shelter program again, perhaps three years might be appropriate.

Mr. Chairman, the argument is of course raised by many that it would be unfair to provide a price freeze for rural gas co-ops, whether for three, four, or five years, whatever the time period, and not do the same for other consumers. But I would suggest that the basic argument for this sort of differentiation has already been made by another department of the provincial government. We've had a great deal of fanfare in the Legislature about recognizing the differences between rural and urban school systems. I don't think we've gone far enough; nevertheless in the programs announced in 1975 before the provincial election — three separate programs, supplemented by programs which have been elaborated by the Minister of Education in this House — there is very clearly a recognition that same isn't equal in terms of funding, that because costs are different there has to be a recognition of that difference. That is now an understood position of the Department of Education.

It seems to me that in answering this question of whether there should be a price freeze, you can argue duration. But I don't think a person could come in and say it's blatant discrimination against urban consumers to have a price shelter of a greater magnitude

for gas co-op users. You can argue how long a time it should be. But I suggest that if one looks at the precedent set by the Department of Education, we already have a recognition that rural costs are higher and therefore more money should be made available, that more money should be [in] the per pupil grant through the school foundation plan plus the other programs announced to rectify the rural disparity.

Mr. Chairman, looking at the price that rural consumers pay, I think the argument made by the Federation of Alberta Gas Co-ops is a pretty strong one. If one looks at the gas co-ops as a whole, and I've taken the trouble to find out what the various gas co-ops in the province are charging, with several exceptions — I would admit there is a very small number of exceptions where the rate is actually lower than the two major cities — the vast number of rural gas co-ops are forced to charge considerably more, Mr. Minister. And the federation is placing a proposition before the Legislature that I would have no difficulty defending before any urban audience anywhere. It seems to me it's a position which is simply saying, in the end result we're paying more; how can we best make this system work.

In their view, for the reasons the Member for Bow Valley pointed out on Friday, and for the reasons the Member for Little Bow pointed out again, the problem of getting people to hook up and the difficulties that the boards face . . . Because every time you're ready to get more people hooked up, there goes the price again. You've got that reaction that is built up among members of the co-op, in some cases, members who aren't hooked up because they're not prepared to make the conversion. You're almost ready to persuade them to hook up and, doggone it, the price is up another 10 or 15 cents per MCF. That's the argument made to me by so many co-op board members: this uncertainty, this instability is particularly serious for co-ops trying to become viable. For an existing utility it's not a major matter. But we're not talking about existing utilities as far as the co-ops that are now struggling for life are concerned.

The second point the minister made is that somehow I gathered . . . I have a note here: "Surprised at your comments regarding capital cost component of the rural rate". It says that the reason is that "the co-ops end up owning the system whereas urban people don't". Well, that's true but the same is also true, Mr. Minister, with respect to rural electrification associations. The argument the federation is making is that there should be access to low-income borrowing on the overage on the same basis as the rural electrification revolving funds. Sure, at the end of the line the rural gas co-ops will own the system, but they'll have to make allowance for all the costs of owning the system too, all the costs of ownership which are not undiluted advantages.

The third point, Mr. Chairman, is the suggestion that the only way we can have a price freeze is if we bleed off the heritage trust fund, possibly impose a sales tax, raise income tax, major spending cuts. That would only be true, Mr. Minister, if we were saying that should exist across the board. I submit that you can make an argument in urban Alberta for a price freeze. I really submit you can. So I don't believe you have necessarily to go the route of a blanket, across-the-board price freeze. That would cost a lot of money, although if we ever got to the

point where we were looking at that, may I add to some of the suggestions of the Member for Little Bow and the Member for Clover Bar that perhaps the best place to start would be the \$60 million or \$70 million worth of private consultants we are presently employing.

MR. CHAIRMAN: Our time has expired.

MR. FOSTER: Mr. Chairman, I move the committee adjourn until 8 o'clock this evening.

HON. MEMBERS: Agreed.

[The Committee of Supply recessed at 5:30 p.m.]

---

[The Committee of Supply met at 8 p.m.]

[Dr. McCrimmon in the Chair]

MR. CHAIRMAN: The Committee of Supply will come to order. We're on Vote 3, Utilities and Telephones.

The hon. Member for Spirit River-Fairview had the floor. I see he is not in his place tonight. Are you ready for the question on Vote 3?

MR. CLARK: Not quite that soon, Mr. Chairman. Mr. Minister, my colleague to my left will be back in a minute. I say the colleague who actually sits on my left in the House, not the Member for Spirit River-Fairview.

AN HON. MEMBER: Keep talking, Bob.

MR. CLARK: Now back to the matter at hand.

Mr. Minister, it's my understanding that the rural gas co-ops are going to be meeting with you in the very near future, this week or next week, for the purpose of looking at the program the government has put forward for this year. Is the government prepared to look seriously at making some of the revisions the rural gas co-ops have outlined during the past number of months? In other words, Mr. Minister, what I'm asking is: are you prepared to become involved in some serious further negotiations in the area, given the problems a number of the co-ops are facing?

DR. WARRACK: Mr. Chairman, the budget for 1977-78, including its several impacts for the rural gas co-ops, is as it stands here, as a budget proposal to this Legislature. As for additional discussions with respect to future possibilities for modification, improvement, and so forth, as I've indicated before, we very much welcome those opportunities. Certainly, as I mentioned earlier today, the discussions that my colleagues the Minister of Consumer and Corporate Affairs and the Provincial Treasurer and I are having with respect to the possibility of lengthening the capital amortization period are going forward. Should those arrangements be worked out, this would not have a budget impact in this fiscal year and therefore would not be something constrained by this budget. But in terms of the extent of the natural gas price protection plan — which I believe is the vote we're on — and the budget parameters with respect to the

rural gas construction program, our proposal is as it stands in these estimates before us.

I might respond further to comments the Member for Little Bow made. I really was concerned about his contention that you can't get a commitment from the government. I was going to let it pass. But really! We have committed over \$165 million to natural gas price protection over the past three years: of the order of \$100 per man, woman, and child in Alberta. Now that is a major commitment. In this fiscal year alone that commitment is \$105 million — a major one, roughly of the order of \$60 per person across Alberta. Moreover, in addition to this fiscal year, a commitment has been made to have natural gas price protection in the coming two fiscal years as well. That's a major forward budgetary commitment made by this government, and I think it more than fully offsets the hon. member's contention that you can't get a commitment from the government, and [things] like that.

As near as I could tell, the comments of the hon. Member for Spirit River-Fairview were simply a repetition of what he said on Friday, and I've already responded.

MR. R. SPEAKER: Mr. Chairman, just to react. This is fine. But when we look at that figure of \$165 million and look at the second figure the minister gave us a little earlier today with regard to 3.5 per cent, we're talking about between \$5 and \$6 million out of \$165 million to the people of rural Alberta. I think that's why we make the case in this Assembly for having a good look at the rural gas co-ops and special consideration for them. I think that's the case we want to make. That's the thing that has to be recognized by the minister.

The other thing the minister didn't comment on was with regard to the service costs being levied and what consideration the rural gas co-ops would get with regard to that, possibly during the meeting which I understand is coming up this week.

Earlier today you indicated to me that the service cost was 16.94 cents. I think the gas co-ops are looking at the possibility of getting some relief in that area. Has the minister considered that?

DR. WARRACK: I can be very brief in response, Mr. Chairman. In the quick calculations the member did he may have overlooked that the \$165 million I referred to was for three years, whereas the amount he mentioned would have been for one. Nonetheless, aside from the magnitudes, I know the point the hon. member is making. Certainly that's part of the debate.

We're not contemplating a change this fiscal year with respect to the Gas Alberta service charge of 16.94 cents. Were a change contemplated it would necessitate a change in this budget and additional money for it.

As I said in my response to the Leader of the Opposition, this is our budget proposal for the fiscal year 1977-78. But with respect to future development, certainly all areas of discussion are open and welcome from our point of view.

MR. CLARK: Mr. Chairman, perhaps this is as good a place as any to raise the question of AGT. Mr. Minister, I raise the question from three different areas. The first is the question of the recent Public Utilities Board hearing in Calgary with regard to Alberta Government Telephones, and the intervention filed by a private firm in Calgary. If I could just quote very briefly from their letter, it says theirs was the only intervention filed by a private company. Mr. Minister, the intervention made the accusation that AGT was involved in cross-subsidization between its users' business — residential users in the province — and taking some of the money acquired and rates approved by the Public Utilities Board and making use of that money in the field of AGT's commercial endeavors. I raise the question here because if my recollection of the situation is accurate, when the intervention was filed in Calgary by Green, Michaels & Associates Ltd., the legal counsel for AGT declined to cross-examine the material and left the points raised by this private firm clearly up in the air.

Just within the last two days a firm from Edmonton involved in placing communications systems in apartments and so on told me they have been in business in Edmonton for some time now, and that last summer AGT was charging something in the vicinity of \$675 per installation and they were able to compete with AGT very well. They are a private firm, based in Edmonton, in competition with AGT and Edmonton Telephones for communications systems within apartments and so on. They now advise me, Mr. Minister — and they're prepared to carry the thing forward — that AGT has reduced its charges from something in excess of \$600 per unit down to the vicinity of \$50 to \$25 per unit.

Mr. Minister, I find this very strange in light of the comments you made earlier today with regard to AGT's operation. On one hand we have AGT appearing before the Public Utilities Board to have its residential and commercial rates increased and, on the other hand, at the same time AGT is cutting drastically what it's charging in those areas where it's in competition with the private sector — commonly referred to as cross-subsidization.

I raise this here, Mr. Minister, because it's my information that at the Public Utilities Board hearing in Calgary AGT counsel didn't challenge the intervention at all — didn't cross-examine the witnesses. The thing was left high and dry. Then just in the last few days I find that a firm in Edmonton finds AGT is undercutting them on its commercial side. We need some answers in this area, because I don't think it was the intention of AGT to use the revenue it gains through rates approved by the Public Utilities Board in competition with the private sector.

DR. WARRACK: Mr. Chairman, I'm familiar with the first of the two matters brought forward by the hon. Leader of the Opposition; that is to say, the intervention by one organization during the course of the Public Utilities Board rate-regulation review of Alberta Government Telephones.

In terms of how that was handled at the hearing before the Public Utilities Board — I'm really not involved in those kinds of matters before the board and the discussions and, I suppose, the mechanisms of cross-examination and so forth by legal counsel on behalf of AGT. To a great extent I suppose it's a

Agreed to:

Vote 3 Total Program

\$105,086,674

matter of AGT management and their legal counsel discussing these matters on an ongoing basis — as everyone knows, these hearings go on for some days — and deciding how to handle each one. One could think of a number of possible reasons whether it would be worth while or useful to cross-examine. In any case, that's certainly the sort of thing that would be decided on consultation between AGT management, handling the rate application, and their legal counsel.

I don't know what I could say further than that, other than this. It is certainly not the intention to have basic telephone service, which is what the hon. Leader of the Opposition is referring to, used as a source to cross-subsidize other areas. As a matter of fact, my recollection of briefings about the phase one Public Utilities Board review of the Alberta Government Telephones application is that there was a contribution test to revenues of AGT being developed with respect to the kinds of activities that concern the intervenor mentioned by the Leader of the Opposition. The extent of contribution that's reasonable and valid is in fact part of that judgment that needs to be made by the Public Utilities Board on hearing all the evidence and interventions involved. So it's really the important detail — I'm not minimizing the importance at all — involved in that rate-regulation effort and responsibility held by the Public Utilities Board as the result of the application by Alberta Government Telephones.

On the second case, I'm simply not aware of it. I believe the Leader of the Opposition indicated that this was brought to his attention recently, or perhaps in the last few days. In any case, I'm not familiar with it and to what extent the telephone competition in the city of Edmonton — it could very readily be Edmonton Telephones rather than AGT, I don't know. But probably the thing to do would be to request the hon. Leader of the Opposition to assist me with the information he feels I would require in order to do a proper job to follow it up. In turn I would undertake to do that.

MR. CLARK: Mr. Chairman, I'm quite prepared to make the information available to the minister. It's an organization here in Edmonton known as Sentron. Just to make the point again, basically what they're involved in is apartment intercoms. They've been bidding against Edmonton Telephones and also Alberta Government Telephones. Until very recently they've been able to be more than competitive. It's my understanding they've been getting some of the work that Edmonton Telephones and AGT have, which is fair ball in the market place.

It has come to light as a result of a quotation that AGT renegotiated just last week to the Alberta Housing Corporation after the private supplier had won eight consecutive contracts. We find now — and I checked out the information presented to me as best I can, and believe it to be accurate — that all of a sudden AGT is cutting their quotations, not in half but much more than that. I'm talking in terms of a range from \$500 and \$600 down to less than \$50 or \$60 per installation. Mr. Minister, with everything else going up the way AGT's rates have gone up, to me this sounds inconceivable.

One of the situations brought to my attention that AGT bid on with these very low rates was some

distance out of the city. They'll be sending two men out there for several days to do the installations. From what I've seen, there appears to be virtually no way AGT can even come close to balancing the books at these bargain basement prices, if I can use that term. I've had, and I know the minister has had, some people in the computer field express some real concerns about AGT's involvement in that particular area, and that's a difficult area to say the least. But in this area especially, Mr. Minister, I'd ask you to check the information. I'll get it to you in more detail right away. I think it's extremely important that if this is going on it be stopped.

Might I say further that with regard to this cross-subsidization and the hearing in Calgary, Mr. Minister, with all due respect it simply isn't good enough for you to tell the Legislature that's being handled by AGT's legal people. I fully recognize that. But in my judgment it's a serious charge that AGT is involved in cross-subsidization like this, especially during a period of time when the minister knows, and we know, that there's a great deal of concern over what's happened not just to telephone rates but to utility rates across the board. I think it's incumbent upon you as the minister responsible to the Assembly to make a very clear, definitive statement that you're satisfied this isn't going on. The average person on the street would expect that kind of statement to come from you, Mr. Minister, and not from AGT's legal advisers. I fully appreciate that in the course of the hearing there may be some reason for AGT's legal advisers not to challenge it right there. But there is a definite need for someone from AGT — and I think it's you sir — to give a statement satisfying the public that in fact cross-subsidization isn't going on, either in the area where the Public Utilities Board hearings were held or in the area of apartment intercom installations by AGT.

DR. WARRACK: Perhaps the Leader of the Opposition could just say yes or no to two questions. Does he have the nature of the problem as it was expressed to him in a letter?

MR. CLARK: No, but I can certainly get it to you in a letter.

DR. WARRACK: That takes care of my second question. I was going to ask if I had a copy in my mountain up there. Whichever way it would be most appropriate in the judgment of the Leader of the Opposition — either by indication from him, a copy to me, or the other way around — I'd be pleased to look into it. I simply am not familiar with the case the hon. member mentions.

MR. CLARK: I'll get the information on Sentron to the minister tomorrow.

But at some time, Mr. Minister, either tonight or very quickly, I do think it important that you make some sort of statement on the question of cross-subsidization as far as the presentation made before the Public Utilities Board. If you're in a position where you can't make a statement in the next few days during this session, then at least some indication when you can. Because you are likely aware that there is a group in Calgary now which is in the process of building up a fund to carry forward the



action started by Green, Michaels & Associates Ltd. They are out soliciting funds from the private sector in Calgary to pay the costs for an appeal they plan to launch in this particular area. Before that moves along, Mr. Minister, I think you have an opportunity and a responsibility to clear the air.

DR. WARRACK: Mr. Chairman, that's pretty easy to say, but this is a matter before a quasi-judicial board whose job it is to make those determinations. In the midst of Monday evening, I'm not going to take any potential step that some lawyer might be able to construe into something none of us would ever imagine. I'm not about to be in that position, nor would I place the people of Alberta, Alberta Government Telephones, or my responsibility on that matter in that kind of position. In short, Mr. Chairman, I've said all I'm going to say on that matter tonight.

MR. CLARK: Mr. Chairman, to the Minister. We're not asking you to become involved in the legal entanglements. [interjection] Yes, we all know lawyers. The minister likely has more association with them than I do.

Specifically, Mr. Minister, in this area I think you can give some indication to the House of the intention of AGT from a broad policy point of view. If you can't do it now, it is incumbent upon your office, as soon as this matter is no longer in front of the Public Utilities Board, to make some sort of policy statement on behalf of AGT. Because I think the area where this concern basically rests is with a number of smaller companies involved in the electronics business which, in my judgment, are quite concerned about what they feel is going on. I don't ask the minister to compromise the government's position before the Public Utilities Board. But before too long, you or the AGT commission should size the opportunity to make a very definite policy statement in that particular area. Personally I would prefer it to come from the minister.

DR. WARRACK: Mr. Chairman, I'll take the matter under advisement, but that is not a promise to do anything because of the kinds of concerns I had. Before concluding anything, I would certainly seek considerable advice.

MR. MANDEVILLE: Mr. Chairman, since we're on the topic of telephones, a concern has been brought to our attention. It's in regard to moving rural telephone lines as far as counties and municipalities are concerned. In 1974 they indicated that moving telephone lines was from \$250 up to \$500. With the new formula, they now feel it's going to cost around \$1,000 a mile to have these lines moved. Mr. Chairman, the question I'd like to ask the minister is: what criteria did Alberta Government Telephones use when they were coming up with the new formula — they've indicated to me that it's in the neighborhood of \$1,000 — and will the new formula cover the full cost of moving telephone lines?

DR. WARRACK: The matter of the change in that regard is cost based. I'm not sure that it involves covering all of the magnitude of the cost, as the hon. member indicates, but certainly in terms of the basis for the change it is cost based. I might add that I have

had an expression on this from the Association of Municipal Districts and Counties and have made arrangements for that association and Alberta Government Telephones people to sit down together and try to work the matter out. That's an arrangement I struck as a result of the representation to me.

MR. MANDEVILLE: Just one further brief question on telephones. Could the minister briefly outline how "zero plus dialing" is working in Edmonton, and what are the plans as far as expanding this program to the rest of the province of Alberta?

DR. WARRACK: Even though the first time I tried to use it it didn't work, as far as I know it's working fine, unless the hon. member has indications to the contrary. In terms of extending this service further afield across the province, I can't be sure what contemplations there are at this time. But I'd be happy to inquire and inform the hon. member.

MR. KIDD: I've been listening to the discussion with some interest. I think it was very timely that we got the annual report of Alberta Government Telephones, which everyone has. Actually it's an incredible document. Anyone interested in or knowledgeable about financial statements will see some things that simply astound me. It says, rate of return on rate basis, 7 per cent. The total capital investment is \$1.3 billion. The net income is \$1,754,000. That means that the rate base would have to be something like \$25 million. Now what we're really saying here is that we're having a service provided to us in Alberta Government Telephones based on some situation with regard to these figures. It says we're getting it much less than free.

Now I'm sure that members of the opposition have looked at this financial statement. If they analyze it with great care and understand exactly what it says, that's exactly what it says. I think what members of the opposition should be doing is wondering why we should be supplying this kind of service and cooking the books a little bit here. I'm not saying they're doing it. It's honest. But by gosh, you'd better look at it sirs, because that's what it says — that we're getting a 7 per cent return on a \$25 million investment when our investment is really \$1.7 billion. It's a wonderful thing. And of course I am sure everyone knows that the only place in Canada that provides telephone service cheaper than we have here is the city of Winnipeg — on a monthly basis, on a business basis. And why? It's very simple. They provide it only within the city of Winnipeg.

Now if Alberta Government Telephones provided service only within the cities of Calgary and Edmonton, and didn't do all the far-flung things they do, we'd get it very much cheaper too. But they're not that much cheaper in Winnipeg either. So we'd better be very careful. We've got an efficiently run operation here, we're getting it at very low cost, and I suggest again that you examine this annual report.

Thank you very much.

MR. GOGO: Mr. Chairman, I'd like to ask the minister three brief questions from the same annual report. They're all based on remarks made by constituents over the past several months in the area of advertising. Many people seem to wonder why, with a

monopoly like Alberta Government Telephones, we must advertise. Well I'm sure there are many reasons why they advertise other than use of the telephone; for example, to watch for buried cable and so on. I'd like the minister to respond as to the types of advertising the system does.

Secondly, a year ago I attended the opening of a phone centre in my constituency. I think the intent was for the system to make money. Mr. Chairman, I would like the minister to report how the phone centres are doing around the province.

Thirdly, I see in the annual report that almost \$30 million was spent last year in long-distance equipment. As Edmonton has, I suppose, 25 per cent of the population, I wonder about the breakdown of long-distance telephone revenues. In other words, if somebody from Edmonton phones Toronto through Edmonton Telephones, do they utilize the AGT system to get out of the province? If they do, is Alberta Government Telephones receiving a portion of the long-distance revenues?

Thanks very much, Mr. Chairman.

DR. WARRACK: If I might, I'll try to deal with the question of why AGT advertises as briefly as I can, in that a similar question was posed by the Member for Cardston on Friday. I indicated that there are three basic reasons. One was by way of public information. As a matter of fact, I guess I used Lethbridge and Medicine Hat late in 1976 as examples where providing public information by way of advertising was something people had asked us to do in that area.

Another reason was to offset what would otherwise develop as a serious cost by way of cable cutting and by way of being able to schedule installations of telephone services into rural subdivisions in a way that involves lesser costs than if we were not able to plan them. Hence, the advertising for reasons of cost saving.

Thirdly, with respect to long-distance telephone tolling, I made some indication that we need to have capacity in place to handle the peak loading, if you like, of the most frequently used long-distance equipment. Other than for those peaks, of course you have excess capacity. The present campaign is based on "get the long-distance feeling" — thinking about your family and whatnot. To the extent that people will make long-distance calls at times other than the peak-use times, that's additional revenue with hardly any additional cost to the telephone system and therefore it pays off in a revenue sense. So basically the three answers are: by way of public information, by inducing cost savings, and by generating revenue to use equipment that has to be in place anyway and has to be paid for in any case.

Of course the phone centre program is only partially complete so far. A number of phone centres have been installed, including the one in Lethbridge where the hon. member, the Member for Lethbridge East, and I were involved in the opening. The most recent one opened was in Medicine Hat. I was involved in opening the downtown phone centre in Calgary, and offhand I'm not sure how many of the other phone centres planned for the Calgary area are open. I know the phone centre in Sherwood Park is open, because I was there with the Member for Edmonton Ottewell on that occasion. I believe the ones in Grande Prairie and St. Albert are open.

The basic idea behind the phone centres had two parts: one, to be able to give better service — that is, to make it possible for people to get the service immediately by way of their own action, rather than having to place an order for a phone change, then wait for people to come and hope they're home when they do come, and this kind of thing — and at the same time, to be involved in cutting some costs AGT otherwise would have. Even though I believe \$15 had been charged for a home call, the actual cost was about \$50. So for each instance the person comes in on his own to the shopping centre in order to change the phone, the color, or whatever it is he has in mind, a net loss of \$35 is offset each time around, aside from the cost of operating the phone centres themselves.

In terms of the economics of them working out, it's premature to make that judgment with the relatively short period of time they've been operating. But certainly in terms of the service provided, the reaction I've had so far from the public has been positive.

With respect to the long-distance circumstances within the city of Edmonton, the system is basically this: the city of Edmonton operates the basic home and business exchange service plus a number of what you might call competitive activities such as those referred to by the Leader of the Opposition. When a long-distance call is made there's an interfacing of Edmonton Telephones' and Alberta Government Telephones' equipment. When it's picked up by Alberta Government Telephones, they carry it on the rest of the way. Insofar as Edmonton Telephones' equipment is used in the interface in order to make a long-distance call possible, there's an extensive agreement between AGT and Edmonton Telephones with multiple clauses governing the mechanisms by which Edmonton Telephones is paid for the use of its equipment.

DR. BUCK: Mr. Chairman, I'd like to bring one matter to the minister's attention that he's already aware of. Most of us in the Assembly who represent rural constituencies know how some of these different areas evolved. When a franchised area was taken over by AGT, that is the area AGT would serve. I'm sure many members have the same problem I do, which has been brought to the minister's attention, and that is: an area can be as much as 10 miles further out and receive flat-rate dialling to a major centre or to the city. The minister is aware of the two areas of concern in my constituency: Bruderheim, and the north and south Cooking Lake area.

I want to explain publicly to the minister exactly what occurred in the Bruderheim situation. The reason I want to make it public, Mr. Minister, is that you are not the only minister who received a delegation from that community. A minister of the former government received that same delegation. That minister didn't seem to do anything about it, and neither has this one.

I think there's been an injustice there, Mr. Minister. Historically, ever since we've had AGT, the Bruderheim area was always served from the Fort Saskatchewan exchange. Because of an increase in usage in Fort Saskatchewan the central became overloaded, so a small exchange was put into Bruderheim. When that small exchange was put into Bruderheim, it didn't become a linkage with Fort Sas-

katchewan because of this new exchange. Then when Fort Saskatchewan went into the extended flat-rate dialling program or extended area — whatever you call that program — because of the accident of these two exchanges being set up separately, Bruderheim was cut off flat-rate dialling into Edmonton. The minister is aware of it. As I say, we've had delegations previously and presently.

My question to the minister is basically this — because I feel there has been an injustice to those people. Other areas have had that same problem where they come directly into Edmonton and bypass a major shopping area. I would like to know if the minister would consider a special response because of a special problem, or if the minister can indicate to the Legislature that maybe in the next five-year period or so we'd be going to, say, a 40-mile radius, which would solve the problem in a lot of these major areas where they have large acreage holdings and smaller towns. I would like to say on behalf of the people in that area that the minister has been kind when he has listened to their problems, but nothing has happened. Because of the uniqueness of the situation, maybe the minister could reconsider and have another look at it.

Thank you, Mr. Chairman.

DR. WARRACK: Mr. Chairman, just briefly. The hon. member and I have discussed the matter, and I appreciate that he wants to be in a position of having gone on record with respect to his analysis of the situation. I also had a meeting in March I believe, arranged by the Member for Sedgewick-Coronation, Mr. Kroeger, who had been out helping people in the Bruderheim area organize their chamber of commerce. In any case, I met with the mayor and one of the citizens from that area and have responded in writing, as I'm sure the hon. Member for Clover Bar knows.

I fully recognize the nature of the situation and, of course, the history that does tend to give these funny boundaries. As I said in response to the comments from the Member for Drumheller, at this point I really am not in a position to extend real hope of a change in the nature of the situation as the Member for Clover Bar described it. I'm inclined to think that should the phase two hearing be completed in the manner proposed with respect to extended flat-rate calling systems, the first order of business would be to re-offer the opportunity for extended flat-rate calling to areas that perhaps had previously had the opportunity, but there was a five-year intervening period, and may not have had any hook-ups at all, and also may not be so close to a major market centre such as Fort Saskatchewan. As I contemplate the future, presently at least, that's how it looks.

MR. CLARK: I can do this now or when we conclude the estimates. Perhaps I might take the opportunity to conclude things now.

Mr. Minister, I think it's very important that you understand there's a great deal of concern not only in rural Alberta but also in a lot of urban centres about what is happening to utility rates today. I well recall, and I'm sure the minister does, the comments the minister made the first part of the year when the new rural gas rates were announced. The minister's comments were along the line that if the rates go up,

that will help us conserve. We have to conserve. Mr. Minister, that feeling of conservation wasn't there three years ago when we got involved in this rural gas program. I think to say to rural people today that we're using what's happening in prices as a means of conserving just isn't acceptable to rural people as far as the rural gas program is concerned.

Secondly, Mr. Minister, it isn't only as far as rural gas that people are concerned about utility rates. I'm sure you're aware of the concern expressed in the city of Lethbridge, where there's application for the electrical rates to go up. One of the radio stations in Lethbridge was able to get — and I think they did it quite responsibly — close to 6,000 people to sign a petition or send in letters on this question of the utility costs going up. And I think many people feel they were led down the garden path, Mr. Minister, not by the department but by the city and by those people involved in the negotiations two years ago. It's significant that out of the city of Lethbridge you could have that kind of concern expressed by people not just sticking their hands up at a meeting and saying, I'm concerned about it, but actually sending letters or phoning. That does indicate a great deal of concern as to what's happening as far as utility rates are concerned.

Mr. Minister, when we entered the estimates it was our full intention to move that your salary be cut to \$1. We're not going to do that this evening. In light of the meeting coming up on Wednesday or Thursday, or whenever it is, with the rural gas co-ops, we're hopeful something very positive will come out of that meeting.

I recognize there are major financial considerations here as far as the government is concerned, but this government knows how to use a special warrant on occasion where it feels it's needed. I'm saying to you tonight, Mr. Minister, that we in the opposition will not be critical of a sizable special warrant in the area of helping the rural gas program next year when we come to look at supplementary estimates. I'm also saying that if following the meeting with the rural gas co-ops virtually little or nothing is able to be worked out, then my colleagues and I will be disappointed. That may not concern the minister. But I'm sure, Mr. Minister, that a large number of rural gas co-operative people, a large number of consumers across the province in the rural gas program, will be extremely concerned.

As you have done today, Mr. Minister, you can point to the amount of money the government is putting into the program. But you and I both know that for whatever reasons, many people earnestly believed that the rates would stay much lower than they have. You as the minister, or myself as Leader of the Opposition, couldn't foresee what would happen in the world energy situation. But that is a very poor substitute to a farmer involved in looking ahead to a drought situation this year in your constituency and much of the rest of the province, or a person involved in the cattle business in northern or central Alberta given the prices there.

So, Mr. Minister, I want to take this opportunity to say that in the next couple of weeks, at the conclusion of this session, we look to you to show some real concern as far as this rural gas program is concerned. I'm not suggesting you haven't to date. I'm saying that following the meeting with the rural gas co-ops,

we would expect you to be much more persuasive with your cabinet colleagues in being able to negotiate some substantive assistance in the area of the rural gas program.

Mr. Minister, on the question of utility rates generally across the province, I'd say that I'm sure your office has felt some of the heat my office has felt. There's a need for you, the Public Utilities Board, and the utility companies to level with the people and talk in terms of what kind of increases we can expect for the next one to two to three years. My reading of the information is that it may be necessary for us to look at possibly some revamping as far as the Public Utilities Board is concerned. I recognize that isn't your responsibility. But, Mr. Minister, it is little consolation to a farmer or to someone who lives in a house in McCauley in Edmonton for you or for me to tell them: look, that's the responsibility of the Public Utilities Board, or that's beyond the purview of the Public Utilities Board. People who have to make payments at the end of the month don't really understand those kinds of facts.

Mr. Minister, on your shoulders rests a very major responsibility. I fully recognize that had we moved this evening that your salary be cut to \$1, that wouldn't happen. But it would be a way on our behalf of showing our disappointment with the way you've managed your responsibilities this year. I'm saying we're not going to do that, but we do look toward some major strides in the area of the rural gas program in this utility area in the next short period of time.

DR. WARRACK: Mr. Chairman, I suppose it's up to the hon. Leader of the Opposition and his caucus to decide whether to move this motion or that motion.

I do not feel in the slightest defensive about what has been accomplished in this area and what is in this budget. It's a 50 per cent increase at one time in price protection for the people of this province, be they the householder, the farmer, or the small businessman. As a matter of fact, to be possible, that had to take us outside the previously intended budget guidelines. That took some major persuasion, and it was done.

The rural gas program made natural gas available to more people across rural Alberta than had been the case up to now. In the future, the numbers per year will begin to trend off from the fact that so much has already been accomplished. As a matter of fact, a very, very rapid pace of infills and hookups has been occurring despite what the hon. member has been saying.

Certainly in terms of the utility rate increases, a number of which were decided to some extent in this Legislature — for example, on coal-fired electric plants, I hardly heard anyone dissent from the view that it is better to have the cooling ponds necessary to have preservation in that important area, the environment. Certainly all seemed agreed that electrostatic precipitators should go not only on new plants but also on old plants. These cost millions and millions of dollars, and where will it be paid for? In the rates. Is it a worth-while improvement in the environment or not? The rates are there, the costs are there, and that to some extent is a major part of the reason why. I'm not inclined to be persuaded as yet that it was a mistake to have those environmental

improvements. It's a major part of it.

In terms of the price considerations involved with energy conservation, there are a number of reasons for having talked about the future prices of natural gas, as I did in late November at the Federation of Alberta Gas Co-ops meeting at the time the recommitment for the natural gas price protection plan was made. The main reason for doing it, Mr. Chairman, is that it's the truth. It's the truth. Maybe Charles Lynch was right when he wrote, "The paths of political democracy are laden with the bones of those who [dared to tell] the truth." Maybe that's right. But certainly it's a major factor in energy conservation. I knew that on saying it there would be considerable objection and reservation, even downright abuse. All of that has happened, but it still had to be said, Mr. Chairman, because it's the truth.

Not only that, but in my remarks in this Legislature on March 16, I made a very strong point about the need for efforts on the part of all of us — material ways, individual ways, and in every group manner possible, including positive suggestions from all members of the Legislature wherever they sit — to do a better job of energy conservation in all the ways that that can be done, not just price. I made that very point in my remarks in the debate on this budget. I want to make those points again, because they are in fact the reality of the mid-1970s as we live in them today. And I would make them on a motion against being paid my salary.

Agreed to:

Capital Estimates	
Vote 1	\$1,000
Vote 2	\$31,833,925
Vote 3	—
Department Total	\$31,834,925
Department Total	\$139,725,735

DR. WARRACK: Mr. Chairman, I move the resolution be reported.

[Motion carried]

#### Department of Government Services

MR. SCHMID: Mr. Chairman, I am pleased to be able to present to this Committee the 1977-78 estimates for the Department of Government Services. I would like to spend a few moments discussing some of the highlights of the year just concluded, as well as the plans embodied in these fiscal estimates.

As all members are aware, Government Services provides a multitude of common services to all departments and agencies of government. In keeping with this administration's policy of restraint, the estimates for '77-78 show no increase in the number of positions requested.

The Department of Government Services, under the most effective administration of my deputy minister Mr. Jack Kyle, is continuing to concentrate on this efficient management. He is ably assisted by Mr. Gordon Hill, the assistant deputy minister of the administrative services division.

Several pertinent examples are worthy of note.

Direct savings in government vehicle purchases resulting from the aggregation of total requirements has exceeded \$800,000 this year over previous years. The centralization of production facilities in quick-print centres and establishment of the central duplicating plant generates economies in excess of \$200,000 annually. The operating and maintenance division, responsible for the operation and maintenance of all government buildings, through increasingly sophisticated management techniques will be operating 1.2 million square feet of space this year in addition to their present square footage exceeding 24 million, with no increase in positions. The computing and systems division has successfully interlocked two IBM 370 Model 168 computers to provide this government with 80 per cent additional installed capacity and maximum reliability.

In keeping with this government's policy of using the private sector where possible, the department tenders virtually all printing with industry in the province. Over 100 printers — hon. Member for Clover Bar — produced government materials last year, resulting in revenues to the industry of some \$5 million. Our printing procurement policy provided through tendering in the market place is fair and equitable, resulting last year in no one printer receiving more than 13 per cent of the work.

In 1977-78, the department plans to continue to exercise restraint, coupled with conscientious management, in the delivery of internal services to government. One of the areas in which activity will be concentrated is the newly formed supply division. This division, headed by assistant deputy minister Arnold Pepper, will be implementing policy and procedural changes designed to optimize the purchasing power of this government in the acquisition of its supplies and services, as well as minimizing costs, both direct and indirect, of warehousing and distributing those supplies to the point of use where that is applicable.

The operating and maintenance division, under assistant deputy minister Bill Davies, will continue to derive operating economies through the conservation of energy in the heating and lighting of government buildings. The first nine months of operation of our energy conservation program has resulted in an energy saving of over \$400,000, and our \$500,000 target for '76-77 is, of course, clearly exceeded. We have established a conservative energy savings target for government buildings in '77-78 of \$600,000.

The computing and systems division, which is very ably headed by assistant deputy minister Bob Gehmlich, will in addition to the provision of computing and systems service provide a new centralized microfilm capacity for use by all departments in '77-78 that will reduce the amount of storage space consumed by archival material. The division will also be providing a computing processing service for government departments in the southern part of the province by way of a data centre in Calgary. This is not a new facility but results from the rationalization of government-owned computer capacity in Calgary, and places operational responsibility with the Alberta Government Services.

The public affairs division, under our new assistant deputy minister Mr. Al Squibb, will continue to effect savings for government through its facilities. Mr. Chairman, if this brief introduction has tended to use

the word "savings" rather repetitiously, that is because the department services are delivered with two objectives in mind: good service at the least cost. Let me assure this committee the department is continually striving for increased efficiency and effectiveness.

As part of this new thrust, we have introduced an enterprise management system whereby the service managers invoice client departments for services utilized. It must cover all the operating expenses, including depreciation, from resultant revenues. Service managers will be operating on commercial accounting principles, with a monthly profit-and-loss statement to guide their management decisions. Of course an additional benefit of this system is that programs will pay for services utilized and thus provide for more accurate recording of total program costs.

This approach is not new to public administration, Mr. Chairman, but it is new to the government of this province. We will be applying this management tool to more services next year as our contribution toward the increasing level of financial management in this government.

Thank you, Mr. Chairman.

#### Vote 1

DR. BUCK: Mr. Chairman, I'd just like to make one or two comments, ask a few questions, and make a few suggestions to the minister. First of all, Mr. Minister, on the point you made about tendering on the printing — this was not my concern. It was brought to our attention by a group of printers who felt that in some of the tendering mechanisms being set out some people were being by-passed. They felt they had not been treated fairly. So I just leave with you, Mr. Minister, that this was not our idea. It was brought to our attention by members of the printing business. I'm pleased to see a division of printing has been broken down in that way.

First I would like to ask the minister: how is the RITE system working? Secondly — and this is not a major thing — I think more information should be given out to the members [about] where they can get materials they would like to buy to give to constituents, visitors, and so on. Because one of my girls in the office — not even here, she was working on my time — phoned for two days to find out where you could get these cotton-picking little 9-cent Alberta pins. It took that long, phoning Government Services and everybody else. So can the minister indicate to the members and the public where these things can be bought? I don't want them given to me. I want to know where I can buy the things. Be it either a member or the public at large, you shouldn't have to have a two-day session on the telephone before you can buy materials. If they want to buy Alberta pins, we should let them know where they are.

Of course I'm always concerned about the mushroom called the Public Affairs bureau. It keeps growing and growing. I don't know if it's any different from any other government agency; it just keeps on growing. And naturally computer services are supposed to save money and provide service for us.

I would like to ask the minister about another area. To whom is Government House let? My wife toured the building on Sunday. Naturally she went just as

an ordinary visitor; she was just getting the ordinary treatment. In the course of the tour it was brought forcefully to her attention that this is the government's building, the government uses it for its caucus, the government uses it to entertain heads of state, et cetera, et cetera. My wife said, is "the government" only the party in power, or does that mean both sides of the Legislature? So my question to the minister is: are those facilities available to the opposition or just the party in power? Because if the conference rooms are available to people serving this province as elected representatives, I imagine that what's sauce for the goose is sauce for the gander. It didn't work that way in the Premier's Calgary office, or whatever that castle down there is called. [interjections] I would just like to know if this is a public facility available to elected officials on both sides of the House, or if it is limited exclusively to the party in power.

Mr. Minister, when I look at the office space we rent in the city of Edmonton, I would like to say it's not the fact that the private sector provides this office space that concerns me, because that's the way we should go. And I have the little thought here for the minister. I think it would make an excellent platform for the next election, but I want to go on record as saying it was my idea, not the minister's or the government's. What concerns me is not the fact that the private sector's providing this real estate, but the massive list of the civil service. It looks like we have rented about half of Edmonton's building space, commercial space. It's not the fact that we're using these buildings that concerns me; it's the fact that we've got so many people to put into those rented spaces. We are being told by more and more people in the civil service that things have never been so good, because you have a job that you get paid for but you really don't have that much to do. I don't know how you control the growth of the bureaucracy, but surely to a government that is committed to cut out the fat — some government, some fat, as Churchill would say. Because we have done just the opposite: it has gone from 19,000 to 36,000 in five years, which is a record I don't think the government should be too proud of. But the point I want to make on the usage of money out of Department of Housing and Public Works to build provincial buildings is one I think government, not just ours, should look at — that's okay, Mr. Minister, because you have to staff these things, you have to put the tables and chairs and everything into them — that we who profess to be free enterprise parties surely . . .

Let's use the town of Fort Saskatchewan as an example. If we're going to put \$800,000 into a public provincial building in Fort Saskatchewan, what would be wrong with saying to 700 people in Fort Saskatchewan: you be the shareholders, you put up \$1,000 apiece and limit the amount of involvement each individual could have; you will be the owners of this building and you will lease it back to us. Mr. Minister, I would sooner see a \$700,000 nursing home or auxiliary hospital in your constituency or the constituency of the hon. Member for Drumheller. You know, that's what governments are for, to provide service to people. They shouldn't be in the real estate business. I don't know what's so original about that, because it's not that original.

It's a practical way of getting space which can be

leased to the government and have people participating, if the minister believes in the free enterprise system. But a limit must be placed on the number of shares each individual can have. I say one individual, one share; so the government can't be accused of giving it to a Tory friend, a Socred friend, an Independent friend, or an NDP friend. Of course if it were an NDP friend, I guess we'd nationalize everything.

The thing is that the money tied up in real estate could go into providing people programs, and that's what governments are all about. When I laid this on Mr. Ludwig, the Minister of Public Works at that time, he said, that's a great idea, but we can't do it because it's never been done.

I guess the government had an experience in St. Paul that didn't turn out to be so good. But they were going to go that route and I say, hair on them. I think we can certainly look at providing facilities like that for government services and rent them back. I don't mean nursing homes and things like that, but liquor stores, provincial buildings, courthouses, or any of those things. I think it certainly would be a second income for many people. Take that money and put it into people services.

So, Mr. Minister, there are other concerns we'll be voicing as we go along. That's all I want to say at this time.

MR. SCHMID: Mr. Chairman, first of all, of course I appreciate the remarks of the hon. member regarding printing tenders. I appreciate also that he probably heard those remarks just as we were about to go into tendering our printing. As you appreciate, there was a great amount of work to be done to make sure the qualifications, the specifications of the printing tenders themselves were fair.

Of course it's quite possible that some of the printers in Alberta felt left out because they couldn't live up to the specifications requested. But since we were able to extend our printing tenders, especially the ones for daily pickup for instance to Calgary, I'm quite sure most of the concerns have really been eliminated. In fact we had a subsequent meeting with the printers and received a very nice letter from them expressing their appreciation for the kind of co-operation shown to them and the immediacy with which we dealt with their problems at the time.

The RITE system, as Mr. Chairman may well be aware, was established first of all so civil servants in Alberta would not have to use long-distance telephone lines. It was then extended to private individuals in the province of Alberta. Right now, Mr. Chairman, we're considering whether this service can be extended to all Albertans, or whether it would have to be reduced because of the additional cost of the service if we continue using it in the present manner in the province of Alberta.

For the information of the hon. Member for Clover Bar, he may want to relate to his NDP friend on his right that we are looking at an additional service centre in Fairview, another in Airdrie, another in Whitecourt, and another in High Level.

As far as information is concerned, Mr. Chairman, if the hon. member would be more specific in a private memo to me, I would gladly point out to him the different sources of availability of material regarding the province. For instance, if a group of people is travelling from the hon. member's constituency to

compete or visit somewhere, as you know, he can approach the minister responsible for government services, and we would be happy to supply him with the plastic pins we have. As far as flags are concerned — maybe in short I would suggest he contact me about any concerns along that line. I would appreciate it, and I would give him the information he so desires. Maybe I should mention where the public can get these pins. Different souvenir counters have Alberta flag pins, not the same as the Alberta government provides, but made by the same company in Lacombe. They are available in the different stores, and they can buy them if needed for their respective conventions or when they go out of the province.

I'm very sure the hon. Member for Clover Bar will be happy to know our staff in Public Affairs has not increased. In fact, the breakdown in Public Affairs should be repeated because it has been mentioned again and again that our information officers comprise the entire staff of Public Affairs; this of course is not so. Seventy-four people are in public communications, in other words in PR work of the Public Affairs division. Sixty-eight people are involved in the RITE system, in other words telephone operators, instruction personnel, and so on and so forth. Another 17 people in the Public Affairs division are involved in the different government budgetary support programs of this division.

Therefore, Mr. Chairman, all I can say is the breakdown really reveals that the different groups of manpower in Public Affairs, for instance for publications and audio-visual services, total 19 man-hours. We can go down the list: metric conversion, for instance, five persons. All these people are involved in the Public Affairs division. The combined total then is still the same as it was last year, and we have no intentions of increasing it this year.

As the hon. member may know, Mr. Chairman, Government House is available to the caucus of good members of the opposition, as well as the member for the Independent seat if he cares to caucus with himself or, for that matter, to the leader of the New Democratic Party if he wants to caucus with himself. Normally it's available for conferences, be they provincial, interprovincial, or national. Right now the facility is just about completely booked for these kind of conferences and only available on a very few dates. But I should repeat: if the hon. members of the opposition would care to use that for a caucus or meeting they would like to hold with their own members, it's available for their respective requirements.

DR. BUCK: Where do you book it?

MR. SCHMID: The availability of the booking is handled through Mr. John Whalley, our chief of protocol. He would have to be contacted [to see] if the facility is available, the time and arrangements that would be made, how big the meeting is going to be, and so on and so forth.

AN. HON. MEMBER: We don't want a bunch of dentists there though, Walter.

MR. SCHMID: I appreciate the office space rentals concern of the hon. Member for Clover Bar, but maybe he should address this request more to the

Minister of Housing and Public Works in whose department the realty and accommodation division really rests. But I will definitely tell my honorable colleague in Housing and Public Works of the idea of a shareholders' concept for public buildings which are other than social service buildings. Knowing him, I'm quite sure he will give this every serious consideration, that this kind of proposition would hold. As we have mentioned many times, while our surplus right now may be rather large to some people, we know we may not have that about 10 years down the road. That concept, I think, could be very well applied through shareholders. Since we are still leasing from the private sector anyway, maybe that could be considered in buildings, especially in smaller places because the pride of ownership in a publicly leased building may just be a concept of value to our Albertans.

With this, Mr. Chairman, I think I have concluded the questions posed by the hon. Member for Clover Bar.

MR. TAYLOR: Mr. Chairman, I'd like to mention one or two points. In connection with the RITE system, what are the mechanics by which this is handled? Is a charge made by AGT to the government for every call or is it simply what the late Mr. Aberhart used to call a book entry using government services? If it is passing the money from the government to AGT, one pocket to the other in a way, what was the cost during the last full fiscal year?

One other thing while I'm on the RITE system. I was at the Blackfoot Reserve on the weekend and had an hour and a half or so to spare, so I went to see some of the merchants in the town of Gleichen. One chap who just recently bought a business there told me he tried to phone a number of offices in Edmonton through the RITE system and the operator refused to accept his call. As a matter of fact, she told him if he wanted to call on the RITE system he'd have to go to Bassano. This seems very, very odd to me. I told him I couldn't understand that at all. I thought it was available to anybody in the province of Alberta who wanted to speak to their government on government business. I did drop a line this morning to Mr. Ades, the general manager of AGT, on this particular item. Possibly the minister can clear it up.

The other point I'd like to mention while I'm on my feet is about Government House. I have been in Government House a number of times, before it was renovated and three times since. I have been simply amazed at the type of work that has been done. I might say that in the fall of 1935 when I was attending a course at the University of Alberta — I wasn't a member at the time — I endeavored to go to Government House and was told at the door that this was the residence of the Lieutenant-Governor and wasn't open for inspection by every Tom, Dick, and Harry. So I left very dejectedly and thanked them very much. A few years before the present government was elected, I was in it a number of times for various meetings, particularly with the department of youth and so on. It was getting pretty badly dilapidated and certainly needed attention.

But on my three visits since, I really have to commend whoever is responsible for the tremendous renovation of that building. I don't think we're going to appreciate it enough until 10, 15, or 20 years in

the future, when people are really going to realize what we have in that particular building. I think it must be equal to anything any government in Canada has for entertaining dignitaries from other provinces, for government meetings, and so on. I think the initiative, the renovations, the originality, the tables, the ceilings, the rooms, the way they're named and set up, is just simply a wonderful feat. I think every Albertan can really be proud of that building. I was told several months ago it was available to members in the opposition as well as to government members. I looked the place over carefully. I didn't see a room small enough for my caucus, so I decided to hold my caucuses in the car as I travel from place to place. It saves an awful lot of time and talking.

Anyhow, I would like to commend whoever is responsible for that building. I think it's a wonderful piece of work, and I think the people of Alberta will appreciate it more and more as the years go by.

MR. SCHMID: Mr. Chairman, may I just say in reply to the hon. member that as far as Government House is concerned, I would again like to commend highly the people of the trades division of the building and maintenance division of Government Services who were really the craftsmen who renovated this building to the kind of, I would say fantastic, standard it is today. [It] will definitely be of pride to Albertans for many, many years to come. Not only that, it's definitely part of our history for our future generations.

Mr. Chairman, as far as the cost of the RITE system is concerned, the estimate for the coming year is placed at \$745,290. That is broken down for wages and salaries, manpower in other words, \$596,290; for supplies and services, \$146,000; and for office equipment, \$3,000.

Maybe I should explain to the hon. member that what most likely could have happened is the gentleman who tried to call the government was asked, which of course is being done, if it was a private call or if he was calling as a business person. If he calls as a business person he cannot access the RITE system; he has to pay for it himself. The RITE free-call system to government is only available to private individuals. In other words, if he says my name is John Macdonald and I would like to call the government on a private matter, it's available. But if he says it's John Macdonald, Consolidated Business Service, then he would have to pay for the long-distance call through Alberta Government Telephones.

I should also mention that through Housing and Public Works we in fact pay a rental for the lines, and they pay AGT not by the call, Mr. Chairman, but for the rental of the lines we need for the RITE system. For instance, one of the reasons we don't have RITE systems in some localities is that AGT usually finds you have to install at least two lines for that kind of system, which of course sometimes becomes too expensive for the kind of place where there are not enough people to install a RITE system.

Mr. Chairman, I think that is all regarding these questions. Just to go back to Public Affairs again for the hon. Member for Clover Bar, the total number — again I should say of the Public Affairs division — is 263. Out of that we have the metric system, the film library of the Alberta government, the *Alberta Gazette*, the regional information telephone enquiry service which is the RITE system, the Legislature Building

guides and reception, creative services, the hospitality program, the advertising program, the equipment evaluation, the Alberta communications network, the clipping service and, as I said before, the Public Affairs officers themselves who, without their staff, number 40. So out of 263, only 40 are really information officers, Mr. Chairman.

#### Agreed to:

Ref. No. 1.0.1	\$134,025
Ref. No. 1.0.2	\$466,385
Ref. No. 1.0.3	\$397,105
Ref. No. 1.0.4	\$387,275
Vote 1 Total Program	\$1,384,790

#### Vote 2

DR. BUCK: I'd like to ask the minister just one question. Mr. Minister, how extensive is the maintenance of government buildings? Is it all done by our own people, or is much of it contracted out? What percentage goes to private contract; what percentage is on the provincial pay roll? Are there any areas broken down where the service is provided by our own people, and what mechanism does the minister use to say which ones we maintain ourselves and which ones are maintained by contract?

MR. SCHMID: First of all, of course, Mr. Chairman, I can really say that the major amount of square footage which government either leases or owns is maintained by Alberta Government Services which, as I said before, is in excess of 24 million square feet this year. This of course includes all institutional buildings as well as all government-owned buildings. Some of the leased space is looked after by the building owner who leases the space to government and/or, especially in smaller places, sometimes Government Services contracts out the janitorial or maintenance service of the building to a private contractor or maybe a retired gentleman living there who looks after the building to keep it clean and in good order. I should repeat that definitely the major square footage which government leases and owns is cleaned and maintained by Alberta Government Services for all other government departments as well as agencies and institutions like treasury branches, hospitals, and other institutional buildings.

DR. BUCK: Mr. Chairman, does the minister have any indication how many people are doing that? How large is this part of the service?

MR. SCHMID: Did the hon. member ask how many maintenance persons we have? I will get to the hon. member in a minute for that.

MR. TAYLOR: Mr. Chairman, during the early years of the present government, I believe a contract was let to a private firm to look after the janitorial services of the highways building. [There were] some questions in the House at that time [and] it appeared the government was going to compare the cost and results with the government hiring its own personnel. I wonder if the minister has any results of that. It appears that the program has been dropped, and I wonder if he has any results of that pilot project.



MR. SCHMID: Mr. Chairman, I guess the pride of accomplishment and the cheery hello of the former Minister of Highways probably helped too, because he was still there when a great number of the people who are still in maintenance were involved in doing that. It has really shown us that on these occasions where we have government-owned buildings, and rather large ones too, the government personnel, maybe not because of private enterprise not being as capable, but probably because the pride in their work, the pride of an employee in doing a fine job has really consisted — therefore we have found that the highways building is again maintained, looked after, and cleaned by government personnel who, as is very obvious, do a very fine job.

DR. BUCK: Mr. Chairman, to the minister, along that line. For the major buildings, is there maintenance staff for each building or is there centralized maintenance? Let's use the city of Edmonton for an example. Is there a centralized source of maintenance personnel or does each major building have its own maintenance staff?

MR. SCHMID: Mr. Chairman, that of course depends. As an example, let's take the Legislature Building. It has its own maintenance staff, looked after by a division supervisor as far as the graduation of responsibility is concerned. For instance, the highways building would have its own maintenance staff. Then there may be some buildings which are not big enough to warrant a full man-day to maintain. Then of course that person may have to divide their capabilities between, maybe, one or two buildings, if necessary. But usually they are not wandering maintenance staff; rather they are maintenance staff responsible for the cleaning of one specific building. They usually remain within that building for the time of their service unless, of course, they are transferred for personal or management reasons.

MR. TAYLOR: Mr. Chairman, I'd like to make a comment or two in connection with the janitorial staff. I don't think we appreciate these men and women nearly enough. I think they do an excellent job. I think they go the second mile and take pride in their work. I would like to pay a tribute to the men and women who keep our building shining and really presentable to anybody. Various visitors I have here are always amazed at how beautiful this building looks, and I think that's really a tribute to our janitorial staff.

While I'm on the matter of staff, I wonder if the minister has ever taken a look at the position of those who shovel snow, prune trees — all the odd jobs around the building. It seems to me they're the forgotten people in the public service. There's a handful of them, but in my view they don't get promotions, their salaries are far below those of a gardener, and they do much of the gardening. I would like to see the minister take a look at the few people who do a tremendous job on our yards.

They have an awful lot of dirty jobs to do too. For instance, some people in Edmonton make sure they bring their dogs on a regular trip to the grounds every day, not only for the exercise. They seem to think it's their right to come and pollute the grounds. All the cleaning up has to be done by these people. They

have a lot of dirty jobs to do, and really they keep our grounds pretty wonderful. I would certainly like to see the minister take a special look at their wages and salaries.

MR. SCHMID: Mr. Chairman, again I appreciate the concern and appreciation the hon. Member for Drumheller has for our fine maintenance staff, especially the ones who through the ice-cold winters — as we sometimes see when we come to the building ourselves — clean off our stairs, sidewalks, and roads out there, prune the trees, and so forth.

The way I keep track of what salaries are being paid to our different people is to check the advertisements for new positions. I really have to say I haven't seen any positions advertised lately for pruners or people in that line. They stay with us because, as I've said before, they either have pride in their positions or are probably happy where they are. But a review of their salaries and, for that matter, commendation for what they're doing is definitely in place.

Bringing up the dogs being walked gives me a second thought. Maybe one should look into the possibility of asking that the people of Alberta walk their dogs somewhere else and not on the legislature grounds or, for that matter on the grounds or grass of anyone's home and/or public facility. I think the dog by-law of the city of Edmonton might help that matter more than anything else which has been done in the past.

In reply to the hon. Member for Clover Bar, we presently have 2,232 maintenance personnel on staff. Approximately 4 per cent of our building maintenance is contracted out to private contractors.

Agreed to:

Vote 2 Total Program

\$55,013,780

### Vote 3

DR. BUCK: Mr. Chairman, it follows that transportation goes up every year as our civil service keeps growing. But I'd just like to know what rates people in the civil service are being paid and what the breakdown is in the size of cars they use. Is it transportation we're talking about here, just our own transportation?

MR. SCHMID: Mr. Chairman, first of all salary ranges, as the hon. Member for Clover Bar may know, are really established by the personnel administration under the jurisdiction of our hon. Treasurer. They usually tell the different departments what kinds of salaries they are allowed to pay. In fact they usually do the salary reviews and reclassifications, sometimes even much to my chagrin. Sometimes I personally would like to have input to how much someone should be paid because of the good job he is doing, or maybe have his salary reduced because of the lousy job he's doing. But as the hon. member may know, the ministers really have no influence on that at all. It's public administration which does this kind of classification and salary level adjustment, and of course the bargaining position of the AUPE.

As far as the comments of the hon. member [about] increases in government personnel are concerned, I would again like to emphasize what I said during my

remarks. The Department of Government Services is not adding a single person to its staff in the present year, therefore these comments are not relevant.

DR. BUCK: I would like to ask the minister just what the guidelines are as to the use of King Air. We have the two king airs now, not King Air and Queen Air? What are the guidelines for members of Executive Council and private members as to when they can use the plane and when they should not use the plane? I would like to compliment the minister. When we went to Calgary last week, he was riding on PWA like the rest of us peasants. I would just like to know [interjections]. I like to hear it too, Mr. Deputy Premier.

Just what are the guidelines as to what use we make of the two king airs? I was under the illusion that we were still using the old Queen Air, but now I see we have two king airs. I suppose that's worth — they're all-weather planes.

MR. SCHMID: Yes, Mr. Chairman. As has been mentioned in the past, first priority of all government aircraft, in fact of all government transportation facilities, is for fire suppression, without any question; then, emergency service. As far as Executive Council is concerned, it is usually requested if a minister has to go somewhere where there are no regular schedule airline connections — which sometimes happens — and/or, for instance, let's say I have to go to Calgary and maybe the time of the adjournment of either a meeting or a function I have to attend there may be 1 o'clock in the morning, and the following day I have to be back in Edmonton for another function, or I have to go somewhere else. For instance, I would go from here to Lloydminster and from Lloydminster to Calgary, then to Banff, then back to Edmonton for different functions. Then of course government aircraft would be utilized. It would also be utilized especially by deputy ministers and boards and commissions if they go as a body to a hearing somewhere, for instance, for the transportation committee to go somewhere in Alberta to look at why the specific priority of an airport should be moved up because maybe the community feels they have certain priorities over and above other communities in the province of Alberta.

As far as Queen Air is concerned, Mr. Chairman, it's being used just about exclusively for aerial survey and is in fact hardly ever available, especially when the weather is nice, for utilization as a personnel carrier.

Again, I know all cabinet ministers use the airbus facility if possible. If the hon. member was on the aircraft, which I didn't know, when I came up from Calgary a week ago Sunday — where first we had an aborted take-off, then were up in the air and took a fast turn back to Calgary for another, I would think, emergency landing. It was quite a frightful experience as far as we were concerned. But if you weren't on that one, I'm going down to Calgary quite often again as my responsibilities demand. Again, Mr. Chairman, we use airbus service whenever we can, if there is a possibility of fitting it into the schedules, because it is cheaper.

DR. BUCK: Mr. Chairman, I would just like to say to the minister that when we use the actual estimates

of '75-76 and compare them to the forecast, there's an increase of 52.3 per cent. I would like to say to the minister that the transportation budget is certainly going up and up and up. It's one thing saying the minister's time is so valuable, and I agree with that. But this government just seems to say, you know, don't worry about the money, boys, there's \$3 billion in the heritage trust fund and our budget is over \$3 billion. So don't worry about it; if you have to go someplace, just go. I would like to say to the minister it's just one of the shortcomings of this government that they don't seem to have any respect for the taxpayers' money at all.

AN HON. MEMBER: Order, order.

DR. BUCK: So I'd just like to say to the minister: let's hope next year the budget will not increase by 52 per cent when you compare the actual to the estimates, because that's an increase of 52.3 per cent.

MR. SCHMID: Mr. Chairman, first of all I would like to express the concern the hon. member feels that we're not watching the dollars in that facility, because I know we are. In fact maybe I should maintain that on one hand the members of the opposition seem to tell us that supposedly we're not seeing the public in the rest of Alberta enough, and of course he seems to indicate maybe we shouldn't. However, I don't think he had that in mind.

May I just explain to the hon. member, though, that 8 per cent of the increase is really because of the increase in the maintenance of helicopters used by the department of forestry, especially in fire suppression and other services. The contracts came in 8 per cent higher, so we really can't do anything about that.

Also an additional fund was required for fire suppression in the past year. Because of that it's included in our estimates. We are expecting a much higher amount for fire suppression this year if our fears and the fears of everyone in Energy and Natural Resources, as well as the hon. members of the opposition, come about. I'm afraid we may even have to come in for a special warrant in this case, again because of the additional cost of fire suppression which represents the major amount of the increase in this amount.

Agreed to:

Vote 3 Total Program

\$1,880,320

#### Vote 4

DR. BUCK: I'd like to ask one short question about supply. Can the minister indicate the agency — I'm not sure which department it's in — where the outdated, worn-out equipment that's brought back goes for tendering. How much and how efficiently does that work? Is it making some dollars for the taxpayer?

MR. SCHMID: Yes, Mr. Chairman. I'm really happy the hon. member asked that question, because only last year we found that sometimes the evaluation of the equipment may have been fair. But as the hon. member knows, not only does it have to be fair but appear to be fair, as compared to the printing contracts. So as of last year we went into the marketing

of surplus equipment by a tender system and are now marketing our surplus equipment that way. We established a major new policy because of that. I would say we definitely try at all times to get the greatest amount of return for the least amount of cost for the taxpayer.

Rather than reading the policy, Mr. Chairman — which I could if the members are interested — I could of course send a copy to the hon. member. The major indication of this policy really is: "Surplus material declared outside the Edmonton or Calgary areas will be considered for local sales." This is sometimes very important. For instance when the new building in Lethbridge was being furnished with new office furniture, people there were afraid the old furniture would be trucked to Calgary and auctioned off there. They now know they can have that equipment through a local auction. Therefore local auctions and tender sales will be developed to sell surplus material as it is declared in these areas. Maybe I should also read the other item there:

All items of a specialist or high value nature will be handled by a Special Tenders . . . within Surplus Sales. Detailed tender descriptions will be developed and distributed through mailing lists maintained for each major class of surplus . . . The major heavy equipment sales in Spring and Fall will be [also] sold by this method.

Mr. Chairman, I therefore feel in advertising these different surplus material sales, we hopefully will be getting more return for the taxpayer because we have reserve tender on these things. In fact unsold items will be retendered at a later sale and, therefore, will again come up for sale whenever we feel this material could be sold in the most profitable manner.

DR. BUCK: Mr. Chairman, just one short question along that line. What minimum value is there before you go to tendering? I mean the \$5 and \$10 stuff you don't tender. I'd like to say to the minister they did well by me. I bought a pair of hip-waders. They looked great, but after I wore them once they got a little 'holey'. So that was \$7 you gained.

But what is the minimum value before you go to tendering?

MR. SCHMID: Mr. Chairman, usually we find — for instance in a number of desks that go out for tender, the minimum value there would be in the desks. Very seldom would it be only one chair, worth only \$10. There would be a number of chairs for which we would call a tender and say, okay, what am I bid? Of course if there's a minimum value and a public auction, we would get the amount of money the person bids. If he's successful, he gets that chair for \$10, or \$5 if this is the lowest bid and the auctioneer accepts the bid if there's no reserve bid on it.

DR. BUCK: [Inaudible] Mr. Minister, and I'm not going to belabor the point. In the store on the Fort Trail where, as I say, he buys hip-waders and a piece of hose or things like that, at that time there was just a price put on the thing. If it said \$3 and you thought it was worth it, you gave the man \$3, or if it was 50 cents, \$10, or \$25. There must be some value where you're not going to go to tender for a \$2 or \$5 article.

MR. SCHMID: No, Mr. Chairman. As I mentioned before, of course we don't go to tender for a low-priced article like a pair of hip-waders which we might hope to have sold at one time for \$10 to the hon. Member for Clover Bar, then after him having worn them once, made a donation to the Alberta taxpayers of \$7 as he mentioned. That's not the idea, Mr. Chairman. Now we auction all that small equipment and material. Whoever is there to bid will get the item for the amount he bids, if there's no reserve tender on it that may be higher than the person who is bidding will be ready to pay for it.

Agreed to:	
Vote 4 Total Program	\$952,105
Vote 5 Total Program	\$3,576,460
Vote 6 Total Program	\$13,323,420
Capital Estimates:	
Ref. No. 1.0	\$21,100
Ref. No. 2.0	\$2,646,525
Ref. No. 3.0	\$42,340
Ref. No. 4.0	\$4,150
Ref. No. 5.0	\$29,550
Ref. No. 6.0	\$262,100
Department Total	\$3,005,765
Department Total	\$76,130,875

MR. SCHMID: Mr. Chairman, I move the resolution be reported.

[Motion carried]

### Special Warrants

Agreed to:

### ADVANCED EDUCATION AND MANPOWER

2 — Assistance to Higher and Further Educational Institutions:	
Contribution to Institute for Research on Public Policy, Montreal, P.Q.	\$250,000
Total Vote 2	\$250,000
4 — Manpower Development:	
Supplementary funding to implement 1976-77 Priority Employment Program	\$1,250,000
Total Vote 4	\$1,250,000
Department Total	\$1,500,000

### AGRICULTURE

1 — Departmental Support Services:	
Grants to Exhibition Associations	\$1,012,395
Total Vote 1	\$1,012,395
2 — Production Assistance:	
Support to Cow-Calf Producers	\$43,000,000
Total Vote 2	\$43,000,000
Department Total	\$44,012,395

**CULTURE**

3 — Historic Resources Development:  
 Supplementary funding for Glenbow Institute \$600,000  
 Total Vote 3 \$600,000

Department Total \$600,000

**ENERGY AND NATURAL RESOURCES**

2 — Mineral Resources Management:  
 Initial funding of projects approved  
 under Energy Resources Research Fund \$650,000  
 Total Vote 2 \$650,000

4 — Forest Resources Management:  
 Access and Improvements to  
 Poplar Creek Gravel Pit — Fort McMurray \$236,650  
 Fire Suppression \$2,000,000  
 Total Vote 4 \$2,236,650

Department Total \$2,886,650

**ENVIRONMENT**

3 — Land Conservation:  
 Purchase of land in Edmonton in  
 Restricted Development Area \$1,250,000  
 Total Vote 3 \$1,250,000

Department Total \$1,250,000

**EXECUTIVE COUNCIL**

7 — Disaster Preparedness and Emergency Response:  
 Reimbursement of Emergency Contingency Fund \$190,000  
 Total Vote 7 \$190,000

Department Total \$190,000

**FEDERAL AND INTERGOVERNMENTAL AFFAIRS**

1 — Intergovernmental Co-ordination and Research:  
 Alberta Task Force on Tariffs and Trades \$18,000  
 Supplementary funding for Premier's conferences,  
 and for Alberta House (London) \$200,800  
 Total Vote 1 \$218,800

Department Total \$218,800

**GOVERNMENT SERVICES**

2 — Building Operations and Maintenance:  
 Additional grants to municipalities in lieu of taxes \$413,905  
 Total Vote 2 \$413,905

3 — Government Transportation:  
 Forest fire suppression and aircraft maintenance \$493,840  
 Total Vote 3 \$493,840

Department Total \$907,745

**HOSPITALS AND MEDICAL CARE**

3 — Financial Assistance for Active Care:  
 Van for hearing and speech program,  
 audiometric equipment, and associated  
 1976-77 operating costs \$112,301  
 Equal pay for Certified Nursing Aides \$7,357,565  
 Total Vote 3 \$7,469,866

4 — Financial Assistance for Long-Term  
 Chronic Care:  
 Equal pay for Certified Nursing Aides \$664,848  
 Total Vote 4 \$664,848

5 — Financial Assistance for Supervised  
 Personal Care:  
 Equal pay for Certified Nursing Aides \$89,435  
 Increase in support to contract nursing homes \$4,900,000  
 Total Vote 5 \$4,989,435

Department Total \$13,124,149

**HOUSING AND PUBLIC WORKS**

2 — Senior Citizens' Home Improvement:  
 Supplementary funding for Senior Citizens'  
 Home Improvement Program \$3,500,000  
 Total Vote 2 \$3,500,000

Department Total \$3,500,000

**LABOUR**

4 — Occupational Health and Safety:  
 Supplementary funding for Occupational Health  
 and Safety Program \$603,000  
 Total Vote 4 \$603,000

6 — Workers' Compensation:  
 Grant to Mrs. Amelia Spanach \$10,000  
 Total Vote 6 \$10,000

Department Total \$613,000

**LEGISLATION**

1 — Support to the Legislative Assembly:  
 Supplementary funding for Legislature Committees \$70,000  
 Total Vote 1 \$70,000

3 — Office of the Ombudsman:  
 International Ombudsman Conference \$50,150  
 Total Vote 3 \$50,150

Department Total \$120,150

**MUNICIPAL AFFAIRS**

2 — Financial Support for Municipal Programs:  
 Special unconditional assistance grant  
 to Fort McMurray \$910,000  
 Subsidization of interest costs on debenture  
 borrowings by municipalities \$23,000  
 Total Vote [2] \$933,000

Department Total	\$933,000	construction projects	\$15,000,000
		Total Vote 2	\$15,000,000

**RECREATION, PARKS AND WILDLIFE**

Department Total \$15,000,000

## 4 — Fish and Wildlife Conservation:

Supplementary funding for Problem Wildlife Services	\$96,160
Total Vote 4	\$96,160

Department Total \$96,160

**SOCIAL SERVICES AND COMMUNITY HEALTH**

## 1 — Departmental Support Services:

Swine Influenza Program	\$78,500
Total Vote 1	\$78,500

## 2 — Social Allowance and Child Welfare:

Additional support to the physically handicapped	\$150,000
Additional support to single parent families	\$11,250,000
Total Vote 2	\$11,400,000

## 4 — Preventive and Specialized Social Services:

Increased food and accommodation costs for transients in Edmonton and Calgary	\$312,000
Total Vote 4	\$312,000

## 6 — Treatment of Mental Illness:

Supplementary funding for Alberta Hospital, Edmonton	\$390,000
Total Vote 6	\$390,000

## 7 — Preventive and Community Health Services:

Swine Influenza Program	\$1,312,300
Total Vote 7	\$1,312,300

Department Total \$13,492,800

**SOLICITOR GENERAL**

## 1 — Departmental Support Services:

Higher-than-anticipated manpower utilization	\$44,000
Total Vote 1	\$44,000

## 2 — Correctional Services:

Additional staff at Fort Saskatchewan Correctional Institute	\$188,190
Supplementary funding for salary, food, clothing and health care costs in institutions	\$2,225,500
Total Vote 2	\$2,413,690

## 4 — Motor Vehicle Registration and Driver Licensing:

Additional funds required for motor vehicle registration and driver licensing	\$999,700
Total Vote 4	\$999,700

Department Total \$3,457,390

**TRANSPORTATION**

## 2 — Construction and Improvement of Highway Systems:

Supplementary funding for primary highway

**TREASURY**

## 1 — Departmental Support Services:

Grant to Sir Winston Churchill Society, Edmonton	\$25,000
Total Vote 1	\$25,000

## 3 — Revenue Collection and Rebates:

Farm Fuel Distribution Allowance	\$1,650,000
Public Utility Income Tax Rebates	\$1,010,000
Additional refunds of previous years' revenues	\$1,600,000
Total Vote 3	\$4,260,000

## 5 — Public Debt Service:

Additional interest payments on 91 Day Treasury Bills	\$600,000
Total Vote 5	\$600,000

Department Total \$4,885,000

**UTILITIES AND TELEPHONES**

## 2 — Utilities Development:

Study of Alberta's electric energy requirements and source alternatives	\$225,000
Total Vote 2	\$225,000

Department Total \$225,000

TOTAL \$107,012,239

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

[Motion carried]

[Mr. Speaker in the Chair]

DR. McCRIMMON: Mr. Speaker, the Committee of Supply has had under consideration the following resolutions and reports the same:

Resolved that for the fiscal year ending March 31, 1978, amounts not exceeding the following sums be granted to Her Majesty for the Department of Utilities and Telephones: \$417,084 for departmental support services; \$34,221,977 for utilities development; \$105,086,674 for natural gas price protection for Albertans.

Resolved that for the fiscal year ending March 31, 1978, amounts not exceeding the following sums be granted to Her Majesty for the Department of Government Services: [\$1,384,790] for departmental support services; \$55,013,780 for building operations and maintenance; \$1,880,320 for government transportation; \$952,105 for supply; \$3,576,460 for public affairs; \$13,323,420 for computing and systems.

Mr. Speaker, with respect to the special warrants, I will call them out by departmental totals: Advanced Education and Manpower, \$1,500,000; Agriculture, \$44,012,395; Culture, \$600,000; Energy and Natural

Resources, \$2,886,650; Environment, \$1,250,000; Executive Council, \$190,000; Federal and Intergovernmental Affairs, \$218,800; Government Services, \$907,745; Hospitals and Medical Care, \$13,124,149; Housing and Public Works, \$3,500,000; Labour, \$613,000; Legislation, \$120,150; Municipal Affairs, \$933,000; Recreation, Parks and Wildlife, \$96,160; Social Services and Community Health, \$13,492,800; Solicitor General, \$3,457,390; Transportation, \$15,000,000; Treasury, \$4,885,000; Utilities and Telephones, \$225,000; for a total of \$107,012,239.

That completes the estimates for 1977-78, Mr. Speaker.

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

HON. MEMBERS: Agreed.

MR. FOSTER: Mr. Speaker by way of House business tomorrow in the designated hour, we propose to commence with second reading of bills as they exist on the Order Paper.

Mr. Speaker, may I ask unanimous leave of the House to return to Introduction of Bills?

MR. SPEAKER: Does the Assembly agree to the proposal by the hon. Acting Government House Leader?

HON. MEMBERS: Agreed.

## INTRODUCTION OF BILLS

*(reversion)*

### Bill 2

#### The Appropriation Act, 1977

MR. LEITCH: Mr. Speaker, I beg leave to introduce Bill

2, The Appropriation Act, 1977. This being a money bill, His Honour the Honourable the Lieutenant-Governor, having been informed of the contents of this bill, recommends the same to the Assembly. The purpose of the bill is to provide the sums of money which have been under consideration by the Committee of Supply, less those sums which were authorized by the passage of The Appropriation [Interim Supply] Act, 1977.

[Leave granted; Bill 2 read a first time]

MR. FOSTER: Mr. Speaker, I move that this House do adjourn until tomorrow afternoon at 2:30 o'clock.

MR. SPEAKER: Having heard the motion by the hon. Acting Government House Leader, do you all agree?

HON. MEMBERS: Agreed.

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

[The House adjourned at 10:15 p.m.]