

[Chairman: Mr. Kowalski]

[2 p.m.]

MR. CHAIRMAN: Good afternoon, ladies and gentlemen. This being September 26, 1983, we have the Minister of Agriculture appearing before the select committee.

Before we meet Mr. Fjordbotten, there has been some paper circulated to you; it of course is the most recent updates and revisions to our schedules and indexes. I would just point out to you that we have the most current index for your binder, as well as the most current schedule of appearances. It includes the decisions we made several days ago with respect to the events of Tuesday, October 4; Monday, October 17; and Tuesday, October 18. There are two copies — one for you and one for your secretary — as well as a complete agenda for your secretary. As there have been a number of calls from secretaries inquiring about dates, times, and the like, we thought we would facilitate some of that and ease some of the difficulty they might be having in keeping track of all of you. As well, you have the minutes of the most recent meetings, September 19, 20, and 21.

Our schedule for the remainder of this week will have a meeting with the Auditor General tomorrow morning at ten o'clock, and the Hon. Larry Shaben, Minister of Housing, on Wednesday morning at ten o'clock. You are all aware of the events for October 3, 4, and 5.

This afternoon, we have with us the Hon. LeRoy Fjordbotten, Minister of Agriculture. Those of you who have your annual report for 1982-83 of the Alberta Heritage Savings Trust Fund will note that there are essentially four project areas that Mr. Fjordbotten is responsible for under his portfolio as Minister of Agriculture. If you will refer to pages 12 and 13 of the report, you will see that he has responsibility for the Farming for the Future program, the Food Processing Development Centre at Leduc, and irrigation rehabilitation and expansion. On page 19 of the report, there is wordage with respect to the Agricultural Development Corporation.

Mr. Fjordbotten, welcome to this committee. As I recall, you are a former member of the committee, so this is really a nostalgic return in a slightly different capacity than in previous times. I might note that in reading some of the minutes of your attendance at previous meetings, you tended to raise a whole series of questions. I am sure that your tradition will carry forward this afternoon with new colleagues that are now sitting on the other side of the House. Sir, do you have opening comments that you would like to make? If you do, please proceed, and then committee members will go to questions.

MR. FJORDBOTTON: Thank you very much, Mr. Chairman and members of the committee. I am pleased to be here today to address and discuss the Alberta Heritage Savings Trust Fund Act as it pertains to Agriculture. You are right; I was a member of the committee. I must say that it was far easier on that side than it is on this side.

Mr. Chairman, you have alluded to the four areas that Agriculture has responsibility for that are funded by the Alberta Heritage Savings Trust Fund. The first one I would like to make a few comments on is the Ag. Development Corporation. With your permission, Mr. Chairman, I would like to go through all of the areas in my opening remarks and then take questions, if that is agreeable to you.

Mr. Chairman, the agricultural development program, funded by the Heritage Savings Trust Fund, really was established as a Crown corporation in 1972 to assist the agricultural industry in the province of Alberta by serving as a lender of last resort for those who were engaged in or were entering into farming or agribusiness, who had the ability, the knowledge, and the enthusiastic drive to own and operate their own business but did not have the capital or equity or financing from other conventional lenders that is required.

Since 1978, the Agricultural Development Corporation's capital funding has been by the sale of debentures to the Alberta Heritage Savings Trust Fund. It was recognized, Mr. Chairman, in 1972 that one of the challenges in alleviating the cost/price squeeze was to provide a means of coping with expanding farm credit through financing with reasonable terms and interest rates. It was also recognized that there was a need for a credit agency to assist in the establishment of viable family farms, with the emphasis on beginning and low-income farmers. At that time the conventional approach to farm loan security frequently created situations where the farmers that really required the credit were really unlikely to get it or, for some reason, were ineligible. The Alberta Ag. Development Corporation was established because of the perceived gaps and deficiencies in the financing available to farmers and to agribusinesses. The ADC was to fill that gap as a lender of last resort.

From the outset, it has recognized that one of the measures of the success of such an agency would be the degree to which those receiving loans and other financial assistance would, in time, graduate to where they would handle commercial credit terms. From its inception, an attempt has been made to integrate the role of the Agricultural Development Corporation with the financial services of the Farm Credit Corporation and commercial lenders.

The ADC, Mr. Chairman, is a supplementary lender. Based on this fundamental tenet, ADC has developed a number of programs encompassing farm and agribusiness lending on both a direct and guaranteed basis. The programs are designed, first of all, to meet the expanding credit needs of agriculture; second, to ease the intergenerational transfer of land; third, to help young farmers start their own viable economic units; fourth, to assist developing and established farmers; fifth, to relieve the burden of short-term debt; and sixth, to expand the processing of agricultural products within Alberta. Mr. Chairman and members of the committee, the ADC acts as a lender of last resort except in the beginning farm program. The beginning farm program is not a lender of last resort.

In addition, ADC operates a number of incentive programs to encourage and improve resource use, better cultural and marketing practices, and improved marketing facilities. Initially the corporation's operations were funded from the agricultural development revolving fund established by the Provincial Treasurer through advances from the General Revenue Fund of the province of Alberta. But since 1978-79, ADC's capital funding has been provided through the issue of debentures to the Alberta Heritage Savings Trust Fund. The operating fund continues to be drawn from the general revenue of the province, within the budget of Alberta Agriculture.

Mr. Chairman, I believe ADC provides a vital service to agriculture. The corporation will face a continuing demand for assistance from producers and agribusinesses as a supplementary lender of credit, and this demand will fluctuate really in relation to the supplies of credit, the policy changes that other lenders have, and the perceived opportunity for profit as a result of changes in the general economy.

Since its inception, and until July 31, 1983, ADC has provided over 8,000 direct loans to farmers and agribusinesses, resulting in a portfolio that's outstanding at the moment of \$784 million. Approximately half of those loans were provided to beginning farmers, with 82 per cent of all beginning farmer loans having been made since April 1, 1980. The balance of the portfolio consists of loans made to farmers with modest assets and net worth, and loans to agribusinesses. These loans have assisted the entrance of new farmers into the industry and the expansion and diversification of agribusiness enterprises. Capital funding for this activity has been drawn from the Alberta Heritage Savings Trust Fund and is a true investment in the future to the benefit really of all Albertans.

The ADC guarantee programs have made it possible for farmers and agribusinesses to obtain millions of dollars in financing from commercial lenders at preferential interest rates. There are over 16,000 outstanding guaranteed accounts, totalling \$163 million,

under the specific guarantee and Alberta farm development loan programs.

While agribusiness lending is an important part of the corporation's activity, it represents only a small portion of the portfolio. As of June 30, 1981, there were 126 active and outstanding direct and guaranteed accounts, totalling \$56 million. In the near term, the needs of the agricultural economy will require an emphasis on short-term operating funds and refinancing. However, there is an ongoing need to provide concessional financing for those entering the industry with limited equity.

I don't think it's needless to say to members of the committee, Mr. Chairman, that with the changes in the economy, there has been a change by the banks in their lending activity. That security lending is not the only basis for sound loans has become a fact that is certainly recognized. They are looking now at repayment ability and cash flow. This factor was largely overlooked in the past when security was present. Economic conditions, low commodity prices, and deflation in land values have combined to erode the equity of an increased number of producers, to the point where no security remains for existing loans. This is causing general tightening up of bank lending criteria. For example, where banks might have been willing to loan up to 75 per cent of the security and chattels for operating loans, this is now often restricted to 50 per cent. It's really expected that ADC is going to face an increasing demand for short-term funds and for refinancing borrower indebtedness to commercial lenders over longer terms. It's incumbent upon the corporation to place a high priority on helping those with the potential to make it through the difficult economic circumstances. ADC has played a dynamic role in developing programs that meet the needs of agricultural industry and revising the thinking of other lenders with regard to their approach to agricultural lending. I don't think that point can be too strongly emphasized. It has certainly had an impact on all the other lending institutions and how they approach it.

Mr. Chairman, the next program I'd like to make just a few brief comments on is the Food Processing Development Centre. This project was approved by the Legislature in 1981-82, providing a research and development facility that was to be located at the Leduc industrial park and serving Alberta's food processors. Upon completion, the centre will provide the food industry with a facility which can be used in the creation and testing of new products and processes, and in the preparation of small lots for test marketing. Pilot scale equipment and facilities for simulating full-scale processing will be used in the meat industry, the dairy industry, for oil seeds, for cereals, and for prepared-food processors who individually really couldn't justify the purchase of the complex technological equipment, and providing staff support.

It was expected that the building would have been completed and occupied by September 1983. However, there has been a delay in construction, and the building will not be occupied until early 1984. As a result of the delay, it is expected that the '83-84 funding of \$4,500,000 will not be fully expended during the fiscal year. This reduced expenditure, Mr. Chairman, is really reflected in the '84-85 budget submission to the capital projects division as revised estimates compiled in co-operation with Public Works, Supply and Services, and has shown that they're really supervising the design, development, and construction of the centre. They have indicated that only about \$3 million will be required. In the Alberta Agriculture '83-84 budget requests, capital projects division, the total completion cost of the project was \$8,671,000. There is an increase of about \$103,000 in that number. That represents the change in building standards to satisfy federal meat regulations regarding sanitation and design in the wet process area in the facility. The Department of Agriculture, through the '84-85 budget process, has asked for a one-year extension, to the '85-86 fiscal year, to accommodate the construction delay and necessitate deferment of ordering certain equipment.

I'd just like to make the members of the committee aware, Mr. Chairman, that the goal of the centre is to increase the capability of Alberta's food processors in meeting the needs of the market place through innovation, the application of new technology, and the development of new products and processes. The facility is also expected to

strengthen development of market alternatives for Alberta's agricultural production and thus lead to improved employment opportunities. The centre will provide a missing component in the development and expansion of food processing capabilities within the province of Alberta.

The next program, Mr. Chairman, is irrigation rehabilitation and expansion. This program was announced in 1975 to assist 13 irrigation districts under the purview of the Irrigation Council in rehabilitating and upgrading their irrigation delivery systems, thereby ensuring an adequate and sufficient supply of water to farmers. The heritage funding represents 86 per cent of the aggregate and cost-sharing fund. The remaining 14 per cent is contributed by the irrigation districts. Both of those contributions are deposited by each district into a separate cost-sharing account from which the moneys are withdrawn when they're documented by an engineering certificate stating that the work has been done. The materials are supplied in accordance with the project reports previously submitted, and they all have to be approved by the Irrigation Council. Engineering is the responsibility of the district, while the overall planning and project evaluation and monitoring of construction projects is done by the soil and water management division of Alberta Agriculture.

In addition to the rehabilitation, Mr. Chairman, the Irrigation Council has authorized capital construction of irrigation research projects to evaluate new materials and techniques for the construction of irrigation systems, with particular emphasis on control of seepage from canals. Aerial photography and triangulation are also funded through this program.

I'd like to mention just a few remarks about the funding levels. When the program was originally announced in 1975, the total commitment was in the amount of \$90 million, which was to run for a 10-year term. When it was determined that this amount was insufficient to provide the necessary improvements, the program was revised in 1980 to provide additional improvements and an additional \$100 million was put into the program. As you recall, that was part of the joint announcement by the Minister of the Environment and the Minister of Agriculture — a total of \$334 million, \$100 million being in Agriculture and \$234 million being in the Department of the Environment. Of this \$100 million, plus the funds extended to March 31, 1980, \$31,573,000 had been expended. That \$100 million was put in, and the whole project was to be reviewed in the year 1984-85. Inflationary increases had been allowed, and we developed them in consultations with Public Works, Supplies and Services and Alberta Treasury. Those inflationary increases that were allowed Environment on their headworks program are basically the same.

To March 31, 1983, approximately \$94,472,000 was expended under the program, and all 13 irrigation districts have rehabilitated portions of their distribution systems by rebuilding, realigning to legal boundaries, and upgrading through the use of buried pipe, concrete, and other lining to control seepage and improve efficiencies. During this period, the rehabilitation work was instrumental in increasing the irrigated acreage in 13 districts by approximately 220,000 acres by this year end, bring the total of irrigated acres to roughly 1.15 million. Larger irrigation districts have constructed small reservoirs, improved their main canals, and rebuilt various large concrete control structures. The department is presently reviewing the requirements and, as a result, will have a request for decision prepared to continue the program.

Mr. Chairman, if you'll excuse me, I'd like to make about 12 minutes of remarks about the last program, because I think it's so important that the Farming for the Future program and agricultural research be continued. Alberta agricultural research efforts have been handed one of the province's toughest goals: to help the industry meet its potential. Indeed meeting its productive potential is probably the greatest challenge facing Alberta's agricultural industry in the 1980s. Never before has the industry had a similar opportunity to expand and diversify. Never before have its underlying problems held such potential to disrupt. In 1983 those factors continued to work, and the

province's production of most major commodities, such as beef, pork, milk, poultry, and grains, will again approach or exceed long-term averages. Yet, ironically, incomes are expected to fall in most sectors because of low commodity prices, rising input costs, high debt loads, continuing transport difficulties, and low and unpredictable quotas which show little or no respect for good productive performance. They continue to hinder many producers, eroding cash flow and net income in what we know is a very, very competitive business.

Mr. Chairman, despite all those poor appraisals, I guess I could call them, an overview of the total industry produces a different reaction. I don't think its survival is really in doubt, but achieving its potential is a real problem. Production will continue, but real progress will directly reflect how successfully it resolves the existing concerns we have. For many producers, the only reliable defence against tough economic conditions lies in reducing costs and increasing productivity. New systems and procedures are needed to help reach these goals. For most Albertans involved in the agricultural sector, their future will also reflect the success or failure of research to correct current problems and develop technology that will fuel the things that are needed for progress in the future.

For more than four years, this province's Farming for the Future program has found itself in this situation, playing a far more challenging role. As an agricultural support program, Farming for the Future is primarily assigned to fund those projects which hold benefits for Alberta producers but that are unlikely to receive support from conventional sources. There's a very important distinction there: they're unlikely to get support from conventional sources.

Mr. Chairman, Farming for the Future was formally announced in this Legislature on October 24, 1977, and its chief objectives were to help improve the net income of Alberta farmers and enhance the long-term viability of the province's agricultural industry. To help this program meet these goals, Farming for the Future was given a five-year mandate and access to \$10 million allocated from the Alberta Heritage Savings Trust Fund. As some members will recall, this program was created in part because a significant portion of Alberta's research resources were being underutilized during the 1970s. Farming for the Future was an opportunity for us to remove the obstacle of limited operating funds and, at the same time, pursue our own research objectives while being able to use talent and facilities already present in the province.

The Agricultural Research Council, which administers this program, was created in 1978, and its members really reflect the broad interests of agriculture in Alberta. In addition to eight producers, senior representatives from Alberta Agriculture, Agriculture Canada, the University of Alberta, the Alberta Irrigation Council, the Alberta Research Council, and the Legislative Assembly, make up a 15-member council. The Minister of Agriculture serves as chairman of that council. The Research Council has defined the role of the program as one of augmenting and complementing existing research efforts. By supporting research rather than conducting it — and I believe this is an important factor — the council believes it's really answering one of the most important problems facing Alberta's agricultural research scientists: a shortage of operating funds.

You can see in the Farming for the Future booklet, the annual report, the breakdown of the committee structure and how it's broken into different program areas, examples of which are apiculture and entomology, and then down to forages and special crops. The commodity structure of the committee is really shown to be very flexible, because project proposals tend to concentrate on a particular commodity or problem area. The approach we've used in the Research Council has simplified the handling of 700 submissions received each year. Should a project pertain to one or more categories, that project is sent to each one of the committees for review.

I think the overall response to the program has been exceptional. In the first year, 1978-79, the program received almost 500 project proposals. Of these, the Agricultural Research Council issued awards to 54, at a cost of \$2.13 million for the first year.

Agricultural research takes considerable effort. The work can be long and painstaking and, in some crop projects, hundreds of thousands of samples may be handled in any one year. Therefore, it's worth noting that researchers have, on an average, budgeted more than 70 per cent of Farming for the Future grants for hiring support manpower. It's important to recognize that that figure excludes salaries for most project managers. The scientists employed by public institutions, such as Agriculture Canada, the University of Alberta, and Alberta Agriculture, are ineligible for personal reimbursement from Farming for the Future awards. They're already being paid by the institutions where they're serving, and it wasn't to add to their incomes.

In the second year of the program the support was for 31 projects, and the total was \$982,000. In February 1981, the Agricultural Research Council approved its third annual slate of projects. The funding then was for 25 proposals. Another 80 projects were renewed, and support for 105 projects funded in '81-82 totalled \$4.1 million. We've already run out of money, considering the first allotment of money that was presented, and there was an additional allocation of \$15 million given to Farming for the Future in November 1980. The reason I like to make longer remarks on it is that it's important to realize the developments that have taken place and that Farming for the Future has continued to expand. The projects that have come in have improved in quality and in what they can do to serve the province.

Last February the Agricultural Research Council met to approve funding for the fifth and final year of the Farming for the Future mandate: 93 projects received renewal funding, and 49 projects were approved. Total funding allocated for the '83-84 year was \$7 million.

In summary, during its years of operation the research program will have supported 199 projects at an estimated cost of \$22.1 million.

Mr. Chairman, two new programs were put in: one was a graduate research support program, and the on-farm demonstration program. Both were implemented last year to complement what we were doing in research. I believe that the on-farm demonstration program has been one of the most important and has been particularly successful in transferring newly developed technology onto the farm. Between 1982 and the present, a total of 94 on-farm projects have been approved, at a cost of \$393,000.

Mr. Chairman, the end of the mandate for Farming for the Future is quickly approaching, and I think that Farming for the Future has really proven itself. The new technology it has helped to generate has more than repaid its two allocations; yet I think we have seen just the merest hint of what is to come. I really believe agricultural research is a public investment and, like the research that supports that investment, it really needs time to pay off. One way for Albertans to view Farming for the Future is as an investment in their own future. It's an investment in maintaining agriculture as the cornerstone of Alberta's economy and society, and it's an investment in ensuring the viability of an industry that's expected to always support us, despite the challenges that continually face us. It's an investment in a program that will examine thousands of options to select a few that hold a significant potential for both producers and consumers.

Everybody involved in research, I believe, understands that the investment you make in research and the returns are exceptional. Agriculture Canada has estimated a return of 7:1; the University of Alberta 10:1. Some estimates are going as high as 40:1. But I think good numbers merely indicate what the future holds. Only good management will ensure that agricultural research continues to be a profitable investment for that society. While the first projects approved under this program have started to mature, their results still require time before they reach the producer level or are put to use in other projects. All of these projects that have been approved and completed or are nearing completion are going to be needed, and Alberta's agriculture industry is always going to be dependent on new technology. Unfortunately, most of the easily accessible technology has already been developed, which means that the best opportunities for

future opportunities lie in some difficult areas of research. That's why the program should be continued. An RFD is in the works now — it's been developed and is working its way through the system — to see that the program continues.

That's basically an overview of the four programs, Mr. Chairman. I appreciate the extra time. I don't know how long we're allowed to go, but I feel that there was some information there that was important for each of the members to have.

Thank you.

MR. CHAIRMAN: Thank you very much, Mr. Fjordbotten. That indeed was a very comprehensive overview. We'll now go to questions in the following order: Mr. Notley, followed by Mr. Hyland, Mr. Gogo, Mr. Moore, Mrs. Cripps, Mr. Nelson, and Mr. Martin.

MR. NOTLEY: Mr. Minister, I'd like to deal first of all with irrigation rehabilitation and expansion. The estimates we're looking at this year total \$27-odd million. Last spring we approved estimates of \$32,900,000 for '83-84. It's my understanding that there has been some discussion with the irrigation districts about a substantial reduction. Perhaps you could outline to the committee just what you perceive in terms of investment in the irrigation districts. It would seem to me — and I just add this by way of comment rather than a question — that with the general economic slowdown, perhaps continuing the pace or even quickening it might make sense, because our dollars would go further than would be the case once the economy gets back on its feet.

MR. FJORDBOTTEN: Mr. Chairman, I totally agree that now is a good time to do that construction. The contracts that have been coming in have been extremely favorable, and there is a lot of work to be completed. When we talk irrigation, there is a lot of work to be done. I understand there are about 4,000 miles of irrigation canals, and that's the same as a highway all the way from Vancouver to Halifax. So to try to improve that is going to take some time.

With the diversion of some of the revenue from the heritage fund to the general revenue account, the allocation from the capital projects division that was available likely won't be there. But as far as there being a slowdown, and I would call it a basic slowdown, of what is taking place, if you look at the \$100 million announcement in 1980 — and each district could use it all in one year or they could spread it over four or five years and operate at their own pace. Then at the end of the five-year program, we would look at a renewal; that commitment was made to them. There was an inflation factor added to that. So if we take the whole program, going back to 1975, to 1985 there will be somewhere in the neighborhood of \$152 million that will have been expended on that program. That includes the \$31 million from 1975 to 1980, the \$100 million that was allocated for 1980 to 1985, and then the inflation factor that was added. So there will be a total of about \$152 million that will have been expended.

I have met with all the districts at their board offices and discussed it with them, and they all say they are going to have to reschedule some of the work they had planned, but they all accepted that they could live with that approach. They are also going to be putting their priorities now into the Irrigation Council and what projects they see that they must or would like to complete, and the funding requirements considering 1983 economics, with the better contracts that can be arrived at now, and whether they're capable of meeting their share of the funding. That will be looked at between now and March and, hopefully, a decision sometime in mid-summer of next year.

MR. NOTLEY: Looking back on the matter, with the benefit of hindsight, it's my understanding that during that five-year period, the districts were allowed to sort of set their own pace and that indeed your predecessor encouraged them to move ahead as quickly as possible. Moving ahead as quickly as possible at a time when there was a buoyant economy would have meant more dollars for less work. Now that we're in a

position where there is slackness, would in fact we not have been able to do more with our total amount had we spread it out? I put this to you with the benefit of hindsight, not to be unduly harsh to your predecessor, and at the same time to ask you, Mr. Minister, what advice you're getting from the Irrigation Council. Obviously they have to deal with the money you make available. In the final analysis the government says, we're going to make this much money available; that's that. But on the other hand, what kind of recommendations are you getting from the Irrigation Council?

MR. FJORDBOTTEN: I haven't received formal recommendations yet, Mr. Chairman. However, I think each irrigation district should have the autonomy to move and know what the funding level is going to be. The bigger irrigation districts moved quicker, because they had enough money that they could start working on some projects, and they took an advance on the funds and moved forward. The smaller districts, that didn't have enough funds really in one year to move ahead, waited until they got more of their 14 per cent money into the kitty; so they waited a couple of years before they moved.

From the discussions I've had with the Irrigation Council, I still think they feel that that flexibility to make those decisions should stay with each district. But the caveat on that would be that you can't operate with a renewal for one year, because it just doesn't allow you any planning time or anything on what you're going to do. So the RFD that will be going forward will be based on a five-year program. But as far as putting some control on what could be spent, our crystal ball is never very good; inflation could come back again, and that could change. But in my personal opinion, that flexibility should stay with the irrigation districts.

MR. NOTLEY: Mr. Chairman, I just want to ask one question with respect to the ADC, but one aspect of my question that the minister didn't answer is whether he anticipates for this next program a cutback from the \$32 million. I understand there is a suggested \$7 million cutback. Perhaps we could get some confirmation on that.

The third question I want to ask, Mr. Chairman, is with respect to the ADC. What situation is the ADC in as a result of lowered land values as that relates to the younger farmers who were just getting into business, who really didn't have an awful lot in terms of equity, didn't have much parental backing. The kind of people we tried to encourage we got in at a time when land values were almost at their peak. Now, as I travel through the province, I see a flattening of land values, decreases in some areas. To what extent does that jeopardize a considerable part of our investment?

MR. FJORDBOTTEN: First of all on irrigation, could you just repeat part of that last one for me?

MR. NOTLEY: This year we've been asked for \$32,988,000. What are we looking at when we get into the year beyond '83-84? I understand that there has been a recommended cut, from \$33 million to about \$25 million, and that the irrigation districts are now attempting to deal with that cut. I presume my figures are more or less accurate, but I would like to have some confirmation.

MR. FJORDBOTTEN: On that issue, it is not really a cutback. There is more money that has been allocated than what was originally committed. However, the \$25 million amount is correct, and that is the amount they will have to work with. Let's put it this way: I am going to try to see that there is at least \$25 million available on a yearly basis for the renewal of the program. The only thing is that I don't want to make a decision on that or be held accountable for any comments right now because of the input of each irrigation district as to what they see their priorities and funding requirements will be over the next five years. I've told them to be extremely realistic, recognizing the economics of today, in the movement that they see. Once all eight districts have

submitted their proposals and the Irrigation Council has had an opportunity to go over them — and I intend to go over them myself, too — to see just what we can look at, I can't be more definitive. But the \$25 million amount is correct.

As far as ADC and the decrease in land values, I don't anticipate we're in any problem. The arrears we have right now are very, very small. I think something like 2.5 per cent, or less than 3 per cent anyway, of the total portfolio is the arrears, and less than 7 per cent of that total is over one year. So right now I think we're still all right, even though with a lower equity position of beginning farmers, it's going to make it more difficult for them. But considering the interest rates and the increase somewhat in grain prices, we don't really anticipate too much of a problem in that area, but there certainly is a concern. There's a difference, I guess, between a concern and a problem. Now it is not a problem, but it is a concern.

MR. HYLAND: Mr. Chairman, my first question relates to Farming for the Future. You outlined in your remarks the manner in which Farming for the Future is carried out. My question relates to some discussion we previously had relating to an announcement, I think it was last fall, that the federal government was withdrawing 26 research positions from western Canada. That number may be out somewhat. With Farming for the Future, are we in effect just replacing research the federal Agriculture Department has withdrawn from and is sending down to eastern Canada, or are we actually gaining on it and achieving some ends?

MR. FJORDBOTTEN: Mr. Chairman, I believe the withdrawal of research positions in western Canada affected 12 positions in the province of Alberta; there were others in other provinces. But because of strong representation made by us, they backed off the ones in the province of Alberta. Those 12 positions have not been withdrawn and it has been reaffirmed that they will remain. One of the areas of concern in Farming for the Future is that we don't want to duplicate any research that's being done anywhere else, and we don't want to replace any research funding from somewhere else. Through the way each project is identified and reviewed by the program committee, we try to make very, very sure that that doesn't happen.

MR. HYLAND: My second question is related to the food processing centre at Leduc. Will that centre be used mostly by government people looking at food processing, i.e. either provincial and/or maybe some people from the agricultural research stations at Lethbridge and Beaverlodge, or will the private company who has developed an agricultural food type product be able to get in there and do the tests required on it so he can develop his product to see if it's a saleable item?

MR. FJORDBOTTEN: Mr. Chairman, I think the food processing centre will be used by everyone. We're targeting in specifically on small- or medium-sized companies or individuals that wish to use the facility. As far as some of the larger companies, they already have their facilities within their own plants. However, if they come and wish to do something, I don't see a problem with a major company coming in and doing some type of product testing or research in the facility. I think that would also benefit the smaller company or individual that's involved there, because normally the big company will bring their own research people with them and that expertise could then be tapped by smaller companies. So I see it as complementing each other rather than being a problem. If I could make a side comment, I hope it's a problem.

MR. HYLAND: My last question is related to the Alberta Agricultural Development Corporation. It's related to the announcement that was made in the spring on the beginning farmer program, where you didn't have to pay the 12 per cent interest and then have a 6 per cent rebate. Have you any indication of how that's affecting beginning

farmers paying their loans? I know several cases where beginners had money to pay the loan but had to go to the bank to borrow that 6 per cent, the difference; then they would get it back. They were doing that in order to keep their loans up to date. By the time they borrowed it and the turnaround time getting it back and everything occurred, it was costing them some money. I wonder if you have any figures or 'guesstimates' of the effect that that reduction has had on the betterment of beginning farmers.

MR. FJORDBOTTEN: Mr. Chairman, I don't have any accurate figures or statistics about that. However, it certainly received a very positive response all across the province. It was not as helpful, maybe, for someone in a grain operation who was paying on a yearly basis. It was far more helpful to those in a dairy operation who, because of the cutbacks in quota, were having difficulty making their payments. They had to borrow that money, and their payments were based on a monthly basis. It had a very significant impact on them. Every comment we got back was positive, Mr. Chairman, but I don't have accurate numbers to share with the committee.

MR. GOGO: Mr. Minister, we continue to read, for example, that Canadians spend about 22 per cent of their take-home pay on food versus 30 per cent in Germany and 35 per cent in Japan. Automatically it tends to come across that food is cheap in Canada. But I submit that unless you know what the take-home pay is in those nations, it's somewhat academic. I feel for the farmer. I don't know how deeply I feel, but I tend to feel for him. Every time we seem to have another subsidy program, I feel somewhat less.

Mr. Minister, I know you're working hard with regard to things like the Crow, et cetera, but I want to ask some questions regarding the Alberta Agricultural Development Corporation. When I look at the beginning farmer program, there was some \$170 million lent last year for 1,200 loans. That's about \$140,000 per loan. Now, I don't know but I assume it's mainly for the purchase of land. Again, perhaps you could straighten me out if it's not. But if it is, Minister, could you advise the committee first of all of the average number of acres that were purchased and what the criteria are? For example, as I recall, the Farm Credit Corporation, the federal agency, looked at 25-year averages in terms of both yield and price. Is that the same criterion or is it a similar criterion that ADC uses in granting loans or considering loan applications as a lender of last resort for beginning farmer programs?

MR. FJORDBOTTEN: First of all, Mr. Chairman, the beginning farm program is the one part of the Ag. Development Corporation that is not a lender of last resort. I guess I could say that basically we're the only game in town as far as beginning farmers are concerned. Your numbers are fairly close, in that January to June there were 543 loans approved in the beginning farmer class for the purchase of 134,000 acres. The average loan size was \$141,238, and 281 of the 543 reported an off-farm income average of at least \$11,486; 397 of those beginning farmers were leasing over 216,000 acres.

The repayment ability for beginning farmers is really looked at very closely. We're not the great uncle. It's a business, and they look at it as far as the repayment ability of a loan, realizing that you're taking a bigger risk because they have a lower equity level. In these times, maybe the equity level should be looked at. That's part of the ongoing review that always takes place with the Ag. Development Corporation and the minister. That program is not reviewed at the end of every five years; it's reviewed constantly to reflect the changing economic times we're in.

The basic answer to your question — the cash flow that's available from that beginning farmer: will he be able to service his debt, make all his payments, and still live? — is that we don't want to get all our young beginning farmers started into something where there's no possible way they can succeed. So we're working with them to that extent.

MR. GOGO: Mr. Chairman, to the minister. I haven't been able to divide the figures, but when one considers the price per acre paid for land and the input costs — and I hear a variety of things in terms of input costs; they were never higher — it seems to me that in no way can anybody end up with a cash flow to repay for the land. I'd appreciate some information. But if that's true, it puzzles me why ADC would continue to lend money for young farmers or beginning farmers to buy land they can't possibly pay for. Obviously I'm not in touch. I thought there was no way you could pay \$700, \$800, \$900 an acre for land, then have the input costs into that, plus the cost of machinery — of course, maybe they're leasing machinery — and end up with a cash flow that would possibly repay the loan and leave enough to educate families and pay taxes on everything over \$40,000 based on house assessment.

Minister, in a nutshell are you saying that you're totally confident that before that application for every loan made with the beginning farm program is accepted, some 1,200 last year, there's no question that the cash flow from that operation will repay the loan?

MR. FJORDBOTTEN: Mr. Chairman, the accuracy of whatever you do is only based on the day that you make it. We don't have any better crystal ball than anyone else in the world to work out what may happen next year. I think it's important to realize that why we started with the beginning farm program was that we wanted to do a couple of things. Number one, we wanted to lower the average age of farmers in Alberta, which we did; it's now down to 45 or 46 years old, I believe. That has been accomplished. The other part was that we didn't want to have a province full of sharecroppers. We wanted farmers to be able to have a land base to work from.

So the beginning farmer that's involved may have a small land base, and the figures I just gave you on the amount of land they lease show that they lease other land to complement what they have. Also it's important to recognize that the beginning farmer just isn't in dryland farming or irrigation farming. He may be in a dairy operation with a smaller acreage, or he might be in a hog operation, or whatever, that would make a viable agricultural enterprise. There is no doubt whatsoever that there are risks to the loans to beginning farmers. If it were not such a risk, other loaning agencies would be more in the business than we are. There is a risk there, but the benefit as a whole to production in the province is significant.

One other comment I could make about it is that our new, young, beginning farmers are really our future. Today, some of them that I've had the opportunity to talk with now have computers set up in their homes. They belong to computer clubs, they know how to run a cost/benefit analysis, and they're really tapping into the research that's available. So part of our basic future in processing or whatever is based on primary production, and for the moment I have seen no better way that it could be done than this.

MR. GOGO: A final supplementary. They say, Minister, that in the beet business you either sell or smell it; I don't know what you do in the grain business. But with about three-quarters of a billion dollars of heritage fund moneys committed to the ADC being lent out, the bulk in the beginning farmer program, I wish you every bit of success in resolving that Crow rate, because unless there's some way of getting it to market we're all going to be eating the stuff.

MR. R. MOORE: Mr. Chairman, my first question is actually a supplementary to Mr. Hyland's inquiry about the Food Processing Development Centre. I was wondering if the minister could tell us basically the type or number of people coming forward from the food industry, lining up with research projects. We're getting so close to the opening of this facility at the first of the year that I imagine we must have accepted a lot of research projects by now. Have we got a year ahead accepted, any accepted, or are we going to wait until we open and then look at them? What is the situation? Is the demand building for that?

MR. FJORDBOTTEN: Mr. Chairman, until the centre is open — and being that it has new types of equipment in it, which will take some lead time in order to make sure that equipment functions properly and everything works the way it should — I don't think having a lot of projects under way immediately would prove a lot; to have some projects under way while the testing is going on is possible. There have been some initial contacts, and maybe I could just mention a couple of them that would likely be looked at.

One is the development of an ultrafiltration process for the production of preprocessed cheese mix. Another one is separating the characterizing starch and protein fractions from fava beans. Another is the decoloring of beef blood to extract the colorless serum protein portion, and another is evaluating alternative extrusion techniques to create a meat binder that would maximize Alberta's ingredients such as mustard flour, special wheat and triticale milling fractions, milk powder, and bean proteins. So there are some of those, that sound very complex, that are ready to go in and do some work.

What we're looking at, too, is the small operator, the small and medium sized business in the province, that maybe has a new way of processing meats or a new way of packaging that will benefit. There is not a great line-up, but there is interest. But we're not ready, even when the plant opens, till we're through the testing of all the equipment.

MR. R. MOORE: Mr. Chairman, my second relates to Farming for the Future. I note on the financial statement of the heritage trust fund that it says the on-farm demonstration program is designed to permit producers to undertake live research and so on. In that on-farm research process, are we involved in the development of new varieties of grain? I notice that in the past, new varieties in a majority of cases are developed outside the province and are under the control of some seed company or something, and our agriculture sector has to buy that all back. Is this process involving new varieties so that our agriculture sector will control that and have that type of revenue coming to the farmers who developed it?

MR. FJORDBOTTEN: Mr. Chairman, I can't answer that one specifically. I would ask that members of the committee look in here and find that not only in the on-farm demonstration projects but also in other areas, there is a lot of work being done on new varietal testing and the development stage. It's one of the areas in Alberta of products that are not only for our producers but for export.

Since you brought up the on-farm demonstration, Mr. Chairman, I can't miss this opportunity to share with you a couple of things that have happened on the on-farm demonstration project. I picked out a couple of them. There is one project under way at the Schwanke Farms, near Sangudo, to assess innovative methods for grain drying. Early harvesting of grain reduces the chance of crop losses due to snow damage. However, the grain must be dried. This can be costly, and solar energy may be an economical method of grain drying. The project under way at the Schwanke Farms is to test solar drying under central Alberta conditions. There's another one. Blake and Mary Holtman of Taber are implementing a new system of range management which has the potential of tripling grazing numbers while improving rangeland quality.

There are a number of others, and the ultimate goal of each one is to try to create more effectiveness and efficiency in our food system so that consumer prices — and I'm sorry the Member for Lethbridge West isn't here — will be kept at reasonable levels and still provide the agricultural industry with an equitable profit. On-farm demonstration is really the way to do it.

If I could expand a little bit further, basically everything that has been designed the farmer has thought of first. Everyone in their back shop has thought up something or tried a new way of doing it, and maybe that research never got out to where it should have to be shared. We have one individual that wanted to have an on-farm demonstration

project and didn't want any money. All he wanted was a sign like this to put up and he would share his research with us at no cost. So that has been one of the more exciting parts of Farming for the Future.

MR. R. MOORE: My third, Mr. Chairman, if I could, relates to the Ag. Development Corporation. Mr. Minister, you related your endeavor to integrate services with the Farm Credit Corporation. Do we find any areas where the Ag. Development Corporation programs are replacing or competing with Farm Credit Corporation programs, or can we be assured that they complement each other rather than being at cross-purposes?

MR. FJORDBOTTEN: Mr. Chairman, because of some of the new approaches that have been taken of late by the Farm Credit Corporation and in their work with the province of Saskatchewan in some of their new programs, I have asked the Agricultural Development Corporation to look into what the Farm Credit Corporation is doing and see if there's some way we could complement credit for producers in Alberta, and if we were duplicating some areas. Those discussions are still under way. To my knowledge, Mr. Chairman, there are none that really cross over each other. It has helped somewhat lately, being that Farm Credit had some money to lend. The demand on the Ag. Development Corporation has gone down somewhat over some longer term money, so there is some impact.

However, one of the areas that I have personally been concerned about — and I haven't said too much about to the Ag. Development Corporation — is that if we didn't maintain ADC, unless we were sure that we wanted to change it in light of what other corporations were doing, to be consistent in the market place and always have the money — Farm Credit at times has been short of money — we want to be sure that producers in Alberta are best served.

But the short answer to your question is yes, we're looking at it to see if there is some way there can be greater assistance and that we can work with the Farm Credit Corporation or assist them in some other way to help producers in Alberta.

MRS. CRIPPS: Mr. Chairman, before I ask my question I would just like to say that I applaud the steps that the minister made earlier this year in not having to prepay the interest rebates.

With grain prices below the cost of production and yearling prices running in the low 70s, has consideration been given to relaxing the off-farm employment guidelines? I noticed that you said many of them earned around \$11,000, but that won't even pay the interest on many of those loans.

MR. FJORDBOTTEN: Yes, Mr. Chairman, we have somewhat relaxed the off-farm income requirements because of the economic times that we're in. But we always have to be very careful how we approach that, because our aim in this is to have full-time farmers. The operation that he's in must be capable of supporting him as a full-time farmer. But we have relaxed it somewhat for off-farm income, because that off-farm income is so important now when grain prices are down and the cattle market has been a concern.

MRS. CRIPPS: Thank you. A supplementary. You were talking earlier about repayment ability. Again, you mentioned the economic unit. I guess you know my opinion about these hypothetical economic units. To answer John's question: farming doesn't pay, John; not if you have a loan. If you are in my category and have the farm paid for, it pays. But if you have a \$200,000 loan, it simply doesn't.

On repayment ability, if smaller loans were available, let the young farmer determine his needs and his ability to pay, and then build up an economic unit as he gains experience and realizes what he wants to do and what he's capable of doing — has

consideration been given to encouraging young farmers to begin smaller and develop a farm unit the same way the rest of us did 25 years ago?

I guess I want to continue this. You talked about lowering the age of farmers. I haven't seen anything that ages a young farmer more than a \$200,000 loan which he doesn't know how he's going to pay back.

MR. FJORDBOTTEN: Mr. Chairman, that was a concern of the board of the Ag. Development Corporation, and a change was made to a staged option for a beginning farmer — it's identified on page 6 of the annual report — to allow a young farmer to get in. I guess it's a judgment call: how high is high and how low is low; what is viable and what isn't? We wouldn't be following good lending practices with public money if we didn't establish what we felt was a viable unit. I know what's viable and what isn't will always be an argument. I don't believe a young farmer can start today the way I did, with a \$2,000 loan from the Bank of Montreal. I don't think that is going to pay his fertilizer bill and get him through the first year of production. It's a different atmosphere that we're in today. The balance to that is — I think you're right; nothing ages you more than a \$200,000 loan. We want to be sure that we don't get our young farmers in so deep that they have no possible way of getting out. That's an ongoing concern that I know the board deals with at all times.

MR. NELSON: Mr. Minister, I must commend you for appearing here today on your own behalf. I think that is commendable, and I know you are doing an excellent job in your portfolio.

I would like to get into the area of foreclosures. Maybe you could identify what the foreclosure rate through ADC is at the present time and possibly even determine what the farm bankruptcy rate is in 1983 as against previous years, and how we seem to be doing, whether it looks positive or whatever.

MR. FJORDBOTTEN: Mr. Chairman, ADC has initiated a total of 48 legal action claims for the period April 1, 1983, to the end of August. This compares with nine last year. I must point out that that total of 48 includes those individuals with more than one type of loan or guarantee; therefore, in actual farmers it's not 48 in total. That number is really based on foreclosure and bankruptcy, quick claims, claims for payment, seizure of security, or whether or not there was a receiver appointed.

I think I have to balance that. Even though the increase appears to be substantial from a percentage perspective, the numbers are really still relatively low compared to provincial statistics. For example, actual farm bankruptcies through the Ag. Development Corporation so far this year number only one. This is compared to a total of 31 in the province; there has been one at ADC. As well, total bankruptcies for all facets of the industry for the year to date are approximately 2,300. Based on this, I think agriculture is still in fairly good shape, and the farmers still seem to be surviving through this difficult economic period. In the latest numbers I have from January to August for Canada, farm bankruptcies were 287. I think Alberta was down fifth or sixth, or somewhere in that neighborhood.

So overall, on the bankruptcy question there's only one, and there are somewhat fewer than 48 total actions.

MR. NELSON: Is the rate of loss by farmers in the area of young people that are making an effort to develop a farm for the future, or is it a mixture of that and the possibility of older farmers getting themselves into some financial difficulties through mismanagement?

MR. FJORDBOTTEN: Mr. Chairman, I think I would have to say: probably across the whole spectrum. One of the questions raised earlier was about the decrease in land

value. If they find that the loan amount far exceeds what today's value is, we've had some of them just walk away. Part of the actions have been because of those people just walking away from their operations.

I am relatively sure that there's no significance as far as more beginning farmers than any of the others. I would expect that there would be more beginning farmers just by the sheer numbers of loans that are out now and the equity position, but it's certainly not significant.

MR. NELSON: Thank you. Just one further question, Mr. Chairman. It's regarding the food processing centre in Leduc. Are we going to encourage industry to participate in developing and financing programs along with the government, considering they will likely be the benefactors of some of the research that may come out of that facility?

MR. FJORDBOTEN: I don't know, Mr. Chairman. I think that facility should be there for everyone to use, whether they've made a contribution or not. I would hate to see some small individual who thought he had a better way of packaging a crumpet excluded because some major company put money in there and precluded him from getting in, or he was put down on the list to number 12 or something. So in this particular centre, I don't think that the major companies would be asked to contribute. They aren't going to come in there for nothing. The fee for service has not been established yet, but I wouldn't want to see a major company not using their own facilities and coming in and locking up the lab at Leduc to do what they could do themselves. There has to be some kind of user fee established to make sure that doesn't happen, but those numbers and how that would work out really has not yet been established.

MR. NELSON: I don't want to be misinterpreted as to the intent of that question by suggesting that major companies might take over. What I was interested in was to see if we as the government would encourage private industry to assist in funding the development of projects, either by them or otherwise — not necessarily to the exclusion of the larger company as against a smaller facility; certainly by the government continuing control — but at the same time have industry, be it large or small, assist the government in developing research that will benefit them.

MR. MARTIN: Mr. Chairman, if I could just follow-up and philosophize with the minister a little bit, because it has to do with many of the other questions in terms of ADC. As I understand the beginning farm program, certainly there's an attempt to protect, if you like, or to enhance the family farm. I think that would be one of the underlying concerns the minister might have. When we take a look around at the province it's been an ongoing trend, and of course it happened in the United States. If I can use an area I know well around my home town of Delia, I see there are fewer and fewer farmers around that area and ghost towns at Craigmyle and Michichi. A way of life, if you like, is going down the tube.

With the ADC and all the other things that are happening, of course we could get into what would be the best way to protect the family farm. We won't talk about Crow rates and things here, but what forecast does the minister have? What is happening in rural Alberta? Are we going to be, say, 10 or 15 years down the road, very similar to what's happened in the United States, where only the big farmers . . . Around the area I'm in, I'm told it's not viable to have less than two sections, and you just make it on two sections now. As a result, you see a fair number of corporate farms. You see other people that are able because they're big enough, like the Hutterites or large farmers. There's a concern in these areas that a way of life is going.

I wonder if the minister has any figures or can sort of take his crystal ball, if he likes, and tell us what's going to happen in rural Alberta in 10, 15, or 20 years?

MR. FJORDBOTTEN: If I knew that, I would probably not have to worry about how to pay my bills at the end of the month. Life in rural Alberta has gone down in many ways because of the close-knit communities that built together, where you helped your neighbor and did a number of things. I look back, and one of the best times I had was at a small rural school. But we see the abandoned farmsteads that are across the province. The family farms have been trapped, basically, because they've had to get bigger to survive. We went through that period where if grain was down, you could go into hogs or chickens or something else that would supplement your income, take you through that period until you got going again. But because we've become far more specialized, and we now have a marketing board that controls dairy production, and there are controls in a number of other sectors, you can't go in and out. You're more specialized; you can't get in and out of other areas. So if you're in one segment of agriculture, that's probably where you'll stay. In order to be competitive and stay with it, you have to increase the amount of land you farm.

I would be disappointed if we couldn't curb that by a number of factors. I think the beginning farm program is only one. That establishes a land base for a farmer. I think another one is that — you know, there are concerns among many that consumers have to pay too much for their products. But through research, we've increased the yields of canola significantly. If we can increase the yields some more and have new types of crops and everything, that will give a more assured income to producers. A number that I've talked to say they're very happy staying at a section and a half or two sections, or whatever. When they get so big finally, they create so many more problems that they have great difficulty handling them.

If I were to look in a crystal ball now, I would say it all depends on us here today. Are we prepared to do some innovative things in the research area to try to come up with new products? Are we prepared to do some new things in the export area in targeting into the Pacific Rim markets so we don't have grain sitting in the bins; we have that being sold. That cash flow is so important if our rural communities are going to stay viable.

So I think a lot of it depends on the approaches we're prepared to take now, recognizing that we're in a different stage in our economic development and just as people. We have to recognize that.

MR. MARTIN: There are just a couple of specific questions I have. I suppose it would fall under the Farming for the Future, Mr. Chairman. I'm told — I don't know if it's correct; if it isn't, the minister will correct me — that the federal government is cutting back on some of its research capability in western Canada. Something like 26 full-time scientists will be cut from western research stations. If in fact this is the case, are there any plans to take up the slack specifically here in Alberta or, if not just in Alberta, has there been any initiative for co-operation with the other four western provinces?

MR. FJORDBOTTEN: Yes, Mr. Chairman. The cutback of positions was across western Canada. It was affecting some 12 in Alberta. Because of the representation they made, there was a reconsideration of that by the federal government. Those 12 positions have now been reinstated and won't be withdrawn. One of the areas of concern we have always had is that we would let the federal government pull out of what should be their responsibility and we're spending money to fill that gap as they pull out. We really see nothing new happening; we just get caught in that tug of war.

So the basic research that's done within the department and through Farming for the Future is not trying to displace or replace anything, but trying to target in on areas where we feel it's important. I'm happy, and I compliment the federal government for reconsidering the 12 positions in western Canada, because if ever there was a time that they were needed it's now.

MR. MARTIN: Thank you. My final question has to do with various commodity groups that are receiving government funds. I don't know if this is correct, but it's my understanding that when groups were sent to Ottawa to lobby one way or the other on the Crow, this came out of Economic Development rather than Agriculture. Is this correct? If so, why was this the case?

MR. FJORDBOTTEN: I would have to leave my answer subject to checking, but I'm not aware of any commodity group that was provided with money specifically to go to Ottawa on the Crow. I guess it's in the Gilson hearings, when they went there to be part of the hearing process. I have had representation from groups wanting to be assisted financially, but I'm not aware of any that were directly funded to do that.

MR. MARTIN: Could the minister check and let me know if that was the case or not? Thank you.

MR. FJORDBOTTEN: I certainly will be happy to do that.

MR. CHAIRMAN: Will there be additional questions coming forth from members of the committee? That exhausts my speakers' list.

MR. MARTIN: Could I just ask another question? It deals more specifically with what we were discussing. It depends on your determination of what a farm is, and of course there are many different angles on that — the lawyer, the hobby farm: these sorts of things. My understanding is that in the '70s, we were losing farm population. The minister philosophized and was somewhat encouraged in the answer he gave me. What has been happening in, say, the last three years? Are there any figures to predict what will be happening with the family farm in terms of numbers in the next three years? Does the minister have that information handy?

MR. FJORDBOTTEN: Mr. Chairman, I don't have it in my head. I do know by the numbers I've seen that it's slowed down significantly. That is not only because of people that went out to live in the country again but because of the beginning farm program and a number of other factors that contributed to the slowdown. With all the figures available, I'm sure that one is. I'll be happy to provide it to you.

MR. CHAIRMAN: Would there be additional questions forthcoming from members of the committee? That being the case then, Mr. Fjordbotten, thank you very much for attending this afternoon. If all goes well, we'll see you one year hence.

MR. FJORDBOTTEN: Thank you very much, Mr. Chairman and members of the committee.

MR. CHAIRMAN: Thank you, members. We'll adjourn now and reconvene tomorrow morning at ten o'clock, when we'll be meeting with the Auditor General. Thank you.

[The meeting adjourned at 3:20 p.m.]

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