

Standing Committee on Alberta Heritage Savings Trust Fund Act

Friday, September 10, 1982

Chairman: Dr. Reid

9:27 a.m.

MR. CHAIRMAN: Perhaps the meeting can come to order. The Minister of Tourism and Small Business is with us. He's responsible for the Alberta Opportunity Company, among other things. Perhaps for the record the minister could introduce the two gentlemen with him, and then if the minister has any initial statement, go on to that. Then we will follow that with the questions and answers.

MR. ADAIR: Thanks very much, Mr. Chairman. Can I sit down? By gosh, that's even better. I may last longer.

Thanks very much, Mr. Chairman. On my immediate left is the managing director of the Alberta Opportunity Company, Roy Parker; on my right the Deputy Minister of Tourism and Small Business, Al McDonald.

If I might say a few words to sort of just update us as to where we are with AOC relative to the comments I made a year ago, there basically have been no or very few changes in the loan approval process. The range for branch managers is still \$30,000 to \$50,000. Loans at that level can be approved by branch managers. Credit superintendents can approve loans up to \$60,000, the deputy managing director up to \$75,000, and the managing director up to \$100,000. Up to \$250,000, there is a loans committee -- made up of the managing director, the deputy managing director, senior management, and branch managers -- that will review and can approve loans up to the \$250,000 level.

One of the more significant changes that we have made in this past year is that loans between the \$250,000 and \$750,000 range, where approved by the board of directors, have been increased to \$1 million as of the legislative session last spring. So any loan over the \$1 million figure will go through the process of the loans committee, the board of directors. The board will make a recommendation to cabinet through me as minister responsible. It will then go to finance and priorities and then on to cabinet for approval. So in the normal process, loans up to \$1 million can be handled by the managing director, the various officials of the Alberta Opportunity Company, and the board of directors. Loans over \$1 million will go through that same process with the addition of the recommendation being made to cabinet through the minister responsible. So that's an increase of \$250,000 from last year. A year ago, loans above \$750,000 had to go before cabinet, and now that's increased to allow the company itself to work within the \$1 million or less figure.

The company operates branch offices in Brooks, Calgary, Edmonton, Edson, Grande Prairie, Lethbridge, Medicine Hat, Peace River, Red Deer, St. Paul, and Vermilion, with its head office in Ponoka. Some figures you may be interested in: 236,000 loans and 128 guarantees approved since inception. The number of loans approved to March 31, 1982: 311. That's compared to last year's figure of 304 that I reported to you. The number of dollars loaned in total since inception: \$249,169,630, of which \$9,995,400 is in guarantees. The number of loans to March 31, 1982 in dollars: \$41,722,683, and that includes guarantees of \$285,000. In comparison to a year ago, the dollar total for the period March 31, 1981, was \$31,864,596.

The average size of loan since 1973, when the company was formed, is now \$101,095. That is up slightly from last year's average of \$97,400. It is interesting to note too that the average loan for 1982 has increased to \$134,157. So obviously what is happening is that the size of the loans is increasing, and I guess that is significant of our economic times.

One of the points that I asked Mr. Parker to provide me with was the percentage of loans in arrears, because that question was asked last year. Last year that figure was 15.6 per cent of the loans out. This year it is 12.8 per cent. So there is a drop from last year in that particular area. Outstanding loans: 1,653. The percentage of loans in arrears of that total is 213. The other figure that I should provide to you is that as of the end of March 1982, \$135 million in loans was outstanding, with \$20 million committed but not yet dispersed by the company to this point.

The other significant change that occurred last year was the increase in the capitalization of the company from \$150 million to \$300 million. That obviously has allowed us to continue the kind of work we are doing through the Alberta Opportunity Company in providing a service to the people of Alberta. Obviously that increase has allowed us some changes in direction. I believe -- and I look at Mr. Parker to verify for us -- a year ago about \$106 million of the \$150 million capitalization had been committed, and we were moving into the increase of \$300 million. Now we are roughly . . .

MR. PARKER: At the moment that outstanding, yes.

MR. ADAIR: Yes, \$155 million in total is outstanding.

At the request of cabinet and through my office there has been a request to AOC to look at refinancing to a greater extent than we had in the past. That is being done by the company. Mr. Parker would be prepared to expand on how that happens in Alberta. It should be pointed out that refinancing was a change in direction because of economic times, because primarily AOC is still a lender of last resort and is not in competition with the lending institutions in Alberta. As a result of that and the lender of last resort concept, there still must be the refusals by the applicant from the various lending institutions before they can apply to AOC for help.

Refinancing poses some problems in the sense that the loan of an applicant to his or her lending institution may have been at about 15 per cent some time ago and then increased anywhere up to as high as 25 or 26 per cent over the past year. Then they were seeking assistance to get away from the floating rate problem that was there, and possibly be considered by AOC where, one, the rate determined for a loan approved is fixed for a five-year period and then is reviewable and renewable. At one time the rate was fixed for the life of the loan. That was changed a couple of years ago in the interest of the applicant. The rates were dropping, so there was a chance to review and possibly adjust for that client.

I think at that particular point I might stop, Mr. Chairman, and entertain questions we may have.

MR. LITTLE: Mr. Chairman, could the minister tell the committee something about reasons for refusals? Is there an appeal mechanism or procedure in the case of a refusal?

MR. ADAIR: First of all, if I might, I'll start and then Mr. Parker can get into the actual details of what basically constitutes a refusal from the company's point of view. The applicant or the person who may have had a loan turned down does have the opportunity to contact the managing director or even my office, where I will ask for a review through the managing director. If there is new or additional information that may affect that particular

application, I am sure they would consider it. I know they do consider it. I might ask Mr. Parker to expand on that.

MR. PARKER: Beyond what the minister has said, we encourage not only our applicants to request a review but also our loans officers who do the loan processing and recommend to the level of authority that's appropriate. It could come not only to me, it could come to a credit superintendent or one of our deputy managing directors to review. Probably 10 to 15 per cent of our declines are reviewed by one level of authority or another.

MR. NOTLEY: Mr. Minister, I was out for a moment when you began. If you've covered this, fine, but the announcement the Premier made the other day with respect to the small business sheltering program, down to 14.5 per cent -- how will that work with respect to AOC loans, the sliding scale of loans where there's a slightly higher rate in urban areas, a slightly lower rate in rural areas, and a slightly lower rate for new businesses as opposed to old businesses? What will happen?

MR. ADAIR: As are any other lending institutions, AOC loans are eligible for the assistance program if their rate is above the 14.5 per cent. They basically face the same criteria as any other institution. If a person had a loan from AOC at 17.5 per cent that was in the \$150,000 range, and they met all the other criteria as any other business would, that loan would be eligible for shielding down to 14.5.

MR. NOTLEY: What that would mean is that the sort of differential rates you've had between cities and smaller communities will in fact vanish for all those loans, because every rate will now be down to 14.5. I'm talking about the ones that are eligible. Obviously, some old loans under the 14.5 per cent would still be on the books. For example, I'm talking about loans taken out in the last several years, when your capitalization has gone ahead substantially.

MR. ADAIR: Mr. Chairman, in essence the advantage swings to those members of the urban community, if they have the higher rate. It applies across the board to the percentage rate of the loan and the differential between that and 14.5. If you had a loan at 18.5 in the urban centre, it would be eligible for shielding down to 14.5. If it were in rural Alberta at 16.5, it would be down to 14.5, only to the extent of the maximum \$150,000, which applies across the board to the agricultural or the business community.

MR. NOTLEY: Mr. Minister, to either you or Mr. Parker, as a follow-up to Mr. Little's question. Obviously a number of refusals have been based on looking at a business proposition and saying, well, at 17.5 per cent, or whatever it may be, we don't think that operation could sustain that interest rate. As a result of the two-year shielding program, will there now be a review of some of these applications which have been turned down?

MR. PARKER: We would be quite willing to do that, should the circumstances indicate they have gone from a non-viable to a viable situation, although I would expect that the bulk of those which have been declined are borrowers from existing lending agencies, and they will get their shielding from that source as opposed to coming to us.

MR. NOTLEY: What would be the ability of the company to respond fairly quickly to some of these applications that have been declined? I think one of the criticisms of the operation of the company that I've had brought to my

attention is that it does take a fair time to go through the process. To what extent could some of these applications that have been turned down because of the final decision that 18, 19 per cent isn't viable, but 14.5 per cent for two years would put people over the top, or at least make it possible for that loan to be viable where it wasn't before . . .

MR. ADAIR: Mr. Chairman, part of the answer, and I'll let Roy respond beyond that, is that the application process has improved to the point where, all things being equal and all information in, that application in the lower money range can be approved in probably the two to three week process. But it depends on the applicant, who will now take a look at his or her situation and review what that may mean to him or her, and then reapply. If there is new information, obviously AOC would respond to that, and hopefully the same criteria apply. If the information is there and that new information is such that they could move, they would move with that.

As it gets into the larger loans, the time frame becomes slightly longer. What's the best example? If it happens to be over the \$250,000 range, there are three processes it must go through before it gets to the loans committee. Beyond that, of course, you have the loans committee, the board of directors, and the cabinet at some stage if it's over \$1 million. In the smaller range, I think they would move along the same as they were before, providing all the information is attached to the reapplication with new information that may apply as a result of the program. You may want to expand on that, Roy.

MR. PARKER: The one unknown factor that would potentially cause us problems is the number of applications we have. With our staff fixed, if we double our case load, obviously it's going to take a longer period of time. If they come in in small numbers and we get into a slower period of the year, there should be no problem in a prompt review, especially as we have already gone through a review of their situation to one degree or another prior to the downturn. So it's not as though it were a brand new approach where we don't know them and they don't know us and you start at square one.

MR. NOTLEY: With respect to the program announced the other day, what contribution did the AOC board make? Did they make any formal assessment or proposal to cabinet before the decision was made? Did the government rely on the expertise of AOC in helping to formulate this proposal?

MR. ADAIR: I can probably answer that best. I had some discussions with the chairman of the board relative to what they might consider areas we would look at. That information was taken into consideration as we worked through the program over the last four and a half or five months -- along with business people.

MR. NOTLEY: In terms of the amount of the estimated subsidy, what statistical data -- would that be supplied by AOC? -- would Executive Council have obtained in order to be able to reliably estimate that that would be the extent of the subsidy? I believe it's \$50 million.

MR. ADAIR: I assume you're asking how we arrived at the \$150 million mean average, with its possibly being increased or lowered. I'll ask Mr. McDonald, who was directly involved in that. My understanding is that it was a combination of information from all sectors that allowed us to try to make that. The one area we aren't able to totally respond on is the proprietorship area, where we're not sure how many are out there. We say thousands, but we're not sure until those applications come in.

MR. McDONALD: That's correct, Mr. Minister. The figures we arrived at were statistics from all the financial institutions.

MR. NOTLEY: At some point, is it possible to give us for information that review or summary?

MR. McDONALD: I could check on it, Mr. Chairman. I can't say exactly what form that would be in. We could certainly respond back to you.

MR. ISLEY: Mr. Chairman, a number of questions; first, a follow up to the Member for Spirit River-Fairview. Some of the initial reaction I've had with respect to the interest shielding program, just announced, by small business men who had been looking at AOC as a possible financing vehicle, is that maybe they don't need to continue looking in that direction. I'm just wondering what your assessment would be. Will the interest shielding program reduce the number of small businesses, particularly those that had short-term capital debts, turning to AOC as a last resort?

MR. ADAIR: I guess I'll defer to Mr. Parker on that one. I assume there may be some reduction, but I'm not sure of the numbers. I would ask Mr. Parker to respond.

MR. PARKER: I expect that there will be a sharp reduction in people and businesses inquiring of us of the possibility of refinancing their existing indebtedness. These will be the smaller businesses with lower amounts of borrowing. As far as expansions of existing businesses or establishment of new businesses, the interest shielding program won't affect it and will continue on the same basis as we have in the past.

MR. ISLEY: That's kind of the way I see it. So I don't feel there's going to be much need to review some of the people who didn't qualify, because if the recently announced program isn't going to put them on their feet, maybe nothing will.

Mr. Chairman, refinancing is the area I want to ask questions on. I understand there's been a different attitude of the board toward it in the past year. What policies are followed currently when you look at refinancing a debt?

MR. ADAIR: Mr. Chairman, if I might say, I think it's more a direction rather than attitude. A change in direction is at the request of government to the board of AOC and to management. I guess the best explanation should come from the managing director relative to how they treat refinancing applications for existing businesses in the province, because one of the points we discussed at our annual meeting in the spring was that we would like AOC to look to a greater extent at the problems of existing businesses than new businesses at this particular point in our economy. Roy, you might want to . . .

MR. PARKER: About a year and a half ago, the board recognized that with high interest rates and the economic conditions, we'd entered a new kind of era in business operations in the province of Alberta. It was determined that the board, along with management, felt that we would do as much value to the economy of the province by saving an existing business as we would in establishing a new one. With that in mind, the board formulated a policy which, in essence, states that we will look to an application for refinancing on the same basis as any other loan, provided that the resulting loan terms, which include interest rate, length of repayment, and so on, will result in a business which was not going to be able to survive with its existing financial

support from the private-sector lender, that it would be able to survive with the terms, including interest rate and length of repayment of loan, of our financial assistance.

I should point out that we indicated quite specifically that if the revised terms we would be able to offer would not allow the business to survive in the medium term, we would not entertain that type of refinancing; in effect, bail out another lender and end up having to liquidate it ourselves. But if we can keep it afloat, even if it's at a break-even level for a period of time until the economy picks up, that's the type of assistance we want to provide.

MR. ISLEY: What is the current range of interest rates available for a client's refinancing?

MR. ADAIR: The base rate today is 15.5, down as low as 2 to 13.5, to communities of 10,000 or less, 25 employees or less. That has not changed in the criteria relative to communities of population size 10,000 or less or 25 employees or less. They can get it as low as 13.5. If you're in the metropolitan centres of Edmonton and Calgary, it could be as high as 18.5. The base rate is 15.5 today.

MR. ISLEY: So the range runs basically from 13.5 to 18.5. That's for a fixed term, right?

MR. ADAIR: Yes, the term is fixed for five years at present. At one time, it was for the life of the loan. It was adjusted because rates were declining. To give the borrower the benefit, it was changed to five years fixed, reviewable and renewable.

MR. ISLEY: Is there a penalty for early pay-out?

MR. PARKER: No, there is no penalty or bonus. At any time, you can prepay your loan to us without expense.

MR. ISLEY: One last question to make sure I have some of your initial figures straight. Going by the statistics you outlined earlier, Mr. Minister, it would appear that in excess of \$100 million has been paid back since inception and approximately 680 loans paid off in total. Is that correct?

MR. PARKER: Yes, total loans approved by AOC since its inception are approximately \$249 million as of the end of March, and with the \$155-odd million either disbursed or committed to be disbursed, the balance of \$100 million represents repayment.

MR. ISLEY: I thank you very much.

MR. MACK: Mr. Chairman, could the minister indicate where the bulk of the loans in the province are? Are they spread across the province, or are they more heavily used in certain regions?

MR. ADAIR: I would like to go over the percentage figures, and I can give you the actual loans as well as the dollar amounts as of our last report. They're reasonably consistent and have been consistent throughout the life of AOC.

In the northern region, northern Alberta received 28 per cent of the applications and 29 per cent of the dollars; the Edmonton area: 11 per cent of the applications and 10 per cent of the dollars; central Alberta: 25 per cent of the loans and 24 per cent of the dollars; Calgary: 12 per cent of the loans, 11 per cent of the dollars; southern Alberta: 24 per cent of the loans

and 26 per cent of the dollars. Just to give you a comparative, in the 1981 report northern Alberta had 29 per cent of the loans, Edmonton 12 per cent of the loans, central Alberta 24, Calgary 12, and southern Alberta 23. So they have been fairly consistent throughout the entirety of the program. That's covering the five regions we use to base the information data we provide through the annual report.

MR. MACK: Being a bit facetious, that 29 per cent for northern Alberta wouldn't be because the minister knows all the businesses and all the people in that particular region, would it?

MR. ADAIR: I like the facetious part of it. I think it's probably because of the land mass and the number of people and applicants that may come in from that large, beautiful area in the northern part of the province.

MR. MACK: Thank you.

MR. CHAIRMAN: I think we'll stop this discussion right about here.

MR. MACK: Mr. Chairman, on the defaults, is there any particular region that may be in default of the loans, or are they pretty well spread across the province? You don't have to go into specific details, but just generally speaking.

MR. ADAIR: I would ask Mr. Parker to respond in that particular area. The question was, is there any particular region that has more defaults than others, and what may be the reasons?

MR. PARKER: As far as arrears go, which are somewhat different from defaults, the outlying areas have the lowest rate of arrears. The Edmonton and Calgary areas have the highest rate of arrears for us in the province. This has been an historic pattern that we faced. I'm not sure why, other than that maybe they are more used to doing things like that. There are variations with the small town branches, but they're almost entirely below our average of 12.8 per cent as of the end of August.

As far as accounts in difficulty are concerned, they varied from place to place over the years, with the northern part of the province having more difficulties during the past one to two years due to the slowdown in petroleum industry activities. We anticipate that this would change as things improve. Does that answer your question satisfactorily?

MR. MACK: You've brought in a new dimension, in that you indicate you separate the default from the arrear. That explains it. The arrear is basically still a collectable loan, whereas the default is basically in the process of being written off as a bad debt or whatever. Am I correct?

MR. PARKER: Yes, that would generally be correct. We have a separate division of our company which looks after accounts in difficulty, after the loans department is at a point where it feels it is possibly getting beyond its normal administrative practices. This includes a consulting group which deals specifically with AOC accounts. The first phase of their dealing with them is an attempt to work with them and help them turn around. I would say that there is a reasonable degree of success. We're able to keep afloat approximately a third of them and ultimately return to regular business activities. The other two-thirds they have to deal with reach a stage where they have to go into liquidation, and that department is responsible for that.

MR. MACK: Thank you. Would the department's criteria on loans be encouraging the policy of diversification -- I'm looking at the 25 and the 29, where there would be greater attempts to encourage businesses either to survive or to expand outside the major urban areas. Is that a criterion with the AOC?

MR. ADAIR: Historically, the basis for AOC being in existence was to assist in the provision of funds to applicants who may apply in areas outside the metropolitan centres. If you recall there was, and to some degree still is, a pattern whereby the lending institutions appear to be more interested in lending in the metropolitan areas, where it's easier to service the account and the likes of that. The term I used a year ago was that if you're applying for a loan at Indian Cabins in northern Alberta or Etzikom in southern Alberta, there was a bit of reluctance on the lending institutions to assist in those areas. AOC was struck then to assist primarily in rural areas, and thus that stepping of the rate structure.

Now, all other things being equal, an applicant in Edmonton or Calgary could still obtain financing through AOC if in fact it were turned down and was still high risk and last resort. Quite a number of loans are out in the metropolitan centres, as you can see by those percentages of 11 and 12 per cent. However, the other ones, the applicants from rural Alberta, are obviously looked at on that particular basis to assist in -- I guess the key word would be diversification. It's not one that is pursued aggressively by AOC. It's the result of the applicant applying to AOC after having been turned down by some lending institutions in those areas.

MR. MACK: Mr. Chairman, since the conventional lending institutions refuse a loan, it was touched on but I wonder if you might amplify on your comment of new information. What might that be? The conventional institutions basically cover those bases pretty well. What would that be?

MR. ADAIR: I guess I'll attempt to start it, and Mr. Parker can finish up. When I referred to new information, that would be on a decline of an application to AOC and the turndown. If in the discussions that may have taken place with the applicant, one of the deficient areas was the equity or security position of the company itself, whatever the case may be, new information that would state there was an additional input of equity or the security aspect had been cleared up, or whatever the other suggestions between the two parties may have been made to one or the other have been met, in my mind -- and I'm sure in the minds of AOC -- that would constitute new information which would allow them to reassess the application.

MR. PARKER: Beyond that, quite often there will be a time lag between when we first have an application and when they reapproach us. You get beyond a reasonable period of time in which the financial information of the business is sufficiently up to date to make a judgment. So on occasion, we'll say, all right, we talked to you last March, your December 31 financial statement was fine, but now we require an up-to-date interim statement, not audited, to give us a current look at your business so we know where you're going and where you've been.

MR. MACK: One final question, Mr. Chairman, and that's in the area pretty close to home. I've had perhaps a half dozen constituents come to my office and I in turn have directed them to your office. In each instance it was a dry run, although not totally. Psychologically it was a tremendous lift to them that the department responded to review as positively as they did, but did not feel that they could assist them. Two of those are operating today and doing extremely well. I visited one yesterday. I'm just a little

disillusioned myself as to the difficulty there is for small businesses to get money from AOC and what you actually have to do as Albertans in small business to receive assistance from the department.

It appears that they have an excellent program of counselling, assessment, and reviews -- very highly professional. This is received extremely well, but the actual assistance is usually denied. When I would have my final meeting with them, my final comment would be that I guess the public purse is extremely important, and we have to have fiscal responsibility. My question is: two businesses are operating, but there were refusals by AOC.

MR. ADAIR: Without getting into details on the loans themselves, two things may have happened. They may have had access to other funds. Obviously, going to AOC may have been to get a lower interest rate, but funds were available at a higher rate. I think it's important to re-emphasize that the Alberta Opportunity Company is still a lender of last resort. On checking an application and checking with those who have provided the refusals, if it were determined that funds were available and whatever the rate may have been, we would then automatically be out.

There are two parts of service that come into play when an applicant comes in, and you were referring in part to the two. We have the small business division of the Department of Tourism and Small Business, which provides one-on-one counselling service with business analysts who can go out and sit down with a client and possibly provide some direction or suggestions as to how they may improve their application to AOC. If that application is in turn approved by AOC, AOC can also provide a management service to the client, who may or may not develop some problems somewhere along the lines of the loan.

That's the only one I can think of. Mr. Parker might want to respond a little in that case. But generally, in my own mind and applicants who have phoned me, it's been determined at some stage or another that funds may have been available and thus we would automatically be out.

MR. PARKER: The one thing I would add to the minister's comment is that your very point is one of the main reasons for our review function. If they, you, or someone else feels a second look should be taken, we're more than happy to do so. On many occasions we will say, yes, we should have taken a different tack on this, approach it from a different angle, and result in instead of, say, a \$200,000 or \$300,000 loan, maybe a \$100,000 loan with a rearranging of what they proposed. If there is some doubt in the mind on the specific instance, I would encourage you and anyone else to inquire through the minister's office. We will review it and respond with the reasons for our decision or change the decision.

MR. MACK: Thank you, Mr. Chairman.

MR. D. ANDERSON: Mr. Chairman, I think I missed the statistics in your initial introduction, Mr. Minister, regarding the number of applications made in this past year compared to the ones previously. Could you go over that please?

MR. ADAIR: Yes, I can. The number of loans approved to March 31, 1982: 311; to March 31, 1981: 304.

MR. D. ANDERSON: I'm not interested in the ones approved but the applications made.

MR. PARKER: It was 965 formal applications in 1982 versus 923 in 1981. Beyond that there are inquiries of varying degrees of depth, but not considered applications.

MR. D. ANDERSON: Can the minister or one of the officials indicate roughly what the increase would have been in those informal requests for information?

MR. PARKER: I think the bulk of them related to refinancing, businesses that were overextended and in financial difficulty, and they were looking for some sort of change in their debt structure.

MR. D. ANDERSON: Would there have been a dramatic increase in this past year as opposed to the previous year?

MR. PARKER: Yes, there was. If we had had them broken down into that category, I think the change would have shown a much larger growth because the establishment of new businesses, expansions, and approaches on that basis had decreased accordingly.

MR. D. ANDERSON: I am wondering if it's possible for the minister or Mr. Parker to make any assessment with respect to what applications would have been considered viable business opportunities but didn't fit within the criteria of the Alberta Opportunity Company. I guess I'm trying to explore whether there is in fact a need somewhere in the government for a venture capital approach or some other approach that would facilitate potential good investments that just don't fit within the fairly strict parameters of the Alberta Opportunity Company.

MR. PARKER: Yes, there is a segment of the business community that appears to have a viable program or good management but they are undercapitalized. As we are not an equity capital source, we are unable to help in that area. But we do attempt to put them in contact with people who may very well have equity capital and provide investment and, if they are successful, then work in combination with them.

As you can well imagine, during the past 12 to 18 months the people with equity capital have been much less willing to take a risk, especially with a small business and a small community with limited security values. So that source of funding has decreased almost to the point of non-existence.

MR. D. ANDERSON: I know it's unlikely that you would evaluate and keep statistics on it, but could you quantify to any extent what number of applications or even requests for information might be made by people who would realize they wouldn't apply under the criteria of those sorts of businesses that could potentially be viable if the parameters were either broadened or there was another funding source?

MR. PARKER: Of the applications like the 965, and omitting the casual inquiries, my best guess -- and that's all it is, because we don't keep those statistics -- would be that probably 10 to 20 per cent of them might qualify for a loan from us or someone else if they had sufficient capital to have a balanced financial position for their business.

MR. D. ANDERSON: Would you suspect -- and I know I'm asking you to evaluate subjectively to a large extent -- that many of the requests for information would fall into that category as well, of people who realize at that stage that they just won't get through the AOC process but still have that potential?

MR. PARKER: I don't think so, beyond the applications, the inquiries. I think there will be a portion of them, but I don't think it will be any higher than 10 or 20 per cent.

As far as equity goes, one of the problems we see in many businesses is that they want equity but they don't want to give up a share of the business. In effect they want some sort of debt that's non-repayable. If they do give up a share, it's a very minor amount that the investor is not willing to accept.

MR. D. ANDERSON: Yes, I am familiar with a couple of companies in that position.

One other question: are very many loans turned down on the basis of the operation having some dimension in other countries or other parts of the country? I ask that because I am familiar with one in particular that had an office in London and in the United States. Part of the concern seemed to be the money going out of the country. Are very many turned down on that basis?

MR. PARKER: No, there are very few. I would say that less than 2 or 3 per cent have any major level of activity outside the province. I think the ones we do have problems with are where there may be a head office and one person here but all their dealings are in other jurisdictions, and that's where our funds would go, if we did provide them, to develop their economies as opposed to ours.

MR. D. ANDERSON: Is there a strict rule with respect to that? In the particular case I'm thinking of, indeed most of the activity at this juncture would have been outside the country, but it would have been employing Albertans in other places with a spinoff benefit seeming quite great for the province. Is there any strict criterion evolved or is that one of the more subjective parts of the evaluation?

MR. PARKER: It is one of the more subjective. We don't have a rule saying this far and no further. We look at each on its own merit. If the one that you're referring to is the one I'm thinking of, we reviewed it, and our assessment of it was that the information we were provided was maybe more hopeful than we felt was appropriate and the forecasts were not realistic.

MR. D. ANDERSON: Thank you.

MR. MUSGREAVE: Mr. Chairman, I want to address some of my questions to the minister. If I had had this report sooner, I could have got into this in much greater depth. First of all, Mr. Minister, my concern is that we seem to be -- and I hope we're not -- making some of the mistakes that the federal DREE program made. We're trying to do something that the economic forces just won't permit. As a citizen of a large urban area, I am distressed that you're discriminating against my constituents by higher loan rates.

I go back to the opening statement. It says that the purpose is to promote "the development of resources and the general growth and diversification of the economy of Alberta". When I look at this report today, what I am concerned about is -- and I could spend all day with you, Mr. Minister, because every answer you give raises more questions. In 1978, 47 per cent of your loans were to establish new business. In 1981, that figure dropped to 27 per cent. I wonder if we aren't reinforcing the sort of mom and pop operation in our province. By that I mean small businesses that are not going to help us diversify, that are a repeat of what's being done in other parts of Canada and Alberta. I wonder if we shouldn't expand the role of -- I'm looking now for suggestions that we as committee members can make to the Legislature. Should we be suggesting an expanded role of the Alberta Opportunity Company? First of all, that you put money that is going to be straight equity into ventures where you don't have to pay the loan back; say, preferred shares or something of this nature that can get a return on the money later on down the

road; secondly, that you look at giving money to Albertans, regardless of where they live. I don't think you should be tying this company into trying to persuade people not to live in Calgary, Edmonton, Lethbridge, Red Deer, or wherever. Seventy per cent of the people live in those communities, and 70 per cent of the people of the province of Alberta have the ideas, the initiative, the money, the energy, the desire, to do something. Let's not shut the door on them. I'm obviously speaking as a very prejudiced Calgarian.

You mentioned the number of loans authorized in Calgary and Edmonton: 5 per cent in Calgary and 5 per in Edmonton. Now I recognize that some of the board members are Calgarians and Edmontonians, and some come from other centres. It distresses me that they are supporting this program and not making any comment about it. Maybe they have, and it hasn't been brought out. But as a representative of an urban constituency, I feel I have to make this plea. I think your company should be more bold, more aggressive, and do things that are going to diversify our economy. In my opinion, that is not reinforcing existing businesses. I'm saying we should be more adventuresome. Maybe that isn't the way the minister sees the company; I don't know.

MR. ADAIR: Mr. Chairman, maybe I can ask a question before I get into an answer. Just to be clear, are you suggesting that we change the role of AOC to be an active competitor in the private sector?

MR. MUSGREAVE: From the point of view of lending money, yes.

MR. ADAIR: That's fairly . . .

MR. MUSGREAVE: As a moneylender, yes; you should be more active and more venturesome. What concerns me, Mr. Minister, is that we are maybe just reinforcing up to a certain level, and we're not getting the economy diversified. For example, I think of a bench -- what's the name? Decker industries have the Workmate, that little folding bench that was designed, built, and manufactured in Canada. It's a product distributed worldwide. That's the kind of thing we should be looking at, something that can be made in Alberta. I don't care whether it's made in Calgary, Grande Prairie, or Peace River. I really don't care. But the thing is that the kind of money that has to go into that kind of program is going to be long term, and it's going to be venturesome.

MR. ADAIR: Mr. Chairman, my first reaction is that the treasury branch, as a government agency, in essence, or a Crown corporation of the government, provides that particular kind of service in competition with the other banks. In 1973, AOC was provided to fill in the gaps in those particular areas, and still does.

As a resident of rural Alberta, I take some exception to the fact that the ma and pa operation at Indian Cabins doesn't bear any preference in the company's mind as far as a loan is concerned. Obviously that particular company has difficulties with any lending institution because of where it's located and, I would say, even with AOC to some degree, because of where it is. I'm using one 11 miles from the Northwest Territories border providing a service to the users of the Mackenzie Highway. I'm very familiar with it, because it's in my own constituency. It's a service centre in that sense, and they have that right to apply. Now in the research . . .

MR. MUSGREAVE: Mr. Chairman, could I . . .

MR. ADAIR: Just let me, if I might . . .

MR. MUSGREAVE: I just want to make a point on that, Mr. Chairman. I don't quarrel with that at all. Let's say you're looking after 100 or 200 people and a low rate of interest on their loan. I don't quarrel with that at all. But I just say, why can't the people I represent have the same opportunity?

MR. ADAIR: Basically, I guess AOC is attempting to give a source of funding to those who aren't availed the opportunities to have the regular lending institutions work with them. That has been the case historically in Edmonton and Calgary, the two metropolitan centres. The basis under which AOC was originally struck was not to exclude those particular areas, but where all other things were equal and they were still not able to get funds in Edmonton and Calgary, they could get them. But they would be basically at almost the same rate -- slightly less, but almost the same rate.

We have gone through this a number of years. One of my colleagues behind you has made that point very well. But the same simple fact is still there. The conventional lending institutions are and have been historically more amenable to providing funds in the metropolitan centres, thus the need for AOC to be involved was not as great. However, I do have some difficulties if we were to change the direction of AOC at this point from a lender of last resort into a competitive position with even, say, the treasury branches and the other banking institutions. That was not the idea initially and, in my mind, it would certainly create a great deal of discussion if we were to move in that area.

I think two other things have to be said -- and you managed very well to break my train of thought a moment ago. One I was trying to get to was possibly in the area of research and development, in which I think we still have a great deal of work to do -- we being the government of Alberta, not AOC. But in some cases, AOC has responded to requests in that area, possibly not to the extent that they could. But within the parameters of the guidelines they operate under, they have. Mr. Parker may want to respond.

I think of one in southern Alberta. I had the name a moment ago. [interjection] No, it's not in Calgary. Global Thermalelectric at Brooks, not in the city of Calgary. It is doing very well, I understand. Mr. McDonald was involved in the early discussions with that particular company, to assist them in basically just producing and manufacturing a product that I think is a good one in the market place today.

Again, at this particular point in time I can't emphasize enough that the direction given to me as minister and to the board through me is that they are, one, a lender of last resort and would be there and available to provide funds on application by applicants throughout the province after having been refused by the regular lending institutions and subject to meeting the other criteria: the equity positions, the security positions, and any other information that would be the normal lending process for the Alberta Opportunity Company.

MR. MUSGREAVE: Well, I guess my question to the minister then is this: do you think you should have a new sense of direction or an additional sort of mandate added to your present mandate that would allow you, in effect, to be more than just a lender of last resort so that you could meet your mandate, which is to help the diversification of the economy of Alberta through the use of heritage fund money?

MR. ADAIR: My immediate response is that the adjusted role of AOC today -- and I think it's important that I say the "adjusted" role, because just over a year ago we asked the board and the management to consider the refinancing aspects, which to a degree moves into some of those areas but, because of the economic conditions of our times, has allowed us to assist, where possible, in

refinancing throughout the province. I think that refinancing aspect has worked reasonably well. I would certainly be interested in the kind of debate that would take place relative to a move away from the lender of last resort concept to a change to what I would call direct competition.

MR. MUSGREAVE: Mr. Minister, that's the difficulty I have. We are certainly in difficult economic times, but we're not going to get out of that situation by sort of retracting or retrenching. This is the time for us to be bold and aggressive and change our system of thinking and way of doing things in Canada if we are going to survive. It has to be through new industries, new technologies, and new opportunities that can come only from agencies like this that do not have to worry about a rate of return that the conventional institutions have to worry about. The concern I have is: are we just becoming another lending agency? If we are, we should be reconsidering our position.

MR. ADAIR: I didn't get the last part.

MR. MUSGREAVE: If we are, I think we should be reconsidering our position.

MR. ADAIR: I guess my initial response is that the Alberta Opportunity Company, in the role it presently has, is a success story unequalled in Alberta right now. I would have some difficulty moving into direct competition, but I think your point is well taken in the overall. I say that in the sense that with private-sector lending institutions, and in our case as a government with the treasury branches, those opportunities are there.

That begs part of the question raised by one of the other hon. members about possible venture capital companies, which can provide the same kind of opportunity to do that. Our particular role is a very significant one in maintaining -- and I guess I can even use the word "creation" of -- survivors in this particular type of economy. I think that's a very important role, and they have done it very well. I'm proud of them at this particular point in time. We've had some difficulties; there's no question about it. When you start looking at the area of refinancing and the criteria needed to assist a business that may be having difficulties but not be in direct competition, boy, I'll tell you, that's like walking on a piece of thread weighing 250 pounds.

MR. CHAIRMAN: The walker or the thread? I note I don't have the Member for Edmonton Mill Woods on my list, but I think he indulged in ventriloquy in the last series of questions. The Member for St. Albert.

MRS. FYFE: Thank you. I'd just like to come back to the question of refinancing. In very rough terms, what would be the percentage of refinanced loans that were originally AOC loans, compared to those you have approved from conventional lenders?

MR. ADAIR: The question was, the percentage of original AOC loans refinanced compared to the percentage of refinanced loans for the conventional lenders? Roy, do you have . . .

MR. PARKER: As far as the percentage of our total loan authorizations related to refinancing from other lenders, in numbers of approvals my best estimate would be about 10 per cent, which is up significantly from previous years. As far as AOC loans being refinanced, in most cases the changes we make would not be shown in these figures. If there was a problem that required some sort of assistance, we would rewrite their terms of repayment. This would just be an amendment to their loan agreement. It would be internal day-to-day

administration. It wouldn't be involved in here. There might be half a dozen loans where we would make a new loan to them for a specific purpose, combine their old loan with it and extend the term, but that's not a significant factor in our operations.

MRS. FYFE: I take from that that the 10 per cent basically includes loans that were refinanced from conventional lenders.

MR. PARKER: Yes.

MRS. FYFE: Further to that, Mr. Minister, earlier you or the staff you brought with you spoke about the approval of loans from conventional lenders. I still have some confusion in my mind as to what criteria you set for approving these loans. As you said, there's a very difficult balance between approving loans as a lender of last resort, yet on the other hand you are approving some that are in a difficult position. You said that if they would continue as a viable operation, they would be considered. Do you have more specific criteria in approval of those loans?

MR. ADAIR: Are you asking relative to refinancing loans?

MRS. FYFE: Yes.

MR. ADAIR: Roy, might you . . .

MR. PARKER: The criteria are fairly simple and straightforward. With their present financing, they're not going to be able to survive, and with our financing they will be able to. If by our taking over the debt of the other institution and giving them the best interest rate and term that we could they're still not going to be able to survive, we will turn them down. Our purpose is to keep in place a business which has contributed to the growth of the province in the past, if that is feasible. If it isn't, we regretfully decline.

We have very good relations and contacts with other lenders -- chartered banks, term lenders like RoyNat, FBDB, and so on. We work with them in these particular situations and have the advantage of their knowledge of the people and their background. So when we come to our conclusion, we have all the facts it's possible to bring together.

MR. ADAIR: Mr. Chairman, I might just ask Mr. Parker to comment on the fact that that might include a joint effort between the existing lender and AOC.

MR. PARKER: Yes, I should make that clear. On a number of occasions, we will refinance a part of their debt if that is the kind of particularly difficult area they're faced with. More often than not, it's the term of repayment that's the problem, as opposed to the interest rate. There's one I'm thinking of within the past six months where on a five- or seven-year term the company was generating sufficient funds to make payments on that basis, but the bulk of a specific debt was coming due and the lender would not allow them to roll it over and continue in the normal way of doing things. So we would have to go in and give them a five- or seven-year term. That eased the situation, the other creditors maintained their position, and the business continued operating.

MRS. FYFE: Further on that same line, how far does a small business go before they reach the point of going to you for refinancing? Would they actually be threatened with action from the conventional lender? I suppose that leads

into the criticism: are we not just getting the conventional lenders off the hook? Or do they not have a greater responsibility to follow through with businesses that are viable?

MR. PARKER: In most cases, it's as you have stated. They are getting to the point where their lender or one of their creditors has lost confidence in them and are not willing to go along with them. Again, we walk the fine line of refinancing good businesses which are interest rate shopping and able to carry on with their existing financing. This is why we deal with the lenders. In many cases, we're able to work out some sort of deal with them whereby we can preclude their taking action. For example, if you take a bank which has an operating credit beyond the level they feel comfortable with and they're insisting it be reduced, we may provide a partial guarantee of that which will ease their concerns. This one-third or one-quarter residual guarantee of the operating credit will result in things continuing as they were before.

MRS. FYFE: Thank you. One last question, and that would relate to counselling. I assume that many of these businesses have sought counselling, either from AOC or through the department, during this period of difficulty. First, I would ask if having gone through a counselling process as part of the evaluation of the current difficulty would be a prerequisite. Secondly, how do you co-ordinate the counselling between the two aspects you're responsible for, Mr. Minister?

MR. ADAIR: The last part is an interesting question, but I think it is answerable. I'll ask Mr. Parker to respond on whether or not that's a major criterion of successful applicants. I would say that it certainly has some advantage for the applicant to have had some counselling if it's available. Within the Department of Tourism and Small Business, we have 11 business counsellors who are available on request. They are there at the request of the client, in a sense, to sit down with them, one-on-one, in their place of business or in our offices, to go over what may be a problem developing in their business, a concern they have, or a direction they want to pursue, which may not be related to a concern. It may be just a new marketing strategy or the likes of that. In confidence, they will discuss suggestions that the client can take in total or reject, as it turns out. They will work together.

For example, if the applicant or the client is attempting to put together an application for AOC, the staff of Tourism and Small Business will work with that particular person, because they are also aware of the requirements of AOC in the application forms. So in many cases they assist in shortening that particular approval time, because the application is complete when it goes in. For example, if the business gets into some difficulties afterwards, that triggers the counselling service of the Alberta Opportunity Company. We may be involved at the request of AOC to assist with the original counsellor who may have been working with them, their counsellor and ours jointly or separately. So there is a good working relationship between the department and the Alberta Opportunity Company relative to the counselling services or, for that matter, any other service that may be provided.

I might use another example. An applicant may require, by AOC, some additional information. The Alberta Opportunity Company may come to us through the deputy minister and ask for some additional information, if it's available, or where they might be able to get that. That may see AOC hiring -- I guess that's the right word -- an outside consultant to do a report for them on a particular type of business, which they do on occasion to ensure they've got the best possible information on which to base their decision. If we can provide it through the department, we will; if not, we'll assist in

directing them to people we feel we know, and now they basically know to some degree, who may be experts in that particular area.

MRS. FYFE: I think you were going to answer the first part of the question relating to the criteria for refinancing where the counselling was one of the aspects.

MR. PARKER: We have several levels of counselling, so to speak. Our lending staff is knowledgeable in financial matters, and that is one of their major functions in discussing operations with the applicant. At that point in time in a refinancing case, or any other for that matter, if they feel that counselling is needed in one area of operations or another, they will recommend that to their supervisor. We will proceed to say, yes, you have to have this either from ourselves or from the department.

I might add that as far as our dealings with our customers go in providing counselling to them, probably 80 to 90 percent of what we do we do in-house to our own customers. But there are areas of expertise that department individuals have that we may not have. In those times, we call to them for this and work in conjunction with them. They in turn can work with our people on the same basis.

MRS. FYFE: Thank you. I have one last question that came to mind, Mr. Chairman, if I may indulge. That relates to the co-ordination between your department and the counselling -- you're talking about assistance in marketing, and I'm wondering what co-ordination or communication you have between Economic Development and its objectives in marketing Albertan manufactured products, also Agriculture. The Minister of Agriculture spoke about steps his department is taking for this type of activity within his government. I will just ask what the relationship is.

MR. ADAIR: In one word, it's good. I might ask Mr. McDonald to expand on that a bit, because he's directly involved in that. I've got to go back just a little bit, because the original Department of Business Development and Tourism was split after the last election, and of course that saw the creation of the Department of Economic Development and the Department of Tourism and Small Business. We have an excellent working relationship with them. If we have a client come in to us seeking some information or a project that they would like to pursue, and it is what I'll consider not small business but more in the area of the Department of Economic Development, we will walk that person over with the application, the forms, or the suggestions that he may have, to do two things: not listen for a period of time and then say, well, that's not our baby, you have to go to department X, and then have the fellow or lady leave somewhat frustrated because they've spent maybe an hour going over that, but to short-cut that particular kind of discussion by explaining that to the person in the other departments. We have an excellent working relationship from the deputy minister down, particularly so at the deputy minister level, the ADM level, and director level, where I would say there is ongoing daily consultation between the parties relative to whatever may be on the table that day.

Do you want to just expand on that, Al?

MR. McDONALD: I think you've covered it pretty well, Mr. Minister. I might suggest, however, that whether a client comes into us because of a concern he presently has with his business or whether he's going to start up a business and go into financing, we deal with him pretty well in the same way. We're able to build up a business plan for him so that he can go for either refinancing or financing. We work with the other departments very, very

closely on building that business plan up. We know what AOC and other financial institutions are looking for in the way of a business plan. We are working with it every day, so we are able to short-circuit quite a bit of time lapse in working with the clients in that way.

MR. ADAIR: One of the things I should emphasize too is one of the difficulties we have, and in my mind it's historical. A person who may be encountering some difficulties in his business is generally reluctant to talk to anyone about those difficulties -- even at home, I think it's fair to say -- until the last moment, in most cases. That causes some difficulties when you have a person coming in to sit down with you, having the lending institution breathing down his neck or a number of phone calls. I've got to the point when a phone call comes in. I ask them what kind of time frame we have to work under. In some cases you get the response, the receiver moved in yesterday, which really makes it difficult for anyone to assist that particular business. That is a pressure that is placed on the department and the individuals within the department to try to help.

I might add that on occasion we have been able to help. I guess that relates to the kind of person that may be the receiver and his particular interpretation of what his role is in the receivership of that particular company. But the main purpose is to try to sit down with that person as quickly as possible. We've had some difficulty in the last while because of the numbers of people who have approached us for counselling service or guidance when we have only the 11 people out there. We have the capacity to use additional people from the private sector and do, to assist. I guess I could say that the load is fairly heavy but the staff has met that challenge very well. Most of the business analysts and business counsellors are people who have come from the private sector and, for a short period of time, are with us doing just an excellent job and fully understand the private-sector role and the business role. We've had excellent responses from clients.

As one of the members said, in some cases we were not able to help them, but during that period of time we provided the kind of counselling service and suggestions that at least pursued all avenues before something may have happened.

MRS. FYFE: Thank you. I also agree. I have had some favorable comments, and it has been helpful for constituents to have that resource available. Thank you very much.

MR. CHAIRMAN: Are there any further questions for the minister or the two gentlemen?

MR. KESLER: Mr. Chairman, my question to the minister is what effect the minister sees the announcement on Tuesday having on his department. Does he feel it will reduce some of the load they're feeling at this time? If so, if it's a significant reduction, do they see room for shifting staff from AOC to the department that will be set up to administer the new low-interest loans that will be made available?

MR. ADAIR: Well, two things I think, if I follow the question. AOC is a Crown corporation operating outside the department, and I don't see any major shift in the loan applications coming into AOC. However, within the department I see a major change over the next two years in the requirement by us of receptionists, clerks, stenos -- is that basically the term, Al? -- people to staff the program office so we can take the mail applications that come in, process them, and get them into the right areas as quickly as possible to

ensure that payments for the successful applicants are out as quickly as we can.

In short, number one, I don't see any major change in the load level at AOC. They have been operating at an extremely high capacity with the number of applications before them. That may be slightly reduced, but that wouldn't see somebody sitting idle -- I guess that's the question -- in the Alberta Opportunity Company.

As for the staff that would be required for the shielding program for small business and the farm community, we anticipate we may need as high as 100 people on what we'll call project positions. That would not be for the entire length of the program. That would be for some part of the program and initially the start-up phase. After that, it would just be more or less the routine second application by the business applying for the second, third, and fourth payments of that particular shielding program. There could be a net low of 35 in there. With the number of dollars involved and that particular percentage, it's a very low percentage. We've worked it out to what we'll call the bare bone needs to handle efficiently the program that is in place for two years.

MR. PAHL: Although the minister and the Chairman have somewhat spiked my cannons by anticipating what I might have said -- I arrived late, for which I apologize, so I didn't get the fullness of the discussion -- I didn't want my silence to be interpreted as having given up the crusade, which I'm sure all would be aware of. I would like to say that I have heard a lot of favorable responses from the business community about the level of counselling service they get from the Alberta Opportunity Company. Certainly in the urban areas, although in my experience they don't go away with any money, they do come back richer in experience in terms of helping them with their business plans and their advice.

I would simply add: please refer to the transcripts of past years. Again I would like to make the observation, Mr. Chairman, that although Alberta Opportunity is doing an excellent job and improving, they just have to become a more attractive lender of last resort in urban areas. I'm convinced there's a need out there, and I think that need is shared by many of my colleagues and perhaps, in some weaker moments, by individuals opposite. I simply want to add to the recording if I could, Mr. Chairman, and really don't expect to get anything back.

MR. ISLEY: You're consistent.

MR. NOTLEY: The representation has been made.

MR. ADAIR: Mr. Chairman, I would have been disappointed if the hon. member hadn't raised that point for a number of years. In the sense that he did come in late, I might say that the point was made earlier that as a result of the Alberta small business and farm shielding program, the benefits may be in reverse to those who have received funds through AOC in Edmonton and Calgary, the metropolitan centres. Where initially they were required to have a higher interest rate on their approved loan, that higher interest rate will increase the shielding benefit to that particular applicant if it's still in place right now. I'm sure that we who are in rural Alberta will accept the fact that they might be getting a little more per application, because the program for shielding is across the board to all Albertans wherever they may be, in every sector and every section of this province.

MR. CHAIRMAN: Any further questions for the minister? It looks as if the annual fencing duel is finished. Thanks very much, Mr. Minister, Deputy

Minister, and Mr. Parker. It's been an interesting discussion of several items.

The committee will reconvene at 2 p.m. to meet with the Minister of Housing and Public Works. Perhaps this is a suitable time for me to mention that because of our tight schedule for timing for the beginning of the fall session, the last appearance will be that of the Premier next Tuesday morning. I was wondering if it would be all right with the committee to submit proposed resolutions to me by noon on the 17th; that's the Friday of next week. That would give me a chance to work at them over the weekend, get them all put in order in my inimitable fashion, gather those together that can be put together, and get them out to members early in the week of September 20, so they could look at them and get their thoughts and ideas put together with a view to meeting to discuss proposed recommendations the week of September 27.

MR. NOTLEY: We don't propose to meet September 20 and 21?

MR. CHAIRMAN: No, I don't think we need to, and I think that's too soon after having the Provincial Treasurer here on Monday and the Premier on Tuesday of next week. Perhaps proposed resolutions could be submitted to my office, Room 513, by noon on the Friday. We could then go from there on the discussions, either later that week or the beginning of the week of the 27th. I'm suggesting the deadline for submitting proposed resolutions be noon on the 17th.

MRS. FYFE: Then you said meeting later that week?

MR. CHAIRMAN: No. I would distribute the proposed resolutions to members early the following week. We could meet to discuss them either late in the following week -- that would be the 23rd or the 24th -- or the week beginning the 27th.

MRS. FYFE: In my opinion, it's difficult to change the dates to late in the week. I know I'm committed both Thursday and Friday of that week.

MR. CHAIRMAN: Well, we'd go to the beginning of the following week, the 27th, 28th and as needed. It's just a time schedule because of the beginning of the fall session. We have to have the report available for tabling the Monday following the beginning of the fall session. The Member for Edmonton Mill Woods.

MR. PAHL: Mr. Chairman, I guess I would be of the view that I'd like to have a more firm date. Either schedule would be acceptable if we could commit, at least tentatively, to it perhaps later this afternoon, simply so the day is blocked out.

MR. CHAIRMAN: We can think about it over lunch hour and discuss it at the end of the afternoon meeting with the Minister of Housing and Public Works. The primary thing to look at is the deadline for proposed recommendations at noon on the 17th. Then we would meet to discuss resolutions starting Monday, September 27, and Tuesday, September 28. Is that a firm arrangement, and the rest of the committee go along with those who are here?

MR. NOTLEY: Well, I think the 27th and 28th, the first Monday and Tuesday, are dates we tentatively set aside anyway. I think most of us marked our calendars on that assumption, that Mondays and Tuesdays would be heritage trust fund. That's why I'm a little concerned about getting into Thursdays or Fridays. Most of us have already made commitments. The 27th and 28th would

be fine for me. I move that we set aside the 27th and 28th for the first meetings to discuss our recommendations.

MR. CHAIRMAN: Would you also like to include the deadline for proposed recommendations at noon on the 17th?

MR. NOTLEY: Yes, I move the 17th as the deadline.

MR. CHAIRMAN: Thank you. We're now adjourned until 2 p.m.

The meeting adjourned at 10:55 a.m.