

Standing Committee on the Alberta Heritage Savings Trust Fund Act

10:00 a.m.

[Chairman: Mr. Dunford]

MR. CHAIRMAN: All right. Ladies and gentlemen, I'd like to call the meeting to order. We'll get to our guests here in a minute, but before we proceed with the hearing, are there any recommendations to be read into the record this morning? I recognize Denis Herard.

MR. HERARD: Mr. Chairman, I've taken the liberty of distributing a motion that I will now read into the record.

That the scope of the pending public review of the heritage savings trust fund include a review of the mandate of the Standing Committee on the Alberta Heritage Savings Trust Fund Act.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you. Then just for housekeeping purposes we'll call it a recommendation. We'll deal with that as a recommendation. Any others to be read in this morning?

All right; I would like to now welcome Walter Paszkowski, the Minister of Agriculture, Food and Rural Development. Walter, our process here: we're rather informal, similar to Committee of Supply and that sort of thing. So feel free, you know, to act accordingly, then, in terms of your jackets. We would ask that you introduce the assistants that you have with us, and then if you want to make an opening comment, that would be fine. We would ask you, however, to not take more than 15 minutes. We are here to discuss with you in terms of the '92-93 report Farming for the Future, grazing reserve enhancement, irrigation rehabilitation and expansion, private irrigation development assistance, Alberta Agricultural Development Corporation, and the Prince Rupert grain terminal.

After your remarks, then, we will move to the questioning. Each member is allowed we call it a main and two supplementaries, but it's actually three questions each time their name is called. The second and the third questions don't necessarily have to relate to the first one at all. We will start with a member of the Liberal opposition, then we'll move to the government side, and then we'll alternate back and forth. The meeting was called to order at 10 o'clock, so we will proceed until noon or until the questions cease, whichever first occurs. I hope you've arranged your schedules so that you have two hours, and then if we are able to leave before that, it'll be a little bit of a recess for all of us.

If you would like to proceed, sir, the floor is yours.

MR. PASZKOWSKI: Thank you very much, Mr. Chairman. Obviously, this is my first experience at this, so I hope you'll have a little patience with me as well here in case I'm not able to perform up to your expectations. Again, if we're not able to answer any of the questions today, we will certainly endeavour to do that perhaps in a written form later on. It is our intention to make sure that every question is answered, and we will certainly make every effort to do that.

Mr. Chairman, you asked me to be brief, and I will certainly attempt to be. My usual critic isn't here today. It's my wife. I usually ask her how the speech went, and after the last one she said, "It was great except for the ending." I asked her what was wrong with the ending, and she said, "It was too far from the beginning." So I'll try and accommodate you here as well.

I want to thank each and every one of you for coming and joining us here today and certainly participating in this important process,

because I consider it very important that we sit down and discuss the expenditure of taxpayers' money and in this case heritage trust money. We want to share with you as well some of the information as to how the heritage trust fund is supplied. I strongly believe that agriculture is Alberta's future and not its past, and it's a premise that we're working from and will continue to work from. I think these programs that we have in the heritage trust fund certainly support that initiative.

Before I begin, there are several people from Alberta Agriculture that I would like to introduce. I'd like to introduce Bob Splane, the managing director of ADC -- it'll now be the Financial Services Corporation -- David Schurman, the vice-president of finance and administration from the Alberta Agricultural Development Corporation; Dr. Ralph Christian, the executive director of the Alberta Agricultural Research Institute; Brian Colgan, who is the irrigation and resource management specialist; and John Tackaberry, director of rural development division. These are the people that have joined me. Also, I understand that in the gallery we have Ray Bassett; Larry Lyseng, head of budget branch; and Bill Irvine, manager of the provincial grazing reserves. That's the staff that we have joining us today. It's because of their dedication that these and other program services are delivered efficiently to the people in rural Alberta.

I'll start first with the Alberta Agricultural Development Corporation. The ADC continues to stay on course. I think that's the important element and one that, at least from my perspective, is extremely important in that it stays on course in maintaining a priority of prudent financial management and superior customer service because this is really what we're there for. In the past year ADC has processed over 6,200 loans and guarantees for over \$180 million. Farm loan arrears -- and this is a question that's often asked and, quite frankly, I'm proud to answer -- have been reduced to 2.7 percent of total accounts. This is down from a high of 11 percent in 1988, so we've made some very significant gains in that very important area as well. Of the 165 quarters owned by ADC, we have offers pending on 95, so we only have 70 quarter sections that are available for sale at the end of the year. This is a drop of over 80 percent from 1988. From our perspective at least we think we've made some very significant gains as far as management of our overall account.

Costs of operating ADC have come down by almost 50 percent since 1989. A more judicious lending criteria was introduced in recent years to make the portfolio stronger. ADC has made a more concerted effort to get the problem accounts early, to get at them before they become a real major problem and to work with farmers to find the solutions before the situation gets out of hand. I think that's really part of the success of the new numbers that we have and we're working with.

Our corporatewide attempt to get land back into private production as quickly as possible after acquisition is our prime objective and will continue to be.

In 1994-95 further improvements in cost reductions will take place, particularly after the merger of Alberta Hail and Crop Insurance Corporation is completed in 1994.

As far as the Prince Rupert grain terminal is concerned, there's been a decrease in volume this year. Last year we were at 5.3 million tonnes; this year, down to 4.9 million tonnes. So there is that bit of an anomaly. Part of that, of course, is through the problems that we had with the harvest, under the harvest conditions, but a part of it also is the competitiveness of the other terminals that are located in other cities where individual companies own their terminals and prefer to use their own service so that their company can of course show a better bottom line. This is good business from their perspective. However, the Alberta government will receive

\$18 million in debt servicing costs on the heritage trust fund first mortgage as far as the Prince Rupert facility is concerned, and a full payment on the principal of \$4.25 million will be made. Last year we received an interest payment of \$18.3 million on the Prince Rupert terminal and a principal payment of \$1.76 million. So overall we are getting a return on the investment.

Farming for the Future. Dr. Christian is moving to that program. Farming for the Future has been doing well under the administration of the Alberta Agricultural Research Institute, the central body that co-ordinates and supports the agricultural and food research in this province. Under its two areas, research and on-farm demonstration, the program has funded nearly 1,600 projects over four years. As well, it has fostered co-operation between our government producers, processors, research associations, academic institutions, and the federal government. A 1992 study showed significant economic benefits from only 10 research and 10 on-farm demonstration projects. Over \$455 million will be returned to Alberta's economy over 10 to 15 years as a result of those projects. This expected return greatly outweighs the \$68 million that was invested from the heritage trust fund, so we're getting a return of roughly \$455 million on an investment of \$68 million, which is a very, very significant return. This program provides the tools and knowledge that producers and processors need to continually improve their competitiveness and their competitive nature. I'm confident that Farming for the Future will continue to make valuable contributions to Alberta agriculture and the food industries.

10:10

I want to touch on grazing leases for a moment, if I may. The grazing reserve enhancement program operated under the department of lands and forests and wildlife in the past. This has now been moved to agriculture, so we are now administering it. In 1989 the program was approved to redevelop \$136,000 acres on 21 grazing reserves. Over a seven-year period it's projected to cost about \$19.2 million. To date over 60,000 acres have been redeveloped at a cost of \$7.9 million. The remaining 75,000 acres will be redeveloped over the next four years. The additional grazing will increase annual revenues by about \$900,000 and increase the capacity of the grazing to 1,300 livestock producers as well. This means a boost to our economy of about \$6 million, and I think that is an important number to recognize. Because of the additional head of livestock that'll be able to graze on these reserves, it will continue to provide multiple-use facilities as well in regards to the options of hunting and fishing as well as access to the ATVs and to basically whatever hunters or the people who are interested in that type of development are interested in. The process of redevelopment is still on track, and after completion the additional grazing reserves will contribute significantly to the provincial economy.

The next item I'd like to deal with is irrigation rehabilitation and the expansion of this program. Last year marked the second year of a five-year mandate of the irrigation rehabilitation and expansion program. The benefits of this program were clearly shown in the 1993 irrigation impact study conducted by the Alberta Irrigation Projects Association. The irrigation activities employ over 36,500 people and account for \$1.039 billion of Alberta gross domestic product. Since the program began in 1975, Alberta's irrigated acreage has increased by 36 percent, and as of December 31, 1992, over 1.2 million acres have been irrigated. As of March 31, '93, a total of \$362 million has been invested in Alberta rehabilitation and expansion. The program continues to explore ways to improve the efficiency of the water delivery and address environmental concerns such as land lost due to seepage and the reclamation of salinized land.

The next item that the heritage trust fund is involved in and I'd like to deal with is the Alberta private irrigation development assistance program. This program helps farmers outside irrigation districts to develop private irrigation systems that protect their farms from drought. Those that are particularly in need of water it allows to diversify, and it allows them to concentrate on providing a higher value-added component to their operation. It allows them to intensify their operation in most cases, but certainly the key element is the opportunity to diversify and to provide a higher value-added per acre in the process. The program covers up to 50 percent of the capital cost of private irrigation systems from a water source to farmers' fields. We have to realize that the only element that's covered here is from the water source to the farmer's field, not passed into the farmer's field. As of March of '93, 76 projects covering 10,000 acres have been supported at a cost of \$1.23 million. The program has helped to support total investments of some \$5.2 million. Producers have covered about 75 percent of the costs incurred for private irrigation development. Producers themselves pick up about 75 percent of the costs in this process.

In conclusion, each of these programs is helping lead Alberta into the next century. The benefit from the program certainly cannot be denied. The monetary benefits are there and certainly are very vividly demonstrated, as I have pointed out. Programs like these help Alberta's agriculture industry thrive. That is my priority as minister of this portfolio: to see that agriculture is put in a position where the industry can progress and thrive as well. Just as the old agriculture helped build Alberta in the past, I want the new agriculture to continue building the Alberta community in the future.

Thank you again for your patience, Mr. Chairman. We certainly welcome the comments and questions regarding these programs.

MR. CHAIRMAN: I'd like to congratulate the minister. He must be an old toastmaster. I didn't have a stopwatch, but that's got to have been very, very close to 15 minutes. So the time you were allotted you used very well.

All right; we'll begin the questioning, then, with Mike Percy.

DR. PERCY: Thank you, Mr. Chairman. Mr. Minister, I just want to reiterate a point that I made actually in the Public Accounts Committee where we had talked about many of these issues regarding Farming for the Future. It is a program that in some of the work I've done internationally, both in Australia and actually in Indonesia, some of the research output was spoken of very highly, and the structure of the program itself was seen to be a model. I think a lot of research that is undertaken in agriculture is orphan research, not immediately with commercial use, and if not done through government funding, it's not going to be done. So I'm certainly a strong supporter of that program. My first question, then, relates to that program. Although this is looking at '92-'93, in light of the success of the program and its obvious benefits is it going to remain intact at the same funding levels through time?

MR. PASZKOWSKI: Well, obviously it is a successful program, and ultimately our goal would be to certainly see that it is funded to the same degree. What we are looking at, though, is more of a joint venturing process. That's really what we are looking at: a closer association with industry, a closer participation with industry, as a matter of fact. That's the role that we see Farming for the Future playing. It has been productive and will continue to be productive in the future. The roundtables that we just completed in December indicated -- the results of the roundtables were just released yesterday -- very strong support for research and development from the agricultural community. So obviously it will be our intention to maintain the research component of agriculture. Farming for the

Future has been a very valued contributor to that. Again, having heard from the grass roots, having heard from the agricultural community, it certainly will be our intention to attempt to maintain. We're going through some restructuring, and we're going to have to be creative as to how we spend our money, but research and development has been identified as an area that we want to profile.

DR. PERCY: My supplementary relates to the AADC and particularly the value of the debentures held by the fund, so it is relevant to the minister's portfolio. The Auditor General's report noted that the AADC does not follow generally accepted accounting practices in that it continues to record interest from nonaccrual loans as revenue on its financial statements despite the fact the ultimate collection of this interest is in doubt. So my supplementary question is: in light of those recommendations, is there going to be an immediate change in the accounting practices within AADC?

10:20

MR. SPLANE: The report of course has taken into account recent changes made in the generally accepted accounting principles with respect to public institutions. It's, I guess, been two years now that we were aware that we were going to have some difficulty there. The difficulty arises because it is hard to set the interest rate particularly as it relates to the index deferral program. The interest rates that flow as a result of the index deferral program are established on an annual basis depending on the particular index that a particular farmer has. To reprogram all of those accounts, to take that into consideration -- over 40 percent of our clients are on the index deferral program, a program that was brought in in the mid-80s, so our estimated cost of reprogramming is about a million dollars. What we have committed to do over the next three years is invest sufficient funds in upgrading of our computer program. Incidentally, all of our computer operation at the corporation we have outsourced. We've built into that a contract which allows for a certain amount of program development. So over the next three years that will be rectified on a loan-by-loan basis. The way it's handled now, in the final analysis, as the Auditor General points out, the bottom line is still the same, but there are two lines that exaggerate our income and one line, then, on the expense side that takes it out again. So it's accounted for but only in the bottom line. So it does exaggerate the income, as he readily points out. We will have that rectified in the next three years.

DR. PERCY: Thank you.

My final supplemental relates to the market value of the debentures held by the heritage fund. They're listed at \$1.09 billion in the report. When Glen Mumey, a financial economist at the business faculty at the University of Alberta, assesses the heritage trust fund, he puts their market value at about \$660 million. My question is: does the minister feel that the market value as reported in the heritage fund annual report is realistic? Does he think that in fact this value could be achieved on the open market if the asset was to be disposed of, or would it require a financial commitment on the part of government?

MR. SPLANE: I'll try to respond to that as well. Market value of course depends on the given day, and it certainly depends on willing buyers. If we were to try to market that portfolio today, it might be worth more or less than it was last year end. With interest rates coming down, most of the portfolio is written so that it returns 9 percent. That might be attractive except that because most of these are beginning farmer loans, they are higher risk. One of the things that has also taken place as a result of moving towards generally accepted accounting principles in the public sector is that last year

we did have a provision to bring them to a current value, and that provision was \$38 million. So I think from an accounting point of view we're fairly close to it. To go and market it, I would suggest a billion dollar portfolio like this would take some time. With interest rates coming down, I think it's a portfolio that could be marketed close to the value that is shown there.

MR. PASZKOWSKI: That's really something that's going to fluctuate. I don't think that we would really want to make a commitment as to what that final number is because it's going to vary from year to year. The only time that it's really going to be a key issue is if we're out there marketing it. That's going to be the key time. At this stage that's not our intention. So we're not really going to spend a lot of energies trying to determine what that line is, because within a very short time that's going to change. You know what market values do. I can understand that it's important to have some realization of trends as far as value is concerned. If the trend is consistently going against us, then perhaps we have to reassess, but nevertheless farm and agricultural land has had a tendency of being cyclical and will continue to do that. There are a lot of factors that enter into the process.

The key to all of this, though, is to have a successful and strong agricultural community. If you can maintain that successful and strong agricultural community, those values are going to be maintained. That's really what we have to strive to do. That in part is why we are involved in spending heritage trust money in the agricultural community, because we consider that as one of the major engines of this province.

MR. SPLANE: I might just supplement that. If you have the Agricultural Development Corporation annual report, note 10 in the annual report, on page 26, lists the debentures that were outstanding, and the average rate for those debentures is 10.01. Of course, the corporation has paid its interest on all of those debentures, and in fact I think last year actually repaid about \$47 million of its debentures back. So we're at a point now where we haven't been borrowing on a net basis any new money from the heritage fund.

MR. SCHURMAN: I think the Auditor General kind of supports the values that are shown on the balance sheet too. He has commented on the discounts of \$38 million that we talked about earlier, but he also commented on the fact that if interest rates were to rise significantly and get back into the position they were in in the mid '80s, at the 12 to 14 percent level, then further discounts would be required to revalue that portfolio. So I think he's by inference saying that at current rates the values that are there are reasonable.

MR. CHAIRMAN: Okay. Thank you.
Denis Herard.

MR. HERARD: Thank you, Mr. Chairman. First I'd like to thank the minister for sending us the supplementary information on *Harvests of Innovation* and the executive summary on the research. I think that was very useful. It's really nice to see some concrete results as a result of investing in research.

With regards to Farming for the Future, are the research projects funded by Farming for the Future need driven?

MR. PASZKOWSKI: By and large. There is a committee that's established that makes the decisions as to what indeed is -- and I'm going to ask Dr. Christian to further respond to this. Yes, indeed it is need driven. This is really where the input comes from.

If I may, I'd also like to mention that Ed Stelmach, who is with us here today, is chairman of the Agricultural Research Institute and

doing some very, very fine work on behalf of not only the institute for research but as well ultimately the agricultural community in Alberta. We want to thank Ed for the work that he's doing on behalf of agriculture.

By and large, certainly it's need driven. There's a group that identifies priorities, and this is done through a process of committee study. Ultimately it certainly is.

Dr. Christian.

DR. CHRISTIAN: Thank you. The process of identifying priorities is one established through the committees and the board of directors. All the committees and the board have half of their representation from the industry. So they're able to identify needs both as the research community sees them and as the industry sees them. We are running a process of going through all of the commodities and subject areas in agriculture and food research on a two- or three-year cycle bringing in all of the people involved in research in that area, all the people who are interested from the industry organizations, and other people who are involved in funding. So we're able to review what's happening, identify what the future key issues are, and talk about how we can work together to address those. All of this work on the key issues and future priorities comes together each year, and when we call for proposals, we send out the list of priorities that the institute has established. It's working well, a good, solid process.

10:30

MR. PASZKOWSKI: One of the keys of course is that we have to be flexible as well, because the times change and we have to stay ahead of the needs of the community. That's so important, and that's where you have to become innovative and creative, really, so that you're providing the information and have the background information for the agriculture community to utilize at a suitable time. If you're providing the information after the opportunity has passed you by, it's not very useful to you really. So the whole process has to be very creative, very innovative but futuristic in their thinking as well in that they have to lead the needs of the world. That's why this committee process is in place, and that's why the direction is incorporated into the entire process.

MR. HERARD: I wonder if you could perhaps give me a sense of whether or not these projects are looked at in isolation in Alberta. Are they looked at, you know, in co-operation with other provinces, nationally, internationally in order to prioritize these particular projects? Can you give me a sense of how that works?

MR. PASZKOWSKI: I'll start, and I'll let you supplement.

Certainly there are communications with the various research groups throughout Canada, throughout the world for that matter, when it comes right down to it, as to what's going on in the world, because though we are an agricultural community in Alberta, as I've mentioned many times, 63 percent of everything we produce in Alberta leaves the province. That's a significant number. So really what we're designed for is not so much for our own domestic market right within the province. Our opportunity is really market accessibility, and that's very key. So what we are producing and what we are going to be growing we have to see as moving out of the country and being attractive to other countries, to other users. So that's important. We can't be duplicating. We have to be working in conjunction with what's going on out there as far as the research community is concerned.

Dr. Christian.

DR. CHRISTIAN: Thank you. Yes, we have quite a good mechanism for understanding what's happening across Canada through the Canadian Agricultural Research Council, which has representation from the key research organizations across Canada and from industry. The council has established the inventory on Canadian agricultural research, which is a computer data base where you can access what is currently being done in research on this subject across the country. In addition, we have a CD-ROM compact disc that has the current research going on in agriculture in Canada, in the U.S., in South Africa, and in Australia. They are currently working on adding a data base from Europe to that as well. So not only can you go to the library and find publications on research results; you can go to the library and use the computer and search the compact disc to identify what's currently being done in terms of research subjects and projects across all of these parts of the world. So we are able to co-ordinate and identify who's doing what and where and how that might relate to a proposal that comes to us.

In addition, the western region of Agriculture Canada's research branch is represented on the board and on our committees, so all of the research done across Canada that might relate to opportunities and problems in Alberta can be recognized from that source. So we have, I think, really a very good co-ordination mechanism and a way to know what's going on so that we can co-operate and not duplicate.

MR. HERARD: Thank you very much for that response. I think part of that response answers my next question, and that is: how are the results communicated to farmers? You've indicated that you have a very high-technology approach, but I'm wondering if all of the farmers have access to that. How are the results otherwise distributed to farmers?

MR. PASZKOWSKI: Well that of course is the key. Part of a measure of successful research is the communications aspect of it, because you can do all the research in the world and be the furthest ahead in the world but if you're not utilizing that research -- and the only way you really utilize it is through a proper communications network. At least from my perspective, I think we have an excellent network process that allows our farmers to be involved in some of this. In some cases we actually have on-farm demonstrations where the farmers themselves are part of the process, and there is no better way of learning than by doing it yourself. That's part of the process that's in place. But indeed there is again a fairly comprehensive process of recording and of communicating.

Dr. Christian.

DR. CHRISTIAN: Yes. Thank you. The on-farm demonstration program is approximately \$600,000 per year. It has demonstrations being done under local initiative across the province and provides a very effective way of introducing new technology or testing it in a particular region for its adaptability. It's a very good one. It involves producer groups or individual farmers along with department staff so that we get a combination of the farmers' ideas and the department staff's abilities to design an effective project. So that program is really quite effective.

I would like to mention that when progress reports and final reports come into us, we immediately forward them to the department specialists so that they can integrate that information into our existing packages and provide it to the farmer either as a new part of, say, the pork production handbook or another vehicle like that. The computer data base that we have with all of our projects on it, including the demonstrations, is accessible by anyone with a computer and a modem. They just get on their computer and dial 438-2209, and then they can search through and find whatever subject area they want to look at, read through and have a look at

what's happening or what's already been done. They can download and print out if they want more information. On there is a phone number of the researcher so they can phone him or her up and find out more information. It's used really very well not only by farmers but by our own staff and by other consultants in the industry, so they also can access the information.

MR. PASZKOWSKI: I think one of the keys on this, if I may, is that we're actually involving the farmers themselves in some of the research. Creative farmers can actually go out and do some applied research of their own. They can do it in conjunction with the select group of researchers, but they also have the opportunity to do it particularly through these on-farm demonstration sites where they actually go out and do some of their own research. So we're acting as a facilitator in a facilitative role in that process and will continue to be, because we found that to be an extremely successful process particularly as an extension service as well. That's a real growth area as far as the research of the province in agriculture is concerned. We're having on-farm demonstration sites virtually throughout the province where farmers themselves are participating in this.

DR. CHRISTIAN: So our idea here . . .

MR. CHAIRMAN: Excuse me. We're taking about 25 minutes here to get two questions in. I wonder if I could just have the co-operation of the guests here today. Let's start moving it along a little more rapidly; okay? Now, Dr. Christian, I didn't want to interrupt your answer, but we have to keep moving forward.

DR. CHRISTIAN: Just to briefly say that we've been flattered by the number of organizations that have copied our demonstration program in the province and set up demonstrations of fertilizers and a number of other ideas.

MR. CHAIRMAN: Thank you.
Grant Mitchell.

MR. MITCHELL: Thanks, Clint. I'm interested, Walter, among other things in sort of the quality of the investments in the heritage trust fund, whether they're real and whether they return real money. There's no question that AADC performs an extremely important function for rural Albertans and all Albertans. I wonder whether you could tell us how much money AADC has paid to the general revenue fund in interest on its debenture, on its loan, over the last 10 years versus how much money it has lost and been subsidized by the general revenue fund, by the taxpayer.

10:40

MR. SPLANE: I don't know. Do we have the actual cost of our net interest?

MR. SCHURMAN: What I can tell you is the net interest that's been paid. That's the difference between what we get back from the farmers and what we paid the heritage fund since 1972, when ADC started. We've accumulated all these numbers, and the interest assistance provided by the government is \$561 million over that period of time.

MR. MITCHELL: Thank you. I'm not disputing that or its value. The point I'm making is that AADC has paid a chunk of money to the heritage trust fund. The only reason it's been able to pay that is because the general revenue fund has subsidized it so it had the money to make the payment. The point is that the heritage trust fund then gets to say, "Look, we're making all this return on this loan,"

when it's really not making return on the loan at all because the general revenue fund, which it subsidizes, in turn subsidizes AADC so it can make its payment. What I'm getting at now is, then: how could we streamline that process so we don't spend more money than we have to? I wonder whether the minister could tell us: what exactly are the administrative costs of AADC?

MR. SCHURMAN: The operating expenses in 1992-93 -- and this is in the financial statement for the ADC programs, and that doesn't include the disaster programs -- was \$12.3 million for that particular year. Again, since we first started in 1972, it's been as high as 4 percent of the outstanding portfolio, and now it's running less than 2 percent.

MR. MITCHELL: I'm not disputing the value of what AADC does by any means. In fact, we endorse and support it. I think you'll find that there's probably very little difference between what you pay in interest and what you're subsidized. Certainly with other Crown corporations it's about the same. They pay in interest only what they are subsidized. So in order to sustain that I guess among other things we're paying \$12 million for administration that we might not have to. I wonder whether the minister has considered the appropriateness of either amalgamating AADC with Treasury Branches to reduce administrative duplication and costs or suggesting that AADC doesn't necessarily have to be a separate entity, a separate Crown corporation, with duplicate administration to some of the department's administration.

MR. PASZKOWSKI: Well, that was part of the financial services Act that came forward last fall in that we were trying to consolidate financial delivery services. Certainly that was a key element of that. From our perspective, at least, we're delivering a service that's as efficient and as effective as any financial institution that's out there, and we're doing it at a better rate. As long as we're able to do that -- and it's only recently that we've achieved that, I will agree, but we have achieved it. With the very fact that we have achieved it, from our perspective at least, we don't really see any reason in trying to find a better way or a different way of delivering the service. We are trying to continue to find efficiencies that can be put into the process, and certainly we did that last fall with Bill 21. At this stage we want to see and measure just how effective our efficiencies are in that delivery. We're always looking at more effective and more efficient ways of delivering it, but at this stage I'm not sure that that's out there.

MR. MITCHELL: Well, if you're so efficient, maybe you should take over the Treasury Branches.

MR. CHAIRMAN: Thank you.
Ed Stelmach.

MR. STELMACH: Thank you, Mr. Chairman. One of the problems I feel that we have with the money that is allocated to various projects under the Alberta heritage savings trust fund is communicating to people the true value of the investment other than the monetary return. One thing we'll all be doing today at noon is eating, and we have, among other things, some of the most . . . [interjections]. I hope *Hansard* isn't picking up these comments from the back here. We have a good quality, a wide variety of food in Alberta. Would you be able to give us, Mr. Minister, some ideas of how we may even better communicate not only to the farmers of Alberta but to the city residents, our urban cousins, as to the benefits of the research that we've been doing in terms of enhancement of quality of food and variety?

MR. PASZKOWSKI: Well, obviously there are two major benefits. One process, of course, is through the cost/benefit analysis, which the bean counters understand quite well. There is also the value to the community that really has to be brought forward. As I mentioned, 63 percent of what we produce in Alberta at the present time moves outside the borders of Alberta. That's significant because that means we're producing a product that someone else wants at a price that allows our agricultural community to benefit from. So these are all ongoing messages that we sort of, in some cases I guess, presume everyone understands, but these are ongoing messages that we have to deliver.

It's not an easy way. It's not an easy process. Really, how do you create an atmosphere that creates excitement about growing additional acres of potatoes, for example? I pick potatoes because we've done very well in that area very recently in that we're now moving a huge amount of seed potatoes outside of the country, outside of the province that we haven't done in the past, but we've done it through areas of research where we've actually developed varieties that are more suitable than these people can grow at home. Let's face it. There are communities in North America that can very successfully grow potatoes, yet that's become a very important market for us through use of the research institute and basically through the use of the heritage trust fund. So it's not an easy message to sell the successes, but it's one that we have to all come together with and work towards.

DR. CHRISTIAN: Just a comment that I think it's really important to have the kinds of food displays that the various retailers are putting on in featuring Alberta products. Through our marketing services group in the department as well as through the field services people across the province we try and promote that activity so that Alberta food quality is quite visible. We think that's an important way. This whole area of urban consumer education particularly is one that does take a lot of effort and a continuous movement of information out. So it's quite a challenge, and I think it will continue to be so.

MR. TACKABERRY: Incidentally, we've targeted a group of schoolchildren through what's called the ag in the classroom program for kindergarten through to grade 12, where we've specifically tried to direct information pertaining to agriculture that relates to the curriculum that's being taught in various subject areas from kindergarten through to grade 12 to get that message of agriculture and its benefit to not just the rural communities but the spin-off effect to the urban communities as well. To impress the value and quality of Alberta food production, we have a program called explore nutritious Alberta which teaches some of the health and education of nutrition for kindergarten through to grade 6 and is a targeted program as well to urban audiences.

10:50

MR. PASZKOWSKI: This is a new venture. Basically, I think if we've had a weakness in the province before, it's been the fact that we really haven't spent a lot of time discussing agriculture in the classroom. So this is a new initiative and a new process that we're just developing now and from early indications a very successful one as well.

MR. STELMACH: I only have one other question, Mr. Chairman. I'm wondering how I got ahead of Victor Doerksen. I thought he was next.

Thanks, Walter and Ralph.

MR. CHAIRMAN: You paid me more.

Sine Chadi.

MR. CHADI: Thank you. Mr. Minister, I find it rather interesting that in your opening remarks you mentioned that AADC is on course. I just find that rather interesting. I would suggest to you, sir, that the only course this is on is the same course the *Titanic* took. Given the fact that AADC has taken over \$200 million in write-downs in the last five years and in particular \$40 million last year alone or thereabouts, how do you explain you're on course? What do you mean?

MR. PASZKOWSKI: I think that's not a very objective question quite frankly. I consider that a question an urban person would ask, demonstrating a lack of knowledge of the agricultural industry in this province. I take offence.

MR. CHADI: That's an unbelievable response, Walter.

MR. PASZKOWSKI: Mr. Chairman, can I respond? The question was asked? Can I respond?

MR. CHAIRMAN: You asked the question, Sine, in a manner in which however he's going to respond -- you've opened it up.

MR. PASZKOWSKI: If you're going to ask questions in that tone, I plan on responding in that tone, and I'm going to.

MR. CHAIRMAN: The minister can complete his answer.

MR. PASZKOWSKI: The agricultural community in Alberta is at an all-time high. Alberta this year for the first time in the history of Canada is going to be the most productive province as far as agriculture is concerned. For the first time ever it's going to supersede Ontario and Quebec. It's through processes such as this that we've built the agricultural community in Alberta. Let's look at some of the successes instead of some of the negatives of this industry. There's always going to be some failure in every industry, and I challenge you to show me any industry that doesn't have a failure. I challenge you, sir, and I would like you to answer that and respond with an industry that doesn't have a failure.

MR. CHAIRMAN: Sir . . .

MR. PASZKOWSKI: On the other hand, what we have to do is measure the ultimate net benefit to the industry, and we must do it in a perspective that indeed is fair to the entire industry. To pick one small element and say that this is a disaster, this is a *Titanic*, which by the way was a total wreck, which signifies that this is a total wreck -- and that's what you're suggesting.

MR. CHADI: Just answer the question. What do you mean it's on course?

MR. CHAIRMAN: I guess we've got to take charge here.

AN HON. MEMBER: It's about time.

MR. CHAIRMAN: About time. Well, we want to bring a little levity to this thing.

I think what this shows is that the manner, you know, in which a question is asked, we can expect the answer to be received. I think it's time for us to all just sort of settle down for a minute or two and kind of cool off. I know you'd love to get into a challenge with the member from the opposition, sir, but we don't allow him to answer

questions. We allow him to ask, but we don't allow him to answer. So if you'll keep that in mind.

MR. PASZKOWSKI: We'll get back on the topic then.

MR. CHAIRMAN: Yes. Well, I'm sure the two of you will, and I would look forward to being a fly on the wall when that happens.

If we can get back to the process here, you have a supplementary, I think.

MR. CHADI: Could you tell me, Mr. Minister, the percentage of the performing loans of the ADC versus the nonperforming loans? Where are we on that?

MR. PASZKOWSKI: Ninety-eight percent are performing, slightly over 98 percent as a matter of fact, right in that area.

MR. SPLANE: I think to talk about the course, as the minister did, you have to look at what we've done in terms of the performance of ADC, and looking at write-offs is not current day performance. What write-offs relate to is what it says. If we'd made provision for something in past years as a result of the downturn in the agricultural economy and a downturn in land prices, when that land is disposed of, we write it off, and that doesn't relate to current performance. Our current performance would indicate that since 1989 we've reduced our budget call on general revenue by 50 percent. We have reduced the arrears from just a little over 11 percent down to present day, just a little over 2 percent. The whole area of land in our portfolio, which at one time was up over 800 quarter sections of land -- there was a study done in the mid-1980s that said that we would go up to 3,200 quarters of land by 1992. We're now down to a point where we virtually have no land for sale at all, 70 quarters. That's, I think, what the minister says when we're on track, and we will continue to reduce our cost to general revenue. We're pretty proud of the fact that there aren't very many organizations in government or elsewhere that can show an over 40 percent reduction in the last five years in terms of their call on general revenue. That's the course we're on.

MR. CHADI: When is it that you could see the corporation, the AADC -- and my question, Mr. Chairman, is to Bob's point -- relieving itself of the dependency on the GRF? Do you see that in the near future?

MR. SPLANE: I guess that also goes back to a previous question that was asked comparing our losses. Now, we're administering a program. It isn't something that should be charged to the heritage fund. It's something that shouldn't be charged to general revenue. We provide 6 percent interest to beginning farmers for the first five years. Unless we can borrow money cheaper than that, you can't make money on that. So as long as that program is in existence and we're continuing to be on the higher risk end, we are going to have substantial risk out there, where we could lose some money. The answer is: we'll bring it as close as possible to breakeven, except for the interest assistance that we're providing to beginning farmers and those loan losses that relate to higher risk, particularly where we're talking about start-up kinds of operations.

We have changed our criteria since 1989. Anybody that we're lending to has to have equity in their operation to at least 20 percent before we'll consider it. That's why these results are changing, and you'll see our provision for write-offs has come down. I think they were \$50 million, and they're down to \$14 million this last year. The provision for write-offs that I'd like people to address, because that tells us what's happening right now -- the write-offs relate to

stuff that we're cleaning up. It just takes them off the books. It doesn't affect the current income statement.

MR. SCHURMAN: Just as an example of why it takes so long. We had a foreclosure action that we started in 1981. It went to court Monday of this week, and it got deferred again. The whole legal process in some of those things can frustrate you until everybody that was ever involved is dead. People can prolong these things forever, and we can't write it off until we ultimately conclude whatever the amount is.

MR. CHAIRMAN: Okay. Thank you very much. That was an interesting exchange.

Victor Doerksen.

MR. DOERKSEN: Thank you, Mr. Chairman. In one sense I'm disappointed that you took charge, because I was enjoying the minister's passionate response, and the people in agriculture would have been proud of the manner in which he defended the industry, because it is very important to the province of Alberta.

MR. CHAIRMAN: The tapes will be available through my office for five bucks.

11:00

MR. DOERKSEN: Unfortunately, you cannot translate the dynamics of that discussion into the *Hansard*.

Actually, Mr. Minister, you've answered some of my questions already, so I just want to hopefully maybe make some comments and ask you to shed some additional light. Mr. Mitchell had made a suggestion in terms of amalgamating the administration or the function under the Treasury Branch. I think that particular suggestion or comment has some merit. I'm wondering if it has all even been studied or considered to amalgamate at least the administration of those two functions or if perhaps we've even looked at the private sector taking it over. Also, when you consider the fact of where the interest rates are now -- and maybe you can educate me here -- are not the rates provided by ADC now lined up similar to what can be provided through any normal institution?

MR. PASZKOWSKI: To start with, I don't think I'm going to educate you on anything that involves banking. I think you can probably provide a lot of information as to the whole operation of banks and banking and the likes of that. I don't ever anticipate that I'll be in a position to educate you on that information.

We have to look at the whole process of banking -- and I think you understand that one fairly well -- in that banks basically try to develop a balanced portfolio. All banks operate on the same process really. Because industries have their highs and lows -- they operate on cyclical natures -- the banks basically try to operate on as balanced a portfolio as they possibly can. There are times when banks will fund agriculture. There are times that banks withdraw from agriculture entirely. In order to maintain the stability that we've been able to in Alberta as far as agriculture is concerned, it's important that we maintain that stability in lending as well and that we don't suddenly find agriculture shut out of being able to access money and access funds. That's what happens periodically. There may be times when banks will fund a certain part of agriculture and not another part of agriculture, for example. That creates an unhealthy situation as well, because suddenly through that process we're dictating where agriculture is going to go.

As you know, historically anytime you're involved in a commodity-specific production area, you're going to go through the cyclical natures. It's difficult to turn the business over, from my

perspective at least. I think it could handicap the industry and not allow it to continue to grow with the growth that we have had in the province here and the successful growth. As I mentioned to Mr. Chadi, indeed we're going to be number one in Canada this year as far as agricultural production is concerned for the first time ever. It's programs such as these that have allowed this to happen.

I don't know if I've answered your question adequately.

MR. DOERKSEN: I recognize that, Mr. Minister. I certainly recognize the value of agriculture to the province of Alberta. It's extremely important, but let's even look at the demand now coming through the door at ADC, for instance. Okay? I'm speculating here, but I imagine that in today's current interest rate environment the demand through your institution may not be as great as it used to be. We have this whole organization set up to handle a specific industry where maybe now the demand is going through other institutions. The Treasury Branch could perhaps be mandated to make sure they are positioned to be able to fluctuate with that demand and respond accordingly.

MR. PASZKOWSKI: Well, to start with, short term, yes. We could move quite easily. The banks with the low rate of interest are not there with the long term. So again we get away from the stability that the beginning farmer 6 percent provides, and then moves into a 9 percent. Once you get into the long-term funding, you suddenly find that the competition really is no better than what we're providing it at. In the agricultural community, just as in any other major, major undertaking, you don't get that short-term payoff as a rule. So you have to sort of extend your borrowing. That's where we get into the higher rates of interest again.

Bob, perhaps if you want to . . .

MR. SPLANE: Maybe just to give you a bit of background from my approach to it. I came to the corporation in '88 from the banking industry. We've indeed asked the questions about Treasury Branches, and if you read the Treasury Branch annual report, you'll see that they quite proudly say that government put some seed money in there. I think it was about a quarter of a million dollars. Since then it has been run on depositors' funds.

The depositors' funds are guaranteed by the government, and they run in a world that's competitive with the banking industry. The banking industry, as I'm sure most of you are aware, has difficulty sourcing long-term money, primarily because the Canada Deposit Insurance Corporation does not insure deposits greater than five years. The role that we play, then, is in long-term lending. It's that stability role. New lending on a direct basis is \$60 million to \$70 million a year, so the portfolio is fairly stable from that point of view.

However, our guaranteed lending has increased substantially. It went up about 50 percent, and the reason for that was that the farm credit stability program is no longer taking on new loans. When we looked at the overall picture -- government not wanting to put money into the Treasury Branches, to leave them there as a depositor-funded organization, to leave them on a basis that's competitive with the banking industry . . . I think for those of you who've had major credits called or lines of credit reduced in tough times by the banking industry because you weren't using them -- and the reason they were doing that was so that they could tell their board of directors in Toronto that they had reduced their exposure to Alberta -- it comes back home, and that's when this kind of program is needed. You know, I think we've been fairly open to try to see whether it would fit somewhere else, and the decision was taken that it was best to combine those financial services for farmers: insurance and lending.

Now, what can we do about our efficiency? I don't know that we can do much more other than to combine at the administrative level. We now have assets per employee in ADC of \$6 million, and I challenge you to look at any other organization and find one that's that efficient. You can't do it. I was in the banking industry, and we'd have drooled to have had those kinds of efficiency levels. When we compare ourselves to the Farm Credit Corporation, we're 50 percent better on that efficiency side.

MR. CHAIRMAN: There's that C word again.

Did you have another sup, Victor?

MR. DOERKSEN: Just to change the topic a little bit. Again I was going to go on to the nonperforming aspects of the portfolio as well. What benchmarks have you got that are acceptable in terms of the percentage of portfolio you would classify as -- let me make myself clear. What percentage do you say is an acceptable target for nonperforming loans? Like, once you get over that, bells and whistles go off.

MR. SPLANE: We've been targeting to reduce it on an annual basis. As I'd indicated, one of the difficulties we had when we began the program was that because we're a government organization there was a view held out there that you didn't have to pay it back because it was government. We had to change that, and that's been changed. In a five-year period our arrears have gone from over 11 percent down to the present-day 2 percent. I won't be happy until it's down to 1 percent, and at 1 percent I think that's probably as tight as we can manage it and still say that we're really out there to help the farmer.

MR. CHAIRMAN: All right. Thank you very much.

Don Massey.

11:10

DR. MASSEY: Thanks, Mr. Chairman. Mr. Minister, could you help me with the administrative costs? There's a million dollars charged against the Alberta heritage savings trust fund for administration costs. How much of that would be from agriculture? How much have you charged back to the fund?

MR. PASZKOWSKI: None at ADC.

MR. SCHURMAN: All of the administrative costs are absorbed by ADC. There's no charge in the heritage fund costs for that.

DR. MASSEY: There is a million dollars listed here for administrative costs. The Act allows the Treasurer to charge the fund for any administrative costs, so I was trying to find out if there were any administrative costs.

MR. PASZKOWSKI: None.

DR. MASSEY: None.

Can you help me with -- when research is done, when someone applies for a research project, is there an administrative cost built into those, for instance university research? Paul Davenport told us the other evening that they take 40 percent off the top for administrative costs at the university. So when those research projects are granted, are the applicants allowed to cost administration into that?

DR. CHRISTIAN: Yes. With the universities we follow the government's policy, which is 15 percent overhead for grants. We

do not deal in contracts with the university where they charge a 40 percent overhead fee. For Agriculture Canada, where we fund a project, we're allowing them to charge a 9 percent overhead.

DR. MASSEY: If I may follow that. How would you get a handle on the total administration costs that are being paid for out of heritage trust dollars? Is there any way that can be done, whether they're in subprojects or in the corporation? Are there ways you could get a handle on the actual number of heritage trust fund dollars that go towards administration of some sort?

MR. PASZKOWSKI: There's always a way of doing it. I guess we'd have to go through each expenditure and compile it. If that is going to be productive, we certainly can do it.

DR. MASSEY: It's a question I've been asking of each of the departments.

DR. CHRISTIAN: Could I add just one supplementary? The overhead dollars that go to the university, for example, are used in a number of ways. For example, one is to support the library because the researchers need the publications. The other is to support the computerized invoice and record keeping. So you have some very different kinds of things included in there. Whether you would call a library service an administrative cost to me is debatable. So there are some difficulties in definition, I suppose, in trying to compile that information.

DR. MASSEY: Being an academic, I wouldn't call a library an administration cost.

If I may be allowed a comment. The description of the way that research is disseminated and the access allowing individuals to use their modem I think is just great. It would be nice if that information were shared with some of the other departments that are using heritage trust funds for research. It seems to be, in all the ones we've heard so far, the one that is the wave of the future and really does make the research available to interested parties. It sounds super.

MR. PASZKOWSKI: That's going to improve and increase as well in that once we get our electronic train in place, that information is going to be enhanced as far as availability is concerned. That's certainly our intention, and we're working towards that with our business plan to see that that information is accessible through the electronic train process. So it's only going to increase as far as availability is concerned.

MR. CHAIRMAN: Excellent. Thank you.

Carol Haley.

MS HALEY: Thank you, Mr. Chairman. My question is with regard to the irrigation network. I guess the place to start is: are you planning on spending the \$25 million or \$35 million again this year on rehabilitation of canal lines?

MR. PASZKOWSKI: Well, obviously that's a budget question and one that will be answered in the budget. From our perspective irrigation plays a very important role in the agricultural community in the province. Twenty percent of all product that's produced is produced off irrigated land in the province, so it plays a very key role. At this stage I think I would be pre-empting the budget if I answered your question one way or the other.

MS HALEY: Okay; that's fair enough. My concern is with the per kilometre cost of rehabilitating lines to reline canals or to rehabilitate

the earthen ones. I don't know the accuracy of my numbers, but I've been told that it's around \$50,000 per kilometre for rehabilitation. For my second supplemental: can you confirm that that number is close to accurate?

MR. PASZKOWSKI: Well, there's a lot of variation, of course, in those numbers, depending on where, how, what is being done. The rehabilitation, of course, plays a multirole in that part of the problems we've had now are linked to seepage. It's linked to efficiency of water use, and basically just availability of water is key in that we have to be more conscious of how we utilize our water. The seepage process presents problems because of soil salinity and some of those issues that develop if you have excess seepage. So indeed that has to happen, and I'm going to ask Brian to comment further on this. It varies. It varies from irrigation district to irrigation district. It varies depending on what the conditions are that you're upgrading in. We've changed the process of upgrading, and we're now using a different process than what we used originally, with the idea of dealing with some of the issues that I'd earlier mentioned.

Brian, if you would . . .

MR. COLGAN: If I might add then. We're dealing with canals that range in size from 2,000 cubic feet per second down to 10 cubic feet per second, so as you can well imagine, there's a great deal of difference in the costs.

Another very major factor that makes the cost different from location to location is the amount of topography that you're moving through. In land that's relatively level, that has a little bit of slope, you don't need the same amount of drop structures to control the energy and water. Where the grades are steeper, you need more of those kinds of structures, which are the most expensive part of the rehabilitation. If you don't incorporate those kinds of structures into the canals, then you have a great deal of erosion, and the life of the canal is very much shortened. So that's another factor. The one the minister spoke to earlier about seepage control and salinity: if you're in conditions where that is a problem, that again adds to the cost. So there's a very wide range.

We're doing all that we can to ensure that we're being as cost-effective as we can possibly be and that we have engineering standards that are in place and that the construction is properly done so that we have a long life to this infrastructure. We're attempting, where it's economically feasible and realistic, to move out of canals and into pipelines, which provide some energy to the farmer, save on his pumping costs, and reduce long-term maintenance as well. Those are all factors.

MR. PASZKOWSKI: The long life is a key one. We're trying to develop a structure that's going to be maintenance free for an extended period of time, for a longer period of time than what we've had in the past. That's one of the key elements.

MS HALEY: For my third question I'm going to switch to the grazing leases and the rehabilitation that's going on there. The question is with regard to a user-pay system. Are we maximizing the return from the people who are benefiting from the rehabilitation?

MR. PASZKOWSKI: Well, rehabilitation, of course, is very key and very important to the whole process and one that we have to maintain and have to stay on top of, because there isn't much food grown in a bush. Most of this land that's being used for grazing now, particularly in the northern two-thirds of the geographical area of Alberta, basically at one time had a fair amount of tree growth on

it. Of course, the trees have a tendency of wanting to grow back, so if indeed we don't rehabilitate, we're going to be going backwards fairly quickly because trees have a tendency of reproducing very, very quickly, particularly the aspen. So that's something that we have to have as an ongoing process. We're now going through a basic discussion process with the industry as to how best we can continue this process, how best we can do it in a cost-effective way. Certainly we are looking at an additional cost recovery. The ultimate goal, of course, is to be self-sufficient, and that's what we'll be striving to achieve.

John, do you want to comment?

11:20

MR. TACKABERRY: The provincial grazing reserve enhancement program is targeted over a seven-year period, and we're in the fourth year of that period. The plan is to redevelop 136,000 acres that are reverting, that if we didn't do something with would become practically useless. The analogy would be: when you build your house, if you don't look after keeping the shingles in good repair, pretty soon your asset is worth less. So the process is over seven years to develop the 136,000 acres into productive grazing properties.

The net benefit of that will be that about 300 additional producers will be able to graze, we estimate, close to 20,000 head of livestock, which will then be charged out on an animal-unit-month basis. So the income that we're going to generate from that as the land becomes productive will be close to a million dollars each year in perpetuity. As long as we maintain it, 50 or a hundred years down the road that land will continue to be producing and bringing in that type of a return.

We've estimated as well the value of the productivity that's coming off those pounds of beef that are gained, if you will. Even if you assume that it's close to \$300, that it's going to generate an additional \$6 million into the industry, then with the multiplier effect on that, it ranges, some people will say, four, six, 10 -- take your pick -- depending on which economist you're talking with. So there's a tremendous economic motor that's generated from having these cattle and the sale of cattle, and then in the rural communities all of the associated sales made with cattle and the spin-off that has into an urban audience that's producing those products that the agricultural industry is using. So it's really hard to put a hard number on it other than that we're getting about 20,000 head more livestock grazing on 136,000 acres and it'll generate about \$6 million extra into the economy.

MR. CHAIRMAN: Right. Thank you.

Mike Percy.

DR. PERCY: Thank you, Mr. Chairman. Mr. Minister, I'd like to revisit the area initially started with, about the market value of AADC. The reason for that is that to the extent that Albertans view the heritage savings trust fund as a safety net, the market value of it is important, and to the extent that they derive a false sense of security from it in that they think there's more there than there may be, I think it's relevant to sort of poke and probe as to the value of certain of the debentures held by the heritage savings trust fund. With regards to AADC, when you look at last year, for example, it made a \$49 million payment to the heritage savings trust fund, yet there was a \$63 million contribution from the general revenue fund to AADC. So if you're looking at a structural sense, it's clear that it's an entity that is unprofitable in part because of interest shielding, the risk associated with new farmers, and the like. My question to follow up on my colleague's is: when you talk of AADC being on track, when do you envisage that it would not need transfers from

the general revenue fund and would meet the debenture payments without such transfers?

[Mr. Herard in the Chair]

MR. PASZKOWSKI: Well, just as a comment. To start with, your market value is only important on the day that you're selling. The rest is hypothetical. You can be discussing all you want. It's on the day that you decide that you're going to make the sale of that that it's really, really key that the added value is totally established. Having said that, we have to make a decision on the value of agriculture to Alberta, and having said that again, we would then have to make a decision on the 6 percent interest, because obviously at 6 percent we're not going to be breaking even.

So how valuable is the beginning farmer program to Alberta? That's an assessment that has to be made and a judgment that has to be made. How valuable is agriculture to Alberta? How important is it in the role that it plays? These are all points that have to be taken into consideration. It's not just a simple matter of looking at it line by line and saying that this is a fine line. As I mentioned to Mr. Chadi, we have to assess and we have to weigh the general contribution that agriculture makes to this community. In the final analysis, when agriculture is making a substantive contribution to the economy of the province, then perhaps we have to look at 6 percent interest to beginning farmers and assess, again as I mentioned, the final outcome.

MR. SPLANE: I think I indicated earlier the direction we're going in. Over the last four years we've reduced it on average by 10 percent. I think you can expect that that trend will continue, and a good deal of that will relate to the fact that we will not have to make the same kinds of provisions for loan losses, because the portfolio has been pretty much cleaned up.

DR. PERCY: Okay. Thank you.

My second question relates to the department of agriculture's three-year business plan. There was a document, Toward a Business Plan: Summary of Public Response, that was distributed in December of 1993. It's interesting when you look at the responses that the AADC -- you can interpret the numbers. I mean, it's like a glass half full or half empty. It appears that almost 50 percent of the respondents would want to see the funding of the AADC reduced or eliminated. In light of that public response and certainly from stakeholders in the industry, has that signal been incorporated into the deliberations of the department in setting three-year business plans?

MR. PASZKOWSKI: Well, I don't have the document with me, and I really am not prepared to comment without seeing the document. Again, without the document I think I would have to respond to you later, because I would want to see the particular reference that's being made here.

MR. SPLANE: I think it's fair to say that if you look at pretty well every area, they were saying they're in agreement with the direction we're taking and the overall direction to try and reduce by approximately 20 percent. If we took those numbers and worked through them, I think that's a fair comment. I think there were only five who said eliminate, and there was one who said to increase it.

MR. SCHURMAN: In fact, we've been doing some particular focus groups in the last month on beginning farmer clients only, not the whole broad realm of farmers. I did some quick tallying yesterday

to see what the results of those were. One of the sessions we did was in Donalda yesterday, so I don't have that one. The percentages to keep ADC as a separate entity were 85 percent in favour, and 15 percent talked about privatizing. Then on the budget question, and this is from beginning farmers only: 36 percent were looking for an increase in budget; the same budget, 58 percent; and less or a drop, only 6 percent. That's in particular beginning farmers, so it's somewhat different than the results of the broader consultation processes where you're talking to probably more established farmers.

DR. PERCY: Well, my final supplemental. Just in passing, the sample size that's reported on the document is 685, with 242 saying less, and 96 saying cut. So it was pretty evenly broken there.

With respect, then, to the AADC, the minister has made an argument that it provides a valuable social function in terms of explicitly subsidizing the start-up of new farmers and enhancing areas where it might not be privately profitable for firms to be involved, but there's an argument to be made that it's good for Alberta as a whole. Wouldn't it be more appropriate, then, to do that explicitly rather than through this circuitous route of transfers from the general revenue fund to support the debenture payments and just come out straight and say, "We value farming; we value agriculture; this is the direct cost of so doing"? You can extract it from these types of documents, but it's some work involved.

MR. PASZKOWSKI: Well, of course that's a position that some may take. I obviously won't argue with that position, but from our perspective, at least, we have a method that is working. It's working successfully, and why fix something that is working? We've got results that are proving to be very, very successful. From my perspective, at least, I don't really see a major need for this change. The information is there. It's as transparent as it can be, so I really don't understand why there have to be changes.

11:30

MR. SCHURMAN: As an accountant I think I'd be concerned with going some other direction. If you look at our financial statements now, I think the ADC costs are reflected in the financial statements of ADC, so people can see the whole cost. If we were to borrow from somewhere other than the heritage fund, the heritage fund would have that billion dollars to invest in something. If it had invested in 10 percent bonds four or five years ago, long-term bonds, it would have been the same return that the heritage fund is reflecting on the 10 percent they're lending to ADC. ADC would simply have debt to somebody else other than the heritage fund, and the numbers in ADC's books wouldn't be any different than they are today.

MR. SPLANE: The Farm Credit Corporation has gone that direction, and they raise their debenture money in the debt market. I suppose that's an alternative that's always out there, but to this point it hasn't been utilized.

MR. DEPUTY CHAIRMAN: Mrs. Laing.

MRS. LAING: Thank you, Chairman. Mr. Minister and staff, it's nice to see you here this morning. I have two questions on different areas. One is on the Prince Rupert grain terminal. On page 18 of the heritage savings trust report it says that funding was provided by the heritage trust fund, the consortium, and GRF. Could you tell us: is there ongoing funding from the GRF for this terminal?

MR. PASZKOWSKI: No, there isn't.

MRS. LAING: It was just the start-up fund?

MR. PASZKOWSKI: It was the start-up fund, yes. As a matter of fact, there have been some substantive payments made here. There are ongoing negotiations as well at the present time regarding maintenance with the players that are involved. I think there are six involved in the overall development of this facility, six different groups, grain companies by and large, and the provincial government. There hasn't been ongoing. As a matter of fact, somewhere I mentioned what the repayment schedule has been: in 1992-93 the total \$18.1 million with the full principal repayment of the required \$4.25 million, and last year they received the interest payment of \$18.3 million and the principal payment as well.

MRS. LAING: Thank you.

My second question is on the grazing reserve enhancement program. Has your department looked into hiring local farmers to help with this redevelopment?

MR. PASZKOWSKI: As I mentioned, we're reviewing the whole process at the present time, and basically we're looking at everything that's out there. Actually, local farmers have made presentations to us where they would like to sort of run and manage and operate the facility. We're looking at all aspects of this at the present time. We're reviewing the whole operation, and local farmers operating the facility is certainly one of the possible solutions, not a definitive one at this time. We're reviewing it and will obviously be making some decisions here in the very short term.

Jack, perhaps you have . . .

MR. TACKABERRY: In addition to that, I think what you're getting at is in terms of the actual physical work of redevelopment that occurs on the reserves. You can appreciate, if you will, that it requires some specialized equipment: Cats and heavy disks and plows, that type of thing, fairly large tractors. What we have to do on any contract that's beyond \$25,000 is advertise that publicly in all the local papers and certainly in the major city papers. Any bids that come in are assessed, and in most cases the low bid is taken if we can be assured that the contractor is capable of carrying out the work that's done. So if you happen to have a local farmer, for example, that might have a Cat that's in good repair and of the quality and size that's required and the associated disks and materials, then most definitely they would be considered in the tendering process.

MRS. LAING: My supplemental: what kinds of precautions are taken to protect the known wildlife habitations?

MR. PASZKOWSKI: Well, we work very closely with Environmental Protection actually. This land is joint use, and we even allow hunters to access once the cattle are taken off these areas. Certainly there's hunting allowed. Wildlife, of course, are allowed to roam free and easy, just as they do in any other set of circumstances really, just as they are in the wild. We have to realize these are huge, massive expanses. By and large, human participation in these areas is not so large that wildlife wouldn't want to be part of the process. So indeed they participate virtually on an equal basis with whatever numbers they want to participate at.

MR. TACKABERRY: If I could add. The sensitive areas on grazing reserves -- and you can appreciate the magnitude of the size. The smallest one is about 7,000 acres, and the largest is close to 70,000. About 20,000 is the normal size, so they're huge, big tracts of land. As you look at that land, there'll be some that's best suited for grazing. There'll be some that are in sensitive areas on steeper

hills, coulees, ravines, that type of thing. Those areas are specially fenced off to keep the livestock out of them so that they are preserved and protected for both erosion and to create natural habitat for whatever wildlife might be indigenous to that area.

MR. DEPUTY CHAIRMAN: Mr. Mitchell.

MR. MITCHELL: Mr. Chairman, I would like to say that I was, in one sense, pleased to see the minister's earlier passion in defence of his agricultural portfolio and agricultural Alberta. I wish we had an equally passionate advocate in the area of social services. Having said that, I will say that I was concerned to see that he would make some kind of a reference to urban versus rural distinction and misunderstanding. I believe that kind of distinction is very, very corrosive. Most Albertans understand the tremendous impact and value and contribution that rural and agricultural Alberta makes to this province, that we would have no success without it, but if we continue to draw that line, what we do is create divisiveness in this society. We create weakness, and we do not build on strength. I want to make that point for the record.

My question is back to the question of amalgamation of ADC with Treasury Branch or whatever other alternative. It was noted in the agricultural roundtables that this was a good idea. I wonder whether the minister could tell us on what basis he disregarded that recommendation of the agricultural roundtables and proceeds with an albeit efficient AADC but an AADC which is duplicated in part in its function and certainly in its administrative costs by other government-related agencies like the Treasury Branches.

MR. PASZKOWSKI: Well, I thought I'd explained that fairly clearly. I thought I'd explained that to Mr. Doerksen. Basically, that's the same explanation. That's the same question, and I think that's just duplicating that question really. I think I've answered that once.

MR. MITCHELL: I guess the minister's explanation was: we're so efficient, why would we amalgamate? Well, great, but if you have two extremely efficient parallel organizations, you can still achieve greater efficiencies by amalgamating. So perhaps you could clarify, then, why it is that, one, you would argue the case you argued when it doesn't apply, and two, why you have disregarded the input from the local grass roots of this province through the roundtables, which you structured in order to get that input, which say amalgamate.

MR. PASZKOWSKI: Perhaps you had stepped out -- I don't know -- when I answered Mr. Doerksen, because I thought I had dealt with that question, which was exactly what Mr. Doerksen asked. I'd answered it not in the manner where we're so efficient that why amalgamate. What I said was: banks operate on a balanced portfolio, and banks don't necessarily always deliver the service to agriculture that the agricultural community needs and requires. My answer to Mr. Doerksen was that basically banks may, in order to balance their portfolio at certain times, withdraw from agriculture entirely. We do require the agricultural community to be looked after on an ongoing basis, not just when it's optimum to the banking institutions. You're a banker yourself; with that background you should understand that. [interjection] If I could finish, please. What we really have to do is allow the agricultural community to participate with some degree of assurance that indeed the lending is going to be there. That's why we feel it's important that we have this institution, which is a lender of last resort and is dealt with as a lender of last resort. So that is the key element of why we feel that amalgamating ADC and Alberta hail and crop, which both deliver financial services to the agricultural community, is going to create

even greater efficiencies to the present day service. This amalgamation has taken place prior to any consultative process that has taken place, and we're just now instituting and going through the process of implementing the efficiencies that will be put in place with that.

11:40

MR. MITCHELL: First of all, I'd like to say that there are probably many sectors of our economy which would argue that there are times when the banks disregard them, and perhaps they need some sustaining.

Accepting that the agricultural case is a special case and requires special consideration, the minister's argument is that it is a lender of last resort and therefore it would have to be distinct. Well, the AOC is a lender of last resort which is closely controlled by government. Then why don't you consider amalgamating AADC with AOC?

MR. PASZKOWSKI: Well, perhaps that's something that shall be considered and perhaps will be considered, and perhaps that may be the next step. At this stage we've just gone through the process of amalgamating ADC and Alberta hail and crop, which is a fairly major amalgamation. At this stage we're still involved in developing the process and are going to be putting that out on the street this coming year.

There are a lot of things we could amalgamate, but we have to make sure that there are efficiencies that are implemented as well. The only reason we're amalgamating is to be able to provide a better service in a more efficient way. That's the process that was identified that could probably deliver the best service in the most effective and efficient way to the agricultural community. That was the first one, and that's what we've undertaken.

MR. DEPUTY CHAIRMAN: Mr. Havelock.

MR. HAVELOCK: Yes?

MR. DEPUTY CHAIRMAN: Oh, I'm sorry. Are you not on the list?

MR. MITCHELL: Some of those urban guys are just not listening.

MR. HAVELOCK: I was discussing a matter of great importance with Mr. Chadi.

MR. DEPUTY CHAIRMAN: It's my mistake. I guess you're not on the list. I was looking for more enlightened urban questioning.

MR. HAVELOCK: Well, then, why would you come to me?

MR. DEPUTY CHAIRMAN: Mr. Stelmach.

MR. STELMACH: Thank you. Mr. Minister, there has been a fair amount of discussion about the value of ADC, and we've also heard some passionate pleas here about social costs in society. In the early '70s large tracts of good agricultural land were purchased by foreign buyers through various parts of Alberta, inflating the purchase price of land. Our lending institutions at that time really sat idly by; nobody got involved. Rural communities as a result were devastated. School buses no longer stopped where farm families once lived. Large tracts of land were uninhabited at that time. As a result, those people that sold at inflated prices moved to urban centres. What vehicles were available other than ADC at that time to deal with this particular situation that seemed to really come up from nowhere? No one anticipated the demand for our good quality

agricultural land owned really by foreign owners, absentee landlords.

MR. PASZKOWSKI: I think what you're referring to was the investment of the European community in our agricultural land during that time. Obviously, at the present time that's no longer an option that's available to them. That was really the action that was taken -- in the late '70s; was it?

MR. SPLANE: Yes, I believe it was.

MR. PASZKOWSKI: To the best of my knowledge, it was in the late '70s in response to and as a result of. That's still in place, of course. ADC certainly doesn't lend to foreign investors. So that's not an option that's available through our lending institutions. That is taking place now through the legislative process, and it's no longer an option that's out there and available.

MR. STELMACH: Mr. Chairman, actually my question more related to: what other options did the neighbour have, the farmer living next to an individual who was selling land, other than envisioning ADC?

MR. PASZKOWSKI: That was one of the reasons that ADC was born. One of the results of ADC coming into the picture, really, was a scenario that you have developed, that the local community didn't have the opportunity to borrow money in order to be competitive because in that particular scenario the basic neighbour wasn't able to make funding available. He wasn't able to access. At that time the Farm Purchase Board was in place. It of course was replaced by ADC. So ADC has very successfully fulfilled the need and the role. From our perspective at least it's one that's indeed fulfilled that role very successfully. Does that answer your question?

MR. STELMACH: Yes. The only comment I would have is that land sold at appreciably higher prices at that time. It almost tripled in price in some areas over a very short period of time and probably provided extra capital for investment, some of which was lost in Principal during that time. But that's a separate issue.

MR. PASZKOWSKI: That again goes back to the cyclical nature of the agricultural community, just as any other business goes through that cyclical nature. These are little anomalies that you have drawn that perhaps create a bit of a variant in a local community.

MR. SPLANE: I think he does make a good point, though. A lot of the problems that ADC had were a direct result of that inflation that took place between about 1969 and 1975. Then of course in the '80s we had the drop in land prices, and much of the write-down on the loan portfolio you could attribute back to what happened to us in the agricultural community back then.

MR. DEPUTY CHAIRMAN: Mr. Chadi.

MR. CHADI: Thank you, Mr. Chairman. Mr. Minister, I just want to let you know that my background is not only that of an urbanite, but I remember stooking hay when I was a youngster back when it was 80, 90 degrees outside. Let me tell you something: when those big, round balers came into play, I was doing cartwheels in those fields. So my background is certainly not there. Let me tell you, after a day of stooking hay, you sure as heck wanted to get in that lake to clean off. So I've been there.

My question relates to the Alberta Agricultural Development Corporation with respect to its balance sheet. I'm curious to know

what the actual loan portfolio amounts to, not necessarily as shown on the balance sheet, which is amalgamated there with some accrued interest receivable. What is the loan portfolio currently standing at?

MR. SCHURMAN: The loans outstanding at March 31 were \$981 million, and the accrued interest is \$38 million. It's in note 5 to the financial statement. There's a listing there of what's in the portfolio, how much is accrued interest, how much is the reserve for doubtful accounts, and how much is loan discounts.

11:50

MR. CHADI: I have a copy only of the balance sheet, and the balance sheet clearly states that there was \$934 million, which included accrued interest receivable. I'm told now that it was \$981 million with \$38 million of which -- is that accrued interest over and above the \$981 million?

MR. SCHURMAN: Yes. There's a total there of a million and 19, and then you have to deduct the reserve for doubtful accounts of \$46 million and deduct loan discounts of \$38 million, and you'll get back to \$934 million, which is the net figure shown on the balance sheet.

MR. CHADI: Okay. My next question, then, is: what is the average rate of return on these loans? I know that 6 percent was tossed around, and we couldn't make money at 6 percent, but in your opening comments, Mr. Minister, you mentioned that the average rate of return on our loans is probably in the range of 9 percent. Where are we in terms of an average rate of return on the outstanding portfolio?

MR. SCHURMAN: The interest revenue was \$80 million on approximately a billion dollars' worth of portfolio, so that works out to about 8 percent.

MR. CHADI: Okay. I asked earlier about a performing loan. My next question then would be: what do you view as a performing loan? Is it two months in arrears? Is a month in arrears still considered a performing loan, or is it 12 months in arrears? What do you use in terms of describing what a performing loan would be?

MR. SCHURMAN: We use different factors for different payment frequencies. Obviously, on a monthly paid loan -- and most of those we have via dairy assignments -- we worry about them if they become one payment. They become basically nonperforming if they're one behind. The majority of our accounts pay annually, so it's only on an annual basis that you know whether they're behind or not or whether they're in arrears, and on those we use a factor of one year.

MR. CHADI: Okay. So the accrued interest, then, would be -- some of this stuff could be a year outstanding, and whatever is in there would be included as accrued, and you may not necessarily get that.

MR. SCHURMAN: The accrued interest is interest that's not yet due.

MR. CHADI: Oh, I understand.

MR. SCHURMAN: The arrears could be a combination of interest and principal.

MR. SPLANE: So at year end the maximum that would be in accrued interest would be 11 months, because if it was 12 months due, then it would go into arrears.

MR. CHADI: Do you then place it as a doubtful account?

MR. DEPUTY CHAIRMAN: Excuse me.

MR. CHADI: We were doing just fine.

MR. DEPUTY CHAIRMAN: Yeah. We've had a couple more clarification responses there, but I think that we should move on to Mrs. Forsyth.

MRS. FORSYTH: Well, I really don't have a question. It's more talking as an urban member. I don't know how to say this other than I'm not real knowledgeable in the agriculture industry.

I appreciate the good job that you're doing and your department is doing. One of the things that concerns me more than anything is that what we see in the city is all of the negatives in regards to agriculture: all the perks that the farmers are getting, all the concessions. I think, just following up on Ed's comments, that it's important that we get out what the industry does for the province, how it benefits all Albertans. I like the idea that one of the fellows had mentioned in regards to the program that they're initiating in the schools about agriculture, because I was brought up always a city girl and knew very little about farms and still do, and I think it's important that message gets out.

MR. PASZKOWSKI: Just on that, I am very, very pleased that it's not just the government of Alberta that's delivering this program; it's being delivered in conjunction with industry. The agricultural industries are quite involved in this program. Even local rural municipalities are involved in the delivery of this program. So it's not just government of Alberta delivery of this program; it's a consolidated group that's bringing forward this program.

That's what makes it exciting to me, because our future role as far as agriculture is concerned -- and certainly there seemed to be agreement at the roundtables -- is that we should indeed get out of the business of being in business in agriculture, and what we should be doing is playing a greater role as a facilitator in the delivery of services to agriculture. I am pleased to see the co-operative mode that's coming forward with groups such as Unifarm, with groups such as the Alberta Wheat Pool, just to name a couple that are involved in the delivery of this program.

In the past we've been very negligent in sharing with the people what agriculture is all about. We've always assumed that you're going to drive by and you're going to learn all this creative thing that's happening out in the agricultural community. That doesn't just happen, of course. Until you're intimately involved, until you understand some of the reasoning and some of the background and some of the needs and some of the requirements of the community, you never totally appreciate the contribution that's being made.

So I appreciate your comments and certainly share them as well.

MR. TACKABERRY: Could I add one point that I think is very exciting information? We're creating what we call an agriculture ambassador program, where we're targeting 5,000 schools across the province where we'll have a person in that school who is a contact for agricultural awareness information. We're doing that in conjunction with the Alberta Wheat Pool.

One other very exciting thing that's happening is that we have a summer ag institute, where we bring in 30 teachers each year for a two-week intensive training program affiliated with the University of Lethbridge. The objective of that is to have some urban teachers become fully aware of some of the intricacies and contributions of the ag industry. Then they can go back into their schools and get that information out through the classrooms to the younger people,

and through the younger people of course working its way to the adults as well.

MRS. FORSYTH: I think it's important, because it's not only the kids you have to focus on; it's the adults. I mean, I'm an adult, and I couldn't tell you the difference between a holstein cow and -- what's another kind of cow, Ed?

MR. DEPUTY CHAIRMAN: Excuse me. [interjections] Excuse me. [interjections] Order please. I think this is sort of digressing into a discussion. I think we're here to allow members to ask questions, and the next person on the list is Dr. Percy.

DR. PERCY: Again I'm referring to the document Toward a Business Plan: Summary of Public Response, dated December 1993. This was a discussion soliciting opinions from the agricultural community, and it was pretty comprehensive. I note in looking on page 21 of this document that there is an area called Other Funding. This includes farm water supply, grazing reserves, greenhouse assistance, and Alberta private irrigation development assistance. Respondents are asked: would they like more of the same or less of these particular sets of programs? When you look at the numbers there, there's a sample here of 686, and 70 percent of those individuals say they would like either less or a cut of that program. My question, then, is: when you see a response like that, do you think it's a reflection that it's not run on a cost recovery basis or that it's now a program that's outlived its usefulness? What do you draw from that?

MR. PASZKOWSKI: I think there are multiple things that you can draw from that of course. One of the things that we have drawn from it -- and I feel very strongly -- is that the agricultural community certainly recognizes the times we are living in. I think the agricultural community probably recognizes it more so than any other, because by and large management is very key and very important. The rural agricultural community seems to understand the fact that there is a need to balance the budget. If you noticed, the general thrust throughout the whole discussion paper is towards balancing the budget and what actions and what efforts have to be made in order to achieve that, what actions have to be made in order to do that. In our preliminary discussion when we introduced the whole process, we had indicated that we are sitting down with the agricultural community with the idea of moving with about 20 percent less in our budget. So that was the general thrust that came about in the whole discussion. What we asked was: with this 20 percent less funding, how should we reallocate the funding? That was the discussion that came about. So the priorities were sort of part of the process as well, and that's part of their priorities that we're discussing there.

12:00

DR. PERCY: My final supplementary question then would be: in light of the pretty clear . . .

MRS. LAING: A point of order. I don't think this is relevant to the heritage savings trust fund report that we're supposed to be dealing with. I mean, this is current material working towards this year's budget.

AN HON. MEMBER: It's heritage.

MRS. LAING: No, I'm talking about the information that Dr. Percy is questioning on. I think that's relevant to the upcoming budget

debate and is not tied into the report that we're supposed to be discussing today.

MR. DEPUTY CHAIRMAN: Before we proceed to that, I note that it is now 12:02, and there are a few housekeeping things we have to do. I understand that Mr. Mitchell wishes to read some recommendations into the record, and I think we can proceed to that before we entertain a motion to adjourn.

DR. PERCY: May I just make a comment? I think more information is always better than less information, and if it's part of the mandate of this committee to assess programs and to review them, such information is relevant. So I'm astounded that people would say that we do not need more information.

Thank you.

MR. DEPUTY CHAIRMAN: Given the time, I think we need to proceed to the receiving of the recommendations, if you would, please.

MS HALEY: Excuse me, Mr. Chairman. Point of order on that. Did we not agree that we would have recommendations at the beginning of these sessions and not at the end?

MR. DEPUTY CHAIRMAN: It's my understanding that recommendations can be read into the record at any time during the proceedings. We have perhaps established a practice of asking for them at the beginning, but I'm going to allow them to be read in.

MR. MITCHELL: Thank you, then, Mr. Chairman. I would like to read in three recommendations. Each of these recommendations is premised upon the contingency that the committee would turn down our recommendation to disband the fund entirely. If that is the case and in anticipation that it might be, although we hoped that it wouldn't be, I would then like to ask that the committee consider these three recommendations.

One:

Be it resolved that the Alberta heritage savings trust fund committee encourage the Health minister to investigate the prevalence of asthma in locations throughout Alberta through the use of funding available for research from the heritage savings trust fund.

Number two:

Be it resolved that the Alberta heritage savings trust fund committee encourage the Minister of Health to investigate the efficacy of chelation therapy as a treatment for atherosclerosis through the use of funding available for medical research from the heritage savings trust fund.

Number three:

Be it resolved that the Alberta heritage savings trust fund committee encourage the Minister of Health to review the effect of mental health programs currently available in reducing the need for hospitalization through the use of funding available for medical research from the heritage savings trust fund.

Thank you.

MR. DEPUTY CHAIRMAN: Thank you very much. The next meeting is Monday afternoon at 2 o'clock, when we'll be looking at the Alberta Heritage Foundation for Medical Research.

I would like to thank the minister and his aides in their absence, and I would entertain a motion to adjourn, please.

MR. CHADI: I move.

MR. DEPUTY CHAIRMAN: All in favour?

HON. MEMBERS: Agreed.

MR. DEPUTY CHAIRMAN: Carried.

[The committee adjourned at 12:04 p.m.]

