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PUBLIC ACCOUNTS MEETING

April 20, 1977

MR. CHAIRMAN: Will the committee come to order please. The first item is the minutes. What is your pleasure in regard to minutes? Any corrections, deletions, or additions?

MR. MOORE: Mr. Chairman, at the bottom of page 9 of the minutes, I made a statement regarding housing loans, and just starting at the bottom paragraph on page 9 I said, "Part of the reason we have not had so many loans under the program during the last year or two is that it is really a supplement to Alberta Housing Corporation's regular lending program for house building." I went on to say at the top of page 10, "A great number of individuals who do not qualify for the interest discount because of the income level go straight to . . ." and the minutes read ADC and I intended at least to say AHC, Alberta Housing Corporation.

MR. CHAIRMAN: Any other corrections? Thank you, Mr. Moore.

Moved by Mr. Young, seconded by Mr. Notley, that the minutes be adopted as corrected.

I just distributed two separate sheets, one sheet with several pages, which constitutes the replies that the hon. Mr. Moore was to bring to the committee, and then a separate single sheet. Are there any members who did not get one of these copies?

I think perhaps we'd better deal with this information first. So I'm going to ask the hon. Mr. Moore if he would like to enlarge on the written information that he supplied to the committee.

MR. MOORE: Thank you, Mr. Chairman. I don't believe it's necessary for me to read all of the subject material as members have it in front of them, but perhaps to make a few comments. First, with respect to Faith Farms Ltd. loan, the material you have before you is laid out in sequence from May 10, 1973 when the first loan was made, until December 22, 1976. As members go through, you will note that there were a number of reasons provided why additional loans were made, some of which were discussed last week.

I would want to say again, Mr. Chairman, that the overriding general reasons in each case are as I indicated two weeks ago, and that is that it was important for us to ensure that the producers who were providing milk to the plant had an opportunity to continue shipping. It was important as well in the general overall sense to ensure that we increased our cheese production in Alberta. Thirdly, in almost every case as we go through various loans that were approved or increases that were approved, it was the feeling of the corporation's board of directors that to shut the plant down and sell it on a break-up basis would have resulted in greater losses to the corporation than to have continued the operation by way of loans.

Finally, just on the Faith Farms Ltd. information, Mr. Chairman, I should say that it is our view that the total amount of funds in the project now from the Agricultural Development Corporation are, in our opinion, more secure than they were in March, 1976, when the \$3 million refinancing was made and approved by cabinet. The basis of that loan was largely that the management expertise which was in the plant and continues to remain there was sufficient to make an orderly repayment of the loans and keep up the interest payments. Since that time, which was a year ago, we've been more than pleased with the progress that has been made by the new managers. They've lived up to the expectations that we've had of them. So we're happy about that.

Mr. Chairman, I don't know whether you want me to stop there for any questions or whether you'd rather I go through the couple of other items we have with respect to a housing survey and a schedule of grants. I can do that if you wish.

MR. CHAIRMAN: It may be wise to give us the whole story now.

MR. MOORE: There were some questions with respect to the farm home lending program. We took the time during the course of the last two weeks to gather the information from six of our regional offices about the total number of interviews that occurred with respect to the farm home lending program, the number of loans and the reasons the applications did not proceed. Members will notice the principal reason was that the people inquiring did not have farming

as their principal occupation. The next reason is that after having considered the farm home lending program and other available sources of information, funds were obtained from other sources. Indeed, a good number had a lack of repayment ability for what they wanted to do. Some came for information only. As is noted, the listing of other reasons did include a number of items that may be important and certainly have been looked at by Alberta Housing Corporation and ourselves, and that is the square footage size limitation was too small. We put it very literally, people said to us there was too much red tape involved in applying for the program and getting financing here as opposed to some other situation. In some cases, the interest rate was not attractive. Some of those cases were people who might go, for example, to Farm Credit Corporation where the interest rate today is 9 per cent and maybe less than Alberta Housing Corporation's interest rate.

To go from there, there is a schedule of grants paid by various programs in the Agricultural Development Corporation, and those are all I think, Mr. Chairman, quite straightforward. We've explained previously in the annual report for the year ending March 31, 1976, and it provides information with respect to all of those programs.

Finally, Mr. Chairman, the single sheet lists joint financing between the Alberta Opportunity Company and the Agricultural Development Corporation. Once again, it is fairly straightforward. I should say that, as I indicated two weeks ago, Mr. Ordze sits on the board of directors of the Alberta Opportunity Company, the Agricultural Development Corporation, and the AOC receive on a monthly basis in each of their offices an update of where each of these loans stand in terms of the repayment of principal and interest and ability and so on. In addition to that, Mr. Chairman, at any time throughout the course of the period one of these loans is in effect in a joint way, ACC can obtain any kind of information they require from ADC and the opposite, of course, is true. So we do try to make an effort to ensure that we don't get into a situation where an individual company which has a loan with AOC and ADC is playing one corporation against the other. We try to be, and I think generally are, always knowledgeable about what the other corporation is doing.

Mr. Chairman, those are some brief comments. I invite any questions members might have.

MR. CHAIRMAN: What is the pleasure of the committee? Do you want to continue the list that we didn't complete last day? Is that agreed?

SOME HON. MEMBERS: Agreed.

MR. NOTLEY: Mr. Chairman, I was just going to suggest that perhaps while we might complete the list that it might be more appropriate if we dealt with the specific issues that Mr. Moore has brought back to us and then go on to other questions.

MR. CHAIRMAN: Would the committee agree to deal specifically with the information with which the hon. minister just dealt?

SOME HON. MEMBERS: Agreed.

MR. CHAIRMAN: Okay, we'll start that.

MR. NOTLEY: I do have some questions on that. Mr. Minister, on page 4 of the report on the Faith Farms aspect, perhaps either you or Mr. Ordze could clear up a couple of things for me. I'm not an accountant. I look on the bottom of page 4 and I see that the cumulative balance is \$1,637,153, and then March, 1976 the term loan of \$2 million and the \$1 million operating loan, then on the other side I'm not quite sure I follow. Maybe Mr. Ordze could advise me what that means -- the refinancing of \$1,637,153; new equipment, \$270,000; interest arrears, \$128,000; totalling \$3 million. Now that works out to more than \$2 million, so the refinancing, as I see it, is \$2,035,000 as opposed to \$2 million. Perhaps we could start first by just clarifying the figures.

MR. MOORE: Mr. Chairman, there is an omission of one item there. I'll just check it out and maybe we could come back to it. I see what the hon. member is referring to. There is exactly \$1 million lost from those figures. They do not add up.

MR. NOTLEY: That's what I noted. I just wondered where we'd lost \$1 million.

MR. MOORE: Mr. Chairman, it should read at the top of that statement on the bottom of page 4, operating -- \$1 million, and then the balance -- the refinancing, new equipment, interest arrears -- covers the \$2 million term loan stated in the left-hand column.

MR. NOTLEY: Fair enough. Now that we've cleared up the \$1 million problem, we still have a \$35,000 problem, Mr. Minister, which I realize is rather small potatoes in comparison. I add those up and I get \$2,035,000 thereabouts as opposed to \$2 million.

MR. ORDZE: The simple answer is that those are arrears, the \$35,016. They've put in \$128,363 of interest arrears and the addition should have been checked a little closer here and shown \$235,516, but those are arrears of interest.

MR. NOTLEY: So in actual fact, on the other side, Mr. Ordze, we're looking at the refinancing of \$2,035,000 and operating capital of about \$965,000. Would that be correct?

MR. ORDZE: No, the operating is \$1 million.

MR. NOTLEY: Well, we'd be looking then at \$3,035,000? Okay. As to the interest arrears, this was accumulated interest that had not been paid on time during the course of the previous loans?

MR. ORDZE: Part of the \$128,000 has been refinanced. In other words, we're not writing anything off. So we had to put part of the interest arrears into the \$3 million. As it shows, the \$35,516 -- if you add this up -- those are arrears that they will have to pay during the course of this year.

MR. NOTLEY: Mr. Chairman, I take it that interest arrears had been a problem before the refinancing. Where do things stand now? You mentioned this has to be picked up during this year, but where do things stand in terms of interest payments on the current refinancing?

MR. ORDZE: Prior to the refinancing, the interest was just accruing. The plant just definitely was not able to carry the interest load. They are just now slowly working into a position where they will be able to carry the interest, pick up the arrears and it will be about this fall when things start to work out.

MR. NOTLEY: They are not now meeting their interest payments?

MR. ORDZE: They are not right now. That's why this shows \$35,000. They are not able so far to keep up.

MR. CLARK: Mr. Chairman, what kind of investigative work did the corporation do on the Dairy World people before the decision was made to enter into this arrangement with them? I ask that because we've done some checking on their operations in Saskatchewan and Manitoba.

MR. ORDZE: We did, too.

MR. CLARK: (inaudible). . . in your report.

MR. ORDZE: The receiver and I and another individual visited their operation in Swift Current to see how it was going and seeing as how at this point in time we had got to be pretty knowledgeable about the cheese business, we were very impressed with what they were doing and we saw their financial information. You are right, when they started off they had problems, but they had already worked themselves out of their problems and they were making headway at the time we were there. All I can say is that we were very impressed with how they were operating their plant, the sales that they had built up. They couldn't begin to produce anywhere near the cheese they had sales for. This is when the receiver felt that if they were agreeable to working for him to manage this plant, that it was a step in the right direction.

So they did come to Wetaskiwin and managed the plant for the receiver. After about five months the results that were being shown at the plant fully justified our evaluation of them. They were just doing a great job and that was when we started to enter into negotiations with them to purchase the plant because the receiver had been absolutely unable to find anybody who was prepared to pay any kind of a reasonable price for the plant.

MR. CLARK: Mr. Chairman, to Mr. Ordze. You can appreciate, Mr. Ordze, if I am sceptical, I guess, in light of the situation that developed here, Mr. Ordze, have you checked recently with the Swift Current situation and the corporation in the Saskatchewan government with which these people have a small \$50,000 loan. Can you satisfy the committee that in your best judgment now that their operation at Swift Current is still in good shape?

MR. ORDZE: The last financial statements we saw, the Saskatchewan plant was still continuing on an upward trend.

MR. CLARK: How long ago was that roughly? Was it in the last six months?

MR. ORDZE: Approximately that, yes. It hasn't been long ago, so I would say yes, it's been in about the last six months.

MR. CLARK: The information that I've been able to pick up from Saskatchewan is hardly as enthusiastic as yours. I hope in this case you're right. But if it doesn't work out that way, we'll be back, Mr. Ordze.

In the information that you've given us here today, I believe it's on page 3, October, 1974. This was really when the decision was made to appoint Mr. Fowler. Here in the reasoning it has, "Problems in company management not resolved due to unco-operative attitude of the Scardillos". Can you elaborate on that somewhat. Level with us pretty frankly just what the situation was.

MR. ORDZE: If you will note -- I think it's in here -- that we realized that there were management problems quite a while before we appointed a receiver and in fact we had brought in a consultant to work with the Scardillos. There was a lot of work put in by this consultant, by members of the corporation, and even members of the dairy board, trying to help the Scardillos make this place function as it should. We stated here that due to lack of co-operation on their behalf was what finally forced us to appoint a receiver. I don't know how to elaborate on that other than the fact that when we say they didn't co-operate -- they just didn't, in all respects. They were having problems with staff. They were having problems with quality controls. They were having problems with sales. They were all obvious. We were trying to assist them, but we couldn't convince them to make necessary changes. Hence, we got to the point where we had no alternative but to appoint a receiver.

MR. CLARK: Mr. Chairman, just a couple other questions. Mr. Ordze I should have raised this earlier. The reason I asked the questions about the financial situation in Saskatchewan is that in some checking we've done, we find that in 1975, the Swift Current operation lost money. They also got a \$50,000 loan from the Saskatchewan Economic Development Corporation, and in June, 1976, a \$140,000 loan from the Toronto Dominion Bank. The information I picked up was that the operation in Swift Current isn't nearly as stable as you indicate. Would you undertake to do see that the operation in Saskatchewan is as sound as you feel that it was six months ago. Could I also ask Mr. Ordze, and perhaps the minister, what kind of canvassing was there done of the industry in Alberta?

I think we can draw a comparison here to the sheep plant situation where the government has made the choice and I think frankly, wisely, in this case, to canvas a portion of the slaughter industry in Alberta to see if they can interest some Alberta people in the operation. My question to Mr. Ordze or the minister was, was the same type of thing done as far as this operation is concerned. I think it's important that if that was done there is some indication of who was canvassed.

MR. ORDZE: It was much more extensive than that. It was Canada-wide. The receiver has letters on file of people that he contacted in the east, people in Alberta, and people in B.C. If I remember correctly, I think there were approximately 20 or 30 different companies that were contacted. They just didn't show any interest in a purchase.

MR. CLARK: There was no Alberta firm which is presently involved in the dairy business which would be considered a reputable firm in the dairy business, which was interested in any way, shape or form. Is that right?

MR. ORDZE: They were all contacted. Anybody who was in the business in Alberta was made aware of the . . .

MR. MOORE: Mr. Chairman, on that subject, the industry was well aware that the plant in Wetaskiwin had gone into receivership and we were looking for someone to sell it to. It's not fair to say that no one was interested. They were interested, but at a price figure that would have shown a substantial loss to the Agricultural Development Corporation. The receiver spent the period of from October 1974 to September 1975, about one year, seeking out someone who could purchase the plant and operate it on an ongoing basis. We did not, during that period of time, consider disposing the assets on a break-up basis, because we knew what would be received.

I was contacted by the chairman of the board of directors, Mr. Ordze, relative to the Cornees before they went into the operation in September 1975. The decision was made at that time that they had little going for them, with the exception of financial management capability. They had no cash of any amount to put into the company, but it was our feeling that they had good financial management although it had not been tried in that size of a plant. That's why we made the decision, Mr. Chairman, to have them operate the plant for a period of time -- and you will note that that's about six months -- before we actually made a sale to them and approved a long-term loan. We wanted to see if, in fact, our judgment of their management ability was right. After a period of six months we felt that they had made substantial improvements in the operation of the plant, and since that time they've done the same.

If I could just comment relative to the Saskatchewan situation, the loan and the operation of this plant was not based on any repayment ability that might come from profits in the Saskatchewan operation. In addition to that, Mr. Chairman, no discredit to the Government of Saskatchewan, but really the Cornee group, I suppose, had an opportunity make the same kind of judgment decision in Saskatchewan in terms of going into another plant or increasing their own plant or something of that nature. They chose instead, for a variety of reasons, to make their major effort in Alberta. Their management was moved to Wetaskiwin,

including Mr. Cornee and his son, which was the basis of the management group. I would not expect to receive very flattering comments with respect to the Cornee group from any financial institutions who may be lending to them in Saskatchewan. We can certainly look at the operation there, but it really doesn't have any bearing on what is happening in Wetaskiwin. Indeed, if the management were to move back to Saskatchewan and spend more time in the management and operation of that plant, a deterioration could well occur in the Wetaskiwin plant. But the basis of the sale was that they would be in Alberta operating this plant themselves.

MR. ORDZE: I said that nobody made an offer, and it just suddenly occurred to me that I was wrong. We did have one company approach us to purchase the plant, but they also required financing from us in order to do it. The price was not very good, and also in our estimation we felt that we really couldn't finance them. We just weren't happy with their management.

MR. CLARK: Was this an Alberta operation, Mr. Ordze?

MR. ORDZE: Yes.

MR. CLARK: Can you tell us who it was? Really what we've done here is made a choice to bring some individuals in from Saskatchewan as opposed to making a choice as far as Alberta is concerned. I certainly don't want to know the details of the operation, but I do think it would help members to rather understand the judgment which was made.

MR. ORDZE: The reason for my hesitation is that I've just stated we were not happy with their management. I feel a little uncomfortable stating the name of the company.

I might add that, as I've stated, the reasons we didn't accept their offer was that we weren't satisfied with their management. Our concern was to get somebody to operate this plant that would make it work, knowing full well what our risk was. We've had our neck out a long way for a long time, but we are convinced now that this plant is headed in the right direction. The number of people shipping to the plant is steadily increasing. They have a fantastic relationship between the plant and the producers. They hold meetings periodically. They discuss the prices that are being paid to the producers for milk. They arrive at all these things on a -- they are dealing with 118 farmers and they are able to keep them happy with the prices they are paying. They are paying more than anybody else. We are really very happy with their management, I guess.

MR. CLARK: I've had a chance to talk to some of the producers also, and that's why I think it's important that the corporation kind of keep a watching brief on what kind of progress is being made. Because I think people are pleasantly surprised with the last period of time after going through about three years of hell, if I might use that term.

Mr. Chairman, just a last question to Mr. Ordze. Mr. Ordze, in this whole process, I go back to the initial decision that was made, and really it started out with a loan of about \$300,000 to people who, I guess, had been involved in the business for about 18 months in the Two Hills area, and in checking it out I find that it wasn't on a very sound financial basis at that time. The very direct question to you, Mr. Ordze is, did the Ag. Development Corporation recommend the initial loan to the Scardillo Bros., or in fact was it turned down by the Ag. Development Corporation, and the decision made by the then Minister of Agriculture -- the initial loan to Scardillo Bros.?

MR. ORDZE: No. You may have confused two things. The people who were going to buy the plant from Scardillos -- it was on again, off again. The first time it came to us we rejected it because we didn't believe they had a cheese-maker. We didn't believe they had many things. They then came back with a cheese-maker and many of the things we were requesting and then the loan was approved, but it didn't go through. I think that that's the loan you are probably thinking about.

MR. CLARK: No, it's the initial loan of approximately \$300,000. Was that a decision made by the Ag. Development Corporation, or did the board turn it down and the minister later say, go ahead with it.

MR. ORDZE: Absolutely, it was a decision of the board. We look back now at the many things that have turned up so far as the Scardillos management and it doesn't look like we checked anything, I know. But in fact, we did a lot of checking and we've got testimonials from a lot of retailers stating that they would be only too glad to purchase more Scardillo cheese if they could just make more. We did a lot of checking. Obviously, we certainly missed something, but it was not for lack of checking.

MR. CHAIRMAN: Could we now move to the regular questioning?

MR. CLARK: I have just one last question. Mr. Ordze, in the course of your checking, the suggestion was made that the Scardillo Bros. ended up with what was a warehouse in Vancouver that ended up being an apartment house. I'm sure the corporation has heard this and checked it out.

MR. ORDZE: We've more than heard of it and more than checked it. We tried to the best of our endeavour to get hold of it. But we were just not able to because of the difference between laws here and laws in B.C.

MR. CLARK: So, in fact, they do have this apartment house or warehouse in Vancouver?

MR. LAWRENCE: Mr. Chairman, I should probably answer that, because I made a personal trip out to Vancouver to check it out. It is a store complex -- a very small store. I don't know if you are familiar with Italian communities. It is a small grocery store in which they sell all of the Italian goods. It is run by Mrs. Scardillo, the mother of Tony. In the basement they put in storage capacity for cheese because when they were out here they were supplying cheese to the Vancouver area. So this is all that it is, really, is just a small grocery store business in Vancouver.

MR. CLARK: There is no warehouse or no apartment or anything like that?

MR. LAWRENCE: The warehouse, as I say, is this storage in the basement of the building.

MR. CLARK: And you checked out the question of a supposedly apartment?

MR. LAWRENCE: Mr. Chairman, in answer to that, our solicitor also went out and discussed with the solicitors in Vancouver concerning, as Mr. Ordze mentioned, the legality of whether or not we could take some action on this property, and it was not possible.

MR. CLARK: Did you find any other property in Vancouver?

MR. LAWRENCE: Not that we had. We tried to get this property, because this was the only property involved in the cheese operation. Unless we would have had something to do with the total Scardillo family, there would be no other way we would be getting any of their other assets anyway, such as their houses or this sort of thing.

MR. NOTLEY: A couple of supplementary questions so we clear this up before getting into general things. Mr. Chairman, in view of the fact that the ADC attempted to recover this property, two things come to my mind. The first is, what was the appraised value? Have you any appraised value of the property in British Columbia?

MR. LAWRENCE: The store area, Mr. Chairman, was appraised in the area it was in at that time at just over \$50,000.

MR. NOTLEY: The second question I would put to either Mr. Ordze or Mr. Lawrence is, what were the legal difficulties? Mr. Ordze said differences in law. There must have been more specific reasons than that.

MR. LAWRENCE: Mr. Chairman, not being a lawyer and not really understanding language of the solicitors, it would appear from what was explained to Mr. Ordze and myself that it was definitely something to do to take legal action on the personal guarantees that we had and which we did have personal guarantees signing over charging the property as his store. Now just what was involved and why we couldn't take this legal action was something I really can't answer at this time.

MR. CHAIRMAN: Could we now revert to our regular procedure. The list shows Mr. Notley.

MR. NOTLEY: Mr. Chairman, there is just one supplementary question I'd like to ask before we leave this topic we've been dealing with this morning. I notice on the last page, "to meet DREE requirements". Mr. Minister, where do things stand on that question now?

MR. MOORE: Mr. Chairman, as the result of some changes with respect to name and so on, the DREE requirements have been met and the plant has been provided with a DREE grant in the amount of \$342,108. The manner in which the DREE grants are distributed leaves \$270,000 having been paid already and the balance is held back based on the continued operation of the plant, which is normal for the nutritive processing agreement.

MR. NOTLEY: Mr. Chairman, I intend to change the subject, so if there are any supplementary questions on this matter, I defer.

MR. JOHNSTON: Mr. Chairman, I'm not sure whether it was clear or not to the minister, but Mr. Clark indicated he'd like to pursue further the investigation of the Saskatchewan operation. I think that's been closed because I wouldn't want to support that position.

MR. CHAIRMAN: What was your point, Mr. Johnston?

MR. JOHNSTON: Mr. Chairman, Mr. Clark raised the question of some operating loans and some grants from the Saskatchewan government to the Swift Current operation, and I believe Mr. Moore indicated that we should divorce the two in considering the Alberta operation. I just wanted to reinforce that position and make sure it was clear that we would not be pursuing an investigation into the Swift Current operation.

SOME HON. MEMBERS: Agreed.

MR. MOORE: Mr. Chairman, I think I indicated, and I confirmed it with Mr. Ordze, that there is no connection other than the same person being responsible for ownership between the Wetaskiwin plant and the Swift Current operation. I would not want to get into inquiring into the operations there, as they have no bearing on this loan.

MR. NOTLEY: Mr. Chairman, I wonder if we could quickly flit 400 miles across the province from Wetaskiwin to Wanham and deal with some of the problems of the Wanapal Alfalfa Plant where there will be some public money lost, and in addition, a good deal of local community money lost -- as much as \$800,000 if one considers the hay and the stacks -- in a community of about 1,000 people. Mr. Ordze, I'd like to direct the first question to you. In 1973, when local people began to plan an alfalfa pelleting plant on a co-operative basis in Wanham, Mr. Heath from Co-op Activities advised the provisional board that shares could be sold for 15 per cent down and 85 per cent financed over a period of 10 years. This could be used as the basis for acceptable equity with the Agricultural Development Corporation. This didn't turn out to be the case, and as a consequence, a little later a \$200,000 Order-in-Council was passed to allow the project to get started. As individuals paid out their full share capital, this money was to be used to defray the \$200,000 guarantee under the Co-operative Association Marketing Guarantee Act. There is still some \$60,000 owing.

The first question really is a two-part question. I'm wondering why, when something like this was being promoted, there wasn't a clear cut policy set out so that the left hand knew what the right hand was doing. The second part of the question is, with this \$60,000 still owing, does the ADC propose to collect it?

MR. MOORE: Mr. Chairman, we're dealing first of all with an area that is partly the responsibility of ADC or has turned out to have quite an involvement by them, but going back to 1973. Mr. Chairman, first of all I'm not sure that it's correct. In fact, my information is different in terms of who advised the group in Wanham that they might be able to sell shares with 15 per cent down under the co-op structure with the balance being guaranteed through the Co-operative Activities Act by the Provincial Treasurer. That, of course, had nothing to do with the Agricultural Development Corporation. My information was that the advice that they received did not, in fact, come from the director of the Co-op Activities Branch, Mr. Heath, but rather from elsewhere.

I don't know, Mr. Chairman, that the corporation could answer what happened back then, because direct involvement by the corporation in that situation was just not there.

With respect to your further question with respect to the \$60,000, yes I may be able to answer that.

MR. NOTLEY: Well, perhaps we could have the answer with respect to the \$60,000, then I'll go back to it.

MR. ORDZE: In our early involvement here, we finally became aware of the fact that the equity we had been advised that the shareholders had was, in fact, not cash but moneys that they were expecting to get from the Co-op Activities Branch. They then had a problem. They'd ordered in some equipment and they needed, I believe, either \$200,000 or \$400,000. Now the equipment was there. It had to be paid for. Several shareholders agreed to sign personal notes for these funds. So we approved the loan and the \$60,000 you are talking about is the amount that is left over. We really have no alternative but to try to recover the \$60,000.

MR. NOTLEY: Mr. Chairman, I was a little concerned with the minister's statement about initial discussion, but I think it is important that we follow through on it. The Board, Mr. Minister, is of the unanimous opinion that they were advised by Co-op Activities that, in fact, this 15-85 per cent arrangement would be honoured. Now the minister says somebody else advised him of that. Whc?

MR. MOORE: Mr. Chairman, I've discussed that matter with the board, and at least as far as my information is concerned the individual who was advising them or discussing the development of this plant with them at that time was not the director of the Co-op Activities Branch, but rather Mr. Ed Hamula who was working for the Department of Agriculture, but not Co-op Activities. There is some dispute, Mr. Chairman, about what in fact took place in terms of the discussions that were held at those meetings. I recognize that the co-op's board of directors' understanding of how financing was to be arranged was different from what actually occurred. I can only say, Mr. Chairman, that at that time it was unfortunate and should not have occurred. That, however, did not lead to the downfall of the Wanapel Co-op Ltd. As a matter of fact, there were a great many other factors involved that finally put us in a position where we had no alternative but to place the plant into receivership.

MR. NOTLEY: Mr. Minister, there are certainly all sorts of additional factors, and we'll be getting into those, but I think perhaps it's important that we start with the misunderstanding, because that was extremely unfortunate.

One of the concerns that I've had brought to my attention -- I put it to either the minister or Mr. Ordze -- is that during this entire process, really, from 1973 until 1976 when the plant was put into receivership there were inordinate delays and that the specifics seemed to change from time to time, particularly with respect to the last year when it was so crucial that the plant go onstream if the 1976 season was to be met. I put that to either the minister or Mr. Ordze as to why there were these delays.

MR. MOORE: Mr. Chairman, first of all, I'm not sure as to what is meant by delays. There were some delays in the Agricultural Development Corporation of Co-op Activities through Provincial Treasury guarantees supplying funds. There were also some delays in plant construction and some delays with respect to the requirements of the Wanapel Co-op Ltd. in terms of meeting the conditions that were outlined by the ADC and by the Co-op Activities Branch.

For example, one of the conditions that was placed on the operation early in its development was that an experienced adequate manager be hired. That, in fact, was never done. The co-op operated under its construction period without having secured the kind of management it needed. That's not to discredit the individuals who, as farmers and so on, were involved in the board of directors of the plant. We did not expect them to carry out the management. They didn't have a manager.

In a number of other areas in which the co-op was required to do certain things, they were not done. In addition to that, Mr. Chairman, I'd have to say that it does take some time when you are dealing with guarantees that have to be approved by Order-in-Council through cabinet and so on. I met, Mr. Chairman, with the Wanapel board of directors in Wanham in June of 1976. I was provided with certain information relative to the costs of completing the plant and getting it into operation. In fact, I met with them, together with Mr. Harle, the Minister of Consumer and Corporate Affairs. We came back to Edmonton and processed, I thought, very quickly, some additional funds that would allow them to get the plant into operation. When the plant went into receivership later in 1976, it was after I received directly from the co-op board of directors' chairman a financial statement relative to the total cost of building the plant and getting it into operation that was substantially different than the figures that were provided to us in June, some 4 months previous to that. It contained with it a request for an additional sum of funds by way of guarantee or direct loan in excess of half a million dollars, which was far different than what had been presented to Mr. Harle and I in June of 1976. There is no question that the management of the plant, as it existed, really did not know -- at least in my opinion -- what was happening financially.

It was on that basis that we re-assessed the entire operation and felt there was no possible way, with the cost overruns they had had, with respect to the fact that they did not have an adequate manager there at that time, that the time could ever hope to carry the financial load that had been placed upon it. That's why it went into receivership. It's unfortunate, but there were indeed a lot of commitments that the co-op board of directors made that were simply not carried through.

MR. NOTLEY: Mr. Chairman, to either the minister or Mr. Ordze, after the Order-in-Council was passed in about the spring of 1976 for an additional \$125,000, why did ADC not accept that as equity? Because that was certainly the understanding of the local people at the time that they applied for the Order-in-Council. It was not only to restore an equity position, but provide equity for additional loans, because we can get into a long hassle about who said what, when. There was certainly an understanding that additional money would be necessary. As a matter of fact, there is a letter I have here from the Wanapel people that as early as the spring of 1976 they made it clear that they needed substantial additional operating capital. So the question really relates to the \$125,000.

MR. MOORE: Mr. Chairman, just so the rest of the committee is clear on this, the \$125,000 was not a loan from ADC, but rather a guarantee from the Provincial Treasurer under The Co-op Activities Act. ADC, in fact, did accept that as

equity. But shortly after that the plant requirements in terms of completing the plant and getting it into operation changed substantially, Mr. Chairman, from the information that I had received in June of 1976. In addition to that, Mr. Ordz mentioned to me another matter that had to do with management. We had been encouraging the plant to make proper application and secure a DREE grant for some time. That aspect of the plant's financing was not followed through in the manner in which it should have been by the management of the plant. There was one difficulty after the other, but certainly the situation in terms of total financing required for that plant that was presented to Mr. Harle and I in June of 1976 was changed substantially over the course of the short summer months between then and September.

MR. JOHNSTON: Mr. Chairman, I wanted to pursue a general area which was of some concern to me in looking at the loans for farmers and for agribusiness both. The question I had for the minister, Mr. Chairman was, is there an ongoing process whereby the people who receive loans have a consultative opportunity to deal with Ag. Development Corporation to have more input, first of all, on a financial basis, secondly with respect to management assistance, or thirdly with respect to economic trends which may be developing in this province as a whole related to agriculture.

MR. MOORE: Mr. Chairman, in agribusiness, and I'll refer to that first, our main problems in the development of agribusiness are, I think, probably in this order: adequate management, provision of equity capital, and then of course under the headings of adequate management you have the problems of marketing and production and so on. We try to assist, not just through the Agricultural Development Corporation, but through the marketing and production divisions of the Department of Agriculture, in all of those areas. I'd have to say that one of the most difficult areas we have is simply securing good and adequate management. That situation is improving slowly, but I don't think one can ever say that it will be totally resolved. But we are making every effort -- in fact experience has shown us that it's most important in every operation that we have the best management available in place before the operation starts.

In terms of direct farm loans, Mr. Chairman, we have a system of assistance to farmers who fall into certain categories in terms of approved loans with ADC, particularly where we feel the management ability is not to the standard it should be and where the equity is very small. We go into a system of what we call supervised loans where generally speaking, another individual in the same community who oftentimes is a fairly outstanding farmer in the same area, be it dairying or grain farming or whatever, is named as a supervisor and provides some continuous assistance and supervision over the individual who has the loan for some period of time. That may go on for two, three or five years, depending on the progress that is made by the management. We've found that to be fairly effective. There are some problems, though, where occasionally the individual who has the loan depends far too much on his supervisor and doesn't go the route of gradually making more and more of his own management decisions. But it is a common practice for us to supervise quite closely farm operations where we feel the management is not as good as it might be and the equity investment by the individual is very small.

MR. JOHNSTON: Mr. Chairman, as I recall the application form for farm loans -- and first of all I'm encouraged by the minister's remarks with respect to the ongoing assistance to those who negotiate loans through the Ag. Development Corporation. But in the preparation of the loan itself, is it still the policy of the Ag. Development Corporation to encourage the applicant to deal with the district representative? Secondly, as I recall the application, it involved a very extensive projection of the operation of the farm which would probably be dependent upon information as to grain prices and inventories and amount of production over the next three year period. It was always my concern that that was taking the projection somewhere down the road quite a ways. What has been done, if anything, to modify the application form with respect to the cash flow projections?

MR. MOORE: First of all, Mr. Chairman, I should make it clear that on individual farm loans, we do expect the individual to work through the local loans officer and the local district agriculturist. The situation can be different with agribusiness loans. There are many agribusiness loans, depending on their nature and size, that are dealt with directly by the staff of the corporation in Camrose and do not involve to any great extent the local loans office or the local ADC committee. The local loans officer, of course, is aware of it, but he doesn't have the capabilities to do an investigative work with respect to a very large meat packing operation or something of that nature.

But with direct loans, we still have and will continue to have a system whereby the individual is required to make some financial projections three to five years into the future. Now I appreciate, as does everyone here who is in agriculture, that it's not possible to sit down and determine with any exact sureness the price of grains and beef cattle and whatever, three to five years down the road. But it's been the experience of both this corporation and the Farm Credit Corporation and others in the agriculture lending field that you have much better loans if you have people who spend a lot of time thinking about

that financial projection down the road three to five years, and it may be that they're wrong in computing the prices they are going to receive and their production, all of which depends on weather. But it's still a very useful exercise as an individual to spend some amount of time assessing his financial plan into the future in terms of input costs and the whole bit.

So we don't expect, Mr. Chairman, that we will be relaxing any on that requirement for an individual to figure out some projections. In addition to that, I think I said a few weeks ago that it would be easy for us to have the local loans officer sit down and fill out the application, asking questions of the farmer sitting across the desk. But once again, we think it's very useful for that individual to have to do some of that figuring and paperwork himself and agonize a while over how he is going to make ends meet down the road.

So while we provide a certain amount of assistance, it's a useful exercise in our view to put a fair amount ofonus on the individual who is applying for the loan to do some of that work.

MR. JOHNSTON: I believe it has been raised in this committee before that one of the problems some farmers have is to effect a consolidation of land holdings, and by that they may have to trade or swap land to consolidate a package of land within one geographical area which is suited to their farming scale. I notice also that the recent federal budget indicated that there would be some capital gains relief for farmers who were disposing of land and reacquiring land. Was that a result, Mr. Chairman to the minister, of your efforts, or can you clarify for us whether or not that does apply to farm land specifically.

MR. MOORE: Mr. Chairman, is Mr. Johnston referring to the change in the federal capital gains tax?

MR. JOHNSTON: Yes.

MR. MOORE: Mr. Chairman, I would have to say that representations, I know, were made to the Government of Canada on that basis by Unifarm in this province, the Canadian Federation of Agriculture and perhaps other farm organizations. Representations were made on behalf of the Government of Alberta by the Provincial Treasurer. My understanding is that extensive representation was received on that subject from other provinces and other farm organizations in Canada, all of which I think helped to lead to a favourable decision.

My understanding is that, while I'm not sure that the details have been totally spelled out by the Government of Canada, an individual will not be subject to capital gains tax if he resells farms land and purchases other farm land and continues in the business of farming, provided he does so within a reasonable length of time. The information that I've seen, shortly after the budget announcement, was that reasonable length of time is before the end of the next calendar year. It has to be done rather quickly.

MR. JOHNSTON: Mr. Chairman, again on a very general basis, to the minister, flowing from the concept of maintaining the family farm organization or family farm unit, and reinforced by the statistics recently given to us by the federal census, which indicates that the rural population of Alberta has increased by about 4.8 per cent, can the hon. minister advise us whether or not the efforts of the Ag. Development Corporation have been supportive in maintaining the population of Alberta?

MR. MOORE: Mr. Chairman, all we can really go by is the population figures as they relate to municipal districts and counties and small towns and villages. Certainly, as everyone would know, there has been a reversal of the trend there. But looking more specifically at farmers, we reviewed the income tax statistics which we were able to secure from Ottawa relative to the number of farmers filing income tax who were under 35 years of age. While I don't recall the exact figures, there was a substantial increase in the period of 1972 to 1975 in the numbers of farmers in that age group who were filing income tax returns.

I would have to say, Mr. Chairman, that certainly the Agricultural Development Corporation has played a role in that. Perhaps an important role that they've played has been encouraging the Farm Credit Corporation, who is a major lender in this province, to move into the same kind of fields that ADC was in, in that the FCC had announced a beginner farmers' program and have changed their programs to a considerable extent over the course of the last three or four years in a way that's been very helpful in allowing that corporation to provide funds to young farmers whom they wouldn't have before because of a lack of equity on their part.

MR. THOMPSON: Mr. Chairman, I'd like to ask the hon. minister a question relating to the local ADC committees. Does the minister feel they are fulfilling the role they were set up for originally?

MR. MOORE: Mr. Chairman, yes, I think they are more than fulfilling that role. I don't know how many members here would be familiar with the development of Agricultural Development committees, but they first began, Mr. Chairman, as the result of federal-provincial discussions that led to the formation of what we called farm adjustment committees in a few localities, mainly in northern

Alberta. In early 1972, in the establishment of the Agricultural Development Corporation and with respect to a number of other things which we wanted to do in agriculture, we looked at the farm adjustment committees and felt that the manner in which they were structured would be a useful way to provide some local input into ADC programming and so on at the local level.

So what we did was change the name, first of all, because we didn't really feel there were that many maladjusted people in rural Alberta. So we changed it to agricultural development committees rather than agricultural adjustment committees and expanded them to every municipality in the province. I don't think, Mr. Chairman, that we had an absolute defined role for the committees at that time. Some of their work came about as a need that has been developed over the years and I can only say that generally, they are doing an excellent job in the various work that they do, not only for the Agricultural Development Corporation and the Department of Agriculture, but also for the Lands Division and the Associate Minister of Lands and Natural Resources.

MR. THOMPSON: Mr. Chairman, I used to be the chairman of one of these committees and as I remember it, we were basically an appeal board. If a fellow applied for a loan to ADC and was turned down, they'd bring it back to the local committee and get their opinion on it.

I wonder if you could tell us the percentage of appeals which are approved by the local committees and then are subsequently approved by the ADC committee itself.

MR. ORDZE: We did a survey six or eight months ago on this and of the appeals that are made, in about 50 per cent of them the committee concurs with our decision. In the other 50 per cent recommended, we reverse our decision for about 30 per cent.

MR. MOORE: Just a little further explanation. An individual has a right of appeal, which goes through the local ADC committee. What Mr. Ordze is saying is that about 50 per cent of the time the local ADC committee upholds the decision of the staff of the corporation and says that the loan should not be granted. Of those that the committee says, we've had a good look at it and we think the loan should be provided, they are then dealt with directly by the board of directors of the corporation. As Mr. Ordze indicated, about 30 per cent of those are looked at by the corporation's board of directors and turned down.

One of my big concerns has been this difference of opinion between the local ADC committee and the corporation's board of directors. The largest reason for those turn-downs is that there is a lack of understanding at the local ADC committee level of the functions of the Agricultural Development Corporation or the programming of the Agricultural Development Corporation.

More recently, we've had closer contact with the ADC committees and it has resulted in two things: a better understanding by the local committees of ADC programs and a better understanding by myself and Mr. Ordze and the board of directors of the corporation of the local problems which leads, from time to time, to changes in ADC programs and the committees play an important function, Mr. Chairman, in moving the corporation toward program changes that can accommodate agricultural expansion.

MR. THOMPSON: I see on page 50 of this book that the local committees are being moved from the Agricultural Development Corporation over to the Department of Agriculture itself. I was wondering if this means there is going to be a different role for these local committees or what was the particular reason they were moved out of the ADC over to the Department of Agriculture?

MR. MOORE: All I can say in that regard, Mr. Chairman, is that it's my opinion that they never should have been attached directly to the Corporation, in that I expect the committees to do a great deal more work than just appealing loans. Indeed, in about half of the municipalities where committees are operating they deal extensively with appeals from the Lands Division. We expect them to be involved in some respects in some of our special programs like the cow-calf support program and the adverse weather program and so on. So they're not just working for the corporation.

Indeed, all of the staff of the Agricultural Development Corporation are really attached to the Department of Agriculture. The corporation does not hire staff outside those who are listed in the department. Mr. Ordze says they really never were attached to the ADC, it was just that ADC was paying them. Now I don't know.

MR. McCRAE: Mr. Chairman, I wonder if I might come into the discussion on a point of order. What I wanted to do, having regard to the time, Mr. Chairman, was to request, inasmuch as this committee has the ability to make its own rules and a number of members, particularly on this side, have expressed the viewpoint to me that we've almost exhausted this subject, we've more than exhausted it, and it appears that we are about finished with it, but the request would be that we agree today to sit beyond 11:30 if necessary to wind up this inquiry or discussion about the Ag. Development Corporation, and bring on the next subject, which my recollection tells me is the Department of Recreation, Parks, and

Wildlife, for next week's sitting. So I make a recommendation to the committee that we give consideration to sitting beyond the normal 11:30 quitting time.

Another comment I would have, Mr. Chairman, I wonder if we couldn't consider going back to standing to make our representations and ask our questions. It seems to me we had a dialogue or discussion going back and forth between the questioner and the answerer and I think it does detract from the ability to understand and participate in the full committee hearings. I myself have difficulty on occasion knowing who is asking the question, and I just really think it detracts from the overall conduct of the meeting.

MR. CHAIRMAN: Do we wish to revert to the method of standing while speaking?

SCME HON. MEMBERS: Agreed.

MR. CHAIRMAN: Okay. What are your wishes in regard to the recreational group?

MR. NOTLEY: On the point of order, Mr. Chairman. I would very strongly oppose extending the sitting today. Number one, there are several members of the opposition who are not here and may well have additional questions. Number two, I have a number of additional questions and I don't think it's fair that we should be rushed in this matter. I think it would be wrong to half do the job. I'm sure that probably in another sitting of the ADC next week we would be able to complete the work, but rather than extending the thing -- particularly with several members of the opposition not being present who may well have questions that they want to put, in my view would be far too hasty.

MR. FARRAN: On a point of order, Mr. Chairman, I wonder if you could tell us how many days we've actually spent of our limited time on this particular topic. I'm standing up, Mr. Chairman, because like Mr. Malone once said of Mr. Diefenbaker, when Mr. Diefenbaker comes in the room he stands up and I'm standing up out of respect for you, Mr. Chairman, as an excellent chairman of this committee.

MR. CHAIRMAN: Did you want an answer to that number of days?

MR. FARRAN: I don't think we can consider this, in all fairness, unless we determine how much time we've already spent on this department.

MR. CHAIRMAN: About five days, and we have five names on the list to speak.

MR. FARRAN: Five weeks in other words, since pretty well the beginning of the session. How many of the selected subjects suggested by other members are there still to come?

MR. CHAIRMAN: We have recreation next, we have PWA, we have colleges -- we have the whole list of them.

MR. FARRAN: Could the list be read out so we can have a look at it?

MR. CHAIRMAN: Yes. I just dictated a letter this morning and I guess we left it in my office.

MR. YOUNG: It's to be found before the minutes of March 16. Agricultural Development Corporation is number one; multicultural facility program, number two; PWA, three; four is northern development; five is public utilities; six is the college system, public and private; seven is personnel administration office.

MR. McCRAE: Mr. Chairman, could I make the additional point that the members of the government side are prepared to sit today as long as may be necessary to conclude this discussion on the Ag. Development Corporation. The point about some of the opposition members not being here today or having absented themselves from the meeting and requesting the other 28 members of the committee to come back another week and spend their time on this I think is either frivolous or irresponsible. We sit here. The meeting is on today. It's incumbent on them to come and ask their questions during the meeting. If they can't personally be here they can pass their question on to one of the other opposition members.

MR. NOTLEY: Mr. Chairman, if I can first of all just respond very quickly to the completely frivolous statements of the hon. minister in charge of Calgary. Number one, other members of this committee have other obligations and responsibilities beyond 11:30. The fact of the matter is that we normally sit from 10:00 until 11:30. Those are the hours that we sit. Obligations have been made. I myself have made other obligations. Unfortunately, I'm going to have to leave. Therefore, at this stage of the game, a few minutes before closing, to bring in a motion to say, well let's get on with other business, I think is completely wrong.

Mr. Chairman, as I expect, I wouldn't at all be surprised if we could complete the business of this particular hearing on the ADC next week, but it would be

wrong to rush it this week. There are other members, as I mentioned before when I rose to speak, who are not present and one of those members, the Leader of the Opposition, had some questions. He was called out. It seems to me that we are not in that big a rush that we have to complete this before we finish the job.

MR. YOUNG: To the point of order, Mr. Chairman, two weeks ago as we were closing for the day, I had requested to know if members knew what subjects they wished to raise so we could get on with this, because it's not my wish that we should close anybody off unduly. On the other hand, it's not my wish that a majority of people in the committee should be engaged in listening to a discussion which has very little interest to them. The hon. member has raised some questions about a co-operative in his area and I have no objection to that. The problem is that some time ago when we tried to get a feel for what was happening here, we didn't get any response, and it isn't until just now that we suddenly learn that there are some additional questions. I don't know, and I would like to know from the hon. member, what the issues are that he'd like to discuss, because I don't wish to cut him off too soon. On the other hand, I think we have to respect the wishes of all members of the committee. So if the hon. member could tell us what items he wishes to discuss then maybe we'd be able to make a better informed decision on it.

MR. NOTLEY: Mr. Chairman, first of all, let me just answer that by saying that this matter had been raised at the last meeting of public accounts. As I recall -- I don't have the minutes right in front of me, but the chairman had indicated that we will have to take these things as they arise. Now the Member for Edmonton Jasper Place indicates that some members may not be particularly interested. Mr. Chairman, with great respect, we are not here as a Public Accounts Committee just simply to stimulate the interest of members of the committee. We are here to do a job and there are going to be certain aspects of this questioning and inquiry that will not interest some members but it will interest other members. As long as we are doing the work of the committee it seems to me it is necessary that we have the time to follow through. I don't object to outlining the areas that I would like to see discussed here. But I should make it clear too that when we began this discussion five weeks ago, the Leader of the Opposition, in fairness to him, made it very clear that we wanted to deal with the agribusiness loans. That's what we have been dealing with, at least from the opposition's point and that's what we will be continuing to deal with. There are quite a number of those loans that I have specific questions about and we have already given general notice of it. We want to give specific notice of it. If you want us to give specific notice, that's fair enough. But I just assure the members that we are not going to be able to get through them within the time space that is allotted to us today.

MR. YOUNG: If I could respond to the point of order which the hon. Member for Spirit River-Fairview has raised in response to me, I'd just like to emphasize for all members that it seems to me that the committee's work is determined by the wish of the committee and not by one or two members. As I said before, I'm quite prepared personally to try to accommodate all members, but there are, as we've just reviewed, another six topics on the agenda. I'm quite happy, in view of what the hon. member has said, to have another go at it, if that's his wish, but in saying that, I do want to reflect what I think is the concern of quite a large number of members that they would see the work of the committee as going on to the next topic and exploring that, which is the wish of what might be considered to be the majority. Now perhaps the majority will defer for the day. So be it. But let's not get carried away with expressions about what the work of the committee is and the function of the committee in the view of one member as opposed to a group of members.

MR. MUSGREAVE: Mr. Chairman, following along with what Mr. Young has suggested, I'd like to suggest, in fairness to the Leader of the Opposition and the fact that the hon. Member for Spirit River-Fairview may have some more questions, that we bring the hon. minister back for say three-quarters of an hour next week and that we know ahead of time that we're cutting it off because I think the Leader of the Opposition probably had other arrangements. Otherwise, I would just suggest we cut it off today, because I'm not saying whether or not we find it of interest. I agree with the Member for Spirit River that there are lots of things we don't find of interest, but we took on the obligations of serving the people so there are going to be times when it does not particularly please us to be here. But I do feel, in fairness, that perhaps we should give it more consideration. But I think also that we have already debated it much too long and it would have a tendency to drag on and on for the balance of the session unless we knew that we were cutting it off at a specific period.

MR. FARRAN: Mr. Chairman, on the point of order, if the hon. Member for Spirit River-Fairview has a priority engagement he has to go to at 11:30 and he can't rearrange his schedule for this most important subject -- in his view it is very important -- and he just can't adjust by half an hour, then what I suggest is a compromise. It's a similar sort of thought to that of Mr. Musgreave. That is that we use the procedure we normally do on the Order Paper, that this particular subject be returned to eventually, but we drop it down on the Order

Paper and that we get on with Recreation, Parks, and Wildlife, because there are a large number of members who are interested in these recreational facilities that are being built in their constituencies with matching grants and they want to get into the ground rules of capital costs, operating costs and all the rest of it, and it's very important to their constituents that they should. So all I'm suggesting is that since we've had five meetings on this particular subject, ever since the beginning of the session, and that we are now approaching the end of April, that we get into one or two others that are deemed priority items by the members as well, and that perhaps we can let this one drop to the bottom of the Order Paper and come back to it eventually if we have the time. We've got the fall session as well ahead of us. It's all part of the same year. In the meantime, the hon. Member for Spirit River-Fairview can perhaps put down on paper his areas of particular concern so that we don't waste the time of the minister and his staff in the general sort of ranging over the waterfront, that we zero in and minimize the time we spend on it, but we come back to it later.

MR. CHAIRMAN: We can talk here until 12:00 if you keep this up, hon. members of the committee. We could probably have finished about three of these questioners by now if we had kept going.

MR. SHABEN: It wasn't really on the point of order, but I had felt as some of the members do that we have spent some five weeks on this most interesting topic and it's been illuminating, I'm sure, for all the members, but I have a keen interest in moving on to a couple of the other subjects that are on the agenda.

MR. CHAIRMAN: I think we should have a motion, if somebody wants to vote on that.

MR. SHABEN: Since I have the floor, Mr. Chairman, I would move that we continue today until 12:00 noon and that today we complete the Ag. Development Corporation and move on to Recreation, Parks and Wildlife next week.

MR. CHAIRMAN: Now that's the motion. I would like to remind the hon. members that you did agree to 11:30 adjournments and I think you should remember that, that you're changing your own rule suddenly in the middle of the stream.

MR. SHABEN: Mr. Chairman, I would change my motion then, since it hasn't been recorded, that we move to Recreation, Parks and Wildlife next week.

MR. TAYLOR: We have a motion now that we move to Recreation, Parks and Wildlife next week. Any discussion?

MR. NOTLEY: Mr. Chairman, first of all I'd like to raise a point of order. In view of the fact that 11:30 is our time of adjournment, that has been an accepted time of adjournment, I would ask you for a ruling as to whether or not a motion can be taken at this time without unanimous consent to extend the time beyond the agreed upon time.

MR. TAYLOR: Yes, I think we have to know what we're going to do next week. It's unfortunate that we've gone past 11:30, but it hasn't been unusual for us to go five or seven minutes past, one way or the other.

MR. APPLEBY: Mr. Chairman, I realize we have a motion on the Order Paper, but I would move we stop the clock at the moment.

MR. CHAIRMAN: Okay.

MR. NOTLEY: I would urge members to defeat this motion. Quite clearly the minority are not able to overcome the majority, but the fact of the matter is that we have to ask, in fairness to the minority, that the majority consider very carefully what is being done here. We have got into the discussion of the Agricultural Development Corporation. I've made it clear that there are a number of areas that I would like to pursue and we have the leader of the Opposition who was called. Several of the opposition members were not able to be present. To cut this off in midstream before the work is done, in my view, would be a travesty of our responsibility as members of this Public Accounts Committee. I would just simply say to the members of the committee that there is no great rush. During the last session of the Legislature we spent far more time than this on the Export Agency, and I might say, Mr. Chairman, as a result of the time spent on the Export Agency the Public Accounts Committee probably played, as far as the people of Alberta are concerned, a rather more valuable role than it has in years. I think that it would be completely wrong for the majority to use the power you admittedly have. You can pass this motion. You have the power to do it. But it would be far too hasty, and I just simply say in fairness that with the work that is still left to do, wait until at least next week.

MR. R. SPEAKER: Mr. Chairman, speaking to the motion, I'd certainly like to support the remarks of the Member for Spirit River-Fairview. I feel that we have some other topics that we want to raise. Most likely in the next session

we can complete the discussion on the corporation, and at that point in time we'll have exhausted what we want to do and gained the information we require. I think if the government members feel they have to cut it off at this time, I certainly feel that is a move to their detriment and what they may feel they may gain in time they're certainly going to lose in a bit of acknowledgement about the process of providing the atmosphere in this Legislature for people to know about certain things or even that type of an atmosphere in the province. So I think they should consider their decision.

MR. LITTLE: Mr. Chairman, has the motion been seconded yet?

MR. CHAIRMAN: No, it doesn't have to be.

MR. LITTLE: Is it in order to make an amendment?

MR. CHAIRMAN: Yes.

MR. LITTLE: The amendment I would like to make is that we give this particular subject one more session.

MR. CHAIRMAN: Well, I wonder if we could just defeat the motion if that's the case.

MR. LITTLE: I realize that it's . . .

MR. McCRAE: Mr. Chairman, I just wanted to say that when I introduced the subject I had no idea it would be that controversial. I thought all members here would agree that we had spent enough time on this subject and had probably exhausted all the reasonable questions we had. If there are, in fact, other members who do have questions they want to bring forward then I, for one, would support the concept that we should continue the discussion with continuity, that is, have them back next week. I don't, frankly, think we can tie a minute or an hour formula to it and say at the end of 45 minutes or one hour that we'll be finished with them. I think if we're going to have them back, let's have them back. So I would just indicate that my vote would be towards having them back next week and seeing what transpires next week. There is no intention to muzzle the opposition. It was simply a reflection of the fact that there are, in fact, 30 members of this committee, not just 4, that all of them have equal rights, and the expression of a good deal of them over here was that they wanted to discuss some other topics. Now hopefully the members over here will appreciate the attitude of forbearance of the members on this side and try to expedite the committee meeting next week so we can get through with it. Perhaps we could suggest to them that they not have obligations after 11:30 so that if we are still discussing this topic at that time that we continue on and finalize the thing hopefully next week. We'd ask that in return for the forbearance that we may be showing here today.

MR. CHAIRMAN: We have a motion. Do you want us to proceed with the motion? All in favour? Against, if any? Okay, we'll have to have a standing vote. The motion is lost. I take it then that the decision of the committee is to have ADC back for one more week with the view of completing the discussion with ADC next week.

MR. MUSGREAVE: You said, and I hope I heard you correctly, that we'll have them back for one more time. Is that correct?

MR. CHAIRMAN: That's right. They'll complete next week.

MR. MUSGREAVE: So I want the members of the opposition to appreciate now, so we don't go through this exercise again next week, that next week is the last time we hear of them.

MR. PURDY: Mr. Chairman, on a point of order, Mr. Speaker had indicated that one more week would probably do it, and I wonder if Mr. Speaker would not move a motion then to say that we'd bring it back for one more week.

MR. NOTLEY: Mr. Chairman, I think the only thing we'd decide today is that we'd be willing, as a committee, to suspend our normal time of adjournment of 11:30 and sit for additional time and members of the committee will not make other engagements with that in mind.

MR. APPLEBY: Mr. Chairman, we've still got the clock stopped, and I would like to make a motion that at the end of next week's meeting we will proceed from there to the next item on the agenda.

Moved by Mr. Appleby, seconded by Mr. Butler, that at the end of the discussion next week we move to the next topic on the agenda.

MR. NOTLEY: Mr. Chairman, with all respect, I'm sure that we probably can finish if we allow the clock to be stopped next time and we sit until 12:30 or 1:00 or

1:30, I'm sure we will, but I would hate to see us at this stage passing a motion which would preclude us, if something comes up, that we may have to continue it. It seems to me that the important thing is the one we've already decided, that 11:30 will not be our adjournment time and we will not get ourselves into commitments which will preclude us from sitting maybe until 2:30 until the House comes into play again.

MR. CHAIRMAN: We have a motion. Are you ready for the question?

MR. APPLEBY: I want to adjourn debate on that, Mr. Chairman, if I may, because I made the motion. I would like to have added to my motion "and that we adjourn at the regular time next week".

MR. CHAIRMAN: The motion is that we have ADC back next week and that at 11:30 we end the discussion on ADC -- this is what the motion is -- and that we move to the next topic the following week. Is that the motion? Is there a seconder to that motion? No seconder. Well, okay, we'll have ADC back next week. The meeting now stands adjourned.