

*Order Paper Questions*

Standing Order 45(2). The Minister will have the floor when we reach the Orders of the Day.

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**QUESTIONS ON THE ORDER PAPER**

(Questions answered orally are indicated by an asterisk.)

**Mr. David Smith (Parliamentary Secretary to President of the Privy Council):** Madam Speaker, the following questions will be answered today: Nos. 4,276 and 4,474.

[Text]

**ECON CONSULTING LIMITED****Question No. 4,276—Mr. Hovdebo:**

1. Did a company known as Econ Consulting Limited receive a grain dealer's licence on April 26, 1978 or thereabouts from the Canadian Grain Commission?

2. Did the Commission subsequently become aware that the company had been dealing in grain prior to April 26, 1978 and subsequent to its incorporation on May 25, 1973 and, if so, what action did the Commission take?

3. Subsequent to April 26, 1978, on how many occasions did the Commission renew the grain dealing licence of the company and, on each occasion, what financial tests did the Commission apply to ensure that the company complied with Section 38(1) of the Canada Grain Act which requires security "sufficient to ensure that all obligations to holders of documents for the payment of money or delivery of grain issued by the licensee will be met"?

4. (a) Was the company required by the Commission to furnish an audited annual statement of its financial position and, if so, on how many occasions did it do so (b) did the company fail to provide a required audited annual statement and, if so, what action did the Commission take?

5. (a) Was the company required to make monthly statements on its financial position to the Commission (b) did the company fail to do so and, if so (i) on how many occasions (ii) what action did the Commission take?

6. (a) In 1981, did the Commission set a security requirement of \$700,000 by letter of credit from the company and, if so, on what date (b) what amount of security requirement had the Commission set for the company previous to this date (c) was the security requirement reduced and, if so, what reasons did the Commission give for reducing it?

7. Did the Commission engage the services of one Clay Blackwell of Winnipeg to investigate certain aspects of the private grain trade in Canada and, if so (a) on what date (b) was the engagement subsequent to the Commission or any of its commissioners learning formally or informally of possible financial difficulties in the private grain trade or of explicit financial difficulties with Econ Consulting?

8. (a) Were actions taken by the Commission explicitly in regulating the private grain trade in Canada after receiving Mr. Blackwell's report and, if so, what were the actions and the date on which they were taken (b) did any action apply to Econ Consulting and, if so, in what way?

9. (a) Did the Canadian Wheat Board formally decide to terminate its business relationship with the company following the 1980-81 crop year and, if so, on what date (b) was the Commission advised, either formally or informally, of the reasons for the actions taken by the Board and, if so, what action did the Commission take?

10. On what date was the Minister of Agriculture advised of the financial difficulties of the company in his capacity as Minister responsible for the Commission and what actions did he take in regard to either the policies or the personnel of the Commission?

11. (a) Has the Minister met with the representatives of the creditors of Econ Consulting (b) has the Minister given any undertaking to reimburse the creditors of the company for proven losses and, if so, what levels of financial compensation has the Minister discussed with the elected representatives of the creditors?

12. Subsequent to the suspension on February 8, 1982 of the grain dealer's licence of Econ Consulting by the Commission, what actions did the Commission take to restore public confidence in the private grain trade in Canada?

13. Is the Commission considering holding public hearings on the subject of the Econ Consulting bankruptcy, as is permitted under Section 80(1)(b) of the Canada Grain Act?

**Mr. David Smith (Parliamentary Secretary to President of the Privy Council):** I am informed by the Department of Agriculture and the Canadian Wheat Board as follows: 1. Yes.

2. No, but the Canadian Grain Commission was aware that the President of Econ Consulting Limited had shipped grain produced on his own farm and had also provided advice to other producers on how to ship producer cars.

3. Econ Consulting Limited's licence was renewed four times; i.e., for the 1978-79, 1979-80, 1980-81 and 1981-82 crop years. The Commission considered the proposed operations of the firm, reviewed financial information provided by the firm and available from other sources such as Dun and Bradstreet reports, the liability reports of the firm during previous years, the absence of producer complaints and the ability of the firm to post the required security when determining whether to renew the licence of Econ Consulting Limited.

4. (a) No. Grain dealers are not required to submit audited financial statements. Econ Consulting Limited was required to submit annual financial statements prepared by chartered accountants. (b) Not required as indicated in 4(a) above. However, Econ Consulting Limited did provide monthly grain liability reports as indicated in part 5(b).

5. (a) Econ Consulting Limited was required to submit monthly grain liability reports. (b) (i) (ii) Monthly grain liability reports were received for every month that Econ Consulting Limited held a grain dealer's licence until December, 1981. Thereafter, Commission officials were reviewing Econ Consulting Limited's grain liabilities on a more frequent basis until Econ Consulting Limited's licence was revoked February 8, 1982.

6. (a) The Commission set a security requirement of \$700,000 on September 17, 1981. (b) \$900,000. (c) The security requirement was reduced on the basis of reduced grain liabilities reported by Econ Consulting Limited and assurances given by the firm that liabilities would not increase beyond \$700,000. Econ Consulting Limited reported grain liabilities of \$511,000 as of September 30, 1981.

7. (a) Clay Blackwell of Winnipeg was engaged in November, 1980 to review and prepare a report entitled "A Study of Surety Arrangements of Licensees". (b) The engagement of Clay Blackwell was not related explicitly to financial difficulties of Econ Consulting Limited but to general concerns of the Commission about the financial position and surety arrangements of all licensees.

8. (a) For the 1981 crop year, the Commission increased its surety requirements of grain dealers, increased its own inspection program, developed formal liability audits of selected licensees by the Audit Services Bureau, Department of Supply and Services and strengthened its procedures and capabilities for testing the financial liability of licensed grain dealers. (b)