

[Chairman: Mr. Kowalski]

[2 p.m.]

MR. CHAIRMAN: Good afternoon, ladies and gentlemen. Welcome to another regularly scheduled meeting of the Standing Committee on the Alberta Heritage Savings Trust Fund Act. I must say that I'm overwhelmed with the individuals present today and would like to indicate to committee members that while the regularly scheduled item of business for this afternoon was Discussion of Recommendations, on Sunday night last, at approximately 8:25, I received a telephone call from the Provincial Treasurer, Mr. Hyndman, indicating to me that he had received information out of Ottawa that a certain decision had been made in the national capital with respect to two financial institutions based in western Canada, specifically Alberta. Mr. Hyndman requested an opportunity to meet with the standing committee on the Alberta Heritage Savings Trust Fund.

Committee members know that Mr. Hyndman was before us several weeks ago. In the discussion I had with Mr. Hyndman on Sunday last, I indicated that I would endeavour to do everything possible to find such a time and, after looking at the schedule, concluded that the first opportune time would be Wednesday afternoon, September 4, at 2 o'clock. We had a meeting this morning, but that was regularly scheduled with another member of Executive Council.

We have now scheduled that meeting. Following the brief discussion we had this morning in the committee meeting, committee members indicated that they thought it would be most appropriate to have Mr. Hyndman before us this afternoon. So without further ado, I would like to welcome Mr. Hyndman. He might want to introduce the gentleman with him. Perhaps Mr. Hyndman wants to make a statement or some overview comments with respect to the Canadian Commercial Bank and Northland Bank.

Committee members might note that on pages 38 and 42 of the annual report for 1984-85 are brief descriptions of involvement by the Alberta Heritage Savings Trust Fund with the two institutions in question. Following the comments from Mr. Hyndman, we'll go to questions from committee members. Several have already indicated their responses to me,

and I'll grab the rest. Welcome, Mr. Hyndman. The floor is now yours.

MR. HYNDMAN: Thank you very much, Mr. Chairman. May I introduce, on my left, Mr. Allister McPherson, the Deputy Provincial Treasurer.

First, may I thank you and the committee again for accommodating my second appearance before this committee, the first one being on August 7. I appreciate the fast time line in which you have been able to accommodate my being here today.

I thought it might be useful if I gave an informal overview, Mr. Chairman, by reason of the announcement of the federal government last Sunday, as to some of the aspects of the situation regarding the Canadian Commercial Bank and the Northland Bank insofar as on August 7 we had an initial discussion about the heritage fund investment in the Canadian Commercial Bank. I think it's important for us all to review once again the basic causes of the problems and difficulties that have faced the Canadian Commercial Bank and the Northland Bank.

Firstly, I think it's very clear that we have to go back to the abnormal boom of 1979 to '81. We had high interest rates. There was inflation. There were abnormally high real estate prices, particularly in commercial real estate. The aftermath of that, of course, hit not only banks but all financial institutions in Alberta and western Canada. That occurred as there was the inevitable correction back to more normal real estate valuations, as we have now.

Secondly, there was the national energy program of 1980. That body blow to Alberta, not only in the energy area but also the general economy, compounded the problem of the abnormal boom in 1979-81. Again, the aftermath of the national energy program also hit the financial institutions in the province of Alberta and in the west.

Thirdly, in particular with regard to the Canadian Commercial Bank, as has been well documented, that bank invested in United States drilling and energy investments. In contrast to the recovery of the drilling and energy industry in Alberta, there was not a recovery in the United States, so those investments by the bank continued to cause

some problems.

Perhaps one other area in which I could make some advanced comment, Mr. Chairman, would be the three basic reasons why the province of Alberta was a part of the support package for the Canadian Commercial Bank in March 1985. There were essentially three basic reasons. Firstly, six other banks and the federal government were prepared to make an effort at that time to save an Alberta bank. It would have been incongruous if we in Alberta had said at that time: "No. Even if all of you are prepared to do that, Alberta is not prepared to make any effort to help save an Alberta bank." The federal government asked us if we would be prepared to be part of a support package to save that bank if the federal government did so. Our basic test was this. We asked the question: were the six chartered banks of Canada prepared to put up the dollars and put at risk the money of their shareholders for a western Canadian, an Alberta, bank, the CCB? They were prepared to do so. Then we felt that it was rational, reasonable, that the Alberta government join in the package at that time, that it was worth the effort.

The second reason the federal government was involved in that support package was that the federal bank regulators said that on the basis of their best information, the support package at that time would make the Canadian Commercial Bank viable. We relied on that opinion. We were entitled to rely on it. The federal office of the Inspector General of Banks said, in effect, that on his information the size of the problem was approximately \$255 million, the total size of the support package, and that their opinion was that that package would be sufficient to make the Canadian Commercial Bank viable.

The third reason Alberta was involved was that it was, and it is today as well, basic Alberta government policy that western based financial institutions are important to this province and its future; therefore, the government should make efforts to help achieve stability and growth and viability of financial institutions in the province of Alberta.

I think all of us here, all the citizens of western Canada, regret the unfortunate events of the last couple of days, because certainly that has slowed the growth and viability of western Canadian financial institutions. That's a sad event to occur. But the policy of the

provincial government was this spring and is today — and I believe it is a sound policy — that there should be efforts by the government to assist in western financial institutions becoming viable and continuing.

The reasons for that, of course, are clear. We need head offices in this province and in the west. We need choices for our businessmen, not only the six large chartered banks but also other banking and financial institutions, so our small and medium businesses can shop around. We need to have local decision-makers, people who live and work here and make decisions in the financial community in this province. We can have that if we encourage a western financial institution's growth and development.

I suppose one of the best examples of that is the Canadian Encyclopedia, which we know has just been launched. The Canadian Encyclopedia would not exist but for the funding of the Canadian Commercial Bank. The publishers of that encyclopedia attempted to get money from two chartered banks. They failed. The banks were not prepared to make an investment in Alberta and western Canada in that encyclopedia. They got it from the Canadian Commercial Bank. In my view, there's an example of the kind of unique western, Alberta, dimension that reflects and justifies an Alberta policy that there be a balancing of western financial institutions encouraged and, hopefully, strengthened in the province.

Those are basically the three reasons we were involved. Six other banks and the federal government were prepared to make the effort for an Alberta bank. They asked us if we would join them, and we did. Secondly, the federal bank regulators said that on their information that support package would make the CCB viable. Thirdly, it was a basic Alberta government policy then and is now to support western regional financial institutions.

Mr. Chairman, with that overview perhaps we could now go to, and I'd be happy to answer, any questions the committee might have.

MR. CHAIRMAN: Ten members of the committee have indicated their interest in raising a question with Mr. Hyndman at this time. I hope I have them in the correct order in which they notified me. We'll begin with Mr. Nelson, followed by Mr. Zip, Mr. Gurnett, Mr. Speaker, and six other members.

MR. NELSON: Thank you, Chairman. Mr. Minister, we appreciate your coming here this afternoon. I know it puts you a little bit on the hot seat, but I guess that's the way it goes.

I have a number of questions, and I'll probably get in a second time. First of all, I wonder what portion of the C. C. Bank's portfolio is actually invested outside Alberta, or western Canada for that matter. As you indicated, it appears that considerable investment was in the United States and that that may have been the area of concern that led to the demise of this organization.

MR. HYNDMAN: I don't know whether we have details on that. Certainly, the bank had investments not only in Alberta but in other parts of western Canada, British Columbia significantly, and also in the United States. Maybe I could ask Mr. McPherson to outline that, if he has information.

MR. MCPHERSON: Mr. Chairman, there's a chart on page 9 of the bank's last annual report — I realize you don't have this — that suggests the distribution of loans. About 20 percent are in Alberta and, I guess, just short of 30 percent in the western provinces. The bulk are in Canada and the United States.

MR. NELSON: Mr. Chairman, I have another question relevant to that. If we are encouraging and supporting western involvement in the banking industry — and we've seen another bank commence its rise in Alberta, the Bank of Alberta, which is now building a structure on Jasper Avenue, which the government has invested in. The primary goal there would hopefully be for the bank to support Alberta businesses, western activities. If you've got 70 percent of the bank's interests outside the province, certainly that would be a good reason for the federal government and other major banking institutions to have an interest in the portfolio of the C. C. Bank.

Considering the overall philosophy or policy of the government, I just wonder if there's an opportunity here to re-evaluate the position of the government in investing in organizations of this nature where, in fact, they don't appear to be investing the majority of their portfolios in the province or in western Canada and, if we are to invest in these particular institutions to the extent that we are, whether a re-evaluation

should be made in consideration of the demise of this bank and the weakness of the Northland Bank in western Canada.

MR. HYNDMAN: It's certainly a fair question, Mr. Chairman. I guess the unusual aspect of this is that generally I think banks and financial institutions feel that some degree of diversification of their investments provides a greater degree of stability. Certainly, the fact that the Canadian Commercial Bank has had a very large investment in a particular energy area of the United States and also in real estate in Alberta is partly the cause of their problem.

You're correct. We have invested in a small equity position in the Bank of Alberta as well as a deposit there, and we certainly hope they'll make a very real success of it. There's every indication that they will at the moment. But that is the kind of institution that I think can be justified for direct or indirect government assistance in order to try to provide an option for Albertans.

Whether or not the policy could be practical if there were to be no investment in institutions that didn't have any loans outside the province of Alberta, I'm not sure. Certainly, western Canada is the focus in which we believe there's a requirement for an outlook, an attitude, a loan approach, a dealing with accounts, that is important. The west has developed in a different way and needs bankers who are prepared to realize that the swings of an economy with a resource base, such as Saskatchewan or British Columbia or Alberta, are different from the central, manufacturing part of the country. A fair policy question.

MR. NELSON: Mr. Chairman, a third question is troubling me. It's my understanding that when this package was originally put together, there were some from the private-sector investment community or the investment climate out there who suggested this bank was going to go down the tubes in any event. Notwithstanding that, a concern of mine is that we put a package together for a bank or financial institution or, for that matter, any type of major business, to try to shore it up and hopefully make it successful. I'm sure that is the primary reason and objective, to ensure that the viability of the particular organization progresses. I guess where we might discuss some policy is the area of shoring up a large

organization of this nature to the tune of some \$60 million at the outset, along with investments from other parts of the community, yet we let an organization, and I'll use the name of Westmills in Calgary, go down the tubes when they might even have a viable operation. Of course, the private sector has gone back in now and done some work there. We wouldn't assist them in continuing and keeping their job functions going when, in fact, that is a completely western, Alberta-based company, doing business totally in Alberta: investing in Alberta, jobs, and so on.

I just wonder why we have two separate rules in those types of situations. You might say that we let the small guy go under and we kind of shore up the big guy all the time.

MR. HYNDMAN: I think we have to remember that there is a basic and fundamental distinction in Canada between banks and private-sector companies. Banks have deposits kept in trust for millions of Canadians. They are subject to federal regulations which are completely unique, regulations which do not apply, either in their nature or in the extent to which they are rigorous, to private-sector companies.

Certainly it is not and has not been the policy of this government to move in in all instances with support packages for large entities of any kind. We have provided a support package for the credit union system of Alberta because we felt there were unique reasons there to do so. On March 25, we were prepared, with others and on the basis of the federal government's and six banks' saying that they would put in part of a support package, to put up a support package, but it's not a general policy to provide a support package for industries.

There's a very significant difference between a bank that has the deposits of customers and is regulated by the federal government, and a private-sector corporation.

MR. ZIP: It appears to me, Mr. Minister, that it has become general government policy, not only in Canada but in the United States and other countries as well, to undertake rescue efforts of faltering companies. To a large extent these policies have been successful. We never hear any eulogies about the successful ones. Right now I can recall, in retrospect, the soul-

searching and criticism that was levied at the governments of Canada and the United States on Chrysler Corporation, which has come back from the abyss and become a very successful and viable automotive company, and very competitive as well. Going to the successful bailout of Dome, according to latest reports it has turned the corner financially and is on its way back to becoming a healthy oil company. With the Canadian Commercial Bank we have hit on a spot where that policy has faltered. I find it hard to criticize because, according to the arguments, if you hadn't rescued, you'd have been criticized; now that you have rescued, you're being criticized. We can't jump on both sides of the argument at the same time.

Since we are the watchdog committee for the Alberta heritage trust fund, to what extent will the fund be affected by the collapse of the Canadian Commercial Bank? I think that is our most urgent interest as far as this committee is concerned.

MR. HYNDMAN: It would certainly be to a very minimal extent. Perhaps it would be useful for the committee if I reviewed the investments of the Alberta government generally, be it heritage fund or General Revenue Fund, in the two banks in question. Firstly, let's look at the Canadian Commercial Bank. There is a deposit in the amount of \$70 million. Pursuant to the priority under the Bank Act, we anticipate full recovery of that. There are two debentures which relate to the Canadian Commercial Bank. One, for \$5 million — and we discussed that at the August 7 meeting — was transferred from the heritage fund to the General Revenue Fund at that time. Then there is the \$13 million debenture which was part of the support package. With respect to both of those, being debentures and ranking much lower in priority, recovery is unlikely.

With regard to the Northland Bank, there are deposits totalling \$70 million and, again, by reason of the priority and the federal announcement, we anticipate full recovery of that amount. As well, there is a debenture for \$5 million of the heritage fund in the Northland Bank. This, by the way, will show in the June 30, 1985, heritage fund quarterly report. The recovery on that, of course, is difficult to state. I would like to be able to say that we will get full recovery and that the Northland

Bank, which has been given the opportunity by the federal government to actively seek out merger or amalgamation opportunities — I hope that will succeed. If it does, then there would be recovery of that debenture. There would have to be a question mark, though, as to the recovery with regard to that.

Lastly, there is the \$60 million part of the support package put up by the government of Alberta and other amounts, totalling \$255 million, by the six chartered banks and the federal government. Of course, the recovery there depends on the extent to which there will be a significant realization of the assets of the Canadian Commercial Bank over the next number of weeks and months. It's possible there would be some partial recovery, but it's impossible to say how much that would be.

Maybe that, as an outline of the investments of the government in the two banks, would be of assistance to the hon. member.

MR. ZIP: Thank you. I have another question. Looking at the major problems the Canadian Commercial Bank faced with regard to investment interest in the real estate market, which, following 1981, people are now calling abnormal — I don't know whether that's a proper term or not. If things had continued well, without the national energy policy coming in to interfere with our western economy, I don't think that would have been abnormal. In the retrospect of time — I mean, nobody is God to be able to foresee the future. Going back to the perspective of the 1930s, real estate values were certainly much lower, and they're much higher in 1981. But if you look at the examples of other cities, like New York, real estate values continue to go up and are certainly much higher than they were in Calgary in 1981. So I question the word "abnormal".

To what extent has the collapse of real estate in Alberta, in Calgary and Edmonton, contributed to the problems of the Canadian Commercial Bank?

MR. HYNDMAN: I think there's no question that all financial institutions, large and small, banks and other kinds, suffered difficulties by reason of the abnormal boom. I suggest to the hon. member, with respect, that it was an abnormal boom in '79 and '81 that pushed up real estate prices.

MR. R. SPEAKER: It was led by the government. It was led by the Premier.

MR. HYNDMAN: Therefore that, plus the national energy program of 1980, compounded the two. The aftermath of those two, plus, in the case of the Canadian Commercial Bank — the real estate aspect was part of it and also the U.S. drilling dimension was another part of it. Those were the three basic causes of problems that are affecting the Canadian Commercial Bank, and certainly the abnormal boom, which is now down to a normal level. That, plus the NEP, was something which caused problems to all financial institutions.

MR. ZIP: One more question, Mr. Chairman. Now that we're looking back instead of forward — hindsight is always perfect, 20/20. But looking forward, are we now going to be so tremulous, so timid, that we're not going to encourage and stand up for western Canada anymore, just because we have had a setback? Are we going to be so chickenhearted that we are not going to support anything from now on?

MR. HYNDMAN: I would hope not, because I'm going to continue to fight for a financial industry in western Canada. I think the policy we've had is right. It was right last spring and it is correct today: the government of Alberta should do what it can and make efforts to ensure the establishment and viability of western Canadian financial institutions. We all have to agree that this was an unfortunate event. But western Canada has a future, Alberta has a future, and I'll continue to work for a growing and vibrant financial industry in Alberta and western Canada.

MR. GURNETT: Mr. Treasurer, I think a large part of the concern I have focusses around the comments we heard from you earlier in the spring and again at the beginning of August about the confidence you had in the viability of the bank and the assurances that we should share that kind of confidence in the bank. You referred to the fact that your decision to support the bailout was based in part on information or recommendations you had from people at the federal level. In view of what has taken place in these last few days, I wonder if you would be willing at this point to make available, at least so that the rest of us and the

public in this province could see, the reports, evaluations, or assessments that led to that kind of position on your part -- I'm thinking particularly that those statements could still be made at the beginning of August, which was such a short time before the decision to close the bank -- so that we would have some confidence that as the Treasurer, as the steward of the province's resources, you were really concerned to protect the money of the people of the province as well as possible.

I'd ask whether you'd be willing to table and make available the documentation or the studies that led to your taking the position that it was a good step to support the bank.

MR. HYNDMAN: Mr. Chairman, there aren't documentations that the province has on those matters. What happened back on March 25 -- and hon. members will recall that there was a fairly fast time line of necessity at that time -- is that we were represented in Ottawa. The federal government said that on the basis of their information -- and of course the federal government is the regulatory body. They have the inspectors. The Inspector General is the person whose agents are in the banks. They said that on the basis of their information a support package was the appropriate way to go. They asked if we would support them. We said that one of our tests was whether the six chartered banks of the country, who are known for being fairly rigorous in terms of what they review before they advance moneys, were prepared to do that. Our understanding was that they had people from the private-sector banking institutions making investigations as well.

Therefore, on the basis of that information, we said -- and properly, I suggest -- that we would be part of the support package. There was nothing in my possession on August 7 which would have changed that.

I gather that there is a committee of the Senate and the House of Commons now going to look into this matter. They may get further information in respect of federal information.

MR. GURNETT: My concern continues to be, in part, that when that kind of money is involved for the people of Alberta, the Treasurer shouldn't operate like the Minister of Economic Development but should instead say, "Is this good stewardship?" I have a real concern that there was nothing concrete in hand that you

could study and examine carefully, and that the decision to invest that much money was on a fairly subjective basis of those statements at the federal level.

MR. HYNDMAN: We had all the information available to us that the federal government inspectors had, plus the information as we were told by the six chartered banks. In their considered opinion, realizing that the decision had to be taken within a matter of hours, they felt that a support package of that size and that kind would make the bank viable. They said: "We are all prepared to make a commitment on this basis to an Alberta bank. Are you prepared to come in as well, Alberta?" It would have been incongruous if we had not done so.

MR. GURNETT: To follow up, though, the question I ask at this point, in view of nobody else having a great deal of that information and the concern that now exists about what has happened to the bank, is whether you're willing to perhaps take the recommendation made yesterday by my colleague that the whole affair be looked at by a select special committee of the Legislature that would both look back and examine whether or not the action that was taken should have been taken and also look ahead and bring forward recommendations to, hopefully, give a greater assurance that this kind of situation wouldn't come up again -- whether you would be willing, looking over the events that have taken place, to support the kind of idea that while trickles of information seem to be available from different sources now, there doesn't seem to be a commitment by this government to say, "We're going to comprehensively look at what took place here and report on it."

MR. HYNDMAN: I think they're doing that right now, Mr. Chairman. As well, of course, I gather there is a federal joint committee of Parliament in the House of Commons. But it's not up to me as a member to determine what the Legislature does. That's the Legislature's own decision.

In terms of policy, if six chartered banks, headquartered in central Canada, and the federal and British Columbia governments are prepared to make a commitment to an Alberta bank and ask the government of Alberta to go along and do that as well, I'd like to hear

further comment about whether we should have taken a different position and also with respect to the basic Alberta government policy that there should be efforts made by the Alberta government to assist in strengthening western regional institutions. That has been a policy, and I haven't heard any further discussion about that policy, which was one of the main bases for this support package.

MR. GURNETT: I think the question . . .

MR. CHAIRMAN: I think, Mr. Gurnett, that would be number four.

MR. GURNETT: The Treasurer responded to a comment that was following up my second question but wasn't really a question a second time.

MR. CHAIRMAN: I've got you down with three of them. Okay, this will be your third one.

MR. GURNETT: Thank you. I'd like to ask specifically about the small business community. When I asked you some questions on August 7, part of it related to a loan with an Alberta company that was being called by Canadian Commercial Bank at that point. I wonder if you could tell us about the plans or intentions you might have as far as supporting small business in Alberta that may have loans called or lines of credit withdrawn as the process of liquidating the bank goes on. What support will there be so that people who have those kinds of situations aren't panicking or getting very nervous about what their future viability is as a business?

MR. HYNDMAN: Firstly, I think it's important to draw attention to the news release from the federal government which deals with the question of the borrowing customers; in other words, customers in Alberta who have loans from the Canadian Commercial Bank. They state:

Arrangements are being made with the Bank of Canada which would enable customers to draw certain funds from the Banks. Such drawings would be subject to the approval of the curator, or liquidator (which is a chartered accounting firm) and made according to good commercial practice.

They say they have concern for borrowing customers whose businesses are being disrupted by their inability to conduct their banking business.

As well, I note that there is an immediate release today from Price Waterhouse Limited, the federally appointed liquidator, which says that Price Waterhouse believes the bank's cash resources should be sufficient to support all of its creditworthy customers, thereby avoiding a possible financial crisis for those customers.

I have already indicated to Price Waterhouse that I hope they will consider and be carefully aware of Alberta businesses who are borrowers from the Canadian Commercial Bank in the manner in which they now go about the conduct of the affairs of the bank. We will watch that carefully. I've indicated that we're prepared to respond if necessary.

MR. R. SPEAKER: Mr. Chairman, to the Provincial Treasurer. First of all, it concerns me very much that we are continually eroding the Heritage Savings Trust Fund. We've had an earlier \$60 million loss, and it seems we're bringing that picture back onto the table again with another \$60 million loss through this investment in the Canadian Commercial Bank.

Secondly, it concerns me very much that the Provincial Treasurer indicates that the basis upon which the decision was made was the fact that six chartered banks said they would enter into the agreement. I look at some of their loans to, say, Dome and others which haven't gone that well. I think the Provincial Treasurer would have been a little more wary of what he was doing.

The third item is the advice of the federal regulators. When the Provincial Treasurer says that he takes the advice of the federal regulators, I think that should be questioned when we are investing something like \$60 million, plus other debenture moneys.

My question to the Provincial Treasurer is with regard to the federal government's position. What I'd like to arrive at in these questions is what really was the root of Alberta's reason for being involved. The bank is under a federal charter, and the main responsibility lies with the federal government. Why was the province involved? Would the federal government have bailed out the bank without the involvement of other banks or the province of Alberta?

MR. HYNDMAN: We don't know that, Mr. Chairman. Given a situation where the federal government of the country, representing all of the regions of Canada, and six chartered banks are prepared to say, "On the basis of the review we've made of this Canadian Commercial Bank, knowing that this is a regional bank, a western bank, an Alberta bank, we are prepared to put up very significant tens of millions of dollars if Alberta, where the bank is headquartered, will do the same" — in my mind it certainly would have been incongruous for Alberta to have said, "No, we won't do that." In that event, there might not have been a package. Of course, there might then have been significant problems for the province of Alberta.

So that, plus the fact — and I hope the hon. member endorses the policy of the Alberta government of trying to assist and support Alberta and western financial institutions. In my view, those two views were valid then and are valid today.

MR. R. SPEAKER: Mr. Chairman, a supplementary question to the minister. The Alberta government has invested some \$60 million through the heritage fund. At this time, you say that it will most likely be a loss.

MR. HYNDMAN: Not from the heritage fund.

MR. R. SPEAKER: All right; from general revenue. You're not sure whether there will be assets available to recover that \$60 million.

In terms of percentage, it was a 30 percent investment by the provincial government. But the number of loans through the bank is 20 percent; 20 percent of their loans are invested in the province of Alberta. In terms of the percentage of involvement of the Alberta government, why didn't the government go back and say: "Look, 20 percent of the bank's loans are in the province of Alberta. We are prepared to go with that percentage." Why did the government find that 30 percent figure necessary?

MR. HYNDMAN: Mr. Chairman, I think that's unusual reasoning, because we have to remember that the importance of having this bank in the province of Alberta is not only with respect to the percentage of loans in the province. The fact that the province of Alberta had a bank headquartered in the province,

where people around the world, around the country, around North America, knew that it was not only in the west but in the province of Alberta, was a significant, positive thing for the province in terms of its status in the financial part of the world. So I don't think one can draw a conclusion that the same percentage is rational or relevant.

MR. R. SPEAKER: Mr. Chairman, to the Provincial Treasurer. It's with regard to the federal government's responsibility in this matter. Can the Provincial Treasurer indicate to the committee whether a rather hard-nosed position was taken by Alberta, where the government said, "The responsibility lies with you, the federal government," and sat on that position in the early stages of the negotiations? Or did the government of Alberta open the door and say, "We're prepared to contribute something toward what is hoped to be the financial stability of that banking institution"?

MR. HYNDMAN: There were very rigorous negotiations, as one might expect, involving a federal government, which had a large amount of money involved through the Canada Deposit Insurance Corporation and itself and six chartered banks, which are not known to be pushovers in terms of negotiations, and the province of Alberta. It was a situation where the federal government and the six banks were prepared to put up dollars and then said to the province of Alberta, "Are you prepared to join us in putting up these dollars to attempt to make viable a bank in western Canada headquartered in the province of Alberta?" I think our involvement was rational and reasonable, and it would have been incongruous if we had not done so.

MR. R. SPEAKER: Mr. Chairman, to repeat the question: did the Alberta government take the first position of saying, "Look, it is a federal chartered bank, and it is the responsibility of the federal government to shore up the bank in any way that's necessary"? Was that the first position of the Alberta government?

MR. HYNDMAN: Certainly, it would be the first position in any negotiation.

MR. HYLAND: Mr. Chairman, my first

question may have been partly answered, but I'd like the Provincial Treasurer to briefly go over it again. If a bailout scheme, plan, or whatever you want to call it, was put together on March 25, and then on September 1 or August 31 the federal minister made the announcement, and if the federal people in charge of banks and banking institutions had been in and reviewed the situation, how could they have been so far out? Did the bank keep on making that many mistakes for over four months? Just what happened?

MR. HYNDMAN: As I indicated at the meeting here on August 7, there were reports being completed which had been initiated by the federal Inspector General of Banks and the representative of the six chartered banks. As I indicated on August 7, those reports would be forthcoming shortly and would give a much better picture of the position of the Canadian Commercial Bank. They were forthcoming in the middle of August, and I presume those are the reports which moved the inspector general to make his recommendation to the Bank of Canada and to the federal Minister of State for Finance. In other words, that information was available only in recent weeks and was not available on August 7 and was not available earlier to the federal government. That was an in-depth, four-, eight-, 12-week investigation, probably on a file-by-file basis, of the Canadian Commercial Bank's affairs.

MR. HYLAND: In an earlier question, you covered the percentage of loans that was in the province versus, I believe, 30 in western Canada and 70 percent outside of western Canada. I wonder what percentage of that is invested in the United States. Is their banking system different? Can that be recovered not only by the province but by the other depositors? Is there a different system, or can that money be recovered on whatever the value of those investments is now?

MR. HYNDMAN: I don't know the details of American banking law, but undoubtedly the curators who are appointed for the Canadian Commercial Bank are under a legal obligation to try to facilitate the liquidation and, over the course of time, to secure the largest possible number of dollars for those who are entitled to have a share of those assets. They would be

looking at assets not only in Canada but also in the United States. I don't have the details of the American law that would apply there, but undoubtedly there would be some recovery from the United States' assets.

MR. HYLAND: My final question and comment. In answering the Member for Little Bow, there was some exchange about the \$60 million of trust fund that was lost in this action. I think there was an answer exchanged that, if you could, you should underline the actual loss to the trust fund as distinguished from the possible loss to general revenue.

Just a comment. I didn't hear it directly, but at least two people told me they heard on the radio after this collapse, from the so-called experts outside the banks, the analysts, something to the effect that "It's just about time those guys in western Canada understood that the banking and financial institutions were in the east and they were going to stay in the east" or something very much to that effect. I don't know if you'd like to comment on that, but I know that a few people who heard it were quite upset. Even though they're upset with the loss of the bank, they're still upset with the general attitude that existed.

MR. HYNDMAN: On the first point, to recap the situation: the heritage fund's sole investment here is a \$5 million debenture in the Northland Bank which will show up in the June 30, 1985, heritage fund quarterly report. Because the proceedings from the point of view of the Northland Bank are different from the CCB, the Northland Bank has been given an opportunity to seek merger or amalgamation options, and I gather the board of that bank feel they can and would like to work on those options. The recovery, therefore, or the exposure of that \$5 million from the heritage fund, is uncertain at the moment. If, as we hope, they'll be able to successfully work out a reorganization, then there would be no exposure. On the other hand, if they are not, there would be exposure of that \$5 million. But there is not any other exposure by the heritage fund in either the CCB or the Northland. But of course the two deposits which I indicated, the \$70 million each, on the basis of the priority in the Bank Act, which we were of course cognizant of when we made those investments — full recovery is anticipated on both of those

\$70 million deposits.

MRS. CRIPPS: Mr. Chairman, I understand that part of the original basis of your decision had to do with some of the large investor groups in the province of Alberta. Do you have an assessment of what effect the collapse of this bank will have on such investor groups as, say, the ATA and other pension funds?

MR. HYNDMAN: There are a number of pension funds, a number of major shareholders, which have been listed publicly, who have indicated, at least in reports I've seen, that yes, they will be losing some dollars but that it will not, in their view, affect in a material way the funds which they're administering. And there are a number of pension funds across Canada. But being shareholders, their recovery would not be there.

MRS. CRIPPS: Secondly, you indicated that the creditors or the people who have borrowed from the bank would — you've talked to Price Waterhouse. Have you put into place a mechanism to ensure that we're monitoring the borrowers in the province of Alberta to see that these loans are not called unduly and their businesses put at risk?

MR. HYNDMAN: As I indicated, yesterday I talked to the curator of the Canadian Commercial Bank and indicated that it would be in the public interest that they be cognizant of the fact that these were Alberta businesses and that in the discharge of their legal obligations, which is to wind up the bank, they should be concerned about that. They indicated that they would make every effort to do that. So undoubtedly they will be, and we will be keeping in touch with and monitoring that situation as it proceeds through the next number of weeks and months.

MRS. CRIPPS: It's apparent there's some kind of hole in the analysis of the bank's credit and their whole financial picture. I understand that measures have been taken by the federal government to protect investors and depositors alike from similar situations, probably by implementing new guidelines. Recognizing that the province of Alberta cannot demand access to bank information, which is regulated under the federal Bank Act, but that we have trust

companies and credit unions in the province of Alberta with which we do have some clout, will the Alberta government be reviewing their regulations to ensure that similar collapses aren't happening to these institutions in the province of Alberta?

MR. HYNDMAN: I gather that the federal government will be shortly introducing amendments to their legislation which will provide for a more rigorous inspection of federally regulated entities. As well I gather that there will be legislation which will enable an independent valuation of real estate across Canada by federal regulators and a mechanism for reviewing the vendors and purchasers of various financial institutions. Although our existing regulations and statutes are rigorous, as members of the Legislature know, having passed them, I think there would be a review of those federal regulations and new federal laws to see whether or not any of them are needed or are appropriate in the province of Alberta.

MR. CHAIRMAN: Mr. Gogo, to be followed by Mr. Moore, Mr. Alexander, Mr. Thompson, and three members.

MRS. CRIPPS: Mr. Chairman, my question was specifically to do with trust companies and credit unions in Alberta.

MR. HYNDMAN: I meant to say, Mr. Chairman, that the proposals and initiatives the federal government might take with regard to changing its legislation we would certainly look at from the point of view of our responsibilities in the regulatory areas we're responsible for, which would be credit unions and trust companies. Members will recall that we passed some amendments to credit union legislation very recently, which has facilitated the support package for the credit unions and which, I am advised by the minister, is resulting in a step-by-step recovery of the credit unions and a deposit base, for example, which has increased by \$20 million in recent months.

MR. GOGO: It would appear, Mr. Minister, that some parts of the banking business in 1985 have been no more successful than some parts of the farming business, but we obviously can't blame that on the weather in the banking industry.

Reference has been made to real estate

values. I do think our terminology should be accurate. That's real estate "prices" as opposed to "values". There is not unanimity that values were there even in 1981, when some of this lending was going on. In developing the criteria for the decision to assist the Canadian Commercial Bank in March, one would normally take the approach, and I assume that the investment committee of the heritage fund would, of looking at a lot of aspects. At that time, if you weren't faced with a deadline — and I submit that best decisions are not always made when you're faced with a deadline — you may indeed have wanted to have Lee Iacocca as opposed to Mr. McLaughlan running the operation. But recognizing that the government of Canada, six chartered banks, with shareholders' money, plus another provincial government — I don't profess to want to sit in the bleachers and pass judgment on the people who had to make that decision. I think it was correct. I think the rationale was correct.

Minister, the questions I have are two. It seems to me that the public perception would be that those people who made deposits in good faith in CCB, notwithstanding the fact that perhaps an element of greed was involved — many depositors chase the highest rates and, if CCB were paying higher rates than someone else, fail to recognize that they have a responsibility themselves to know that if the rate is higher, obviously the risk must be higher. I question sometimes whether we don't encourage that the Canada Deposit Insurance Corporation has some degree of deductibility there. But aside from that, I think a depositor is uniquely different from an owner or shareholder.

Recognizing what happened in March, I think I recall that the preferred shares, which are preferred only to dividend, fell overnight from \$25 to \$6 or \$7. I hope, Mr. Treasurer, that in the intervening time since the support package went into place with the help of this government, we did not experience a situation whereby people who owned those shares were able to unload them, knowing full well what was happening to the bank. In other words, what I'm getting at, and my question would be: is there any way that we as a committee or as a government could look into insider trading of those shares whereby the owners have gotten off the hook, perhaps at the expense or some expense of the depositors?

MR. HYNDMAN: I have no information to indicate that that has occurred, Mr. Chairman, but undoubtedly, when the joint committee of the Senate and the House of Commons begins their in-depth review of all the aspects of this matter, that is one of the things that will be asked, and cross-examination will proceed in some depth. We will certainly be monitoring those proceedings very closely.

MR. GOGO: Mr. Treasurer, many of the depositors to the Canadian Commercial Bank in this province were, in fact, municipal governments, which in many ways we recognize as children of this government. Obviously, we have a responsibility because of the relationship between municipal governments and the provincial government. Many municipal governments, to my knowledge, made deposits because CCB was essentially a wholesale bank that sought these types of deposits. I suspect they're in the tens of millions of dollars.

Based on your information from the federal authorities, are those investments guaranteed? Are those deposits over the amount of \$60,000 guaranteed, not to individuals but to municipal governments such as the city of Lethbridge?

MR. HYNDMAN: Yes, Mr. Chairman. My understanding is that on all deposits over \$60,000 the uninsured portion will be paid by the federal government. To do that they have to bring in legislation to amend the Bank Act. In their news release they indicated that there will probably be a two-stage or three-stage payment over the course of the next six to eight months.

But you're correct that normally a deposit is insured only up to \$60,000 but that in this instance the federal government, backed by the taxpayers of Canada, has decided they will pay out the face amount of that deposit as of September 1. So those depositors will be kept whole — depositors of all kinds; there is no distinction as far as I know.

MR. GOGO: Mr. Chairman, I just want to make a final comment. I want to commend the Provincial Treasurer for requesting of you that he appear before this committee and not being dragged before this committee, as I think would happen in many other jurisdictions.

MR. R. MOORE: Mr. Chairman, some of my

concerns were addressed already. However, Mr. Treasurer, I'm very, very concerned with the fact that somebody got led down the garden path here. I don't know who and by whom, but hopefully this will come out when the final facts are all known. It's very evident that the administration of the Commercial Bank didn't have all the facts on the table or inaccurate facts based everybody's decision to assist them. Hopefully, we will have this clarified down the road.

My concern now is: what are we doing on outside appraisals of real estate investment portfolios? We've got the Northland Bank. They say they have so much real estate. In the past have we accepted those figures at face value, or do we do a very in-depth look at this before we accept that investment portfolio?

MR. HYNDMAN: Again, the Northland Bank and the CCB are federally regulated banks, and in the past the regulators have made judgments with respect to the values of real estate. As you know, the federal minister, Mrs. McDougall, has now said she's going to propose to Parliament that new powers be given to those regulators to go into a banking institution and that the regulators will be able to draw their own conclusions as to the value of real estate, which is exactly the point being made by the hon. member. So one of the results of this is that there will be a more rigorous review of the prices of real estate as a result of and through the federal Inspector General of Banks.

MR. R. MOORE: Mr. Treasurer, do you have any idea of the extent of the domino effect of this? In your opinion, how serious is it out there? Have you had time to evaluate the fallout from this?

MR. HYNDMAN: As I indicated, there's no question that all Albertans and westerners are concerned when these problems occur to unique western Canadian financial institutions. All of us were trying to help provide an alternate, balanced financial base, in addition to the one in Toronto. But I believe that this will not have an effect on the recovery of the economy in the province, the signals of which are now more and more visible every week and every month.

There's no question that the event will make it more difficult for western financial institutions to grow, but I don't believe it will

have an adverse effect on the rate and pace of the recovery being led by the energy industry. Therefore, it won't have too significant an impact in that way. Perhaps the fact that the credit unions are improving step by step and working their way back is an example of that.

MR. R. MOORE: Mr. Chairman, I'd like to make one comment in conclusion. I want to assure you, Mr. Chairman, that I for one do not share the opinion of the Official Opposition. I feel we're quite capable of acting as a committee and don't need to be replaced by another similar committee to carry out our mandate. I'd like to say to you, Mr. Chairman, that if the hon. Member for Spirit River-Fairview feels inadequate to meet the challenge, that is not shared by the rest of the committee members.

MR. ALEXANDER: Mr. Chairman, a couple of questions strike me as being what's left of the puzzle that hasn't been dealt with already. First, government guarantees and support packages for banks are not exactly a new item. At the present moment the world financial system is a maze of cross-guarantees between the World Bank and the International Monetary Fund and the Federal Reserve and all other banks combining to monetize debt of various types in virtually all countries in the world, particularly Third World and developing countries and so on. This is not a new item. It's something we've done that's been done many times before. As someone just observed a few moments ago, the federal government, along with four of the major chartered banks, offered a bailout package to Dome Petroleum when that company, by virtue of its own articulate representations, had managed to borrow, I think, almost half the total capital of Canada's chartered banking system. So this is just one of those events.

There are a couple of things about events like this that are usually consistent, and I find one in this case which isn't. In the press conference yesterday, Mr. McLaughlan was asked a question about the impact of the parliamentary inquiry that was held into the matter of the C. C. Bank and indicated that the results of that inquiry, which were very critical of management, had a role in disrupting public confidence in the bank. Unfortunately, the whole support exercise was to do precisely the

opposite; that was, to try to support public confidence in the bank and, as the inspector general said, to make it into an ongoing and viable institution, which I think is what the Provincial Treasurer relied on and repeated in his comments about it in this House.

I guess my question would be: did the minister or any of his people in any way have any participation in that parliamentary inquiry? Did you know beforehand or subsequent to their findings, particularly before they published their findings, that the findings were going to be critical to the extent they were and in some cases not precisely accurate, which would undermine the investment that the three governments and six banks had made? It strikes me that perhaps the left hand didn't know what the right hand was doing here and that the parliamentary committee's findings seemed to undermine the support package that was put together.

Mr. Minister, did you or any of your officials have any part in or knowledge of that process? Is there anything that you might have done to help the whole process be somewhat more constructive for the bank?

MR. HYNDMAN: Just as, with respect to the Legislature committees we form, the federal government is not apprised on any regular basis of what happens in those committees or of their recommendations, neither, to my knowledge, was this province or any other province advised about the recommendations of the Blenkarn committee.

It's difficult to draw a subjective assessment as to the impact of that committee. But when the new committee about to be established by the Senate and the House of Commons begins its deliberations, I hope they are very cognizant of the impact that anything they say or find will have on the confidence of the Canadian investment and economic system and that they will be careful to review what happened when the Blenkarn committee reported, and then proceed accordingly.

MR. ALEXANDER: Mr. Chairman, by way of preamble to the second question, I can only commend to the minister that, if governments and banks are going to spend, as you put it earlier, tens of millions of dollars to support regional and other financial institutions, it strikes me that it behooves those who are

reporting on the activities of those banks to either support that or else not make the investment. If you're going to make an investment to support confidence and then make a report to undermine it, it seems to me there's a bit of a wash there, and it's a waste.

Secondly, it has also been announced that the Minister of Finance will introduce a Bill in Parliament to guarantee deposits of those major depositors whose deposits are not covered up to the CDIC limit. I wonder if the Treasurer would have an opportunity to have any input to the Minister of Finance in that refunding operation as the Bill comes to Parliament. The precedent is that debts like this, these kinds of things, in fact are monetized into the national currency rather than borne by regional governments and private-sector operators. While banks have indeed taken losses on loans to Third World countries and so on, normally speaking, and certainly in the Canadian precedent, these kinds of bailouts have been borne by the national system.

In my view, you have reflected accurately the conditions which exacerbated the position of the bank, which got it into the position that it was in. If that's the case, if it's things like the NEP and federal policy prescriptions which induced certain market failures, then it seems to me that when the time for legislation comes, we have a pretty good case to say to the federal government that they should consider the deposits by the government and the people of Alberta as being part of the program.

MR. HYNDMAN: We certainly have plans to watch this legislation very closely as it moves into the House and to respond and make recommendations to the Minister of Finance as necessary. In fact, there's quite a bit of discussion in this entire area in the country now. The Minister of State for Finance has a paper out with respect to various new kinds of financial institutions, holding companies, schedule C banks, and there is the Wyman report with regard to deposit insurance. So a number of elements in this area are going to make for changes, and we'll be monitoring and responding to ensure that the best interests of Alberta, as a province and a region, are looked after in the decades ahead.

MR. ALEXANDER: Mr. Chairman, those were two long questions. I have one short one. Mr.

Minister, you just mentioned the Wyman report. Given that many of us have our doubts about the system of government guarantees, support packages, and so on continuing on the slippery slope it's been on worldwide for a long time, would the minister think in terms of pursuing the recommendation that a greatly expanded insurance system along the lines of CDIC would be a better solution than having these sorts of reactive crisis management situations where you're forced into a corner and you look like a bad guy if you don't and like something else if you do? It strikes me that expanded insurance along the lines of CDIC may well be a better solution than continuing to guarantee institutions as they get in trouble.

MR. HYNDMAN: I think it's an option well worth looking at, because we have to get back to the basic fundamental that to invest is to risk. For those who expect to receive higher returns, the situation will be different than for those who receive lower returns. So I think it's a worthwhile option to explore. I think it will come forward into the public arena very quickly in Canada.

MR. CHAIRMAN: Mr. Thompson, to be followed by Mr. Nelson, Mr. Gurnett, and Mr. Speaker. Just a brief comment to Mr. Alexander. As beauty obviously rests in the eye of the beholder, so must the definition of brevity.

MR. ALEXANDER: Mr. Chairman, I think I missed the import of it, if not the quote.

MR. CHAIRMAN: Fortunately, all is recorded in Hansard, and you'll have great opportunity for weekend reading.

MR. THOMPSON: Thank you, Mr. Chairman. My question has to do with government policy on the depositing of liquid funds. Given the fact that we have Treasury Branches, what is the justification for us to put our deposits into other commercial institutions?

MR. HYNDMAN: Ever since the early days of the Treasury Branches, an initiative of a previous government which I applaud, Treasury Branches have secured the moneys from their depositors that they loan out, in terms of their loan activity. I think that's been a sound way to

proceed. In that way, the Treasury Branches have, in effect, been a fair and balanced competitive financial institution, albeit a unique one, in the Alberta scene. They have been required to follow the discipline of investing carefully and making decisions on how much they're going to pay on their various deposits, coming up with a profit, when they do, for the government. So I think we would probably be making a pretty massive change in the entire provincial financing system to invest all those moneys in the Treasury Branches. We'd be changing materially their scope, policy, and philosophy.

MR. THOMPSON: But, Mr. Minister, don't you think we could phase it in gradually? Basically, the Treasury Branches are a semi-arm of the government. They belong to the people of Alberta. I would like to see a better explanation of why we don't really give them the edge, so to speak, when it comes to depositing our funds because, honestly, from my point of view at least, we have a far better way of monitoring what's going on in the Treasury Branches than we would have with these institutions that operate under the federal government's rules and regulations.

MR. HYNDMAN: Of course, the objectives of investment are to receive the highest returns possible. So in this event we would expect the Treasury Branches to pay the highest possible return, because that's what you want to do to maximize your investment return. Whether that would put them or their customers in a better or worse position, I'm not sure, but I'll have a chat with them and then have a chat with the hon. member.

MR. THOMPSON: My last question, Mr. Chairman. I see that the Calgary Herald states that the combined assets of the two banks, namely the Canadian Commercial Bank and Northland, are less than 1 percent of the industry total. Just to put it in context, do you feel that this is an accurate statement?

MR. HYNDMAN: My understanding is that it is an accurate statement. In terms of loan activity, for example, I believe the two banks in question are involved in something under 4 percent, maybe 3.5 or 4 percent, of the loan activity in the province, realizing that the six

chartered banks loan in the range of \$35 billion or \$36 billion in the province.

MR. NELSON: Where to start? Mr. Chairman, following my original two or three questions, I'd like to follow through with a fourth in the same context. Basically, why would we continually support a federally controlled organization to the extent we have, when under the Bank Act we have no access legally to the complete financial data, considering the investment we made in agreeing to this support package that was done in March?

MR. HYNDMAN: For very valid reasons, I think. Again, Mr. Chairman, as you know, we have financial institutions in Canada, pursuant to the Constitution, some of which are regulated federally but do business in the west and Alberta, and some of which are regulated provincially. Facing a situation where the government of Canada and six other banks say, "We will make an effort to attempt to assist this Alberta-based, Alberta-headquartered bank and, as the province in which the bank is domiciled, we ask you to do the same," I think it is appropriate that we do so.

As well, in following the policy of the Alberta government of taking a position of supporting western Canadian financial institutions of all kinds, realizing that businessmen in the province don't necessarily make the distinction between a federally regulated or provincially regulated institution — they shop around where they can get money at the cheapest possible rate — the approach we took would therefore be appropriate in the circumstances.

MR. NELSON: Mr. Chairman, would the minister suggest that in investing heritage savings trust funds in general, this is the type of approach we would take, that because somebody else does something we feel is a good deal, we should go and do it too? Or do the minister and his officials in the investment division make some effort to ensure that those investments are viable by investigating the track record of the particular organization we're investing in?

MR. HYNDMAN: I think it gets right back to the Heritage Savings Trust Fund. As we've indicated, the purpose of that fund in years past and today, is primarily, number one, an

investment fund and, secondarily, to diversify the economy. These investments do exactly those two things. In terms of the investment record, as I indicated when we discussed the annual report, the return on investment of the heritage fund either equals or exceeds that of any comparable fund in the country. For example, if you want to look at the most recent commercial investment division to see where its progress is, I think it indicates that.

It is a policy of this government, and the heritage fund is one dimension of that, to endeavour to continue to support western Canadian financial institutions. It was in March, it is today, and we will do so in future in the most prudent way we can. I'm going to continue to try to help build a financial base in western Canada and in this province as an alternative to central Canada.

MR. NELSON: Mr. Chairman, I'd like to get back to my second question. I don't disagree with the minister's statement. I think it's commendable that we would continue to do that, but the minister didn't answer my question. Are the government and officials of the department who are investing Heritage Savings Trust Fund moneys in various activities doing so in the same manner in which we or the government invested in the Canadian Commercial Bank recently? In other words, are we taking somebody's word for it, or are we investigating the ability to make a return on that investment when we do so?

MR. HYNDMAN: We, of course, make every effort to get the most quality information in making an investment; realizing in this case as well the priority, for example, of that \$70 million; realizing and reviewing the reports of independent third parties; and in this case in terms of the unique support package, realizing that the federal government regulators made inquiries, as did the six banks. I think, as we've indicated in the Public Accounts Committee, the investment approach of the heritage fund as reviewed annually by the Auditor General has produced some very good results in terms of returns on the fund, \$1.5 billion this year.

MR. NELSON: Mr. Chairman, the question still hasn't been answered. I appreciate the fact that the investment division has done reasonably well over the years as far as the

return on investment. I hope to heck they haven't done reasonably well by flying by the seat of their pants but through some intelligent investigation of those investments. I guess really that was the question I wanted answered. If we're flying by the seat of our pants, I think that's commendable that we got a return like that; if we're not flying by the seat of our pants, I'd say we've got some good people who have some knowledge in that field.

So I'll go on to a third question, Mr. Chairman.

MR. CHAIRMAN: Well, actually this is number four.

MR. NELSON: Mr. Chairman, I beg your pardon. It's not my fourth. The second one was never answered.

Would the minister make a commitment then to evaluate any investments the government has in other regional financial institutions to ensure that the financial capacity of those institutions is viable and will continue to be viable, even if it is a matter for the Inspector General of Banks to go in and make that assertion on behalf of the government to ensure that our investments are reasonably safe and secure in those institutions?

MR. HYNDMAN: If, as a result of what has transpired, there are reasons to suggest that we should make further inquiries over and above the already rigorous review we do on investments, then we'd consider doing that.

MR. GURNETT: Mr. Chairman, I'd like to go back just for a moment to the question that the Member for Drayton Valley asked about the money that's tied up in pension plan programs. My understanding was that with the \$7.7 million, I think, that's involved with the Teachers' Retirement Fund, legally the government has a responsibility to cover any losses under the Act that that fund functions under. I wonder whether the result is that we will, in fact, be responsible for the money lost from that particular pension fund, which is covered by Alberta legislation, and whether in the months that preceded the collapse of the bank — I think there are three representatives of government on the board of the Teachers' Retirement Fund — there was any effort on their part, in view of the situation the bank

found itself in, to try to recover some amount of the investment the retirement fund had. If so, what happened there?

MR. HYNDMAN: As to the first question, I don't believe there is an obligation under Alberta law for the government to repay the Teachers' Retirement Fund in respect of the decision which their directors and trustees made for that investment. But the hon. member is correct that with respect to all six of the pension funds there is a government guarantee to the pensioner that down the road, eventually, his or her pension will be paid. That overall guarantee, which is the same with respect to the public service pension plan or local authorities plan, in a residual way is there, but it would not certainly come in effect in this particular situation.

As regards the second question the Teachers' Retirement Fund trustees make their decisions on the basis of information they have. I don't know at the moment what transpired or what discussions they had. They would basically be making their own decisions on this matter. I can look into that and advise the hon. member.

MR. GURNETT: I was asking because I obviously hope that those representatives of the provincial government would have access to as much information as the Treasurer indicated he hasn't necessarily had along the way.

My next question relates to the Heritage Savings & Trust Company, which I think had something less than 42,000 class A preferred shares in CCB. I believe the Minister of Consumer and Corporate Affairs was quoted at the beginning of the past weekend as saying that the provincial government would guarantee deposits in that company over \$60,000. I wonder if there is a connection and part of the domino effect asked about is later going to affect the future of that company and if that statement about guarantees beyond \$60,000 is a reflection that the loss with the collapse of the Commercial Bank will then, in fact, have a domino effect on the Heritage Savings & Trust Company.

MR. HYNDMAN: I wouldn't think so, because I think exactly the converse occurred here in terms of the chronology. My recollection is that it was Thursday night of last week when the minister made a comment to that effect,

and it was not until Sunday night that the federal minister made her announcement. I don't see any prima facie connection between them. She has made a statement that there would be a bridging facility while they're attempting to restructure their situation, again a reaction to a reflection that all financial institutions in the west — after the abnormal boom and pricing of real estate, that dropped down to the more normal levels of today. I wouldn't think there would be a connection.

MR. GURNETT: I was concerned, though, that obviously with that many shares in the Canadian Commercial Bank I suspect it certainly doesn't help the Heritage Savings & Trust Company's status at all.

Just before asking my last question, I should also comment for the Member for Lacombe that in my opinion, if this committee had the mandate to undertake the kind of investigation I talked about earlier, I'd be happy to see it do so. We as the Official Opposition suggested the route of another select special committee simply because it wouldn't seem to be part of the mandate of this committee, but it does seem vital to look fairly carefully, especially to be able to identify at this point that ripple or domino effect and to carefully evaluate what effect it may have on the business community in Alberta generally.

To finish with one other question, then, I wonder if you've reconsidered at all. I asked on August 7 about your feelings about the idea of a representative of the trust fund or of the government being on the board of directors whenever there was a significant investment — obviously, not with every investment; that wouldn't be reasonable. But now that we see what's happened with CCB, are you now reconsidering the idea that when there is a significant amount of money invested in a private firm of some sort, we should have somebody sitting there so that we have, on an on-going basis, some information, a window, to see what's happening in that firm and don't get taken by surprise, as we seem to repeatedly have been over this affair?

MR. HYNDMAN: As the hon. member knows, generally with respect to investments, particularly of the heritage fund, they are not of an amount that would reflect a position, for example, on the board of directors. Normally

the investments are passive. We secure the best quality information we can and then proceed to monitor the investment from there. In order to ensure that this government is not inserting itself into many, many private enterprises, that is probably the general approach to take.

At the moment, of course, there is a private-sector curator involved in overseeing the bank. But in future, with regard to an investment — and I couldn't see one at the moment that the government might make — I think it would be likely that that would proceed only if there were significant extra information not available from other sources. For example, with the operations of the Alberta Energy Company or Pacific Western Airlines, even though the government owns significant proportions of those two entities, they have produced very, very satisfactory returns — Pacific Western Airlines in its sale and AEC in terms of its return to the government — by in effect saying to the directors: "You've got the private-sector entrepreneurial wherewithal to go out and make a profit for Alberta's shareholders and the government. Do it." And then they've done it. So it would be in a situation only, I think, where it could be demonstrated that significant additional information would be possible in that way.

MR. R. SPEAKER: Mr. Chairman, my question relates to comments of the minister on March 25 and March 26. I'd like to quote one comment. With regard to the support package, the minister said:

With this support package the bank is now in a strong position of solvency and ready to move ahead following the recovery, with confidence in the western Canadian economy, which has grown and . . . will be growing in the years ahead.

My question is: what happened between March 26 and today? The minister has indicated real estate prices. In terms of American drilling and exploration — I believe that was the other comment — there was concern. But what was the more specific kind of event that occurred that really took away the optimism the minister expressed in March?

MR. HYNDMAN: That's certainly the statement I made, and that was the position of all of us collectively on the support package:

the federal government, the government of British Columbia, and the six banks. I think what happened was that the review which took place of the bank's affairs indicated that from the point of view of the moneys they would be able to recover from real estate, they were not going to reach the stage of profitability within the time constraints that were set forth there. That came particularly to a head in mid-August, when the detailed reports came back to the federal inspector general, indicating, I gather, that there was no way in which solvency could continue. So what happened was that the assumptions that had been made with regard to the profitability and when it could be achieved for the bank were not there, in terms of the bank's making efforts to sell its real estate and the extent to which dollars would be recovered from that. Therefore, the problem of September 1 occurred.

MR. R. SPEAKER: Mr. Chairman, to the minister. Possibly this was covered. Where was most of that real estate we're talking about located? In Canada? Some in the United States?

MR. HYNDMAN: I don't have the detail of that. That will come out, I'm sure, in the Senate and House of Commons committee. But certainly, the fact of the real estate values not only in Alberta but also in Saskatchewan, where we had, for example, the situation of Pioneer Trust — in British Columbia in '80 and '81, there was abnormal pricing of real estate, which then dropped to more normal. So that is a continuation of the problem. With the double whammy of the national energy program, it's those two and the aftermath affecting those financial institutions now, as we have ended the downturn and are moving into the beginnings of economic recovery. That's essentially what happened.

MR. R. SPEAKER: Mr. Chairman, in terms of an indicator did the Provincial Treasurer look at the Alberta Mortgage and Housing Corporation, where we've had to pick up millions of dollars of guarantees? Wasn't that an indicator that real estate values were not picking up and that the market was in place? Did the minister ask for any kind of information as to the projections in real estate values? Was there information in the minister's hands to substantiate, to his

acceptability, that the values were going to go up or that there was a possibility of recovery, or was it all accepted on blind faith, verbal statements?

MR. HYNDMAN: Those values, of course, have now stabilized. But in March the best information with respect to real property, real estate, that we had and the six chartered banks who were also observing that scene, and the federal government through its various entities — on the basis of all of those put together, it was the feeling of all of us collectively that the \$255 million support package would suffice and would enable the bank to get over the hump and into a viable situation.

MR. R. SPEAKER: Mr. Chairman, in terms of percentage of increase in value or new opportunities for real estate sales, could the minister maybe document a little more specifically what we're talking about, or was it just a general emotional feeling, gut feeling, that things were going to work out better than they did?

MR. HYNDMAN: Again, it was a collective decision of the six banks, the federal government, and ourselves. We all looked at the information which was available to us in a short time line and matched that against the portfolio which the bank had. The conclusion was that if there was the injection of the support package of \$255 million, that would do it, and the bank would be able to get back to health. It wasn't enough money.

MR. ALEXANDER: A couple of other questions that I hope to be able to phrase without offending the chairman. I wonder if the minister could indicate whether he would have either a formal or informal relationship with the curator which would enable him to examine bids for the assets of the bank. I presume this would extend to other members of the support group as well. The chairman of the bank reported yesterday that he was unable to get bids, which he characterized as being ridiculously low bids, for the assets of the bank and was unable to get satisfactory bids to enable them to bail themselves out.

I continue to hear and read, as I'm sure other members do, of tales of recoveries in the investment and commercial real estate divisions

in places like Calgary and, indeed, in Edmonton. It strikes me as curious that the CCB couldn't get anything but ridiculously low bids for some of its assets. I don't know which particular real estate assets they may have been trying to sell, but it does make me wonder whether there wasn't a sense on the part of other commercial operations in the country that the bank was in difficulty and, particularly, had this time constraint, which the minister just mentioned, to work against.

Pardon me if I sound like I have a bit of a suspicious mind, but I'm wondering whether there wasn't a little cherry picking going on, and I wonder if the minister couldn't arrange with the curator to have a look at any deals that are made from now on, to assure himself, anyway, that they are at commercial value.

MR. HYNDMAN: I'll consider that, Mr. Chairman. I think it's premature at the moment. The curator, the national chartered accounting firm, is just setting up business, attempting to take over the total management in all policy decisions of what is still a fairly significant institution. But I'll certainly bear that in mind and have a discussion with the curator.

MR. ALEXANDER: One other one, Mr. Chairman. I'm not sure whether I can make a question out of this, but it seems to me that we've had a lot of comments today about careful evaluation, which, in my view, is a vastly over-rated investment strategy. The decision in March was to support the bank; the decision in September was not to support the bank. I don't think there's anything terribly scientific about either one of those. They're judgment calls as I understand them. Again, in view of the minister's highlighting the key problem — that is, the time constraint — and the comments on the part of the curator, who has said that it may take a number of years to work out the portfolio situation, in the minister's perception what was it that imposed this time constraint, which strikes me as being a kind of artificial deadline which ended up withdrawing the support?

If I can think back again, for example, to the Dome package, I stand to be corrected but I think the Dome package was restructured at least three or four times. Deadlines were extended and things were moved around and the

pieces were rebuilt. The same thing happened with Turbo and all those kinds of things. This bank seemed to face a time constraint which I gather was some time in 1986, and when the "time ran out," this rather unscientific judgment closed the door. I wonder; did we have any input into this time constraint situation? If it's going to take years to work out the problems of the bank and dispose of its assets, why did it suddenly run into a decision on September 1 that the time was up?

MR. HYNDMAN: I think it's important to note that the in-depth reports which the federal regulatory people received in mid-August indicated that the situation was significantly different than it had been thought to be when the support package went forward. As well, I think there's no question that the legal obligations and duties of the liquidator and the curator are very different from those of the board of directors of a normal institution, which are to produce a profit. In March the best view of all the participants in the support package was that on the basis of the \$255 million package there should be a viability of the bank and a profitability, which was crucial to demonstrate within a reasonable number of quarters.

When the reports came in and the Bank of Canada, as well, which had been providing the deposit base in increasing amounts over the course of the summer to a total of \$1.3 billion. . . I suppose it would have been conceivable that another support package, number two, could have been considered, but that was not something which any of the partners were prepared to be involved in on the basis of the information they had.

MR. ALEXANDER: Mr. Chairman, if I may make my final question, it seems interesting that we have unfortunately observed the investors — not the depositors in this case — losing their money. It's perhaps just a matter of passing interest to observe that at one time, pre-NEP, about 1980 I would think, I believe original investors in the bank had made about seven times their money at one point in the over-the-counter trading of the stock. I think it traded as high as \$16, the original investors having paid something like \$2. So it was sort of a dramatic rise and a dramatic fall.

The Bank of British Columbia, facing similar

kinds of difficulties — perhaps not quite as difficult — seemed to solve its problems by going to the market within the last nine months or so and raising more equity. It appears to have survived and made the turnaround. Once again, I guess I'm harping on the same problem, this time constraint problem, and the depth of the difficulties seem to be rather an unscientific kind of judgment. While I don't necessarily expect an answer, it's an observation that might be just sort of thrown in as part of the overall wake for the CCB.

MR. GURNETT: Mr. Chairman, just to follow up briefly in a couple of areas I'd asked about earlier. I wonder if you have any idea, Mr. Treasurer, about the extent of involvement that may be necessary with the Heritage Savings & Trust Company in supporting deposits beyond the \$60,000 and if there's been an analysis of how much money that might take, whether that money would be heritage fund money or where it may come from when it's needed.

MR. HYNDMAN: No. As the minister, Connie Osterman, indicated, as with other financial institutions all over Alberta, I think there is this problem of working through the move from the abnormally high prices to the normal prices in real estate. It has affected virtually all financial institutions, large and small, one way or another. I think she indicated there was going to be a bridging facility during the time when options for restructuring would be looked at. I don't know what would proceed from here or what recommendations she might make.

MR. GURNETT: So there hasn't yet been any analysis of how much money may in fact be involved.

As I've listened this afternoon, it seems like there've been a lot of generalities as we've talked about what happened and the analysis of it and the earlier decisions to get involved in the bailout at all. One thing I have noted, though, is that on the province's part you haven't indicated any specific kinds of support or assistance. We know the federal government indicated yesterday that they were going to support deposits beyond \$60,000. I guess I had sort of expected some announcements of specifics on the province's part, and that doesn't seem to be there.

I'm particularly concerned about the issue of

Alberta companies that may have either demand loans called or lines of credit withdrawn in view of what's happened. I know you indicated that you had expressed concern about that to the curator, but I wonder if we could have some reassurance that more than that may in fact be there. Is there a process under way to develop some more imaginative support for those firms in the event the curator and the liquidating of the bank seem to be causing real damage to some of these Alberta clients in those situations?

MR. HYNDMAN: The hon. member is sharing my concern for Alberta businesses. Of course, that's another reason we got involved in the support package in March.

I think it's probably premature, as we are now a matter of hours after the appointment of the curator, to see the ways in which various accounts of the borrowers will be worked out. As I've indicated, I've been in contact with him. There's no question there will be some inconvenience and disruption because of what has happened. Undoubtedly there will be moves taken by borrowers, perhaps encouraged by the curators, for the borrowers to find other financial institutions to deal with. We will be monitoring that, though I think it's not feasible or proper at this time to try to surmise what the workouts will be. We'll try to assist if we can and respond if that's appropriate.

MR. GURNETT: Mr. Chairman, one other question. Mr. Hyndman, at the beginning you talked about the problems that led to what happened: the boom period, and I think you listed three areas that you saw as fundamental behind what happened. You didn't mention the issue of management decisions specifically at all, but there's been lots of talk about that: things like the investment in the Westlands Bank.

I wonder whether there were any clues you had, any sort of premonition of what lay ahead as the province looked at the kind of management decisions the bank was making in the months prior to the events.

MR. HYNDMAN: The Blenkarn House of Commons committee reviewed and commented on the management of the bank. As I recall, in the view of the all-party committee report at that time, they said the reasons for the support

package were valid. With the House of Commons/Senate committee now operating, I suppose they will be involved in an even further in-depth review of management and policy decisions over the course of -- who knows? -- maybe many years.

Again, though, the basic problems of the abnormal boom, the national energy program, and U.S. drilling are fundamental to the problem here. The first two situations, as they relate to the change in the pricing of real estate, have affected all institutions and, indeed, our own credit unions, where we have come in with a support package, again following our philosophy of trying to encourage local, homegrown, financial institutions.

MR. R. SPEAKER: Mr. Chairman, to the minister and the committee. When I observe what has happened today, I would have to conclude that what was made by government was strictly a political decision with regard to the assistance given to the Canadian Commercial Bank, not one that was based on sound financial information and possibly advice. That has not come out in our questioning here today, and I base that on the fact that when we asked about the real estate -- just where is the real estate? What is it? We don't know what it is. In terms of what went on behind the scenes, we don't know that. The minister didn't have that kind of information at his fingertips.

As I read back in some of the comments of the minister, I think the basis for the judgment was to give this warm feeling for each of us as members of the Legislature, with the confidence we were going to have in giving some \$60 million, plus the other money, towards the Canadian Commercial Bank. That confidence now has gone. The balloon has burst. We have some information coming out in August that we should have had last March, or should have asked for, and it didn't happen. As I say, Mr. Chairman, I can only conclude that it was basically a political judgment based on the government's philosophy of assisting western financial institutions.

The question raised earlier was the one I was wanting to raise in light of this, as well. I'd like the minister to comment on what I've just said. Secondly, was there some way of delaying the decision of the Alberta government, of extending the time so that more research, more

information, could have been made available? Or was it all of a sudden brought to the doorstep of the Alberta government, and a decision had to be made -- within what time line: three days, two days, one day? If so, what kind of reaction did the government have at that time?

MR. HYNDMAN: Firstly, Mr. Chairman, I suppose that insofar as we're all politicians, it was a political decision. Those are the decisions that governments make all the time. But it's got to be noted that the decisions were made on the best information available to six chartered banks, the federal government, and the regulatory people in the federal government at that time. That was on the best quality information everybody could have. There was the question of time, of course. If the support package had not been put in place on March 25, when it was, then we would have had all the various Alberta borrowers, which the member and his colleague to his right mentioned, in very serious difficulty, and there would not have been a bank at that time.

So I find it passing strange that the hon. member would have taken the position that when the government of Canada, one other government, and six chartered banks said, "We're all prepared to do something to make an effort to help keep alive an Alberta bank," he would have said, on behalf of Alberta, "Alberta's not doing anything." That's the position he's taking. I don't think that was rational, and it would have been incredibly incongruous to have had that happen at that time.

MR. R. SPEAKER: Mr. Chairman, a second question. In response to that comment, I think it is incumbent upon a government to make sure that any dollar, whether it's one dollar or sixty million, that goes into any kind of bailout or investment, must be dealt with in a very responsible way; that is, asking some responsible questions: what is the real estate that's being used for collateral? Where is it located? Those are up-front questions. The minister didn't know that. Why can't we know that in this committee? The time line: how long did the minister have? One day? Two days? The minister hasn't answered that. Just because the federal government wants it or the six big banks want it, that doesn't mean we hand

out heritage funds or general revenue funds of the province. To me, that is not good enough in terms of expenditures of money in this province. We must be able to base it on information we as a government want, not the information from some other bodies who couldn't care less about Alberta's money.

MR. HYNDMAN: We had all the most relevant information. That they couldn't care less, of course, is wrong. They said they were prepared to try to help a regional Alberta financial institution that was just starting, and it seems bizarre to me to suggest that Alberta should say: "We don't care about that financial institution. We're prepared to let it go, even if people in central and Atlantic Canada are prepared to help." That's the position you are in.

MR. R. SPEAKER: Mr. Chairman, to the minister. How long did the minister have in terms of making the decision? How much lead time was given? What kind of information did the minister really have outside of that information that six banks and the federal government said, "We're prepared to give some money"? Was that the only piece of information?

MR. HYNDMAN: We had as much information as we could, and we all wanted as much as we could. It was a question of hours. This support package was put together to try to preserve the life of a western Alberta bank. We all would have liked to have had more time. The time wasn't there. The confidence of the banking system of Canada and western Canada was also a factor, and we all used all the best information we all had. It was pooled, and the decision was made. Certainly in terms of Alberta's saying, "Yes, we would be part of a package to make an effort to preserve a western Canadian financial institution," that was justifiable policy.

MR. R. SPEAKER: Mr. Chairman, one question was not answered, and that was with regard to the real estate. Just so I'm completely sure of the information that was available to the Provincial Treasurer, in terms of the real estate that we're talking about here, was it identifiable? Did the Provincial Treasurer or a member of his staff try to identify what those

assets were?

MR. HYNDMAN: There was as much information as we could all get available on where the real estate was and how much it was valued at. That was exactly why the support package was brought about. In other words, on the basis of the regulators' having made inquiries in the Canadian Commercial Bank before March 25, representatives of the six chartered banks doing the same, and going through the files, the conclusion was that the real estate was of a lesser value, of course, than 1981, and that therefore moneys were going to be needed in order to try to keep the bank alive. All that information was shared amongst the partners, the support package was then put together, and we all collectively felt that that \$255 million support package would be sufficient as an effort to save a major western Canadian bank.

MR. CHAIRMAN: Mr. Nelson, to be followed by Mr. Alexander and Mr. Gurnett.

MR. ALEXANDER: Could I follow up on that?

MR. CHAIRMAN: Well, we in the committee have been really cognizant about following the rules in this committee. You'll have an opportunity, Mr. Alexander, to follow Mr. Nelson.

MR. NELSON: Thank you, Mr. Chairman, I won't prolong the agony too long.

I just have a couple of thoughts and a couple of questions. If it's the government's intention or position that during the investigation of the demise of the CCB, as it is in the hands of the federal regulators, is it the position of the Alberta government that it would take a hands-off position relevant to this investigation, or would we keep on top of this thing to find out exactly what's happened so that we can examine our position relevant to our investment?

MR. HYNDMAN: A good suggestion. We certainly followed the latter approach, Mr. Chairman. I'm sure that the western Canadian and perhaps Alberta Members of Parliament on the committee would be, and we'll be following the procedures and investigations of the committee over the months ahead, which would perhaps be useful in terms of future policy. So

it's fair comment.

MR. NELSON: Mr. Chairman, just another one on what I think is a relatively positive note. Would the minister take the initiative, take a leadership role, to request an examination of the remaining financial institutions so that we may be comforted that public moneys are being well managed and that the private sector may feel comfort and confidence in our regional financial institutions, so that they may continue to invest in western Canada, particularly Alberta?

MR. HYNDMAN: We'll certainly take all steps necessary to try to help to restore, re-establish, and support the building of confidence in the existing western regional financial institutions. We hope that the Bank of Alberta succeeds, that the Bank of British Columbia, the other financial institutions — we hope new ones can come down the road. As a major Alberta government policy we will continue to encourage them with investments made on as prudent a basis as we can from day to day, as they're made.

MR. NELSON: Mr. Chairman, just one last comment from this member for this afternoon, unless somebody stirs something up. I get a little concerned when we invest in situations of this nature, especially considering the demise of some other businesses in the province where they don't get the same consideration. I guess the concern is that if large organizations, be they financial institutions or otherwise, feel they can come to government for support or otherwise to possibly lengthen the agonizing aspect of their demise, it does not offer any opportunity for the managers of these businesses to put proper management practices in place, because you have no control over that investment. I'm concerned that if we continue in this manner to any great extent rather than suggesting that these organizations put good management practices in place prior to any investments being made so they can endeavour to pull themselves out of the mire, as many small businesses have to do prior to any investment of dollars from government — that should be a priority situation before those dollars are invested.

MR. HYNDMAN: Again, I simply draw the

distinction between the banks of the country, which hold deposits in trust and are regulated in a unique way which private businesses are not. But certainly, for example, the investments of the Alberta Opportunity Company in small businesses in Alberta or the loans of the Agricultural Development Corporation involve a very rigorous review of management practices before there are loans from the government of Alberta from the heritage fund.

It's not the policy of the government to be involved in support packages generally. For example, we were not involved in Dome Petroleum; that's been mentioned. We were involved in a support package attempt with the Canadian Commercial Bank in March; we're not involved today. We are involved with the credit unions of Alberta. All of these were valid judgments and public policy reasons, so the future should be very interesting.

MR. NELSON: Mr. Chairman, the minister keeps prompting me.

MR. CHAIRMAN: Mr. Nelson, you've had three questions. We have two members on the list, Mr. Alexander and Mr. Gurnett, who still have questions. We've now arrived at 4 o'clock. Would it be the feeling of the committee that we should continue to hear the questions from the remaining two members?

MR. HYLAND: I move we hear the questions from the two members.

MR. CHAIRMAN: Agreed? Mr. Alexander, then Mr. Gurnett.

MR. ALEXANDER: I hate to prolong this, but I think I've heard quite a bit about the quality of banking decision-making and of investment decision-making here this afternoon. I just want to ask the minister whether I've got a completely false impression of this whole problem. It seems to me that in March the support package members were asked by the bank, "If we can liquidate assets and restructure our portfolio so our bank becomes profitable and viable, we could be an ongoing institution by 1986."

Members here, the Member for Little Bow particularly, are raising the quality of investment decision. One doesn't make investment decisions based on what may happen

next year. That's a judgment call. I don't want to oversimplify the problem, but on the other hand I don't like to go away leaving a kind of air in the House here that somebody has been making very bad investment decisions. It strikes me that the question for the people who were in the support package is: "Can this bank restructure its portfolio, sell off some of its assets, and rebuild itself within the next six months to a year and thus become a viable institution?" Is that oversimplifying the matter, or is that the bottom line?

MR. HYNDMAN: No, that's exactly what the situation was in March. On the information available, the members of the support package felt that restructuring could take place, that there was a reasonable chance of it taking place, and therefore the investment of the support package, \$255 million, was justified on that information at that time, bearing in mind that future scenario.

MR. ALEXANDER: Which is simply, in another way, to ask members who are questioning the quality of those decisions today, "Would you like to predict what will happen to real estate values in the province of Alberta in the next month or so?" Some people are saying, "Well, if we had quality investment decisions, we could tell you the answer to that question, and we wouldn't make the mistake you did." I only want to get that point out there, because I think that's what's being said.

MR. GURNETT: I'll just close with the question I think I began with, and that is to ask: since so many of the questions and so much of the discussion this afternoon seems to have revolved around your assuring us, Mr. Treasurer, that the information the decision to be involved in the bailout was based on was good and trustworthy — yet we don't see any of that — would you undertake to make available ... Certainly, all the things that happened in the days or hours can't be completely oral. There must be some documentation that reassured the six commercial banks and the federal government, and that then reassured you. Perhaps some of the uncertainty or anxiety some of us feel about the decision and how it was made would be allayed if that were available. My question is whether you'd do that.

MR. HYNDMAN: Mr. Chairman, I don't have the information, because, as I indicated, it occurred over the course of a very short time line. There were discussions going on in Ottawa, communication from there to me in Edmonton, and to the other members of the support package group. As I say, on the basis of all that information, I and the government made the decision at that time that if the six other banks and the federal government in their assessment of the information were prepared to make an effort to save an Alberta bank, we would join that package. So I'm saying that was a proper public policy decision then; in the light of events, it is a proper public policy decision seen today. That fact, plus the general, overall government policy of trying to support regional institutions, which has not been questioned, is the reason we made the decision.

MR. CHAIRMAN: I've exhausted my list of speakers on this matter. Mr. Hyndman, for those who keep track of this sort of trivia, I might point out that you have now reached an all-time high in terms of the number of questions directed to you from committee members and responded to by you. You have responded to 58 questions today; the previous high was 49. I want to thank you for making yourself available to meet with members of the standing committee on the Alberta Heritage Savings Trust Fund.

Committee members will reconvene tomorrow morning at 10 o'clock. The witness before us will be the Hon. Larry Shaben, Minister of Housing. Another item we will have to discuss at that time is when we're going to come back to a discussion of recommendations. You might want to think about that.

MR. HYLAND: I say we adjourn.

MR. CHAIRMAN: Agreed? Thank you very much.

[The committee adjourned at 4:05 p.m.]