

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Friday, July 28, 1989 10:00 a.m.**
Date: 89/07/28

[The House met at 10 a.m.]

[Mr. Speaker in the Chair]

PRAYERS

MR. SPEAKER: Let us pray.

We, Thine unworthy servants here gathered together in Thy name, do humbly beseech Thee to send down Thy heavenly wisdom from above to direct and guide us in all our considerations.
Amen.

head: INTRODUCTION OF SPECIAL GUESTS

MR. SPEAKER: Minister of Public Works, Supply and Services.

MR. KOWALSKI: Thank you, Mr. Speaker. I would like to draw the attention of all members in the Assembly to four distinguished gentlemen who are seated in the members' gallery. They represent the Mill Woods Cultural Society of the Retired & Semi-retired. With us this morning are president Mr. Gurbax Singh Randhawa, cashier Mr. Harchand Singh Basothi, member of the society Mr. Sarwan Singh Dosanjh, and architect Mr. R.S. Jagden. Mr. Speaker, this group received a community facility enhancement program award in the amount of \$200,000 today for the continuing development of a social/recreational/cultural centre. I would ask our guests to rise, and I would ask my colleagues to provide them with a very warm welcome.

head: ORAL QUESTION PERIOD**Treasury Branches Loans**

MR. MARTIN: Mr. Speaker, to the Treasurer. This Conservative government, the so-called managers of public tax dollars, so-called diversifiers of the economy, so-called regulators of financial institutions, for the past few years has misled the people of Alberta. They didn't tell the truth about the reason Peter Pocklington got \$67 million: not to create jobs but to renew old debt, Mr. Speaker. It is now misleading people when it says there is no problem with the Treasury Branch policy that sees our money invested in risky loans to government friends. My question to the Treasurer. Is it not true that, as in the case of the \$67 million government package to Gainers, the \$50 million third mortgage to West Edmonton Mall is to refinance existing debt and will not create one additional new job?

MR. JOHNSTON: First of all, Mr. Speaker, the hon. member of course is blending together to his own advantage decisions taken by others which are in fact, as he points out, to diversify this economy. Now, you can't bring the two credit decisions together and try to confuse Albertans. We have pointed out already to Albertans what it is we have done in those two cases. If his question deals with the latter case -- that is, the proposal or

the reputed assistance of a loan package to Triple Five Corporation -- then I think I have dealt with that question in the House adequately. I have explained how our policy works, and I think I have appropriately said that credit investment decisions are best left with experts as opposed to having politicians involved in that kind of a process. We will obviously stand by that decision, Mr. Speaker, because we want to attract new investment to this province.

If it was one where the potential investor saw that the government members, despite the wisdom and judgment they do have, were involved in these kinds of credit decisions, then you can be appreciative that the investment dollars to this province would not flow and no new investment would take place. There would be a removal of assets from this province, and no new jobs would be created here. So the member I think has had a fair explanation as to our policy, and as I explained in the House on at least two different occasions, that policy still stands.

MR. MARTIN: Mr. Speaker, that's precisely the point: there isn't new money coming in or new jobs being invested. My question to the Treasurer -- because we want him to get down to the job -- how is this a good economic policy that we have a callable loan and now we're going to have a third mortgage, which is higher risk? How is that going to create new jobs for the people of Alberta?

MR. JOHNSTON: Well, Mr. Speaker, if that is what has taken place, I could explain some of the mechanics for the member. First of all, let's assume that this is a loan package wherein the Treasury Branch is participating. Who are they participating with? Well, they'll be participating, if it's as he describes, with other financial institutions, probably some of the big banks. Some of the world banks perhaps will be bringing their investment dollars into Alberta to ensure that this fairly significant resort, business centre, tourist attraction continues. Obviously, jobs will be put in place there. If there is a consortium that is financing this, then you can expect that some of the best financial people in the world will pass judgment on the viability of this project. They will assess whether or not they have enough assets there to cover their investment and whether or not the return or the cash flow or the dollars earned by this entity is enough to repay the debt. In fact, if the Treasury Branches are participating with some other group -- let's assume it's with one of the large banks or some international bank -- I think it simply brings to the table the confidence that other banking institutions have reflected in the decision to assist this company.

Now, moreover, Mr. Speaker, if it's on a short-term basis as opposed to a long-term basis, the member knows full well that the longer you go in terms of the yield curve, the further out you go in terms of period of time to repay the loan, that in fact you get a better rate, which makes the project more viable. I would expect that if I had been in their position as well, as an investor or as somebody borrowing money, I would want to have large groups involved with me and people who are extending the time period out significantly so the viability of the project is more assured.

MR. MARTIN: Mr. Speaker, to the Treasurer. Yes, there probably are other financial institutions, big banks involved, but they've taken out the first and second mortgages with less risk than we're taking with a third mortgage. How is that a good investment for the taxpayers of Alberta?

MR. JOHNSTON: Well, again, Mr. Speaker, there are a variety of ways in which funding can be put in place. To simply indicate that someone has a third mortgage, whether or not in fact that's the case -- I don't know whether it's the case or not. I can assure you that if that is the way it's done, there will be adequate, ample, and fairly significant protection provided to the dollars advanced by the Treasury Branch along the lines that I've already outlined.

MR. SPEAKER: Thank you.

Second main question, Leader of the Opposition.

MR. MARTIN: I'd like to designate my second question to the Member for West Yellowhead.

Function at Canadian Embassy in the U.S.

MR. DOYLE: Mr. Speaker, the Department of Tourism in this province has a number of tourist offices outside the country, including the United States. These offices are funded very expensively by the taxpayers of Alberta. Will the Premier now confirm that this government plans to spend \$40,000 on a one-night party for American bankers and their executives and Alberta Conservative MLAs at the new Canadian Embassy in Washington, D.C., on August 9, 1989?

MR. GETTY: Mr. Speaker, I don't have the facts at my fingertips regarding the matter the hon. member is raising. I would be happy to look into it for him or take it as notice for a minister and respond back to him.

MR. DOYLE: Mr. Speaker, can the Premier explain the expenditure of the \$40,000 -- \$20,000 from the department directly and \$20,000 through the budget of Travel Alberta -- to send these Conservative members of this Legislature and their friends to a one-night gala where they will wine and dine the American executives?

MR. GETTY: Well, again, Mr. Speaker, I've told the hon. member that in response to his first question. Now having heard the reply to his first question, I wonder why he has not listened and instead merely read what his researchers have given him.

MR. DOYLE: Mr. Speaker, this government is slipping further and further in debt, and they're cutting vital services to Alberta and raising taxes. Can he explain if there'll be a payoff to the taxpayers because of this lavish party, or get that advice to me from the minister?

MR. GETTY: Again, Mr. Speaker, my first reply still is the one that the hon. member should be paying attention to.

MR. DECORE: Mr. Speaker, I wish to assign to the hon. Member for Edmonton-Meadowlark.

MR. SPEAKER: Edmonton-Meadowlark.

Procter & Gamble Pulp Mill Emissions

MR. MITCHELL: Thank you, Mr. Speaker. Mr. Speaker, a 1983 environment study held secret by this government for six years confirms that the existing Procter & Gamble pulp mill has

been polluting the Wapiti and Smoky rivers significantly, despite the fact that its emissions have met government standards. In effect, this government has given Procter & Gamble a licence to pollute and then has covered up the evidence. To the Minister of the Environment. Why did his government hide this study for six years while Procter & Gamble was allowed to exercise its licence to pollute?

MR. KLEIN: First of all, Mr. Speaker, there was no attempt to hide. The contrary was the case. Indeed, when the report was completed, we met with citizens in Grande Prairie; we committed to them that the report would be released. Not only was it released; we sent four officials from the department to go up and speak personally with the individual who asked for the report and some of his associates. And that is being totally up front, honest, and straightforward. When the report was complete, we released it, Mr. Speaker. We released it knowing that it was going to be somewhat damaging.

MR. MITCHELL: The report was finished six years ago, and I couldn't get a copy as recently as last week from your department. Does the minister not understand that this is exactly why we must have open public hearings on projects of this nature, so that all relevant information is made known to Albertans before we proceed and before it's too late to stop these pulp mills?

MR. KLEIN: Mr. Speaker, I think it's entirely incorrect to say the report was completed six years ago. The monitoring of any river system is an ongoing process, and when the data was complete and the report was in a form that was ready for presentation, we presented it. We presented it in an open, honest fashion.

MR. MITCHELL: If it's an ongoing process, maybe we can get ongoing updates. Will the government now insist that Procter & Gamble upgrade its existing plant to new higher standards before instead of after proceeding with its expansion, so that it will have earned the privilege to undertake its expansion in the future?

MR. KLEIN: Mr. Speaker, on December 15, 1988, Dr. Reid, my predecessor, announced that new, leading-edge technologies would be required for all existing and proposed mills. On April 4 Dr. Reid wrote to Procter & Gamble confirming that the P & G mill, existing and proposed, would have to incorporate extended delignification, oxygen delignification, and high chlorine dioxide substitution. I want to make this really quite clear so the hon. member gets it straight, so he probably won't have to ask the same questions day after day. On May 27 I met with Procter & Gamble, and they indicated to me that a refit of the existing mill would be undertaken. On June 14, 1989, officials of my department met with officials from P & G, at which time Alberta Environment reconfirmed that an action plan for implementation of these technologies would be required before a new licence to operate was issued. The hon. member is right; P & G's current licence expires on October 1, 1989. There are now ongoing negotiations with the company relative to an action plan to be submitted to my department prior to the reissuance of a licence.

Mr. Speaker, I must reiterate what I told a conference on pulp mills and the environment last night, that meeting these standards is not a matter of "if; it's a matter of "when."

MR. SPEAKER: Clover Bar, followed by Edmonton-Calder.

Edmonton Tornado

MR. GESELL: Thank you, Mr. Speaker. My question is addressed to the hon. Minister of Public Works, Supply and Services. Mr. Speaker, last evening about 5:30 a small tornado touched down in Edmonton causing damage and injury. It's almost two years to the day that we experienced some considerable loss of life and extensive damage in Strathcona county and in the city of Edmonton. My question to the minister. Will the minister brief the Assembly on the extent of damage and the injuries resulting from the incident last evening?

MR. KOWALSKI: Mr. Speaker, reports provided to me as of this morning indicate that there were two minor injuries of individuals who happened to be located in a building on the corner of 106th Avenue and 176th Street in the city of Edmonton. There was some damage to a commercial building at that site. Some other further damage occurred to the east and the north-east of that location in the neighbourhood of 170th Street and 107th Avenue. Further, an apartment building was damaged near 110th Street and 29A Avenue as well. The storm moved elsewhere, Mr. Speaker, and there was a series of lightning strikes in the Edmonton area. The most severe, of course, was one that hit Grandin school on the corner of 110th Street and 98th Avenue. There were a large number of transformers knocked out, and there was a rather spectacular puffball of smoke that went out attached to it. We have overviews from all of the counties and all of the municipalities to the west, northwest, east, and southeast of the city of Edmonton. But in a nutshell, there were two injuries of a minor nature and some damage that as of this moment, to my understanding, is always insurable.

MR. GESELL: Mr. Speaker, is the minister satisfied with the present provision of information? I'm speaking about the early warning system, about the severe thunderstorms, funnel clouds, and tornadoes?

MR. KOWALSKI: Mr. Speaker, the Atmospheric Environment Services of Environment Canada started putting out warnings at about 11:20 yesterday morning in various of those municipalities to the west and the northwest of the city of Edmonton, and during the day those warnings were issued periodically. One of the key recommendations that really arose out of the savagery of the event of July 31, 1987, was that there should be an improvement in this area, and there has been a pretty dramatic improvement in this area. The electronic media have been very, very effective and very, very efficient in putting forward those warnings as they're issued by the Atmospheric Environment Services of Environment Canada. Those individuals who do subscribe to the weather channel on cable television, of course, will have an update no later than every 30 minutes with respect to these matters.

MR. GESELL: Finally, Mr. Speaker, what specific assistance does the minister's department and the government of Alberta provide to individuals and also to the community to assist them when these occurrences happen in the community?

MR. KOWALSKI: Mr. Speaker, it has always been the tradi-

tion of this government that in the event of a disaster the government would be in a position to assist individuals and commercial ventures who might be affected for essentially noninsurable items. There has been a dramatic change, of course, in the event of recent events over the last three years. In 1986 Alberta suffered the worst flooding in the history of the province of Alberta and in 1987, of course, the worst tornadoes ever in the history of our province. Last year we had very severe flooding and forest fires as well, Mr. Speaker. When and if needed, this government will respond to the acute needs of individuals.

Mr. Speaker, I would like to point out, as well, that Monday will be the second anniversary of the savage tornado of July 31, 1987, in which 31 individuals in our province lost their lives, with a massive amount of damage. One of the initiatives that we undertook at that time was to ask a citizens' group to provide the government with recommendations, and on Monday I will table in this Assembly the government update with respect to the series of recommendations provided to us by individuals affected.

MR. SPEAKER: Member for Edmonton-Calder, followed by Calgary-McKnight.

Private Adoptions

MS MJOLSNESS: Thank you, Mr. Speaker. My questions are to the Minister of Family and Social Services. Rather than putting an end to private adoption, this government has moved to legitimize it, which raises a number of questions about whether the best interests of children are being protected, as well as the fees that are being charged. Recently a constituent of mine received information from a private adoption agency which outlined its fees. There were 16 items on the list totaling a minimum of \$3,000, not including legal fees. To the minister. How can this minister justify a two-tier system of adoption in this province, one for those who can afford to pay and one for those who cannot afford to pay?

MR. OLDRING: Mr. Speaker, the point that I would want to make, first and foremost, is that this government always puts the interests of the child first and foremost. In the instance of our new private adoption legislation, what we support is choice for both prospective adoptive parents and choice for that mother who wants to give that child up for adoption, and we'll continue to support those choices.

MS MJOLSNESS: Mr. Speaker, it boils down to choices for families who have lots of money. To the minister. How can this minister be trusted to act in the best interests of children when to this government it is acceptable that children are simply treated as commodities?

MR. OLDRING: Well, Mr. Speaker, again nothing could be further from the truth than to suggest that we're treating children as commodities. This government cares about children, and we care about parents. Again, we believe that parents have a role and a responsibility to play, and we believe that they should have the discretion to be able to exercise some choice in deciding the future of their children as well.

MR. SPEAKER: Final supplementary, Edmonton-Calder.

MS MJOLSNESS: Thank you, Mr. Speaker. Given that the minister indicated in estimates that the courts would ultimately decide whether the placement of a child is appropriate or not, is this minister not concerned that children are being placed at risk when the home assessments on which the court bases its decision are prepared by the private adoption agency?

MR. OLDRING: Mr. Speaker, again I would point out two things. The member opposite very clearly acknowledged that the ultimate decision will be handed down by the courts, and they can evaluate all circumstances as it applies to the best interest of that child. But I would want to say that this government will continue to heavily regulate and oversee adoption in the province of Alberta.

MR. SPEAKER: Calgary-McKnight, followed by Calgary-Foothills.

Training of Future Teachers

MRS. GAGNON: Thank you, Mr. Speaker. My questions today are addressed to the Minister of Advanced Education. The University of Alberta announced that it will be putting in place enrollment quotas in its Faculty of Education reducing the number of third-year spaces by 200 within two years. At the same time, increasing enrollment in community college transfer programs means that universities will be facing an even larger number of third-year applicants. What steps is the minister going to take to prevent third-year students from being denied further access to university education?

MR. GOGO: Mr. Speaker, as hon. members, I believe, are aware, the universities and the colleges operate under their own statutes. It's obviously a concern of the government to see that those who wish to complete their degrees have accessibility to the institutions. My view is that there is at the present time adequate opportunity for accessibility at the institutions in spite of the fact that the University of Alberta and the University of Calgary have put in effect a quota system.

MRS. GAGNON: I would imagine, Mr. Speaker, that the minister feels that the universities can function without adequate funding. At a time when most analysts are anticipating a teaching shortage within a very short time, is the minister not concerned that the number of new teachers being trained is being reduced?

MR. GOGO: Well, Mr. Speaker, I do not believe the hon. Member for Calgary-McKnight has her facts in order. First of all, there's record spending by this government with regard to postsecondary education. Second, my understanding is that a number of teacher graduates from our institutions in fact are having some difficulty finding employment.

MRS. GAGNON: Mr. Speaker, analysts are indicating a serious crisis in the situation with teachers in the mid-'90s, and these are things that we have to prepare for. Is the minister not concerned that the new quotas on industrial arts and vocational education will make it even more difficult for Alberta schools already facing shortages in these areas to find qualified instructors?

MR. GOGO: Well, Mr. Speaker, again I don't like to take issue with the hon. member with regard to her factual statements. I'm not aware and it has not been relayed to me that there's any serious concern with regard to those vocational instructors. However, in deference to the hon. member and in view of her question, I'll certainly take the question as notice and look into it and respond to her.

MR. SPEAKER: Calgary-Foothills, followed by Stony Plain.

Natural Gas Sales to Ontario

MRS. BLACK: Thank you, Mr. Speaker. My question is to the Minister of Energy. The minister and his predecessors in recent years have been discussing with Ontario's ministers of Energy the contentious issue of direct natural gas sales into the core market of residential and industrial consumers. Such direct sales, of course, represent the final stages of deregulation. Can the minister advise the House of the status of these discussions, and when will this final stage of deregulation take place?

MR. ORMAN: Well, Mr. Speaker, I have met twice in recent times with the Minister of Energy for Ontario, and it follows on the heels of meetings my predecessor, Dr. Webber, had. As the hon. Member for Calgary-Foothills points out, it has to do with one of the last vestiges of regulated gas markets in Canada. I should say, Mr. Speaker, that I am not too optimistic about Ontario's position. As hon. members know, this matter has been raised before, and we feel that it is in the best interests of customers, particularly residential customers, that they consider contracting long term for Alberta natural gas. I have tried to impress upon Ontario the wisdom of contracting long term for the core market for natural gas, Mr. Speaker.

I do not want to distinguish between markets; however, I do believe there is an area where purchasers of natural gas should consider long term for their own best interests. This has to do, of course, with the customers who wish to purchase direct from producers as opposed to the local distribution companies which do see the wisdom of contracting long term for Alberta natural gas in Ontario.

MR. SPEAKER: Supplementary question.

MRS. BLACK: Yes, Mr. Speaker. There has been much discussion of increased exports of natural gas and pipeline proposals to increase export capacity to the U.S. northeast, to California, and to the midwest. Given this increased demand and potential demand, do longer term contracts actually make sense?

MR. ORMAN: Mr. Speaker, as Mr. Wong, the Minister of Energy in Ontario, would indicate, he believes that because of the oversupply of natural gas he is willing to take the chance on the short-term gain of spot prices and the long-term pain of having to pay higher prices over the long term for natural gas as supplies become tighter.

There are some exciting prospects in the United States. The member has pointed out the northeast United States, the midwest, and expansion projects in California. I can tell hon. members that the United States' purchasers of Alberta natural gas are very, very anxious to contract long term. They, Mr. Speaker, see the wisdom of long-term supply contracts, and this does put them, I guess, behind Ontario in terms of that fundamental un-

derstanding. George Bush, President of the United States, has recently announced that they will be moving to deregulating the United States gas market, something that was started under the administration of Jimmy Carter and is now just coming to fruition.

I should point out, Mr. Speaker, that the implication to Ontario is not that with these new projects in the United States, Ontario will be without natural gas supply, because there is plenty of that natural gas supply here and in the Arctic, but that they will have to pay higher prices for more expensive supply as it comes onto the marketplace. This is the message we're trying to get to Ontario: contract long now for a certain class of customers that will not take advantage of long-term supply, put those regulations in place, and then that will protect them over the long term. The National Energy Board has taken a position that they will not interfere in these arrangements, that it is a matter between supplier and consumer.

MR. SPEAKER: Final supplementary.

MRS. BLACK: Thank you, Mr. Speaker. I'm more concerned with the industry, Mr. Minister, so I would like to know what the actual impact will be on the natural gas producing industry.

MR. ORMAN: Mr. Speaker, the hon. Member for Calgary-Foothills has a very good background in the natural gas business in Alberta, and she understands the implications of purchasing in the spot market. I pointed out to Mr. Wong that I believe as our most valued customer, Ontario too should have an interest in the health and the viability of the oil and gas market in Alberta. Buying on the spot market and keeping prices down does not encourage further exploration by the industry for replacing reserves. As the hon. member knows, companies go to the bank and finance for exploration through long-term commitments for purchase of their reserves and their supply. And I tried to impress this on Ontario, Mr. Speaker. I quite frankly do not understand any other argument. The bottom line is Ontario will, by taking this position, have to pay for the more expensive gas coming on stream in the future, by not seeing the wisdom of contracting long for Alberta natural gas.

Twin Rivers School Division

MR. WOLOSHYN: Mr. Speaker, this government's efforts to shift education tax responsibilities onto the local authorities has resulted in taxation hardships for many average Albertans, including rural Albertans. With respect to the county of Parkland a serious difference of opinion exists wherein this government insists that local management is responsible for tax increases, and the county believes that Alberta Education decisions are the cause of higher taxes.

My first questions is to the Premier. Will the Premier now respond to written questions from local authorities by implementing an impartial review of the effects of the creation of the Twin Rivers school division on adjoining jurisdictions?

MR. GETTY: Mr. Speaker, these are matters that the Minister of Municipal Affairs and the Minister of Education have been dealing with, and frankly, my assessment of it is that they are dealing very effectively with it.

MR. WOLOSHYN: Well, receiving no satisfaction from the

Premier, I'd like to ask the Minister of Education: given that by providing a transitional grant the minister has admitted some degree of responsibility for the tax increase, will he now admit that his own stubbornness is part of the ongoing problem, by agreeing to establish an impartial review of the events and decisions which led to the establishment of the new district?

MR. DINNING: Mr. Speaker, if the hon. member is suggesting that stubbornness means a \$3.75 million grant to the county of Parkland to pay for the transition of losing some land to the Twin Rivers school division, losing that assessment, but being fully compensated for the loss of that assessment revenue, I'm frankly surprised that the hon. member would make that kind of representation to the lawmaking body of this province.

MR. WOLOSHYN: I'm surprised by the shock of the minister.

MR. SPEAKER: Final supplementary.

MR. WOLOSHYN: Okay. What is the minister going to do about the fact that a difference of opinion between levels of government is hurting the taxpayers? Is he just going to leave this to fester, or is he going to do something about it?

MR. DINNING: Mr. Speaker, as I've said in this Assembly before, I am going to expect the leadership within the county of Parkland to take on their responsibilities. Because they have come to the province and said to the Minister of Education, "We have suffered a loss of assessment revenue due to the creation of the Twin Rivers school division." We went through the calculation, went through the figures with them very carefully and came up with \$3.75 million, a one-time transitional grant, to cover the cost of that lost revenue. That is well recognized by the residents of the county of Parkland: the residents in the summer villages, the towns, and the cities within the county of Parkland. I have had ongoing discussions and exchange of correspondence with many of the people who live in that community, and they recognize that this provincial government has lived up to its responsibility and taken a leadership role in covering the cost of that lost assessment through that transitional grant.

Livestock Feed Testing

MR. TAYLOR: Mr. Speaker, this question is to the Minister of Agriculture, of which I've given him some advanced notice. Many hog feeders in this province and, in particular, the beef feeders are having trouble getting food supplements or their foods out of the packing plants here that match what it says on the label. In spite of anything they bring up to the Department of Agriculture, Mr. Speaker, they get the runaround.

My question to the minister, Mr. Speaker, is: when is the Department of Agriculture going to tell those mills that are not meeting the federal tests as to protein -- bearing in mind many of these proteins are things like feathers and rodent droppings and so on. Is he going to shut them down unless they come in line with what they say they are marketing on the label?

MR. ISLEY: Mr. Speaker, I believe the hon. member has acknowledged where the responsibility for the testing lies, and that's with the federal government. I'm aware on two or three occasions of feeders that have been unhappy with the results that

they're getting from their feed suppliers, but I'm not aware of it being a broad problem unless the hon. member has some further information to provide me.

MR. TAYLOR: Mr. Speaker, part of the problem is that the provinces have run their own analyses but the Department of Agriculture has refused to release them to the feeders. Now, is the department, by refusing to release these analyses, trying to protect the packing companies such as Gainers and others or trying to hurt the feeders?

MR. ISLEY: Mr. Speaker, I would be anxious to receive from the hon. member some evidence that we have done an analysis that we are refusing to release.

MR. TAYLOR: Mr. Speaker, I will then file a question in the House. Then maybe I could transfer the last supplementary to the Minister of Consumer and Corporate Affairs, whose responsibility is to see that in Alberta what you advertise and what you see on the label is what you get. In view of the Department of Agriculture's reticence to do anything to their pets in the packing business, will the Minister of Consumer and Corporate Affairs take it upon himself to check whether indeed these feed supplements match what they say they have on the labels?

MR. ANDERSON: Mr. Speaker, with respect to this question, I understand it's not as straightforward as it might seem by the hon. member's question, but I'm more than pleased to take a look at the issue. If there is contravention of the law, we would certainly consider what action would be taken in that regard.

MR. SPEAKER: Smoky River, followed by Edmonton-Mill Woods, then Calgary-Buffalo.

Crop Insurance

MR. PASZKOWSKI: Thank you, Mr. Speaker. My question is to the hon. Minister of Agriculture. Approximately two years ago a review committee was set and conducted a point-by-point review within the province of Alberta regarding the crop insurance program. Since that time we've heard very little about it. There have been very few changes. At the time of the review it was indicated that this indeed was a provincial review, and there would be further ongoing discussions with the federal government in light of the fact that this is a federal/provincial program. Could the minister give some indication as to where this whole review process is at, are there ongoing discussions with the federal government, and any other insight that might be provided regarding this important program to the farm producers of Alberta?

MR. ISLEY: I believe, Mr. Speaker, this is a question the associate minister will wish to supplement. I can confirm that there have been discussions going on, that this topic is on the agenda of our meeting in Prince Albert next week, and I would suspect the associate minister would like to offer some more detail.

MRS. McCLELLAN: I'd be pleased to add a bit more information for the hon. member. The review on the national level is taking place, and our particular interest is in Alberta. The review has occurred with a number of producer groups, of which we have had reportings back of about 15. They have given us

several very good recommendations, and as the minister said, we will be discussing this issue at our federal/provincial meetings next week.

MR. PASZKOWSKI: Mr. Speaker, to the hon. associate minister. The forage producers in my constituency have expressed concerns regarding the forage insurance program. They don't feel that it adequately meets their particular needs. Would the associate minister indicate: is there any review process to be conducted into that particular aspect of the crop insurance program?

MRS. McCLELLAN: Yes, Mr. Speaker, indeed there is. I have invited feedback from all members who have rural constituents, and I have had some. I would welcome more. I've invited information from producer groups. My predecessor has assigned a gentleman in Alberta Hail and Crop with the responsibility of that program. I might add that it's a difficult program inasmuch as it covers both hay and pasture. We have included some clipping cages this year to attempt to measure production in pastures. Measuring hay is relatively easy because you can weigh it, and you can weigh production. But we are doing a review. I would again encourage all members who have rural interests to give us some information on this, because we hope to have these program enhancements in place for the next crop year.

MR. PASZKOWSKI: My final question, then, revolves around the costing process of the crop insurance program. Is that going to be part of the review, the cost-sharing process of the program? Is that going to be part of the discussions?

MRS. McCLELLAN: Yes, the cost sharing of premiums of crop insurance is a part of the review process. Under the present legislation there are two possibilities. There is the 50-50 sharing between the producers and the federal government, with Alberta paying the administration, as is presently in place. The other option is 25 percent/25 percent federal/provincial and 50 percent producers. We have stated, and I have stated in this House as my predecessor has also, that we will look at a change in the cost sharing inasmuch as we have an enhanced and improved program for our producers and that there will be no extra cost or levy in the amount laid on our producers.

Marriage Commissioners

MR. GIBEAULT: Mr. Speaker, my questions today are to the Minister of Health. I would like to ask the Minister of Health if she could answer this particular question because, when planning their weddings, many Albertans have discovered, to their disappointment, that there are no marriage commissioners in the Edmonton region who could perform the wedding ceremony in their particular language or cultural tradition of their community. So I would like to ask the minister, given that her government has an official policy commitment to multiculturalism and given that there is virtually no expense or a very minimal administrative expense in terms of the appointment of marriage commissioners, can the minister advise the House why it is that her department recently rejected the application of an Albertan who speaks three East Indian languages, and could therefore fill in the need that is currently not being met?

MRS. BETKOWSKI: Mr. Speaker, there are approximately

100 marriage commissioners in Alberta, I understand, and about 12 in each of the cities of Edmonton and Calgary. They are appointed in a wide range from appointments around the city, and certainly if there is a specific ceremony that the hon. member would like to have somebody perform, there is provision for an individual to be appointed for one single ceremony. If he would care to provide me with some details of the issue, I would be delighted to get back to him.

MR. GIBEAULT: Well, I've already given her an application of this individual that speaks these languages, and one ceremony is not acceptable, Mr. Speaker. But I would like to ask the minister this: given that the all-white composition of the present 17 marriage commissioners in the Edmonton region does not properly reflect the diversity of the region here in this particular part of the province, I would like to ask her if she would be prepared to commit herself to appoint, before the end of this year, marriage commissioners that reflect and represent all the major ethnocultural communities in this province. Would she make that commitment today?

MRS. BETKOWSKI: Mr. Speaker, we're dealing here with the civil ceremonies. I think it's important, though, to highlight that there are people who are approved, rather than simply judges, who can perform marriages in the religious ceremonies, and certainly clergy have been certified to perform marriages within the religious groupings of Christians, Jews, Moslems, Hindus, Sikhs, Baha'is and Buddhists. I also understand that of the 16,500 civil marriages performed in Alberta in the last 2.5 years, only 242 required an interpreter where neither the bride nor the groom spoke English, and only 17 of these involved East Indian couples. So I take issue with the hon. member saying there is a huge gap in the service.

As well, within a civil ceremony in which there is a component that it must be done in English by our law, there is also the ability to have a cultural component right around that service, which does not have to be approved by the province, and in fact I believe we are meeting the balance of the multicultural reality of our province with the need to perform a ceremony under the law.

MR. GIBEAULT: The fact remains, Mr. Speaker, that there are no marriage commissioners in this region that speak languages other than English. I'd like to ask the minister simply this: given that the government really, so far, has made virtually no effort to accommodate ethnocultural communities in terms of the appointment of marriage commissioners to have people that will respect that tradition and be able to perform the ceremony in that language, what other conclusion can we come to except that Conservative policy in multiculturalism is nothing but empty rhetoric when it comes to important services that Albertans want?

MRS. BETKOWSKI: Mr. Speaker, I have been an active participant in the role of multiculturalism in this government, certainly before I was elected and now that I am privileged to be elected and serve the people of this province. My hon. colleague the Minister of Culture and Multiculturalism may wish to supplement my answer. But I think the hon. member is hyper-extending his point. Surely we have met the balance, I believe, in terms of, as I stated, the multicultural reality with the need to deliver a law. As well, it is important to note that the cultural

component around many of these marriages is one that has been accommodated and accommodated well, in the interests of a very special ceremony for individuals in our province. If the hon. member would care to put forward the name of an individual who might be considered for a marriage commissioner when vacancies come available, I would be happy to review that with him.

MR. SPEAKER: Minister of Culture and Multiculturalism. Very briefly.

MR. MAIN: Thank you, Mr. Speaker. It gives me some discomfort to hear the member opposite describe the fact that this government has done nothing. Now, he has identified perhaps one small, tiny area of government operation in which he has identified a problem. But I could point to -- and I'm sure you'd want to get involved in this discussion before I went too very long -- the countless hundreds of positions and people and individuals in this government who are members of Canadian society who come at it from a multicultural perspective. Countless hundreds of jobs, positions, programs, and I a p p e a r . . .

MR. SPEAKER: Thank you. Calgary-Buffalo.

Human Rights Legislation

MR. CHUMIR: Thank you, Mr. Speaker. To the Minister of Labour. In the last two throne speeches the government has promised legislation protecting against discrimination on the basis of mental disability, which legislation is nowhere in sight. The Human Rights Commission has advocated adding protection on the basis of sexual orientation, a proposal supported by the minister, but a decision on this matter is nowhere in sight. Now we have the executive director, Mr. John Lynch, of the Human Rights Commission suddenly fired with no explanation. I'm wondering whether the Minister of Labour could tell us why the director was fired and whether it relates to any friction with respect to the inaction of the government relating to mental disability and sexual orientation.

MR. SPEAKER: First off, it's two questions within one. One's good enough.

May we have unanimous consent of the House to complete this series of questions?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried. Thank you.
Hon. Minister of Labour.

MS McCOY: Thank you, Mr. Speaker. Let me correct the record: the executive director of the Human Rights Commission has not been fired.

MR. CHUMIR: I'd love to hear the answer to the first question, but I'm going to get on to another tack. When is the minister going to introduce legislation protecting against discrimination on the basis of mental disabilities? Is it going to be in time for passage during this session, or is there going to be another breach of faith with the mentally disabled?

MS McCOY: Mr. Speaker, that is up to our Government House

Leader on this side of the House. Our agenda is our own. I do not intend to answer that question.

MR. CHUMIR: When then, Mr. Speaker, is the government going to decide on the issue of sexual orientation, and why does mental disability, which has been promised in two throne speeches, have to wait for that totally unrelated issue to be resolved?

MS McCOY: Mr. Speaker, the member opposite will know when the Bill is introduced.

MR. SPEAKER: The Chair was given notification of a brief point of order. Calgary-Buffalo.

MR. CHUMIR: Thank you, Mr. Speaker. On Wednesday I asked a question of the Minister of Federal and Intergovernmental Affairs in which I stated that it was his department which was responsible for claiming federal funding for legal aid. The minister has correctly noted that it was not his department but the federal government co-ordinating unit of the Department of Family and Social Services. I was misinformed and would like to state to the House that I regret and apologize to the minister for that error.

ORDERS OF THE DAY

head: GOVERNMENT MOTIONS

13. Moved by Mr. Getty:

Be it resolved that the Legislative Assembly receive and concur in the government's response to the Final Report of the Inspector, William E. Code, QC, dated July 18, 1989.

MR. GETTY: Mr. Speaker, today I want to move the government motion standing in my name on the Order Paper. When I do this, I would like to provide additional information to the hon. members. I would now file a copy of the government's response to the final report of Inspector William Code dated July 18, 1989, with the Assembly. Copies of this response will be distributed to all members.

I want to express my appreciation to the House and to the public of Alberta for their patience in waiting for our response. The response is somewhat complex in nature. Therefore, I will refer to notes more than I would normally like to do.

I want to start by acknowledging that in recent years few events in Alberta have caused greater concern to a group of Albertans than the collapse of the Principal Group and its subsidiaries. It has had an impact on many of us, many of us here today in this Legislature and on those who preceded us. It has had and it continues to have complicated legal ramifications. It affects the reputation of Albertans, and some of them have become household names, and of course it has affected the many investors here in Alberta and in other parts of Canada. All of us in this Assembly have heard from these people. We have read their letters, and we have talked to them on the phone. We have met and heard their stories firsthand. Most of us personally know at least one or two people who have been hurt by the collapse of this financial empire.

Last week the inspector, Mr. William Code, filed his report

with the Court of Queen's Bench in Alberta. His report is the culmination of a highly public process, one which thousands of people watched and followed across Alberta and Canada. We watched investors. We watched employees and owners from the Principal companies. We heard the testimony of people from this Assembly, people now in the Assembly and in the Assembly in the past. We heard from officials who worked for the government. As the inquiry unfolded, we developed our opinions. It was hard not to, but of course we had to await the inspector's report. In the past few days we've had available to us 619 pages which Mr. Code provided to the court. So our motion and my comments today, as well as those of my cabinet colleagues, will respond to that report.

My caucus and cabinet and I have taken this past week to study and assess the report in detail. Mr. Speaker, it has been tempting during that period of time, very tempting, to respond quickly to questions and comments that have come from many directions. But surely our obligation as a government was to give Inspector Code's document extremely careful examination. After all these months we would not have served the people of this province well if we reacted in a superficial way, as some have done, to this Code report.

Now, as I have said, I want to present the government's response, which will cover the following matters: our overall position regarding the findings of the report, whether as a result of the report the government feels any part of the responsibility for people's losses in the collapse of FIC and AIC; the question of ministerial accountability as a result of Mr. Code's specific conclusions; legal remedies, including charges against individuals to be pursued; whether an offer of settlement is appropriate for any parties as a result of the Code report; and also, Mr. Speaker, although it's not an issue with Inspector Code but the matter has been raised in the Legislature, the question of my sworn declaration to Mr. Code and how and when I was advised about FIC and AIC and the difficulties and when action was recommended to me and my colleagues. Finally, Mr. Speaker, I'd like to deal with the legislative and regulatory steps that the government can take to provide the security to Albertans that everything possible is being done to prevent such a tragedy from happening again.

Mr. Speaker, I intend to speak on those issues in some detail, but first I think it would be helpful if we could briefly recall the circumstances which led to the Code inquiry. When we look back at those times in the early '80s, we now know that there were hopes for the Alberta economy which were never realized. We know the trauma that was experienced by our financial system: failing banks, mortgage companies, trust companies, and perilously extended credit units. We know of businesses closing and investors of all kinds losing their investments and savings. We know now about the conflicting views inside and outside government at that time about how to handle the Principal issue. And we now are told by Mr. Code of some individuals who put their own selfish interests far beyond any acceptable level of fairness. Mr. Speaker, it's true we can all look back at difficult decisions which could be challenged and second-guessed, but it's because of this government that we can look back after the most exhaustive and minute examination of any event in Alberta's history, and the judgments in hindsight, as they always do, come more easily now.

The decisions to shut down FIC and AIC were decisions taken while I was Premier. I insisted that we have the facts, and then we moved quickly. What Mr. Code wanted to know is why

earlier information was not verified and acted upon, and of course that question is an important one. Those of us in government at the time won't easily forget the days preceding the closures of FIC and AIC. The information was hard to obtain; decisions were agonizing. We knew there were thousands of people who would be affected. We knew of the potential harm to Alberta's financial system. I'm going back to those days, Mr. Speaker, because those types of decisions weigh heavily on all of us in government.

Following the closures of the companies, there was investor and public concern, and there should have been. We asked for the Code investigation, because, just like the people who were directly hurt by the Principal affair, we wanted to know all the facts. We wanted to know the full truth. It's a credit to this administration that the government's role is, was, and is being completely assessed. We not only requested a court-ordered investigation; we opened our files completely. It has never been done before. We waived the cabinet oath of secrecy -- it's never been done before -- so that government testimony would be totally unrestricted.

We also ordered the Ombudsman -- ordered the Ombudsman -- to undertake a separate investigation to ensure that no stone was unturned, nothing missed. Mr. Speaker, because some members of the Assembly wondered about my use of the term "ordered the Ombudsman," I'd like to table the letters regarding that matter for the Assembly. They make clear that the government did issue an order to the Ombudsman to conduct his investigation.

I'm proud of the fact that we opened our books and our files. We called the investigation because we wanted the answers for all Albertans. Now, the issues were complex, the effects were traumatic, the investigation was long and costly. But it was the right process. We played an honest and open part in bringing out the truth. Mr. Speaker, it is acknowledged now that the process we selected has helped to maximize the return on the invested dollar of the investors' money.

Mr. Speaker, I'll now provide the government's position on the issues which I outlined earlier. The government of Alberta has carefully reviewed the findings of the Code report, and we believe the inspector and his staff have performed their task well. The Code report is a complex document. It could be no other way. I think it would have been impossible for the inspector to have given pat answers to every issue. We acknowledge the general findings of the Code report, and that means we acknowledge many things. Mr. Code has said there were reasons to believe that fraudulent behaviour occurred on the part of private individuals. We acknowledge Mr. Code's conclusion that the regulatory process in government did not work as it should have. But we also note that Mr. Code's concerns with government were essentially over matters of judgment. No elected member of government, past or present, was found to have been dishonest or fraudulent, and given the magnitude of Mr. Code's report, that is important to note.

While we are pleased to finally have it, I must say I take no satisfaction from the report. We wish that many of the events had happened otherwise. But as I said, we acknowledge the general findings of the Code report. We commend Mr. Code and his associates for their work. The work is an example of a serious responsibility handled well in the public interest.

The question of government responsibility for any portion of people's losses in the collapse of FIC and AIC is something I highlighted, Mr. Speaker, because to respond fairly to the inves-

tors, we needed to know that. Mr. Code's report tells us that the evidence tends to show the regulatory permission to sell certificates without adequate financial requirements was one of the reasons for the demise of FIC and AIC. Then, of course, the second question is: was the government the total reason? Was that regulatory lapse the total reason? Was it one hundred percent the government's fault? Here again Mr. Code is clear, and we accept his conclusion. Mr. Code identified several other major factors in the failures of FIC and AIC.

In his conclusions on reasons for failure, he begins by saying this, and I want to quote it directly:

I conclude that the evidence tends to show that the collapse of Western Canadian real estate, impacting as it did upon the Alberta and British Columbia real estate market was a significant causal factor and a reason for the financial failure of FIC and AIC.

Mr. Speaker, this is not an occasion to again discuss why western Canadian real estate values collapsed so badly in the early 1980s, except to say that misguided policies from other places undoubtedly affected our Alberta economy.

Was there another reason for the failure? Again the Code report is very explicit in identifying the practices of the Principal Group owners and management, which, he concluded, were major reasons for the collapse. And so there is no possible suggestion -- no possible suggestion -- in Mr. Code's report that the Alberta government had sole or one hundred percent responsibility for these events. That does not, however, take away from Mr. Code's conclusion that actions or inactions on the part of the Alberta government contributed partly to the AIC and FIC failures.

Mr. Speaker, one of the most important, and at times most difficult, responsibilities of a Premier is the issue of ministerial accountability. In the case of Mr. Code's report on Associated Investors of Canada and First Investors Corporation Ltd. the matter is further complicated by the passage of time. Mr. Code's report deals with matters that essentially happened years ago and under a previous government. Nevertheless, Mr. Code has reported a very negative assessment on the performance by a department of government and the accountable minister, Mrs. Osterman. His findings obviously required a Premier's attention.

In considering my response, I had to reflect on the very difficult times for financial institutions which existed during the time that Mrs. Osterman was responsible for them, and also on the track record of the minister, who successfully handled credit unions, Crown trusts, Paramount Life, and two Alberta trust companies. I also had to consider the amount of time that had passed since the key period the inspector identified. I was mindful as well of the fine performance of Mrs. Osterman during my tenure as Premier in two demanding portfolios. In addition, I can frankly tell -- and want to tell -- the House and the public things they could not know, and that is her contributions in my cabinet and caucus that have been so thoughtful and effective. And she represents the people of the Three Hills constituency very well as their MLA.

Now, weighing such conflicting assessments is difficult and agonizing. Obviously my decision was complicated by the lack of law in these matters, but there is considerable guidance from the traditions of our British parliamentary system of responsible government. Mr. Code's investigation was long and exhaustive. Mrs. Osterman's testimony was very detailed and extended over four days. Finally, in the end, I had to acknowledge that an in-

dependent investigation by an inspector under the Court of Queen's Bench of Alberta has reported to that Court that the minister was in breach of her public duty to carry out the purpose and objects of the legislation for which she was responsible. Now, as personally painful as I find it to be, Mr. Speaker, I believe that that public finding by an independent inspector, of the court requires that the minister step down from cabinet. And that will be completed today.

I want Mrs. Osterman, her family, and the public to know that she's a fine Member of the Legislative Assembly of Alberta. I've already observed today that she serves her constituents well. I believe her to be a person of integrity and ability. I consider her a colleague and a friend. Mr. Speaker, when a decision like this impacts on a colleague in the House, I don't believe any member of this Assembly should feel good about it or enjoy any sense of satisfaction. My personal feeling is one of great sadness. I trust that Mrs. Osterman will continue as an elected representative of the people of Alberta and that there will soon be future opportunities for her to contribute in a significant way to this province.

As a final comment on this subject, I want it to be very clear that while she is accountable under our parliamentary system, Mrs. Osterman is clearly not solely responsible for the government's role, as Mr. Code points this out.

Mr. Speaker, the legal avenues, including charges against individuals that can be pursued, are important. The Attorney General has spoken in this House about the likelihood of potential legal actions that may occur in addition to those that are already before the courts. The law of our country must apply to those who are powerful and those who are not, and we follow the common law inherited from many centuries ago. In the coming weeks, the Attorney General will have more to say. But let me emphasize we are committed to aggressively pursuing the laws of Alberta and the laws of Canada on this matter. After all we have heard in the past year of testimony at the Code inquiry, I want to assure the House and the people of Alberta that we will follow every legal avenue available to us and to the fullest limits of the law.

In considering an offer of compensation, our government had to balance two very real concerns: the responsibility on the one hand to people who suffered as a result of the FIC/AIC collapse, and then on the other hand, our underlying responsibility to the taxpayers of this province. Governments every day make judgments which will benefit some people and not others. On an annual basis, we look at oil prices, farm commodity prices, interest rates, and then we make our best assessments on how to manage an economy. Yet governments are not usually expected to compensate for those types of financial judgments. We have the responsibility in a democratic society to do the very best job we can, but no government, obviously, will always be right.

So we had several questions we needed to ask ourselves. In light of the general findings of Mr. Code's report, is there some obligation to provide compensation? It is one thing, after all, to acknowledge Mr. Code's conclusions. It is quite another thing to conclude that this requires the government to make compensation. And then a further question: if the government were to make an offer of compensation, how does one ever calculate that amount?

As I stated earlier, no one would claim that the Alberta government had sole or one hundred percent responsibility for the collapses of FIC and AIC. Mr. Code himself is very explicit in this matter of there being other causes, and I've mentioned

them. One answer could be to simply leave this question to the courts. That would mean no answer directly from the government.

A third question we had to deal with is the responsibility for investors outside of Alberta. A fourth question is whether the findings related to FIC and AIC extended to other parts of the Principal empire, the largest affected group being the noteholders for the Principal Group Ltd.

Now, Mr. Speaker, I make it very clear that the question of the shared responsibilities and an extraordinarily complex financial structure in this case made any judgment difficult. We know that some will argue that no compensation should occur, and I understand that argument; that there was risk for these investors just as there was risk in choices that others across our province and country have taken. Ultimately, in assessing these matters we have been guided in our deliberations by one main consideration: not what might be expedient; not by pressures from any groups, even the investors in FIC and AIC. We have been guided by what we believe is moral, fair, and right, following the conclusions of the Code inquiry.

These are our decisions. The Alberta government will provide an offer of compensation to investors in FIC and AIC. This is not an admission of fault in a legal sense, but the Code report provides compelling reasons to believe that the government has moral responsibility for at least a portion of the investors' losses.

Present estimates are -- and these are estimates -- that the AIC investors will recover from their assets approximately 57 cents on the dollar. FIC investors will recover approximately 60 cents on the dollar from their own resources, a payout of the assets. So in the AIC case there appears to be a 43-cent gap on the dollar; in the case of FIC there appears to be a 40-cent gap on return on the dollar. Our offer of compensation will amount to 18 cents on the dollar for the AIC investors and 15 cents on the dollar for FIC investors.*

With this compensation from the government and from the realization of their own remaining assets, we believe that investors can expect to recover at least 75 cents for every dollar of claim they had on June 30, 1987, from these companies. We believe this is fair. This is fair and final. In our view, and consistent with the Code report's findings, the government could not accept responsibility for all the losses. In fact, it would have been wrong for us to fully compensate for all investor losses. Arriving at a fair figure was difficult, and we took many factors into consideration. In particular, Mr. Code was instructive in defining April of 1984 as a time when the companies were facing serious financial stress. On the basis of that date, we could calculate that recovery then could have been 74 cents on the dollar. There are other matters to consider in terms of assessing the offer of compensation, and I'm going to leave a more detailed explanation to the Treasurer.

Secondly, Mr. Speaker, I want to confirm that our offer of compensation will apply to all investors in Alberta and outside

* According to a correction subsequently filed today as page 20 of sessional paper 324/89, this paragraph should read as follows:

Present estimates are that AIC investors will recover from their own assets approximately 60 cents on the dollar. FIC investors will recover approximately 57 cents on the dollar from their own resources. So in AIC there appears to be a 40-cent gap on the dollar, in FIC there appears to be a 43-cent gap on the dollar. Our offer of compensation will amount to 15 cents on the dollar for AIC investors and 18 cents on the dollar for FIC investors.

of Alberta. Now, perhaps on this issue we have not taken what could have been the easiest, most expedient position, but I have no doubt that we have taken the right decision. If we accept Mr. Code's conclusions, we must also accept that non Albertans suffered equally with Albertans. Our legislation and our regulatory process does not differentiate between Albertans and non Albertans. The financial credibility and, I believe, the moral credibility of Alberta are very important in this case. I must also say, Mr. Speaker, that I would like to see other governments consider their part in investors' losses, and I will ask my ministers to pursue this matter with other governments.

Finally, Mr. Speaker, our offer of compensation will not extend to noteholders of the Principal Group Ltd. Mr. Code's report provides no new information to change our position on this matter. We recognize the hardships that many of these people face. Some estimates indicate they will receive roughly 50 cents on their invested dollar from remaining assets. We believe -- I hope it's the case -- that indirectly they may obtain some benefit from our compensation offer to the FIC and AIC investors.

Today, naturally, in my portion of this debate I'm dealing with the broader principles of our decisions. I want to confirm that more detailed information about our offer to the investors in AIC and FIC will be provided by the Provincial Treasurer.

In total then, Mr. Speaker, the cost to the Alberta government for our offer of investor compensation will range between \$65 million and \$85 million. Now, no doubt some hon. members will say they are upset about that cost. Mr. Speaker, so am I. I'm upset about many of the circumstances behind this cost: the possibly fraudulent activities of some private individuals; the regulatory matters that Mr. Code commented on; the external decisions which cost Albertans so many dollars, of which a small fraction are involved in this Principal affair. But being upset obviously is not enough. Being fair and responsible is essential if Alberta is to get this FIC and AIC experience behind us and if we are to build a stronger financial system going on from here.

Mr. Speaker, there have been some questions raised in the Legislature about timing of information received by the priorities committee of our government. I'd just like to briefly comment on that matter, because it's been raised here in the Legislature regarding the Code report. I'm referring to a November 15, 1985, memorandum and its attachment in relation to my sworn declaration before Mr. Code. Now, it should be clear to all members and the public, Mr. Speaker, that Inspector Code had both these documents and he found no discrepancy or conflict between them. [interjections]

MR. SPEAKER: Order please.

MR. GETTY: Now, Mr. Speaker, that means he, as an independent inspector of the court, rejects the arguments we have heard in the House of the Leader of the Opposition and the Member for Edmonton-Glenarry regarding these documents.

My position was clear to Mr. Code on the following facts. When sworn in as leader of the government, I had no knowledge of the financial difficulties of the Principal Group of Companies. In mid-November, two weeks after being sworn in, a report to the priorities committee was received from the then Provincial Treasurer -- members of the House will recall -- the hon. Lou Hyndman. Mr. Hyndman provided us with a two-page memo. In Mr. Hyndman's two-page memo as Treasurer to me and the priorities committee, there was no direct reference to the invest-

ment contract companies. No reference, Mr. Speaker. Attached to Mr. Hyndman's memo was a paper entitled Alberta Financial Institutions, dated November 18, 1985. That paper referred to many financial institutions in a general way: credit unions; five Alberta incorporated trust companies; a trust company from Ontario that had some business in Alberta; eight insurance companies; and two Alberta investment contract companies, FIC and AIC.

The part of the attachment regarding the investment contract companies indicated that there was a dispute, and it was mixed as to whether it was legal and/or accounting, between the Department of Consumer and Corporate Affairs and the companies. The attachment did not call for any action by priorities. There was the indication that when a position was finalized by the department sometime in the future, then there might be some call for priorities or cabinet action. Now, as Premier and as chairman of priorities, obviously a request for action would be awaited.

To sum up the issue, Mr. Speaker, there was no call for action. In fact, Mr. Hyndman's memo did not even mention the contract companies. So while obviously there was general knowledge of the various financial institutions in Alberta, there was no request for action by priorities or the government until approximately February of 1987, when the Provincial Treasurer advised me that action might soon be necessary.

Now, Mr. Speaker, all of this information that I'm covering right now was known by Inspector Code, and obviously there was no discrepancy of any kind found by him. Those are Mr. Code's findings. That's not my conclusions, Mr. Speaker. It's Mr. Code's findings.

So let us reflect on the way this was raised by the opposition leaders in this House. Immediately upon receiving the Code report, they rushed to the media and accepted his conclusions -- I think it's fair that they did that -- even before they had read the report, Mr. Speaker. They accepted his conclusions before they read the report, and they made their acceptance public. All members are familiar with that action on their part because I drew attention to it in the Legislature, and there's no argument from them about it. Then, Mr. Speaker, I submit that surely they discredit their arguments when they reject Mr. Code's findings regarding the November 15 memo and my declaration.

MS BARRETT: There's no finding there.

MR. GETTY: Mr. Speaker, that kind of selective acceptance...

MR. McINNIS: What nonsense. Who writes this crap?

MR. SPEAKER: Order. Order, in particular hon. Member for Edmonton-Jasper Place. One warning will be enough.

MR. GETTY: Mr. Speaker, that kind of selective acceptance or rejecting of Mr. Code's findings to fit their own purposes illustrates a very shallow nature to their response to Inspector Code's report. You just can't have it both ways. Any fair and thoughtful person recognizes that. So, Mr. Speaker, the matter is clear in Mr. Code's report. Normally I would not have responded to it, because he is clear in his report. But it's been raised in the Legislature. An attempt has been made to cloud that issue, and I felt obliged to respond.

Now, Mr. Speaker, I want to deal with legislative and

regulatory steps to provide greater protection for Albertans in the future. My final response, therefore, relates to the longer term.

Rapid changes in the financial world have been recognized by this government and have resulted in a comprehensive review of our legislation and regulatory practices in Alberta. We have made an assessment. We've had the input of many Albertans in looking to restructure and strengthen the financial institutions of our province. Among other things, Albertans want and have reason to expect at least three main assurances: that the financial services system operates honestly in Alberta, and the government must make sure that happens; that there be a clear distinction drawn between savings and investments -- savings must be secure, while obviously risk is involved in investments -- and thirdly, that there is clear information so that Albertans can make up their own minds and understand whether they are saving or investing their money.

Many changes have commenced as we move to solidify confidence in Alberta's financial institutions. We have proposed a new Credit Union Act and a new loans and trust corporations Act. Both of these Acts address issues in the Code report. We have proposed a new financial consumers Act, which will require companies to give clear information to consumers. In this Act there is greater authority for the Department of Consumer and Corporate Affairs to investigate misleading advertising. The proposed Act also requires that documents requiring a consumer's signature must be in plain language. I saw that Mr. Code had gone further and talked about this matter of simple contract terms and forms in his report as well, and I want to assure the Assembly that we are paying particular attention to that concern.

Mr. Speaker, I cannot and I won't take the Assembly's time to go through all the changes we have started or the reviews that are under way. The Treasurer and the Minister of Consumer and Corporate Affairs will both have more to say on the subject. I do, however, want to make one announcement about our continuing effort to provide a fair and honest financial marketplace for Albertans. Next week the Treasurer will be introducing an Act which will repeal the Investment Contracts Act. The main effect of this repealing legislation will be to transfer investment contracts to the Securities Act, which requires greater disclosure and gives the investor greater information about investment risks. Now I'll leave the details on that to my cabinet colleagues.

So let me conclude, Mr. Speaker. The Code report obviously lends itself to exhaustive examination. I could add more observations, as many of the members can, and I could add those to those I've already made. The events leading to the Code inquiry have left many scars on Albertans. We are still recovering from many of the residual effects. Not everything is complete. We still have the Ombudsman's report to come. There will likely be civil actions and other court actions which will keep reminding us of the Principal collapse. But, Mr. Speaker, with the release of Mr. Code's report and our response, we are turning a corner. The Principal affair has unquestionably created severe challenges for this government, but we have met those challenges.

This debate and these responses to the Code inquiry recall some terrible moments and some extremely difficult decisions. In one of those I pray that time will reduce the sadness I feel regarding Mrs. Osterman. All of us in this House, every one of us, are human and therefore imperfect. But I do want to say this

to the public and to the Assembly. I have never been more proud of the members of my caucus and cabinet than I have been as we've debated and considered all the possible responses to this long and complex report. We have put the interests of Alberta first. We know that because of our response today Alberta will be stronger. Alberta and our government can face itself and the rest of the country and say: "We've taken the tough decisions. We have behaved honourably and openly. We have shown compassion, strength, and conviction. We have met the tests and challenges. We have put our house in order." Mr. Speaker, we are determined to learn and build from this foundation towards a better, stronger Alberta.

Thank you.

MR. MARTIN: Well, Mr. Speaker, having sat intently and listened to the Premier, looking at the government motion, it says:

Be it resolved that the Legislative Assembly receive and concur in the government's response to the Final Report of the Inspector, William E. Code, QC, dated July 18, 1989.

One thing about this government, it does have nerve to make a speech like that and to say they have their house in order. Some nerve. Blame everybody but themselves is what it came down to, the flimsiest of excuses.

Obviously we're going to receive this, Mr. Speaker. We have no choice. We've sat for two years while this government refused to answer questions because they said it was sub judice in their opinion and they'd have to wait until Mr. Code made a report. Then for a week and a half they've sat here and not answered questions even after Mr. Code reported. They said they needed a week and a half to study it; criticized the opposition because we wanted to ask the questions and we could read what Mr. Code says. Now, why they took a week and a half is that they wanted to get their own political act together. That's why they took the week and a half, and Albertans are well aware of that. It's interesting from this government that says, "Oh, we need time to study tilings." It shows the arrogance of the government. We have not seen this government response until today. The Premier says, "Well, we shouldn't have responded so quickly." Now we don't have a choice with their response because it wasn't given to us yesterday, a courtesy that usually comes in this Alberta Legislature. So the Premier can't have it both ways. But we know what happened. The people of Alberta knew what happened.

What I want to go through is that the Premier conveniently forgot some things. Mr. Speaker, a little chronology here to show that the government, not only partially to blame, was fully to blame in this matter. Let's just go back to 1973. In 1973 there was the Harry Rose report that indicated at that time AIC should be wound up, and the government did nothing. They even talked about tightening up the regulations. Now the present government refuses to release the document. I would remind the Premier that he was a member of Executive Council at that particular time. In 1976 the Shortreed report indicated that the government should tighten up its financial regulatory procedures, but the government did nothing. The present government refused to release the document until we got it out of the Code inquiry, and they suggested at that time that they should be wound up. Then in 1983 the then Minister of Consumer and Corporate Affairs, Connie Osterman, did produce a document that made some sense, outlining steps to tighten up financial regulations, but again nothing was done.

March 31, 1984: FIC/AIC audited statements failed to arrive

but the superintendent goes ahead and renews their licences anyhow. The audited statements arrived later on on May 8, 1984. May 11, 1984: the superintendent working under Consumer and Corporate Affairs wanted to ask them to inject \$44.9 million into FIC/AIC but settled for \$11.3 million on December 18. September 29, 1984: the superintendent suggested a change of wording for FIC/AIC statements of guarantee from the company has "Assets equal to 100% of . . . liabilities" to, and I quote, "the company is required" under the Investment Contracts Act to maintain funds with a chartered bank "equal to its liabilities."

Mr. Speaker, I could go on and on and on. For the Premier to sit there and say, "Aw, shucks, we just maybe didn't quite do this thing right; we're only partially to blame, and it's everybody else but us" -- from 1973 on this was going on, and if he expects us to have sympathy for him at this particular time, forget it.

Mr. Speaker, let's go on. When the Treasurer, Mr. Johnston, had to pull the plug and finally did, at the end of June I recall him saying: "Well, really there weren't many problems. It was unsophisticated investors. It was their problem." Even at that time the Treasurer was not accepting responsibility for what was going on. He said there was absolutely no need for an inquiry. Well, because of political pressure we finally did have the inquiry, and now we know the results of that inquiry. Political pressure on the Premier, Mr. Speaker. I think he was out one day again and off the top of his head said, "Well, gee, if there's some negligence, maybe we'll have to pay." Finally he had to repeat it here in this House, as we know, on November 23, 1987.

Now, Mr. Code's report has come in, and no matter how the Premier wants to sugarcoat it, no matter how the government wants to sugarcoat it, it is a damning indictment of this government, its unholy alliance, frankly, as we've said before, with the corporate sector. You know, let them do whatever they want, do it whenever they want, bend the rules here, break the laws there, and somehow they're so brilliant, they'll pull us out of this. That was the attitude, a hope and a prayer all the way through this, and that was the government -- and then cover it up as long as they could.

Mr. Speaker, there is no doubt the Premier has acknowledged at least some partial responsibility -- in a funny sort of way, if I may say so. But from the Code report there is absolutely no doubt that this government was totally negligent by the words he was using. The Premier says, you know, that he didn't say we were dishonest. You must remember the mandate. He couldn't say that even if he wanted to. But that doesn't make it whether the government was totally dishonest or not, whether they were doing their job or whether they were negligent. That's beside the point. The bottom line is that a lot of innocent people got hurt and hurt badly by this government because of their negligence, and the result now is that a lot of taxpayers are going to have to pick up the price for that, and I'll come to that. But you know, when there's a saying "breach of public duty," when the regulators are found guilty in terms like "misguided," "neglectful," "possibly reckless," those words say it all about this government during those particular times, Mr. Speaker.

Now, let's take a look at the government's response today. We'll look at it in three different areas, Mr. Speaker; first of all, on page 16, "The Legal Avenues, Including Charges Against Individuals, to be Pursued." As the Premier is well aware, through questions in here and comments outside, when we could

get answers, we agree with this. Yes, let's pursue it in the most vigorous possible way. But I also want to say that I haven't seen how vigorous that has been yet, because already we've seen the feds moving in and it's two years later and we're still not sure where that is occurring. The longer we wait, the harder it is going to be. Now, I hope this is just an oversight in the speech, but I do not see anything in that section where it says anything about going after the money. I take it that's part of it, Mr. Speaker, that every single penny we can collect from the Principal Group should be brought back and brought back to the investors.

The other is the compensation package. I notice that one company is going to get 18 cents, another 15 cents. I think the Premier said something like that will cost the taxpayers \$65 million. Mr. Speaker, people in Alberta are going to be resentful and angry that because of this government's incompetence and negligence we are going to have pay this out. The point I want to make -- the Premier said this was a final offer, but then he goes on to say later there may be a lot of suits -- I just want to make it clear that this may be only the beginning for the taxpayers of Alberta. It may be only the beginning. But regardless of that, Mr. Speaker, that is a lot of money we will not have for other services in this province. That's a lot of money we have in terms of a huge debt from the mismanagement of this government already. But that's the legacy of this government. What a legacy, Mr. Speaker. What a legacy.

Now, let's go into the government's role here. None of us gets great pleasure out of seeing a cabinet minister have to step down, and I'm sure it was a very difficult decision for the Premier. I know it must have been hard. But as he said and we believed, under our system of government the Premier had no choice but to make that particular decision, because ministerial accountability still is supposed to count for something under our British parliamentary democracy. And certainly we feel sorry for the Minister of Consumer and Corporate Affairs. But we also remember who else to feel sorry for. We must remember that there was a civil servant who got canned because he gave the right advice. I feel sorry for him too. I feel sorry for a lot of innocent investors, many of them elderly, some of them since passed away. I mentioned earlier on where the Kerby Centre actually had to set up counseling services for people contemplating suicide. I feel sorry for them, Mr. Speaker, and I also feel sorry for the taxpayers of Alberta that are going to have to put out this money. So we must keep this all in perspective.

As we said earlier on, a junior minister was not making all those decisions. We knew that. But as the Premier correctly pointed out, under our system of government the minister has to take the fall for this. But let us not ever let this government off the hook and say there is one fall person over there, Mr. Speaker. This was a government decision. This was government negligence right from the very start. From 1973 on the previous government knew all the way through there. If they didn't, they were totally incompetent or they can't read.

Now, the Premier comes to cutely say, "Well, shucks, gee, I said everything in the . . . and I gave that document to Mr. Code and didn't testify; therefore, it's okay." Well, Mr. Speaker, he has a funny idea of leadership. I have the memo right in front of me that he was talking about. A very important memorandum. It says:

Confidential

November 15, 1985

From Lou Hyndman, Provincial Treasurer

To Honourable Premier Getty and Members of Priorities Committee

cc: Honourable C. Osterman

The Premier says he just read the first two pages. Or the staff didn't do it. I cannot believe that a Premier of the province with a memo like this says, "Gee, shucks, I didn't know anything about this until 1987 when this memo came across." Did you not ask anything? Did you not want to know anything? Did you believe that ignorance was bliss? Mr. Speaker, that's why you're accountable. You're much more accountable than the Minister of Consumer and Corporate Affairs.

AN HON. MEMBER: The buck stops there.

MR. MARTIN: Yes, Mr. Speaker, Harry Truman knew where the buck stops, but obviously this Premier doesn't.

In here it clearly lays out and talks about the Investment Contracts Act, and it talks about AIC and FIC. If he didn't get those memos, then his staff wasn't doing the job, but even reading the first two pages should have said something's wrong here. Something's wrong. But I guess he said: "Oh, no. Gee, I'd better not look into this; I might find out something I don't want to." But this says clearly in that particular memo 000073, and I quote:

According to the calculations of the Department's auditors FIC has had a capital impairment of \$10.1 million as at December 31, 1984 and AIC capital impairment as at the same date was estimated at \$2.7 million.

Another quote, Mr. Speaker:

In addition to the capital impairment issue, the department is concerned about the losses experienced from January 1985 to September 1985 which amounted to \$10.4 million in FIC and \$3.2 million in AIC as reported by the two companies.

And the one last quote:

. . . the situation may call for the suspension or cancellation of the registration of the companies . . . It is possible that the regulators might have to invoke the provisions of The Act with respect to receivership and/or liquidation of the two companies in the circumstances.

Now, Mr. Speaker, the Premier may plead ignorance . . .

MR. SPEAKER: Forgive me, hon. member. Would you be good enough to at least file a copy of that since you've quoted from it so extensively.

MR. MARTIN: I'd be glad to file it then, Mr. Speaker.

Now, obviously we can't say with certainty what happened, but I say to you the Premier was negligent if he didn't know that at that particular time, and the government was negligent. As I say, it wasn't just then. It goes back to 1973 with all the reports. If I were coming in as Premier, or when I'm coming in as Premier, I'll want to be updated. I'll want to know what all the potential problems are, because see no evil, hear no evil is not leadership.

The point I want to make and make as clearly as we can is that this has been a very dark day in the history of Alberta. What is the legacy of this government? Well, it's going to be a blot on Alberta history, and historians will look back on this day for many days to the legacy of this government. First of all, we were told by Conservatives, and we hear it from the Treasurer, "We understand business." You know, "We understand business." Boy. They always say nobody else understands business unless they're Conservative. Unless you get all the corporate

donations in the world, you don't understand what's going on. Unless you hand out money to the corporate sector, you don't understand what's going on. Well, somehow some of the people bought that for a while: that this government may not do a lot of other things well, but because they were Conservative and had these ties to big business, maybe they could manage things. Well, Mr. Speaker, after what we've been seeing, with all the Pocklington and all the rest of their friends and certainly with Principal, the political legacy is that people in the province of Alberta will never, ever forget that not only was this government heartless in some ways but surely they can't manage anything. They couldn't manage a peanut farm. So that's one legacy -- probably a good one because people will remember, and next election they won't be around.

Now, Mr. Speaker, the other legacy . . .

MR. ORMAN: It's too late, Ray.

MR. MARTIN: Don't worry. You might be leader, but you will be the third party over there, hon. member Orman.

The second legacy, and it's a serious matter, is the economy. One of the things the government talks about is job diversification, bringing changes in. What investors after today when the taxpayers have picked up the money, how many people, are going to say: "Gee, I've got a few extra shekels here in my pocket. It's going to be good to invest in Alberta because they have such good management there, such good regulations." Mr. Speaker, for the foreseeable future this is going to hurt us somewhat economically. I don't think anybody can deny that, not even on the government benches. Sure, we look forward to changes as the Premier talked about, but in many cases it's after the horses have run out and closing the barn door. It's going to take time to get any confidence back by any investors, Mr. Speaker. That's another one of the legacies.

As I alluded to earlier, the third legacy that hurts the most, and I mentioned this in emergency debate, is seeing that a lot of senior citizens who were told to be self-reliant, to plan for their future, to save the nest egg, who trusted this government, Mr. Speaker, thought there were rules and regulations that were being enforced -- just to see their lives dashed away, their life's savings gone. An estimate: since then 1,400 of them have passed away. If we really want to feel sorry, Mr. Speaker, that's who we should feel sorry for. That's a legacy from this government over this whole fiasco, and we must always remember that.

This government says in their motion that they want to receive and concur with this report. They've got their nerve. I'll give them that. They have got their nerve. To receive? Yes. Concur? Mr. Speaker, this is a legacy: since 1973 this government's response has been outrageous, negligent, and one people in Alberta will not forget in many, many years. The government members may try to be a little antsy, but they well know what this is going to mean in the future. And for them to come to this Legislature . . . Oh, I know that they have the numbers here, Mr. Speaker, for the time being. This government thinks they can come in here and say: "Well, here's our response. No management problems. It was the media's fault, the opposition's. It was eastern Canada. It was everybody's fault but our own. But maybe we'll accept just a partial bit." To ask us to concur in that speech, Mr. Speaker -- they've got to be dreaming in technicolour if they think they'd get unanimous support for that.

As a result, Mr. Speaker, I want to bring in an amendment by

striking out "and concur in" and adding at the end of it:

but regrets that the government failed to discharge its responsibility to regulate financial institutions, exposing Albertans to unnecessary financial loss and therefore has no confidence in the government.

Mr. Speaker, in the history of this province, and perhaps indeed in the history of Canada, if ever there was a need for a nonconfidence motion, this has to be it in this government.

MR. ANDERSON: Mr. Speaker, in rising to speak to the amendment before us and the question of confidence, I would like to do what the Premier indicated would in fact take place, and that is on this question of confidence to lay before the Assembly actions the government has taken over the past few years and indeed actions which are intended with respect to this matter. Before doing that, I would like to respond in a general way to comments just made by the Leader of the Opposition.

There is no question, and I concur with the hon. leader, that this circumstance, this collapse of the Principal Group of Companies, was a difficult and very onerous problem for both the investors and the people of Alberta generally. It was a circumstance which all of us regret ever taking place. I also agree with the hon. leader in the sympathy he expressed with respect to investors and difficulties they've had. I, as other members of this Assembly, have had discussions with some of those investors and regret very much that there was this failure that harmed many people.

But, Mr. Speaker, I think objective Albertans watching us in this Assembly today would have to find that the Premier's address given to us this morning was indeed what he suggested it was, moral, fair, and right. . . [interjections]

MR. SPEAKER: Order please in the whole House.

MR. ANDERSON: . . . and that the response is one of measured nature, a response which has taken into account those Albertans who've been hurt, those problems we have faced in this economy, and has dealt with them in such a way as to give those people some solace and to indeed assist all Albertans in having confidence in our financial marketplace and in the future.

Mr. Speaker, I have to say that I don't begrudge the hon. Leader of the Opposition some criticism of the government with respect to this. We have acknowledged that there were problems and that we now need to have those solutions. We have acknowledged that part of the failure was because actions could have been taken sooner or in a different way and that did not take place. But I don't think the hon. Leader of the Opposition does himself well or, frankly, speaks well on behalf of Albertans when he takes a solely political view of this issue and uses the opportunity on this extremely important motion to identify nothing but political rhetoric in details of this speech, which are out of context in terms of a discussion of the Code report.

Mr. Speaker, let me expand on the argument against the amendment and the argument made by the Leader of the Opposition that we on this side of the House have allowed failure to take place without taking action. As early as October of 1986 this government recognized that all of the world is in a financial whirlwind, a whirlwind of change that will require governments now and in the future, in my opinion, to have constant evaluation of that marketplace and to work together with those practitioners in the marketplace and the consumers to make sure we indeed can allow for a fair and honest place in which people can

invest.

In 1986 the ministerial task force was formed on the role of the Securities Commission. In April of '87 this government -- and I would mention again that '86 date preceding the Code events. In '87 a ministerial advisory committee was established on fair dealing in savings and investment. In July of '88 the Securities Commission Reorganization Act was put into place in this Assembly, bringing that body up to date, and I'll elaborate on that further. In that same year, in 1988, in October information-sharing agreements were made with the western provinces so that information could flow so that instances such as this Principal collapse would not be as easily taking place if information flowed clearly between the different provinces. In November of '88 the Securities Commission established new rules and stronger rules in a number of areas, particularly with respect to the distribution of mutual funds. On January 16, 1989, the government's commissioned report called A Blueprint for Fairness and authored by Pat Cashion was presented. Mr. Speaker, if I might quote briefly from that report, Mr. Cashion said:

Recent problems in the financial marketplace have contributed to the erosion of public confidence in the financial system. The failure of several financial institutions and the serious difficulties of others has made the public aware that not all such institutions are safe holders of their funds.

We recognized at that early point this need in a government-commissioned document.

Mr. Speaker, perhaps I could divert slightly there to say that we certainly are not the only ones who have recognized this need in North America. Members may well know that in the United States, with trust and loan companies that have gone into default, government may well be looking for up to \$100 billion to compensate people who have deposited in those institutions. This is a North America problem but one that this government continues to deal with.

In March of '89 we set up the task force on financial planning to try and deal with making sure that that area is properly assessed, in April another information sharing agreement with all provinces. Again in April of this year I tabled amendments to the Securities Act, now in front of this Assembly, significant changes, with some of the toughest legislation in the country. We, of course, only a few weeks ago introduced the Financial Consumers Act white paper, which the Premier has alluded to in his remarks. Mr. Speaker, I mention those and I mention those dates because those are actions which have been taken by the government, which show there has not been a stagnant, not been a complacent, not been a government unaware of the difficulties in this whirlwind of change that's taking place in our financial community. In fact, there's been a government with aggressive and constant and thoughtful change that has been put forth.

Mr. Speaker, it may be helpful in dealing with this amendment and the question of confidence to also look a little further at the response which we are making to the Code report, and further analysis of some of those actions which we've initiated. Fundamental to those is, of course, the Financial Consumers Act white paper, which the Premier mentioned. It has addressed a number of the issues specifically raised by Mr. Code. The truthful and honest disclosure of information is contained in that Act. Standards of conduct for business and individuals selling products or advice is contained in that draft Act. Regulation of the use of confusing and misleading terminology is an aspect contained in that Act. Because of Mr. Code's findings we are going

to further review that Act and do so looking specifically at the issue of plain language addressed there, the need for simple contract forms, the control of promotional material, and penalties and enforcement provisions which may need to be strengthened.

There are other areas in the Code report that have been addressed by the Blueprint for Fairness that I alluded to earlier, the Cashion report, which is guiding much of our response and of great assistance to us. We will be reviewing that further to see how much more quickly we can move on some of those programs we have already initiated. We are establishing this task force that I mentioned on financial planners, and that's a crucial task force. It's one where we need to make sure that industry standards and the information available to the financial consumer, so that he or she can make an objective and a correct decision on what investment or what savings opportunity they want to take, takes place. And that's an area mentioned in the Financial Consumers Act but of considerable importance in terms of what we will deal with in the future. The Code report only, incidentally, deals with securities matters, and there's a clear reason for that, and that is that only two of the large Principal Group of Companies were on the Alberta Stock Exchange, or for that matter the Toronto, and that's the Matrix company and Principal Neo-Tech.

Nonetheless, we have reviewed our securities legislation to make sure that we will do or are doing what is required for a fair and active financial marketplace. Already completed in some of the dates outlined to you are the following: a restructuring of the commission by separating the enforcement and judicial arms; significant increase in the size of the investigative and analytical staff, a very significant increase; and an opening of a Calgary office, all of which will allow us to assist in making sure that those rules by which our financial marketplace operate are upheld and are indeed in place properly. We, of course, have introduced Bill 6, which we have passed second reading on and will go into committee shortly, which deals with takeover bids and insider trading. Again the toughest penalties I know of regarding insider trading roles in the country are contained in that Bill.

We will be considering further changes, and as I introduced that Bill, I indicated that I thought that in an ongoing way we were going to have to update it and keep in communication with our colleagues throughout the country. Some of the areas we'll be looking at are allowing the Securities Commission to make national and international agreements; allowing the Securities Commission to charge the cost of a hearing to a guilty party; allowing the Securities Commission to order that a company director resign, and that's a consideration, something we will review; review whether a company must provide greater disclosure to experienced investors. Clearly, Mr. Speaker, by the Premier's announcements today the Securities Commission is designing, has in draft form, the regulations which would come into play if this Assembly will take the Premier's suggestion and repeal the Investment Contracts Act, which was the topic of much criticism in the Code report.

Mr. Speaker, these are some of the areas of review. I won't go into what we've done in terms of consumer education, although those areas, too, are crucial. I don't want to imply by these remarks that there won't always be a circumstance where our citizens take risks, know they take risks, and may win or lose when taking those risks. Again, in quoting from the Cashion report, he said:

No institution can be absolutely safe from financial difficulty or even collapse. In a fair marketplace, savers and investors may or may not bear the full burden of that risk, depending on the nature of the investment. Regardless of the situation, consumers should be told what their risks are, as well as what risk is shared by the institution, by those who control the institution, and by any insurer.

That is something we have to work constantly at, ensuring that our investors know whether they're putting their money into savings or into investments and what the ramifications of those decisions are. All of the actions that we take must be aimed at that clear information, that clear identification, so that the choice is there on the part of our consumers. We must also work very hard at ensuring that our regulatory system does what it's supposed to do, and in that respect I should mention that over the past three years -- and again this is evidence of the government recognizing the need for change and moving on that -- in the department I represent there has been dramatic change. Most of the key positions have changed in light of the changing needs that are there, and we are streamlined and, I hope and believe, in a position to deal with this rapid change with the difficulties that all of us will face, but with the new opportunities and challenges that investors have in Alberta.

The Code report, the Principal affair, is something all of us, I'm sure, are glad to have behind us, that all Albertans are pleased to not have the problem of at this point in time. But it does help us. The Code report does help us to look at these programs that we need for the future and to evaluate how we must meet the needs that are there. I trust that the Ombudsman's report will do the same. I look forward to obtaining that and input from all members of the Assembly on how we might ensure that we keep up with this very difficult but very necessary decision and commitment to ensure a fair and honest marketplace in this province.

I would urge all members to support the primary motion before us, to oppose the amendment that the Leader of the Opposition has put before us and, I believe, to assess in a fair and just way that indeed there has been a moral, fair, and right response to the report that Mr. Code has laid before the people of Alberta.

MR. SPEAKER: Before the Chair recognizes the Member for Edmonton-Glengarry, the Chair has received a note from the Premier that some errors occurred in the printing of page 20, so the Chair is directing that the revised page 20 will be copied and sent to all members in the House as quickly as possible.

Member for Edmonton-Glengarry.

MR. DECORE: Thank you, Mr. Speaker. I rise to support the amendment and not to indicate support for the main motion. It's almost two years to the day that Edmonton experienced what was known to Edmontonians later as Black Friday. Black Friday, two years ago, was caused by nature, caused by the elements. Mr. Speaker, I think that we now have experienced our second black Friday, this black Friday caused not by nature but by a few people, the government of this province. [interjections] It is a black Friday because it has cost Albertans millions of dollars. I'm surprised that people could laugh about this. It has hurt the reputation of this great province, and it has caused anguish to hundreds and thousands of people, perhaps even causing death to some of the investors. No experience, no event in the history of Alberta has been as bad as this one, and so it is a black Friday for all Albertans.

Mr. Speaker, when we talk to businesspeople, or when prudent people are talking about the kind of philosophy that political parties subscribe to, adhere to, it's often said that the Conservatives are prudent businesspeople, that they know how to manage the affairs and look after in a cautionary way the affairs of a business or an economy. If there ever was reason to throw that belief out the window, it is now on this Black Friday, because everything that this government did or didn't do flies in the face of that belief that a Conservative philosophy is one which is prudent and cautionary and watchful and mindful of the dollars of others. You haven't done it. This government has failed miserably in that respect.

Mr. Speaker, when you look at the operation of a company -- and I think a parallel has to be drawn here -- and that company goes sour, when an event takes a company down, it is almost always the case that the chief executive officer goes down with that company. Here it's fine for the Premier to put the blame on one of his ministers, but by doing that, I suggest that the Premier has tried to absolve himself of the responsibility that is his. He had the responsibility of putting a person in that portfolio who knew what he or she was doing. He had the responsibility to ensure, particularly at a very sensitive time in Alberta when other financial institutions were having difficulty or had gone down and particularly because of his background in the securities area and banking -- he should have had an extra-special sensitivity to this particular problem. He didn't. He didn't monitor and he didn't review and he didn't look in to see what was happening. I find it incredible that his advisers, including the Provincial Treasurer, in his own political staff didn't advise him, didn't tell him, didn't alert him to the difficulty that this particular group of companies was facing.

Mr. Speaker, one of the Members of Parliament, in fact a high-profile Member of Parliament who is the chairman of the Commons committee on finance, laughed out loud, laughed to the public of Canada when he looked at the mess that Alberta had created vis-à-vis the Principal Group. He said in that laughter that Alberta tried to seduce financial institutions to Alberta by making things easy for them. I think he was right. The sad part is that when you let down your guard, when you say, "We're going to allow financial institutions into our province; we're going to not impose the kind of restrictions that they would otherwise have in our own province, or in any other province in Canada," I submit, Mr. Speaker, that there is an added burden, an added onus on the government that does that to ensure that people are protected, to ensure that exploiters, financial exploiters -- because there's always somebody out there in the community who is prepared to attempt to exploit people, people of Alberta. The guard was let down; the onus wasn't accepted; the obligation wasn't taken up. Those exploiters were allowed to exploit at will. That's a sad commentary on a government that's supposed to be prudent and watchful of the taxpayers' dollars.

[Mr. Deputy Speaker in the Chair]

Mr. Speaker, I'm glad that the government has admitted at least its negligence to the extent of 75 percent. I think they are obligated, insofar as those who invested in AIC/FIC, for the total amount, at least, certainly, for the amount after 1984, when an inspector, an expert who came before Code, said that these companies should have been shut down in 1984. The Provincial Treasurer knew that. The Minister of Consumer and Corporate

Affairs knew that, but she and others allowed this mess to continue. They allowed Albertans to continue to be exploited. They allowed those exploiters out there who had those laws lessened for them to continue running amok in our province. Mr. Speaker, 75 percent for the kind of negligence, the willful negligence of this government, I'm sorry, isn't good enough. It doesn't pay back the damage that was caused.

I remind members of the opposite side of a comment that was made by the Premier in November of 1987 when he said:

If there is negligence, any proof that the government has in [any] way damaged the investors, then the government would make up that damage.

I don't think it could be clearer that the promise was a promise of 100 percent, that damage, because... [interjections] You find it funny, I see again. You find it funny that now Albertans have to lay out \$85 million plus another \$25 million in the expert fees. You find that funny, sir? I don't find that funny. I think you should have a little bit of common sense and respect for the people of Alberta. For you to laugh at this particular incident...

Mr. Speaker, I watched the Deputy Speaker of this Assembly stand up and talk about a full-scale pursuit of the family that did in fact exploit Albertans. He said that if \$2 has to be spent to collect \$1 from the family, then it should be done. We get merely a fuzzy comment from the government in that regard, albeit we're told that the Attorney General is looking into criminal charges, but a fuzzy comment as to whether or not \$2 will be spent to go after these exploiters of Albertans. It isn't clear. It looks to me like it won't be done. It may well be that some kind of an agreement that was signed between the government and that family precludes them from doing it. I'm not sure, because we don't get information from this government. We don't have a freedom of information Act that allows us to get that information.

Mr. Speaker, the greatest difficulty I have in this matter is the difficulty of the Premier's statements. The Premier says on page 6 of the Premier's response -- I'm using his words -- "I insisted that we have the facts we needed, and then we moved quickly." It's clear that the facts were known or should have been known to the Premier some 14 months before he took any action. In fact, he took action the other way. He disbanded two task forces that were looking at the financial problems in Alberta. He disbanded them instead of strengthening those task forces or propping up a mechanism to ensure that Albertans weren't going to be exploited. He says on page 7, "The information was hard to obtain." The information wasn't hard to obtain. Mr. Code says in his report time and time again that the auditors were zealous. They were coming to the minister, telling the minister that something had to be done. A high-ranking civil servant came to the minister saying, "You've got to do something; this thing is amok." The information was not hard to find. The information was right under the noses of the people that had to have knowledge or find out what was happening.

Then the Premier on page 26 says:

The attachment did not call for action by priorities...

That's the memorandum that he's talking about that he got from the former Provincial Treasurer.

... and there was the indication when a position was finalized by the department in the future, then there might be some call for priorities or cabinet action.

As Premier and as chairman of priorities, obviously a request for action would be awaited.

Mr. Speaker, the top person, the top chief executive, the

leader, the Premier, the person in authority has the obligation, number one, to make sure that the person he puts in to look after matters knows what he or she is doing. She didn't. That minister didn't. The next obligation that that chief executive officer, that leader, that Premier has is to ensure that he's kept informed, that he sits down with his ministers and says: "Now, what's happening? I'm concerned, as a former person involved in securities and the banking industry, that our financial state in Alberta is not good. Tell me about it. What's happening?" For the Premier to come into this Legislature and say that no action was taken is a cop-out. It is a cop-out by the chief executive officer, the leader, and the Premier of our province. Mr. Speaker, that does not speak well for how Albertans, first of all, will regard their leader and their government and how Canadians will regard the Premier of our province. It's not safe to come into Alberta anymore, because the kind of leadership that we've received from the Premier on Principal is likely to be the same kind of leadership on other issues.

Mr. Speaker, with respect to Out-of-province investors I think all of us have sympathy with the fact that if somebody is exploited and Alberta is the regulatory agency looking after that Alberta company, there should be payment to those people. But I think the Premier has changed the onus again and made it more difficult for ourselves than it should have been. I think what we should have said to the regulatory agencies across Canada was this: "You have a similar responsibility to your people, to your residents of your province. You have to regulate; you have to monitor; you have to ensure that everything has been done that should be done. You contact us. You telephone us, regulators in other provinces, or Premiers of other provinces, and you tell us why we should pay you anything at all. Did you rely on Alberta? Is there evidence that there is reliance on Alberta? If there is that kind of evidence, then we pay." Mr. Speaker, now we're saying that we're going to pursue this matter: again, I think a bad indication of leadership.

Mr. Speaker, the final observation I make is this: the government talks about compassion. There's a lot more than compassion involved in this particular issue. One of the things that Albertans demand is a sense of humility, a sense of humility from a government that mismanaged an issue so terribly that we're now at the \$100 million mark in terms of all of the taxpayers' money that has to go into propping up and looking after that mismanagement, that goof. There isn't one place in this response, there wasn't one comment made by the Minister of Consumer and Corporate Affairs, and I dare to say that there won't be one from the Provincial Treasurer or anyone else to the people of Alberta saying, "We're sorry." I don't expect to hear it, because this government has no humility.

Thank you, Mr. Speaker.

MR. DEPUTY SPEAKER: The hon. Member for Calgary-Mountain View.

[Mr. Speaker in the Chair]

MR. HAWKESWORTH: Thank you, Mr. Speaker. This response in front of us this afternoon -- I begin I guess by addressing the amendment which is on the floor, moved by the hon. Leader of the Opposition. I'd just like to ensure that all hon. members will understand what the motion would read fully if the amendment were adopted.

Be it resolved that the Legislative Assembly receive the government's response to the final report of inspector William E. Code, QC, dated July 18, 1989, but regrets that the government failed to discharge its responsibilities to regulate financial institutions, exposing Albertans to unnecessary financial loss, and therefore has no confidence in the government.

Mr. Speaker, I would summarize the amendment in this way. What we're doing today is harvesting a crop, a crop of the seeds that were sown many years ago. It may seem too obvious to state, but I think it's an important analogy to draw: when you plant wheat, you get wheat, and when you plant thistles, you get thistles. Well, Mr. Speaker, today the harvest of those seeds for a lot of Albertans is nothing but thistles. For those who put their deposits in FIC and AIC, the government response today is: you can eat thistles. For the taxpayers of this province who are going to be forced to cough up this compensation, the answer of the Premier today to them and their concerns is: you can eat thistles. For those who were noteholders in the Principal Group Ltd., the response that we have today is thistles. For those of us in the opposition, Mr. Speaker, after someone has grown weeds for 16 or 17 years, we don't believe that they have the ability all of a sudden to know how to grow wheat. We don't have the confidence in their ability to do, finally, what is right and just after a long legacy of inaction and negligence.

Now, Mr. Speaker, according to some formula that the Premier alluded to today, the government of Alberta is only prepared to assist deposit holders in FIC and AIC up to 75 percent of their losses. What kind of a formula is that? It's totally arbitrary. It's based on some sort of whim, and it makes no reference at all to a promise made by this Premier in this Legislature in November of 1987, when he stood up in answer to the question: what kind of compensation would the government provide to those who had been hurt? He didn't make any mention of a formula. He didn't place a caveat on his promise and say: "We're going to pick some date. Everything after that's okay, but before that you're out of luck." He didn't place any conditions on his promise. He said that if damage was shown to have been done, then it will be compensated by the government. Mr. Speaker, in making that promise in November of 1987, he created false expectations, as demonstrated by this response today. In creating those false expectations, he was simply planting more thistle seeds that are being harvested today.

The responsibility of this government stretches back a lot further than April of 1984. It goes back as far as . . . It primarily started in 1973, as outlined in the Code report. There was a report commissioned in 1973, the Harry Rose report. That special report "stated that AIC had 'been operating on the borderline.'" It listed a number of perennial problems that had been faced with respect to FIC and AIC. This was as early as 1973. Shortly after that report, when the responsibility for the Investment Contracts Act was transferred from the Alberta Securities Commission to Consumer and Corporate Affairs, Mr. Rose took the superintendent of insurance at that time aside and told him that he was very concerned about the financial standing of FIC and AIC.

Well, that wasn't the end of it, Mr. Speaker. Later another report was commissioned, that by Mr. Shortreed. His report, Shortreed and Gardner, "concluded that FIC and AIC failed to meet all three [section] 8 tests" under the Act. This goes back to 1974. Then in the summer of 1975 the then Solicitor General of this province proposed amendments to the Investment Contracts Act. That Act was based on draft uniform legislation that had

been worked on by the regulators of investment contract companies not only in Alberta but also British Columbia, Saskatchewan, Manitoba, and Ontario. The Minister of Consumer and Corporate Affairs in his remarks started to talk today about all the steps that are being taken by the government to correct legislation. This was initiated in the summer of 1975. The Code report identifies the extent and the extensive amendments that were entailed in that Act brought forward by the Solicitor General at that time.

Now, what happened to those amendments? Well, they were withdrawn by the Solicitor General after a letter was written to the then Premier Lougheed by Mr. Cormie expressing concern over the proposed amendments. Now, Mr. Code didn't make any particular finding about those amendments, but it's a curiosity to me that there should be that coincidence that amendments that have been worked on by regulators in five provinces would have been tabled in this Legislature but with one letter from the head of the Principal empire to the then Premier, those would be withdrawn and not proceeded with. Had they gone ahead, Mr. Speaker, the legislative framework for dealing with these companies would have been quite different. The result of the operations of those companies might have been entirely different from what we found in June of 1987 when their licences were pulled, just one more example of how this government chose to plant thistles instead of planting something good and more nourishing.

Mr. Speaker, in 1976 when the Shortreed report was tabled, it indicated that the government should tighten up its financial regulatory procedures. But again they chose to ignore that report and again chose not to do what was right but to continue to allow that field of thistles to grow. Then, in his conclusions after having reviewed the operations of the regulators throughout most of the 1980s, Mr. Code made this observation:

I am struck by both the inability and unwillingness of the regulators to ensure that the companies observed appropriate financial safeguards for the protection of investment contract holders and prospective investors. In my opinion, the evidence tends to show that this inability and unwillingness are integral...

integral, Mr. Speaker,

... to an understanding of the reasons for the financial failure of FIC and AIC.

He doesn't conclude, as the Premier seems to have done in his response today, that somehow the government played a peripheral role, some sort of perhaps equal role or proportional role. He said that these actions were "integral" to understanding why these two companies failed financially. That's a far more damning indictment of this government's actions than what we find in the Premier's response today.

Then, Mr. Speaker, given that the Premier went on at some length to talk about the role that was played by the Treasury Department and himself as Premier since taking over that responsibility in late 1985 -- the Premier also made reference to some finding by Mr. Code, although he didn't quote where that was. I must say that I've searched in vain to see what particular conclusion or finding Mr. Code made with respect to the Premier's sworn affidavit. What Mr. Code did was make some findings with regard to the role of the Provincial Treasurer and his department. He said, for example, that shortly after the transfer of the administration from Consumer and Corporate Affairs to the Treasury Department in 1985, they were presented with certain examination reports. Mr. Code says:

Notwithstanding the results of these reports, the lengthy experience of the Audit Section in examining FIC and AIC and the concerns expressed by the British Columbia regulators, Johnston chose not to take any action on the basis thereof.

Again, Mr. Speaker, we have a field of thistles growing here, and the man responsible for tending that crop chose not to take any action.

In fact, Mr. Code goes on to say: I have difficulty understanding

why Treasury did not take action in the summer of 1986. I have difficulty understanding this, given the findings of the Audit Section from its 1985 annual examinations and its knowledge from earlier examinations. . . . Had Alberta Treasury acted sooner, it is likely that the losses to investors would have been less, although it is impossible to quantify the amount,

although today we have a government trying to quantify that amount. If they're going to arbitrarily pick April of 1984 and say that something mysterious or magical happened on that date, Mr. Speaker, then the least they could do is this: for everybody who deposited money in those two companies after that date, they should be owed something close to 100 percent of their investment if they are, as the government seems to be doing, picking some arbitrary date. But I'm saying this afternoon this point: there is no arbitrary date in this whole long, sorry history where the government all of a sudden is responsible and prior to that they aren't. We're looking at a field of thistles. Some of those seeds were planted in 1973, some were planted in 1975, some planted in 1976, and much of it through the 1980s, Mr. Speaker. Their responsibility for what's on the table today stretches back a lot further, and it is in my view incumbent upon them, given the Premier's promises in this Legislature, to acknowledge that, which they haven't.

Mr. Speaker, this government may feel that this is satisfactory, that this is going to solve the mess, that this is going to plow under that field of thistles. It's not going to do any such thing. All it's going to do is this: people who feel that their expectations were falsely raised, people who feel that they were cheated of their money, are going to look at this compensation package and say that it's unfair. Well, it's up to them; it's their decision; it's not mine. But it may well be that those contract holders, given this proposal made by the government today, are simply going to say, "If we can't get justice from this government, if we can't get fairness from this Alberta Legislature, then we're going to have to pursue those courses of action that will finally give us justice and fairness," in which case this matter is going to be tied up in the courts. Perhaps the assets that are referred to in this report are going to be tied up, and this is simply going to carry on into a long, convoluted process through the courts, costing this government and the people of Alberta much more money than the government has proposed today. Certainly I would expect, Mr. Speaker, that the noteholders of Principal Group Ltd. will be looking at that as one of their options.

So here we have an inquiry that was set up under very narrow limits, given a very narrow mandate, when the government could have chosen to have all of this sorted out. They could have created a mandate for Mr. Code that would have sorted all of this out and determined all of these questions. But no, they chose not to do that. We have the report of Mr. Code based on that narrow mandate, which because of that mandate was unable to arrive at certain determinations. That cost the people of this province \$25 million. We have today, based on some political response to that, a proposal from the government which may

end up somewhere in the order of \$65 million to \$85 million on top of that. But that still is not satisfactory, Mr. Speaker. We still have not seen from this government any acknowledgement that they know, finally, what would be fair and just to these people who have been hurt very, very badly. So, as a result, everybody in this process, from the taxpayers of Alberta to those who have been damaged and hurt, have nothing on their plate today to eat but thistles, and that is going to be the case for many years to come. It's unfortunate the government has chosen to pursue it in this manner, because no one is going to be satisfied with this so-called response.

Thank you, Mr. Speaker.

MR. JOHNSTON: Mr. Speaker, I'm very pleased to be able to bring to the Assembly some of the additional comments and thoughts that the government wants to ensure that the contract holders and the citizens of Alberta understand. Now, already we've heard, I think, a very significant landmark speech by our Premier, a speech which I think has been well-considered, which has been presented in a tone of fairness and in a tone of responsible government.

I think that all Albertans will recognize that very point. What you see in that speech is what it is that Hamilton talked about during his writings in *The Federalist* papers: a government which does not move with force with a hazardous route but a government which works on "reflection and choice." That's essentially what this government has been doing over the past week and to some extent over the past two years while this very difficult process unfolded for us. That is the way in which this government has operated, and that's the way in which we have crafted our response to this very demanding problem for Albertans. I know that Albertans themselves will understand essentially how this has been arrived at, and we'll see here a very strong indication of leadership from our Premier in this matter.

In the time, Mr. Speaker, that I have before us, I want to be very sure that we lay before the House and before those people who are affected by this problem -- that is, the contract holders of FIC/AIC -- the very two important characteristics of what this government is talking about and how we will, in fact, provide the offer of settlement to these individuals, individuals not just in our province but individuals right across this country who are relying upon this government to act fair and equitably.

Now, as you know, Mr. Speaker, the Premier, when he outlined the view, said that we will provide up to 75 cents on the dollar. Every one of those contract holders will receive that amount of money. In the case of FIC, they've already received about 44 cents on the dollar and in the case of AIC about 49 cents. There are other assets remaining in those corporations, including approximately \$30 million which is under negotiation with the province, for we are taking those assets back into our own management, providing cash to those two companies so that in fact liquidation of the assets can occur sooner and the distribution finally can be provided to the contract holders. Now, that is a very sensible way in which we're going to proceed.

On top of that, Mr. Speaker, the government has indicated already that in the case of FIC -- and the Premier has circulated his correction -- 18 cents will be added to bring that up to the 75 cents, and 15 cents will be provided to AIC contract holders. Now, those are very important decisions for those people. That means that within the next six to seven weeks, for example, we

will pay directly to the investors, these contract holders, that amount of money, a significant amount of money, which could range from \$65 million to \$85 million, which would go right across Canada, and which I think will provide a very fair response on behalf of this government and which will allow them to come to a conclusion themselves very quickly.

Now, we have included all contract holders as we've indicated. There's been some challenge. I notice the Liberal Party, as the Premier said, quick off the spot on the first day the report came down, said we should pay only Alberta investors. That, Mr. Speaker, is the narrowness and the shortsightedness of their response. They quickly moved to correct their position. They now are hiding behind it as well, and we know full well that the irreconcilable positions of that party are just coming home to roost right now. Secondly, with respect to the other socialist party across the way, they have indicated that they don't know which hand to take. On one hand, they say we should pay 100 percent; on the other hand, they talk fiscal responsibility. They themselves are wavering in their resolve to this matter.

The government, Mr. Speaker, is clear. The government has an action plan in place, and the government has acted responsibly. That's the characteristic of this government. [interjections]

MR. SPEAKER: Order.

MR. JOHNSTON: Reflection and choice: that is the way in which good government operates. That is the principle under which we respond, and that is the way in which we have developed this very fine package for these people.

Now, Mr. Speaker, when we provide this offer to all the contract holders, we're asking a couple of things of them. We're asking that they transfer some of their rights back to us so that on a pro rata basis, should it be necessary for the government along with the contract holders to pursue any other possibility against third parties, we would want to enjoin with them. We would like to participate, pro rata obviously, in those proceeds. At the same time, we're asking the contract holders to not sue the government of Alberta. That's a fair process. If you get your money, if you get the settlement from the province, then of course their right to sue the government should in fact be terminated. [interjections]

MR. SPEAKER: Order.

MR. JOHNSTON: Now, we're not saying that all contract holders will accept that. We believe that some may pursue the court process and that, of course, is always their right.

MR. McEACHERN: What a weasel.

MR. JOHNSTON: But I do encourage the contract holders, Mr. Speaker, to consider the fairness and equity in this process. We all know that with the legal process that's before us, to receive up to 75 percent or three-quarters of a settlement on a claim is in fact a remarkable opportunity.

So, Mr. Speaker, those are some of the things that we would like to outline. Let me make it very clear that within the next few days the first offer of settlement will be provided to these contract holders so that they can fully weigh their response, seek legal advice as to what it is we're asking, and respond to us as

soon as possible. Once that response is in place, the money will be provided; the liquidation will start to proceed. That's the way this government operates. That's the way in which we continue to ensure that the best possible options for the contract holders in this difficult position are in fact constructed.

MR. McEACHERN: What a weasel.

MR. JOHNSTON: Now, let me also . . .

MR. SPEAKER: Thank you.

Order please. That's the second time the Chair has heard that. The Chair doesn't wish to hear it a third time, or else action will be taken. In terms of the whole debate in the morning and afternoon, perhaps we could come back to the same level of decorum. [interjection] The Chair doesn't mind wasting the time of members, if that's your choice.

MR. McEACHERN: Okay.

MR. SPEAKER: Order please.

MR. JOHNSTON: Now, Mr. Speaker, we know the opposition parties have never had a chance to be in government. They have never faced the choices that governments have to make.

But you have seen here today democracy and its action, a government pursuing a clear set of objectives. Responsibility of government is to provide these real choices and to explain clearly why any one course of action is the preferred action. On top of it I think today you saw the Premier, the leader of our party, communicating very clearly what it is he felt, what it is he wanted to pursue, what it is he was going to do for these people. That, of course, is the test of leadership, a test of leadership which shows by action and demeanor in his speech today that he provided many of us here in government and many Albertans with a clear, thought-through, and resolved position, confirming I think -- and this is why the opposition party object to it -- essentially the values and beliefs that are intrinsic and fundamental to Albertans: that of fairness and equity. That's why the opposition knows they have no position at all in this debate, that they can't make up their own minds as to where they're standing, that they talk not on both hands but from both sides of their faces.

Mr. Speaker, the compassion, the government's capacity for fairness and understanding, particularly the movement towards justice, is what is typical and endemic in this offer. Let me go on to say that we will continue wherever possible to provide this information package to all contract holders. We'll take what-

ever opportunity and time is necessary to explain it fully to everyone. We have already been in contact with the legal counsel representing this very fine group of people across Canada. We have provided them with information which will allow them to advise their contract holders. Whether in fact they recommend it or not, I can't say, but we think that fundamentally based on justice and fairness, this is a good deal for those contract holders.

So, Mr. Speaker, we come to a conclusion today, one which has tested all of us, where you saw the cooling breeze of reason involved in this decision process, where you saw a clear, explicit outline of action, where you saw a well thought-through process of selection and choice. It is in this way that this government has responded, all of us caring, all of us worried about those people who invested and lost money, obviously, but ensuring wherever possible that the greatest amount of information, the most extensive process ever undertaken by a government, was to provide full information to everyone. No collusion with our friends in big business, as the socialist leader suggests; in fact, no fraud or dishonesty on behalf of the government itself and a clear statement as to what happened, Mr. Speaker. But based on that information, we have responded. We have maintained our commitment, and we are onwards to a better tomorrow for this province.

Thank you, Mr. Speaker. [some applause]

MR. SPEAKER: Order.

MR. CHUMIR: Mr. Speaker, I'm very pleased to stand to speak on the amendment to the motion; however, noting the clock, might I move that we adjourn the debate?

MR. SPEAKER: Those in favour of the motion to adjourn debate, please say aye.

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no. Motion carries.

MR. STEWART: Mr. Speaker, by way of advice to the members concerning the expected business of the House on Monday, we anticipate being in Committee of the Whole in the afternoon, and during the evening the estimates of the Alberta Heritage Savings Trust Fund capital projects division will be under consideration.

[At 12:58 p.m. the House adjourned to Monday at 2:30 p.m.]

