

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
May 13, 1985

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

INTRODUCTION OF GUESTS

HON. MR. DEVINE: — Mr. Speaker, I want to introduce to you, and through you to the members of the legislature, on behalf of my colleague the MLA from Rosthern, 32 grade 11 and 12 students that are seated in the west gallery from the Rosthern High School.

They are accompanied by their principal, Mr. Ed Ens, and they will be meeting with the MLA from The Battlefords after question period to have some refreshments, and to discuss the Legislative Assembly, and some pictures. So I would like the legislature to please welcome the high school students from Rosthern High.

HON. MEMBERS: Hear, hear!

MR. MORIN: — Thank you, Mr. Speaker. I'd like to join in with the Premier in welcoming the students from Rosthern. I'm a graduate of that noble institution. The students have got a long and fine tradition to keep up, and I hope they don't learn any bad habits here today that they take back to the class-room.

HON. MEMBERS: Hear, hear!

MR. MARTENS: — Thank you, Mr. Speaker. I, too, would like to introduce a group of students to you this afternoon. They're from Herbert, Saskatchewan. They're grade 8 students, and they're in the Speaker's gallery. There's 21 of them there. Their teacher, Calvin Penner, is chaperoning them today.

Herbert is a very unique place as it relates to my family. My grandfather came to that community in about 1904, and my father was born in Herbert, in the hospital there, and so was I. And so it's a unique community as it relates to me, and my father went to school in that school, and he went — completed his grade 8 in that same school. So it's a pleasure for me to welcome them here, and I hope that you will join me in welcoming them.

HON. MEMBERS: Hear, hear!

MR. TUSA: — Mr. Speaker, it's my pleasure this afternoon to introduce to you, and to my fellow members, a group of 15 grade 7 and 8 students from Earl Grey who are in the east gallery. They're accompanied by their teacher, Brian Krienke, and by the drivers, Donna Rumpel and Marilyn Johnson.

I might add that the students from Earl Grey are from the school where, due to the progressive policies of our education department, the Minister of Education, Earl Grey school is presently undergoing a very, very significant addition and renovation to their premises. And I'm sure that these students look forward to entering into the new premises next fall and making use of them.

And with that, Mr. Speaker, I would like all members here to please welcome these students.

HON. MEMBERS: Hear, hear!

ORAL QUESTIONS

Collapse of Pioneer Trust

MR. KOSKIE: — Thank you, Mr. Speaker. I want to direct a question to the Minister of Finance, and it deals again with the collapse and the failure of Pioneer Trust.

And essentially with your government's decision to really make the Saskatchewan taxpayer foot the bill for the losses suffered by the uninsured depositors of Pioneer Trust, while not really requiring the Canadian pioneer Management, the former executive officers and directors, or the remainder of the trust companies in the business, to make a contribution.

On May 6th, Mr. Minister, in parliament, the federal Minister of State for Finance, Barbara McDougall, confirmed that Saskatchewan taxpayers would pay out about \$25 million under the federal-provincial agreement on Pioneer Trust, and that you hope to get something like 15 million back through the liquidation process.

I ask you, Mr. Minister: will you confirm that that is about the figure that we're looking at, that the taxpayers will be putting up, at least initially? And would you indicate that that really informs — if you look at it as a tax increase, would be equivalent to about a 2 percentage increase, a two point increase in the income tax base?

HON. MR. ANDREW: — Mr. Speaker, the . . . I believe the numbers are in the . . . The total amount is about 26.7 million is the total liability of the uninsured depositors. Our best guess, based on pretty cursory information from the liquidator, would be that it would be in the area of approximately \$10 million. That's the number that we have used.

Of course, that is going to have to wait to see on the liquidation process, whether the loss is going to be 15 million or 25 million or wherever it is. And we would take one-eighth of any loss that has in fact happened with regards to that company. So I guess if the loss was somewhere around \$80 million, then we would be liable for 10 million.

MR. KOSKIE: — At the present time, with the information that you have, and in discussion with your counterpart in Ottawa, without going into this realm of information where you may recover some . . . What I'm asking you, though, is whether you can confirm that we, the taxpayers of this province, are looking at somewhere around 25 to \$25 million. Is that what you're saying?

HON. MR. ANDREW: — It would be \$26 million if there was absolutely nothing received on the liquidation, and I think that everybody would agree that's not likely to be the case.

If the loss, as I said, was \$80 million . . . And I think if it gets that high, that's fairly significant and would reflect, I would suggest, that perhaps we were very correct in not proceeding with a preferred share issue. We felt that \$35 million would not solve it, and it appears if it goes beyond that, obviously that's going to be the case.

Our view on liquidation is that in the number we have used is \$10 million. I can't give you any more definitive information than that until such time as that liquidation process is completed. One would hope that it's less than that. That will come down to realization on assets, realization on the various assets of Pioneer Trust.

MR. KOSKIE: — Well, further supplemental. Can the minister give some idea as to what he bases the use of \$10 million on? How do you arrive at the \$10 million when, in fact, your counterpart indicates that there'll be over \$25 million?

HON. MR. ANDREW: — But if you are to pursue what the Minister of State for Finance said is that we would be liable. There was 28, 27 or 26.7, I believe, total uninsured depositors. Now they would rank with CDIC and all the insured depositors to recover money back. So I think what

she's saying, if you read on further in *Hansard*, that the Saskatchewan government estimated that to be about \$10 million.

MR. KOSKIE: — Final supplemental. I'd like to ask the minister whether any attempts have been made by you on behalf of the taxpayers of the province to get the co-operation and the participation of other trust companies in the overall bail-out, because, after all, they do have an interest in seeing the Pioneer . . . well, they have an interest in protecting their industry. And so I'd like to know whether or not any efforts have been made in that regard.

HON. MR. ANDREW: — Well, so the hon. member would understand, the CDIC is funded by financial institutions — that is, the banks and the trust companies. The largest and greatest loss from this particular failure is going to be absorbed by CDIC (Canada Deposit Insurance Corporation). Clearly, about . . . we would take \$1, the feds might take half a dollar, and the rest of it would go to CDIC. So they're almost eight times as much as we would have to contribute. That contribution is made, as I'm sure you are aware, by premiums paid to CDIC. Those premiums are paid by the major banks and other financial institutions covered by CDIC. Those premiums are paid by the major banks and other financial institutions covered by CDIC which includes, as I understand, all trust companies in Canada. So they are, in fact, paying, and paying more than we are.

MR. KOSKIE: — Supplemental. As the minister is correct in stating that there's a contribution made by the financial institutions in respect of the CDIC, but, Mr. Minister, when the bank, western Canada, the commercial bank went under, when the bank in western Canada went under in Alberta, there was a basic contribution over and above made by other banks in western Canada in meeting the financial obligations. Other banks contributed, the federal government, and the provincial, the Alberta government.

And what I'm asking is: why . . . did you make any approach to get additional assistance from the other trust companies over and above their contributions to the CDIC?

HON. MR. ANDREW: — I wonder perhaps if the hon. member could clarify the question. He said the bank of western Canada. Are you referring to the Canadian Commercial Bank?

AN HON. MEMBER: — Yes.

HON. MR. ANDREW: — Oh, okay. In the case of Canadian Commercial Bank, that institution did not, in fact, go under, did not fail, did not go into receivership. The contributions, as I understand, made to the Canadian Commercial Bank, the contributions were made, fifty-fifty by the federal government and the provincial government. And as well, some of the major financial institutions — the five major banks — made a contribution as well to keep it going.

That contribution is in the area of 225 million. I could be wrong on that, but a sizeable amount of money was put up just as a sizeable amount of money has been put up for the Alberta credit unions — I think some \$200 million by the Alberta government to try to keep them going.

Now we could have taken that approach with regard to Canadian Pioneer Trust. We looked at the situation. Our view is that it would not make it fly, that that institution was not about to survive, and as a result we backed away from any assistance to it. And in my judgement, if on the one hand you're arguing that the loss was going to be greater than \$80 million, it seems to me quite logically that if we had put \$35 million into that operation by way of preferred shares, clearly that would state that it was not enough and more would have had to be put in later. I think the proper decision was taken and that Pioneer went the way it went.

HON. MR. BLAKENEY: — New question, Mr. Speaker, to the Minister of Finance, and this concerns the failure of Pioneer Trust, and it concerns the request for a public inquiry which was rejected by the minister. As an alternative, it concerned the suggestion that the minister make public the results of his inquiries prior to his letter of November 1984 offering to guarantee

shares, and/or the results of his inquiries when he reneged on that letter, the inquiries conducted by Mr. Wagar and his associates. Each of those was rejected on the grounds that the information would come forward when the liquidator made his report.

Now, Mr. Minister, I want to refer you to the comments of the Hon. Barbara McDougall, the Minister of State for Finance, again in parliament on May 6th when she talked about the liquidation process. And she said: "It could take several years. It depends upon the recovery in the market. It is a dreadful process that takes a long time."

Would the minister agree that the liquidation process is likely, as the Minister of State suggests, to take several years, and therefore if we're waiting for the liquidator to report all the facts, all of us will have to wait several years before those facts are made available?

HON. MR. ANDREW: — No. I think the hon. member is talking about the two things. I am advised that the liquidator can review the following things: (a) all recent withdrawals from Pioneer Trust prior to its collapse.

These are the things that, at this point in time, the liquidator can investigate: one, all recent withdrawals; two, the sale of assets prior to that failure; three, any preferential treatment to any creditor; four, all non-arm's-length transactions — I think that would catch, as you would appreciate, in legal terminology. All non-arm's-length transactions would be transactions involved with insiders — and seek to go after each for those assets on behalf of creditors — obviously, that's a benefit to the creditors to get that money back.

I'm further advised that the liquidator can investigate any inappropriate activity; that doesn't have to wait till the end of the liquidation process. And if the liquidator finds that he does not have enough investigative powers, that liquidator can then go back and apply to the court to get further investigative powers to go through further activities should he desire to do that.

Now what I am advised by the liquidator and by the federal government: that a substantial pay-out would be made to the creditors prior to the end of this fiscal year. So a goodly part — one would hope more than 50 per cent — would be paid out prior to that.

The liquidator would have the right, perhaps on the right estate holdings, to wait perhaps another year before selling those real estate holdings should it be his view that it's at a bottom market now, and the market could come up into the future. So I think that power of the liquidator is very broad. Should he need broader powers to investigate insider transactions or non-arm's-length transactions, he simply has that right to go back to the court and get that further power.

HON. MR. BLAKENEY: — Supplementary, Mr. Speaker. Thank you, Mr. Minister, for that lecture on the powers of liquidators.

What I was asking was when the liquidator would make the facts known to the public. Do you have any reason to believe that the liquidator will make any report prior to his final report, and do you have any reason to believe that that final report will come within the next 12 months at the very minimum?

HON. MR. ANDREW: — I'm advised that certainly, one, an interim report will be made available prior to the end of this fiscal year. That's number one.

Number two, our view is that it's an obligation on the part of the liquidator to look at any non arm's-length transactions, or what could be classed as inappropriate transactions; and should he want further investigative powers, as the hon. member would know, he would make that application to the court. Should he make that application to the court, then he would disclose the information that he finds. Second, he would disclose further information that he would be seeking. And all of that information, as you know, is going to be made public, and would be

made public in a court action.

HON. MR. BLAKENEY: — Supplementary, Mr. Speaker. Will the minister acknowledge that the liquidator is dealing with Pioneer Trust, can only examine into the affairs of Pioneer Trust cannot examine into the affairs of, let us say, Canadian Pioneer Management; cannot examine into the affairs of companies which were subsidiaries of Canadian Pioneer Management and not Canadian Pioneer Trust; and that, accordingly, that liquidator will not get to the bottom of things?

Will you acknowledge, Mr. Minister, that indeed the federal superintendent of insurance, Mr. Bob Hammond, recently told reporters a lot of things brought up *The Fifth Estate* are not involving the trust the company; they are involving a company managed in the United States which has different trust laws? And as for bad investments, I doubt the liquidators can do much about that.

Do you acknowledge, do you acknowledge that we're not going to get to the bottom of this from any liquidator's investigation or report: and we will not know the facts until you disclose what your investigations have shown or, alternatively, until you have a special inquiry?

HON. MR. ANDREW: — I think the hon. member has to look at two things. Number one, if the question is directed as to the government's involvement in protecting the uninsured depositors. Anything that the uninsured depositor would have lost, because of transactions between Pioneer Trust and Canadian Pioneer Management or their subsidiaries, are clearly within the purview of the liquidator to go after. In other words, he can go after any non-arm's-length transactions between Pioneer Trust, Canadian Pioneer Management, or other divisions of Canadian Pioneer Management. That is the right of the depositor, and that's who we're talking about today.

If you want to talk about some of the shareholders of Pioneer Management and some of the losses that they could have lost in the value of their shares because of mismanagement of Canadian Pioneer Management, then they have the right, as you know, they have the right to bring action against that management as a shareholder. We're not dealing with shareholders here. We're dealing with the rights of the depositor.

What I can indicate to you is this Bill that we're talking about later today is for us to protect the uninsured depositor, which you agree with. Now, as I understood your question, you want us to be able to go further to get any compensation back from, or beyond, to the management that is anywhere actionable in the civil courts. And I can assure you, that's exactly what we will try to do, and any liquidator should be trying to do exactly the same.

HON. MR. BLAKENEY: — Supplementary, Mr. Speaker. Will the minister acknowledge that, based upon the practices of liquidators in the past, based upon any trust company failures we've had in Canada in the last five years, it has not been the liquidator who's disclosed the facts, and it has not been the liquidator who has gone after people who may have precipitated the losses.

And will you now acknowledge that what you are proposing is a liquidator who will not disclose any significant facts to the public for at least two years, and a process whereby you . . . your government is not committing itself to going after the people who caused the loss, but leaving it all to the liquidator?

HON. MR. ANDREW: — Not true at all. In fact, quite the converse. I suggest that the liquidator has that obligation, both in law and morally.

When this Bill passes this Assembly and we have an assignment of the uninsured depositors' interests, then we, as a government, will take it further and try to force that liquidator to take that action necessary. If the liquidator does not take that action, then we have the right to

commence that action ourselves to see if that can, in fact, be done.

MR. SHILLINGTON: — I want to ask you about another aspect of this debacle, Mr. Minister. I want to ask you how it is you came about to decide not to proceed with the \$27 million share guarantee for Pioneer Trust? Specifically, Mr. Minister, what role did former Progressive Conservative candidate Al Wagar play in this decision?

HON. MR. ANDREW: — Well, at a point in time when we were having difficulty obtaining the information from Pioneer Trust, we employed Al Wagar. And Al Wagar has some pretty good credentials in the sense that he was the person that was . . . Al Wagar was the person that was brought in by Co-op Trust some years ago to straighten out a mess that had developed in Co-op Trust. Al Wagar went in, took over the operations of Co-op Trust as, I believe, chief executive officer of Co-op Trust, raised some equities, and straightened that company out. We were advised that he was the most appropriate person to go in and look at that and give that advice.

He was one that advised us, quite frankly, that we should not proceed, that there was not enough equity base in Pioneer Trust even with the \$35 million preferred share issue — there was not enough of an equity base there. There was too much of a concern, in his view, with regard to the spreads, but we would not have been able to make that hold at \$35 million, that we would have probably required to pay on those, on the dividends of that, and perhaps have to put more money in.

So with regards to that, I think Mr. Wagar, in fact, did a good job. He has a good reputation in the trust industry, and as I understand from people in co-op trusts, he did a very, very good job and commendable job there.

MR. SHILLINGTON: — Supplementary. Who hired and paid for Mr. Wagar's investigation of Pioneer Trust, and how long did the investigation take?

HON. MR. ANDREW: — I couldn't . . . I don't have that information at my fingertips. I can certainly take notice of that and get that information back to you as soon as you can, or you could pose that question in committee of the whole on Bill No. 70, and we'd be able to see if we can track that information down to provide that to you during that period of time. At this point in time I don't know exactly what it is.

MR. SHILLINGTON: — Well, Mr. Minister, it was patently the Government of Saskatchewan, the Department of Finance that paid for it, and since it was the taxpayers of Saskatchewan that has paid for it, surely you won't object to tabling that report in the legislature this afternoon, before or during the period of time that which we're dealing with Bill 70. Will you give us that undertaking?

HON. MR. ANDREW: — I think what you have to talk about if one . . . I have various people . . . One has various people employed for you, and I think on any indication that, on any indication with regards to of information advanced to a government, you know full well that any information provided should, in fact, be that way. The thing with Mr. Wagar — he was involved in the process in the last, in the last, perhaps three, four weeks leading up to the final decision, and that process was not done exclusive of other people but working with other people within the — in the government, Department of Finance, to come to that result.

MR. SHILLINGTON: — New question, Mr. Speaker. Can the minister explain the comment over the weekend from the former general manager of Pioneer Trust, Steve McDonald, who said, "I am still waiting for the government to look at the books of Pioneer Trust"? He suggests that Mr. Wagar never went beyond the company's November financial statement in making his decision.

You claim he did a detailed investigation of Pioneer Trust. If you are claiming that (and I'm not sure what you are claiming), but are you claiming he did a detailed investigation of Pioneer Trust

before you decided to withdraw the guarantee and destroy the company? And if you are claiming that, will you further go on and explain to us how a detailed investigation of the books of the company could have escaped the notice of the general manager?

HON. MR. ANDREW: — No, we, in fact, looked at as much information as we could possibly get our hands on at Pioneer Trust, both with Mr. Wagar and some of the other people. Those were fully investigated. I think the article that you're also referring to is the statement of some . . . of Steve McDonald, who also indicated . . . (inaudible interjection) . . . As I understand from that report, Mr. Speaker, that general manager of Pioneer Trust also ended the article by saying that, in fact, the government had done the right thing in not proceeding with it.

But as far as the final report, all the books, prior to or at that time, were in the hands of the chartered accountants, and so there was no final annual report to see. But certainly we saw the information and all the information that could be possibly provided to us by Pioneer Trust during that period of time.

But as far as the final report, all the books, prior to or at that time, were in the hands of the chartered accountants, and so there was no final annual report to see. But certainly we saw the information and all the information that could be possibly provided to us by Pioneer Trust during that period of time.

MR. SHILLINGTON: — I take it from that somewhat circuitous answer, that the Minister of Finance is admitting that there was no detailed investigation of the books of Pioneer Trust because apparently you didn't have time to do it, and you did all you could in the time available to you, etc., etc.

So I take it that that circuitous answer is, in fact, the confirmation of the criticism of Mr. McDonald . . . (inaudible interjection) . . . I take it you did not, Mr. Minister, do a detailed investigation of the books of Pioneer Trust.

HON. MR. ANDREW: — The people that we had working for us — Mr. Wagar, the various other people — went into Pioneer. We went through as much information as was provided to us that we could, in fact, ask for, demanded of . . . We had to ask for the books and the information far beyond that and were not being provided. The information was not being forthcoming.

Finally we put some people right into Pioneer Trust, demanded that they look at all the information because it was not coming forward to us enough information to make that final decision. So that is exactly the way the process worked.

MR. SHILLINGTON: — Well, Mr. Minister, supplementary. Which people did you put into Pioneer Trust?

HON. MR. ANDREW: — The people that went in and looked, finally, at the books was: Al Wagar, number one . . . (inaudible interjection) . . . well, I'm just advising you that Mr. Wagar went to Pioneer Trust to look at that information. Now that is, in fact, the case, and that is the information that we obtained.

ORDERS OF THE DAY

GOVERNMENT ORDERS

COMMITTEE OF THE WHOLE

Bill No. 70 — An Act respecting the Provision of Financial Assistance to Depositors of Pioneer Trust Company

MR. CHAIRMAN: — Would the minister introduce his officials.

HON. MR. ANDREW: — Yes. We have Al Higgs; Morley Meiklejohn; Gerry Kraus, the comptroller; Al McLean, outside legal counsel; Darryl Bogdasavich from Minister of Justice department.

Clause 1

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, there are a goodly number of things to be raised with respect to this Bill, and some of them will not fit neatly under any one of the headings in the Bill because many of them deal with things which are not in the Bill rather than things which are in the Bill.

The Bill itself is a very, very skeleton Bill. It seeks to define depositor. And then it says that the minister may make payments — in about that language — as he sees fit, to anybody he sees fit. He is not obligated to make payments in any fair or even-handed way to depositors. He can decide that he doesn't like those with red hair and make no payments to them.

He is not in any way constrained as to how much he makes. He can make payments totalling far more than the amount which he has already indicated to the House.

The Act says he can enter into agreements with the Government of Canada, or with any person, agency, organization, association, institution or body inside or outside Saskatchewan which may be necessary or incidental to providing financial assistance to depositors, or making payments, or obtaining the participation of the Government of Canada.

Basically, it is almost a *carte blanche*. One would be hard pressed to know what agreement couldn't be entered into pursuant to that clause. It's by no means confined to agreements with the Government of Canada. He can enter into a great many other agreements with a great many other people.

And then it has this curious clause at the end saying the books of the province shall not be kept as they have been kept in the past. We will not now keep our books on a gross basis, but we are somehow going to keep this little one on a net basis, so that it will not be possible to find out how much the government paid out in gross — or will not be simple to find out how much the government paid out in gross — and nowhere will it be highlighted as to how much, or how little, the government recovered by way of recovery, and more particularly, it will not be highlighted as to from whom this recovery is made.

The minister talks bravely about his going after people who may have caused a loss. He will be subrogated to the rights, and he'll be going after them, but he doesn't wish the amount which he may recover, or not recover, to show up on the accounts of the province.

That is a fascinating little provision, and I think it, in itself, reveals the type of Bill we're dealing with — a Bill which intends to dip into the pockets of the taxpayers to pay depositors, a Bill which does not even suggest that the minister is going to try to recoup these losses from anybody. There is not a whisper of a suggestion of that in this Bill. And it is not here because it is reasonable to suppose that no diligent effort will be made to recover the losses.

That is point number two that we on this side of the House want to stress. We take the view that the depositors should be paid. We take that view because depositors were led down the garden path.

Under other circumstances, if the government hadn't intervened with respect to Pioneer Trust at all, then a case could be made perhaps for saying that depositors took their own chances. I would not, I think, have agreed with that, but a fairly strong case could be made.

But in this case, Mr. Minister, the depositors were led down the garden path by the actions of the Minister of Finance, led down the garden path by the actions of the Minister of Finance. Now the Minister of Finance may attempt to say, well some depositors weren't, because some depositors acted prior to last November when I, the Minister of Finance, said I would guarantee the share

issue. And some of them perhaps could not have withdrawn their funds between November and February. I won't quibble with him on those "some." And there's no way to sort out which and who.

The facts are that a good number of depositors were led down the garden path by the actions of the minister, were led to believe that this company was safe, were led to believe that by a guarantee given by the Minister of Finance. And accordingly, the Minister of Finance has an obligation, an obligation to see that these persons, companies, organizations, charitable organizations, and the rest, get some recovery.

And so we are agreeing with that part of the Bill. We are saying, however, that the losses were precipitated by managerial errors. At last some of them were. I think there's little doubt about that, little doubt about that. The general manager of Pioneer Trust himself talks about the management errors. I believe he calls it the mess that he was asked to come in and clean up. Little doubt that some of these losses were precipitated by actions which were at minimum, reckless —at minimum, reckless. And accordingly, I think the taxpayers are entitled to know whether the minister is going to go after some of the people who may be responsible. None of us knows for sure, the facts, and I'll come to that in a moment.

But the taxpayers are entitled to know whether the Minister of Finance is going after the people against who there may be a valid claim. And they will read this Bill and find out nothing. They will read this Bill and find no indication that the Minister of Finance intends to lift a finger; no indication that the Minister of Finance proposes in any way to protect the taxpayer who is shelling out this money.

And I think since it's the taxpayers' money, the taxpayers are entitled to know what the facts are, and therefore whether or not the Minister of Finance should have acted. How can they find out what the facts are?

Well there's no absence of examinations. We have had some examination, cursory or otherwise, by the Minister of Finance prior to his giving a guarantee for \$27.5 million. We must assume that the Minister of Finance at least looked into the matter in a cursory way, prior to giving that size of a guarantee.

So we have that information. We have the later examinations by the staff of the Minister of Finance, the outside staff headed by Mr. Al Wagar who, as the minister indicates, has some experience in these areas of endeavour. The minister indicates that his own staff — and I believe he gave publicly the name of Mr. Meiklejohn, but there was others — participated in those examinations.

So we have . . . I mean, he has those facts. The facts were disclosed — the basis upon which the minister made his judgement. The minister's judgements have led us to this Bill.

The taxpayers are asked to put up a gross amount of . . . in the minister's words, \$26 or \$27 million. There will be a recovery of some of that, and we're anxious to know how much potential recovery there could be.

For that, we need to know what the facts are. We need to know what facts persuaded the Minister of Finance that this trust company was in dire straits and could not be bailed out, could not be salvaged. And we want to know that because the taxpayers want to know whether the minister is pursuing all possibilities of getting recovery for those taxpayers.

(1445)

The minister is refusing to give us any facts, refusing to have any sort of an inquiry from which the facts might be garnered, and is suggesting that the liquidator will in due course — maybe a

year from now, maybe two years from now — let us have some facts.

Mr. Minister, that is not good enough. You have an obligation, if you ask this legislature to put out a gross amount of 25, 26, \$27 million, to tell us why this is needed, how it came about, and what steps you intend to take to minimize that loss. And you also have an obligation to give the public as many facts as you have available to you so they can judge whether you did the right thing in pursuing those who may have precipitated this loss, whether you've done everything you can to minimize that loss.

Now I don't see any of that in the Bill, and I'm asking the minister whether or not he proposes any House amendments to provide for any of those things, particularly any type of a public inquiry or any obligation imposed upon the minister to pursue all potential possibilities of reimbursement for the taxpayer.

HON. MR. ANDREW: — With regard to the Bill, the hon. member might know, having read Bill C-50 in the House of Commons, we tried to model the Bill very closely after the Bill passed, as I understand, unanimously in the House of Commons by all three parties, covering off the income-averaging annuity contract holders. And that's the nature of the Bill as to how it was drafted in that particular form.

With regards to the hon. member's question as to whether or not we will not be able to determine how much money is paid out, clearly that information will . . . I have no qualms about making that information. I've indicated to you the exact amount is . . . We'll get the exact amount of the uninsured depositor for you, less the amount picked up by the federal government through the income averaging annuity contract.

So that information will be made available to you. I think it would be improper to say that the amount of recovery will not be made public. Certainly the recovery as announced, both interim and finally, will be made public by the liquidator as they always must be. It's going to be filed into the court. And that information will be clearly made available down to an accounting of which particular assets were recovered at which particular cost. That information will be very, very clear to the hon. member.

As well, volume 2 of the *Public Accounts* will set out all payments with regards to that. And so that part of it will be made very clear. I think the hon. member can appreciate that until you go through the process, you can't finalize what the net amount will be. And I don't think that he would ask me to try to . . . more than perhaps try to speculate, which I have, at \$10 million. Now one would hope that maybe that's not going to be quite that amount.

The other point that the hon. member alluded to is as follows, and I think this really becomes an important question for legislators. It clearly becomes an important question as we relate to the green paper or the white paper presently being advanced by the federal government. Should depositors be protected to the full amount of their deposits? And how do you get to that process?

Now I understood the hon. member in his statement to say, and perhaps when he rises he could clarify this point, as to whether or not depositors should be covered in each situation.

I think that that's the question we're looking at here. If a depositor is a particular hospital, wherever it might be, should they be covered regardless of what happens — should they be covered? And I think they should be.

With regard to the question of pursuing all options . . . As I indicated to the hon. member that what we will be doing is taking an assignment from each person that we cover as an uninsured depositor. And that assignment will give us significant powers to pursue recovery of dollars, in any legal means that we have, from what you might call the insiders or the management of

Pioneer Trust, or Canadian Pioneer Management.

I can give that undertaking to the hon. member. Should the hon. member suggest, and perhaps he can respond particularly to this particular point: does he wish that further set out where we would be prepared to look at further setting that out as a sub-issue to clause 3(1)? Perhaps we can deal with that and take them one at a time, and perhaps we could deal with that issue now.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, doubtless we'll have an opportunity later to do that, and certainly we propose to put forward an amendment which will deal with the point he raises.

I want to point out . . . The minister has alluded — referred to the federal Bill. A couple of things should be said about that. The federal Bill dealt with a relatively minor matter in the sense that it was almost thought to be a mistake — the income averaging annuity contracts of five years or more — but under the \$60,000 were not covered by the Canada Deposit Insurance Corporation.

A great number of people thought they were covered, including I may say — and I have some evidence to suggest this — persons who worked with Pioneer Trust, since they certainly sold income-averaging annuity contracts and delivered certificates which announced boldly that Pioneer Trust was a member of the Canada Deposit Insurance Corporation. And I believe they had the seal on. There was, I think, a widespread belief in the public mind — and I don't mean in the uninformed public mind, but the general public mind — that the CDIC covered all deposits up to \$60,000 and that there wasn't an exception for income-averaging annuity contracts.

What the Government of Canada did was to say that it would pick up those types of deposits which many people believed were already covered by CDIC, that the CDIC would be expanded to cover them. May I point out two relevant things: one, the federal statute does contain a financial limit; this statute does not. This Bill does not before us. The federal Bill, if I recall it (and I don't have it before me) does contain a financial limit; this Bill does not. And accordingly, while the federal one was certainly not a blank cheque, this one is in many respects a blank cheque.

The other thing is that the sums are so much different. With respect to . . . In terms of the per cent of the total budget of the government concerned, this Bill represents a gross payment out of, I would say, a hundred times what the federal one provides for as a gross payment out. If you're running a budget of \$100 billion, then five or \$10 million is not a great deal of money, and you can deal with that sort of a problem relatively rapidly.

But we are not in the happy position, or unhappy position, as the case may be, of dealing with a budget of \$100 billion. We are rather in the 3 billion class — one thirty-third of the federal budget. Indeed, the federal budget is greater than that. I am just picking out some nice round figures here. Whereas they are talking about, perhaps, 5 million net, we are talking about 15 million net, or 10. They are certainly going to have a smaller actual outlay than we are, a substantially smaller actual outlay than we are, and at least in one sense of the word, are 35 times as well able to pay.

So the scale of the operation is very different. It will have no effect, the payment out will have no discernible effect on federal income tax levels. On a gross basis at least, this Bill could mean two points on the Saskatchewan income tax level, and that's not nothing. That's not nothing. That's a 4 per cent increase.

So I think we shouldn't believe that we can tailor our Bill off the federal Bill and it will be meeting the same objectives.

I come to the specific point that the minister mentioned. I don't find any reference to subrogation in this Bill. He tells me he's going to do it. Interesting. But in insurance contracts, while it is certainly in the insurance contract, it is also in the statutes. And it's also in the statute

because there should be no doubt that people who are paid out by the taxpayer should hand over any rights they have to the taxpayer, the representative of the taxpayer, the minister, and should therefore arm the minister with all the weapons he needs to go after anyone from whom there may be a recovery.

The minister appears to be willing to allow this to be left entirely with the liquidator. I don't share the view that the liquidator will pursue all remedies. I haven't dealt with that many liquidators in the course of my legal practice, but I've dealt with a fair number of trustees in bankruptcy who are in many senses in the same circumstances, and I have not seen any disposition on their part to pursue legal actions, to pursue remedies. They have generally taken the view that they should get their hands on what assets they could find, turn them to account as best they could, distribute the assets among the creditors in accordance with the law, and get the thing over with as fast as possible, and not very often pursue any legal remedies which may be chancy.

That is not good enough in this case. That's not good enough, and we are, after all, not dealing with the creditors who could make up their own mind . . . the depositors to make up their own mind, acting through inspectors or whatever, whether or not they wanted to pursue remedies.

We here are saying we are going to take that burden off of the depositors. And I'm saying we're agreeing with that. But we are saying that we ought to transfer the burden of pursuing all remedies to the Minister of Finance and his staff, to make sure that we have gone after every dollar on behalf of the taxpayer that we can, not leave it solely in the hands of the liquidator but be out there operating with him and if necessary, beyond what he wishes to do in order that every dollar can be recovered for the taxpayer. We see no evidence of that spirit in this Bill, no evidence even of the authority to do that in this Bill, and therefore we're unhappy with that aspect of the Bill.

HON. MR. ANDREW: — As I understand from the officials, if you go and indicate that the federal Bill . . . The federal Bill is also phrased in that way, phrased in that way in order to take an assignment for each individual that is covered. If it's an income-averaging annuity contract there would be an assignment made to the federal government. Or where the province is covering, it would be to the provincial government.

Now the strategy was to piggyback one assignment onto the other, so you have one total assignment, if you like, so that you could then pursue it. I am further advised by the officials that the assignment is in fact a stronger vehicle than is just a simple subrogation ride within legislation.

The second part is: that we do need some flexibility to pursue in every way we possibly can. Now if the hon. member is saying that, I don't trust . . . he doesn't trust me to pursue, then I have no hang-up about putting some clause in a Bill that says that I should pursue all remedies I have available to me and to make that mandatory, because I fully intend to do that. The government, further, intends to do that.

And I argue that the liquidator, if he's to do his job properly, should leave no stones up, overturned, that he should pursue everything by which to try to get money back that is legally possible to get back.

(1500)

I think the hon. member would agree with me there, that you can only do what the law allows you to do. But I can give you that assurance that that is what our intention is. I am advised by my officials that the assignment route is the bet way to go. Where the flexibility is needed would be those that would be covered for a slight amount, let's say \$1,500 over and above the 60,000. In that case we could do an assignment right on the back of the cheque.

In other words, the endorsement of the cheque also endorses the assignment. Where there is a

larger amount than that, we would want to take an assignment of their interest as a depositor. That puts us, in their stead, to have all the powers that they would have.

In the case of the income-averaging annuity contracts, the federal government is picking up 60,000, and those (and there's not very many of them) that are over the 60,000, we'd want to do it collectively with the federal government. So we're dealing with those income-averaging annuity contracts in the same way.

And therein is why we need the flexibility, and that is why (as I am advised) the legislation was drafted this way. If there are some caveats that I wanted to be hung on that, to ensure that I, in fact, pursue that, then quite frankly I'd be prepared to look at those. I would only request that if you do have those, that you could send them forward so that the officials can look at the way it would integrate into the Bill.

But certainly that would be our intention: is to proceed that way. Now as I read in question period today, I am advised as to the powers of the liquidator. And I am advised that the power of the liquidator is to look at, one, withdrawals. And that will cover the situation if an insider was to withdraw money from Pioneer Trust just prior to the failure because he had inside information, or if his brother-in-law did the same thing. That should be investigated and that money should be paid back. Clearly that covers that situation. That's something he has to do.

Or a sale of assets, various sales of assets that might be non-arms-length in nature, those should be explored and looked at as well. Further, that if there are activities that require a further investigation because of perhaps, inappropriate activity, then the liquidator could apply to the court for wider powers.

What we will do is further explore that option with the liquidator, and as a creditor, encourage the liquidator to in fact do that. Now I think that is the best way to go. I think to say that the federal government is not interested in this is not true either, because clearly CDIC becomes the largest creditor here, and CDIC are going to be out potentially a fair amount of money that I'm sure they are going to want to try to recover in any way, shape, or form, they can as well. So that is clearly the intention.

I think if we want to argue semantics, we can. Or if we want to sit down and say, okay, how do we cover this so that I can give you that assurance that that's what it's going to in fact do, then I think we can probably come to some kind of a resolve on that.

MR. SHILLINGTON: — Mr. Minister, I want to pursue the issue which was first raised in question period having to do with the report, or whatever you got from Mr. Wagar, as I gather it's pronounced. Mr. Minister will have to admit that the direct cause of the failure of Pioneer Trust was your withdrawal of the guarantee. It may have been justified, may not have been justified, but that was the direct cause. So stated, had I believe heretofore so admitted by the government.

You claim, and again as a direct result of the withdrawal of that guarantee, and as the press company failed — it may have been justified and may not have been — but as a direct result of the failure of a trust company, you're asking the taxpayers to shovel out \$10 million. I don't know whether you regard that as a significant sum of money, but I suspect the taxpayers over there, Mr. Minister, do.

Do you not feel, Mr. Minister, you owe it to this Assembly, and ultimately to the taxpayers, to make that report public so that we may know the basis upon which that judgement was made to drop this trust company like a vase, and break it?

HON. MR. ANDREW: — The hon. member phrased his question as that the reason for the collapse of Pioneer Trust is because we did not pursue or proceed with the preferred share issue.

The reason for the collapse of Pioneer Trust is because they made some inappropriate decisions. They made some management mistakes that put them in a negative position. They then came to the government for some assistance to try to keep that company going. We took a long and serious look at that whole issue to see whether or not we would keep it going. We came to the resolve that we would not.

CDIC, as you know, at any time had the right, as they have done with various other financial institutions, had the power and the precedent of moving in and keeping it going. They opted not to do that, and as a result, it failed.

MR. SHILLINGTON: — Mr. Minister, we . . . I suggest to you the cloud that . . . to dispel the clouds of doubt which arise in this matter about your competence and the correctness of your making that decision, and to dispel the issues which arise with respect to the competence and integrity of the directors and major shareholders of Pioneer Management, I suggest you owe this Assembly that report now.

I don't know why you don't give it to us, Mr. Minister, if, indeed, as you say, it is a report made by a respected executive of another trust company with some experience, and if it is complete and satisfactory.

Mr. McDonald feels it isn't. he says . . . He makes a bald statement, unlike the flannel-mouth statements coming from the minister opposite. Mr. McDonald says it rather directly. He says:

According to McDonald (this is in, I need not add, Saturday's *Leader-Post*) . . . According to McDonald, all would have been well if the province had taken . . . had looked closer at Pioneer Trust's financial picture. He said finance department officials only looked at the company's November financial statement and the projected loss and loan-loss provisions for 1984. "I am waiting for the government to look at the books of Pioneer Trust."

Mr. Minister, will you admit the allegation of Mr. McDonald, that in this matter, as in all other matters, you have been hasty, and your investigation has been shallow?

And if you won't admit that, will you then provide the evidence? And will you stop asking the Assembly and the taxpayer to take it on faith? I'll tell you, Mr. Minister, there isn't a darn bit of faith left in this government, either in your competence or in your integrity, so if you've got some evidence, give it to us.

I say to you, Mr. Minister, the taxpayer is about fed up with being asked to pay for your incompetence and your mismanagement of the government and those who deal with the government.

HON. MR. ANDREW: — I think the hon. member should . . . You know, you . . . At least the Leader of the Opposition stands up and indicates that he's in favour of . . . And I think from his statements, from his statements today, from his statement today, indicate . . . (inaudible interjection) . . . The member from Qu'Appelle . . . The member from Quill Lakes says forget what the Leader of the Opposition says. Well I think he makes a point.

Well what you're in effect saying is that, you say that the people are against this, and are you going to vote against the Bill? That's exactly what you're saying. That's exactly what you're saying. You come down on the other side and have consistently come down on the other side.

First of all, the Leader of the Opposition indicates that we should cover the depositors. I'm not sure what you say. The gist of your argument now is that, and what I've heard from your mouth before in the media, is that the government made a mistake and, in fact, should have proceeded with the preferred share issue

That's what you're saying. That's what you're saying is that the government should have proceeded with the preferred share issue. You're endorsing what McDonald is saying and that we should have proceeded with the preferred share issue. Now that was the nature of what I understood from you to say.

MR. SHILLINGTON: — Well, Mr. Minister, when Mr. McDonald alleges that you were hasty and shallow, frankly there's some credibility to that because you admit you were hasty and shallow in your approach to that initial letter. You've said that in the House. You said in the House, I wished I had not given the letter.

So, Mr. Minister, when Steve McDonald says that you were hasty and shallow with respect to the decision that, in effect, destroyed Pioneer Trust, then I say that that is a credible statement because you were hasty and shallow in dealing with this matter three months earlier.

So I say, Mr. Minister, if you could wipe the smile off your face, because you've been effective in wiping the smile off the face of the taxpayer — they aren't smiling about the matter — if you can wipe the smile off your face and if you can provide us with the information upon which you decided not to proceed with the guarantee, you will be doing the taxpayer a service.

And I ask you, Mr. Minister, to provide it. At least provide some excuse for not providing it.

HON. MR. ANDREW: — The hon. member makes his classic argument. He argues both sides of the question and argues the middle, and then not sure where he's coming down. He says we were too hasty in making the decision which took us . . .

AN HON. MEMBER: — Who said that?

HON. MR. ANDREW: — That's what the hon. member . . . The hon. member just said that we were too hasty making the decision.

Now we took a good two months to come to this decision, Mr. Chairman. now he indicates that's too hasty. We, in fact, pursued all the information that was available to us. We asked for information time after time again. When we had that information, Mr. Chairman, when we had that information, we made the decision.

Now the hon. member perhaps does not agree with the decision we took. Our view is that the preferred share issue was no sufficient to make that company with enough equity that it could go forward, make a profit, and continue.

The preferred share issue, as the hon. member will know, is not a full equity — requires a payment out of an interest each year. That, in our view, the company was not in a viable enough position to proceed with that type of injection of money and would not have made it.

MR. SHILLINGTON: — I do not, Mr. Minister, need that silly lecture on how a preferred share issue works. I have bought and sold a goodly number of preferred shares myself. I know how they work.

Mr. Minister, I ask you: why won't you provide Mr. Wagar's report?

HON. MR. ANDREW: — Well, the actions of Mr. Wagar were part of a group of people that went in and looked and explored the Pioneer Trust.

The hon. member would have the view somehow that all . . . that Mr. Wagar simply made a formalized written report. That was not, in fact, the case. He was part of a team. He did the investigation, and he indicated that it would not have been appropriate to proceed.

MR. SHILLINGTON: — Why won't you provide us with the report?

HON. MR. ANDREW: — Because the report is not in the form of a formalized written report. If that was the case, then I would provide it to you.

MR. SHILLINGTON: — Well, what did he do — scribble some notes on the back of an envelope, and on that basis you dropped Pioneer Trust, Saskatchewan's largest home-owned . . . What earthly form is it in? Did he give you a letter? Did he whisper something? Did you find his written notes in the washroom downstairs? In what form did he communicate his decision to you? Did he not give you at least a letter?

(1515)

HON. MR. ANDREW: — I would simply indicate that . . . (inaudible interjection) . . . Well, the hon. members say the report didn't exist. If you wanted . . . (inaudible interjection) . . .

MR. CHAIRMAN: — Order. Allow the Minister of Finance to answer.

HON. MR. ANDREW: — The nature of the investigation was that Mr. Wagar would make . . . went in, studied, part of a team of people looking at the whole thing, dealing with the question. His recommendation, which was to the meeting, was not in the form of a formalized report. He was at the meeting, recommended to the meeting that we not proceed with that particular issue. His view was that to proceed it would not solve the problem of Pioneer Trust, that Pioneer Trust required more than that. I required it more in the form of an equity investment, and that his recommendation to us is that we not proceed. Now that's not in the form of a formal report. That is what he told us.

MR. SHILLINGTON: — Are you telling this Assembly that you let Pioneer Trust go down the drain on the basis of an oral comment made to you at a meeting? Is that what this Assembly is being asked to believe? I tell you, if you say it, Mr. Minister, I'll believe anything. I will believe anything about the incompetence of this government. But are you saying that Pioneer Trust went down the drain on the basis of an oral comment made to you at some meeting or other? Is that what you just finished telling us?

HON. MR. ANDREW: — First of all, this was ongoing for some period of time. Some information with regards to the various assets that the federal regulators were requesting a write-down — those assets were in a period of debate between both Pioneer and the federal regulator as to what the values of those write-downs were going to be.

The member opposite wants to see some formalized little piece of paper. There was an ongoing. . . I can advise you there was an ongoing investigation of the way and the possibilities of making Pioneer Trust whole. The proposal was a preferred share issue. That, in our view, from various people involved, would not have been appropriate to pursue. Their recommendation to us, after investigating all that, is that it would not work. And as a result we acted accordingly.

MR. SHILLINGTON: — Well I take it, Mr. Minister, from that answer, that bit of obfuscation, that it was indeed an oral report. And I say, Mr. Minister, that is as incredible as anything I've heard about this whole issue, that you would . . . You must have known you were destroying the trust company when you withdrew that guarantee. It is just incredible — you would destroy a trust company without getting a written report on it. That really is a new high water mark in incompetence by a government that I thought had set them all.

Mr. Minister, if you can't give us a report because none exists, because he made this comment to you at a meeting, will you, Mr. Minister, then tell us who was on the team that did the investigation? Who was on it? Apart from Mr. Al Wagar, who was a Tory candidate, who else

was on it?

HON. MR. ANDREW: — The team involved consisted of officials from the Department of Finance, officials from the Department of Justice, officials from the Department of Consumer and Corporate Affairs, outside legal counsel, and Mr. Wagar.

MR. SHILLINGTON: — Would you give us the names, Mr. Minister. Was there, Mr. Minister . . . let me ask you another question. Was any outside counsel involved in the investigation — by counsel I mean legal counsel; was any outside advice or assistance from any accounting firm or other firm of consultants involved, or did you just rely on Mr. Wagar's content over your table in your office, I guess is what it was?

HON. MR. ANDREW: — No, as I indicated, we had outside legal advice, and we had Mr. Wagar, who has a degree of expertise in the area of trust companies. The outside legal counsel, I suppose you noticed, is Al MacLean, who's sitting in the House today . . . (inaudible interjection) . . . Right. The rest of the people were internal to government, and that's Department of Finance officials, Department of Justice officials, Department of Consumer and Corporate Affairs. Now I don't think it's the tradition to go through the details of which civil servants were involved in that particular investigation.

MR. SHILLINGTON: — Mr. MacLean is a good counsel. He practised . . . I know Mr. MacLean; I practised in the same firm as he did for a period of time. But I don't think Mr. MacLean . . . (inaudible interjection) . . . Well, it's as good a recommendation as any, I guess. But I say, I don't think Mr. MacLean would claim to be an expert on matters of trust and financial institutions and their bankruptcies.

What expertise did you have? Who were they — who were they?

HON. MR. ANDREW: — Mr. MacLean's involvement was . . . you have to agree that there was a fair degree of legal questions involved in this particular issue. The preferred shares, the various assignments, the various other things — actions that would be involved in that kind of a deal.

With regards to the other people that had knowledge — would be Mr. Wagar, who I indicated had a fair amount of experience with Co-op Trust. He had run co-op trust for a number of years. He had, in fact, resolved many of Co-op Trust's difficulties back a few years ago.

The other people involved would be Department of Finance officials who, I suggest, have some degree of knowledge in that whole area; people from Consumer and Corporate, who would have some involvement with regards to that area as well.

MR. SHILLINGTON: — All right, then. Who was . . . I take it from that long-winded answer that there was no expertise, apart from what might be found in Mr. Wagar and Department of Finance. Would you tell me, then, who was involved from the Department of Finance? It makes a difference whether they are senior or junior people. It makes quite a difference.

HON. MR. ANDREW: — The deputy minister of Finance, assistant deputy minister of Finance, and other senior people who have been with the department for some time.

MR. SHILLINGTON: — Well would you give me the complete list of people on the team, then who went over and had a look. I tell you, to be quite frank . . . I'll be quite frank with you Mr. Andrew.

I suspect that what you've said that Mr. Steve McDonald is dead right when he describes your investigation into Pioneer Trust as shallow and inadequate, because nothing that you have told us has dispelled those comments. No outside . . . any number of accounting firms could have provided expertise in the area. Any number of consultant firms could have provided expertise.

You apparently chose to rely on one person who is, unfortunately for you and for the taxpayer, too close to the government — Mr. Al Wagar.

I'm not impugning the man's credibility or his integrity. I'm just saying in terms of the public credibility of his report, you should have had someone other than that. If that's all you've got, Mr. Minister, and you've got nothing in writing, I gather, from Mr. Wagar . . . If you can't give us that, I'll tell you, Mr. Minister, what you've told us in the last hour confirms what Steve McDonald has said, that as was the case with respect to the giving of the letter, your withdrawal of the letter was done in the same fashion, after a shallow and inadequate investigation.

One of the issues this Legislative Assembly should be asking itself is whether or not this trip was necessary, whether or not this would have happened. Is Steve McDonald right? Had a more competent and thoughtful approach been taken, would it have saved the company? It's a fair question. You have responsibility, Mr. Minister, to dispel that, and you're not; you're confirming. The obtuse fashion in which you've answered these questions confirms in my mind, and I suspect in a number of others, that Mr. McDonald's comments were accurate, and the investigation which was done was shallow and inadequate, as was your initial investigation before you gave the letter.

HON. MR. ANDREW: — You can, and I don't want to get into an argument with Steve McDonald or anybody else. Obviously Steve McDonald has taken a very similar position as has Ross Sneath, as has Will Klein. I don't happen to agree with Ross Sneath. I don't happen to agree with Will Klein. I don't happen to agree with Steve McDonald.

Now if you were indicating that those are the guys that you have to rely on. I just don't think that's, in fact, the case. Could we have saved Pioneer Trust? If we could have saved Pioneer Trust, I suppose it would have ended up costing. If you were to go by the view that we're saying now that it's going to cost \$10 million that would have meant, that would have translated into a need for an injection of some \$80 million to make it whole. If you're saying now there's a \$10 million loss, that's means \$80 million. So clearly I don't think it would have . . . It would not have worked. In the view of the federal officials — if the hon. member would like to hear this — in the view of the federal officials the trust company would not be in a position where any other trust company would be interested in merging with it or taking it over.

MR. SHILLINGTON: — Well, Mr. Minister, did you get anything in the nature . . . I just can't believe that you'd take an eraser out of your desk and erase a Saskatchewan trust company on the basis of this kind of an investigation. This is just unbelievable.

So you're now putting up 10 million, but the actual amount putting up in some cases may be secondary. I take you back to a couple of cases. One, Chrysler: had to put a bit of money into it, but the company is flying right now. Massey-Ferguson is another example: had to put a bit of money into, and the company — I wouldn't exactly say the company is flying, but it is still there, and there's still a fair number of jobs.

And I say to you, Mr. Minister, that this kind of shallow investigation, when you're dealing with Saskatchewan's largest financial institution, is just incredible. Did you get anything in writing from the federal officials, or did you get all that over the phone as well? Did you get any written report at all from the federal officials? Did you have anything in writing, Mr. Minister, or were you just flying by the seat of your pants when you dropped the company, as you were flying by the seat of your pants when you wrote the letter . . . (inaudible interjection) . . . As you were flying by the seat of your pants when you wrote the budget, yes.

HON. MR. ANDREW: — The hon. member now has reversed his position and is saying that we should have been putting money into Pioneer Trust. We made the decision, and we made the decision based on the information that we had, based on the information and advice of senior officials from government, based on the advice of Mr. Wagar who had some experience, that

this matter could not fly. We took that decision and we made that decision.

Now, you can argue that we should have pumped 35 or 50 or \$80 million into Pioneer Trust. And we can sit and argue all day, I suppose, that we should not have done that, you believe that we should have. Your view is not only inconsistent with mine, your view seems to be inconsistent with the Leader of the Opposition.

(1530)

MR. SHILLINGTON: — Our role, Mr. Minister, is to ask questions. Your role is to answer them. And I say you just aren't doing it, Mr. Minister. It is our responsibility as elected members to ask, on behalf of the taxpayers, on what basis, and why are we being asked about \$10 million. It is our responsibility to look into those matters and ask these questions. And I don't need any lectures from the minister opposite about being consistent. You ought to recognize inconsistency when you see it.

Mr. Minister, I ask you again: on what basis did you make the decision, as I say, to drop Pioneer Trust like a vase on the floor? Did you have anything in writing at all? Are you just flying by the seat of your pants on this as on other issues? Did you have anything in writing at all from anyone, from Mr. Wagar, from the federal government? Did you get any written report at all, or was this all done verbally over the coffee-table in your office?

HON. MR. ANDREW: — As I indicated to the member and to other members of the Assembly, that what we did was, over a series . . . period of time in a series of meetings, went into the details on Pioneer Trust. We found that Pioneer Trust was lacking in equity, significantly lacking in equity that 35 or \$30 million would not solve. We obtained that opinion from people that we could find, experienced and knowledgeable in that field. Their recommendation to us, after they went through it using their judgement, is that it would not fly at that amount either. And as a result, we took the decision not to proceed with the preferred share issue.

Now you can argue that we were wrong in doing that; Will Klein can argue that we were wrong in doing that; Ross Sneath can argue that we were wrong in doing that; or Steve McDonald can argue that we were wrong in doing that. And I suppose they will always argue that. That's in their interest to do it that way.

I believe the decision we took was right. I believe that that preferred share issue would not have been able to keep and put Pioneer Trust in a proper financial footing so that it would have a chance to proceed and to survive. That was the decision that was based on advice of people that I had a great deal of faith in their advice. That was their recommendation. I acted on that recommendation, as politicians react or act on recommendations of officials on a daily basis on a variety of things.

MR. SHILLINGTON: — Will you admit, Mr. Minister, what I suspect that Steve McDonald was too civilized to allege, and that is that the only report you got in writing was a poll which said that the giving of the guarantee was bad politics, particularly with small-business men, and it was on the basis of that report that Mr. Wagar was brought in, and it was because of that report, and not Mr. Wagar's report directly, that Pioneer Trust was allowed to go down the tubes?

Will you admit, Mr. Minister, that you got one . . . that your government got one written report, and only one, and that was a poll done by Allen Gregg.

HON. MR. ANDREW: — It's absolutely false.

MR. SHILLINGTON: — Mr. Minister, are you saying that you did no polling on this issue between November and February, and that the possibility that there might be some bad politics involved in this never occurred to you? Is that what you're saying? And there were no polls done

between November and February with respect to this issue?

I say, Mr. Minister . . . if you say it, I don't suppose I'll call you a liar. I might believe that, but I don't suppose I'll say it outright. But I'll tell you, Mr. Minister, in November and December and January when that letter was given, I'll tell you what the politics of it was. It was terrible with small-business men who kept saying, who said: nothing for us and \$30 million for Pioneer Trust. We've all got our backs to the wall, and nothing for us.

I say, Mr. Minister, you saw that in a poll, and you reacted accordingly. I say, Mr. Minister, you've got one written report on which you acted, and that was a poll. On that basis, we are here today trying to pick Humpty-Dumpty up off the ground when it broke.

HON. MR. ANDREW: — What the hon. member is alleging is that Pioneer Trust was viable, and we should have proceeded with the preferred share issue. I can assure this Assembly, I can assure the hon. member, that the information that was provided to us indicated . . . the recommendations that I received recommended that this would not survive with that preferred share issue.

That was the reason; that was the decision as to why we took it. That was the decision and the reason as to why we made the decision accordingly. And all I can simply say is, from information that has come to the floor since that time, some of the initial information of the liquidator would indicate that, in fact, that decision was taken, was proper, and certainly stand by.

MR. SHILLINGTON: — Mr. Minister, I will let *Hansard* speak for itself. There's no need to have the Minister of Finance misrepresenting what I said in the Legislative Assembly. I'll let *Hansard* speak for itself.

What I am talking about, Mr. Minister, is the decision-making process in this government, something many thoughtful people have been concerned about, particularly public servants, who work for the government, who will tell you in general terms that the process is almost broken down.

Mr. Minister, this episode really seems to confirm that. You have, admittedly, an extremely serious situation. Saskatchewan's largest financial institution — largest Saskatchewan-based financial institution — in difficulty. Mr. Minister, apparently with no written report, nothing but a comment made to you by Mr. Wagar — I think I'm pronouncing it correctly — you let the company go, just drop it, and it shatters.

I say to you, Mr. Minister, that says something about your decision-making process. It suggests what many people believe, and that is that you people fly by the seat of your pants, and you fly by the polls. And if the polls after November and January and February and March . . . November and January and December tell you it's bad politics, then you reverse course, however drastic that decision might be. And it was drastic in this case.

I just don't see, Mr. Minister, that there's any other basis from which you could have taken such a momentous step as to destroy a trust company; it must have been done on the polls because you apparently had no other basis of information. And if it wasn't done for political reasons, how on earth, why on earth didn't you have some outside expertise brought in to assist you with what is admittedly some difficult, complex, and esoteric problems.

I just can't believe you people make decisions in this fashion. I've heard it's bad, but I don't believe it's that bad. You must have had some basis for making the decision. If it wasn't the polls, then what on earth was it?

HON. MR. ANDREW: — The advice that we received, as I indicated, was from outside legal counsel, from Mr. Wagar, who has a fair degree of expertise in the field of trust companies, and

from senior people from the departments of Finance, departments of Justice, and the departments of Consumer and Corporate Affairs.

And if you wanted three other trust company officials to be brought in, or some chartered accountants to be brought in, well we didn't do that. We believed that we had a team together that could properly analyse that. That information was provided. The decision was based on economic terms, not on political terms, and the decision was taken.

MR. SHILLINGTON: — You will admit, I gather, since you haven't denied it, you will admit that you did have polls which gave you an adverse . . . which suggested an adverse reaction to this guarantee by many members of the Saskatchewan public and, in particular, the constituency which you like to think is yours — I think wrongly, but you like to think is yours — the small-business community.

Will you admit that you had polls done on this, and that the polls did not support the decision which you, Mr. Minister, had taken with respect to that guarantee?

HON. MR. ANDREW: — No, I would not agree with that.

MR. SHILLINGTON: — Mr. Minister, I didn't ask you whether you agreed with the comments. I asked you, will you admit that you had those polls done on the Pioneer Trust guarantee?

HON. MR. ANDREW: — Well I can . . . I think I indicated in the newspaper some time ago that, in fact, there was a poll taken. And if I recall — and I think the statement I made in the newspaper was that, in fact, the poll was: (a) he said that most people didn't even know if Pioneer Trust existed; and (b) that they did not take and favour the position, in fact, that we ultimately took.

MR. SHILLINGTON: — Right. Those who were aware of it, by and large, did not support your position, Mr. Minister, may I ask you when that poll was done. I gather what you're saying from your seat is that I misunderstood your comments and, in fact, that the majority of people whom you polled supported giving the guarantee. Is that what you said?

HON. MR. ANDREW: — Yes. I think what I indicated is a poll was done, if I recall. And it must have been about a month before the final decision, it seems to me . . . (inaudible interjection) . . . Well be quiet, and you'll hear me.

The poll indicated that most people did not even know about the Pioneer Trust situation. A large majority did not even know . . . (inaudible interjection) . . . The member from Shaunavon asks: have we done a poll lately? I just saw one from the constituency of Shaunavon, and I'm sure you'd like to see that one . . . (inaudible interjection) . . . They don't even know who their MLA is. You are running at slightly below 25 per cent in the poll I saw. Now you can argue with my pollster, or you can . . . you don't have to.

But the poll indicated . . . Most people didn't . . . They didn't even know there was any problem — there was anything going on with Pioneer Trust. And that's not surprising. If you've done any polling, people don't see that. Those that did understand, the majority of them, would have favoured government help to intervene to keep it going.

MR. SHILLINGTON: — When was that poll done, Mr. Minister?

HON. MR. ANDREW: — I think, and I'm just going from guess here, about mid-January.

MR. SHILLINGTON: — Who did it?

HON. MR. ANDREW: — It was done locally in Regina by Tanka.

MR. SHILLINGTON: — Mr. Minister, will you give us a copy of that poll, at least that section of it, dealing with Pioneer Trust?

HON. MR. ANDREW: — No. Because I don't think it's relevant because a decision was not taken on that poll. When governments take polls, you take polls, we don't share those.

MR. SHILLINGTON: — Mr. Minister, I gather that the taxpayer paid for the poll. Is that correct in this case?

HON. MR. ANDREW: — I would assume so. I don't know.

MR. SHILLINGTON: — And you're not prepared to supply that to us. Mr. Minister, I suggest there's no other rational explanation for your behaviour. I can't believe that in a \$3 billion government with the resources which you have from the Department of Finance, you take a decision in such a cavalier fashion. And to say that it was taken in a cavalier fashion is to make every conceivable, rational assumption in your favour, because there's a far darker light than that, and some far darker assumptions than that might be made.

And I say to you, Mr. Minister, that if this the basis upon which this government is making decisions, and if that's the extent of your investigation, then I don't doubt that Will Klein is a little sore. I don't doubt that Ross Sneath is a little sore, and that Steve McDonald is a little sore.

Mr. Minister, what you've done over the last hour and a half, in fact, is you have confirmed what Steve McDonald has said, that your investigation was shallow and inadequate, and that he may be right. That is the unfortunate conclusion which one has to draw is that he may be right. And you don't know, Mr. Minister. You just simply don't know whether or not there might have been another alternative which might have saved the trust company.

HON. MR. ANDREW: — Well, I suppose you can take Steve McDonald's side of the issue and Will Klein's side of the issue and Ross Sneath's side of the issue and I'll take the other side of the issue, and that's in fact what happened. We made the decision not to bail out Pioneer Trust. That decision was taken after a great deal of care, a great deal of investigation, a great deal of internal argument and discussion. It was taken. Some disagree with it, some agree with it. Obviously Will Klein and Steve McDonald disagree with it. That's their right.

MR. KOSKIE: — Yes, Mr. Chairman. I just want to follow up on the sequence of events, Mr. Minister, and I want to go back . . . and the first overt action by the government was back, I believe it was November 21st when you wrote the letter guaranteeing a \$27.5 million guarantee of preferred shares.

(1545)

I say, I want to ask you first of all whether you had a team in place at that time made up of . . . and if you could indicate indeed if you had a team in doing any investigation prior to the providing the Pioneer Trust with that letter. In other words, did you do any preliminary review prior to the commitment of the \$27.5 million?

HON. MR. ANDREW: — At that point we were at a very preliminary stage of information. The people working on it at that point in time would be officials of the Department of Finance only, none of the outside people. People in Department of Finance, really very preliminary numbers at that point in time.

MR. KOSKIE: — Well let's get down; let's be frank. I mean, you came forward, Mr. Minister, and gave a guarantee on behalf of the Government of Saskatchewan as Minister of Finance. And let's get down to the facts whether or not it was preliminary or not. But on what facts did you have to

make that guarantee or did you have no facts? That's what the people of this province want to know, whether you have any credibility left or not. You made a \$27.5 million guarantee. You put it into a letter. You had a company act on it. You had shareholders act on it.

And I want to ask you: maybe you had only preliminary, but can you give us some idea as to what extent you looked into the affairs of Pioneer Trust before, prior to making the commitment of \$27.5 million?

HON. MR. ANDREW: — All right. At the letter time that you're asking, as I've indicated again publicly on many occasions, at that point in time the banks were going to withdraw the clearing privileges of Pioneer and we needed some support in order not to do that. We indicated at that point in time that the agreement with regard to the write-down of the assets had not been formally finally resolved with the federal officials, and it was after that time that the final resolve on the write-down of the assets.

If you can understand or appreciate on Pioneer Trust as to what happened, is the write-down of assets were somewhere in the neighbourhood of \$25 million that were required by the federal officials. And that's what . . . the write-down was in the process. The letter was given. Perhaps in hindsight — and I've said this on several occasions — one should not have done that, but I did.

I further indicated that I was . . . at all times, we were going to proceed to get the final facts and all the details before we proceeded. We in fact did that. We came to that decision. But at that stage of the game the reason for that letter was to keep the company going, in effect, in order to have that time or buy that time to make the proper analysis of the decision.

MR. KOSKIE: — Well I hope a lot of people are listening to that answer, because actually what the minister said . . . he went ahead without any information whatsoever and gave a guarantee which, on subsequent information, withdrew it. And that was a commitment on behalf of the people of this province. And that's the Minister of Finance that made that commitment without any information.

I ask you: having made the letter available to Pioneer Trust, and giving that commitment have you had legal advice as to whether you had, in fact, a binding contract at that point once you put forward the letter and delivered it to Pioneer Trust?

HON. MR. ANDREW: — Legal advice is that there was absolutely no binding contract involved. The member from Regina South, or Regina Centre, indicates that we acted too hastily. Had we not proceeded with the letter, had the licence been cancelled, had Bank of Montreal withdrawn the clearing privileges, Pioneer Trust would have been down that day.

Now what we did with that is try to buy time in order to see whether or not we could legitimately do it. Now if one has to apologize for buying time, or the way one buys time, well then be that, as it may. But you had to do something when it came on. You all of a sudden . . . we had the option of (a) proceeding with the guarantee and doing the issue. We opted not to do that until we had the full information or as best information as we could possibly have to make the decision, or to let it tumble that day. We decided to do this transitional thing, and that's how it unfolded.

MR. KOSKIE: — Mr. Minister, when were you first contacted by the Pioneer Trust prior to delivery of the letter? When did they draw it to your attention that they needed the support of the government in respect of the guaranteeing of the preferred shares?

HON. MR. ANDREW: — I'm advised that the date is around November . . . about November the 8th, when the first request or the first meeting took place.

MR. KOSKIE: — This first contact, on or about November the 8th, can you indicate to us by

whom it was made and to whom in the government that that first contact was made by Pioneer Trust?

HON. MR. ANDREW: — That information we don't have with us. If one could give us some time, we could go back to the files and dig that up for you.

MR. KOSKIE: — Well I would have thought that you would make that public, because I think it's important within the sequence of when they first came to you and the steps that were taken by you. So I'd like that information, because we'll be here for a little while longer and you'll have an opportunity to check your files. So I'd like a commitment.

Can I get a commitment from the minister that he will provide that information — the date on or about when Pioneer Trust first contacted the government for assistance; and also who, on behalf of Pioneer company, contacted the government; and who they were in contact with? Can I get that commitment that we'll have that information?

HON. MR. ANDREW: — I indicated before you stood up that I'd provide that information to you.

MR. KOSKIE: — In respect to the question that you were indicating that you had to take this precipitous action early because the Bank of Montreal were removing their clearing privileges with respect to it and that the company would have gone under earlier, I want to ask you whether you had any discussions with their financial institutions that were dealing Pioneer Trust, in order to get an arrangement . . . in order that you would be given time in order to take a look at Pioneer Trust. Did you have any discussions with the financial institutions which you indicated were causing some of the major problems?

HON. MR. ANDREW: — Are you talking about Bank of Montreal?

MR. KOSKIE: — I beg your pardon?

HON. MR. ANDREW: — Was that question, when you said financial institutions, were you talking about Bank of Montreal?

MR. KOSKIE: — Whatever.

HON. MR. ANDREW: — I believe officials from the Department of Finance talked to the Bank of Montreal.

MR. KOSKIE: — And can you indicate on or about when the discussions with the major financial institutions, the Bank of Montreal, which you indicated were in the process of pulling back their clearing privileges on the company, when were the discussions held with the Bank of Montreal?

HON. MR. ANDREW: — I think it was on November 20 . . . 19th, 20th, 21st — just the same date, or hours before the letter was in fact issued.

MR. KOSKIE: — Did you request at that time any consideration on behalf of the financial institution, like the Bank of Montreal, to delay any actions which would cause problems to them, in order to give you time enough in order to do a review in order to determine whether or not you were in fact going to be able to financially assist this company?

Were there discussions of that nature? And what was the response by the financial institutions?

HON. MR. ANDREW: — We indicated to them that we were going to do whatever we could to try to keep this company going, but that we had to do a full investigation of it. Yes.

MR. KOSKIE: — Did you get any . . . their commitment of co-operation?

HON. MR. ANDREW: — They did not pull the chequing privileges.

MR. KOSKIE: — Mr. Minister, you look at the sequence here, and the first thing that you did, and you indicated with absolutely no investigation, you were first notified on November 8th; and November 21st, I believe it is, that you offered the guarantee.

I'd like to ask you: why did you not do some investigating and put a team together of investigators, when you were first contacted by Pioneer Trust on November 8th, up until the time you gave the guarantee?

I submit that you did it for . . . Well I ask you that question. Why didn't you do some thorough investigation in order to base your decision on, on November 21st, because as, in your own words, they contacted you on November 8th?

HON. MR. ANDREW: — Okay. I'm advised that following the initial meeting, following the initial proposal, we indicated that we would explore it. Officials met with officials from Pioneer Trust, were provided some initial information. That information was being . . . just in the process of being reviewed when the Bank of Montreal issue came upon the 20th of November.

MR. KOSKIE: — Well on or about November 20th, when you first met with Pioneer Trust, you don't know who met, or who came from Pioneer Trust, but you're going to provide that information. Obviously they must have come with a proposal.

And what I'm asking you is: what was the proposal that Pioneer Trust came to you, if indeed they did? For what reason did they contact the government on November 8th?

HON. MR. ANDREW: — Well their proposal that they came to us with was for us to guarantee some preferred shares of Pioneer Trust.

MR. KOSKIE: — And having done that, what you provided . . . what you did then is they made the request, and from November 8th until November 21st when you gave them the guarantee, you did no checking as to whether that was the proper method of go or not. And that's what you're telling us.

HON. MR. ANDREW: — I didn't say that. I said that following the initial overture, that people from the department met with people from Pioneer Trust on an exploratory basis of the initial information, and that they were in the process of dealing with that when the Bank of Montreal issue of the clearing privileges came up. On that, we didn't have much forewarning on that.

MR. KOSKIE: — And you're saying that you contacted the Bank of Montreal in respect to the clearing privileges that they were withdrawing, and that you could get no co-operation in respect to them, even on the basis of your being interested in helping out this here major corporation in Saskatchewan.

HON. MR. ANDREW: — I didn't say that. I said that we talked to the Bank of Montreal and the Bank of Montreal did not execute their actions or withdrawing the clearing privileges. They carried forward and kept clearing the cheques.

MR. KOSKIE: — Well prior to giving the letter on November 21st — I want to be specific and give you the benefit of the doubt — what specific information did you have in respect to Pioneer Trust? What financial position were they in by your review at that time?

HON. MR. ANDREW: — Well we were a long ways from getting the information necessary to

satisfy us, that we had enough information to make a decision on. As I indicated in earlier questioning to you, that they were still arguing with federal officials with regards to the write-downs of various assets that were going to have to be absorbed in that particular year.

MR. KOSKIE: — And you're saying that you gave the commitment, as finance minister, of \$27.5 million with no knowledge, essentially no knowledge of the operation of that company. Did you at that time intend to withdraw it in the future and made it just to be of benefit for a short term? Did you at the time that you made it, or did you in fact at that time make the commitment to them which they took on face value? What was your intentions when you gave that letter?

HON. MR. ANDREW: — My intentions on giving that letter were to keep the process going until we can make a final analysis in determination.

MR. KOSKIE: — When you indicated that, you know, you had to give this commitment to keep it going for a short time, in whose interests were you keeping it going at that time? Whose consideration?

(1600)

HON. MR. ANDREW: — Well the interest that we had is that we wanted to explore any possible way and cover any possible fact if we could keep this company as a going concern, and that would be our first choice. If at the same time, in doing so we put too much at risk and it would not solve the problem, then we would not be able to proceed. And that's exactly what we tried to do. Perhaps it took longer than one should have hoped, but that's in fact how long it took.

MR. KOSKIE: — So then you proceeded. You withdrew the letter, Mr. Minister, and reversed your decision. And my colleague has pursued this with you. And you're saying that you withdrew the \$27.5 million guarantee at that point, and you're saying that you are not able to file any information on which you based that decision? Is that the position that you're taking to the House here today?

HON. MR. ANDREW: — I'm indicating that we took that decision based on the best information that I had, the best advice that I could find, that basically said that preferred share issue would not have been sufficient to make Pioneer a viable operation, and that if we proceeded with it, it would have been a short-term measure that would have probably called on the province of Saskatchewan to assist in the paying out of dividends. And in all likelihood it would have required down the road a further injection of money by the Government of Saskatchewan. And our view is that would not be profitable.

MR. KOSKIE: — I ask you: in respect to the total of uninsured amount in Pioneer when it went into liquidation, can you give us the total figure of the uninsured accounts in Pioneer? What is the total amount?

HON. MR. ANDREW: — The total uninsured deposits are 38,408,000. The income-averaging annuity contracts are 10,343,000.

I wonder, Mr. Chairman, if I might have just a brief two- or three-minute adjournment to get some coffee.

MR. KOSKIE: — Yes, Mr. Chairman. Mr. Minister, you indicated that the total then uninsured is \$38.4 million, and then you . . . out of that you indicated the income averaging annuity is over \$10 million. Now is that \$10 included in the overall 38.4?

HON. MR. ANDREW: — Yes.

MR. KOSKIE: — Out of the \$38.4 million that is the total uninsured amount in Pioneer, what is the total potential amount that the province is liable for?

HON. MR. ANDREW: — What is the total figure, is what you're looking for. Right?

MR. KOSKIE: — Yes.

HON. MR. ANDREW: — If I can give you fairly close to rounded-off numbers, if you like, in millions is: the total deposits were \$240 million . . . (inaudible interjection) . . . No, I'll go down so you can appreciate it. There's \$240 million total deposits. The insured covered by CDIC is 202 million. The federal treasury are responsible for 10 million, and the provincial treasury for 28 million. Now there's going to be some, you know, some 4.2s from that. So of the 38, we're responsible for 28; the federal treasury would be responsible for 10.

MR. KOSKIE: — And so the potential expenditure by the province is slightly over \$28 million. And what I'm saying to you, Mr. Minister: that's the potential cost it would be to the taxpayers of this province. And what you have done here is to come before this legislature and ask for an expenditure of \$28.2 million, or .4 million, and have had the audacity to come before this legislature and not even to have filed with this legislature a report of an investigation into the affairs of the company, so that at least we, acting on behalf of the taxpayers of this province, can indeed take a responsible position as to whether we agree with the actions of this government or not.

You say that you have some further information in a preliminary report. and what we're asking you, Mr. Minister . . . The potential, as you indicated, is 428 million to cover off the uninsured depositors. And you're asking us to give you yet another, a blank cheque, without even providing to this legislature a report which you did at the taxpayers' expense, in order that we may in fact have an opportunity to examine it.

That's the position that you have left us in. And I can't understand, having made so many mistakes along the way, that now you would try to clear up and to give it the best possible face when you come to the taxpayers and asks them to bail you out because of your precipitous actions, that at least you would come forward with a detailed report.

Why should the taxpayers believe you that it may only be \$10 million? Why should they believe you? Because they . . . You know, initially when you made the guarantee of 27.2, people all over Saskatchewan thought, once the government name a guarantee, that you could believe in the Minister of Finance, that that's what he was going to do.

And what I'm asking you then, and I think we could get along a lot faster in respect to this if you, in fact, from the investigations that led you to withdraw from the deal that you entered into, and on the basis of proceeding with the paying out of the depositors — I guess what I'm asking you: is your action, in fact . . . the fellow from Moosomin who hasn't been here recently, wasn't here recently, hasn't been around much, so I guess he wants to talk from his seat again.

The potential is \$28 million, Mr. Minister. You won't provide us with a report, and I ask you how, in view of the mishandling of this affair from the start, why should the people, the taxpayers, have confidence that indeed it won't be 10 million, but that it could well be much more than that.

What you're doing is putting the best possible light on it by saying that it will only cost you about \$10 million, but there's no guarantee to that unless you have a report which gives you some basis for saying it. If you have a basis for saying that really we're only bailing out for the 10.2, well bring forward the information, and then we know what we're dealing with.

But the potential — and I make it clear to all of the people who may be watching this afternoon

— is that the minister is asking for a bail-out here in the amount of \$18 million, and he's trying to put the best light on it saying it's only 10 million, but he's unable to bring forward a report or an investigation which would lead him to believe on what basis he says it's only 10 million.

So I'd like you to explain how the public can really put much faith in this Minister of Finance who, on behalf of the government, made a public statement, wrote a letter to a major trust company, then withdrew it, then has no report, shifts in mid-stream take a different course of action, and now the taxpayer is looking at a bill of \$28 million.

I ask you, what guarantee have we? Does your report disclose that it won't be more than, will be less than 28 million? What evidence have you?

HON. MR. ANDREW: — Well the report on the \$28 million is total liability. Now to have to come to that would . . . (inaudible interjection) . . . Just hear me out. Just hear me out.

Twenty-eight million dollars would have to mean that there wasn't one red penny in Pioneer Trust. Now presently there is a . . . As the member might know, the package is presently being . . . a sale being pending on mortgages, etc., in the neighbourhood of \$100 million.

Now the information that the members asks for, the only person that can provide that information is the liquidator. Now we can . . . And the liquidator is not likely to give . . . You know, you can phone me as much as I can phone him and try to get that information. Our advice, our best information from him is that within the year that we would receive over 50 per cent of that money back through liquidation — the first initial stages of it — and then from there, what would be received in some of the property deals after that.

So I think there's no problem, you know, of getting it down to there. This is the same question I responded to the Leader of the Opposition some time ago. But the information that you ask for is in the liquidator's. Now the only way we can make that term certain, or know what that amount is, is to delay this bill until the liquidation is finished.

MR. KOSKIE: — Have you received any advice from the liquidator at this point, because you say that the preliminary information is that you are going to get a recovery of 50 per cent. I'm asking you whether you have a preliminary report which you could file before the legislature which would give us some confidence in what you're doing.

(1615)

HON. MR. ANDREW: — I'm advised from information (and one has to appreciate the information that you try to get from the liquidator) is presently there's a . . . (inaudible interjection) . . . now but if you want to listen I'll tell you. Presently there is \$100 million mortgage block out in the market for sale.

Our best information is that deal is to be closed in about two weeks time. When that deal is closed, then clearly there will be a request for an interim payment out of money, and those that want the money far more than we do is CDIC, who are on the hook for \$202 million.

So everyone is pressing for an early pay-out of that money, and when that large block is sold, perhaps in two weeks you will get the first series of pay-outs that will buy it down from there. Then you proceed with the rest of the liquidation. I can't give the hon. member any more questions than that. His guess is, I suppose, as good as mine as to what that package will sell for.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I want to pursue the point being pursued by my colleague, the member for Quill Lakes, and it has to do with assessment of the likely loss.

The minister will be aware that the Hon. Mrs. McDougall responded in the House of Commons a few days ago to a number of questions when the federal bill was being guided through the House of Commons. I will quote a short paragraph of what she says because it . . . (inaudible interjection) . . . It is on page 4447 in column one, in answer to a question by a Mr. Gauthier, and Mrs. McDougall say this:

As I understand it, Saskatchewan is paying off \$24 million immediately, whereas the payments to the income-averaging annuities will be paid over time. It ("it" meaning Saskatchewan) will be paying off the non-income-averaging annuities immediately.

We are covering about \$10 million of income-averaging annuities and our assessment is that \$5 million, conservatively, will cover that. It ("it" meaning Saskatchewan) is covering \$25 million, and Saskatchewan is expecting that the ultimate cost to Saskatchewan will be \$10 million. So it (that's Saskatchewan) expects about \$15 million back.

Now that's what Mrs. McDougall is saying.

Now as I read that, Mrs. McDougall is saying that they're going to cover \$10 million of income-averaging annuity contracts — which she believes will cost the federal government \$5 million because the contracts will be paid out over time — not because she's going to get any recovery from the liquidator, but rather because she is talking about today's cost — the \$5 million — to pay out \$10 million over a period of time.

If I misunderstand that, and if she is, in fact, expecting to get a recovery of \$5 million from the liquidator, I wonder if you could clear that up for me. Since, the way it is written, she appears to tie the fact that \$10 million face value is going to cost the federal government \$5 million, she ties that to the fact that they are not due and payable immediately. And if that is so, then she is clearly not assuming she'll get much back from the liquidator.

HON. MR. ANDREW: — If you look . . . Perhaps to clarify that question, if you look at the federal Bill where they put a figure of \$5 million, as I understand, that is an anticipation of receiving at least 5 million from the liquidator. The liquidator, as you might appreciate, are fairly tight-lipped as to what they're going to get for you. Our best information from the feds is that they would anticipate more than 50 per cent payout fairly soon, and a further pay-out down the road, that I suppose is still a little bit hard to focus as to exactly what that might be. And, of course, if it goes to, if it goes to 80 million, then we will be responsible for approximately \$10 million.

Now clearly, when we looked at the books on the proposal advanced to us, we did not see it needing \$80 million. We believed that 35 would not cover it, and certainly 35 in a preferred share issue would not cover it. And if you can appreciate that preferred share versus, let's say, an equity injection would make a fair difference because there's no need to pay out the dividends and, therefore, one could maintain those profits to build the balance sheet up.

We didn't see no \$80 million at that point in time, and perhaps it's going to be that high. And so I think, conservatively, \$10 million should cover it. But, you know, again it's difficult to speculate, and the only one that I suppose that could make the best speculation is a liquidator who is dealing with each issue on a daily basis. Our best information is better than 50 per cent in the next short while.

HON. MR. BLAKENEY: — Thank you, Mr. Minister. You have pointed out something in the federal Bill which isn't in our Bill. First, that there is a monetary limit; and firstly that the monetary limit is the net figure, or approximately the net figure of what they expect to lose, not the gross figure that they would be paying out. It may be that because it is something paid out over time they are not going to have to make an immediate payment, and perhaps that's why they can put in a net figure, and we can not either put in a net or a gross figure. We will come to that as to why

the federal one has a monetary limit and this one does not . . . (inaudible interjection) . . . All right.

HON. MR. DEVINE: — The reasons for that is because of an Income Averaging Annuity Contract is designed to spread income and, therefore, from a taxing point of view, there's no need to pay it out, but it would be assigned or sold over to someone else, and you would, therefore, take the liability through the other process. And therefore that is why there is no immediate pay-out on the Income Averaging Annuity Contract. That is equally why we have to piggyback on to theirs, and we would not have a pay-out in Income Averaging Annuity Contracts as well.

HON. MR. BLAKENEY: — The other point I want to draw to the attention of the committee is that, at least on the face of it, the federal government is expecting to get back from the liquidator 50 cents on the dollar, and we in this province are expecting to get something more than 50 cents on the dollar, because we are talking about a net liability of \$10 million on a gross of 26, or 27, or 25 — pick your figure. And therefore somebody has done some different rough calculations.

I want to ask . . . I want to raise the questions of priorities. It has been suggested to me that the Canada Deposit Insurance Corporation has some preference in recovering over and above other unsecured creditors, that by reason of their guarantee of depositors, they in recovery rank ahead of other unsecured creditors. Now the whole discussion has been predicated on the fact that that isn't true, and that if Saskatchewan pays out depositors, it would take the depositor's claim, and the depositor's claim would rank equally with that of the Canada Deposit Insurance Corporation. And I want to ask you whether that is your understanding, because it will make a very major difference as to the amount we would recover.

HON. MR. ANDREW: — The legal people advise me that our claim would rank equal with CDIC.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, are you aware of any significant creditors who have a legal preference and who . . . over depositors and other person, in whose shoes the government would stand if they were paid out? When we're talking about the gross amount that the liquidator may recover, are there people who have — significant people; I'm not talking about employees or people who may have a statutory claim of a modest amount — but are there any creditors that have a significant claim of preference over and above the claims of the depositors, in whose shoes we would stand?

HON. MR. ANDREW: — We pressed for that information, and the information that we received back is: there was, other than some small claims, and that would be for furniture or something like that, there was no creditor at all. And that after this Bill would pass, is it would be the Government of Saskatchewan, the CDIC, and the federal government, would really be the three creditors, for all intents and purposes.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I want to go back to some of the points raised by my colleague, the member for Quill Lakes, and we have drawn a picture of how this problem arose. You have indicated the nature of the problem you faced when you gave the guarantee on November 21, 1984. You've indicated that you gave this guarantee without an adequate examination of the accounts of Pioneer Trust, perhaps even without any — I'm not saying that — but without an adequate examination.

Mr. Minister, when you did that, it would have been obvious that this was a financially risky thing to do. It would have been obvious that it was a financially risky thing to do. You did it by letter and you said in the second paragraph of the letter:

Details of the guarantee are now being reviewed by officials. You may expect the guarantee to be ready in time to allow your new equity to be placed prior to December 31, 1984.

I can only assume that if Pioneer Trust were proposing to structure an equity offering of preferred shares, and with all of the problems that would entail with respect to prospectuses and getting things approved by securities commissions and the like, that the time frame was short. And that I would have assumed therefore, that immediately after November 21, 1984, the Government of Saskatchewan would have put people into Pioneer Trust and would have been getting facts as rapidly as they could, having regard to the fact that this risky, financially risky guarantee had been given, and having regard to the fact that it was going to be confirmed in the strongest possible way prior to December 31st, because a prospectus was going out across the land asserting that the Government of Saskatchewan was guaranteeing.

(1630)

I want you therefore to take me through what happened after November 21st. And I say this because from what you have been saying, it appears that really nothing much concrete came to light until late January when, in the face of non-information, you sent a hit team in to look at their affairs. Could you take me through what happened after November, after November 21st?

HON. MR. ANDREW: — I'm advised that after that there was basically two processes, if you like. The one was to try to garner the information and the details, and the second part was to deal with the preferred share issue itself. They had spent their time . . . I think they had one, an investment banker initially. When they came to us they then opted and decided that they would go with another investment banker. They put a fair amount of their time, or certainly our understanding or appreciation of it.

A lot of their time was being . . . when I say "they," Pioneer Trust's time was being allocated to the preferred share issue, and not near enough time to providing us with information and the details and the valuations. Now during that time, which is mostly the month of December, they were still indicating that arguments were going back and forth between them and Ottawa with regards to the write-down values of various assets. That's where . . . because they had come along in 1984 and said, okay you must write down some of your holdings by x number of dollars. And that's where there was still confusion at that time as to how much that was going to be.

They were debating over, I think over four or five various properties, one being the property in Denver where there was a debate and the federal officials were down putting a value . . . and the federal appraisers from Supply and Services were down there trying to put a value on that, some of their Alberta properties which we're trying to get a fix on exactly what they were; some of the B.C. properties trying to get a fix on exactly what they were.

Now that information was not coming forth to us in great detail, if you can appreciate that at that point in time, as most of the officials working for it were working on this particular thing as opposed to politicians. So that you're trying to get that information coming forward.

Much of the information coming back to us was that they were talking (a) about the preferred share issue, how it was going to be structured, etc., and the legal questions involved in that, and as well that the books were going over to the auditor, and the auditor was doing some preliminary stuff on the books and once that was back we'd start to get that information. There was still arguments with the federal regulators as to what we were going to come to or they were going to come to, with the final fix as to how much had to be written down.

At that time, as well, there was an argument going on as to why trust companies should have to write everything off in one year, whereas banks have to write everything off in five years. And that argument was taking place. It seemed like a legitimate argument. I don't fully appreciate that, but the trust company in this particular case was trying to make the case as to why should, whether it's the Bank of B.C. or various other banks . . . were writing off over five years where they had to take it all at one time. Taking it all at one time meant about, I think, somewhere in the

area of a \$25 million hit in one year, which put them offside very quickly.

HON. MR. BLAKENEY: — Well, Mr. Minister, I hear what you're saying. I note the words of your letter, "You expect the guarantee to be ready in time to allow your new equity to be placed prior to December 31, 1984." Even if that was a bit of an optimistic date, even if one makes it January 15th or January 31st, a great deal of work would have to be done in order to get the material ready for a prospectus, the full and plain disclosure of what would be needed in a financial agency or trust company which had this many financial question marks surrounding it, and what legitimate or other wise questions the securities commission might ask about the validity of the financial statements.

And accordingly I would have thought that by mid or late December it must have been clear that information which ought to have been forthcoming, if this share issue was going to see the light of day even in January or February, ought to have been available.

And it seems to me, Mr. Minister, that I am frankly surprised that your people weren't there in December, finding out what the situation was, if the information was not readily available by that time. Because if the information was not readily available at that time, it must have . . . that would be raising a danger flag of major proportions.

And if indeed there were all this many questions, then it seems to me that Mr. Wagar was a month late, and his associates, in attempting to get to the bottom of the problems of Pioneer Trust.

And I wonder again whether you can indicate what sort of information you were getting particularly in the face of the fact that they were working to a December 31 deadline.

What information were you getting that caused you to believe that you didn't need to move until — having given this guarantee — you didn't need to move until late January to find out the financial basis for the guarantee you had given?

HON. MR. ANDREW: — Well we took the position, rightly or wrongly, that they had come to us for assistance and the onus was on them to provide us with the information. And that information was very slow in coming. And the longer it took and the more excuses you used, the more you started to question.

You know, rather than us moving in there and sort of holus-bolus taking over Pioneer Trust, we felt that they had to provide that information to us, and they had to provide that information in a way that we could verify it so that we had no dispute as to the issues at stake and the facts at stake and the financial statements at stake. We felt, and I think, that that was the onus of Pioneer Trust.

On the other hand, the information or the work that they seemed to be doing tended to be more on the legal side, which was on the preferred share and how are you going to structure the preferred share, and that type of thing.

Now whether they were taking for granted that we were not going to ask for that verification, I don't know. But that information did not come, it did not come; it did not come. And when it did come, it came in parts. And then it would change, And then it would be different. Finally it just came to the point of, look it, we're going to have to . . . you know, you're not coming forward with this stuff, and if you're not coming forward with it we're not going to proceed.

That was in about mid-January when they finally said, you know — when we kept asking and kept asking for that information — that we finally said, look it, we're not going to proceed with this unless we get this information. And we're going to put these people in and find that information.

Now, should we have done that in mid-December rather than mid-January, I suppose, is debatable. We didn't. We felt that it was their responsibility to provide that to us. That wasn't, in fact, done.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, there's no doubt it would have been their responsibility had the letter not gone, had they been applying for a guarantee. But once the guarantee was given, and, if I may say so, Mr. Minister, once the rumours about the guarantee began to float around the street, it was incumbent upon you to either confirm that guarantee or withdraw that guarantee at the earlier moment.

There is no way that a guarantee — a provincial government guarantee — should be out there in limbo for very long. It shouldn't have been there in limbo at all, and I don't want to pursue that point; we've pursued it before.

But having made the judgement that an emergency bail-out operation would be embarked upon on November 21, 1984 (and I don't think that's an unfair way to characterize what was done), then it was clearly incumbent upon you to see that that was either confirmed or retracted — I don't know how you were going to retract it, but anyway, in due course it was done — as soon as possible.

And I suggest to you that the long delay was unfortunate and stemmed from the fact that you or your officials did not take all prudent steps to find out what the situation of this company was before the guarantee (and we've covered that point), but after the guarantee for a period of well over two months when there must have been a good deal more information available to you than was retrieved by you or your officials until probably two months after the letter was given.

And I'd like you to comment on that.

HON. MR. ANDREW: — I suppose the question becomes, you know, a degree of how much . . . you know, too long or not too long. The only thing I can advise the hon. member is that it was not through the lack of requesting and trying to have that information come forward. And I think perhaps that says as much as anything as to how the information was probably poorly organized within that organization to even have a proper fix on the situation.

We requested it time and time again to get this information. We were begged off on various reasons. And what we were trying to do was do what we could to keep it flying on the information, the initial information that we had. That information had to be verified. That information was, in act, not verified, and so the decision was taken.

If we took too long, we took too long. I don't believe though, that . . . it stayed pretty static. The organization stayed pretty static. I am advised, again by the liquidators, that there was not a lot of run on the withdraws of deposits in Pioneer Trust during that period of time. It quite frankly . . . One had read that when you get rumours on the street, there is runs on banks — from the 30s or from the American-type situation.

That did not happen here. We monitored that very closely that that was not happening, knowing that we were sort of sitting in a vulnerable position, not really being able to say A or B or C. But it stayed fairly static. Our view, as long as that was the case, then we were going to make sure that we could verify the information. And until we could verify it, we were not going to move forward.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, this may not be strict or relevant, but I'll ask it anyway. You can answer if you wish. Do you know whether any preliminary prospectus was filed with the securities commission by Pioneer Trust with respect to their proposed preferred share offering which you were proposing to guarantee?

HON. MR. ANDREW: — I understand there was none filed.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I want to raise another line of questioning here, and I will have to be a little careful because other business interests are involved. But this has to do with the effect of the failure of Pioneer Trust on the financial affairs of Canadian Pioneer Management and the effect of the state of the finances of Canadian Pioneer Management on the — I won't say the continued viability, but the continued continuity of ownership of Pioneer Life. And this is a matter of a good deal of concern to constituents of mine and citizens of Pioneer Life. And this is a matter of a good deal of concern to constituents of mine and citizens of the city of Regina on two counts. Is there a concern, is there any concern with respect to the policy-holders of Pioneer Life? And I think you can probably make a statement and put that to rest.

(1645)

The other question is: is there a concern with respect to the continuity of ownership of Pioneer Life and, you know, are the jobs still here, putting it crudely?

I would welcome any statement you feel you could make on those two. They're two quite different topics. The one was with respect to the position of the policy-holders, and the other is the position of employees and others who are associated with Pioneer Life as a business organization.

HON. MR. ANDREW: — I would hope that the hon. member appreciates the tenderness of this particular question. The superintendent of insurance . . . Canadian Pioneer Life is a . . . (inaudible interjection) . . .

MR. CHAIRMAN: — Order. I would ask you to allow the Minister of Finance to respond to the question.

HON. MR. ANDREW: — If I could respond to the question in the following way: Canadian Pioneer Life is a federally licensed and federally regulated insurance company, and we have not done any investigation into the affairs of Canadian Pioneer Life. That is solely within the jurisdiction of the superintendent of insurance, and the superintendent of insurance has made statements publicly which you can read and which I can read.

With regard to the second question, that being of the employees, I suppose my only observation on that is that Canadian Pioneer Life tends to be a uniquely Saskatchewan-type, or prairie-type, life insurance company, and I would assume that that employment base would remain in that prairie region as the unique nature of that.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I won't pursue that further at this time, since it's obviously a little tricky to make too many statements about a business which is out there and operating. I don't want to associate it with the sorry state of its sister company.

Mr. Chairman, and Mr. Minister, I just want to recap now with respect to . . . At no stage during this entire process did the Government of Saskatchewan get any written assessment of the financial viability of Pioneer Trust save what it may have got from the federal regulators who may have sent it copies of material which they had garnered. None of the investigations or inquiries carried on by officials, your officials or by outside advisers whom you have retained, have been reduced to a comprehensive written report. Is that true with respect to any accounting people you have had look at this? Is it true with respect to any business and managerial people you have had look into Pioneer Trust? Is it true with respect to legal opinions which you may have solicited?

HON. MR. ANDREW: — If the hon. member's question is were these boiled down into a

briefing note, or a briefing report, or a document to the minister, no, they were not. But there was . . . If you can appreciate during this time, and I think any of the other ones that go through this type of exercise, it becomes almost a daily where you are meeting with officials and they're trying to get a proper target on the thing, and therefore there's not a lot of reports coming down there as opposed to ongoing assessment of various things and moving targets, if you like. And so that's why it's not down into a formalized written briefing thing.

HON. MR. BLAKENEY: — I understand what you're saying, Mr. Minister, but you're that everybody who gave advice gave it verbally. Nobody's on the line with a written report saying you ought to guarantee or you ought not to guarantee. The only person who has signed anything here is the minister. And the guarantee, there's no doubt about that being signed.

And with respect to the withdrawal of the guarantee, whether that equally . . . written indication of that was given, signed by the minister. And the only person who has stuck his neck out, his or her neck out, in this whole process, in any written form, is the minister.

HON. MR. ANDREW: — Okay, I think in response to the hon. member's question, I think you have to look at three dimensions that one had to try to explore. One was to separate it and look totally at this question as a financial decision, which was by far the most important aspect of it. In other words, could an injection of capital save that company and make it viable. Now that was one dimension to the question.

The second dimension to the question — which I think falls on each government that is confronted with this type of a problem — what is the implications of a financial institution failing? And, you know, even if you're very close to saying it's a 50-50 as to whether it would go or not go, then you would balance it in favour of helping it because of the down sides of a financial institution failing, and that in turn with the credit unions and serious trouble in Alberta and the North West Trust and now Canadian Commercial Bank — that does auger poorly for western financial institutions generally in a broad sense, so that you had to sort of assess that.

And then the third element of it is if it failed you're going to be left with a number of depositors that are not insured, which . . . and we took the position at that point in time that some assistance would certainly have to be given to some of those depositors — (a) the ones that might have deposited after a public statement was made. But more importantly, I think, some of the institutions that are investing, the hospitals, the school boards, that type of thing which, you know, you either get your money from government or they're going to be short and have to come back to government at some future time.

So those were the three things you had to try to balance. And what value do you put on the stability of financial institutions? And that really became at the end: how do you assess that question? And quite frankly there was those that argued that the stability of financial institutions were more important at almost any cost versus those that said, well, if you put in now, how long before you're going to have to put it in again, and are you in effect going to be taking over control of a financial institution, that type of thing?

So that's really where you came, and that was really where the argument was, more than anything else. And then that's where we finally took that particular decision.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, it is clear that from the minister's description that there was a minimum of financial information available when the decision was made to guarantee the share issue by the letter on November 21, 1984. There were a number of public policy issues which were being wrestled with. But it is also clear that the letter is a vote of confidence in the management, the senior management, and the board of Canadian Pioneer Trust, which were fully known to the government. Whether or not you knew anything about the financial affairs of Canadian Pioneer Trust, you knew who the board were and you knew who the chief executive officer was, and you knew who the chief operating officer was, and the letter

is a vote of confidence in them — a letter of full support for them.

The facts are increasingly clear as to whether or not that vote of confidence was merited and warranted. It certainly was not predicated on any detailed financial knowledge. You have already made clear that you didn't have that detailed financial knowledge. And when you're dealing with an outfit and you don't have any knowledge of their finances, but you know your management and you deal with them, then you're relying on their management.

It is very, very clear that the Government of Saskatchewan, whatever it says — whatever it now says — made its decision, not on the basis of financial information that it had, not on the basis of financial information which it took all deliberate actions to gather in, which it didn't. There was very considerable delay after November 27 . . . November 21.

There is very clearly a firm reliance by the Government of Saskatchewan on the management, the board and the management of Canadian Pioneer Trust, who were fully known to the government. The reliance was put there — it was not put on financial information available prior to the guarantee; it was not put on financial information which could have been gathered after the guarantee, but was not — it was put on the management and the board of Canadian Pioneer Management Ltd. and the board of Pioneer Trust. And we now know what stemmed from this reliance upon that particular management team so well known to the government opposite.

HON. MR. ANDREW: — In response to the hon. member's question, from the outset, one of the points that the government put on the table with Pioneer is that from the outset that we would have the right to appoint the chairman and a majority of the number of positions on the board of directors. You can read that as having faith in the management. I would read that as saying if we are going to go in and assist this thing, then we are going to need control within government who are bailing it out.

So from that point of view we, at all points in time, indicated that we would have to have the right to appoint the chairman and the major or a majority of the boards of directors of Pioneer Trust.

So from that point of view I would not read that in the way that you have, in the sense of an endorsement of management.

The Assembly recessed until 7 p.m.

ADDENDUM

Because of a printing problem there are a number of omissions from the Hansard No. 37B THURSDAY, MAY 9, 1985, 7:00 p.m. Page numbers 2039, 2040, 2073 and 2074 are missing. In addition the bottom lines of pp. 2039 and 2073 are missing. They should read as follows:

p. 2039 . . . the problem that you guys created.

p. 2073 . . . and Saskatchewan and the Government of Canada, under the Honourable Mr. Trudeau, whether . . .

Please accept our apologies.

NOTE: THE ONLINE VERSION HAS BEEN CORRECTED