



# **STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES**

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## **STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES**

Mr. Fred Bradshaw, Chair  
Carrot River Valley

Mr. Warren McCall, Deputy Chair  
Regina Elphinstone-Centre

Mr. Steven Bonk  
Moosomin

Mr. David Forbes  
Saskatoon Centre

Ms. Nancy Heppner  
Martensville-Warman

Ms. Lisa Lambert  
Saskatoon Churchill-Wildwood

Mr. Hugh Nerlien  
Kelvington-Wadena

[The committee met at 19:00.]

**The Chair:** — Good evening, members, and welcome to the Crown and Central Agencies meeting. I'm Fred Bradshaw, the Chair. With us we have Nancy Heppner, Lisa Lambert, Hugh Nerlien, Warren McCall, and substituting for David Forbes, we have Cathy Sproule.

We have two documents to table: CCA 84-28, Crown Investments Corporation of Saskatchewan: Report of public losses, October 1, 2019 to December 31, 2019; and CCA 85-28, Saskatchewan Government Insurance: Responses to questions raised at the November 27, 2019 meeting.

#### Saskatchewan Transportation Company

**The Chair:** — We will now move on to our first item on the meeting notice. We'll be considering the 2017-18 and 2018-19 Saskatchewan Transportation Company annual reports. Minister Hargrave, could you please introduce your officials and make your comments. And I'd like to remind the officials would you please state your name for *Hansard* when you speak.

**Hon. Mr. Hargrave:** — Thank you. Thank you, Mr. Chair. I'll give you my remarks and introduce my officials, if that's okay?

**The Chair:** — Yes.

**Hon. Mr. Hargrave:** — Okay. I'm pleased to be here before the Crown and Central Agencies Committee to speak to the '18-19 Saskatchewan Transportation Company final annual report. With me this evening to assist in answering your questions are senior officials from Crown Investments Corporation: Kyla Hillmer, president of STC [Saskatchewan Transportation Company]; Travis Massier, chief financial officer for STC; Cindy Ogilvie, vice-president and chief financial officer of CIC [Crown Investments Corporation of Saskatchewan]; Joanne Johnson, executive director, communications, from CIC; and from my office, Angela Currie, my chief of staff.

The report we are considering tonight is the final annual report for Saskatchewan Transportation Company. The report provides details of the final windup information through to the dissolution of the company on March 31st, 2019.

The windup is complete. The assets have all been sold. The Regina maintenance facility sale was final April 30th of 2019. The total proceeds from asset sales was \$27.9 million. Total cost to wind up STC was \$7.5 million: 5.6 million in severance costs and the balance primarily related to legal and professional fees. Included in the total costs are CIC's legal and professional fees of 0.7 million.

And thank you, and we'll now take questions that you may have.

**The Chair:** — Well thank you, Minister. Just while we're getting started here, I will now mention that coming in late is Mr. Steven Bonk to join in this. Anyway are there any questions? Ms. Sproule.

**Ms. Sproule:** — Thank you very much, Mr. Chair. And thank you, Mr. Minister and officials. I'm very pleased that we were

able to reorganize the meeting so soon after last Thursday and I'm looking forward to the evening.

So I understood we were considering both the '17-18 and the 2018-19 annual reports. That was what was scheduled. So if you're prepared to answer on both those, I have a few on each one of them. Okay, thank you.

Starting off then on page 2 of the '17-18 annual report, there is a reference to unused capital of 645,000 that was redirected to CIC. How were those funds used and what were they originally allocated for? Was it a specific STC project?

**Hon. Mr. Hargrave:** — I'll let the CFO [chief financial officer] for that answer that question.

**Mr. Massier:** — Travis Massier, chief financial officer of the former STC or Saskatchewan Transportation Company. On page 2 the 645,000 that you reference is related to previous capital grants STC received while it was in operation, so as the company wound up there was no need for any of those capital expenditures going forward and it was returned back to CIC.

**Ms. Sproule:** — Thank you very much. On page 3 the same year there's an indication that there were 185,678 passengers that received rides on STC. Does the Minister of CIC have any idea how many passengers have utilized the suite of replacement ride-share options? Yes, I'll start with that. Do you track that?

**Hon. Mr. Hargrave:** — No. On the ride-share options, you mean ride share as in ride share in Regina and Saskatoon? That kind of ride share, like Uber?

**Ms. Sproule:** — Bus services.

**Hon. Mr. Hargrave:** — Oh, okay. You don't mean like Uber or stuff like that.

**Ms. Sproule:** — No.

**Hon. Mr. Hargrave:** — You mean bus services that are provided by the private enterprise?

**Ms. Sproule:** — Yes.

**Hon. Mr. Hargrave:** — No, we don't track that. They don't report to us. Most of our information when it comes to those services we pick up mostly from the media.

**Ms. Sproule:** — All right. So you don't know how many companies are now providing bus services?

**Hon. Mr. Hargrave:** — We're aware of . . . And you've got to realize that they don't report to us and so we try just to keep a loose tally on that, but there was 15. There have been some that had started and discontinued service. Most of them have claimed that is because of low ridership. And some have started, stopped, and restarted. But 15 different companies at our last count that we have.

**Ms. Sproule:** — Thank you. On page 4 you describe the total amount of salaries, wages, and short-term employee benefits.

There were 224 people laid off that fiscal year and we're just wondering if we could get a breakdown of employees by community, not by name but by community. I don't know if you have that here. And if you don't, could you table it with the committee?

**Hon. Mr. Hargrave:** — We don't have that with us here. We'll endeavour to provide . . . We'll look for that information and see if we had it broke down by community, but we'll endeavour to provide what we're able to on that matter. Either way we will get back to you.

**Ms. Sproule:** — Thank you very much, Mr. Minister. On page 11 where the statement of cash flows are described, there were dividends paid of \$22 million. So where did those funds . . . Were they paid to CIC?

**Hon. Mr. Hargrave:** — Yes, that is money paid to CIC and that's a portion of the sale of the assets of STC.

**Ms. Sproule:** — Thank you. I think I'm going to move on now to the 2018-19, because I think we only have 15 minutes for this portion of the meeting.

Page 9, we have year-over-year expenses. Where did the employee severances appear? . . . [inaudible interjection] . . . We're just wondering on the financial statements, where do the employee severances appear?

**Hon. Mr. Hargrave:** — In the years '17-18 or '18-19 there was no severance costs. They were from before that.

**Ms. Sproule:** — Right. You indicated in your opening remarks, you referred to \$5.6 million in severance. What year was that realized in?

**Mr. Massier:** — So under accounting standards once you have an obligation to pay severance costs, you have to incur the expense and set up an accrual or an accounts payable for that matter. So that incurred in '16-17. So over the time period of '17-18 and '18-19, the cash would've actually been paid, but the expense is not shown in '17-18 or '18-19.

**Ms. Sproule:** — So the reference to the 5.6 million was the actual payments, but it didn't get accounted for, or well it was accounted for in '16-17.

**Mr. Massier:** — Actually the 5.6 million was the expense piece. It wasn't the cash paid out. But essentially those cash payments would have come out because we've expensed those.

**Ms. Sproule:** — So in the '18-19 financial statements, where is that payout?

**Mr. Massier:** — So on page 8 you'll see that in the previous year there was cash as well as trades and other payables, which was 2.8 million. That would have been the amount that was incurred for severance costs. So that change would have been what was taken out of severance costs.

**Ms. Sproule:** — Thank you. Okay, I'm going to leave that.

Page 17 there is a reference to a sale of assets of about

2.1 million, and it seemed to be for the Regina maintenance facility. Was that the price that the maintenance facility was sold for?

**Hon. Mr. Hargrave:** — With the Regina maintenance facility, due to contractual obligations with the purchaser and whatever, we can't disclose what the actual sale price of that building was. It is in the financial statements, but we can't actually disclose the purchase or the exact amount.

**Ms. Sproule:** — Right. Commercial sensitivity? On page 20 under note 15, related party transactions, there's a reference there that the executive officers of STC were employees of CIC. Have all those former STC executives . . . are they currently employed at CIC?

[19:15]

**Hon. Mr. Hargrave:** — None of the actual former executive are employed at CIC. Kyla and Travis are doing it on behalf of STC, but none of the former executive are employed with CIC.

**Ms. Sproule:** — Okay, so how many executive positions were lost?

**Hon. Mr. Hargrave:** — Do you want us to follow up with that? That's a simple question, I know, but we still want to get it right.

**Ms. Sproule:** — Okay.

**Hon. Mr. Hargrave:** — Do you want us to follow up with you on that? He'll dig it out here. Then that's eight positions.

**Ms. Sproule:** — Eight positions. And what were the severance costs for those? Were they included in the number you gave me earlier? They would have been?

**Mr. Massier:** — Yes, they would have been.

**Ms. Sproule:** — I see Joanne's nodding. Okay.

Mr. Chair, that's the extent of my questions for these two annual reports. I'd like to thank Ms. Hillmer and Mr. Massier for your fine work, and in winding this down. And I don't have any further questions.

**The Chair:** — Okay. Are there further questions from the committee? Seeing none, I will ask a member to move that we conclude consideration of the 2017-18 and 2018-19 Saskatchewan Transportation Company annual reports. Mr. Bonk has so moved that we conclude consideration. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

#### Crown Investments Corporation of Saskatchewan

**The Chair:** — We will now be considering the annual reports and financial statements of Crown Investments Corporation of Saskatchewan.

This includes 2017-18 and 2018-19 Crown Investments Corporation of Saskatchewan annual reports; CIC Asset Management Inc. financial statements for the years ended March 31st, 2018 and March 31st, 2019; First Nations and Métis Fund Inc. financial statements for the years ended March 31st, 2018 and March 31st, 2019; Saskatchewan Immigrant Investor Fund Inc. financial statements for the years ended March 31st, 2018 and March 31st, 2019; Capital Pension Plan annual reports for the years ended December 31st, 2017 and for the 15-month period ended March 31st, 2019; 2016-17, 2017-18, and 2018-19 Crown Investments Corporation and subsidiary Crown payee disclosure reports; and Gradworks Inc. financial statements for the year ended March 31st, 2018.

Minister Hargrave, if you have new officials, would you please introduce them. And do you want to make any comments on this?

**Hon. Mr. Hargrave:** — Thank you, Mr. Chair. I guess I have a few comments to make. And firstly I would also like to apologize to the committee and to yourself, Mr. Chair, and to all those behind the scenes, when I had to unfortunately cancel the meeting last week due to a personal medical issue that I had. And I have gone and explained it to one of the committee members anyway exactly what sort of happened, and it is getting much better. And I'm also glad that we could reschedule so quickly.

Also, Mr. Chair, there've been a number of changes to our officials since our last appearance here in December. Doug Kosloski, who had a significant amount of corporate knowledge on these files, has moved on as at the end of December. And unfortunately our president, Blair Swystun, is unable to be here this evening. So we have Travis, Wendy, Terry, Cindy, and Joanne all here tonight. And I just ask for a little patience this evening. It's a small but mighty team, and I thank them all for stepping in. And I'll do some other additional comments that I have and I'll try to keep it as brief as I can.

I'm pleased to be here before the Crown and Central Agencies Committee to speak on a number of Crown Investment Corporation reports along with other items the committee may have interest in. The reports for review today include Crown Investments Corporation, CIC Asset Management Inc., First Nations and Métis Fund, Saskatchewan Immigrant Investor Fund, Capital Pension Plan, Gradworks annual reports for '17-18 and '18-19, and payee disclosure reports.

With me this evening to assist in answering questions are Cindy Ogilvie, vice-president; Wendy Dean, acting vice-president, crown services; Terry Ross, CIC corporate governance officer; Travis Massier, corporate controller; Joanne Johnson, executive director, communications; and of course there's still my chief of staff, Angela Currie.

The list of documents before the committee this evening is lengthy. So rather than focus on each specific report I'm going to speak to a few highlights of the past couple of years for CIC and the Crown sector and the successes that we have been achieving.

Since 2014 CIC, on behalf of the Crown sector, has contributed \$1.2 billion in dividends to the General Revenue Fund. In '18-19 alone the sector contributed \$256 million in dividends to the GRF [General Revenue Fund], surpassing the target of \$206 million. Since 2014 the sector has recorded net earnings of \$1.9 billion.

In 2018-19 the sector recorded earnings of \$540.6 million, an increase of 37.6 million over the previous year.

After a few years of some very difficult economic conditions, the government has returned the budget to a balanced state. We are proud to say the Crown sector has been instrumental in achieving that. Much of the public focus on the Crown sector centres around utility costs, cellular service, and investment in infrastructure. The government is focusing on investing in infrastructure to ensure the people of this province can continue to lead a high quality of life. Crown corporations' investments provide safe and reliable public utilities to our homes and our businesses. That doesn't happen without investment in maintenance, renewal, and innovation; in other words, infrastructure or capital. Capital investment is key to maintaining that quality of life we have come to expect.

Capital spending in 2018-19 totalled \$1.4 billion, relatively constant with the investment over the past couple of years. Since 2014 this sector has invested \$8.2 billion in maintaining and renewing the infrastructure in Saskatchewan. The Crowns have worked hard and made important gains in managing costs and incorporating collaboration efforts to maximize savings and create synergies within the sector.

The Crown sector is a major employer in Saskatchewan with 11,200 employees and a total compensation budget that is just over \$1 billion annually. These are well-paid jobs that contribute to the provincial economy. Prudently managing the compensation expenses provides more flexibility to invest in the services that people expect.

We also continue to monitor and manage the sector's debt levels. The consolidated debt ratio for 2018-19 of 60.6 per cent is lower than the target ratio of 62.1 per cent, the lowest rate in a number of years. CIC regularly monitors the Crowns' financial health using the debt ratio as one of the measures. It ensures debt is carefully managed and benchmarked to industry standards. Given the state of the economy over recent years, this is positive news and another sign of responsible government.

The Crown sector also plays an important role in ensuring services for Saskatchewan people and businesses are high quality in achieving the government's public policy programming. Whether it's ensuring wireless connectivity across the province, driving and vehicle safety awareness programs through the Auto Fund, or providing bursaries for Indigenous students, the success of the sector supports the government's priorities.

The Crown sector is an integral part of communities in every part of this province. It responds to every challenge, whether it's technical, weather related, a service request, or an emergency. We saw this first-hand during the largest power outage in decades in December of 2018. We've also seen this during the wildfires a few years ago and other emergencies. Crown employees participate in teams with government ministries and emergency organizations to ensure the safety and security of our residents.

This is the dedication that makes the Crowns an integral part of keeping Saskatchewan on track and contributing to the high quality of life we enjoy and building the strong communities and the province we envision.

Now this concludes my opening remarks, and now we're ready to answer questions that you may have.

**The Chair:** — Well thank you, Minister. Are there any questions? Ms. Sproule.

**Ms. Sproule:** — Thanks, Mr. Chair. Thank you, Mr. Minister. That was an amazing summary of a lot of things that are going. So always appreciative of the Crown sector.

I'm going to start my questions this evening, I'm going to focus on some of the funds, as I guess I've signalled to you. And the two funds I want to spend a fair bit of time on tonight is the First Nations and Métis Fund financial statements and the Saskatchewan Immigrant Investor Fund financial statements. As you know, the work on these funds is winding down. So I think it's very important to have a good discussion on the record tonight and make sure that we get a full understanding of the status of these funds and how things came to be as they are.

So I'm going to start with the First Nations and Métis Fund, the '18-19 annual report. I'll focus most of my comments on the current financial report but I may refer to the '17-18 as well.

So if we turn right away in the notes to the financial statements on page 11, there's a reference there to the Muskowekwan Resources Limited file. And just to give a little background, I guess as you know, the initial investment was in 2011 at \$3 million. Currently or March 31st, 2019, it has been written down to \$287,410; so from 3 million down to \$300,000 in seven or eight years. So my first question is, how much of this loan has been repaid?

**Hon. Mr. Hargrave:** — The Muskowekwan First Nation investment repayment, it has been zero. But I should mention, being as we want to talk about that, how important the Muskowekwan First Nation opportunity was.

The Muskowekwan First Nation is on an incredible amount of potash, and by granting this loan and by looking at this . . . I talked to Chief Bellerose the other day and he's quite sure that, you know, potash is going to be needed in the future. This is a major resource that's right on the reserve, and the investment that was made in that First Nation helped his people with more training, get ready for what potentially is going to be a great project.

And while it has been unsuccessful so far and the repayment has been zero, we know like I said, potash is going to be needed in the future and people are going to be needing food. And this potentially for the people in his community could have provided employment for hundreds of people. And it was an opportunity that was there.

[19:30]

And he said, you know, it still enabled him to learn a lot of things that maybe they wouldn't have had the opportunity to learn. I mean he was on the board of Encanto Potash limited. Muskowekwan First Nation was accepted into the federal government's bridge program. This is one of the first projects in all of Canada where a First Nation had this opportunity, and it has been a great thing.

His community was able to register their skills and identify gaps and get training. It is a shame that the downturn in the pricing of potash did not allow this venture to go forward. I give them credit for seeing the opportunity and going forward on it, and I'm optimistic that one day — maybe not in the next couple years, but one day — that this potash mine will eventually go forward on Muskowekwan First Nation and will benefit their people.

**Ms. Sproule:** — Mr. Minister, thank you for that. I'm just wondering why CIC would gamble taxpayers' money on penny stocks for a junior exploration company.

**Hon. Mr. Hargrave:** — Well part of it was, the mandate of the fund was to help First Nations participate in the larger economic benefits of the province and projects, to the economy of the projects, and that was part of that. This was identified because of the large deposits that Muskowekwan had on their property. Now Encanto at that time, their financials were strong. Everything was strong. And we lent the money not to Encanto; we lent the money to Muskowekwan, MRL [Muskowekwan Resources Limited]. But this was in keeping in tune with the program that was set out many years ago, in 2005, of what we were looking for to help First Nations participate and benefit their communities.

**Ms. Sproule:** — I was fortunate to work on this file in my previous career and I didn't see any requirements for First Nations to invest in Encanto. Encanto existed. Its shares were doing quite well at the time the investment was made. So what sort of justification did Westcap provide to CIC in terms of why this was seen as a particularly good investment at the time?

My question was, this is a junior company. As you can see, what's happened is what's happened. Those shares are almost worthless now. And so how can the taxpayers of Saskatchewan see a return on this investment if indeed Encanto's shares never return? And I would say the future looks a little bleak for this particular project because Encanto simply won't be able to pull it together to get a mine on that particular reserve.

**Hon. Mr. Hargrave:** — Well the project, of course, that was a number of years ago that that investment decision was made. The project, you know, was a unique opportunity and was able to achieve milestones for this First Nation to become a partner and an active equity investor. So MRL — who we lent the money to, not to Encanto — MRL utilized the investment capital to purchase the shares, receive share purchase options. And this investment provided the First Nation with a seat at the board table and a voice as an active partner in the project.

Now at that time that was just unheard of that a First Nation would have that kind of an opportunity. Now Encanto might not have been a Mosaic or whatever. But this was an opportunity. That resource was on their First Nation, and give them that opportunity to participate. And it's an opportunity to participate. And it's still there. I mean it's still there. That resource is still there and has that opportunity to one day benefit Muskowekwan First Nation substantially. So I don't see it as a gamble or as a risk.

All these projects went through strong, due-diligent process by both Westcap and the fund manager and by CIC officials before approval. Encanto at that time had good financial statements that showed that strength that was required to make this partnership

work, bearing in mind it was a good opportunity for this First Nation and a very unique opportunity for even First Nation to participate in this kind of a project.

**Ms. Sproule:** — As far as I understand, Muskowekwan was already at the table before Westcap. Now do you know if Westcap approached them and asked if they would be interested in this investment? Or did Muskowekwan approach Westcap? Or did it come from the CIC board?

**Hon. Mr. Hargrave:** — I'll just point out that it was not the CIC board, and maybe it was just sort of a slip there on your part there, but it wasn't the CIC board. It was the First Nations and Métis Fund board, not the CIC board, that was involved in this project. And this was back in 2011, which was covered off many years ago both in committee and by the Provincial Auditor. And nothing was seen to be amiss in those reports from way back then. Seeing from hindsight's easy.

**Ms. Sproule:** — Yes. I just know you've said the potash is still in the ground, but the taxpayers are out \$3 million on this particular project. And we're looking currently, or as of March 31st, 2019, the fund is in debt \$8.4 million. So this is important to the taxpayers of course, as you know, and I think it's important that we get on the record why these decisions were made and how they kind of went so wrong. Because clearly MRL is not in a position to pay back to FNMF [First Nations and Metis Fund].

And if I understand correctly, FNMF bought a \$3 million 12 per cent demand debenture and 100 class G preferred shares in MRL, and that was used to purchase 12,940,000 shares of Encanto Potash and 6.5 million warrants. So the idea at the time was that the corporation will receive payment of their debenture in interest from the sale of Encanto shares. Any excess proceeds will be shared between the corporation and MRL, with the corporation receiving 40 per cent of the excess.

Well right now, 40 per cent of the excess is zero, because there is no excess. So this is an investment that has gone quite badly, I think you'd have to admit. And will there be any efforts to recoup the monies from MRL at any point? Do they have any other investments that they've entered into? Do you know if there's any ability at all to get any of this money back?

**Ms. Ogilvie:** — Cindy Ogilvie, vice-president and CFO of CIC. Just to provide some, I guess, background into the investment purpose. These funds were provided to fill a gap in the market. They are high-risk, inherently high-risk investments. Conventional lenders such as a bank would not provide investment funds for various reasons, whether they were new companies, start-up companies, undergoing a management transition in the company, resource-based businesses which we see those markets go up and down quite rapidly, or insufficient physical security for a loan. So there were some inherent high risks in these investments.

The point of the FNMF investments was similar to a lender of last resort and they were made as a matter of public policy where private sector lenders were not interested. So therefore it's not necessarily valid to compare the commercial outcomes to those of a bank or a financial institution. These are better compared to venture capital investors, and I guess the rule — I would say an informal rule in that industry — is that you have seven or eight

out of ten investments that will not succeed or may not succeed, and one or two, two or three that may come to fruition. But they come with fairly strong returns because of the high-risk nature of them. And that's the nature of these investments in the First Nations and Métis Fund, so there's not an expectation that every investment will come to fruition. They were made for public policy reasons.

**Hon. Mr. Hargrave:** — As well I will add, you know, we do have security over the shares. I mean, today the shares might not be worth a whole lot but we're optimistic that maybe one day that that will happen. I mean, I guess technically if we wanted to, we could sue that First Nation and sell those shares for nothing and sue that First Nation but I don't think that's where we want to go.

[19:45]

I think we were trying to help the First Nation here advance the peoples of that community and I think we've helped them a long ways. And I think that by continuing to partner with them and remain partnering with them right now the way we are, that one day this whole project will come to fruition and we will benefit. Maybe not today, maybe not right away because we have to look at what's happened in the potash industry.

In the potash industry there's been layoffs at numerous mines from some of the major, major players in the potash industry. So we're optimistic that that industry will rebound. I mean, we have still the richest potash reserves, you know, in the world, I think, if not in the world. And we just know that, you know, we're going to have to continue to provide food for the world and we'll provide fertilizer because the population continues to grow and more and more food is going to be required.

**Ms. Sproule:** — Yes. My colleague just raised the point, just that the reason for winding down STC was that it wasn't turning a profit, but now you're talking about losing \$8 million on very high-risk investments. I understand the nature of those.

I would like to clarify though, Mr. Minister, can you confirm for the committee that the loan repayment was tied to the value of the stock?

**Ms. Ogilvie:** — It was not tied to the value of the shares. The loan repayment . . . The loan was secured by the shares and in order to help achieve a strong value there was, in the loan agreement, a provision to actually share in any uptick in the value of the shares. So looking for strong value and helping to protect the public's investment by sharing in any profit that might have come out of it, but the loan repayment was not tied to the share value.

**Ms. Sproule:** — So the loan was to buy shares and the repayment was to come from an uptick in the share value, but they're not directly related?

**Ms. Ogilvie:** — No, the loan repayment was as long as they were receiving some profits, they would be able to repay their loan. But FNMF did include a provision if there was some additional profits achieved through an uptick in the value of the shares, there would be some sharing of those profits back with FNMF.

**Ms. Sproule:** — Could you table that loan agreement with the

committee, please?

**Hon. Mr. Hargrave:** — We'll check on the confidentiality agreements, but we will endeavour to provide what we are able to in regards to that agreement.

**Ms. Sproule:** — Thank you very much. How many jobs for First Nations and/or Métis people were created by this investment?

**Hon. Mr. Hargrave:** — Initial projections were . . . For initially it would've been only like 40 jobs, but obviously with the potash resource and the potash opportunity moving forward, it could've meant hundreds of jobs for that community and that area. But the projection was for 40, and there were very few on there because it never . . . there was not a lot of additional development as the industry started to slide.

**Ms. Sproule:** — What sort of readiness assessment did Westcap do to ensure that Muskowekwan Resources Limited had the capacity to enter into this kind of venture?

**Ms. Ogilvie:** — Similar to an answer previously provided by the minister, given that this is going back to 2011, it has been part of a review at this committee and by the Provincial Auditor in previous years. There were no issues raised at that point. We don't have that information with us at this point, and given that we're here for '17-18 and '18-19, it's going back quite a few years.

**Ms. Sproule:** — Ok, well let's just look at '19 then. I believe there was an additional writedown in just the last fiscal year and there was another writedown in the year previous to that. So do you know if Westcap is working with these companies to maybe help them find other ways to divert these funds and actually generate some revenue? Or does he meet with them on a regular basis? Does Westcap provide assistance currently then to Muskowekwan Resources Limited? What are the connections between the management of this fund and the investors that have been set up?

**Hon. Mr. Hargrave:** — Westcap has been actively working with Muskowekwan First Nation. When I talked to Chief Bellerose the other day, I mean, he couldn't say enough good things about the hard work of the whole team at Westcap. He talked about how they rolled up their sleeves and worked with them, working with them. There's limited opportunities currently, I mean, for them to sort of come up with that money for repayment of that loan. But you know, we still have security over the shares and we still believe that long term this is a good program for Muskowekwan First Nation.

**Ms. Sproule:** — Until 2017 the investment was still at about half of its original value. In 2018 it then dropped an additional half a million dollars and in 2019 it dropped almost another 700 . . . or sorry, half a million dollars in 2018 and \$700,000 in 2018-19. It doesn't sound like a lot of help. So I'm just wondering, given that the market has kind of evened out when it comes to potash, how is it that this investment has lost, you know, over \$1.2 million just in the last two years? What's going on?

**Mr. Massier:** — So under accounting standard IFRS [international financial reporting standards] 9 Financial Instruments, which is the accounting standard that looks at these

types of investments, the accounting standards look at the value of the loan. So the value of the loan to MRL, the majority of that value . . . They used the majority of that money, if not all, to purchase Encanto shares. So in turn under accounting standards, you would tie the value of that loan to the Encanto shares. But it needs to be a permanent decline under accounting standards. It can't be temporary.

So given the downturn in the potash industry, you look to see if it's permanent which is a determinant of when you write it down. So in the last two years, it's become obvious that there has been a decline in the potash industry. So those writedowns incurred. However it should be noted that they still owe us, the First Nation and Métis Fund, \$3 million. We changed the value for accounting standards but we don't actually change the obligation from MRL.

**Ms. Sproule:** — So when you have that \$9 million deficit, does that include the writedown of Muskowekwan? Okay.

If I understand correctly, Mr. Bellerose is no longer the chief. I believe he stepped down recently. I saw a news story that was . . . Just for clarification I did see a news story recently. He was going to move on to . . .

**Hon. Mr. Hargrave:** — Yes, and we still call him Chief Bellerose but, I mean, because he was involved throughout the process.

**Ms. Sproule:** — I see. I wonder if you have any reports from Muskowekwan Resources Limited as to what his salaries were with Muskowekwan Resources Limited? I did see comments from band members that there was a fairly highly salary being paid to him from this money that was given to Muskowekwan Resources. Do you get any reports from Westcap on that?

[20:00]

**Mr. Massier:** — So on a quarterly basis, Westcap provides the FNMF board with financial statements of MRL. They are financial statements so they don't individualize salaries, but we do have the overall salaries of the Muskowekwan Resources Limited company.

**Ms. Sproule:** — I know you probably don't have those with you tonight, but would you be willing to table those reports from Westcap to the board in relation to all of the investments, I would say going back at least three years?

**Hon. Mr. Hargrave:** — We will have to review and see because of the confidentiality. We will check into it and on best efforts, I'll get back to you either way. But I will make another note. I've been informed that Chief Bellerose is still Chief Bellerose. He announced that he is stepping down this coming fall.

**Ms. Sproule:** — Well there you go. Thanks for straightening that out. I misspoke. I'm going to move on now to Infinite Investments, which is stated on page 12 of March 31st, 2019 financial statements. There are actually two investments here. I believe there was a \$1.2 million, 12 per cent, five-year debenture issued in 2013 and a \$600,000, 17 per cent, seven-year debenture with a company called Infinite Investments. Infinite is a company that is owned by Western Métis Region 3 and they used the proceeds to provide a loan. So we invested in them. FNMF

invested in Infinite and Infinite gave a loan, a \$1.2 million loan, to a company called Force Energy Services and then they purchased a 30 per cent fully diluted ownership interest in Force Energy Services.

I read somewhere that the purpose of this fund was to have majority share in these companies. So why only a 30 per cent interest in Force Energy Services?

**Hon. Mr. Hargrave:** — Well the money and the program, I mean, maybe . . . I don't know if you were around when they developed it back then or if you were after that.

**Ms. Sproule:** — Yes, I was around.

**Hon. Mr. Hargrave:** — Yes. We lent the money to Infinite. Infinite was 100 per cent First Nation.

**Ms. Sproule:** — You purchased a debenture.

**Hon. Mr. Hargrave:** — Yes, so we lent the money to Infinite. Infinite then had the shares and made the loan to Force Energy.

**Ms. Sproule:** — Yes, my question was, they only purchased a 30 per cent share and my understanding was that any investments that were done, they were to acquire at least a half or 50 per cent share of ownership.

**Mr. Massier:** — So the money that was lent by the First Nations and Métis Fund was to Infinite Investments. The objective of that fund was to invest in majority ownership of a corporation. So Infinite Investments was 100 per cent owned. There was no rule that they had to invest in more than 50 per cent of a corporation once they were lent that money.

**Ms. Sproule:** — Thank you very much for that clarity. The initial investment was 1.8 million and as of March 31st, 2019, it was worth \$250,000. So I'm assuming none of this loan has been repaid. The seven-year debenture's up this year and the five-year debenture is long gone. So why has nothing on this loan been repaid?

**Hon. Mr. Hargrave:** — They have paid interest in the amount of \$143,573 on that. Infinite has security and eventually we have security as well over the assets of that company, over Force Energy. Now those assets are light standards, generators, other oil field equipment that is currently in storage. And again due to the downturn in that economy, it's not the perfect time to sell assets. And if it was an upswing in the economy right now, those assets could probably put to use to generate revenue.

**Ms. Sproule:** — How does that explain that Force Energy was actually struck from the corporate register? So it doesn't exist as a company anymore. So where are those assets? Who owns those assets?

**Hon. Mr. Hargrave:** — Well Infinite has the assets and they're in storage. So Infinite has possession of the assets but they're in storage. And again we're optimistic that either they'll get put to work or sold at a higher value when an opportunity happens.

**Ms. Sproule:** — When did Infinite take possession of those assets? They belonged to Force Energy.

**Hon. Mr. Hargrave:** — Infinite had security over them, right? But anyway, we'll look.

**Mr. Massier:** — My understanding is, when you say they're not registered, my understanding is they haven't kept the name in whole. But I do know that Infinite Investments has security right over those assets. We know where those assets are located, so we are fairly confident of that.

**Ms. Sproule:** — Could you repeat that?

**Mr. Massier:** — My understanding is when you said they weren't registered, I'm assuming . . . Can I clarify that you mean . . .

**Ms. Sproule:** — They've been struck from the corporate register.

**Mr. Massier:** — Yes. That means that they just don't have their corporate name registered. However, we know that we have the assets. We know where they are and Infinite Investments has security right over those assets.

**Ms. Sproule:** — And you believe they're worth 260,000 now and no longer 1.8 million?

**Mr. Massier:** — That is correct.

**Ms. Sproule:** — Great. Currently there's one director on Investments' board and her home is listed as the address for Infinite Investments. I don't believe she has any awareness of the location of these assets because there are no records at all of this investment in their office currently.

[20:15]

So what sort of reporting is Westcap providing to them, Infinite Investments? Or is he doing any reporting at all? Because they haven't received anything. And certainly, what is Westcap telling the board about this particular investment? Would you share Westcap's reports?

I guess I've asked you that previously, but this is not what's being reported from Infinite Investments. So they are not aware of those assets existing or where they are located. So can you confirm how you know that Infinite has possession of these assets that are worth \$260,000?

**Hon. Mr. Hargrave:** — Westcap has had conversations with Infinite as well and have assured us they know where the assets are. And if you have additional information that contravenes that, I would appreciate receiving it.

**Ms. Sproule:** — Could you let the committee know when Westcap had those conversations with Infinite?

**Hon. Mr. Hargrave:** — Yes, we'll check with them and get back to you.

**Ms. Sproule:** — I just want to go back to the original loan. When it was initially issued, it was reported . . . And I'm not talking about the loan from FNMF to Infinite Investments but I'm talking about what Infinite did with that money, and you reported that in your annual report. So I want to ask some questions about that.

It was originally reported as being owned by Brigden Welding and then three years later it was reported to be owned by Force Energy, which is an entirely different company with a different structure. Was the board of FNMF notified of these changes? And did Westcap make those recommendations to Infinite, or what prompted Infinite to agree to the amended corporate structure of Force Energy?

**Hon. Mr. Hargrave:** — I am told that there was just a name change, and that was prior to 2017, that there was no change to the corporate structure, is what I'm told. But it was prior to . . . That name change did transpire prior to 2017.

**Ms. Sproule:** — Yes, it happened in 2013. They were struck off in 2019. But originally it was reported that the loan was to Brigden Welding. Infinite Investments gave the loan to Brigden Welding, which was 40 per cent owned by Brigade Oilfield Services, and there was a whole bunch of different shareholders in that company. But when Force Energy was created, it was 30 per cent Infinite Investments; and then 30 per cent Brigade Oilfield; and some voting-only shares; and then Preston Brigden, 35 per cent; and Glen Lawson, 5 per cent.

If you look at the . . . it wasn't amalgamation; it was actually a reformation of a brand new company in 2013. My question though is that at the very same time, Preston Brigden started a company called Rival Energy and again, majority shareholder in that. And that company is still filing annual reports and obviously a going concern.

So did Westcap make any inquiries into why Force Energy went under but Rival Energy actually is still a going concern?

**Hon. Mr. Hargrave:** — The First Nation and Métis Fund invested in Infinite. Infinite invested in Brigden Welding. So we don't have any other information on what other companies that some of the shareholders in that company might have or have.

**Ms. Sproule:** — This is \$1.8 million of taxpayers' dollars that you invested in this high-risk investment. But is there no concern that the same company that was chosen by Westcap for Infinite to invest in was doing similar business in other companies in the area? Buying a \$100,000 muscle car with we don't know with what resources, is that part of the investment? Or have you actually made any inquiries at all?

**Hon. Mr. Hargrave:** — Considering you interrupted me a couple times, I'll interrupt you. I'll just say this, is we lent the money to Infinite and Infinite invested in Brigden Welding. So we don't go into what people are purchasing privately. I don't go into your personal stuff, what you're purchasing privately. Now we've had . . .

**Ms. Sproule:** — When you're writing down a million . . . [inaudible].

**Hon. Mr. Hargrave:** — Don't interrupt me again, please. I've been courteous to you, and I ask you to be the same. Okay? We're not sitting in the House now. We're sitting in committee.

So we don't go into what people are personally purchasing. I mean this is a company. We invested in Infinite. Now you've asked a number of times and I've answered the question. We

have answered the question that we invested in Infinite. Infinite invested in Brigden Welding. So asked and answered.

**Ms. Sproule:** — The original investment was with Brigden Welding, but Force Energy was an entirely different company with a totally different corporate structure. Were there any investigations made by Westcap Mgt. at the time of that change to ensure that this was in order and that it was appropriate?

**Hon. Mr. Hargrave:** — When we were advised of that, due diligence was done on Force. And I guess that's all I can say.

**Mr. Massier:** — What I will add is, as the minister said, due diligence was completed once the name change was complete. It should be noted, I think you mentioned . . . Just to clarify, Westcap did not bring Infinite Investments to us. The program was created in 2005, or 2006 it came into fruition. And then those investments such as Infinite Investments would have been proposed to FNMF. So Westcap wouldn't have sought out sending a loan or an investment into Brigden. That would have been Infinite Investments' proposal.

**Ms. Sproule:** — According to Infinite Investments, Westcap presented them with the companies that Westcap thought they should invest in. That's somewhat different than what you're telling me. Is it correct?

**Hon. Mr. Hargrave:** — As far as we're aware — and none of us were here at that time frame — Infinite brought that deal to Westcap and therefore to the First Nations and Métis Fund board.

**Ms. Sproule:** — Very interesting. Do you know when Westcap was getting involved with these investments and First Nations investment companies, did Westcap conduct itself similarly for all the investments? That the First Nation organized a company, found the investment they want, and then they sought out Westcap? Or did Westcap, was it actively involved in developing those First Nations companies so that they would be investment ready?

**Hon. Mr. Hargrave:** — Which companies are you referring to?

**Ms. Sproule:** — Well, most of the ones that lost money. So the ones from 2011 till 2014-15.

**The Chair:** — On that, if I may step in here, this is actually going outside the scope of what we're actually talking about because it's . . .

**Ms. Sproule:** — That those investments . . .

**The Chair:** — You're talking about stuff that has already been through committee and I believe that we should continue to work on our ones that we have before us rather than going back to . . . and it's kind of . . . What it's been doing is, I've been hearing us going back more and more all the time. I hear people talk, right, about 2005, 2006. And let's kind of stick with what we have.

[20:30]

**Ms. Sproule:** — Yes, I'm not talking about 2005, Mr. Chair, and in fact I'm talking about page 12 of the March 31st, 2019 portion of the annual report which talks about Infinite Investments Inc.

and the additional impairment of \$486,000 in 2019. And so I think . . . Or sorry, 2018. And then impairments of 78,000 in the last fiscal year.

So we're trying to understand how that company got to that point. I will try to focus as much as I can on the current status of Infinite Investments but I think understanding what sort of activities the fund manager is engaged in to recover the millions of dollars that taxpayers have lost, I think, is an important inquiry.

**The Chair:** — I think what we should do, though, is try to stick as much as possible with what we have here before us.

**Ms. Sproule:** — Yes. One other point, Mr. Chair, if I can. I just wanted to make one other point that we did ask for Mr. Kook from Westcap to come to this table and answer some of these questions, but the minister said at the time that he was able to answer them all. So we're hoping he has those answers and will be able to answer them all. And we would continue to ask questions about the current management of this fund, which for Infinite Investments is currently written down to \$250,000 from \$1.8 million.

So it's a significant loss and I think this committee, our job is to inquire and make sure that we get the right answers on that. So the minister has indicated he's able to answer all these questions for Mr. Kook, so that's what we're going to try and keep doing here if that's okay. Next question. How many . . .

**The Chair:** — Mr. Minister.

**Hon. Mr. Hargrave:** — Yes, I'd like to have just a little bit of reply. Of course a lot of these things have been addressed in previous committees, gone through by the Provincial Auditor, signed off. If you want to talk about 2017-18, '18-19, that's fine. If you want to know about the \$489,000 . . . [inaudible] . . . then that's what we should talk about. We're more than happy to answer your questions for you and we will continue.

But it's not, sort of, a history down the road from the history of the start of the program. Over a number of years you've had that opportunity in committee to ask these questions and you have asked them. And you know, this has been reviewed by the Provincial Auditor and found to be fine. So we'll answer questions pertaining to '17-18, '18-19 and if you want to know about this \$489,000, we'll answer that question for you.

**Ms. Sproule:** — It's 486. Can you share with the committee how many jobs for First Nations and Métis people were created by this investment?

**Hon. Mr. Hargrave:** — The numbers that we have been provided is four. That was the projected number that we were provided.

**Ms. Sproule:** — Are those jobs within Infinite Investments or at Brigden Welding? And are they current jobs?

**Hon. Mr. Hargrave:** — Well being as they're not operating, there are no current employees. I mean there might be shareholders, but there would be no current employees.

**Ms. Sproule:** — There's no current employees. So the four jobs

that were created, what were they?

**Hon. Mr. Hargrave:** — Well of the four employees . . . well it was a rental company so we don't have what the job descriptions were. Two of those four were Métis and we know that, but we don't have the job descriptions as to what they were doing. But this company rented out equipment to the oil field so it would have been somewhat related to that field. But we don't have job descriptions.

**Ms. Sproule:** — Could you provide the committee with a list of the current inventory of the Infinite asset? You mentioned light standards and generators and all the things that are in storage. Could you provide the committee with a total list of all those assets and their value?

**Hon. Mr. Hargrave:** — Well we don't have a list of that but we'll investigate into that and we'll get back to you with all of the information we can. We might not have serial numbers and stuff like that. Might be under general security agreement, but we'll endeavour to get back to you as soon as we can.

**Ms. Sproule:** — Thank you very much, Mr. Minister. In terms of the previous MRL, Muskowekwan Resources, you indicated that very few jobs were created. Could you be more specific? How many jobs were actually created?

**Hon. Mr. Hargrave:** — We don't have the exact number of employees that there were. It was estimated that they were going to employ about 250 people at one time. But obviously it's another one that has not proceeded, so there would be zero employees at the current time.

But you know, one of the important things to remember is that we're investing in this fund, through this fund to the First Nation and Métis people and trying to give them a leg-up in participating fully in the full economy for them and their communities in Saskatchewan and be there. And we think that was a really important aspect of the program, was to give them that opportunity. And unfortunately a downturn in potash, a downturn in the oil sector, unfortunately it was hard on a lot of companies, not just these First Nation and Métis companies. It's an unfortunate circumstance that they did get caught in that, because this was a great opportunity for the people of some of their communities.

**Ms. Sproule:** — Thank you, Mr. Minister. I'm wondering whether Westcap ever disclosed to the fund that he actually approached the Clarence Campeau Development Fund with the Brigden deal prior to Infinite Investments coming on the scene. Was that ever disclosed to the fund?

**Hon. Mr. Hargrave:** — I think that would've been before 2017-18.

**Ms. Sproule:** — Yes or a no. You're not going to give an answer to that then?

**Hon. Mr. Hargrave:** — Well I don't know. It doesn't pertain to '17-18 financials.

**Ms. Sproule:** — It pertains to the Westcap's current management.

**Hon. Mr. Hargrave:** — Right.

**Ms. Sproule:** — I guess that's a non-answer. All right.

**Hon. Mr. Hargrave:** — What was the question? What was the question?

**Ms. Sproule:** — Did Westcap ever disclose to the fund that he actually took the Preston Brigden deal to the Clarence Campeau Fund prior to Infinite ever being incorporated?

**Hon. Mr. Hargrave:** — The welding deal?

**Ms. Sproule:** — Yes.

**Hon. Mr. Hargrave:** — Okay. You said Preston Brigden.

**Ms. Sproule:** — Yes.

**Hon. Mr. Hargrave:** — When the fund was started . . . Right from the brochure, I'll read here:

Westcap will make recommendations to CIC on potential projects. Westcap may also help invest these by referring them to other sources of financing, including the Saskatchewan Indian Equity Foundation and the Clarence Campeau Development Fund.

So I mean, Westcap probably was well aware of the Clarence Campeau Development Fund prior to that. But as far as dealings with Brigden Welding, we're not aware of that.

**Ms. Sproule:** — All right. Thank you. On page 15 of the 2019 report under "Management fees," under the B section it says:

The Corporation also entered a management service agreement with Westcap Mgt. Ltd. for the management of FNBDP at a cost of \$50,000 annually.

Effective June 1, 2018, the Corporation negotiated a change to the management services agreement regarding management fees. The management fees for FNBDP Investments were changed to \$4,375 per month. The management service agreement expires in 2020, however as of February 25, 2019 there were no FNBDP investments in the fund resulting in the termination of the managed service agreement.

Can you share with the committee what is the FNBDP, First Nations business development program?

[20:45]

**Hon. Mr. Hargrave:** — The First Nations business development fund was a program within the First Nations and Métis Fund to facilitate investment opportunities and long-term job creation for First Nations businesses. It provided low-value, zero per cent loans to First Nations businesses to leverage other sources of private sector or financial institution capital. Loans were provided to First Nations businesses that were related to printing services, farm and construction equipment, and oil production.

**Ms. Sproule:** — Where are the financials for that fund? I can't

find them anywhere.

**Mr. Massier:** — So FNBDP is a program within First Nations and Métis Fund. So the financial results of FNBDP would be embedded in the financial statements of the First Nations and Métis Fund.

**Ms. Sproule:** — They're not separated out at all?

**Mr. Massier:** — No.

**Ms. Sproule:** — Okay. How much was provided to the project overall from CIC? There was, I think, 3 million budgeted early on, but what was the total?

**Mr. Massier:** — So FNBDP, the First Nations business development program, provided investments of \$1.8 million for the program.

**Ms. Sproule:** — Provided investments to First Nations?

**Mr. Massier:** — That's correct.

**Ms. Sproule:** — And how much was the management fee in total for that fund?

**Hon. Mr. Hargrave:** — Mr. Chair, we'll get the answer to this question, and then if we could have just a five-minute restroom break.

**The Chair:** — Yes, okay.

**Hon. Mr. Hargrave:** — Thank you.

**Mr. Massier:** — So if you go into the '18-19 FNMF annual report, you'll see the management fees note. But if you also look at page 4, it has the management fees for 2019 of 134,750. Included in that number is for First Nations business development program. There is \$50,093 paid for the First Nations business development program that year. For 2018, which is management fees of \$241,826, the management fees for the First Nations business development program for that year were 52,500.

**Ms. Sproule:** — So what kind of activities . . .

**The Chair:** — Ms. Sproule, let's just wait for a second.

**Ms. Sproule:** — Sorry, oh five minutes. You want . . . Yes. Sorry, sorry. I'm excited.

**The Chair:** — Let's have a recess here for about five minutes or so, and we'll get back at 'er.

[The committee recessed for a period of time.]

[21:00]

**The Chair:** — Well welcome back, everybody. We will continue on. Ms. Sproule.

**Ms. Sproule:** — Thank you very much, Mr. Chair. Prior to the break, you mentioned that there was a \$50,000 payment to

Westcap in 2019; \$52,500 in 2018, relating to the First Nations business development program. Can you describe for the committee what sort of activities Westcap undertook in those two fiscal years in relation to that program?

**Hon. Mr. Hargrave:** — Well they continued to manage it according to the contract. And our records indicate that in that time frame that they got repayment on three of those loans.

**Ms. Sproule:** — But that was for the business development program itself. So repayment of loans would relate to FNMF, but for the FNBDP what sort of activities did the fund . . .

**Hon. Mr. Hargrave:** — That's what I was . . . This is for the First Nation business one, FNBDP. With the loans there they were given repayment on those loans. I mean there was three loans: two that were paid out completely, and another one pretty much paid out as well.

**Ms. Sproule:** — And who received those three loans?

**Hon. Mr. Hargrave:** — File Hills Qu'Appelle Tribal Council, Sturgeon Lake First Nation, and Saskatoon Fastprint.

**Ms. Sproule:** — And how much did they receive? What was the value of each of those loans?

**Mr. Massier:** — So File Hills Qu'Appelle Tribal Council received \$250,000. Saskatoon Fastprint received \$350,000, and Sturgeon Lake First Nation Developments received \$267,500.

**Ms. Sproule:** — I'm just going to quickly add those up. So that's about \$867,000, and we were paying a management fee of \$50,000 a year to manage those three loans. Do those show up separately in the financial statements anywhere?

**Mr. Massier:** — So in the 2018 financial statements, if you go to page 11, which is note 6, there is an FHQTC [File Hills Qu'Appelle Tribal Council] zero per cent note. That would be the FNBDP investment that we're referring to there. And then if you go to page 13, the Saskatoon Fastprint on note 6, that would be the FNBDP loan there.

**Ms. Sproule:** — And the Sturgeon Lake one?

**Mr. Massier:** — Sturgeon Lake is on the bottom of page 11.

**Ms. Sproule:** — Page 11. SLFN, zero percent. And then Red Dog Holdings has a zero per cent note on page 12. Is that also an FNBDP loan?

**Mr. Massier:** — Yes, that is. And just to confirm, previously when we listed the values, those were for the ones that were repaid. Just to confirm.

**Ms. Sproule:** — So how much did Red Dog Holdings get under the FNBDP?

**Mr. Massier:** — Red Dog Holdings received 700,000.

**Ms. Sproule:** — So that comes up to about \$1.7 million under the fund. It was originally a \$3 million fund. Is that correct?

**Mr. Massier:** — That is correct. It was established as a \$3 million program.

**Ms. Sproule:** — And I guess 1.8 has been loaned. And would the rest have gone to management fees then? Like is it completely used up? It sounds like you paid \$100,000 in management fees in the last two years.

**Ms. Ogilvie:** — Are you meaning of the 3 million?

**Ms. Sproule:** — Yes.

**Ms. Ogilvie:** — Okay. Just to clarify that. The First Nations program, as you indicated, was a \$3 million program that was intended to be invested over three years in qualifying investments. So there was a total of \$1.8 million that was invested over those 3 years, as you indicated. The management fees and any other expenses are outside of that loan fund of 3 million, so it's not included in the total for that at all.

**Ms. Sproule:** — All right, so 1.2 million was not used then essentially from that fund.

**Ms. Ogilvie:** — [Inaudible] . . . the time period ran out.

**Ms. Sproule:** — So in the management agreement with Westcap for that program . . . Would it be possible to ask the ministry to table the Westcap management agreement for FNBDP? And as well I never have asked for the management agreement for FNMF. I have received it for SIIF [Saskatchewan Immigrant Investor Fund Inc.] but not for FNMF. So I'm wondering if you could table that with the committee as well, those two management agreements.

**Hon. Mr. Hargrave:** — I don't think there would be an issue with that. We have to check on the confidentiality, but I don't think that'll be an issue. Do you have the other one?

**Ms. Sproule:** — I have the SIIF one, but I don't have FNMF or FNBDP.

**Hon. Mr. Hargrave:** — Those two.

**Ms. Sproule:** — The two. Yes, thank you. Thank you. I just want to move on now to the investments overall in FNMF for File Hills Qu'Appelle Tribal Council and Red Dog Holdings. Now I believe both of those investments were for a joint venture with CanElson to purchase an oil rig. Is that correct?

**Hon. Mr. Hargrave:** — Yes, that's right. It was with CanElson Drilling.

**Ms. Sproule:** — Now I note that File Hills made a full repayment of the whole one point two . . . one hundred fifty thousand dollars as of March 31st, 2018. So File Hills paid back to the taxpayer the monies that were loaned, but Red Dog Holdings has basically been advertised as zero and there were maybe, I think, no repayments. Is that correct for Red Dog Holdings?

**Mr. Massier:** — So Red Dog Holdings repaid \$200,000 of their loan.

**Ms. Sproule:** — And the rest has been written off?

[21:15]

**Mr. Massier:** — So for Red Dog Holdings, the downturn in the oil industry took that oil rig out of operation. We were able to realize on the oil rig asset at that time, and we were able to collect \$200,000. So the remainder of the loan was written off.

**Ms. Sproule:** — So any assets have been sold for Red Dog Holdings now. It's finished. I just want to compare these two because I believe File Hills and FHQTC purchased the same type of rig that Red Dog did. File Hills was able to repay in full and Red Dog was only able to pay \$200,000. They were both purchased about the same time. So how was it that File Hills was able to make that repayment, given what you've described as the downturn?

**Hon. Mr. Hargrave:** — Well the rig the File Hills Qu'Appelle Tribal Council had — and which was a great partnership that they had because it was the 11 members of the File Hills Tribal Council — that rig was operational and continued to operate and still does operate, actually. So it was the fortunate one of those two that it was not impacted by the downturn where the other rig was. I mean, a number of the rigs kept going and a number of them just shut down.

**Ms. Sproule:** — If I understand correctly, CanElson merged with Trinidad Drilling in 2015, at which point they were feeling the impact of the downturn. But since then, CanElson has reported, I believe there's eight wells . . . I'm just trying to find that. In 2015 they had an active rig count of eight drilling rigs in Saskatchewan. So you're saying the one that Red Dog's invested . . . is sold off for parts basically, but there's still eight active drilling rigs.

Do you know why the Red Dog one, I mean was it just luck of the draw or just unfortunate that CanElson decided to shut that one down and sell it off for parts? And what efforts were made by Westcap and the board of FNMF to ensure that that rig would have received the same treatment that the File Hills rig received, that it be kept in production?

**Hon. Mr. Hargrave:** — Well it is sort of luck of the draw sometimes. When you experience a downturn in the oil industry, in an industry like that, not all the rigs are going to remain active. And there's nothing that Westcap can do to force anybody to choose this rig over that rig. So it's fortunate for File Hills that their rig kept working and continues to work. But it's been a little more of a prolonged downturn. And with them unable to repay, so the asset was sold off to repay as much as they could on that loan.

**Ms. Sproule:** — CanElson has not suffered from the downturn. I mean there was an impact, but they are generally still trading and they are paying dividends to shareholders currently. And so how is it that they were able to choose to sell off this rig for parts and still make payments to their shareholders, but the taxpayers of Saskatchewan are now out, is it 1.8 million? I'm not sure the total loan to Red Dog. So what kind of deal did Westcap structure, where CanElson was allowed to walk away from this investment and yet continue to make payments to its shareholders?

**Hon. Mr. Hargrave:** — As you recall, we didn't lend the money

to CanElson. We lent the money to Red Dog Holdings, right, who partnered with CanElson in this rig. If you own a bunch of rigs and you can only put so many to work, I mean that's the only option that you have. I mean if there's one rig that's not going to go to work . . . Or a lot of those oil companies and the fact that they're still going and still paying out some dividends to some people, it's not a bad thing. It's a good thing in the fact that File Hills rig is still working and it's still providing revenue to those 11 First Nations bands. And it's still going.

It's unfortunate that the Red Dog one wasn't as fortunate to keep their rig going, but it's a good thing that the File Hills one did. If you looked around at other oil companies, I mean, you would have experienced where they didn't manage to keep all their equipment going, all their rigs going, all their anything going. That's what happens in a downturn.

So when you downsize and your company can remain profitable and you can still pay dividends to people . . . I haven't checked on CanElson, but that's, you know, they obviously downsized, made adjustments during the downturn to be able to continue to operate at a much smaller basis.

**Ms. Sproule:** — Do you think it would be fair to say though that the shareholders of CanElson did much better than the Saskatchewan taxpayers in this arrangement?

**Hon. Mr. Hargrave:** — Well you know, I know the File Hills Qu'Appelle Tribal Council has a rig that's working and making some money for 11 members of their tribal council. You know what? And I think that's a very good thing. I think that the fact that the Star Blanket Cree Nation, the Red Dog Holdings one, it's unfortunate that they didn't have that same success as the File Hills. But you know, it is the luck of the draw. But the File Hills one has been successful.

**Ms. Sproule:** — Yes, I think my question though was it seems like the shareholders from CanElson did much better than the Saskatchewan taxpayers in terms of the arrangement that was made, which Westcap would have advised on. So was the board ever consulted on this or on the advisability of setting it up this way?

**Hon. Mr. Hargrave:** — These are higher risk loans, as you know. And I mean CanElson did lose out as well. I mean, obviously they had ownership in this rig that was sold off for \$200,000, and it's not generating any revenue for them either. But they still had ownership in that rig, so did they pay a price for that? Yes, they did as well.

**Ms. Sproule:** — I just want to go back to the management fees. According to my calculations, Westcap has been paid a total on the fund of about \$3 million over the life of the fund, and I guess that would include the fees that went to the business development program. It looks like about eight loans were managed throughout the life of this fund, which is now winding down. So if you take eight loans and divide 3 million, they were given about \$375,000 per loan. Just wondering why the board thought that was a reasonable expense to manage eight loans.

**Hon. Mr. Hargrave:** — I guess if you look at it . . . And again you'd probably know more than me because this agreement was done in 2005 with the former NDP [New Democratic Party]

government of which . . . I think your cohort there. And this contract that they made with them was sole-sourced, and we've honoured that contract for these loans here. There's been good management on these. You can talk to a lot of the people that are involved in that. Westcap did provide good management. Again this goes back with trying to provide First Nations and Métis peoples with giving them an opportunity, a leg-up basically, to participate fully in the Saskatchewan economy, and better things for their communities and their people that live in their communities.

I mean, this is a program that was developed by the NDP government. It's unfortunate that things happened the way they did in some of this downturn, but they knew at that time that these were not loans that conventional banks would do, that this was higher risk, higher risk loans. And the fact that some of them have not been successful is very unfortunate for us all, for those people, those First Nations people, and the government.

**Ms. Sproule:** — If I understand correctly, the original agreement was renegotiated in 2011 and Westcap's fee was actually doubled. So if that's the case, maybe you could confirm that. If that is true then why did you renew the contract and double the fees?

[21:30]

Mr. Minister, I have some clarification. In 2011 it was the FNBBDP contract that was negotiated and that doubled the management fee. So I'm sorry I misstated it earlier. So in that case, the Sask Party government actually did double the management fee in 2011 by adding the First Nations business development program. I'm not sure if there's a question there.

**Hon. Mr. Hargrave:** — Well let me look at it. Let me check.

**Ms. Sproule:** — Yes.

**Hon. Mr. Hargrave:** — It was adjusted to the FNBBDP but it wasn't for the same amount as the other ones, so . . .

**Ms. Sproule:** — And what's the expiry date on the management contract? Is it 2020?

**Hon. Mr. Hargrave:** — Which one?

**Ms. Sproule:** — Both of them, for FNBBDP and FNMF.

**Mr. Massier:** — Both of the contracts expire at the end of this year, December 31st.

**Ms. Sproule:** — Okay. Thank you. How many jobs were created for both File Hills Tribal Council and Red Dog Holdings in relation to the investments that FNMF loaned them?

**Hon. Mr. Hargrave:** — I'll just clarify the answer from the last one there on the fees. The fees were reduced . . . We reduced the fees to Westcap in June of 2018 and while the contract runs till the end of the year of 2020, the fees were actually stopped in the fall of 2019. We stopped paying fees.

**Ms. Sproule:** — Was that negotiated with Westcap? Or was that an option that you would have had at any point during the

contract?

**Hon. Mr. Hargrave:** — That was negotiated with Westcap. And on the other one, the First Nations business development, the purpose of those loans was to provide low-value, zero per cent loans of 250 to 700,000 for First Nation businesses to leverage other sources of private sector financial institution capital. So that was the purpose of those, I guess they're not small, but smaller loans than the First Nations and Métis Fund.

**Ms. Sproule:** — Yes, you shared that earlier. So on the jobs that were created for File Hills, the loans and the jobs for Red Dog, were you able to find those numbers?

**Hon. Mr. Hargrave:** — We don't have the actual numbers, but they were both projected to be 15 jobs.

**Ms. Sproule:** — Presumably Red Dog, there are zero jobs? And with File Hills you don't how many people are currently employed in relation to that drilling rig?

**Hon. Mr. Hargrave:** — No that loan has been paid off, but as far as we know it's still an active rig so they'd be still employing. Obviously it's about a 15-person rig.

**Ms. Sproule:** — All right. I'm going to move on to the Saskatchewan Immigrant Investor Fund and those two financial statements. As you can see, Mr. Chair, there's a ton of stuff here and we could probably spend three or four days together. So unfortunately we don't get to all of this, although maybe my fellow committee members don't agree. I'm just going to hit on what we can tonight and unfortunately there's just no way to get to all of this all the time. I know that we have never really asked detailed questions about FNMF so wanted to take this opportunity tonight to do that because we haven't been able to do that in the past.

I did have a chat with you though about SIIF the last time we were together, which was actually my birthday in 2018, May 2nd — if anybody wants to take note of that . . . [inaudible interjection] . . . Yes, thank you.

And so I am going to ask a few questions now on that fund since we met. And one of the first things I wanted to ask you about I guess was the management fees there as well. It looks like you've also stopped paying Westcap for SIIF as of 2019. Is that correct?

**Mr. Massier:** — So on page 4 of the 2018-19 financial statements, you'll see there that we've expensed management fees of 178,000 in 2019.

**Ms. Sproule:** — I have to find the correct financial statements. Page 4 of the 2019? All right. So then that puts the total management fees for the life of this fund — which is also being wound down, and I think it would be good to get some comments from the minister on the record for that — is over \$8 million, probably about \$8.4 million for management.

I've just taken it out of the payee disclosure report. So 2011, 420,000; 2012, 666; 2013, 963; 2014, 1.25 million; 2015, 1.427 million; peaked in 2016 at 1.717 million; and then 2017, 1.45 million; 2018 about 600,000. And in the payee disclosure report for 2019, it was listed as zero. So that was how I got those

numbers. And I know sometimes your annual reports are a little bit different than the actual payee disclosure reports, but they're also up for consideration tonight as well. So do the quick math, it is over \$8 million, and probably about \$8.4 million.

Now the number of loans, if I have this correct, is about 148 over the life of the fund, and so that averages out to about \$55,000 in management fees per loan. I'm just wondering — well we can talk about the losses of SIIF right now — I'm not a banker and I don't know what banks usually charge for loans, but would \$55,000 per loan seem somewhat excessive for a lending agency?

[21:45]

**Hon. Mr. Hargrave:** — You know, we've got to look at some of this here. The total amount of developer loans that come out of this SIIF Headstart on a Home program, was \$481 million. So you've got to look at it maybe a little bit in a broader sense. I mean, management fees, our numbers vary a little bit from yours; I mean, that 7.5 million. But what this is, this was a program that was developed in 2011 when the housing market was experiencing an extreme, extreme shortage. And the management, we went through and it was standard commercial contract. That's standard throughout the industry. It was done through an open RFP [request for proposal] process as far as the fees go and the management of this program.

Ninety-one per cent of these purchasers that purchased these homes — and there was 2,224 homes, so that's a lot of homes — 91 per cent of them were first-time homebuyers. Eighty-four per cent of them had incomes of less than \$70,000 a year. So there was 74 total projects, 19 different communities. You know, we partnered with the communities and the different municipalities. We partnered with them. They figured out a project and a developer, and they come and we did that. Out of the 74 projects in 19 communities, only one was defaulted. I mean, that's a pretty outstanding achievement, in my opinion.

There was over 2,000 — because you've asked lots about jobs, so I'm going to tell you — there was over 2,100 construction jobs created. That's pretty substantial when you get 2,224 families' homes completed for Saskatchewan families and 2,100 jobs at a time when, I mean, there was an extreme shortage. I mean, you couldn't get a house at this level. If you earned \$70,000, it was next to impossible to get a house. So this filled that gap. This filled that gap very well at that time. It's a different circumstance today, but at that time it filled that gap very, very well.

**Ms. Sproule:** — I just want to get a sense of the total management fees that were paid for both FNMF and SIIF. And then if you could give us the total of the current balance of both those funds.

**Mr. Massier:** — So to clarify, in the financial statements from the inception of the Saskatchewan Immigrant Investor Fund, if you go to the statement of comprehensive loss, I can tell you for '19 and 2018, the management fees for SIIF were 176,000; for 2018 they were 794,000. If you were to go back to the public documents and take those line items for management fees to the inception, that would give you the total. We don't have that here today. To clarify, I think the second part of your question was how much of the federal government loan outstanding, is that correct?

**Ms. Sproule:** — No, I was asking for total debt as of March 31, 2019 for both FNMF and SIIF. Based on the balance sheets, SIIF I believe is at 8.746 million, and I believe that FNMF is at 8.363 million as of March 31, 2019. So those two funds total, if I'm correct, is \$17,109,000 in debt as of March 31, 2019.

**Mr. Massier:** — So I would say that debt is actually in the upper section. So if you go to page 3 of the 2019 Saskatchewan Immigrant Investor Fund, there's a line item that says debt obligations. That would be 2.8 million.

**Ms. Sproule:** — Debt obligations. But the deficit attributable to Crown Investments Corporation is 8.7 million.

**Mr. Massier:** — Yes, that's not the debt though. Just to confirm.

**Ms. Sproule:** — Okay. Well then I am talking about the deficit attributable to Crown Investments Corporation, which then is \$17 million total for the two funds. Correct?

**Mr. Massier:** — I can do the math.

**Ms. Sproule:** — It is. I did the math. And so I believe, based on the numbers I have taken from the annual statements, the management fee for SIIF has been \$7.7 million, and I believe for FNMF it's been 3.1 million. So it's almost \$12 million as of March 31, 2019, and there is a deficit attributable to CIC of 17 million. For the taxpayers of Saskatchewan, how can you look them in the eye and say this was a worthwhile investment?

**Hon. Mr. Hargrave:** — There was a deficit in a SIIF project. It's one project, one project out of 74 that money was lost. And just so you know, I mean, that's still before the courts. We don't know exactly how much of that we're going to get back yet. But that's still before the courts, and we expect to regain a large chunk of that.

Now you've got to remember, as you say, how can I look in somebody's eye and say that? You know, I can't, you know, quite honestly. I mean this was about 2,224 homes for people in communities when they couldn't afford to find a house to afford. This was affordable housing for those people, for 2,224 families. So that's one way that we can do that. A lot of these people were lower income people that couldn't afford to buy a home, and this program, this SIIF program helped them get into that.

On the First Nations and Métis Fund program, this was a program to help First Nations peoples, First Nations peoples get into an area where they haven't been before, to get in and contribute to the overall economy in this province and establish things to an area where they just couldn't get to before. This was an area that the previous NDP government wanted and we wanted. We wanted to benefit the First Nations community, help them get that leg-up to get ahead.

We're not a bank. We were there to help. These are higher risk loans. We knew that. You knew that when you guys established the fund back then, that these were not just guaranteed loans. These were higher risk loans, but it was there to help First Nations and Métis people get to a point where they could invest and contribute to the overall success in the province and into a level that they had never been before. That's why these were good programs.

**Ms. Sproule:** — In terms of the new homebuyers, do you have any records of how many of them have had to default on their mortgage or have tax liens against their titles or they're unable to sell because the price has dropped and yet they can't afford to make their mortgage payments anymore?

**Hon. Mr. Hargrave:** — We're not the mortgage holder and we don't track that. That's between them and their bank. You know, we're optimistic and hopeful that a lot of them are still in that same home. They've sold their homes. You've got to remember they weren't the half-a-million-dollar homes. They weren't the million-dollar homes, so they were still affordable homes. And if you look around in the real estate market, you talk to real estate agents, they'll say those are their homes in that price range that are saleable.

**Ms. Sproule:** — I may have asked you this back in 2018, but what sort of market assessment did you do that you were convinced that those homes would not be built if you didn't provide low-interest loans to builders in Saskatchewan?

[22:00]

**Hon. Mr. Hargrave:** — We strongly heard from the municipalities around that time that there was a shortage in their areas. And that's why, you know, we put the program together. The program was put together to develop based on the input there. And the municipalities had the input as to what kind of development that they want. They looked at the developer. But it was quite clear that there was a lack of housing at this level in 2011. And I remember back to then myself. It was a very tight market and house prices were going up quite high.

**Ms. Sproule:** — Back in the early days, the board of SIIF required the management company to provide some guidelines around anti-flipping. Do you normally . . . Did you check on a regular basis whether any of these units were being flipped?

**Hon. Mr. Hargrave:** — We don't have that in our records here, and Travis wasn't here, Wendy wasn't here at that time. But we'll look through our records and we'll get back to you on that one as well.

**Ms. Sproule:** — All right, thank you. When was this now? Last year or early this year. I have to get the date. I'm sorry. There was a story . . . Oh, this is June of 2019. And one of the developers who sought funding under the program actually went to city council, and he's complaining about an oversupply in the condo market. This is North Ridge Development. And so I guess my question for you on this one is, how would you reconcile what the developers are calling a gross oversupply of condos with your definition of how SIIF has been successful?

**Hon. Mr. Hargrave:** — When did he come? Can you repeat the first part of that question?

**Ms. Sproule:** — Sorry. Like this developer is saying there's a gross oversupply of condos currently, and how do you reconcile that with how you're saying SIIF has been a success?

**Hon. Mr. Hargrave:** — When did he say that?

**Ms. Sproule:** — June of 2019.

**Hon. Mr. Hargrave:** — SIIF was started in 2011. And the developers kept building houses on their own in speculative. I mean on that oversupply, SIIF was a success to those people, those over 2,000 homes, to those 2,000 families. It was a success to those people to be able to get into that. It's a far cry in 2019 on the supply of housing in Saskatoon, where North Ridge Development is, than what it was in 2011. And one of the reasons: all the developers, they kept building houses, I mean, and you can see from the population of Saskatoon since 2011 to 2019 it's grown quite a bit.

And you know, and maybe some people — I don't know — but maybe some people thought that it would continue to grow at an extremely rapid pace. But you know, I mean, SIIF is not part of that program. SIIF was done in 2011 when there was a housing . . . There was a shortage in good, affordable housing for people that were in income under \$70,000. That was a good program for them.

**Ms. Sproule:** — Actually the bulk of the units were built in 2014, '15, '16, and '17 with . . . Actually 2011 there were zero loans. In 2012 there were only 10 loans. But most of the houses were built in the 2014 to 2017 period. So do you think that your program, through SIIF, created a housing bubble in the province?

**Hon. Mr. Hargrave:** — Well the answer would be no. And you know, you talk to builders. I mean they would love to have the program back. I mean North Ridge for example, I mean, they were a participant in this very program. So I mean, I think that there's two different conversations that one might have because oversupply and undersupply is just based on one moment in time. It's not based on over five years. It's based on today. Is there an oversupply today? And six months from now there might be an undersupply.

**Ms. Sproule:** — You mentioned, I believe it's Windermere, the project that's currently in receivership and before the courts. There's also another building that was built in Weyburn and I think it was called . . . I can't remember the name of the unit, but it was built by Kevin Ross. He was recently in court, the Office of Residential Tenancies — this was October 18th, last fall — and what the court said is that the owner of the building no longer was Kevin Ross, but it was actually Westcap Mgt.

And I'll read what the hearing officer said in that hearing. He said the tenant . . . It was a dispute about rent. Anyways:

The Tenant entered into evidence correspondence from . . . [Westcap Mgt.]. According to the correspondence, Westcap is the fund manager for the Saskatchewan Immigrant Investor Fund, a provincial program the purpose of which was to increase the supply of low-income housing in Saskatchewan by providing construction loans to builders. The correspondence indicates that such financing was provided to the Landlord [Kevin Ross] to construct the rental unit at issue here, but that the Landlord did not repay the construction loan. As a result, Westcap petitioned the court for a possession order, which was granted on September 26, 2019. As of that date, then, Westcap is the owner of the property.

So I think you indicated Windermere was the one that was before the courts. But can you clarify for the committee what's the status

of this building in Weyburn? Townsgate, I'm sorry, is the name of the . . .

**Hon. Mr. Hargrave:** — What's the name?

**Ms. Sproule:** — Townsgate.

**Hon. Mr. Hargrave:** — Townsgate?

**Ms. Sproule:** — Yes.

**Ms. Ogilvie:** — On the Townsgate development, unlike Windermere which is going through a court process, Townsgate was just a receivership. Westcap has recovered the properties and we are selling them and we expect to fully recover on it.

**Ms. Sproule:** — How many units are left to sell?

**Ms. Ogilvie:** — I believe it's five that are left to sell.

**Ms. Sproule:** — Thank you. If I understand the intent of the fund correctly, when the federal government advanced the monies to the province, they advanced them interest-free and the idea was that we would be able to at least make some profit off the investments while the loans . . . No? Okay. Travis is saying no. Okay.

I'm just trying to figure out how we're going to deal with this debt. And I believe the minister feels that we'll recover some from Windermere, but is this fund going to turn back in the positive, or do you anticipate it will close out as a negative?

**Mr. Massier:** — So to clarify, the intent of the fund was to essentially break even. It wasn't a money-maker for the government. It was to develop entry-level housing as the minister mentioned. And we had 1 out of 74 developments that went into receivership. I think that probably answers your question.

**Ms. Sproule:** — Yes.

**Mr. Massier:** — And just to confirm on your question about . . . They weren't interest-free loans from the federal government. The federal government charged us around 6 to 7 per cent.

**Ms. Sproule:** — That's right, and you were able to invest it and earn interest on your investments while waiting for the loans to develop with the developers. Okay, yes.

I don't have much time left and I just want to say over the years I've really enjoyed working with Crown Investments Corporation, because this is my last time.

But on March 28th, 2019 there was an order in council that allowed CIC to advance \$8.75 million to SIIF. So for the year in question, SIIF got 1.7 million for 2018 into '19, and an additional 7 million was provided for this fiscal year. What's the purpose of the loan?

[22:15]

**Hon. Mr. Hargrave:** — The \$8.7 million was a repayment to the federal government, and the shortfall was from the Windermere project.

**Ms. Sproule:** — Are there any other Townsgates out there? Any others in receivership that Westcap has taken possession of on behalf of the fund?

**Hon. Mr. Hargrave:** — On this fund?

**Ms. Sproule:** — Yes.

**Hon. Mr. Hargrave:** — No.

**Ms. Sproule:** — Not that you know of. Okay. Where am I going to go next . . . I'm sorry.

On the impaired loans, I know it was quite high as of the end of 2019. I think it was up to \$40 million. Can you update the committee on the status of that? Sorry, that was 40 million in 2018. This is page 13 of March 31st, 2019. And the impaired loans were at \$28 million at the end of March 31st, 2019. None were at stage one. Stage two was 9.3 million, and then stage three was 19.2 million. Of that 19.2 million, how much of that was the Windermere project?

**Mr. Massier:** — So on page 13 of the 2018-19 annual report for Saskatchewan Immigrant Investor Fund Inc., I think you're referring to the table below. If you just go slightly to the table above, so under accounting standards, the 28.5 million of that amount of gross loans, only 12.351 million was actually impaired. So under accounting standards you have to show if there's any portion of a loan, what the gross amount of that loan was. The 20 million doesn't reflect the full impairment.

**Ms. Sproule:** — So 12.351 million reflects the impairment then?

**Mr. Massier:** — Yes, that's correct. And the majority of it was related to Windermere, and we don't expect any more future allowance for credit losses.

**Ms. Sproule:** — I think I'm allowed one more question. On page 3 of that same financial statement there is a statement of financial position. Under liabilities and deficit, you have trade and other payables for this year, or that year, as 647. The previous year is 477. I believe that is the Westcap fee, and I'm just wondering why it's described as a trade and other payable.

**Mr. Massier:** — So on page 3 the trade and other payables, under international financial reporting standards, there's categorizations under the statement of financial position that you're required to label anything outstanding, and one of those categories is trade and other payables. So any management fees related would fit into that category under accounting standards.

**Ms. Sproule:** — So it hasn't been paid yet?

**Mr. Massier:** — That's correct, so it hasn't been paid.

**Ms. Sproule:** — Good old IFRS again. Thank you very much.

One of the suites that was listed on the Headstart on a Home website was listed for \$600,000 and it was referred to as the glam suite. It was a gorgeous luxury two-bedroom apartment featuring elegant, high-gloss laminate cabinetry, quartz countertops, luxe lighting, and sleek oak floors. You can get one of these starter homes from anywhere to — I'm being sarcastic here — but 300

to \$603,000. So how does that fit into the average MLS listing? This was in Saskatoon. And how does that fit in to the parameters of the program?

**Mr. Massier:** — So the price of . . . When the municipalities came to the Headstart on a Home program, the price that was set was the average MLS [multiple listing service] price. So the average MLS price would be the used listing price.

**Ms. Sproule:** — Yes, but these were \$600,000, so it's not average.

**Hon. Mr. Hargrave:** — How many homes were there?

**Ms. Sproule:** — I don't know how many were listed at \$600,000, but I know one for sure in Saskatoon. I didn't look at all 2,000 units. Anyways I think we're out of time, and I don't know if you guys know about that one. So thank you to all the committee members, to you, Mr. Chair, to Mr. Minister. Thank you very much for the good discussion and I appreciate the answers. So thank you very much.

**The Chair:** — Well seeing no more questions from the committee, I will now ask a member to move that we conclude consideration of the 2017-18 and 2018-19 Crown Investments Corporation of Saskatchewan annual reports; the CIC Asset Management Inc. financial statements for the year ended March 31st, 2018 and March 31st, 2019; First Nations and Métis Fund. Inc. financial statements for the years ended March 31st, 2018 and March 31st, 2019; Saskatchewan Immigrant Investor Fund Inc. financial statements for the years ended March 31st, 2018 and March 31st, 2019; the Capital Pension Plan annual reports for the years ended December 31st, 2017 and for the 15-month period ended March 31st, 2019; the 2016-17, 2017-18, and 2018-19 Crown Investments Corporation and subsidiary Crown payee disclosure reports; and the Gradworks Inc. financial statements for the year ended March 31st, 2018. I need somebody . . .

**Ms. Heppner:** — I just did.

**The Chair:** — Oh, Nancy, excuse me. Ms. Heppner has moved that we conclude consideration. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. This concludes our business for this evening. Minister, do you have any closing comments?

**Hon. Mr. Hargrave:** — Yes I do. Thank you very much, Mr. Chair. I want to thank the members of the committee, and I especially want to thank Ms. Sproule because this is her last kick at this cat. And you know, and Mr. McCall, I guess he didn't ask too many questions, but he was here in support and that's good. And it's his last kick at this one as well.

And Hansard because they always are here. And I don't know, they sit up there, they don't ask any questions, and they just do their job. And boy that's nice; it's great. And you know, Mr. Chair, you just run a great committee, and your support staff there. And I won't say much about the rest of these guys here . . . [inaudible interjection] . . . The Hansard guys, yes, I said that they sit up there; they do all the hard work. I mean he tries to

make sense of what we're all saying.

So I appreciate everybody. I appreciate my staff. Considering my two senior people weren't here, that all my staff here, all my officials here did a good job. And we'll get back to you on a number of answers, but we thank you for your patience in regards to that.

So that'll be it from me, Mr. Chair, and once again thank you, and everybody have a good evening.

**The Chair:** — Okay. Seeing we have no further business today, I'll ask a member to move a motion for adjournment. Ms. Lambert has so moved. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. This committee stands adjourned to the call of the Chair.

[The committee adjourned at 22:28.]