



Standing Committee on Crown Corporations

Hansard Verbatim Report

No. 14 – June 14, 2001



Legislative Assembly of Saskatchewan

Twenty-fourth Legislature

**STANDING COMMITTEE ON CROWN CORPORATIONS
2001**

Andrew Thomson, Chair
Regina South

Kevin Yates, Vice-Chair
Regina Dewdney

Graham Addley
Saskatoon Sutherland

Greg Brkich
Arm River

Yogi Huyghebaert
Wood River

Carolyn Jones
Saskatoon Meewasin

Warren McCall
Regina Elphinstone

Don McMorris
Indian Head-Milestone

Peter Prebble
Saskatoon Greystone

Brad Wall
Swift Current

The committee met at 09:36.

The Chair: — I'll call the meeting to order. And this is the 14th meeting of this 24th . . . of this Crown Corporations Committee of the twenty-fourth legislature. We are again today meeting with officials from CIC (Crown Investments Corporation of Saskatchewan).

I would ask Mr. Hart to introduce his officials. I won't read the standard caution because I'm sure that everyone is aware that your testimony before the committee is privileged. Mr. Hart, if you would introduce the officials accompanying you.

Mr. Hart: — Thank you, Mr. Chairman. To my far right, John Amundson, controller, next to him, Sheldon Schwartz, our chief financial officer. Immediately next to my right, Mike Shaw, senior vice-president of Crown corporations services. On my left, vice-president of investments, Zach Douglas; and behind on my right side, Doug Kosloski, our general counsel. And on my left, Ted Boyle, director of communications . . . executive director of communications, pardon me.

The Chair: — I want to note that there are three substitutions in the committee today. Mr. Hart is substituting for Mr. Brkich; Ms. Junor for Mr. Prebble; Mr. Harper for Mr. Addley.

Perhaps I could have the audit team just, on the record, also introduced.

Mr. Montgomery: — Mr. Chairman, I'm Ed Montgomery, the executive director from the Provincial Auditor's office. And this is Andrew Martens; he's the principal with our office.

The Chair: — Okay. Thank you very much. Mr. Hart, do you have any opening comments this morning?

Mr. Hart: — We're ready to take questions whenever you're ready.

The Chair: — We'll pick up where we left off then.

Mr. Wall: — Thank you, Mr. Chairman. And thank you, Mr. Hart, and your officials for joining us once again this morning.

I'd like to ask some questions that would flow from previous testimony we've had at the committee from the president of SaskTel . . . or . . . yes, from the president of SaskTel. And then subsequent comments that he had made to the media as well on the issue of the valuations of SaskTel that had been done in the reporting years that we're considering here.

And specifically as regards CIC, a reference that he made to the media that CIC, his holding corporation, had directed that a valuation be done and with a specific view to the potential disposal of 20 to 30 per cent of the corporation to a strategic partner. And left a very real impression I think with anybody who read those articles that CIC had thought it wasn't a bad strategy at least for SaskTel to explore the possibility that there would be a strategic partner out there for SaskTel that would assist it. And to the extent that 20 to 30 per cent of the company may be made available in order to sort of, you know, find or smoke out a potential partner such as that.

So I wonder if you could comment on that? That was the impression certainly that I received from Mr. Ching's comments in the media. That CIC had provided some direction. And perhaps it was the Board of CIC not the senior management, I don't know. But I wonder if you would comment at all on that?

Mr. Hart: — Well I think we may have reported in the past that periodically CIC undertakes studies of the various subsidiary corporations. We have had those done by various accounting, consulting firms, and investment bankers. Typically I think the process started in a substantial way in the '96-97 Crown management or Crown corporation review.

We've had, I think, two such studies done since that time. Primarily for the purposes of determining what's happening in value because, as you know, these are not publicly traded stocks so in order to make sure that value is increasing as we had hoped it would, and the management is doing the right things, we undertake these reviews.

As you know SaskTel has a strategic partner in Bell Canada. It doesn't involve equity ownership. And we have always been of the view that we should be open-minded on any of these subjects that might enhance value. So to the extent that investment bankers felt that there was an opportunity to increase the value somehow, we would be obviously not restricting their views on that.

Mr. Wall: — Was there any specific direction that CIC gave to SaskTel, to Mr. Ching, either as to the timelines for evaluations — I think the specific firm you mentioned was RBCDS (RBC Dominion Securities) was who he referenced and there may have been others — but were there any specific direction given by CIC — either yourself, any of your officers, or your board — to SaskTel that this evaluation should take place with a specific view that some small, minority portion of the company could be made available if there was some sort of more binding strategic partnership than the one they currently have with Bell if one became available?

Mr. Hart: — I'm not familiar with the details of the terms of reference, the engagement. Sheldon, do you have any information on that?

Mr. Schwartz: — I think it's basically as Frank says that the idea was to examine whether valuation of these companies, in particular SaskTel, looking at it from a strategic perspective, whether alternatives that could maintain or enhance asset values, and we gave no particular direction to the investment bank as to what the outcome should or could be. We left it to them to determine what the conclusions and that process is the one, I think Mr. Ching was referring to, is not completed yet.

Mr. Wall: — It's not completed yet. Did it begin in April 1 of the reporting years we're discussing?

Mr. Schwartz: — It began last year.

Mr. Wall: — Would it begin in 2000?

Mr. Schwartz: — There have been, as Frank says, several

studies — the one in 1996; one that was conducted in 1999; and another one that was commenced in the 2000s, not yet complete.

Mr. Wall: — So it would be your opinion . . . Well I guess we're not . . . That's probably unfair and a little subjective so I'll sort of rephrase.

It's been suggested — not by CIC mind you, or SaskTel officials, to be fair — that the sole purpose of this valuation is simply just to find out what things are worth. And out of, you know, almost like sort of a kick-the-can curiosity about these corporations. If that's the rationale then for these sorts of things, has CIC directed any other Crowns — in the reporting years '97-98 or '98-99, 2000 — to undertake any similar valuations with investment firms or any firms of that nature?

Mr. Hart: — Mike just reminded me to make the point that CIC is directing these reviews, not the Crowns. But we have undertaken them with regard to both SaskPower and SaskEnergy.

Part of our concern is that . . . and it's just prudent in terms of our role as an investment portfolio manager with the extensive consolidation going on in the telecommunications and in the energy industries, whether or not some form of partnership beyond technological alliances or business alliances would be appropriate. As I say, we haven't been specific on what those might be. That's for the investment bankers to advise us.

But you know, there are obviously people who are of the view that small telecommunications companies may not be competitive any more. And I mean that certainly hasn't been the case with SaskTel as we know, because of their market share; but it's prudent for us to ask investment bankers from time to time to provide their views on the industry, what's happening in the industry, whether there are opportunities for these corporations that would involve deeper partnerships than they have already in terms of their technological alliances or whatever.

Mr. Wall: — That sounds like a very pragmatic approach, frankly, on behalf of the taxpayers of the province, that these are the sorts of things that a holding corporation for these Crowns would want to do for very specific reasons that you mentioned. There's not a lot of ideology in that or dogma in your answer. I don't think it's a matter of practicality.

But what I heard you say is that these evaluations have also been taking place for . . . at least directed by the holding corporation for SaskPower and SaskEnergy. And I also heard you say . . . And I just want to be clear on that, Mr. Hart, so I'm not unfair to what you're saying. I understand that you're saying certainly there's an interest I think on behalf of the shareholder of any asset as to what its value is at any given time, so certainly that's one motivation and a key motivation for evaluations that you may be directing the Crowns to conduct.

But on the other hand I also heard you say that, you know, the investment bankers might come back, the people that do these sorts of evaluations may also come back with some very specific ideas or recommendations that would be, they feel in the long-term interests of their client — in this case you or the

people of the province, frankly. And one of those options may be the sale of some or all of the assets or to lever a strategic partner or for some other reason. Is that what you're saying?

Mr. Hart: — Yes, they are free to advise us on what they think any course of action is. Of course it's, at the end of the day, our decision to accept or reject that advice.

Mr. Wall: — Right. You're saying today though that . . . well I don't want to say it; I'll ask you the question. Would it be fair to say, Mr. Hart, that CIC was fully aware of the fact that some of the options that may come back from an evaluation of SaskEnergy, SaskPower, SaskTel, may in fact be of a privatization of some sort. And then what would the process be for CIC to . . . if it would have happened in these three reporting years, would the CIC have taken this recommendation to the board of CIC, which of course is made up of cabinet ministers? What would the process be at that point?

Mr. Hart: — If we were to receive a recommendation to sell all or part of an asset?

Mr. Wall: — Yes, yes. If some of the firms said here's an option you should want to pursue. Is the evaluation done then by . . . obviously there would be some evaluation of the work that's been done by the firm by officials, but at some . . . at what point would it go to the board at CIC?

The Chair: — Could I just . . . I understand the interest in the question. Again the mandate of this committee as much as possible is to stick to the years under review. So rather than speculate on what the process is, perhaps, Mr. Wall, you could rephrase your question to ask if during the '98, '99, or 2000 this has happened and what the process was.

Mr. Wall: — Sure, that's fair, Mr. Chairman. Thank you. During the reporting years, did the officials at CIC receive input from the firms that were doing these evaluations over and above simply the value of these assets? For example, did they receive a recommendation, perhaps a more subjective recommendation, that CIC pursue some sort of partnering or some sort of privatization in those three reporting years of any of the Crowns? And if so, what happened with that recommendation?

Mr. Hart: — I don't believe we've had recommendations to privatize. It's always an option. I mean any asset is potentially for sale at any time if the owner is willing to sell it. And we have been given, I suppose you could characterize them as scenarios, that in their opinion would be the asset value going forward under the current ownership structure and the risks and opportunities associated with that versus, you know, getting out of the business at the other end of the spectrum entirely at this point in time.

The value of a company, when it's sold, is basically the net present value of the future cash flows. So if you believe that at the end of the day the carrying risk is too high to continue holding that asset given the environment out there and all the things you may need to do, then a prudent course might be to sell it.

So far we haven't . . . we've been monitoring this closely since '96, haven't seen storm clouds on the horizon, if I could

characterize it that way, that we couldn't survive or that would suggest that we should get out of these assets entirely.

Mr. Wall: — When did the evaluations take place? In what of the three reporting years — or maybe it was all of them, I don't know — did the evaluations take place of the other Crowns that you mention, Energy and Power?

Mr. Hart: — They've all been basically, consistently . . . you may be want to answer that question, Sheldon.

Mr. Schwartz: — There was a general one done of SaskPower, SaskTel, SaskEnergy, and SGI (Saskatchewan Government Insurance) in 1999.

Mr. Wall: — 1999. Thank you. A question I guess I'd ask: in any of these reporting years — and we'll confine our questions to that — in '98, '99, or 2000, did the shareholder, did the cabinet or the Board of CIC which is constituted of members of the cabinet, ever indicate to CIC that unequivocally privatization was not an option this government was interested in, in any way, shape, or form? And so if . . . you know, did you ever receive that direction?

And that's, I think, a germane question in terms of these reporting years because you were conducting evaluations in part to find out the value of the company, but also in part to explore ownership options that the government might have; I think, that's certainly part of it. So did you ever receive in those reporting years, did the government of the day, ever tell CIC that this is simply not an option, they're not interested in privatization for political and public policy reasons and to cease and desist any, even preliminary work that CIC might have been doing that may lead to that sort of thing happening to any of these Crowns?

Mr. Hart: — We've had no such direction to specifically go and privatize anything. And I would, I think, characterize the government's view as follows, if I understand it correctly, which is while they're not seeking to privatize anything specifically, they would expect us as management to come back and tell them if we saw a scenario where a particular asset was falling dramatically in value and that it was prudent to get out now.

I don't think in fairness to taxpayers they would want to be presiding over a declining value asset for an extended period of time. Now having said that, of course as you know in the stock market, valuations go up and down from time to time. And so one would have to see a case where there's a compelling case to get out of it now because now is your best time to take the value that you've got.

So the onus would be on us to bring forward such a case if we felt it were there. And that's why we ask these kinds of questions of investment advisers. But we've had no such direction to actually fully sell an asset.

They have indicated however, as I think the former premier reported publicly, I believe it was in '99 or perhaps in 2000, that he felt the government would be open to strategic partnerships of some kind. And those perhaps could involve minority positions of other owners.

Mr. Huyghebaert: — Thank you, Mr. Chairman, and again welcome to CIC officials. I just have a couple of questions that I would like to address, and I'm sorry I had to miss last week, and I don't believe they were answered from my scan of *Hansard*. But I would just like to go over a couple of items.

One, I feel compelled to make a comment from the minister's statement on the week that he was here, how great work, everything is being done for rural Saskatchewan. And I gave him a little barb about it because it depends on what you term rural Saskatchewan I guess.

And where I live we don't have a lot of the services that we may have in urban areas. And if you call Moose Jaw, Yorkton, Prince Albert rural, that's how you get your numbers up to the figures that are being touted in areas like mine, which is the southwest. It's not quite the same.

But one of my questions is a comment in *Hansard*, and I had some notes on it, from Mr. Shaw, and it talks about ownership. And I'll quote from *Hansard*:

With respect to ownership, the review concluded that the majority of Saskatchewan people continued to support public ownership in . . . from the perspective of the significant benefits that were derived from ownership by the government.

Mr. Chair, my question is, if that review was concluded, can we see a copy, or do we have a copy of that review?

Mr. Shaw: — Yes, Mr. Chair. Yes, the document that I was reading from is a public document and it was released by the government in June of 1997 and it's titled *Saskatchewan's Crown Corporations — A New Era*. And it has been a public document since its issue of course and I'd be delighted to make a copy available to you.

Mr. Huyghebaert: — Thank you, Mr. Shaw. So 1997 was the last time any review was conducted with respect to the views of the Saskatchewan people, whether we want to retain public ownership of the Crowns.

Mr. Shaw: — Well, I can't speak to reviews that the government might have done through other agencies of public opinion with respect to Crown corporations. I was just referring to the process that CIC and the government engaged in in developing the Crown review which involved a public communications, a dialogue with Saskatchewan people, as well as two investigations — one in particular with respect to a situation analysis of all of the Crown corporations of this . . . the first valuation that we were just speaking about, the first series of valuations.

And the other was . . . I'm trying to recall now. There were two other reviews done. I'm sorry, my mind just went blank on that matter, but . . .

The Chair: — I was just going to ask that, as I look around the committee, I notice that I think everybody here, with the exception of me who's a little longer in the tooth, wasn't here for the talking about Saskatchewan Crowns process.

If it's possible, either today briefly to outline how that process worked, or perhaps we could have circulated to members, if we have additional copies left over from that time period. That might be useful at some point so people can take a look at how that process worked because it was a fairly extensive consultation.

I didn't mean to interrupt Mr. Shaw and Mr. Huyghebaert.

Mr. Shaw: — The Crown review that was carried out in 1996-97 involved three elements. One was private . . . public discussions and consultations with individual citizens, community organizations, representative organizations. I wasn't at CIC at the time but I believe it was a very extensive undertaking.

And the second piece of work or study that was undertaken were the valuations and situational analyses of the Crown corporations as they were in '96 and '97; that set a benchmark for us.

And then the third was economic modelling of the impact on the Saskatchewan economy and the contributions to the Saskatchewan economy that were made or that were provided by Saskatchewan Crown corporations.

So those three documents or those three pieces of information were the basis of decision making by CIC board and by cabinet in respect to the policy going forward for Crown corporations. And as I said, that was included and summarized in a number of documents.

I can provide a report from the public consultation process which was a public document, and I can also provide a copy of the final report which I've undertaken to do. I don't have those here and I'd have to make them available to the committee after this meeting.

The Chair: — Would that be agreeable to the committee members?

Mr. Huyghebaert: — Yes, Mr. Chairman, that would. Just by reading a *Hansard* and by noting my notes from the other day, it was quite ambiguous when it almost looks like it's a continuum. And the study continues to say, is what I gathered from the comments of two weeks ago, and obviously it's based on the 1997 report.

The Chair: — Mr. Shaw, if you could undertake to do that at some point in the near future I think members would find that helpful. Thank you.

Mr. Huyghebaert: — Yes, Mr. Chair. Listening to the minister and also just looking at your presentation of May 31, and it's the governance of the Crowns, and again maybe because I'm new into this I'm missing something and I would like to have it clarified.

On a very regular basis we hear the minister indicate that he doesn't like to micromanage the process from the Crowns, and this relates back to the recording years definitely. But when I look at your governance, everything — I shouldn't say everything, but there's an awful lot that requires cabinet

approval. And to me it doesn't really fit into the puzzle where if you're approving it, you're involved. And yet to hear that we don't micromanage it, there's a disconnect there.

Can you explain to me just how the process really works? Because if I follow this chart, when a Crown wants to do something it goes to the CIC board, is what I would gather, and then to cabinet. And if that's correct, then cabinet does have its hands on as an approving authority.

The Chair: — Just so you can follow along, are you referring to the presentation we circulated on May 31?

Mr. Huyghebaert: — Yes, that's what I said.

The Chair: — What page are you on?

Mr. Huyghebaert: — Five.

Mr. Shaw: — Mr. Chair, I will refer to page 5 of the presentation which we made the first time we appeared in front of the committee. And I did make reference to this chart in my original presentation.

I didn't go into it in significant detail, but I did summarize it as saying that you could generally characterize cabinet's role as one of setting the strategic direction and the strategic goals and the public policy initiatives that it wishes to see Crown corporations follow and achieve.

It is responsible also for specifically setting public policy initiatives or goals and objectives. It's responsible for approving any proposal from a subsidiary Crown corporation for an investment outside of Saskatchewan. It's responsible for external investments or the decision making. It's responsible for approving any proposal to create subsidiaries. It is responsible for making any final decision on a rate application for monopoly utility rates from any of the Crown corporations. Responsible ultimately for appointment of auditors, and overall for the performance of the boards of directors of the boards of the Crown corporations.

So it acts at what I would describe as a strategic level, giving general supervision, setting general direction, and requiring certain performance.

The CIC board, if you look at the chart, is responsible for setting specific performance measures and performance objectives, both commercial, financial, public policy, and internal objectives. We talked about the balanced scorecard in the last couple of times we were here, and the performance management tool that we use is the balanced scorecard that looks at more than the financial performance of the Crown corporation. It looks at it much more broadly.

And so the CIC board, as a holding company, is responsible for setting targets and specific goals in those areas. It's responsible for establishing and managing a dividend policy for capital allocation. Also responsible — as I read down the chart here — responsible for the appointment and setting . . . appointment of CEOs (Chief Executive Officer) and the setting of salaries and other executive salaries, setting collective bargaining mandates, and generally setting board compensation.

So at the holding company level, the holding company is responsible for interpreting what the strategic goals are that have been set by cabinet, and interpreting those on an annual basis in terms of goals and objectives to be achieved. And monitoring those goals and objectives.

It's then the responsibility of the board of directors of the Crown corporations, and the executive of the Crown corporations to create a strategic plan which will achieve those goals and objectives, and a business plan, which is fundamental to achieving the goal.

So the business of running the corporation, the day-to-day and annual business of running the corporation is in the hands of the boards of directors of the Crown corporations and the executives of the Crown corporations. They make their business plans and their strategic plans according to goals and objectives that are set for them by the CIC board as a holding company. And the CIC board uses the broad, general, strategic direction and goals and objectives that are set by cabinet to take its direction. So it's an integrated governance and performance management system.

Mr. Huyghebaert: — Thank you, Mr. Shaw. I gather then from your graph, that any external investment has to be approved by cabinet. Is that in fact followed?

Mr. Shaw: — It's followed in every case. An order in council must be issued, and a significant transaction report must be filed with this committee.

Mr. Huyghebaert: — Thank you. We talked about investments, and I guess venture capital and venture capital into the province. And I believe I wrote down something between an hour and an hour and a half from venture capital. Is that a correct statement?

Mr. Hart: — Yes, I can perhaps elaborate on. Mr. Fix I think made that statement. Essentially what he's referring to there is that venture capitalists typically like to be within an hour or two of the investments they make. Because although they are . . . of course one of their key roles is to put capital into the company. A very important role they play is actually advising in the management and so forth of the business, so they like to be close to the business that they invest in. And that's what he's referring to . . . was referring to there.

Mr. Huyghebaert: — Thank you. My question, and not being a financial wizard and going through the reports of the last three years, and maybe one of your officials or yourself can explain to me, are we getting the venture capital — we probably won't use more, obviously — but are we seeing an increase in venture capital, decline in venture capital, or is it maintaining about the same level for the three reporting years?

And maybe you'll understand where I'm coming from, because to me it's more difficult to get venture capital into a Crown organization when the Crown is competing with the private sector in a number of areas. And I guess my question is, as mentioned, can you give me an idea of where the venture capital has been going in the last three years, in the three reporting years?

Mr. Hart: — I think it is basically, if I recall the general statistics — I don't have them handy — but if I recall the general statistics, it's been more or less flat, whereas in other jurisdictions there's been growth.

If you read back I think through comments in and around this subject, you'll note that, if you look . . . sort of take a 10-year horizon on venture capital, we had fairly strong venture capital performance in the early part of the decade in Saskatchewan relative to other jurisdictions, largely because Saskatchewan was a leader in attracting immigrant investment capital through the immigrant investment program.

As that program went through a series of regulatory changes at the federal level and sunsetted ultimately and a new program was put in place, we had been relying heavily on immigrant capital as a source of venture capital.

Other jurisdictions had got out of the immigrant capital business sooner and had started to replace that with labour-sponsored funds that were particular to their jurisdiction, which is the 35 per cent tax credit you may be aware of that combined federal/provincial tax credit. Or in other cases, encouraging through various means, pensions to put money, some of their money portfolio aside into venture capital.

We hadn't had that same degree of focus here, and so as a consequence, venture capital in the latter part of the decade tended to grow faster in other jurisdictions than it did here.

What we have been doing, particularly starting last year, is working with private venture capital companies to grow their business in the province. So we've been working with them and indicating that we would put money into funds if they're putting money into funds. These funds are privately managed.

A few examples that have been announced recently are the Foragen Fund, which is a Royal Bank ventures-led business that we have invested in which is headquartered in Saskatchewan, in Saskatoon, with a focus on agricultural technology and ag biotechnology and so forth.

We have a similar fund with the Royal Bank in Dupont; a smaller one in information technology based in Regina, and it's focused on . . . it's, as I say, with the Royal Bank and Dupont, focused on information technology. And we have been pursuing other arrangements through Crown Life, Crown Capital Partners, and have discussions underway with a variety of other players about additional funds.

But in all cases these funds would be privately managed. We'd simply be an investor in the fund to help them get the fund established.

Mr. Huyghebaert: — Thank you, Mr. Hart. I'll stop for now, Mr. Chair.

Mr. McCall: — Okay. I guess my first question would be one of clarification because in other quarters certainly, the evaluation activities in the reporting years by SaskTel . . . And I'd be interested to see how the evaluation activities that were discussed earlier today, how they're represented in other quarters as well.

But the representation has been made that somehow the evaluation activities were undertaken with an agenda of privatization and that's part of some kind of privatization drive. Now you said that it has more to do with evaluation and being prudent stewards of these resources in the name of the people of Saskatchewan.

So just to clarify, were those evaluation activities undertaken with an eye to privatization or was it more about being good stewards?

Mr. Hart: — I would say the latter, Mr. Chairman.

Mr. McCall: — Thank you. I guess . . . Okay, CIC is the holding company for the various entities. From time to time certain of the constituents of CIC's portfolio undertake ventures in certain parts of Saskatchewan that are less than lucrative. And I'd just say for example, what's the . . . what the return on setting up cellular coverage in Assiniboia would be. Why would CIC engage in such — you know, for lack of a better description — money-losing activities?

Mr. Hart: — Well the, you know, the development and operation . . .

The Chair: — Before I ask you to answer, Mr. Hart, once again if we can just stay focused on '98, '99, and 2000 years in review, I think it would be helpful for this committee.

Mr. Hart: — Okay. The . . .

The Chair: — Maybe I should ask Mr. McCall to rephrase his question, that might be easier.

Mr. McCall: — Okay. I guess if you could talk about what would it be in your mandate to undertake, you know how . . . and how do you balance off activities where you are loosing — the Sask Transportation Corporation, for example — the balance sheet on that. Why would you as a holding company continue to engage in keeping Sask Transportation Company as part of your portfolio?

Mr. Hart: — Okay. As Mr. Shaw has indicated in his comments, there are in the performance management plan for Crown corporations, one of the areas where cabinet looks for Crown corporations to perform, is broadly in the area called public policy. So there's a difference, I guess, you could say between Crown corporations and private companies in the sense that we have this . . . a Crown corporation will typically have a public policy kind of component.

The tradition in Crown corporations has been obviously a tendency towards providing services equitably across the jurisdiction, where for various reasons of economics or infrastructure it may be profitable to provide that service in the city where you have a number of customers in a condensed area, and either less profitable to possibly even financially negative, in areas where you have to build a lot of infrastructure for the number of customers there.

And so even in the case of STC (Saskatchewan Transportation Company) as you've noted, some routes make a surplus in the sense that they are profitable, and other routes don't have

enough passenger volumes on them to justify running the bus on its own. But what you do is, of course, average the profits across the piece.

The public policy component really requires us to try to, as a direction, provide reasonably priced services as best we can across the entire province. And so one tries to average those as best one can.

And so our mandate is then to achieve that in some fashion, while still returning a dividend obviously to the shareholder which is the government and the people of the province.

In recent years, particularly the years under review, we've seen obviously a growing trend towards deregulation, competition. Competition we think has generally been good where it's been instituted. In the case of cellular service for example, that was a fully competitive market from the time SaskTel got into it.

So we have to sort of measure the degree to which we can provide infrastructure based on not only our public policy mandate but what we have to do to compete with our competitors out there who don't necessarily have the same requirement to try to provide services in areas that might not be profitable.

Mr. McCall: — I guess, pursuant to that, under the . . . in the reporting years, public support as measured by market share. How do you feel your portfolio is performing in the area of deregulation?

Mr. Hart: — Well wherever we've been in . . . moved into competition, we've managed to maintain, I think, quite respectable market share.

SGI, for example, in the property casualty area has been in a competitive world for a long, long time and they maintain their position as the number one property and casualty underwriter in the province. That number goes up and down from time to time based on how aggressive other competitors are. But obviously consumers have had choice there for years, decades really, where they buy their property casualty. So they either provide the kind of quality of service that customers are looking for at the price or they, you know, they don't get the business.

So I think, overall, we've fared reasonably well. We're generally quite happy with market share and in some cases, you know, you can get too much market share too.

Competition is good for us. It keeps our management sharp and focused on what consumers need, changing conditions, those kinds of things. Generally, consumers have told us they appreciate the ability to have the alternative to buy from somebody else if they don't like the service from SaskTel or SGI or whatever.

The Chair: — Mr. McCall, do you have any other questions?

Mr. McCall: — With respect to the Chair, no, I do not.

The Chair: — Thank you, Mr. McCall.

Mr. Hart (MLA): — Thank you, Mr. Chair. My questions deal

with the acquisition of Centennial Foods. On the 2000 Annual Report, on page 101, there's an explanation briefly of the acquisition of Centennial Foods, indicate that the CIC used \$20 million to buy a 35 per cent interest in a partnership and I don't quite follow the process here.

There's mention of Centennial Foods and then there's Centennial 2000, which appears to me is another company. Was that set up by the owner to transfer assets into the partnership or could you just briefly explain the whole acquisition process of Centennial Foods?

Mr. Douglas: — I can give you a rough outline. Unfortunately the fellow that looked after that file is unable to be here today, but I can give you some sense of it and hopefully take notice of any questions I can't answer.

It's often the case that when you do a transaction like this, you create a partnership to hold the entity that you're investing in and that's why there's the extra layer there that you're talking about.

So there's a partnership between CIC and Centennial Foods to hold the assets of Centennial, the company, the operating company.

Mr. Hart (MLA): — So this new company that's a result of the partnership is called Centennial 2000 Incorporated? Is that correct?

Mr. Douglas: — I believe that's correct. Yes.

Mr. Amundson: — Centennial 2000 is the corporation that used to own Centennial Foods. Centennial Foods is a partnership. CIC Foods owns 35 per cent of Centennial Foods. The remainder is owned by Centennial 2000.

Mr. Hart (MLA): — So Centennial 2000 was created by the people that originally owned Centennial Foods. What was the name of the company that CIC bought 35 per cent of a partnership in.

Mr. Amundson: — The partnership didn't exist.

Mr. Hart (MLA): — Oh okay, I see.

Mr. Amundson: — What happened was a partnership was created called Centennial Foods. Centennial Foods 2000 injected assets into the partnership. And CIC Foods, which is owned 100 per cent by CIC III, injected \$20 million for a 35 per cent ownership.

Mr. Hart (MLA): — So then who owns Centennial 2000?

Mr. Hart: — It's owned by two individuals, I think, basically from Calgary that own the company, have owned the company for some time.

Mr. Hart (MLA): — Well it appears to me . . . Was this company Centennial 2000 created in the year 2000 then?

Mr. Hart: — Yes.

Mr. Hart (MLA): — And what was the name of the . . . Or these two fellows in Calgary created this in 2000 and then sold you a 65 per cent interest in their operation. Is that what you're telling me?

Mr. Hart: — They sold us a 35 per cent interest.

Mr. Hart (MLA): — Or 35, sorry.

Mr. Amundson: — They renamed their company before they transferred into the partnership because their old company was named Centennial Foods and we wanted to name the partnership Centennial Foods to keep the brand name going. So that's how that worked.

Mr. Hart (MLA): — Yes, okay. I was confused with two similar names and I didn't quite follow the transaction there.

So this plant then, it's located in Calgary then. Is that correct?

Mr. Hart: — No, in Saskatoon. I can maybe provide a little bit of background that might help the members understand.

Centennial Foods, the old Centennial Foods if I can describe it that way, was a Calgary-based company that had been growing substantially; needed to build a world-scale meat processing plant; was looking for a location to do that; and was looking for investment capital to do that.

Through various contacts we met with them and they became convinced that Saskatoon was a good location to build this world-scale plant. And so part of the arrangement was we bought 35 per cent of the company, put \$20 million in. That cash plus the assets that came from their company essentially formed this new entity. And the plant is being built I think as we speak, in Saskatoon now.

Mr. Hart (MLA): — So for \$20 million CIC has 35 per cent of this partnership, and the Centennial 2000 contributed assets which were valued at 37.1 million and they own 65 per cent.

I guess my question is the evaluation of these assets. Obviously there's assets and liabilities that existed in Centennial 2000. Could you give us an indication of the gross value of the assets and the gross value of the liabilities? And what those assets were made up of? And what the liabilities . . . a breakdown on the liabilities? You know, so that we have some sort of a concept of the net realized value of 37 million. Could you provide us with those details?

Mr. Hart: — I think we could give you some brief answers. We have confidentiality restrictions on some of the information so . . . because they're a private company. So we can't disclose everything but we can give you a basic response I think.

Mr. Douglas: — And that's a very simple one: it's proportionate to the contributed value. And evaluations were subject of some considerable due diligence.

Mr. Hart (MLA): — Okay. So the assets, were they made up of processing machinery that will be moved to Saskatoon or is it just the net worth as such of Centennial 2000? Are they selling their plant in Calgary and taking the money and investing it in

this partnership?

Mr. Douglas: — No. Mr. Chairman, our investment bought us a 35 per cent interest in the combined assets: the new plant and the residual or the remaining assets in their facilities remaining in Calgary as well, out of which they do business.

Mr. Hart (MLA): — Their plant will continue to operate in Calgary then?

Mr. Douglas: — The plant in Saskatoon, if I might add, is a specialty line — mostly hamburger patties actually — and it's one of the lines of processed meat products that they produce.

Mr. Hart: — Basically the plan for the company was to move over a period of time virtually all of the production into Saskatoon. Saskatoon will be . . . is being built as the world-scale plant. They're starting with the hamburger business which is, I think, the majority of their, of their product.

If you go to a Safeway or a Superstore or a Co-op store, you'll see various brands there of these . . . they're typically a box with frozen patties in them. Those are made . . . they have about 50 per cent of the frozen hamburger market, I think, in Canada with . . . They're supplier to A & W, Dairy Queen, I believe.

Those are the products that are basically coming out of the plant or will be coming out of the plant in Saskatoon. Over time they'll be moving other aspects of the production that are currently underway in Calgary — the frozen fish, chicken patties, those kinds of things — will come over as well as the plant develops here.

Mr. Hart (MLA): — I guess my concern is, I mean it's very easy to determine the CIC's contributions — \$20 million in cash. The Centennial 2000, their contribution was made on the basis of a valuation of assets and liabilities. And I guess what I would like is some assurance that . . . and what assurances did you have that this was a fair value? If there, in fact, if there was an error in the estimation of the net worth of Centennial 2000, you know, we may be ending up as taxpayers owning 35 per cent of something that is worth a whole lot less than what we assumed it was. And what assurances can you give us that that evaluation is a real number and that it's a fair number?

Mr. Hart: — We used standard food industry evaluation techniques for valuating the asset. Typically, our folks will use at least one, probably two or three, several valuation models. You'll test net present to cash flows, basic EBITDA (earning before interest, taxes depreciation allowance) multiples. There's a variety of methods that are used to determine what the carried value coming in of an asset is and whether 20 million is worth 25 per cent.

Ultimately it depends on how well the company does, of course. So those are the going-forward risks — if the company does better it's worth more; if it does worse it's worth less — and these are reviewed by our auditors and so forth. And that's the process that we follow.

Mr. Hart (MLA): — So what you're telling me then is that the valuation . . . or I guess this is the question: was the valuation done by yourselves or you had some industry experts do this

evaluation for you? How was that number arrived at?

Mr. Hart: — We'd have to, I think, take notice of that. I'm just not familiar with the detail work. Mr. Fix is really the person who handled that file.

Mr. Hart (MLA): — I would, assuming the valuation of assets, that there would've been a value placed on buildings and the equipment, and then was there also a component for the business goodwill or the potential earnings of the company?

Mr. Hart: — Yes, I mean part of the recognition of the value of the company is the fact that they have major contracts with A&W, with Dairy Queen, with President's Choice, with . . . I mean by comparison if you were to start the business from scratch and try to take that business away from them, you'd have a lot of costs associated with convincing those people that are now buying from Centennial Foods to stop buying from them and buying from you when you have a new plant, an unproven product, not a proven supplier yet. So that of course is to their credit and is recognized in the goodwill.

Mr. Hart (MLA): — As far as determining the liabilities, I would think that would be more straightforward. It would be, I would assume, it would be loans and those sorts of things. Does Centennial 2000 or Centennial Foods still owe the Alberta government for any investment or any loans that they may have put into those companies?

Mr. Hart: — I don't believe so. My understanding is they settled all of those obligations prior to our transaction.

Mr. Hart (MLA): — But there were some obligations prior to the formation of the partnership.

Mr. Hart: — Yes, Alberta I think had an investment or a debenture of some kind in the company at one point in time, which they negotiated a payout with, I think involving I believe Deloitte & Touche doing valuation studies, and the Bank of Montreal and others. Those were in fact a condition of our investment was that they settle those matters before we invested.

Mr. Hart (MLA): — So were those obligations to the Alberta government, was it a dollar for dollar, or was there a write-down of debt in the settlement of those obligations?

Mr. Hart: — There was a write-down of debt.

Mr. Hart (MLA): — Could you provide us with those details?

Mr. Hart: — Yes, I think they've been publicly disclosed by the Alberta government.

Mr. Hart (MLA): — I guess the other question that I would have, there's a paragraph in your financial statement that deals with the provision which allows Centennial 2000 to withdraw a capital to pay any tax liabilities resulting from the ownership of Centennial. And yet CIC doesn't have that same provision. I wonder if you can explain that, why that exists, and the implications for CIC.

Mr. Hart: — We're not a taxable entity as a Crown

corporation. And this gets into some fairly arcane accounting so I'll defer to the CA (chartered accountant), Mr. Amundson, to give you the details of how it works.

Mr. Amundson: — I think actually, frankly, to answer the question, we're not taxable, therefore we don't need to withdraw any money to pay taxes.

Mr. Hart (MLA): — Okay. So if your other partner . . . you've got a partnership here. One partner can take money out of the company to pay its taxes, that's a direct benefit to that partner. What benefit is the corporation getting then to offset that?

Mr. Amundson: — Those amounts were taken into consideration when the valuation was done. So it was part of the initial valuation of the corporation.

Mr. Hart (MLA): — So that was all included in your partnership agreement as such?

Mr. Amundson: — I think Mike would be a better person to ask.

Mr. Hart: — And we also avoid any carried liabilities on their old assets as a consequence.

Mr. Hart (MLA): — That's all the questions I have, Mr. Chair.

The Chair: — Thank you very much. Can I just interject for one minute. I want to ask a question related to this investment as well. In a significant transaction report that was filed with the committee dated November 3, 2000 that was filed April 5 or 21, or tabled here, there's a reference in it to saying there would be approximately 190 new jobs created in Saskatoon. Are we on track for those jobs?

Mr. Hart: — Yes, we are. The plant is to be constructed, and I believe — I'm just trying to remember if its Dominion or who's been hired as the contractor to build it — but it's under construction now. There will be some other investments likely made in the Saskatoon area in terms of the construction of additional freezer space that will be perhaps done by other third parties over and above this. But I think we're anticipating 190 direct jobs or something in the plant.

The Chair: — Okay. Thank you, Mr. Hart, and thank you, Mr. Hart.

Mr. Wall: — Thank you, Mr. Chairman. And, Mr. Hart, on the same subject, I wonder if you could outline . . . first of all, I want to tell you that in my constituency there's a company employs about 20 people and they have for 50 years been in the meat business. One of the contracts they had outside of Swift Current was to supply patties to Fuddruckers. And what happened to them not long ago is they lost the contract, they lost the bid to Centennial.

Now I know they didn't lose the bid to the new plant that the taxpayers are a partnership in. But it is very difficult to explain to him, who has been in business all those many years, how his tax dollars are effectively competing with him. He says, I've lost lots of contracts before and that's fair, but I don't like losing them to my own tax dollars. That's a concern that he had.

I don't have a question there. I don't want to engage in debate — that's not fair. But I want to point that out to you because certainly that's of interest to the, to CIC — I know it is. Other businesses in the province are a concern to you as well.

I'd like to ask you a little bit about the tendering process for that project for the plant, for the Centennial plant. And specifically, it's my understanding that the general — and correct me if I'm wrong, or I don't know maybe the gentleman isn't here who has these details — my understanding that the general on that is an Alberta-based company and that they have, they have suggested to several Saskatoon — and I'm just looking for my information — several, or at least one Saskatchewan contractor, that they ought to . . . if they're interested in doing work on the project, this particular company — and I'll find the paper while you're maybe giving a more general answer — that this particular company was too small probably to handle a lot of the work, the work for which they were interested in bidding, and that they should deal with the Alberta-based general, I think, or the Alberta-based consultant and also work with BC (British Columbia) firms who were also subbing with that Alberta firm.

And I just want to know generally what the tendering process would have been.

You're a partner in it. I understand that you're not the only owner here involved, but maybe you're aware of what was the bidding process there. What was the tendering process in terms of . . . you know what were the general parameters for that? Would they be the same as other Crown tendering processes, or would it be up to Centennial? I guess just generally what's the process for that project?

Mr. Hart: — I'd have to take notice of the question, Mr. Chairman, and provide the member with the answer. I can say generally though, that in a case like this we rely heavily on the operating partner, if I can describe Centennial that way.

They know the food business; they know the requirements of the contracting industry that are required to meet their specifications in terms of building a world-scale plant. Food safety issues are obviously a key concern in the design of a plant like this, and they would require their builders to have certain experience, or something like that.

But beyond that I wouldn't know the specifics of the tendering, but I'd be happy to get the information and bring it back.

Mr. Wall: — Well, I'd appreciate that. Thank you, Mr. Hart. I think that there's some pretty clear tendering policies that CIC has for projects that are exclusively CIC. I mean work that your Crowns are doing, certainly up until December 31 they're with the Crown tendering agreement, and something — we had this discussion last week — something that has now replaced it.

So when you go into a joint venture like this with a private company and they are . . . it involves the construction of a new facility, CIC doesn't write into that deal . . . didn't write into this deal then that the tendering policies it feels very strongly about for its own projects would apply to those in which the CIC is a minority shareholder?

Mr. Hart: — We generally rely on the management of the entity to determine the most appropriate policy. If we felt there was an instance where some other policy would be more appropriate then we might raise that with our partner and seek their agreement to following a different approach.

Whether we did or didn't in this case, I'd have to take notice and get back to you.

Mr. Wall: — Would you then please provide that when you get back to us, if CIC has indeed made any recommendations to Centennial in terms of the tendering process? I would appreciate that very much.

Mr. Hart: — Yes, okay.

Mr. Wall: — Just back briefly to Mr. Hart's question regarding the tax liabilities, and the ability of the private company to withdraw capital. You referenced the fact that this is adjusted for or accommodated in the evaluation.

Would it be, you know, violating any sort of confidentiality concerns if CIC were to be able to at least provide that little snippet of the deal? What is the compensation factor then for the fact that Centennial is able to withdraw capital for tax liabilities? That's the first part of the question.

And the second part is what is the status of Centennial Foods then as it'll be located in Saskatoon? It's paying . . . it's completely treated as a private sector company, it's paying property taxes, it's . . . Right?

Mr. Hart: — Yes.

Mr. Wall: — Okay so that answers the last one. On the first one, though, I'm interested . . .

Mr. Hart: — I'd have to actually consult with the general counsel. I'd ask, Mr. Chairman, that we be allowed to take notice of the question. I think it would be prudent for us to go back and examine the confidentiality provisions in our agreement and then bring back an answer that's within those boundaries. We'll certainly give the member as much information as we're allowed to under our confidentiality agreement.

Mr. Wall: — Without violating any of those same concerns, Mr. Hart, Mr. Chairman, the subsequent question would be: is there, generally speaking — I don't need specifics — is there a exit strategy that would have been, that would have been written into the deal with Centennial?

Mr. Hart: — I'm not aware that it's written in. But generally our strategy on this investment or investments like it, there are a couple of exit routes. One is that the company could be bought by a strategic buyer. So if there were another company out there — I don't know, Maple Leaf Foods for example, just to pick one — that might be interested in this business at some point, they might be a strategic buyer. Or the other alternative is to go public with it. And so we would be looking at an appropriate time to do one of those two exit strategies.

Mr. Wall: — The Agriculture Equity Fund also has a

significant ownership interest in a much smaller but a meat business nonetheless in the province of Saskatchewan. I believe it's the Ag Equity Fund in any event. Or perhaps it's SOCO (Saskatchewan Opportunities Corporation) — I'm not sure.

But I wonder was there any concern given that one arm of the government would effectively be competing with another arm of the government in the private sector, notwithstanding other private sector businesses in that industry?

Mr. Hart: — Mr. Chairman, I'm assuming that Mr. Wall is referring to Thomson Meats. I don't believe they're in the same line of business. That's my understanding, but I'd look into it. In terms of our due diligence, it wouldn't, I don't think, have been an issue for us. But do you have any other additional comments?

Mr. Douglas: — Mr. Chairman, if I could just add that that is one of the factors that's always considered when CIC is contemplating an investment, is the impacts on the existing Saskatchewan businesses.

Mr. Wall: — I'm going to just change the gears, if I may, as we're nearing the end, Mr. Chairman, and ask some questions on policies, general policies, that CIC might have for its Crowns to adhere to. And I don't think they were addressed in the presentation, or touched on because I . . . well in fairness, I wouldn't have . . . they don't immediately jump to mind, I don't think, as a question.

But I wonder if there are guidelines for the Crowns in terms of competing with each other? And I guess it relates somewhat to the question I just asked about Thomson Meats and now the new meat plant that the taxpayers own or own a big chunk of.

And specifically, I'll give you a . . . I'll try to give you a for instance even, to be fair. If in the reporting years . . . And we understand that this may have indeed been the case in the reporting years that are . . . in one of the reporting years under consideration, where SaskPower may have been approached to pursue a very interesting pilot project involving data transmission, specifically involving the magnetic . . . using the technology of using the magnetic field around power lines. And we also understand that there may have been a good deal of interest on the part of SaskPower to pursue that, at least as a pilot.

But that, for some one reason or another, SaskTel — well I think we know the reason why — raised some objections or concerns that SaskPower was pursuing this technology and effectively through their efforts had the pilot either shelved or killed or something to that extent. And this would have been in one of the reporting years that we're talking about here.

So I'd ask you to comment specifically on that — if we've got some of the facts correct or all of them correct or none of them correct.

And also, if you would comment on what is the policy there. Because if one Crown believes it has followed these guidelines and it's pursuing a project, hasn't violated any of the guidelines CIC lays out, what are the guidelines for another Crown to come along and maybe perhaps involve you or go to the

political route — I don't know— and have that initiative stopped?

Mr. Hart: — Well on the first point, I'm not familiar and I just ask any other members of my management team if they have any knowledge of the specific instance on the data transmission and SaskPower, I guess you're raising as an example, but maybe specifically that as well.

Certainly I have no information on that or no knowledge of it but I, again, could look into it for you.

The Chair: — Mr. Hart, on that point, if I could just add, from what I remember, discussions of that happened likely in that '96-97 period and were rolled into this whole question of the talking about Crown's project. It was, from what I remember, one of Mr. Messer's pet projects at one point that I suspect we left when Mr. Messer left. But perhaps you could look into it and bring back more information.

Nevertheless on the more general question of Crown competition with each other, if you could comment on that that would be appreciated.

Mr. Hart: — Generally speaking, the policy is as pretty much was outlined in response to Mr. Huyghebaert's question about the general guidelines and sort of where the decision-making points are. At the operating level the Crown boards are expected to produce business plans that pursue whatever opportunities they think are prudent within their mandate. And so, you know, they're free to pursue those.

I'm not aware of instances where there have been, you know, the case of strong competition from one Crown to another, or where we've been asked to referee a matter and say whether or not that should be allowed.

Generally our direction to the Crowns is what the dividend expectation is based on their earnings, what their capital structure should be, so forth. And then they bring individual projects forward to us for the approvals as outlined.

What may have been at issue here — Mike was just reminding me — was the instance where SaskPower has a fibre optic network which is used to control the various operations of their power generation around the province and whether others could hop onto that network and use it. I don't know. I don't think they do . . . they sell that service externally, as far as I'm aware.

Mr. Wall: — Just finally, and again jumping to a different topic. I think there also . . . the member for . . . Mr. Hart I think has one more question as well on Centennial.

But I'd like to ask one final question you may want to take notice of, and maybe have the answer with you, on potatoes. And I hate to do that in the absence of the member for Arm River but I'm going to do it anyway.

The Chair: — On the condition that we circulate the *Hansard* to him.

Mr. Wall: — Yes, I know. He'd be very upset with me. But it specifically relates to the question regarding the, you know, the

large pile of potatoes, that was the discussion of some media reports and part of our discussions there last week, and the minister's indication that, you know, these potatoes were there as a result of culling the crop and that indeed 25 per cent culling of a potato crop is normal and something that he was comfortable with, that the government was comfortable with.

And since then we've been receiving a number of . . . people have been contacting us, in the industry, people in the potato industry, who can't believe this number to be normal if that's the case.

Would you or one of your officials be able to comment on that? There's many other people that are private potato growers, people in the potato industry that have a big-time problem if the government's prepared to accept a 25 per cent rate when they believe the rate's more like 5 to 10 per cent, on the upper side of closer to 10 when it comes to maybe the spoiling ones.

So would you please comment on that as regard to your own view on what's acceptable and what isn't in terms of culling.

Mr. Douglas: — I can certainly give you some of what I understand the situation to be in typical industry conditions around this.

First of all I need to distinguish between potatoes for table markets and commercial markets as opposed to seed potatoes. Because the culling rate for seed potatoes is generally considerably higher, and then efforts are made of course to dispose of the culls in any way you can. Sometimes it goes to flaking plants, you know.

But having said that, the range — and I think this is what we indicated — was that the range would be from 5 to 10 per cent up to 25 per cent and that the culling that has taken place at SVPC (Saskatchewan Valley Potato Corporation) this year is to the upper end of that range. And we wouldn't consider that to be a desirable state of affairs on an ongoing basis. But this year in particular, because of harvesting conditions last fall, the rate is towards the upper end of the range.

Mr. Hart (MLA): — Just a further question to do with the acquisition of Centennial Foods. I notice . . . and I guess when I was asking my earlier questions I should have read on a little further in your annual report of 2000. In fact the next paragraph goes on to state that included in the financial statements there are some liabilities owing to Centennial 2000 due to certain tax liabilities agreed to be paid by Centennial.

The next sentence says:

The establishment of these liabilities is based on known facts and interpretation of circumstances. As a result the recorded amount of these liabilities could change in the near future.

So if I understand this correctly, basically is this saying that Centennial 2000 had some tax liabilities but the exact amount wasn't known? So therefore it would be . . . when you're doing an overall evaluation of that company, it would be a liability that you really couldn't put a finger on.

And then you had indicated that they were given the provision to take money . . . Centennial 2000 is given the provision to take money out to pay the taxes and you don't even know how much those taxes are going to be but that was all included in your partnership agreement so that your 35/65 per cent share in the partnership is valid.

I mean if you have this unknown, first of all, how large is that unknown? And how can you incorporate that into an agreement that has implications down the road, you know that . . . Could you explain that?

Mr. Hart: — John, do you want to answer the question, or should we take notice of it? Yes, we can take notice of it and get back to you on the details of that.

Mr. Hart (MLA): — Provide us with the details on those liabilities?

Mr. Hart: — Yes, within the limits of our confidentiality agreement. My general understanding is that the company had some tax liabilities coming in. We were more or less aware of what the magnitude of those was. We may not have known the exact amounts because they hadn't filed yet and been through the process, but generally speaking we were aware of the order of magnitude of them and took that into consideration. But I'll get the details back to you.

Mr. Wall: — I'll wrap up comments if I may, and to thank Mr. Hart and his officials on behalf of the opposition for your answers today and your attendance these last, I think, three weeks it's been. And also today to thank the members of the government for allowing us to finish off the questions that we had for this. And I think then we can take the appropriate action at this point, Mr. Chairman.

The Chair: — Thank you, Mr. Wall. I'm advised Mr. Yates has a motion.

Just before we move to that I'd like to as well, on behalf of the committee, thank the officials. I know it's always hard to schedule a regular set of weekly appearances before us because you're obviously busy with your normal routines. But I do want to thank you for making your most, if not all, of your management team available to us. Thank you, Mr. Hart.

And with that, Mr. Yates.

Mr. Yates: — Thank you, Mr. Chair. I would move:

That the Standing Committee on Crown Corporations conclude its review of the annual report and financial statements of Crown Investments Corporation of Saskatchewan for the years ending December 31, 1998; December 31, 1999; and December 31, 2000.

The Chair: — It is moved. Is there any debate on the motion? Seeing none, all those in favour?

Members: — Agreed.

The Chair: — Opposed? It is carried.

There is one item of business then before we move to adjournment and that is the question of our sitting schedule. The Assembly is of course in its final week or month or days, hours, of its adjournment. I am wondering whether we should consider postponing further meetings of the Crown Corporations Committee, rather than start a new set of public hearings on reports, until we have a better understanding of what the sitting schedule will be.

I would like to see us put a report into the Assembly on the matters we're discussed thus far, possibly next week. And what I was going to suggest is that perhaps we could have the Clerk draft a report. I would then circulate it among the members during the time of the House, and perhaps we can meet early next week to approve the report or discuss it at that point before sending it into the House.

There are a list of other Crown corporations that I think we are interested in meeting with: Sask Water, SaskPower, SGI. And we have not yet had an opportunity to meet with ISC (Information Services Corporation of Saskatchewan) since it's been created. So we should probably do that.

Since we're not completely sure what's likely to happen with extended hours or House sitting schedule, I'm going to suggest that maybe we meet early next week to discuss a report, which would be our second one to the Assembly. And then maybe we'll have a better understanding as to whether we should embark on another new set of hearings.

Is that generally agreed? I mean, it's certainly flexible. We can talk about it next week. Okay?

Ms. Jones: — In general, but I would advise that Tuesday is a scheduled meeting for some of us — Communications.

The Chair: — Right, Communications is meeting Tuesday and I think the Health Care Committee meets every day.

So with that then, I'll ask Viktor to maybe pull together a draft for us for our consideration. In that, obviously, we'll review what work we have done to date.

The other item is that I would anticipate that in the report we should have an item suggesting that the . . . or asking the Assembly to refer over the segments of the auditor's report from 2001 Spring Report to this committee for our consideration.

Since The Provincial Auditor Act hasn't been approved yet, we'll need to do that by ordinary referral motion. Am I correct on that? The auditors are nodding, so.

Those would be the items to this point and with that, I would accept a motion to adjourn. Moved. All those in favour?

Members: — Agreed.

The Chair: — It's carried. The meeting stands adjourned.

The committee adjourned at 10:53.