



# **Standing Committee on Crown Corporations**

## **Hansard Verbatim Report**

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**Legislative Assembly of Saskatchewan**

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**STANDING COMMITTEE ON CROWN CORPORATIONS  
2002**

Harry Van Mulligen, Chair  
Regina Victoria

Pat Atkinson, Vice-Chair  
Saskatoon Nutana

Greg Brkich  
Arm River

David Forbes  
Saskatoon Idylwyld

Yogi Huyghebaert  
Wood River

Carolyn Jones  
Saskatoon Meewasin

Don McMorris  
Indian Head-Milestone

Peter Prebble  
Saskatoon Greystone

Kim Trew  
Regina Coronation Park

Brad Wall  
Swift Current

The committee met at 10:02.

**Mr. Kaczowski:** — Since all members are assembled, I'll start the meeting then. As you're aware that with the membership changes we no longer have a Chair and that is something that I have to preside over.

So I'll bring the meeting to order. As committee Clerk it is my duty to preside over the election of a Chair and I will call for nominations for that position now.

**Ms. Atkinson:** — I would move for nomination of Harry Van Mulligen.

**Mr. Kaczowski:** — Are there any further nominations?

All right. Seeing none, Ms. Atkinson has . . . I would ask Ms. Atkinson to move a motion that Mr. Van Mulligen be Chair, serve as Chair.

**Ms. Atkinson:** — I would move:

That Mr. Van Mulligen serve as the Committee on Crown Corporations chairperson.

**Mr. Kaczowski:** — All those in favour of the motion? All those opposed? I declare the motion as carried and invite Mr. Van Mulligen to take the Chair.

**The Chair:** — The next item on the agenda then is the election of a Vice-Chair and nominations will now be open for the position of Vice-Chair.

**Mr. Prebble:** — I move that Ms. Atkinson be Vice-Chair.

**The Chair:** — Mr. Prebble has nominated Ms. Atkinson to the position of Vice-Chair. Are there are further nominations? There being no further . . .

**Mr. Brkich:** — I'd like to nominate Brad Wall.

**The Chair:** — Mr. Brkich has nominated Brad Wall for the position of Vice-Chair. Are there any further nominations? Are there any further nominations? There don't appear to be any further nominations. What is the procedure in this case?

**Mr. Kaczowski:** — Okay, in this case we would start with the first nomination and the first member to receive a majority of votes would be elected as Vice-Chair.

**The Chair:** — All right. So you'd need a motion then from . . . All right. So you need a motion that Ms. Atkinson be elected to preside as Vice-Chair of the Standing Committee of Crown Corporations.

**Mr. Prebble:** — I so move.

**The Chair:** — Moved by Mr. Prebble:

That Ms. Atkinson be elected to preside as Vice-Chair of the Standing Committee on Crown Corporations.

Is that agreed? All those in favour of the motion, please say aye. All those opposed, please say no. In my opinion, the ayes have it.

I declare the motion carried and that Ms. Atkinson has been elected as Vice-Chair.

The other item of business before the committee is discussion of future business of the Crown Corporations Committee. I understand that the last committee by formal motion, whether it's formal or informal, struck a steering committee composed of the Chair, the Vice-Chair, and a senior member of the opposition members on the committee. And if it's agreeable, whether it's by motion or just by agreement, whether the steering committee might meet to consider things such as meeting times for the committee, a plan of business for the committee . . . (inaudible interjection) . . . That we have to set the meeting times . . . (inaudible interjection) . . . Really. The steering committee can't provide advice on that. Well . . .

**Mr. Wall:** — Mr. Chairman, I certainly, you know, we certainly don't have a problem with dispensing with sort of the order of which Crowns are going to come before the committee for our work this session.

However in light of recent developments, we have a motion because . . . and we might not need the motion. Maybe we can proceed with the unanimous agreement of committee members. But over the last couple of days in the legislature, we've found out that some guidelines that are, I would think, are fairly important to this committee have possibly been violated by a particular transaction by a Crown corporation.

And I would just draw my colleagues' attention to the actual wording of the guidelines as reflected in the Crown Corporations annual report from just a year ago where our committee is referenced.

And in the section called significant transactions, it says:

In 1997, CIC developed guidelines for reporting on significant transactions. These guidelines were approved by the CIC Board, as well as (this committee, the) Standing Committee on Crown Corporations.

And then it goes on to indicate which kinds of transactions would be deemed as significant and therefore would have to be reported to this committee within 90 days as the Crowns have been doing.

It goes on to say — and this would be the last of the quoting, Mr. Chairman — it goes on to say that:

. . . Crowns must report transactions that do not fall under the above conditions (and there are some specific ones) if they are judged to be of a sensitive nature or likely to be of interest to legislators and the public. Such transactions would include, for example, external investments and the creation of new subsidiaries.

And certainly for us that's very clear that the significant transaction report that all members should be expected to be

receiving would include the kind of transaction we were discussing in the legislature, the investment in Alberta by SGI (Saskatchewan Government Insurance).

So with that in mind, I would just perhaps like to open for debate, although I can . . . instead of moving the motion and binding us to that, I'm sort of in the hands of my colleagues if we'd like to just have this discussion first. Certainly we are prepared to move this motion but if we'd like to have the discussion first.

The spirit of this motion says that we would call on the minister to attend as our first item of business when the committee meets next and ask if the guidelines have changed in his view, if he believes that they no longer bind the Crowns to these guidelines of significant transaction reporting. Because if that's the case, our committee ought to know about it. And I think there would be a broader discussion at that point or if this was an oversight in this particular case. I mean whatever the reason is, I think it's very important we have the minister here to explain what's gone on with these guidelines.

**The Chair:** — As you know, this is my first time that I've served on the Crown Corporations Committee in all the years that I've served in the Legislative Assembly. So I'm not fully aware of all of the guidelines that serve to help the committee in terms of what the order of business should be.

But my understanding is that there is some existing work before the committee that the committee has not yet completed and, you know, my recollection of service on other committees is that committees cannot set aside agendas and things that are on the agenda every time the opposition has a particular issue that it wants to address.

Having said that, I think that as a steering committee we'd certainly be prepared to sit down, discuss the work that is still outstanding, the work that needs to be done. And whether this is part of it, we'd certainly be prepared to discuss that within the context of a steering committee.

**Mr. Trew:** — Yes. Thank you, Mr. Chairman. Mr. Wall, I was on the Crown Corporations Committee when that particular motion was passed about significant transactions.

I confess I never even thought of this particular SGI investment in Alberta as a significant investment by that definition that this committee had agreed to then. As my . . . And I stand to be corrected and take no . . . I will not be offended if somebody corrects me on numbers because I honestly had not put much thought into this as a significant transaction.

My understanding is that — and I think I got this out of the newspaper — that SGI has made an investment of significantly less than \$1 million. It's less than 1 per cent of their book business in Alberta; I think I got that out of the paper. And if that's the case, it just doesn't qualify. It doesn't even come close to qualifying what we were deeming to be a significant transaction.

I further point out, Mr. Chair, that when Ms. Lorjé was at that time the Chair, we also agreed that there was going to be points of contention of what was a significant transaction. And I just

wish to point out it's fair enough that some members would have a different view than others respecting what is a significant transaction.

I again point out that nowhere in my recollection, if my facts are close to right, nowhere in my recollection would this qualify as a significant transaction.

And I close by supporting what I heard the Chair saying, that we should set . . . the Crown Corporations Committee should set its business and go about completing that business in an orderly fashion. Otherwise quite frankly we flounder about and we just create confusion amongst ourselves and all.

We should be straightforward about what it is we're doing and we should systematically review all of the Crown corporations. And a final word — we may wish to bring SGI fairly early on the list. I have no objection at all to that and at that time this would be one of the issues that they can deal with.

**The Chair:** — Let me just ask, is it customary that the first item of business once the annual reports are tabled is CIC (Crown Investments Corporation of Saskatchewan) itself and that the minister appears at that time?

**Mr. Wall:** — No. I've been relatively new too. My last session was my first, Mr. Chair, but the minister didn't appear on that occasion. And I understand that used to be the case, that ministers came before this committee but I understand that has not been happening. But, Mr. Chairman, I think . . .

**The Chair:** — But can I just ask like if the minister can appear with CIC, or CIC officials can answer the questions that you . . . concerns that you're raising with respect to SGI whether it is a significant investment or it isn't? We're certainly prepared . . . I think all of us would want to get that cleared up but I don't think that's something that's necessarily very far away.

**Mr. Wall:** — Thank you, Mr. Chairman. Just to respond to a couple of points here — one regarding the agenda. You know, I think it's fair to say that we have gotten a lot of work done here at this committee in the last year, arguably more — and I think it's to everybody's credit — more than a number of the committees that would have preceded it. And we made a commitment to that in the winter. So certainly I think what's left on the agenda is some SGGF (Saskatchewan Government Growth Fund Ltd.) work and if this committee desires it can basically, I think, do what it wants if it has a priority to . . . if it thinks there's a priority to do something.

I just want to comment, and Mr. Trew should be aware that here is the policy:

A significant transaction is broadly defined as one that is material . . .

The example they give, the:

. . . (value greater than one percent of the Crown's assets) (and that's why you made your comments) and outside of the ordinary course of business. This includes the purchase or sale of a major asset or investment, assuming a major liability, or a major change in the terms and conditions of

an existing investment. Additionally, Crowns must report transactions that do not fall under the above conditions if they are judged to be of a sensitive nature or likely to be of an interest to legislators and the public. Such transactions would include, for example, external investments and the creation of . . . subsidiaries.

That is crystal clear, I think. The committee that dealt with this, and Mr. Trew was on it in 1997, dealt with it correctly. They set some basic thresholds that make a lot of sense, I think, but they also set some provisos to those requirements. Specifically, if a Crown has made an investment outside — an external investment outside the province — that is a significant transaction that must be reported to members of the committee.

Now if the minister, I think, if the minister . . . if we want to do CIC first and it means the minister can be here and we have that commitment, then that's great. Let's get on with that. I think the meeting would be next Thursday.

And I think we'd want to deal specifically with this issue because if the significant transaction policy is changed from what this says it is, has been for five years, that's a concern for all of us.

**The Chair:** — I think it's not an issue that we can deal with today. I mean, I recognize that you've done a great deal of work on this in the last couple of days and you're very up to date on all of the nuances of policies. But it's not something that the committee was prepared for, it's not part of our agenda, so it's not something that we can deal with today. But there will be an appropriate time to deal with that. I think you have our undertaking on that.

Can we agree that the steering committee convene to deal . . . to set forward the business for the committee? And is it agreed that the steering committee be the Chair, Vice-Chair, and would it be you, Mr. Wall? Is that agreed? That's not a formal motion but I sense that there's agreement on that.

And we're still back at the business of sitting hours.

**Mr. Wall:** — Before we go to sitting hours, Mr. Chairman, we'd like to . . . I'd like to move a motion, if I can, for the committee's consideration.

**The Chair:** — Just hang on. If it's still on the same issue, if we're going back to that . . .

**Ms. Atkinson:** — I have a question. It's a technical question. While the committee is to deal with sitting hours, I'm wondering is this something that could — I'm talking about the Crown Corporations Committee — is this something that could be referred to the steering committee for discussion, or does it have to be determined here? Could the steering committee come back with a recommendation?

**The Chair:** — . . . that you must convene a meeting for the purposes of electing officers and the establishment of regular meeting days and times for that session.

You know, I mean, everything's subject to interpretation, I guess, as Mr. Wall could point out to us. But I mean, we can

agree to tentatively meet at certain times and if the steering committee wants to come back with a further recommendation on that, that's agreeable.

I also had Mr. Prebble on the list earlier.

**Mr. Prebble:** — Thanks, Mr. Chairman. My suggestion, Mr. Chairman, is that first of all that the steering committee meet and recommend some times to the larger committee for meeting, and we'll formally finalize those times in the larger setting. I don't think that contravenes the rules in any way.

Secondly, I think the steering committee should also examine this question if it should review the procedures around the reporting of significant transactions. And it should make some determination about whether this matter needs to be examined in depth by the committee.

Now normally CIC . . . we can bring CIC before the committee, and I support that. And often the Minister of Crown Investments Corporation comes when that's, you know, when . . . I mean, we've had Mr. Sonntag before us in the last 18 months. And I think these are perfectly pertinent questions to raise.

Mr. Wall, I don't think . . . If there's been a mistake, I suspect it's an oversight because we receive a large number of significant transactions. And there's absolutely no attempt being made to hide the details on this one. But it may be . . . You know, I would like to see the steering committee, I would like to see the steering committee examine the details around what constitutes a significant transaction and we can then make it . . . they can make a recommendation to us about whether or not it would be on the agenda here or not. It can also be raised during Crown Investments Corporation.

And as I say, Mr. Wall, I support CIC coming before the committee on a relatively early basis. And this is quite a legitimate question to raise. But we . . . as you know, we receive a large number of significant transactions on a regular basis when they've got a huge stack of them, and generally speaking I think there's an attempt to keep all committee members apprised of transactions that are deemed to be significant.

So that's my suggestion, Mr. Chairman.

**The Chair:** — Ms. Jones, Mr. Wall, and Mr. McMorris.

**Ms. Jones:** — Thank you, Mr. Chair. My points are somewhat similar to Mr. Prebble's in terms of a suggestion that the steering committee meet with regards to committee meeting dates and to suggest that if indeed the rules as our Clerk has pointed out somehow proscribe that we need to do that at this meeting, then I think we could properly table it to another meeting if necessary.

But I would like to see the steering committee discuss dates and times, because I think there are a number of other meetings to take into consideration that they may want to discuss, and we . . . so that we can find mutually agreeable times that we're not interrupted by any more chit-ins and such than needed.

**Mr. McMorris:** — Just further to Mr. Prebble's points regarding the significant transactions, and I would agree that we receive a lot of correspondence on significant transactions.

This one is interesting though, because, you know, when you deal with it, is this TransAlta transaction a significant transaction? And there'll be members from CIC that would say no, it isn't. And I think that's the whole point, is we need clarification on the guidelines set out in 1997, because clearly we feel it was a significant transaction.

So that's . . . We're certainly not, I don't believe, accusing that anything is trying to be hidden; it's we need a clarification on what CIC believes is a significant transaction, and does that fit with what we see. Because if it doesn't, then there's an issue there that needs to be addressed.

**The Chair:** — I think the steering committee can take this and put forward before the committee some suggestion as to when we might and how we might deal with this particular concern. Is that legit?

You know, I tossed it out that that's something that if the CIC itself is the first delegation or the first business before the committee, if it's appropriate to deal with it there, or SGI comes up first, that's something that we can always come back to the committee with some suggestion on.

**Mr. Wall:** — Mr. Chairman, I think the matter is more emergent than that. The minister's comments in response to some of the questions we asked about this is that well there's — Mr. Fogg, I think, said the same thing — well there's a number of investments where the Crown . . . because they were citing The Crown Corporations Act, 1993, by the way, as reason why it didn't come to cabinet — that the end game, the end investment in the new company in Alberta, or in the company in Alberta, wound up with the government owning less than 10 per cent. And by the regs of that Act, you're just simply not required . . . you don't need cabinet approval even though you're spending, you know, 1.7 million or whatever it happens to be, as long as you're under that 10 per cent threshold.

Fair enough. That's beyond our committee. That's a cabinet decision that's been made, and the regs have been approved, you know, and that's fair.

These are our rules, however. These are these committee's rules as determined in 1997, I imagine arising out of the Channel Lake affair — in part anyway. And so I think it's a little bit more important in light of that, and also in light of the fact that the minister has said, well there's about \$240 million worth of investments that may or may not be being reported because they might fall under the 1 per cent or the 10 per . . . whatever it is.

And I think it's important enough that we get that squared away quickly. And so, Mr. Chairman, I want to move the following motion:

That this committee request the attendance of the Minister of Crown Investments Corporation at the next meeting of the Standing Committee on Crown Corporations to explain why, in the matter of SGI's investment in Hi-Alta Capital, SGI ignored CIC guidelines adopted in 1997 which state

that Crowns must report to this committee those transactions judged to be of a sensitive nature, or likely to be of interest to legislators and the public, and would include external investments and new subsidiaries.

**The Chair:** — I'm going to ask the Clerk to make some copies of this so that we can all look at it. Okay. We have a motion before us. What is the committee's wish?

**Ms. Atkinson:** — I would move that this motion be tabled until the steering committee has an opportunity to meet.

**The Chair:** — I'm informed that a motion to table is not in order, but that a motion to defer the motion to a further date pending a report from the steering committee or anything else would be in order.

**Ms. Atkinson:** — What I would like to do then, Mr. Chair, is to defer this motion until such time as the steering committee has had an opportunity to do three things: look at meeting times, review the minutes of the Crown Corporation — when it was discussed, the whole notion of significant assets — and put in order of priority how this committee is going to deal with various Crown corporations' annual reports.

**The Chair:** — Okay. The motion then on the floor is the superseding motion by Ms. Atkinson to defer consideration of the motion by Mr. Wall until a future meeting, until such a time as the steering committee can report on meeting times and on the question of significant transactions.

**Ms. Atkinson:** — And then the priority of how we're going to deal with the various Crown corporation annual reports.

**The Chair:** — And the work plan before the committee.

**Mr. Wall:** — Thank you, Mr. Chairman. Just to respond or to discuss that motion a little bit. You know, I think we have some concerns with just the steering committee — that'd be myself included.

But I think my, my colleagues, and I would hope all the members of the committee, would have some concern with something so substantive as the significant . . . a discussion of significant transactions and whether or not the guidelines had been violated — should be changed, are adequate, aren't adequate — that kind of discussion should be available and . . . for all the members of this committee and should be a priority for all members of this committee to know what information they're entitled to, in terms of these Crown corporation investments and transactions.

Now I think we should meet, we can meet to do the dates and the work plan. That's certainly what we've done. But any substantive debate, any material debate on the issues and the work that we do — that should involve all the members of the committee.

**Mr. McMorris:** — Yes, I would just agree. I think when the subcommittee was struck in past years, it was simply just to, to line up the dates — when can we meet, what is mutually agreeable, and also to set a bit of an agenda on which Crowns.

I think when you go much past that it really takes away from the voice of the whole committee because when you start dealing with significant transactions and your interpretation — or whoever interpretation — that is definitely the job of the committee as a whole, not as a subcommittee.

**The Chair:** — If I could, I think we're all agreed that the issue of whether or not Crowns are observing the rules that have been set down for the conduct of Crowns is important to both sides of the legislature.

I can tell you it's very, very important to me, given the lack of procedures that we witnessed in the 1980s, and one of the reasons that we've put into place some new procedures during the course of the 1990s so that there can be greater accountability of reporting by Crown corporations and the government to all the members of the legislature and the public.

So it's very important to us. The question here is: when would be an appropriate time to put this on our work plan. And I think there is some agreement here, if I take Ms. Atkinson's deferral motion that this is something that the steering committee should be discussing and bringing back to the committee.

**Mr. Forbes:** — I would agree with that, Mr. Chair, especially . . . It's not the substance we want to debate, but we want to have the full background information. And I have nothing; I don't have the book that you're referring to, Mr. Wall, or that type of thing. I think that's important for us to have an informed debate and not just an emotionally charged debate on something that's just arisen. So I think it's important to have that. And we look to the steering committee to provide that in a balanced way.

**The Chair:** — The motion by Ms. Atkinson to defer, is that agreed? All those in favour, please say aye. Those opposed, say no. In my opinion the ayes have it.

**Mr. Wall:** — Can we get a recorded vote then, Mr. Chair.

**The Chair:** — I don't think you have recorded votes in your meetings, do you?

**Mr. Kaczowski:** — You can have a recorded vote, although it should be requested at the time the vote is taken; it can't be taken after the vote has occurred.

**The Chair:** — So before the vote is taken, you have to request that it be a . . .

**Mr. Kaczowski:** — Recorded vote.

**The Chair:** — But the record can show that, by my words, that the government members supported the motion; the opposition members did not support the motion.

**A Member:** — Sure.

**The Chair:** — But the motion did pass and the steering committee will meet, hopefully quickly, to discuss the contents of the motion and to establish meeting times and a work plan for the committee.

Can we agree that, inasmuch as we are required by the rules to set meeting times, that we continue on with the meeting times that have been — which is 9:30 to noon on Thursdays, and that we agree that that be the meeting times until such a time as the steering committee comes back?

**Ms. Jones:** — Well it is a problem if we're going till 12 o'clock.

**The Chair:** — It is. We know that, and that's one of the things that the steering committee will have to deal with.

**Ms. Jones:** — Okay. But you're saying that we're going to continue doing that till . . .

**The Chair:** — Until such a time as the steering committee can suggest otherwise, yes. We have to do that.

**Mr. Trew:** — Mr. Chairman, today being . . . Oh, I'm sorry. I slipped a day. I'll withdraw my thought . . . (inaudible interjection) . . . No, I was thinking today was Wednesday.

**The Chair:** — Next Thursday at 9:30 unless the steering committee get together and can provide some direction to the committee Clerk about a different time.

**Mr. Wall:** — And then we have SGGF coming, then I . . .

**The Chair:** — That's something we'll have to decide, whether it's that or whether the Crown Corporations Committee come out and you want to not deal with SGGF or deal with that later. You know, those are things that we can sort out.

**Mr. Wall:** — Okay. Good.

**The Chair:** — We stand adjourned until Thursday at 9:30.

The committee adjourned at 10:38.