



# **Standing Committee on Crown Corporations**

## **Hansard Verbatim Report**

**No. 27 – April 18, 2002**



**Legislative Assembly of Saskatchewan**

**Twenty-fourth Legislature**

**STANDING COMMITTEE ON CROWN CORPORATIONS  
2002**

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Kim Trew  
Regina Coronation Park

Brad Wall  
Swift Current

The committee met at 09:32.

**The Chair:** — I'll call the meeting to order. When we last met there was a motion by Mr. Wall with respect to the attendance of the Minister of CIC (Crown Investments Corporation of Saskatchewan) to explain SGI's (Saskatchewan Government Insurance) investment in Hi-Alta that was discussed.

Then there was a deferral motion which asked the steering committee to look at meeting times, to deal with the question of order and priority of the various Crown corporations' annual reports, and also to review the minutes of Crown corporations with respect to the issue of significant transactions.

The question of meeting times we have discussed as a steering committee. And the question of order of priority of the business or a work plan for the committee has been discussed.

And we have agreed as a steering committee that we will sit from 9:30 to 11:30 a.m. on Tuesdays effective April 23. And I'll get back to that date in a minute.

That the order of priority for consideration of annual reports be: (1) CIC; (2) SaskEnergy; (3) ISC (Information Services Corporation of Saskatchewan); (4) SaskTel; (5) Sask Water; (6) SaskPower; (7) SGGF/SGI (Saskatchewan Government Growth Fund Ltd./Saskatchewan Government Insurance), question mark. I assume that will be fleshed out.

And so we propose, as a steering committee, to proceed with that work plan in the coming weeks and to meet weekly in pursuit of that work plan.

Now with respect to the 23rd, I am not sure whether . . . in fact I'm getting signals that the annual reports are not likely to be tabled by the 23rd. But we could begin to consider the annual reports, that is to say CIC, the following Tuesday, on the 30th.

And I'm informed that this room isn't available either on that day, on the 23rd.

**Mr. Wall:** — So they will be at the table probably by the 23rd. Is that what you're saying, Mr. Chairman?

**The Chair:** — That's right. Yes.

**Mr. Wall:** — There's not much point in meeting without the reports.

**The Chair:** — So are we agreed then that we can begin this work plan effective April 30?

**Mr. Wall:** — Right. Baring some early, you know, release of the annual reports I guess.

**The Chair:** — Yes. I'm assuming that the annual reports will be made available some time next week and that we can begin our perusal of those annual reports on the 30th. I see agreement on that point, Mr. Clerk.

Now with respect to the issue of significant transactions, it was felt, at least by the government members, that it might be most

helpful for the committee to simply call before the committee the appropriate officials from SGI who are responsible for SGI's investments and to have them deal with your questions on the matter of the investment in Hi-Alta. And towards that end, we've asked Mr. Larry Fogg, who's the president of SGI, to be with us today.

And so welcome, Mr. Fogg. Perhaps we might ask you to introduce the officials who are here with you and then give you a short period of time to do an overview of this issue and then be prepared to answer questions from the committee.

**Mr. Fogg:** — Certainly, Mr. Chairman. With me today I have Randy Heise, who is vice-president of underwriting, and on my right is John Dobie, vice-president of finance. And behind me is Maureen MacCuish, assistant vice-president of communications. And Betty Weigel, who's assistant to the president.

And if I might, Mr. Chairman, then I'll make just a brief statement about this transaction.

SGI CANADA purchased 1.75 million of Hi-Alta Capital Inc. common shares on August 20, 2001. And at that time SGI CANADA held 7 per cent of the total outstanding shares of this company.

Hi-Alta is an insurance brokerage consolidator currently operating in British Columbia, Alberta, and Saskatchewan. The company is listed on the Alberta and Toronto stock exchanges. To date, Hi-Alta has offices in 44 communities in Alberta, BC (British Columbia), and Saskatchewan. In Saskatchewan, offices are located in Yorkton, Weyburn, Nipawin, Assiniboia, Willow Bunch, Lloydminster, Regina, Kronau, Swift Current, Gull Lake, and Ponteix.

Hi-Alta's operating strategy has been to build an insurance brokerage network through friendly acquisitions of existing brokers. Hi-Alta does not start up new brokerages; it buys books of business of existing brokerages with a blend of cash and shares. And therefore it is not increasing the existing brokerage competition, but is providing another means for existing brokers to exit their business.

Hi-Alta's purchase strategy has been to buy the book of business and retain the previous owners, local owners, and their staff. And the advantage for the local owners is the ability to sell their insurance brokerage business which they use for their retirement fund. Finding a buyer for a business worth hundreds of thousands of dollars can be difficult.

Hi-Alta raises capital to purchase insurance brokerages. Investors include employees and board members, institutions, the general public, and insurance companies. The insurance company investors include AXA, Wawanesa, Royal & Sun Alliance, ING — I-N-G, Peace Hills, SGI CANADA.

SGI has the ability to make investments under section 10(1) of The Saskatchewan Government Insurance Act, 1980, which provides the corporation with the ability to:

. . . invest any portion of its funds:

... in investments authorized for Crown corporations pursuant to *The Crown Corporation Act, 1993*;

SGI's investment powers are governed by The Crown Corporation Act, 1993. Only in situations where SGI acquires more than 10 per cent of the voting rights of another corporate body is an order in council required.

The Crown corporations regulations provide — section 4(2) of the regulations — relate to SGI and authorizes SGI to acquire without an order in council approval:

(i) all shares, bonds, debentures or other securities, if the acquisition does not result in Saskatchewan Government Insurance making a substantial investment or an increase in a substantial investment in a body corporate;

A substantial investment is defined in section 4(1) of the regulations, to mean:

... an investment that results in the investor beneficially owning, directly or indirectly, voting securities of another body corporate, exercising control or direction over voting securities or another body corporate or ... beneficially owning or exercising control or direction over voting securities of another body corporate carrying more than 10% of the voting rights attached to all outstanding voting securities of that ... body corporate;

In this situation with Hi-Alta, the investment was for 7 per cent of the common shares. So an order in council then was not required.

They then have to look at the significant transaction reporting policy. And here, by definition, significant transactions are defined, for the purpose of this policy, involve the following activities where the transaction is both material and outside the ordinary course of business. The policy describes a material transaction as those exceeding 1 per cent of the assets of each corporation.

And clearly an investment of 1.75 million in Hi-Alta is less than 1 per cent of SGI CANADA's assets of 410 million — that's about four point four three of a per cent — and therefore this investment is not a material transaction as defined in the policy. And there is no, therefore, no objective requirement for SGI to report this transaction.

As a matter of interest, SGI as an insurance company has a large investment portfolio which it manages as an ordinary course of its business. In the year 2001 alone, SGI had 5,706 investment transactions worth \$9.5 billion dollars for an average investment transaction of 1.7 million. Transactions of this size are frequently and regularly undertaken by the corporation.

The subjective portion of the significant transaction reporting policy talks about transactions which are, quote:

Judged by the Crown corporation to be sensitive and likely of interest to legislators and the public.

By definition sensitivity normally pertains to items which are

known to be of particular interest to legislators and/or the public. Examples include international investments and the creation of new corporations.

This transaction from SGI's view was nothing more than a prudent investment which would provide a rate of return and protect SGI CANADA's book of business in Saskatchewan.

The policy states that it is incumbent upon management of a Crown corporation to assess whether a transaction is likely to be of interest to legislators and to report upon such transactions.

Assessing what is a significant transaction requires judgment which is significant and may vary from one corporation to another. It was SGI's view — it is SGI's view — that this transaction was not significant, and does not vary from SGI's ordinary course of business.

In my opinion this transaction was unlike the purchase of Coachman Insurance Company in Ontario, and the Insurance Company of PEI (Prince Edward Island) which SGI had previously reported to the Crown Corporations Committee.

In those circumstances we are a 100 per cent and 75 per cent shareholder. SGI has a majority of the seats on the board of directors of ICPEI (Insurance Company of Prince Edward Island) and Coachman; it controls these companies through the board of directors. SGI has no representation on the Hi-Alta board as it only has 7 per cent of the common shares. ICPEI and Coachman's financial results are consolidated with SGI CANADA's financial results. Hi-Alta financial results are not. And this is consistent with other common share investments held by SGI.

ICPEI and Coachman's annual financial reports will be tabled in the Legislative Assembly, along with SGI CANADA's annual reports, and Hi-Alta's was not.

And for those reasons we did not report this as a significant transaction.

**The Chair:** — Any questions?

**Mr. Wall:** — Thank you, Mr. Chairman. I wonder if the president would indicate and, Mr. Chairman, the questions will get right to the heart of the significant transaction policy of this government.

First of all, I would point out that the president of SGI will probably know that CIC, his holding corporation's own interpretation of these guidelines, used the word external investment, which would certainly broaden the definition in the policy. But that notwithstanding, he's quoted from the policy guidelines and that's fair.

I wonder if the president would be able to indicate to members of the committee whether or not he is aware that the opposition, the Saskatchewan Party, and I think actually the independent Liberal member, have a concern about ... have had a long-standing concern about any activities of Crowns — subs of Crowns, that compete directly with other Saskatchewan businesses.

**Mr. Fogg:** — Yes, I am aware of that, Mr. Chairman.

**Mr. Wall:** — And that the opposition and legislators have also raised concern and had, frankly, debates on principle with those who don't share that concern about Crowns investing outside of the province of Saskatchewan.

**Mr. Fogg:** — Yes, Mr. Chairman, I'm aware of that as well.

**Mr. Wall:** — Well, I guess I would just draw the president's attention to — and the members of the committee — because this is an issue for all of us as members of this Crown Corporation Committee, and future members of the committee, to know and understand when this kind of information, these kinds of deals are reported to us as representatives of the public, and therefore the taxpayers.

And so the policy calls on the Crown corporation to report transactions that would be sensitive and of likely interest to legislators.

Well I just respectfully disagree with the president. Clearly this is exactly the kind of issue that we've been concerned about. And we can have debate about whether we should or not, and that's right — that's meet and right, and politicians will do that.

But clearly, you know, fully 25 to 26 legislators have been pretty clear about their concerns for this. And to not report this as a significant transaction, I think, to interpret it that way, I think, is a mistake. And I think that SGI would do us a service if they said, we made a mistake in this regard; the taxpayers should have known before the opposition having to raise it in the House.

**Mr. Fogg:** — Mr. Chairman, if I just . . . maybe could just comment on that. The difficulty we have is we have, as I've said, thousands of investment transactions and some of these investment transactions . . . and, for example, we would have a significant investment in the Toronto Dominion Bank. Toronto Dominion Bank is, I suppose you would say, an Ontario company that comes into Saskatchewan and competes with local credit unions.

We have an investment in Safeway, another US (United States) company coming in and competing, I suppose you might say, with Saskatchewan-based businesses. If the . . . if what you're saying is we should report any investment we have in any company that competes in any way with Saskatchewan-based business, we would have many, many, many of those.

**Mr. Wall:** — Thank you, Mr. Chairman. I wonder if the . . . we can get into that a bit as well. I wonder if the president would inform the members of the committee whether or not . . . because I'm sure the president and SGI was aware that other brokers in the province would be sensitive to this. Because you're not only now competing with them for the brokerage business; now the Crown corporation, the Government of Saskatchewan, is competing with them for acquisitions. Because, frankly, your introductory remarks make it sound like Hi-Alta Capital is the only exit potential for a lot of brokers across the province.

You know, sir, as well as I do, that other brokers in the province

of Saskatchewan are interested in acquiring those . . . some of these brokers that are for sale. And we have had some call us — that's in fact how we got twigged to this thing in the first place — saying, well, what is going on here exactly? Not only would we be competing with them for our existing brokerage if we happen to be in the same market area, now we have to compete with a Crown corporation as regards the acquisition of other brokers that might want to sell for various reasons.

So you can . . . I'd ask your comment on that. I'd also ask you to outline for the committee if you sent — and I'm not sure of the workings of cabinet these days, obviously, but I assume there's an information item option for departments and Crowns to provide to cabinet, even if they're not requiring approval — did you submit an information item to let the cabinet members know of this particular deal?

**Mr. Fogg:** — No, we didn't. Mr. Chairman, we didn't really see that this was a transaction at the time that would be of significant interest to legislators and the public.

Now I agree that it is of interest to the brokers. That I do agree with. And we have a brokers — we call the President's Advisory Committee of brokers — we have around the province that we consult with. And we consulted with those brokers to see if they had a problem with it. And I think just . . . 12 brokers on the committee; 1 had a problem; 11 thought it was a good thing to do, because they are brokers as well and they want to have an exit strategy.

And you're right. Many brokers change hands — buy and sell — but it is . . . The problem with a brokerage, and why it's difficult, is the value of the brokerage is all goodwill, and it's sometimes not easy to get loans for that type of business and it is not always easy to sell that type of business.

**Mr. Wall:** — Mr. Chairman, I wonder if . . . You know, the other test here for this in terms of whether it's a significant transaction is if it varies from the normal course of business, and I'm not quoting from it but basically outside . . . well outside the ordinary course of business.

Has SGI ever made an investment in a brokerage firm listed or otherwise on the . . . on any exchange?

**Mr. Fogg:** — No. We've owned brokerages in the past but it was for other reasons. We do own a brokerage in . . . or we own a portion of a brokerage in PEI, or we're in the process of buying a portion of a brokerage in PEI, which we will report that one because we'll have some control.

But no, we haven't, to my knowledge.

**Mr. Wall:** — Would you then not think that that might be a very . . . I mean what I'm hearing incredibly say is that this is . . . this particular investment is like any other investment that the insurance companies make to insure their actuaries and make sure that everything is actuarially sound for the . . . That's the contention then of SGI, that that's what this kind . . . that's what this investment should be characterized as?

**Mr. Fogg:** — What I think . . . what I'm trying to say is that it is an investment. It is a . . . it's the common shares. We own

many, many companies that have common shares.

I would . . . I will agree with you that the reason for buying this was more than simply return on our investment. One of the other reasons for buying this was to make sure that we have millions of dollars worth of business with these Saskatchewan brokerages. And we wanted to, at the same time, make sure that business did not disappear to the other companies that own these brokerages.

**Mr. Wall:** — Mr. Chairman, I don't know if there's other people unless . . . I have a series of questions I can continue with. I guess I'll do that then at this point.

**The Chair:** — I do have others on the list, so . . .

**Mr. Wall:** — Oh. Well I'm in your hands. If you'd like someone else to ask some questions, I . . .

**The Chair:** — No, I'm prepared to give you some leeway, some questions, but leave some time for the other members as well.

**Mr. Wall:** — I understand. Okay, Mr. Chairman.

For the . . . for SGI, I wonder if the president then when he was responding to this particular deal, when we asked questions about it in the legislature, indicated that there were, you know, \$242 million worth of other investments.

So that's the reference to these other, you know, investments and various things, be they, you know, shares or bonds or whatever or what have you. But what I heard you just say — and frankly to your credit, we're halfway there — is that this is different from those things. This has a strategic component to it.

This represents . . . I also heard you say it represents the first time — although you're pursuing one in PEI now — but the first time you've invested in a brokerage. This represents a . . . (inaudible interjection) . . . Well if you just let . . . I'll get to the point first, Mr. President.

But, you know, this also represents a transaction that you I think knew intuitively would raise the ire of brokers, some brokers — obviously you would contend that the minority of them — but also in the opposition and legislators.

On all of those counts, this is a significant transaction. This should have been reported to the standing committee. And why the government wouldn't be absolutely mortified that at the very least an information item, and let the cabinet know about this, wouldn't come forward — well maybe they are mortified; I hope they are and I hope something is done about it in terms of accountability — because what we've tried to establish on all these counts, this is a significant transaction by all measure of common sense.

And I think SGI is in a position here to just say, you know what, we made a bad call on this one. People should have known about this; it should have been reported to the committee per these regulations.

**Mr. Fogg:** — Mr. Chairman, I guess what I'm trying to say is I

don't really agree with that.

We make, as I say, thousands of transactions every year; we buy and sell common shares. And I may be wrong, but I did not think or believe that this was something that I had to bring to the attention of the cabinet or the legislators; it was just an investment. And why I could see it may be of concern to the brokers — and we talked to the brokers and the brokers were for the most part in support of us doing this — I did not necessarily think it would be of particular interest to the public or the legislators.

**Mr. Wall:** — Mr. Chairman, does the standing . . . the investment that SGI CANADA has in Hi-Alta Capital . . . First of all, was it an acquisition made on the markets? When you make some of the \$240 million worth of portfolio investments and you're purchasing common shares, do you purchase them through normal channels that, say, any retail purchaser might, like myself — you go through a broker and purchase them on the exchange?

**Mr. Fogg:** — Sometimes we do, yes. Sometimes we've got other investments we made other ways. We have mortgages; we have different kinds of investments.

**Mr. Wall:** — But when you . . .

**Mr. Fogg:** — But this one was a new issue of shares.

**Mr. Wall:** — Right. So this one was not purchased. It's difficult to characterize this by any means as a . . . just as some sort of a purchase of equity shares publicly traded. This was a . . . This is a new issue specifically for this transaction. Hi-Alta, I would guess . . . Hi-Alta's board, aware of the interest of SGI saying, you know, we need to issue some equity. Is it still then 7 per cent ballpark — what the taxpayers have in this company?

**Mr. Fogg:** — It is about that. But it wasn't it's a new issue strictly for SGI, no. It was a new issue.

**Mr. Wall:** — It was a new issue for other partners.

**Mr. Fogg:** — And other people as well.

**Mr. Wall:** — If you were to make another investment in this particular corporation that would bring you under the . . . that would still keep you — the Crown Corps '93 — under that 10 per cent, would you be reporting it to the committee, to the legislature?

**Mr. Fogg:** — Well I suppose I would, Mr. Wall because — or Mr. Chairman — because now you've pointed out to me that at least some legislators have some interest in this transaction. So I would be aware of it. But up until now I would not have been aware there was a particular interest.

**Mr. Wall:** — Mr. Chairman, we would maybe have a few more questions at the end but I think that's . . .

**The Chair:** — I have Mr. Yates and Mr. Trew.

**Mr. Yates:** — Thank you, Mr. Chair. I have a number of questions. I want to start off by asking a couple of fairly basic

questions of the president of the board.

Is it not common among all the Crown corporations that have any pool of funds at all in reserve and, in fact, all the pension plans and a number of funds within government departments as well, to buy shares on the common market to increase the investment potential of those funds?

**Mr. Fogg:** — We have a lot of common shares in a lot of various companies, yes. It's very common for us to do that.

**Mr. Yates:** — Correct. And, Mr. President, my question are going to . . . you know, I want to get to the bottom of this. I guess when we're buying shares, whether it's a pension plan or a fund in a Crown corporation, are we not buying shares in companies that are largely housed outside Saskatchewan?

**Mr. Fogg:** — The vast majority of the common shares we own would be in companies that are located outside Saskatchewan. That would just . . . Yes.

**Mr. Yates:** — And would it not be fair to characterize that in every single case virtually, that those companies we'd be buying shares in would be doing . . . in some form of competition with a Saskatchewan business, whether it be a bank, a manufacturing company, Fairview Cadillac, who . . . retail? In virtually every company you'd buy shares in, there would be some form of competition with a Saskatchewan business.

**Mr. Fogg:** — Very many would be, certainly. The vast majority.

**Mr. Yates:** — That really is one stream of questions I have. So I just want to summarize here, Mr. Chair.

So this investment, although it can be characterized as being in competition with Saskatchewan business, all investments that we make in shares on an open market in one way or another, whether it's an insurance company, whether it's in a retail outlet, whether it be in a land acquisition or land company like Fairview Cadillac, whether it be virtually any bank, there is competition with other Saskatchewan businesses.

**Mr. Fogg:** — That's right. In order for us to maximize our investment returns, we have to invest in shares, common shares, that will bring us the greatest investment return. And many of those companies, unfortunately, will be competing with Saskatchewan businesses, yes.

**Mr. Yates:** — And would it be fair to say if there are 5,076 — or 706 — transactions alone in 2001 in SGI that when we have pension funds and that in the neighbourhoods of billions of dollars that we probably have in excess of 150,000 transactions a year on the stock market that would be in this range?

**Mr. Fogg:** — That's right. Our average investment was, last year, of those 1,000-odd shares, \$1.7 million. That's the average, yes.

**Mr. Yates:** — And that would be a significant number of transactions to report, obviously, to any organization to oversee.

**Mr. Fogg:** — It would be a lot.

**Mr. Yates:** — All right. My next set of questions really go to the idea of this particular buying of these particular shares.

Could it be characterized that buying these shares are actually protecting SGI's share of the insurance market in Saskatchewan?

**Mr. Fogg:** — These particular brokers write millions of dollars worth of business for SGI CANADA. What happens when Hi-Alta purchase these brokerages, usually, is that the companies that own portions of Hi-Alta get all of that business ultimately.

**Mr. Yates:** — Right. So it would be fair to say if we didn't own a portion of this, they could come in and buy these regardless, and instead of selling SGI insurance, they might be selling Mutual or Wawanesa.

**Mr. Fogg:** — They would be selling, they would be selling these other companies that I just mentioned that own part of it, AXA, Wawanesa, Royal & Sun Alliance.

**Mr. Yates:** — Right. And that would in fact, you know, within Saskatchewan, decrease the amount of market share that SGI CANADA would be selling.

**Mr. Fogg:** — That's correct.

**Mr. Yates:** — So by investing in Hi-Alta, we in fact are protecting our own public investment.

**Mr. Fogg:** — That's one of the reasons, yes.

**Mr. Yates:** — Thank you, Mr. President. Now you say you had the opportunity to check with a group of 12 brokers who form a board, and 11 of 12 were . . . didn't object to this investment. And 1 of 12 obviously did. I guess my issue with that is, is that a normal practice that you would check with this group of brokers in the normal course of business as you're talking about SGI CANADA's brokerages?

**Mr. Fogg:** — Well, Mr. Chairman, any time that we . . . any issue that we believe will affect the brokers, or that the brokers have an interest in, we use what we call the President's Advisory Council. And whether it's policy wordings or rate changes, or any significant issue, we would discuss with the brokers because we want to get a feeling of what the brokers think of this.

And it's, I don't think . . . It's fairly common knowledge among the brokers that we've invested in Hi-Alta. I don't think we've tried to make it any secret within the brokerage community. And very few . . . I've had one complaint actually about it and the rest of them have been supportive.

**Mr. Yates:** — Thank you, Mr. President. My final or second to last question has to do with the . . . Could you tell me if you were aware that the other companies that these brokers would be selling insurance for as well, including ING, Sun Alliance, Wawanesa, Royal, if any of them are Saskatchewan-based

companies?

**Mr. Fogg:** — No, they aren't.

**Mr. Yates:** — Okay. So in fact what we were doing by this investment was protecting the interests of SGI CANADA which is a Saskatchewan-based and owned company?

**Mr. Fogg:** — It has a number of reasons. One of them certainly was to protect our book of business in Saskatchewan. The other one, we felt it was a good investment. We bought these shares at \$2.10; they're now trading at \$2.40.

And in addition, they are looking at going into Manitoba where we also write business. They have a brokerage . . . they will establish a brokerage and network there. And once again, they'll be able to sell SGI CANADA products or expand our SGI CANADA products in the province of Manitoba. So there's other reasons for doing it, yes.

**Mr. Yates:** — There's good business development reasons as well. As well as making a profit which is always . . . (inaudible) . . . as well.

**Mr. Fogg:** — As well as making a profit.

**Mr. Yates:** — Thank you very much, Mr. Chair. I conclude my questions.

**Mr. Trew:** — Thank you, Mr. Chair, Mr. President. I want to start by sort of saying what I understand is correct and I'll be checking just to make sure.

This Hi-Alta investment is less than half of SGI CANADA's worth. And SGI CANADA . . . One of the triggers for a significant transaction is, it's got to be more than, I think it's 1 per cent. But this investment's less than . . .

**Mr. Fogg:** — I think it's point four three of a per cent — less than half a per cent.

**Mr. Trew:** — Okay, so it's well under half of that trigger.

**Mr. Fogg:** — Yes.

**Mr. Trew:** — The second trigger that I understand is that it would have . . . the investment would have to control 10 per cent of the voting shares or voting stock of a company. This one represents 7 per cent of the total company?

**Mr. Fogg:** — That's correct.

**Mr. Trew:** — So it's clearly 30 per cent under.

Did I hear that SGI CANADA invests, makes over 5,000 investments in a year? And if I heard that correctly, did you also attach a dollar amount? Like, what is the investment portfolio, Mr. Fogg?

**Mr. Fogg:** — I think I say that SGI as a whole — because we have other . . . we also do the Auto Fund and we do some other investments — but SGI in the year 2001, we did 5,706 investment transactions worth \$9.5 billion and the average

investment transaction was 1.7 million.

**Mr. Trew:** — And how much was the Hi-Alta investment?

**Mr. Fogg:** — 1.75 million. It was just about average.

**Mr. Trew:** — Yes. By that, on average then we'd have 5,705 significant transactions if we were to follow the opposition's suggestion about significant transactions.

**Mr. Fogg:** — There'd be a number of them, Mr. Chairman. I'm not sure exactly what . . .

**Mr. Trew:** — It's not fair for me to ask you to comment on that. That's really a discussion that the opposition and the government members would have. And I want to point that out to members it was really unfair for me to ask the president that last question. I'll try and not do that in the future.

For my purposes, how does the general insurance business work? When I as a consumer buy my insurance, I have always believed that that premium pays for your administration and will cover the costs of claims, and anything that's left over is your profit. Is that the way the insurance business works?

**Mr. Fogg:** — In the last year, in the year 2000 — and I'll use an insurance term — the combined ratio is 106 per cent. So for every dollar in premium we bring in, we pay out in claims and administrative costs \$1.06. The only way we and most insurance companies — virtually all insurance companies — can make any profit is through our investments.

**Mr. Trew:** — You collect \$1 in premium and pay \$1.06.

**Mr. Fogg:** — That's right, Mr. Chairman. We bring in the . . . It's \$1 and we pay out \$1.06. So in the year . . . If I look at SGI CANADA in the year 2000, before we have investment income, we had lost \$9.3 million. And the investment earnings were 30 million, which allowed us to have a profit of 21 million.

**Mr. Trew:** — Okay so when I . . . yes, when I start my insurance premium, I guess you get the full amount up front and invest that. Is that then how you wind up making it work?

**Mr. Fogg:** — There's two . . . yes . . . there's two . . . We have unearned premiums, if you will, at the end of the year of \$91 million. We've taken this money from you in advance and we've invested it. And then we have another \$125 million that are unpaid claims.

So we take all of this money and we invest it. That's what all insurance companies do and that's how insurance companies make a profit.

**Mr. Trew:** — Okay. So then just . . . There was two reasons for the Hi-Alta investment. One was the — further to what we've just discussed — simply the book of business that SGI tries to . . . the book of investments that SGI has, trying to earn money so that consumers' insurance premiums don't have to skyrocket through the roof.

And the second reason was to as . . . did I hear, to protect some of SGI's current business that those now Hi-Alta brokerages



used to have with SGI? Or maybe even continue to have.

**Mr. Fogg:** — Yes, Mr. Chairman. I think that the thinking is right here. A, we want to make sure it's a good investment, which at the present time is turning out to be a good investment; it's increased in value. And secondly, we want to protect our book of business in Saskatchewan. And thirdly, we wanted to get the opportunity, if it arose, to expand our business into Manitoba and potentially British Columbia.

**Mr. Trew:** — You say you wanted to expand into Manitoba and BC. I notice that . . . Or did I just not hear Alberta?

**Mr. Fogg:** — No, you're not hearing Alberta. The Alberta government has passed legislation that would prohibit SGI CANADA from writing business in that province.

**Mr. Trew:** — The Alberta government passed legislation prohibiting SGI CANADA from competing in Alberta?

**Mr. Fogg:** — Yes, they did.

**Mr. Trew:** — Did Alberta . . . the Alberta government pass legislation prohibiting any other company from competing? Or why would they pick . . . Is it just SGI and if it is, why just?

**Mr. Fogg:** — It would be any, any Canadian-owned insurance company that also administers a compulsory automobile program.

**Mr. Trew:** — Mr. Chairman, I'm sorry. I can't hear the president.

**Mr. Fogg:** — As I recall the legislation, it prohibits, it prohibits any insurance company, any Canadian-based insurance company from owning more than 50 per cent of the shares in an Alberta insurer, if that insurance company happens to administer a compulsory automobile insurance program.

**Mr. Trew:** — Are we talking today about general insurance or auto insurance?

**Mr. Fogg:** — No, general insurance. We used . . .

**Mr. Trew:** — Just let me try it a different way. SGI is split . . . (inaudible interjection) . . . SGI is split but we're dealing with SGI, Mr. Wall, we're dealing with SGI CANADA, the general insurer, and its Hi-Alta investment. It seems to me if it's good for . . . or not good for SGI CANADA to invest in Hi-Alta, there should be some similar rules respecting the government of Alberta.

We allow Alberta firms to . . . (inaudible interjection) . . . Yes.

**The Chair:** — . . . the officials are here to answer any questions.

**Mr. Trew:** — Answer questions.

**The Chair:** — Put the questions, get the answers, then if there's issues that we want to debate, then we can do so.

**Mr. Trew:** — Yes. Mr. Chairman, I'm astounded at what I've

just learned about the general insurance business in Alberta. I think it's concludes my questions.

I want to note, particularly note that what I've learned, the final thing I learned, I think, of value to today is that consumers benefit from insurance investments, the insurance company investments, and it keeps our premiums relatively low. I think that concludes my questions.

**The Chair:** — I have Mr. Brkich, Mr. Huyghebaert, and then Mr. Wall.

**Mr. Brkich:** — Thank you, Mr. Chair. I think we should maybe get back to the issue that was brought here. Every company we feel should make money. The issue here is should this transaction be reported to this committee, is the main issue here.

One of the questions I have to ask you, you said that the investment with Hi-Alta Capital — point four three is what you have now — without . . . before that new issue stock, if you'd invested 1.7 million into it, how much of the company would you have had before the new issue stock was issued?

**Mr. Fogg:** — We can make the calculation but what . . . had . . . we would make sure, as all insurance companies would, that we would never exceed 10 per cent. We would make sure that none of these companies have more than 10 per cent. Because there's other rules under the . . . (inaudible) . . . there's other rules under the Canadian Insurance Act that would prohibit you doing that so you would never . . . we would never have done that. We'd have invested a lesser amount.

**Mr. Brkich:** — How much stock was issued — new issue from the company?

**Mr. Fogg:** — We'll check, but I believe it was 7 million.

**Mr. Brkich:** — Being an investor, do you know if you were the biggest investor at 1.7 or was it spread out? How many other investors bought the other, I guess, roughly 5.3 million?

**Mr. Fogg:** — The other investors, as I recall, at least a majority, we've got about 9 per cent and they would want to keep at that level. So they would have purchased additional investments. And at the same time, as I say, some of them would . . . they don't want to be over the 9 per cent so they would have invested in what is convertible debentures. So that it would be debentures in place and they would be convertible to shares, but it would still keep to under the 9 per cent.

**Mr. Brkich:** — Mr. Chairman, one of the other questions one of the members opposite asked about transactions running around the 5,000 mark, how many of them . . . and you, I guess, you kind of alluded . . . And it might be a tough question, maybe you won't be able to . . . you may not be able to answer, which is fair. I'm just curious, how many of them 5,000 transactions would roughly always dealt with new issue, stock in companies, you know?

**Mr. Fogg:** — New issues? I don't know. We could find out. There would be some. I don't know.

**Mr. Brkich:** — It would be significantly less than 5,000.

**Mr. Fogg:** — If you wanted to say . . . If you just wanted to look at shares in new issues, yes. But the difficulty you have with this is had we bought them on the exchange then it wouldn't . . . The rules are, the rules are such . . . say that we would have to . . . There's no objective reason for us to report this transaction. We would have to make some subjective judgment that this is going to be of interest. And we didn't think it would be of interest. We had no reason to believe this would be of particular interest. I'm sorry. We didn't.

**Mr. Brkich:** — Thank you, Mr. Chairman. I'll just end up just with a comment. I've talked to a few people in my constituency and, you know, it's a news because it was in question period and that. And a lot of them did feel a \$1.7 million investment outside the province, to them, was significant. That's what I'll pass on to you.

And just as a legislature and a member of this committee, I just . . . and that's, I think, that's what we're establishing here today. It's not getting into investments of trying to make money, which companies supposed to . . . I think what we're trying to deal here today is set the guidelines, make sure this company just followed the guidelines on this particular issue is right here. And that's what I want to get to, and my members here would like to get to too.

With that I'll turn it over to anybody else that has questions.

**Mr. Huyghebaert:** — Thank you. Thank you, Mr. Chair. I'm glad my colleague got it back onto the line of questioning where we . . . what we're here for, and that's to determine if it's within the definition of a significant transaction. I think members opposite will clearly understand that we're not suggesting that the 1 per cent has been violated or the 10 per cent has been violated.

What we are questioning is the significant transaction that has not been followed. And my question, Mr. Chair, is a statement and a question — and I would like the CEO (chief executive officer) to answer — is he has stated that buying a brokerage is a first time buy for SGI or SGI CANADA. Does the CEO consider this inside the course of normal business, seeing as it was a first time buy of a brokerage?

**Mr. Fogg:** — Yes, this . . . We have owned brokerages in the past. I don't want to say that we have never owned a brokerage, because we have. And we have made numerous loans, if you will, to brokerages. It's not that we don't involve ourselves in brokerage. But it's the first time we've ever owned, I guess you would say, a consolidator that has bought up brokerages.

So I . . . (inaudible interjection) . . . That's right. But to be fair, there's many investments we make, and it might be the first time we've bought shares in a bank. I mean, some of them are just first . . . they're just . . . there's always going to be a first time for everything. But that doesn't mean that that . . . I should have . . . that I believed that we have particular interest, I should say, to the public.

**Mr. Huyghebaert:** — Mr. Chairman, I would like to repeat my question if I may. Does the CEO consider this transaction inside the ordinary course of business?

**Mr. Fogg:** — Yes, I do.

**Mr. Huyghebaert:** — Even though it was a first-time purchase?

**Mr. Fogg:** — Even though it was a first-time purchase of a insurance broker and consolidator, yes.

**Mr. Huyghebaert:** — And that's what we are here, I think, to discuss. I would say that that's not . . . personally, I would say that's not inside the course of a normal transaction if it's a first-time buy. Relate that to anything that we do in our own lives. If you're going to buy a car for the first time that's not your normal everyday transaction.

Also, I think, back to the issue at hand, is that is this sensitive to the legislators and the public. And I think we've clearly identified — my colleague from Swift Current has clearly identified — it's of interest to the legislators because . . .

**The Chair:** — . . . (inaudible) . . . ask your question?

**Mr. Huyghebaert:** — Well I would just to like to be on record as . . . the CEO . . .

**The Chair:** — We'll have an opportunity to put forward our points of view, but I want to make sure . . .

**Mr. Fogg:** — Mr. Chairman, I just make one comment on that. And I understand what you're saying, but the significant transactions — this is the rules — are defined for the purpose of this policy as involve the following activities where the transaction is both material — which it wasn't, and outside the ordinary course of business.

It wasn't material so it doesn't . . . there is no need to report for that reason. The only reason that you could say we should have reported is the subjective reason that we should have known it was of interest to the public and the legislators. And we didn't.

**Mr. Wall:** — What's not subjective is the interpretation of these guidelines in here. And if this is wrong, this is the annual report of your holding corporation, or I beg your pardon, the president's holding corporation.

And it's also the annual report of your government's CIC. And their interpretation's pretty clear. It says external investment. If that's not the case, if it's not the case, then it ought to be changed, and this annual report is wrong.

**A Member:** — You're asking a question . . .

**Mr. Wall:** — I'm going to be asking a question, Mr. Chairman, I'm going to be moving a motion. I'm going to move a motion, Mr. Chairman, and I'm going to speak to the motion at the out . . .

**The Chair:** — We have officials here who are here to answer our questions. I would suggest that we restrict ourselves at this point to asking the questions and then if we want to get into a debate over motions or politics or whatever, then we can do that once we've put the questions.

**Mr. Wall:** — So thank you, Mr. Chairman. We've heard the president indicate that if they made even a smaller investment in this corporation in the future, they would report it to this committee because, well, I guess it is of interest to the legislators.

And I guess I would ask the president this, just one last time, and then I think we should get to a debate, if we can, Mr. Chairman, unless there are other questions.

And the question is this. It's the president's position, notwithstanding the fact that every single time SGI has invested in, outside of this province, another insurance company, and this time it was a brokerage, notwithstanding that, notwithstanding the fact that clearly this is not a portfolio investment — because you indicated there were strategic considerations — and notwithstanding the fact that the opposition and others in the province are on record in terms of being concerned about these kinds of situations where the Crown winds up competing with the private sector, it's your position today that this is not a significant transaction, that cabinet didn't need to know through an information item, and that the legislators didn't need to know through this committee. That's your position today.

**Mr. Fogg:** — My position is that this . . . We made an investment in Hi-Alta. It is not the first time we've invested in insurance companies. We at one time owned shares in Allstate. I mean, we have had . . . Many times, we've made these kinds of investments. It is an investment. And it is, as I say, on the Toronto Stock Exchange. And we had other reasons — I don't deny we had other reasons for doing it.

And to say that it's competing with private sector companies, many of our investments compete with private sector companies. So there was nothing in this transaction that would lead me to believe that this was of importance to the legislators and the public.

**Mr. Yates:** — Thank you, Mr. Chair. Just want to clarify a couple of points. To the president, do you routinely notify either your board of directors or the cabinet or, for that matter, the legislature if you make an investment outside Saskatchewan? And if so, could you tell me the number of thousands of investments that are made in shares of companies outside Saskatchewan annually, please.

**Mr. Fogg:** — There's a committee of the board, the Finance and Investment Committee, and that committee, I believe, gets a list of whatever investments we made in each quarter.

**Mr. Yates:** — Right. But there's no routine procedure as you invest in each stock or each company because the investments are virtually all outside of Saskatchewan to report that to the cabinet.

**Mr. Fogg:** — That's right.

**Mr. Yates:** — So your definition of external doesn't include investments made within the Canadian stock . . . either Toronto Stock Exchange, the Alberta Stock Exchange, or Canadian exchange.

**Mr. Fogg:** — No, we don't report those. No.

**Mr. Yates:** — So it's not external to Saskatchewan. It's external to Canada.

**Mr. Fogg:** — We have investments that are external to Canada as well.

**Mr. Yates:** — Right. But you would report . . .

**Mr. Fogg:** — We would report whatever . . . w would report, I think, on a quarterly basis to the committee of the board on investments we have made.

**Mr. Yates:** — And I just want to reiterate one point. The profits earned from these investments, in fact, go to lower premiums for Saskatchewan people. Is that not true?

**Mr. Fogg:** — Certainly it's a . . . In the Auto Fund it clearly does because it's a monopoly. Here, this isn't a . . . You know, SGI CANADA, the intent is to make a profit and the only way we can ever make a profit . . . or most insurers can make a profit is through their investment portfolio.

**Mr. Yates:** — Thank you. And I'd just like to thank you for protecting SGI's share in the market. And we will have to debate, I guess, whether or not this is a significant transaction for the future.

**The Chair:** — I'd just ask a question. It's been indicated that some members have concerns and if this were to translate into direction from the Legislative Assembly, that is to say if the Legislative Assembly were to go on record as being concerned with any investments that may compete with Saskatchewan businesses and also opposed to external investments, would that narrow significantly the range of its investment opportunities and what impact might that have on your return on investment?

**Mr. Fogg:** — If we couldn't invest in companies outside the province of Saskatchewan, external, or we couldn't invest in companies that competed with companies in Saskatchewan, it would significantly reduce the number of places we could invest.

**The Chair:** — And what would that do to your premiums do you think?

**Mr. Fogg:** — Well either we would have to increase our rates to make it up, in which case our business would all run off. Or we would have to have significantly lower profits.

**The Chair:** — Thank you very much, Mr. Fogg.

Are there any further questions for the officials at this point? If not, I want to thank you and your officials for attending here today to answer our questions.

**Mr. Wall:** — Thank you, Mr. Chairman. I think we maybe want to . . . it sounds like there's an appetite or at least an interest in some debate, and certainly that's fair.

It's interesting to point out, you know, when we talk about whether there would be interest in this in the public. The very

night that we raised this in the legislature and went to the Credit Union Central reception, unsolicited and, frankly, unaware of the issue that we had raised in the legislature, credit union managers were talking about Hi-Alta Capital, this very company. Again not weighing in on public investment — good or bad — just a concern that Hi-Alta was coming into their communities, in these credit union communities, and were effectively, ostensibly, offering banking services which they do through ING and Canadian Western Bank.

And the credit unions certainly didn't have a problem with that — the ones we spoke to. They were concerned though that the credit unions, on the other hand, couldn't sell insurance. And of course I'm sure government members will be aware that that's a priority issue for credit unions around the province. They would like to sell insurance and . . . as brokers, I mean, not as an insurer per se.

And so they were particularly interested in the government investment in this when we shared that with them, that that had . . . that we had talked about that. They were very interested in it. Some didn't really care. Some didn't care that the government had invested either way. They didn't think it was a bad . . . some felt very strongly that they shouldn't invest. But for the most part, the credit union was simply concerned that Hi-Alta Capital was one of many — including the banks now under I think it's Bill C-8 — which will be able to . . . financial institutions which will be able to sell banking products and insurance. And that bothers, and I think understandably so, the credit unions.

But some are very upset about the fact the government had invested in Hi-Alta Capital, and would probably qualify as somebody that was being interested in this sort of thing, per the significant transaction guidelines.

So, Mr. Chairman, the other thing that I've heard around this table is a debate about whether this is a good or a bad thing. Your last questions were certainly germane, but we're not going to debate them. Some day we will in the legislature or maybe at this committee, but today it's about the transaction reporting — that's what it's about today. It's not about whether . . . we're not . . . it's not about a motion on the table to restrict them in what they invest. It's about — in terms of . . . (inaudible) . . . it's about letting us know as legislators, letting the members of the committee know.

And it'll serve all the parties whether they're in government or in opposition someday if we are ensuring that Crowns let people know. Given the political sensitivity of this, what with credit unions, with other brokers, with the public, I'm shocked that there's three former cabinet ministers around this table — I'm surprised that you're not a little bit more upset that these folks didn't at least give the cabinet an information item.

Fine, the 1993 Crown corps Act's pretty clear. They don't have to . . . they don't need order in council approval. Understood. But how about an information item?

We have a motion and I'll get to it quickly and it reads as follows:

That this committee express its concern to the minister

responsible for Crown Investments Corporation regarding the decision by SGI CANADA to not report its investment in Hi-Alta Capital in the province of Alberta as a significant transaction, as per the significant transaction policy guidelines established by the Standing Committee of Crown Corps in 1997.

And that it request the minister to direct SGI CANADA to report this and all such transactions in the future.

**The Chair:** — I think our Clerk is going to distribute copies . . . (inaudible) . . . of the motion that's been moved by Mr. Wall. Ready for the question? Do you want to take a moment to consider that while the Chair gets a glass of water.

**Mr. Wall:** — There's a typo in there. The first "future" should be deleted, I guess. In the last sentence, the first "future" should be deleted, the one that's inserted in there.

**The Chair:** — Uninsert the inserted.

**Mr. Yates:** — Mr. Chair, I'd like to speak to the motion. Well, Mr. Chair, I'm having some concern with the motion. And these are my concerns: that the current . . . to date, nobody has shown to me or convinced me that in fact that SGI did not follow the guidelines, it didn't meet the criteria.

Now the only criteria that you could say they wouldn't have followed would be that it would be of interest to members of the legislature and the public. There are literally 5,706 transactions in SGI alone of that \$1.7 million magnitude. That's the average.

So this was an average transaction. So what you would have SGI do, and every other Crown corporation for that matter, is put in a significant transaction report on virtually all, if not all of their transactions.

Well the way you're interpreting the guidelines, the guidelines are open for interpretation. And if you're going to interpret them a certain way, it could be interpreted that in fact you would have to do 5,000. That's not reasonable. We need to be aware of those types of transaction that are of significant impact on the province.

But this is viewed, and was viewed, as a normal transaction, an investment to protect the capital pool that SGI CANADA in fact has. And they make over 5,000 transactions annually.

So the implications of this would mean the need to hire a significant number of additional employees just to prepare significant transaction reports. It would mean a growing of government, something that the members opposite repeatedly talk against. It would mean that, in fact, if we were to go to those types of guidelines in all the Crown corporations, a significant amount of time being spent by this committee and others just dealing with these types of events. If we had to deal with 5,000 of these in SGI alone, how much time would this committee have to spend? How much time would legislatures have to spend? And how much time would bureaucrats have to spend putting it together? I don't think that that's in the best interest or serving the interest of the public to significantly expand dealing with these types of transactions.

Now I don't disagree that there are transactions that should come to legislature . . . to members of the legislature. That has been defined. But this motion would virtually mean everything should come. And for those reasons I cannot support it, Mr. Chair.

**The Chair:** — Okay. I have Mr. Wall, and then Mr. Brkich.

**Mr. Wall:** — Well, you know, Mr. Chairman, the member just said it's open to interpretation — to our interpretation, I guess is what he is saying. His own Crown Investments Corporation interpreted it pretty clearly.

**An Hon. Member:** — But you're interpreting . . .

**Mr. Wall:** — Mr. Chairman, I'm not interpreting their interpretation. It says external investments.

**An Hon. Member:** — What's external mean?

**Mr. Wall:** — Well how about outside the province of Saskatchewan . . . (inaudible interjection) . . . You know . . .

**The Chair:** — Mr. Wall has the floor and . . . (inaudible) . . . get into it again.

**Mr. Wall:** — Clearly SGI indicated this is not a portfolio investment they made to remain actuarially sound. This is a strategic investment they made — he said that — a strategic investment that results in this Crown corporation competing directly at the retail level with other business. Now that's a far cry from a portfolio investment in the Royal Bank that has branches in the province of Saskatchewan. He made that distinction. He made that distinction when he was here.

And for these . . . for that member or for any member to try to perpetrate, to try to convince members of the committee or anyone that would read the record that this is just a portfolio transaction is ridiculous, and the member knows that it's ridiculous based on the testimony that we had here this morning.

If the government members aren't interested in holding these Crown corporations to an accounting standard that befits what this committee did in 1997 — and I think we all understood the spirit of the work that this committee did; the people that drafted the Crown Investments Corporation annual report understood it — if the members of this committee don't want to . . . or don't agree with that, with that that is the spirit of it and that this transaction clearly violated the spirit, well then I guess it's pretty clear how the vote is going to go.

But if the members are interested in ensuring that an investment that does change significantly the course of the company's action, that competes with Saskatchewan business, and that the public and legislators would be interested in clearly, well then I . . . I mean, they are going to vote accordingly.

I think my colleague will actually move a motion to amend the motion, to amend my motion, to hopefully make it more palatable. Because at the very least, you know — and members will know the transaction reports we get from Crowns are pretty good, they're pretty detailed — at the very least you'll want to

see the transaction report. If we're having a debate about whether it's a significant transaction because it's just one of many portfolio investments, then the best way to find that out is to have a transaction report and get the details that come in those reports.

So I think the amendment — the friendly amendment — will just say okay, look, forget about future transactions and this whole debate over these . . . the portfolio investments. Let's deal with this one; let's get them to report this one as they should have in the first place.

**The Chair:** — Okay, I have Mr. Brkich and Mr. Huyghebaert.

**Mr. Brkich:** — Thank you, Mr. Chairman. Just a comment to the member opposite. When he was listening to testimony of the CEO here, he . . . we'd asked him of the 5,000 investments they make, how many of them were new issues. And he said very few of them. So I think this . . . why this falls under significant transaction.

So we're not asking for the 5,000, the portfolio ones. We're asking about . . . I believe, and my constituents and legislators and members of Crown committees, that it falls underneath the significant transaction when you're buying into a company and it's a new issue stock — not off the stock market, just buying new stock in a company.

**Mr. Huyghebaert:** — Thank you, Mr. Chair. I'd like to propose a friendly amendment to the motion by my colleague from Swift Current. And the amendment will read:

That all words after "direct SGI . . . to report this" (that's in the last line of the motion) and replace them with the word "transaction."

**The Chair:** — So essentially what you're saying is that "all such transactions in the future" be taken out.

**Mr. Huyghebaert:** — If I may just read what the last sentence shall read then as:

And that it request the minister to direct SGI CANADA to report this transaction.

**The Chair:** — Are members clear on what the amendment is? Do we need copies of it? No. Okay, Mr. Huyghebaert. Now I have Ms. Jones and Mr. Yates.

**Ms. Jones:** — Thank you very much, Mr. Chair.

**The Chair:** — And if . . . now we can do this two ways. You can . . . we can have a discussion on the amendment itself or the amendment to the motion to see whether that should be incorporated, or you can have concurrent — unless of course you accept the amendment. If you think that it changes the motion significantly then we can debate this concurrently and carry on.

**Ms. Jones:** — I'm willing to accept the amendment as . . . turn it into a main motion debate if that's agreeable to everyone else.

**The Chair:** — All right, carry on then.

**Ms. Jones:** — Thank you very much, Mr. Chair. Even though I'm willing to accept the amendment I'm certainly not willing to agree to the motion. And one of the reasons is because that I think that the motion is based on a false premise. It's based on the opposition's point of view that there was something in this transaction that made it worthy of reporting to this committee.

And in the . . . and it also is based on the premise that there was a violation of the significant transaction guideline. And so therefore I would not be able to vote in favour because I don't believe that premise. I don't think that that is a correct assessment of what occurred here.

And I'm also . . . want to go on record as informing the opposition that contrary to what they say, I am indeed interested in the operations of our Crown corporations and in their investment policy. Otherwise I would not be serving on this committee. So I reject that premise of the opposition as well.

I cannot claim to have been here when the guidelines were developed, but I do understand entirely why the president of SGI CANADA would have come to the reasoning that he did in not, in not thinking that it was significant and needed to be reported.

And I don't think — even though I wasn't here in 1997 — I don't believe for a moment that those guidelines were put down so that they could be interpreted that any time the opposition has a philosophical or even a passing interest in a matter of investment by a Crown corporation and want to use it as a springboard for a media event, that that means that something should be reported.

So, Mr. Chairman, with those remarks I want you to know that I will be voting against the motion.

**Mr. Yates:** — Thank you, Mr. Chair. Well I want to make two points. One, that there . . . as my colleague has already mentioned, the premise is that something was done wrong here and that's based on an interpretation of what an external investment is. And that is an issue that's subjective and open to debate — what the interpretation of that should be.

My colleagues opposite me have an opinion of what that means. But seeing as neither one of us was even elected to the legislature when those particular guidelines were put in place, we would have to go back to a great deal of debate over what the issue of external investment meant.

I do not take it to believe investments outside of Saskatchewan because, if we were to do that, as we heard a great deal of testimony on, it would mean every or virtually every single transaction by every corporation. And in this case, it will be over 5,700 in SGI. Now if you want to go to the issue of new share offerings, okay, that still could mean a significant number but that isn't based on the interpretation my colleague talked about external investment on.

Now if we're saying there needs to be new guidelines, well then maybe we need to take some time to find out what the new guidelines are in the future. But to make a motion . . . And I'm going back now — you've limited it to a single issue and I appreciate that. But the first motion dealt with all transactions.

Now this one is based on a premise that something was done wrong. I believe the guidelines, as they exist today, have been followed. If there should be different guidelines, that's a different issue for debate among this committee at another time. And if we want to define certain issues, well then we should.

But you heard, as I did, the president of SGI state several times that he did not know or have any previous knowledge that this would be of interest to us or should have been of interest to us. So to say . . . to pass a motion saying that he should have done this, would be for us to prejudge that he, in fact, did know it should have been of interest. And I'm not prepared to go that direction and malign his character or his position. Thank you.

**The Chair:** — Ready for the question? Is the motion agreed?

I take the amendment as a friendly amendment, and that the motion incorporates the amendment. All those in favour of the motion, please say aye. Those opposed, please say no. The motion is . . . Well you're going to have to ask for that before you vote, so . . . But let the record show that the opposition members voted in favour of the motion and that the government members did not.

There being no further business before the committee at this time, I would entertain a motion to adjourn and we will stand adjourned until April 30, Tuesday morning.

It's moved by Ms. Jones. Is that agreed? Agreed.

The committee adjourned at 10:48.