



Standing Committee on Crown Corporations

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**STANDING COMMITTEE ON CROWN CORPORATIONS
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Brad Wall
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The committee met at 10:04.

The Chair: — Good morning, everyone. I don't know about you but I'm finding it very cool down here in the basement and maybe there's something we can do to heat things up.

Just to summarize the last meeting, we had a motion moved by Ms. Atkinson with respect to payee disclosure. It's entitled, a recommendation on payee disclosure, subsequent to which we had a proposed amendment by Mr. Wall to add some provision with respect to the freedom of information and privacy Act.

But I wonder if it's agreeable to the committee if we might, at this point, because the amendment was attempting to deal with the question of process, whether we might hear from Mr. Hart and also from the Provincial Auditor, if necessary, with respect to how you see the process if this recommendation is adopted, how you see this process working from your point of view; that then might offer some comfort to the committee and provide us further suggestions as to where we might want to go by way of amendments if necessary. And also, Provincial Auditor, if you have any comments on that.

So if it's agreeable, then I would ask Mr. Hart if he has any comments at this point.

Mr. Hart: — Thank you, and I do, Mr. Chairman. But in speaking with Mr. Wendel in advance of the meeting, I think there was a point of clarification he wanted to make, so I'd invite him to make that first if he likes.

Mr. Wendel: — Yes, Mr. Chair. When I was reading the motion the other day, I noticed that there's an inconsistency with the freedom of information Act in the first bullet where, under board expenses, you list "or a subsidiary Crown corporation" in the motion. And that would pick up organizations that are between 51 per cent and 100 per cent which at the moment are excluded under freedom of information Act

And the only ones we were recommending to you that you pick up in the way of payee disclosure would be wholly owned subsidiaries. That's what we had recommended in our report and that's consistent with the freedom of information Act.

So I wanted to know if the committee wanted to make it clear, that it doesn't cover subsidiary corporations that are less than wholly owned. So that's again a committee decision.

The Chair: — Okay. Your suggestion would be that . . .

Mr. Wendel: — My suggestion is, in the opening part, that you would change the wording to say that, CIC (Crown Investments Corporation of Saskatchewan) Crown corporations and related entities, publicly disclose — and related entities — the following payee information. And then you wouldn't have to list "or a subsidiary Crown corporation" in the next paragraph.

And you could put an example of related entities if you wanted to have . . . which would . . . we had listed, which is pension plans, wholly owned subsidiaries in the Auto Fund, and whatever else comes up in the future.

Mr. Hart: — We'd just like to clarify that issue with our legal counsel if we could before we can state a position on that particular issue, just to be clear what we're being required to disclose here and what's defined and what isn't defined. I apologize for that but maybe I could go on, Mr. Chairman, and make my statement anyway and then we can deal with the issue of Mr. Wendel's comments subsequently.

I'll be very brief, but I do appreciate this opportunity this morning to make these comments to the committee as it prepares to wrap up its consideration of what's been a very complicated but very important matter. Having reviewed the transcripts from last week's deliberations I must acknowledge with appreciation the sensitivity the committee members have shown with respect to the special needs of commercial Crown corporations and the competitive environments in which they operate.

Clearly the committee, in our view, is looking to find an appropriate balance between the requirements for disclosure and transparency in the conduct of public business through our Crown enterprises and the need to protect the business integrity and competitive interests of the Crowns so that they can continue to operate effectively for the benefit of Saskatchewan people in a commercial environment.

The committee has spent obviously some time considering the type of information that ought to be exempt from the general disclosure policy and the process for determining when information need not be disclosed. The Crowns have identified for members several specific areas where unrestricted payee disclosure has the potential of prejudicing the economic interests of the corporations themselves or the interests of third parties with whom they do business. And no one, including the Provincial Auditor and the Information and Privacy Commissioner, has an interest in disclosure where interests might be jeopardized.

On behalf of the Crown sector, therefore, I'd like to thank, assure the committee that we as public enterprises will make every effort to live up to the spirit of the disclosure guidelines and will be as open as possible in terms of the public disclosure of payee information. In terms of any exemptions from full disclosure, I believe the Provincial Auditor will be watching this very closely.

As a new direction and a new process, there may well be differences of opinion, particularly in the initial stages of the implementation. But we will, as in the past, work through any differences in a co-operative effort to meet your expectations. In cases where there are legitimate differences of opinion, the Provincial Auditor will have the flexibility to seek the advice of the Information and Privacy Commissioner, and in those rare cases where differences persist, the Provincial Auditor will no doubt identify his concerns in his report to the committee.

This process provides the Provincial Auditor, the Crown corporations, and the standing committee itself with the flexibility to solicit input of the Information and Privacy Commissioner at any time should questions or differences arise. But ultimately the decision will rest, as it should, with the standing committee.

I am confident that the guidelines before you today and the process contemplated will result in an accountability and disclosure framework second to none. Thank you for your very thoughtful consideration of this matter and your time this morning.

So we're accepting, I think, the proposal as there.

The Chair: — Can I just ask one question in follow-up to that? I think back to Mr. Wright's comments, I believe it was, who identified a number of contractual obligations that makes specific prohibition about disclosure.

And I guess the question is, I assume then that there will be a transition period that we will have to go through, or that you will have to go through. And just to satisfy myself that where there is that kind of disclosure that you will then . . . or, that is to say, the Crowns will then be moving to where there are new contracts, to make it clear where these contracts should be disclosed pursuant to this policy that the new contracts will in fact not include those kinds of prohibitions. And that in the interim that the Provincial Auditor and you will be aware of that to make reports to us about where there are specific exclusions because contracts, existing contracts, have some time to run before they're renewed subsequent or pursuant to this new policy.

Mr. Hart: — Yes, that would be correct where we have some legal obligation, I think, today to protect confidentiality. And as long as we're living within the spirit of intent of this, I think that would be the case. On a go-forward basis everything that we would do would be done with reference to this new guideline.

The Chair: — Okay. Are there any other questions of Mr. Hart at this point? Just going back to the Provincial Auditor's comment, if the issue is related to a board expenses, I'm not sure how we can be . . . There can be confusion if this is an existing provision and this is information that's currently provided. And do we have any sense of how that provision is currently worded anywhere in the annals of the history of the committee?

The Chair: — The wording as I understand it is that:

That each Crown corporation and related agency called to appear before the Standing Committee on Crown Corporations . . .

That's the current wording.

Mr. Hart: — I'll just ask my general counsel to take a seat here. And I think the . . . We're just, as I say, looking for a bit of clarification from Mr. Wendel in terms of what he's seeking here because there is a certain definition under the Act now of what is a wholly owned Crown corporation. And you're referring to, you're proposing an amendment that would essentially capture those wholly owned subsidiaries and all of their subsidiaries as well, or not?

Mr. Wendel: — Mr. Chair, it's . . .

Mr. Hart: — Whether they're 100 per cent owned or not, I

guess.

Mr. Wendel: — If they're 100 per cent owned, then there should be disclosure. If they're not 100 per cent owned, then I think the past practice and the freedom of information Act wouldn't require disclosure.

But I think possibly one way to go back to it would be what the previous committee motion was on this, and the wording that's before the committee. You could have, each Crown corporation's related agency called to appear before this committee shall provide the following information — and I guess that would pick it up.

All I want to be sure is you weren't picking up all those subsidiaries in the next bullet on the current motion that's before the committee. Just that we're clear. This is a little different wording than it's been there in the past.

Mr. Hart: — I think that's fine, yes. We understand now. The test is whether it's 100 per cent, fully 100 per cent owned or not.

Mr. Wendel: — Right, and that would have been the test in the past, I think.

Mr. Hart: — Yes, right.

Mr. Wendel: — When I look at the motion at the moment, you've got new wording in there that talks about a subsidiary which expands the definition, I thought.

The Chair: — You agree then that the wording could be that, in the preamble if you like, that the CIC Crown corporations and related entities?

A Member: — Related agencies, yes.

The Chair: — Related agencies? And then to remove in the, where it says, under board expenses, the words, or a subsidiary Crown corporation? Okay, all right . . . (inaudible interjection) . . . Or to replace that with, or a related agency? Okay.

Mr. Hart: — If we could make one small amendment at the outset where it says, that the CIC Crown corporations and related agencies that are called to appear . . .

The Chair: — . . . are called to appear before . . .

Mr. Hart: — . . . the Crown Corporations Committee.

The Chair: — Okay. Maybe if one of the members can make note of this and draft that in the form of an amendment.

So we have that then as a suggestion by CIC and the Provincial Auditor as an amendment, but we still have an amendment from Mr. Wall before us so I'd like to go back to that first.

Mr. Wall: — Well I guess prior to suggesting a friendly amendment to our own amendment, I would like to hear from the freedom of information commissioner and perhaps the auditor.

Because I think the problem with this, while we recognized last week the amendment that . . . or the motion Ms. Atkinson put forward was a step in the right direction and seemingly struck the balance that we're looking for, there wasn't a process in place to make the decision as to . . . other than the Crowns subjectively deciding what it is under this last bullet they needed to disclose.

So we talked about an amendment last week, Mr. Chairman, as you know, and I know that the Clerk worked with, in fact got some comments from Mr. Rendek to get to this point. And I just want to make sure that the amendment that we're going to amend on a friendly basis is . . . gets us to the . . . answers the process question, answers the decision-making question.

So the way it is now is that the current amendment would have added after the word "where" in that last bullet, first paragraph after the last bullet, would have added, and I quote:

. . . public disclosure is prohibited by provisions of the freedom of information and privacy Act.

And then we would have gone to points one, two, and three.

But as has been pointed out — and I believe that you know, Mr. Chairman, we had a discussion yesterday — that third point and the amendment itself are seemingly redundant to some extent, although the amendment is more clear because it references the Act which I believe answers the process question.

So the friendly amendment would be then rather than insert that quotation after the word "where" in that last paragraph of the last bullet . . . or the first paragraph of the last bullet, we would insert it instead in, I guess in place of point three in its entirety would work.

The Chair: — The only question I guess I would have with respect to that, if there are laws outside of the freedom of information and privacy Act would also need to be observed.

Mr. Wall: — Good point, Mr. Chairman.

The Chair: — Then I guess I would rather be more inclusive.

Mr. Wall: — So right after the word "law" you would add the words:

including the provisions of the freedom of information and privacy Act.

The Chair: — Yes.

Mr. Wall: — And that's where I'd like a comment if I can from officials, if they don't mind. I mean this is all really well and good, and the intention here is correct, I believe that, of this Act and the motion, and the process has been valuable.

But it gets us absolutely nowhere if all the decision making is left exclusively to the Crown managers. And then we'll basically be right back where we started except for a few minor changes in terms of the amounts and thresholds and that sort of thing.

So I'd like the officials to comment as to whether . . . I also understand, Mr. Chairman, that we can't so bureaucratize this that it would wrap up hours and hours of what we're doing now, frankly, instead of being able to ask questions of investments and the status of the taxpayers' assets. So would officials comment on process there at all, in terms of if we've achieved anything if we make this change?

Mr. Rendek: — I'm not sure that you've put a process in place as yet even with the changes as I understand the amendment. The process that was recommended by the Provincial Auditor set out a process and that is that if there were areas where there was some concern about confidentiality or impairment of economic liability, etc., then it could be . . . the committee could refer it to myself for a recommendation and then the decision would be the committee's.

But you're quite right. If it stays as is — even as I understand with the amendment and I don't have it written in front of me — it still doesn't establish that process. And so we still right now, even with the amendment, there's nothing that says who makes that decision as to whether or not it should or should not be disclosed. Nothing says that.

Mr. Wall: — Right.

Mr. Rendek: — The applications, if I get them under the Act, are not with respect to submitting a list, a payee list. The applications I get are from individuals asking for information about a certain Crown corporation.

Mr. Wall: — See here's the . . . And that underscores a point and I wonder if we could find some sort of a compromise here. I'll give you an example.

Last week or two weeks ago, we asked officials if they could release . . . Crown Investments Corporation does polling. We found that out and we found out the amount they've spent and we know they ask people what they think about the Crowns. And they ask them what they think about who should own the Crowns. They ask all manner of questions.

And the CEO (chief executive officer) was going to take back a request that we had made to the president, take back a request we had made to, could we see at least the questions? We didn't think that would hurt the competitive edge of the Crowns. We could at least see the questions. And we also thought the results would probably be the kinds of things we should be able to see as well since the government proper releases its polling information.

So, you know, I don't know what Mr. Hart's going to say today to that. He might indicate that yes, here's all that information, we've looked it over — and provide it to us. But should he not, should he say no we've decided not to hand over to members of the committee any of the questions or any of the information from polling, I just would like to be able, for committee members to have a process in place that could decide this, where some officer of the Legislative Assembly that we could all have a comfort in terms of their objectivity, can look at it and say you know what, there is no reason, there is no competitive problem with the government, with the Crown, CIC releasing this. Or conversely saying, you know I agree with

CIC, as the Privacy Commissioner, this should not be released.

And we have achieved nothing, Mr. Chairman, I think in this whole debate and all the time that's gone into this if there isn't some sort of a process in place that achieves that. That still is sensitive to it being too cumbersome. You know I'm not blowing that off as an important consideration here, that we can't weigh this process down so much. But I think there could be a balance here.

And I'm interested to see what other members say and maybe we can look at an amendment. Because I don't think I want to formally propose that amendment if there's no . . . if it doesn't do anything, if it doesn't change anything.

The Chair: — My understanding of, listening to Mr. Hart, and the process, the way it has worked certainly with respect to the matters that are reported to us now, including board expenses, is that it's incumbent upon the Crowns to take these guidelines once they're adopted by the Legislative Assembly and to provide the information that is anticipated by these guidelines to the committee and to the Legislative Assembly. And where they do not do that we will be alerted to this by the Provincial Auditor. That's the way it works now.

If the Legislative Assembly has reporting guidelines and the Crowns don't fulfill that, the Provincial Auditor will let us know. And, you know, that's how I see that process working at the end of the day.

There's nothing to preclude the Crowns coming to us and saying we need some clarification of some issue or another — that's fine. But it won't deal with completely new items where you say that, well there should be disclosure with respect to say, polling information, which is not I think necessarily anticipated here, and that's another issue that we'll have to deal with for another day and who knows what the results of that will be in terms of further accountability and disclosure.

But in terms of these items my sense is this will be a very clear direction on the part of the Legislative Assembly to the Government of Saskatchewan to provide certain information that's anticipated here. And we have, as members of the Legislative Assembly, an independent officer of the Legislative Assembly to ensure that the information we ask for from the executive government, if it's not being provided, this independent officer will let us know that.

And the Legislative Assembly, through its committees, can then take the appropriate steps to deal with that.

Mr. Wall: — That's effectively what we have now, Mr. Chairman, would be my observation. It writes it down on the paper, but it's what we have right now so I'm not sure then why we have done all of this. If we don't have . . . Who is making the decision?

If the Crown Investments Corporation or any executive of the Crowns is making the decision as to what's confidential, what goes to commercial confidence, and what doesn't, then the government of the day — whoever the government is — is going to have the members on this committee to agree with that. And at least the automatic intervention or the point of . . .

automatic point of reference to an independent officer of the legislature I think is just the protection that we're looking for. Maybe protection is not the right word, but just the step that that could be accomplished, which was the intent of my original amendment which inserted the actual officer of the legislature, the Privacy Commissioner, into that last bullet of the motion, was really the only change that it made.

And it wasn't . . . And the way it was worded, I don't think it wasn't an automatic thing on every single debate and discussion, it just mentioned the word . . . I think he used the word, reference, referenced by, or referenced to the Privacy Commissioner.

But I know I interrupted because Ms. Atkinson was ahead of me and I think Mr. Yates was too, so . . .

Mr. Rendek: — Mr. Chair, just so that I clearly understand. With regard to the examples you gave, there is a process in place now. Any member can apply . . .

Mr. Wall: — It's a bad example.

Mr. Rendek: — Any member can apply to me for — and some of them do — and then as I say, then I make a ruling. That's the current situation right now. So basically what you're really saying is you want the same process to apply here. And that's what we're . . . and that's what I based my . . .

Mr. Wall: — That's what we're discussing. Yes, it was a bad example, you're right. Example of process but not the material in terms of . . . yes.

Ms. Atkinson: — I guess I ask this question. The Provincial Auditor and the Privacy Commissioner are both officers of the Legislative Assembly. The committee gives direction and we are going to be giving direction to the Crown corporations and their related agencies on what needs to be disclosed. The Crown agencies are going to make that determination.

We are not prepared to set up some other process where someone other than those Crown agents . . . or the Crown corporations and their agencies determine . . . I think for the most part it's going to be the issues will arise under supplier and other payments. I don't think it's going to arise under board expenses, ministerial expenses, employee remuneration, grants, contributions, payments to consultants. It's going to be under supplier and other payments.

And the issues will arise over what is a commercially . . . what is commercially sensitive information, what is a competitive position, and would disclosure of certain information jeopardize that competitive position or interfere with contractual obligations. And disclosure is prohibited by law. I suspect that there probably would be little debate on that, given that the officers of the legislature are sensitive to information that's prevented by law from being disclosed.

So there'll be two fundamental points of contention. It seems to me that when this process comes into place, the Crown corporations are going to make the determination. They're going to provide information to the committee. And the committee will have the opportunity to ask, I would suspect, the

Provincial Auditor or the Privacy Commissioner, if we have disagreements with the various Crown agencies and Crown corporations. We will have the right to send to the two officers of the legislature information for their observation and recommendation back, not unlike what's happened in the past.

This committee has made requests to the Provincial Auditor, certainly, and the Privacy Commissioner to provide advice to this committee. We'll be able to do that in the future.

I think we've come an awfully long way in terms of disclosure, particularly employee remuneration. That happens in Public Accounts. It happens on the GRF (General Revenue Fund) side of government. I see that as a non-issue. But we've come an awful long way on supplier and other payments, and I think it's fair to say this is as far as the government members are prepared to go at this time, given we've come such a long way.

And if in the future this particular recommendation needs to be amended based on our experience with the Crowns not following the intent of this particular recommendation, then I think this committee will have the opportunity in future meetings to put forward future direction to those Crown corporations and their related agencies.

So I would suggest we get on with the amendments to the motions and then move to other business.

Mr. Yates: — Thank you, Mr. Chair. My comments were along the lines of what Ms. Atkinson started to talk about.

There is a process in place. The Provincial Auditor reports back to this committee. If this committee finds that they're not satisfied with the types of reporting that's going on by the Crown corporations back to this committee, Provincial Auditor will note that in his report. And if we are finding we are having difficulties at that point, we can look and see if there are changes we'd like to make at that point.

But we already have the Provincial Auditor responsible for determining whether or not we are getting the information that we are supposed to be able to get to make our determinations, and he will do that through his due course of his work at the Provincial Auditor's office. And if we have difficulties, we can refer as a committee any item to either the Privacy Commissioner or for that matter back to the Provincial Auditor for recommendations, proposed changes to that period of time.

But I think we have to move forward with what we're looking at today and see whether or not we have any problems. We're making some significant advancement and I think we need to put it forward and see what the outcome is over the next year and a half or so.

Mr. Wall: — I think the concern — I'd like to get the official's comment — I think there's been a concern that any process over and above what members, what Ms. Atkinson and Mr. Yates are saying, and what you said, Mr. Chair, would be this huge bureaucratic process and result in potentially more taxpayers' resources needed in a significant way to pay for all of this.

And I'm not . . . if officials . . . I guess I'm interested in their

comment on it. Because the process that I envisioned isn't, or that we're talking about isn't I don't think inherently sort of cumbersome and costly. If it is, then we would have to rethink our position.

But we can just see in addition to this last bullet that asks for the concurrence of the Privacy Commissioner, his concurrence with Crown executives who have highlighted, well this group of information, all the salaries for example, or you know as Mr. Wright was talking about last week — and this category of information we believe fits the description of the last three points, you know, in terms of being commercially sensitive in these other elements and we believe it for this reason — send that over to the Privacy Commissioner's office.

The Privacy Commissioner can concur — can look at that information and say, you know what, that's pretty fair and reasonable and I concur — and inform the committee that he's concurred. This information need not come to the committee, need not be made public, rather, because it's commercially sensitive. Or he can choose not to concur — he or she could choose not to concur — and then that information would be disclosed and we would have had the reference to a third party, to an independent officer of the legislature.

So I, first before I move, Mr. Chairman, I'll be withdrawing the motions that I currently have on the table. And before I make a new one, I would ask the officials to comment, please, on the costs and how this process may be cumbersome, this process of concurrence by Mr. Rendek or his successors in this kind of a process.

Mr. Rendek: — Well it's difficult to respond to that when you don't know how many, how many situations are going to arise. But I would imagine in the initial period, these various . . . whether or not something should be disclosed, you're going to have to deal with each one.

But I would say after a while you're going to be able to categorize them very easily and say, oh those are all . . . we've already ruled on that type of situation before and, you know, this is the answer. And I think after the break-in period, I think, you know, it would be a lot easier to handle because they'll say, well that's a category A matter; you don't disclose that, or, you know . . . You'd have to set up the sort of guidelines based upon the type of applications we receive and the number we receive.

So putting a cost estimate on it at this stage would be very difficult. I don't myself think it is . . . think it would be all that cumbersome.

Mr. Wall: — If there's an additional cost, that's something that obviously we can't approve here. That's something that I'm assuming would come from the . . . would have to be approved at the Board of Internal Economy. Is that correct?

Mr. Rendek: — Yes. And as I indicated at the last session we had, the budget was increased substantially so that the new commissioner will be full time and will have some staff. And presumably if the staff couldn't handle it, you'd have to go back and convince the Board of Internal Economy that additional staffing was required. You'd have to make that presentation, you know, once you had some experience to go by.

Mr. Hart: — Yes, Mr. Chairman. My understanding of the process now going forward — assuming this motion largely as it is goes forward and is approved — is that we will begin filing information based on this new set of guidelines, as we have done in the past routinely where this, not this whole list, but a shorter version of this list has been filed routinely with the committee.

So committee members will get a book that has this information in it consistent with these set of guidelines which members will then examine, which I'm sure, as is the case today, will give rise to questions that committee members have of Crown corporations. And there may be in fact then arising from those questions, requests for further detailed information for which it is not clear whether that information can be disclosed or not.

My understanding then is that it is the committee's prerogative to then refer that matter if they so choose to either the Provincial Auditor or the Privacy Commissioner to get his advice on whether or not that information could be disclosed and is covered by the disclosure-prohibited-by-law item there.

The one other addition I would make, additional comment I would make, is that I think when we file as Crown corporations consistent with this list — and consistent with what I believe the Provincial Auditor was seeking by way of disclosure — it would also be, I think, an implied obligation that we would file information of things that we haven't disclosed and the reasons why, so the committee members would have access to that as well. It wouldn't be the information, but they would know what the exemptions are.

And so the committee then would have access to not only the information that . . . of the new disclosure, but things that are being excluded and why they're being excluded. And so then they would have that other list I guess to go to and refer back to the Privacy Commissioner to see if there is in fact good reason why that information should be disclosed as well.

But the decision ultimately rests with the committee members on what they refer to the Privacy Commissioner for further rulings, and from our point of view we are now required to file all of this information routinely for committee members to look at.

Mr. Wall: — Mr. Chairman, I haven't . . . I've withdrawn the previous motion, haven't made a . . . I haven't made this other one. I'm not comfortable doing so until — and none of us on this side are comfortable doing that — until there's a clearer answer as to cost. Because I don't think it's responsible to propose an amendment to the motion and therefore to this process and then, you know, we're just unsure of the cost.

So I would say this on behalf of our side in this issue, that with the clarification of the freedom of information and privacy Act being included in that last point, that I think we can support the motion then.

I would ask officials though if they could possibly provide members of the committee with a cost estimate. And certainly that's also a large piece of work and resources are short, so I don't think the timing of that has to be anywhere near immediately.

But I think members on this side of the committee would be interested in revisiting an improvement to this policy if it could be demonstrated that we could insert the concurrence of the freedom of information and the Privacy Commissioner into this process without a cost to taxpayers, or with a very, very minimal cost, nominal cost. I think I would — I at least, and members on this side — would like to revisit it then.

We think it could be strengthened even to a greater degree without causing undue difficulty for Crowns but I would . . . I don't . . . just simply we don't want to go there without . . . in a vacuum of not knowing if we're, if we would be de facto sort of spending the people's money or not in making that amendment. So I just have those few comments, and if someone wants to move the amendment then . . .

The Chair: — First I need the agreement of the committee that the motion or the previous amendment by Mr. Wall be withdrawn. Is that agreed? Okay? I think we would need unanimous agreement of that. Okay.

Then it would be helpful if someone could move that the motion be amended by inserting or adding the words in the final line: disclosure is prohibited by law, including the freedom of information and privacy Act.

Mr. Wall: — So I would move . . . Do you want a motion then, Mr. Chair?

The Chair: — Yes.

Mr. Wall: — I would move then, Mr. Chair:

That point 3 of the last paragraph of the motion of Ms. Atkinson be amended by adding the words "including the provisions of the freedom of information and privacy Act" after the word "law".

The Chair: — I think the members are familiar with the amendment. Is the amendment agreed? That is agreed.

Now I have a further amendment by Ms. Atkinson, and that amendment reads:

That the recommendation on payee disclosure be amended by inserting after "corporations" in the first paragraph, "and related agencies that are called to appear before the Crown Corporations Committee"; and that "or a subsidiary Crown corporation" in bullet 1 under board expenses be deleted.

And I think that references the discussion we had earlier with Mr. Hart and Mr. Wendel. Do we understand that particular amendment?

Is that amendment agreed? That's agreed.

Now the motion as amended.

Ms. Atkinson: — Before we get to that, I just want to make this observation, and I'm pleased that the members of the opposition are concerned about the cost of issues that this committee addresses and that we need to understand the cost. And I say that because at previous times before Public Accounts

Committee certainly, there have been discussions about added requirements that are coming from the offices of the auditor and I guess the Privacy Commissioner as well, that when these requirements come it adds to the cost of public service and public service delivery because we have to have people in place to provide the necessary information to the public via their members of the legislature.

And I'll just make . . . I'll just give one example of cost. Before this sitting of the legislature, it's my understanding . . . For example, we've had 744 questions that have been asked by the opposition for information. And each day in the legislature, Mr. Yates stands up and provides information regarding those questions. So those questions are answered.

I think this is a record number of questions and we know from our officials in the department that this has required hundreds and hundreds of hours of human labour in putting the answers to those questions together. And that adds to the cost of providing public service.

And so while we're trying to be open and as transparent as possible, we need to understand that when we get into asking question after question after question and into the minutiae of detail, which some of us have a penchant for doing — and I include myself in that sometimes — that this costs money because you have to have people who are available to provide the answers to those questions, particularly in written form. So I'm pleased that the opposition isn't prepared to move forward with their amendment until they fully understand the cost.

I think it's fair to say, Mr. Chair, that this has been an extremely co-operative approach that our committee members have taken on this issue. We want to certainly thank the Office of the Provincial Auditor for the work that has gone into this effort, and there's been a pile of work. We want to acknowledge the interest of the Information and Privacy Commissioner. And we also want to thank the officials from CIC who I also know, along with the individual Crowns, have spent many, many hours making their way through what I consider to be a fairly complicated issue.

I think the standing committee has found an appropriate balance between the public need for accountability and transparency and the needs of those individual Crowns when it comes to conducting public service and business in our province.

We are ushering in a new era in public accountability and transparency in the Crown sector. And we think that this is an important first step in continuing to enhance the confidence that the Saskatchewan people have in the management and operation of our commercial Crowns.

We have had some debate about the process around exemptions from the general policy of payee disclosure, and we certainly appreciate the comments made by Mr. Hart on behalf of the Crown sector.

Our side is comfortable with the guidelines that we're going to be providing the Crowns and we believe we've demonstrated an understanding of the needs for confidentiality in certain business transactions. And most certainly we have no interest in undermining the successful operation of our public enterprises.

We're also satisfied that the input from the Information and Privacy Commissioner will be available as necessary to the Provincial Auditor, the Crowns themselves, and the standing committee. And given the co-operative spirit enhanced throughout this process, we're confident that differences of opinion in terms of necessary exemptions will be minimum.

We want to put this on the record, that the committee has noted the concerns of specific Crowns. For SGI (Saskatchewan Government Insurance), the brokers' remuneration and reinsurance programs, that's extremely important. So there . . . We know that there will be no misunderstanding when information comes forward in the future in terms of payee information. There will not be an expectation from this committee that brokers' remuneration and reinsurance programs, that information will be shared with the committee.

As well, we have no expectation that the gas supply contracts that have been entered into by SaskEnergy, none of that information will be shared with this committee. We understand that.

And as well for SaskPower, the power purchase agreements, that information will not be shared with this committee.

And for SaskTel, the dealer arrangements, and that information will not be shared with the committee. And we have seen no indication that these types of exemptions would be problematic for this committee.

With that, Mr. Chair, we think that it's time to move this resolution and get on with the business of public accountability in the province of Saskatchewan.

The Chair: — Anyone else on the motion? Is the motion agreed? It's agreed. And this motion will then go forward tomorrow as an interim report of this committee to the Legislative Assembly. And having said that, may I thank all of you who have been involved in this for your good work in this endeavour. Thank you very much.

May I suggest we just take a five-minute recess at this point and then get on with the next item on our agenda.

Mr. Wendel: — I'd just like to congratulate the committee for improving the accountability and openness of government spending. And I'll assure you that I'll be monitoring to make sure these guidelines are followed. And I will be consulting with the commissioner and if there are issues, I'll bring them to your attention.

The Chair: — Undoubtedly. Thank you very much.

The committee recessed for a period of time.

The Chair: — I think we're ready to proceed with the ongoing consideration of the Crown Investments Corporation of Saskatchewan. Mr. Wall.

Mr. Wall: — Thank you, Mr. Chairman. And thank you to officials as well for providing the update that we'd asked for on the investment funds, on the venture capital involvement that CIC has in various funds and also their . . . They've broken

down, Mr. Chairman, the level of Saskatchewan investment which we had also asked for.

In addition to that, they've answered a question with respect to SOCO (Saskatchewan Opportunities Corporation) and the research parks and any ongoing GRF component still required for that. Appreciate that.

And I guess there's two outstanding ones that we would ask about and that is, Mr. Hart indicated on June 10 that he would take back . . . beg your pardon, on June 5, that he would consider the whole issue of the polling that CIC had done and what of that information could be disclosed to members of the committee and to the public. That's the first one so I wonder if you'd comment on that please, Mr. Chair.

And the second one is, I think too that we had asked if we could get the breakdown similar to what SOCO used to provide in their annual report in terms of each investment, or each file, I guess, open file. Is that still coming because we were hoping to get today or very soon?

So those two issues then, Mr. Chairman.

Mr. Hart: — Thank you, Mr. Chairman. I'll take the first question and ask Mr. Douglas to take the second one.

On the first question, we have looked at the request from the member with regard to the polling and we see no problem releasing the questionnaire as requested. There is sensitive information with regard to other companies that we benchmarked against in the survey and I think it would be inappropriate to release the contents of the report of the survey. But the questionnaire, we'd have no problem releasing the questions to the members.

Mr. Wall: — Thank you. Any idea of when? Could we get that today or do you have it with you or some other time?

Mr. Hart: — I don't have it with me but we could get it for you today.

Mr. Wall: — Okay. I'd appreciate that.

Mr. Hart: — Just tell us where you'd like us to file it and we'll get it over, send it over here. Okay?

Mr. Wall: — Thank you. Thank you.

Mr. Douglas: — Mr. Chair, on the topic of the list of investments as per the way SOCO used to report on them, we are certainly developing that list and will report at a minimum that level of disclosure.

We're also looking at whether we can, without impairing the interests of the business and impairing our own commercial interest, provide you with a sort of year-end book value on those investments as opposed to the original investment made.

Under the SOCO model, what used to be reported was the original investment in the business disclosed. And then when SOCO was done with the file, they reported on how they had done on that investment. And they didn't talk about operational

details or matters in-between times, including the specific provisions against individual investment, because of this issue of whether or not that would hurt the business itself to have that disclosed and/or our own commercial interests in that investment.

But at a minimum we'll certainly get the list to you and it's just about ready to go on the basis of the way SOCO used to present that information. And perhaps we'll be able to disclose a little bit more.

Mr. Wall: — Well that would be great. I appreciate that and I don't . . . I'm not hearing a timeline or do you have a ballpark guess as to when that might be?

Mr. Douglas: — In the next few days.

Mr. Wall: — Okay. And just so I'm clear on this then, because those assets, the value of those files, would have been all booked in, I think it was in last October into the . . . And it's reflected in the year under review in the annual report.

And I guess that's what we're interested in because we have a global number and we're . . . And I'm hearing from you that we're going to be able to see how that overall number breaks down in terms of how each of these files were booked into CIC's CIC III (Crown Investments Corporation of Saskatchewan Industrial Interests Inc.).

Mr. Douglas: — We certainly have disclosed the global provisions against that portfolio. There are issues around disclosing the individual provisions that we're grappling with. And this is the matter that I'm trying to explain, which is as soon as you disclose a provision against an individual investment, it has significant potential impact on that business, harms their interest and in fact harm our interest too, in the sense that if competitors and/or the business itself knows the specific provisions you've taken against it, it can affect how they deal with you, I guess is how I would describe that.

Mr. Wall: — Well and you know, Mr. Douglas is making, I think, an interesting point because really, you know, we are talking about — especially for those loans that are in difficulty — we're talking about a liability and a potential asset.

But I think as CIC has done quite rightly in this year under review, they've clearly, you know — whether they're using an equity-valuing method or some other method — I think CIC has reported to the public, to the shareholders of CIC, that, you know, here's . . . we've taken, in the case of Minds Eye for example and others, look, we've taken this writedown; and here it is and we may get it back and we may not, but we've written it off to be fair, and we've reported that to the taxpayers.

Now this is a . . . individually may not be a huge deal, each one of these files from SOCO, but taken together, you know, there's some mass there, some critical mass. And so I guess what we're hoping for is information that would allow people to determine if indeed those assets or liabilities . . . but let's say they're, let's assume, hope for the best that those assets, how they've been . . . because I'm sure they'll all have, they'll all be secured in some way, although not perfectly, but still secured.

So I think what we're looking for is a way to demonstrate for the public, the shareholders, that these assets have either been written down significantly or not at all, or maybe, you know, whatever the . . . just to report back to the shareholders as to what those assets were booked at compared to what they may be worth — even right now, a year, I guess, less than a year later.

Mr. Douglas: — Yes. I can certainly understand the desire and the interest of the committee members to have that kind of information. It is an awkward thing for us though because it does . . . particularly on the smaller investments. Clearly when it's a larger and more material investment in the annual report and you have made reference to ways that are . . . These things are disclosed in the annual report. We have no problem with that; it's a requirement.

With small investments if there's a sense that they are having any difficulty, if there is a lot of media attention paid to that, it can directly affect the outcome. And that is not necessarily in our interests or in the interests of the business in terms of working with it to help it succeed.

Mr. Wall: — But SOCO basically would have . . . and its predecessor would have done that. I mean, they were reporting — wouldn't they have? — I mean, the detailed disclosure on each file that came with their annual report.

Mr. Douglas: — I stand to be corrected, but I think we disclosed the amount of the original investment and then when we were done with the investment, how we made out with it, whether we took any provision, but not the numbers at any given time.

Mr. Wall: — Sort of a status report.

Mr. Douglas: — Yes. And perhaps the way through this is to disclose a net book value of that investment, but it needs to be understood that that net book value can be affected by a number of things — provision, subsequent repayments, other factors that might be . . . additional investment and so on. But if you disclose net book value it may create an impression that's incorrect as well.

Mr. Wall: — I think Mr. Douglas is exactly right and I know he would be more intimately, very much more intimately aware of what happened at SOCO than I would be. And so what we are expecting then is at least disclosure as good as and arguably, possibly even better as you've said. So we appreciate when that comes here in the next short while.

Thank you for the answers to those questions, and I want to move on to another issue if I can unless other members want to talk about these two, the polling and the SOCO files.

Thank you, Mr. Chair. We had an interesting discussion that yes, became fodder for question period I guess to some extent on the whole CIC III file. There's been still further commentary about it in the media, about the wisdom of looking differently and innovatively, what we would say innovatively, at this file.

And I got the clear impression — and please correct me if I'm wrong, here on the record — I got the clear impression from

officials that part of the \$20,000-plus that was paid to the National Bank by CIC, part of that to have a look at the different options to manage these things differently, also included the potential for some change in the equity base for these assets or at least who held the equity base.

I think the . . . And I think we were on the record as saying that this, to the extent it would look at that issue even, equity, that the opposition was encouraged that that kind of work was going on at the Crown Investments Corporation. And I think since then — and again if I'm wrong please correct me — the president of CIC has said, has mentioned pension funds in particular, from across the country and here in the province, that might be interested in these assets.

In the work that CIC did or had done on this particular issue on CIC III, was it not contemplated that what may come out of this process, if approved by the government, would be a change in who owns the equity? I mean not maybe . . . not even maybe 51 per cent of who owns the equity and whatever CIC III would look like when you took this entity to the market if you chose to do that.

But I used the word mutualization last week, and it's not the perfect word, I know that, but it was the best I could think of at the time. And nobody corrected me. No officials corrected me and said no, it's only, we're only looking at maybe the management, the private sector management of government-owned assets. No one said that. And if that's the case, I'd ask someone to say that now on the record. I got the clear impression that CIC at least, if not the cabinet, was considering mutualizing, or in other words in part privatizing or changing who held the equity on these assets on a larger sort of fund that the government would launch.

Mr. Hart: — Yes, I'm happy to clarify that. The National Bank work, as I recall, essentially dealt with a question of whether or not the portfolio could attract investment as a portfolio.

And to be clear here, there's been quite a liquidation of that portfolio in the last 10 years. You I think all know some of the larger files — Cameco, Bi-Provincial Upgrader, Crown Life, SaskFor MacMillan, etc. And the practice has been over the last 10 years to take an opportunity to sell a particular asset when the market timing is right, either from a potential for a gain or avoiding future losses or something like that.

And the net effect of that over the last 10-year period roughly has been about \$2.3 billion has been sold out of that portfolio, about 1.1 billion has been reinvested for a net cash gain of 1.2 billion, and a net income of around 850 million or thereabouts on that portfolio.

The specific question though was, given the portfolio's now down to 575 million, give or take, in book value, what the best process was — whether to continue to liquidate that portfolio on a one-off basis as had been the practice, or whether there's in fact a way to turn that portfolio into something much as I think you've described, Mr. Wall.

The conclusion was that there was very little appetite, if any, in the market to invest in the portfolio as a portfolio.

And the reason for that is largely because investors would be interested in particular investments in the portfolio — Meadow Lake Pulp, to pick one, or Big Sky pork or something — but not the whole portfolio because you're sort of buying a very eclectic group of assets. And investors are typically driven to invest in pure industry plays where they can, you know, do their due diligence on that industry. So we concluded that that wasn't a viable option.

We did however start some additional work — and none of this has gone to the CIC board yet so it's very preliminary — to look at whether there was a way to lever additional private sector capital in the province in terms of supporting business investment in the form of private equity, using that asset base in some fashion, given that we couldn't sell a 10 per cent or a 25 or a 30 per cent interest or whatever in the portfolio.

And so that's led to other options that are under examination. And you're correct to say that the discussion is really, if at all, if anything is done at all to deal with how those assets are managed. But we don't see a change in the practice over the last 10 years of looking at individual investments and deciding when to liquidate a particular investment.

And we have pretty much ruled out the possibility of selling an interest in the entire portfolio but continue to work through, as we have in the last number of years, looking for opportunities to divest of assets that have been invested in at one point in time. The businesses in the province, the businesses established in the province, there's no longer a need for our capital to be in the business and we can take that capital out and then either redeploy it or use it to pay down debt or something. So hopefully I've clarified a bit more what we're actually trying to do here.

Mr. Wall: — Well thank you, Mr. Chair; thank you, Mr. President. I appreciate those clarifications, Mr. Hart. I think though, you know, and maybe it's because of what has been said because the minister is pretty unequivocal in the House when we asked this question. He said, those options will not include privatization, Mr. Speaker; they will not include privatization. And he used whatsoever three times in another question and so he's absolutely unequivocal about this.

And I assume that it wouldn't have been because of his . . . how unequivocal he was, I assume this wasn't a decision he had just come to in question period. It sounds like a long-held view of the government and the NDP (New Democratic Party) perhaps, or him as the minister.

So I have a question. Why would we do that \$20,000 piece of work with the National Bank? And I would also ask this, Mr. Chairman, of Mr. Hart: on the meeting on June 5, I think it's fair to say that we asked specifically this mutualization question and that that would involve privatization.

And in answer to that, to be fair and use your own words, you said, in answer to that . . . It was a longer answer than this and you . . . and much of it is what you just said so I don't want to be unfair. Much of what you said two weeks ago is exactly what you just said about the preferred approach being to sort of sell on a one-off basis.

But you did clearly indicate that, at least two weeks ago, it was an option that you would do this. And in fact you said:

And so the question in our mind is can we take CIC III (or III) and turn it into something that is more private sector orientated.

Mr. Hart: — Yes.

Mr. Wall: — And I know that doesn't speak to who owns it but that's what we were talking about that day. So I don't think it's semantics to suggest that we were talking about a 10 or 15 per cent play or more in terms of shares or units held by some private sector entity.

So the question again is why would the . . . why was CIC looking at it? Why are . . . To the extent that they still are looking at it, why are they looking at it when the minister and the NDP government is just ideologically opposed to any changes other than the potential one-off sale of an asset here or there?

Mr. Hart: — I think what the minister was referring to was the privatization of the portfolio as a portfolio, not necessarily the individual assets in that portfolio.

Mr. Wall: — Yes. That's what I'm saying. But two weeks ago I think you were indicating, and again if I'm wrong here jump in, but I think you were indicating to members of the committee that indeed an option — and part of it was the National Bank work that was done — but an option that CIC officials were looking at was this concept of a portfolio and allowing the private sector to purchase units in that portfolio which is, whether it's 10 per cent or 1 per cent, it's a privatization of government equity. And I got the sense and we got the sense on this side that that was an option that the CIC was looking at. I think we congratulated CIC for looking at the option.

But then the minister, you're right, he unequivocally . . . he says no, we'll one-off these things, we won't rule that, we sell some of these as we have with Cameco shares and that. But he unequivocally, to me, rules out any privatization of equity in terms of a portfolio arrangement or otherwise.

So the question is why do this. Why are you guys wasting your time if the Government of Saskatchewan, if the cabinet is saying we're not doing it for whatever reason? Ideological or otherwise, we're not interested in going there. Why would officials even look at the concept?

Mr. Hart: — Well I think the answer to that, Mr. Chairman, is because it's our job to look at all options for the government. It's the government's options to decide what they choose to do and what they choose not to do.

And in this particular case, the advisers that we engaged — and we talked to other advisers that we didn't engage just to get their opinion as well — concluded that there was no real opportunity for us to privatize the portfolio as such in the manner I think that was envisioned, which is a percentage sale where the government might still own a controlling interest in the portfolio. Therefore it's impractical and doesn't make any sense.

It's not the best way to get the best value out of the portfolio, which is of course what we're trying to do in the interests of the shareholders. Because the purpose of this activity over the last 20 or 30 years I suppose is really to invest in businesses where there's a strategic reason to do so in the province and then to withdraw when the time is right — hopefully with a gain on investment and having created jobs that are being sustained.

So that's been the practice; that's the best way to continue; that's what was concluded. And I believe that's what the minister was referring to in response to the question that there's no plan to privatize that portfolio as a portfolio. There is still of course the option of selling individual assets within it, which of course has been the practice for some time.

Why are we looking at it? Why did we look at it? Well . . .

Mr. Wall: — You did answer that question, I thought. I thought you answered that and it's . . . and certainly with a fair answer. And I hope you'll think it fair if you . . . or you'll understand if we just got the sense that two weeks ago the other option was, maybe not preferred, but still an option that was being pursued by officials and then for whatever reason in the intervening two weeks the decision has been made by the government to not consider that other portfolio option as one indeed, as an option indeed. So, I mean, that's . . .

Mr. Hart: — To be clear, Mr. Chairman, we never took the option forward to the government to consider because there was never a business case that we could support taking it forward. So the government has neither accepted nor rejected that issue. The minister is simply aware from his role as the Chair of the board that it was an impractical issue so it was never really a formal discussion.

Mr. Wall: — In point of fact, notwithstanding the business case for it, in point of fact they have . . . it has been rejected. I mean, it's pretty clear. The minister is on the record as saying that that's been rejected and . . .

Mr. Hart: — And also would be rejected by investment bankers, I think.

Mr. Wall: — Yes, that's right, based on your . . . based on the information you've provided.

Now the National Bank report you're talking, the National Bank study, did it look at culling, like, some of the best CIC III investments in establishing this portfolio? Or was it taking the whole . . . did it take the whole portfolio as it's currently in the year under review?

Because while the investments would . . . If the investments were culled — I mean there's some that are better than others obviously — if those good ones are separated out of there and even though they're still disparate, I think there's other examples in the market, in the private sector, where you have funds that have these disparate investments but they're all performing or reasonably strong and there's still an attraction for capital there.

So I guess that's a question. Did the National Bank report contemplate just the whole portfolio as it exists today or was

there some culling of the better ones?

Mr. Douglas: — Mr. Chair, perhaps I can answer that one. That piece of work actually looked at a number of different options to quote, “monetize” some of the value in the portfolio. So nothing was particularly in our . . . In asking them for advice, nothing was particularly ruled out or ruled in, in terms of ways that that might be done.

But further to what Mr. Hart has said, it very quickly became apparent that the idea of quote, “privatizing” — well that was not the term used — any portion of by selling an interest in the portfolio as a whole was not really a viable option, and considered some of the others including sale of individual assets or breaking the portfolio up into different kinds of chunks to try and monetize some of the value, which is what our job is. When the public policy objective has been served with an investment then our job is to look for an exit or monetize the value of that investment.

They gave us considerations and so on but didn't land on any recommendations as to how to proceed on that. They gave us advice but not recommendations on those topics.

Mr. Wall: — Thank you. On the same topic, Mr. Hart. A question for Mr. Hart. Has Mr. Hart and/or any senior officers at the Crown Investments Corporation investigated the possibility of forming their own private management company for the purposes of possibly taking over the management of some or all of the assets of CIC III?

Mr. Hart: — Absolutely not.

Mr. Wall: — Thank you.

Mr. Douglas: — I would very definitely echo that. Absolutely not. In fact if I could go on record on this topic, I was quite concerned and upset to hear the allegations or the suggestions made in the House on this topic. I thought it was quite inappropriate and found it quite disconcerting.

Mr. Wall: — Well it probably would have been limited to one question. And by the way, just so you know, we get, as oppositions are going to get, we get information, some of it anonymous. We field e-mails. We try to qualify them as best we can. And if we get enough of anything, if there's enough buzz about anything, we're going to ask the question. That's our job.

And then it's the minister's job to answer the question clearly. And if the minister doesn't answer the question clearly and unequivocally, we're going to ask it again until it's answered. And when Mr. Lautermilch finally stood up and answered the question clearly and unequivocally we haven't asked the question any more. It stopped.

I mean that's our job. Based on information that we get that we feel is qualified enough to at least ask the question, an important question that needs to be asked, we will do that every single time and we'll make no apologies for it. When it's answered, we will move on to something else, as we've done.

Mr. Douglas: — I understand your need to do that and your objectives. But when it comes time to bring the, in effect the

reputation of civil servants into question, I think a simple phone call to those individuals to ask them that question in advance of doing that in the House might have been more appropriate.

Ms. Atkinson: — Thank you. Well I'm really pleased that Mr. Wall continued his line of questioning here because had you not raised this issue I was going to.

And I want to put it on the public record that I too have spent time in opposition, Mr. Wall. And one of the things that has become clear to me and when I was in opposition, is that there . . . that politicians can defend themselves but people who work for public enterprise or public service cannot. And if we are going to do anything to sully the reputation of a public servant or someone who works for our public enterprises, we need to be very sure of our facts because there is very little that a public servant can do to defend themselves, other than to launch a civil action which leads to other issues.

And so I do not at all accept Mr. Wall's contention that if there's buzz, you ask the question. There is all kinds of buzz and rumour and innuendo about all kinds of people. And we have our own light . . . you know we have our own quips that we pass across the way to each other as members of the legislature, but you don't go outside or put it into a public forum unless you're very, very sure, very sure.

And I'm pleased that the two officials from CIC have had the opportunity to put this on the public record because these are two officials that have families, they have children, they have a reputation, they live in the community. And no one likes to see their individual reputation dragged through the mud.

And there are ways to handle this if you're hearing rumours. And one of the ways that you do that is you can take the minister behind the bar and ask the minister. You can write a letter and ask the minister. But I don't think you raise individual reputations in the legislature when it's based on rumour, innuendo, a couple of e-mails — or maybe even 20 e-mails. I mean, it's unacceptable.

And I just want to say to all civil servants in the province and public people who work in public enterprise that it's the position of the government that this kind of behaviour is unacceptable.

And there are processes that an individual member can use if they want to seek information. But I would just caution any member not to raise individual public servants or public people who work for public enterprises named in the legislature unless they have a smoking gun. And in this case, there was no smoking gun; and it's unacceptable.

And I think it brings the whole reputation of the members of the legislature into disrepute. And I want to apologize because I know that individuals suffer, and I suspect Mr. Douglas and Mr. Hart has suffered as a result of this.

And I would expect in the future that we will take our duties as members of the legislature seriously and we won't be sully the reputation of individuals unless we have a smoking gun. And in this case it was a fishing expedition, it was obvious, and there was no smoking gun. And I'm pleased that you both have

put this on the public record that at no time have either one of you at any stage attempted to create a private company that would benefit you personally in the future.

Mr. Hart: — Yes. Well thank you for that apology but just to be very clear about where my professional motivations . . . And I believe I speak for Mr. Douglas who in fact is responsible for managing this portfolio.

As I've indicated, the portfolio has shrunk considerably in size in the last 10 years. It's reaching a point where we have to continue to . . . we have to decide whether to continue to unwind the portfolio as opportunities occur or try to build it into something that can generate private capital into private equity, which of course has been the historical role of the portfolio. And we wanted to take this opportunity to see if there was in fact an option to bring more private sector investment into this kind of world and ultimately reduce or eliminate the government's need to be involved in this business.

We believe there is an opportunity to do that but there is still a lot of work to be done to conclude that, and that deliberation has not been taken by the CIC Board as yet but it's work that we are undertaking as professionals because it's our obligation to bring forward these kind of options. The work that we are doing is no more, no less of that nature.

As to how that portfolio will be managed in the future, that will be a decision made by the CIC Board and the cabinet once they have the full recommendations from us. And I can assure the members that that decision will be taken with independent advice so that there's no way either Mr. Douglas or myself will have undue influence in the decision.

But clearly our motivation is simply to serve the best interests of the province in terms of creating an entity that will access greater amounts of private sector equity in the future to, as I say, reduce or eliminate the need for the government to be doing this in the future because there are plenty of other things the government could do with its money.

Ms. Atkinson: — Thank you, Mr. Hart. I know that officials, one of their jobs is to provide options to the minister, to the board, and to the cabinet. And you would not be doing your duty if you did not provide all of the available options to the government. That is your job.

Your job is not to set up a private company that will benefit you personally in the future. And you've made that very clear that you have not, nor in the past or the present, involved yourself in the creation of a private company that would allow you to go to work for it 10 years from now or whatever, for the next 10 years, and benefit personally.

And that was the issue that was raised in the legislature and that's the issue that our side of the House found appalling. And I think you've put it on the public record that this is not about yourself personally; you're not going to benefit from this personally. It's part of your job as the head of CIC, along with your officials, to create options — viable options — for the province. And then the cabinet and the Premier and the government will make its decision based on your options and your recommended options.

Mr. Hart: — The matter is clear from my point of view.

Mr. Wall: — We'd like to talk a little bit about Millar Western and the status of that investment.

Just before I do that, it's interesting to note that the member that just was speaking, just two weeks ago we had a little chat, a private chat, she'll acknowledge. And her . . . the very thing that she's speaking about, she did to a member of this committee in earshot of Mr. McMorris. So she'll pardon me if I take what she had to say there with a grain of salt. But I would like . . . If she wants to respond to that, that's fine.

Ms. Atkinson: — I certainly will. It was a private conversation. It was not raised in a public forum and you had an opportunity to defend yourself. And you raised it with me. So . . .

Mr. Wall: — I did?

Ms. Atkinson: — Yes, you did. You did. You raised it with me and I responded, and it was not . . .

Mr. Wall: — As officials have the right to do here. It doesn't excuse what you did that day, Pat. What you did was wrong because you said it loud enough for people to hear.

The Chair: — Order. Order. Order. Order . . .

Ms. Atkinson: — But you shouldn't have asked me that question.

Mr. Wall: — It's exactly what you've said.

The Chair: — Order. Order . . .

Ms. Atkinson: — You shouldn't have asked me the question.

Mr. Wall: — It's exactly what you just lectured against.

Ms. Atkinson: — It was a private conversation.

The Chair: — Order . . .

Mr. Wall: — So you shouldn't be quite so hypocritical.

Ms. Atkinson: — Your comments were not a private conversation.

The Chair: — Order, order, order. The topic was Millar Western.

Mr. Wall: — I was just looking for an update on the status of that particular investment. There's a reference to it here in the annual report and I wonder if we'd get officials to talk about not only the status but going forward into the future, what its . . . what tax . . . what hopes the taxpayers might have to recover the principal investment on this particular deal.

Mr. Douglas: — All right, happy to provide a comment on that. Millar Western of course is our 50/50 partner in the Meadow Lake pulp mill. Millar Western is the Alberta-based company that's our partner in that project and I suspect really what you're asking is how is the pulp mill performing and what are our

plans or thoughts about the future of our investment in that pulp mill. Have I got that right?

Mr. Wall: — Yes, please.

Mr. Douglas: — It's no secret that that's been a very, very difficult investment right since start-up that, particularly in the early years when it entered the market with very poor pulp prices, dug quite a big financial hole for itself. And it's only in the last few years that it's started to come out the other end as it pays down some of its senior debt. It's not there yet, although last year's results were moderately encouraging in that its losses were not particularly dramatic even in a period of low pulp prices.

And the outlook for this year is improving as pulp prices strengthen, as with . . . and we expect that there will be no need for further cash injection into the business this year other than the \$2 million principal loan payment that we made on its behalf under the terms of our agreements with them. And we expect, given the most current industry forecast on pulp prices, that that outlook will continue to improve over the next couple of years.

We, as with all our investments, continually look for exit opportunities at an appropriate value. It's often very difficult to exit when a business is struggling, and that's no different in this case. However, we talked to both our partners and other people in the industry about the future of this business and there is more interest being expressed I guess in the possibility of taking over our position.

And what that would mean? I think the financial statements have some fairly detailed notes on our current carrying value. It looks perhaps like you're on the page which I'm not right at the moment. But we do periodic valuations of the current value of that investment. Haven't done one for about two years now, but we're quite comfortable with the carrying value which is a hundred . . . Maybe you have it in front of you. It's in the order of \$100 million net, I think.

Mr. Wall: — Thank you.

Mr. Douglas: — Yes, \$109 million, pardon me. That's a modest improvement over the \$102 million carrying value of last year.

Mr. Wall: — Thank you, Mr. Douglas. I have a question on . . . just a clarification. And we talked about this in the legislature yesterday too — the Minds Eye. And we've asked questions about this already. This is a new question.

What was confirmed yesterday was that of the \$2 million sort of conditional, additional money the government was prepared to put into this if there was matching private sector investment found, I think the minister said yesterday that the private sector . . . We asked who the private sector partner was for the 1.25 that's been committed or that's flowed through to the company on that 2 million. I think the minister said Crocus, which is a labour-sponsored, a venture capital fund. Are they responsible for the entire amount — the entire 1.25 in terms of matching?

Mr. Douglas: — There may have been another source for a

small portion of that, but primarily Crocus. There was another entity that put 650,000 in as part of that matching process in the last little while as well as Crocus. Of course entertainment would be in relation to a specific project series.

Mr. Wall: — And I hear what you're saying clearly. I mean one of the private sector investors was not the, was not any of the venture capital funds that CIC's involved in.

Mr. Douglas: — Right.

Mr. Wall: — Would your arrangement . . . Did the \$2 million arrangement preclude, specifically preclude any other arm or element of CIC from providing the matching funds . . . or that CIC might have an interest in from providing the matching funds?

Mr. Douglas: — No, it did not specifically preclude that. The individual investment decisions around those funds are made by the credit committees of the funds or the decision-making structure within those funds.

Mr. Wall: — So it's possible that some of the funds that CIC has vested in is not . . . would be the private sector or would be the private partner for this but it's not happened. It's not been the case but it's possible that that could happen if those credit committees decided that this was an investment they were interested in?

Mr. Douglas: — It's theoretically possible, but it has not happened.

Mr. Wall: — I wanted to talk a little . . . I wanted to move on to Centennial meats, if I can; I want to talk a little bit about the investment there. What is the status of Centennial's dispute with the Alberta provincial government? Is that resolved? And I have to admit I'm not sure of the details of the dispute but I know there was some ongoing concerns. Or maybe they've all been resolved and I guess that's what I'm wondering about.

Mr. Douglas: — There was a settlement reached on a loan from the Alberta government — Alberta Treasury Branch or Alberta government, I'm not sure — at about the time that we also invested in that business, But that's, to the best of my knowledge, old news, happened a couple of years back and that there's currently no outstanding issues, no current outstanding issues.

Mr. Wall: — And that is the reference here when it talks in the annual report about included in Centennial's financial statements are liabilities owing to Centennial 2000 inc. Well that's owing to the certain tax liabilities?

Mr. Douglas: — Yes.

Mr. Wall: — So that's a reflection of the fact that the matter's resolved. What is the status . . . I mean these investments were all reflected in here on an equity basis? What is the CIC III's, and this is subjective, agreed, but opinion going forward on this particular project? I mean obviously it made the investment so it's optimistic that it's going to bear fruit for the taxpayers from an economic development standpoint. In the current environment how is the . . . how are officials viewing this

investment?

Mr. Douglas: — I think we remain I guess cautiously optimistic that this will be a very successful investment for us.

Our investment was made on the condition that they build a hamburger patty manufacturing plant, actually, in Saskatoon, and that has been completed and come on stream, performing up to expectations, employing a couple of hundred people, producing about 1 million pounds of hamburger patties a week, selling them all over Western Canada and even into Ontario — Dairy Queens, A&Ws, and so on.

So from the public policy objective we're very happy with the outcome and we remain optimistic that from the financial point of view that in the not-too-distant future we'll see the results that we were looking for when we made the investment.

Just as an aside, we also, when we became aware of issues around BSE (bovine spongiform encephalopathy) and so on, took the time to go and work . . . or to speak to all of our investments in beef and agri-processing industry to assess the impacts on their business. And while we're all concerned, I can report that with Centennial that they have not seen a dramatic change in their business as yet.

Mr. Wall: — Thank you, Mr. Chairman. I don't think we have any more questions.

The Chair: — Could someone move that the committee conclude its review of the 2002 annual report, financial statements, and related documents of Crown Investments Corporation of Saskatchewan?

Ms. Atkinson: — I so move.

The Chair: — Okay. Thank you, good. Is that agreed?

Can I also have a motion that we adjourn to the call of the Chair, and I will consult with Mr. Wall and Ms. Atkinson as to when we meet again?

Mr. Wall: — I so move.

The Chair: — Moved by Mr. Wall. Is that agreed?

Thank you, all.

The committee adjourned at 11:46.

