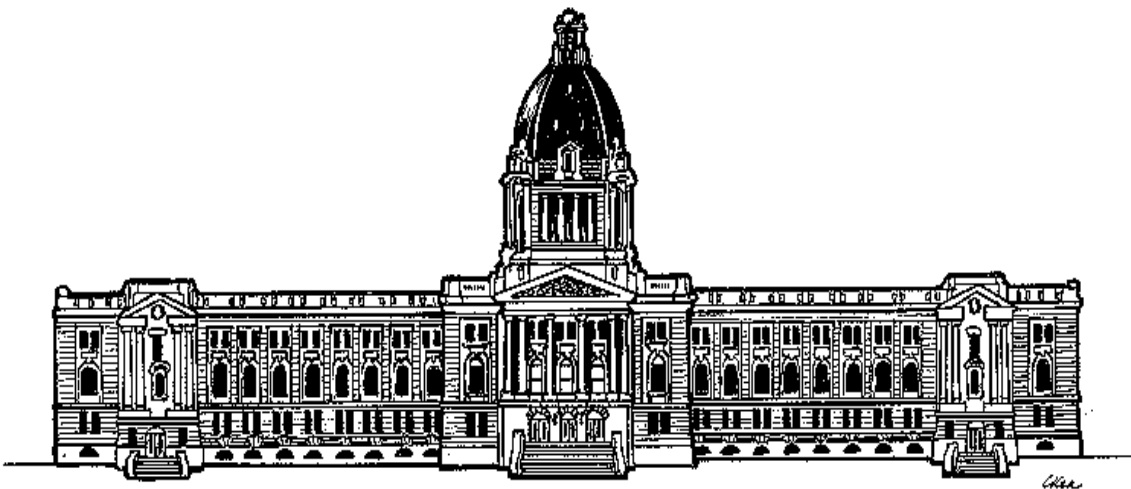




STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

Hansard Verbatim Report

No. 3 – March 13, 2012



Legislative Assembly of Saskatchewan

Twenty-seventh Legislature

STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

Mr. Greg Brkich, Chair
Arm River-Watrous

Mr. Warren McCall, Deputy Chair
Regina Elphinstone-Centre

Mr. Gene Makowsky
Regina Dewdney

Mr. Scott Moe
Rosthern-Shellbrook

Mr. Roger Parent
Saskatoon Meewasin

Mr. Randy Weekes
Biggar

Ms. Nadine Wilson
Saskatchewan Rivers

[The committee met at 09:01.]

Crown Investments Corporation of Saskatchewan

The Chair: — Good morning, members. We have no substitutions today which is nice. I believe the members have a copy of today's agenda. If members are in agreement, we will proceed with the agenda. But first I need to table the following document: CCA 16/24, Crown Investments Corporation of Saskatchewan (CIC) appointments to CIC subsidiary Crown corporation boards by order in council on March 5th, 2012, dated March 12th, 2012.

Next on the agenda is consideration of the Crown Investments Corporation of Saskatchewan 2008, 2009, 2010 annual reports and related documents. Mr. McMillan is here. I will have him introduce his officials, and if you have an opening statement before the members ask questions. If not, we can proceed right into the questioning. I'll turn the floor over to Minister McMillan.

Hon. Mr. McMillan: — Thank you, Mr. Chair. My opening comment in regards to these documents and the other items that were before the committee in the February 14th meeting, the comments I made at that point really apply to these as well. So today I will introduce my officials again, and then we'd be pleased to answer any questions that the committee may have.

Today I'm joined by Dick Carter, president and CEO [chief executive officer] of CIC; Blair Swystun, senior vice-president of finance and administration, and chief financial officer; Doug Kosloski, vice-president of human resources, resource policy, governance, and legal and general counsel; Iain Harry, vice-president of Crown sector initiatives; Rae Haverstock, vice-president of asset management; Ken Klein, executive director of capital pension and benefit administration; John Amundson, corporate controller. And I believe that is all the officials. And Deb Clark, executive director of communications, has joined us as well today.

And with that, we'd be pleased to answer any questions in regards to the items before the committee today.

The Chair: — Thank you, Mr. McMillan. I'll turn the floor over to questions. Mr. McCall.

Mr. McCall: — Well just by way of — thank you, Mr. Chair — just by way of welcome to the minister and officials, good to have you back for consideration of outstanding CIC business before the Crown and Central Agencies Committee. I'll turn the floor over at this time to the Leader of the Opposition and lead critic for CIC from the opposition, John Nilson.

Mr. Nilson: — Good morning. It's interesting to take a look at these reports and in light of . . . as we're going forward. And I guess I have a series of questions. And I know that Mr. Wotherspoon will probably intersperse with my questions in some of the same area that relate to some of the issues that I raised last time around the new reporting rules for the Crown corporations on an accounting basis. And the questions basically go to more transparency, more understanding of how things are reported so that we can actually have a full

understanding of the liabilities for the citizens of the province of Saskatchewan.

My initial questions are going to be starting out based on the notice that came out of the Ontario Securities Commission a couple weeks ago related to effectively a few different areas. But one of them is business combinations which is under the international financial reporting standards. I think number three is the way they describe it. And basically can you explain how implementing these particular rules and this particular transparency will work as it relates to the Crown corporations, especially in a comparative way from 2008 to now — well we don't have the 2011 report, but 2008, 2009, 2010 — so that we can understand how, if this rule was in place, what would have been reported differently in each of these annual reports.

Hon. Mr. McMillan: — Mr. Chair, the IFRS [international financial reporting standards] accounting rules, we started accounting 2010. But for 2010, we did them in both IFRS and Canadian GAAP [generally accepted accounting principles]. When we report the 2011 — I think this is what the member was referencing, statements in 2011 — we will be reporting 2010 in IFRS numbers. Therefore it'll give the direct relation, and those numbers can then be compared to this year's annual report.

To the member's precise questions, I am going to pass that question on to officials as to exactly how we will be treating this particular rule under IFRS.

Mr. Swystun: — Thank you, Minister, and good morning, members. So if I understand Mr. Nilson's question, it relates to a bit of a compare and contrast with the presentation of results up to 2010 as contrasted with the 2011 results which obviously are not yet tabled. Those will in fact be the first year under which all IFRS rules will apply, including the particular rule that Mr. Nilson was referring to.

The change in general is not particularly significant for Crown corporations. The difference that applies with this rule is that under the former generally accepted accounting principles, there was an approach known as proportionate consolidation whereby investments held by a Crown corporation that were jointly owned with another party would be consolidated, which means that CIC's share of both the assets as well as the liabilities and the equity would all be recorded on CIC's financial statements.

Under IFRS the principle of proportionate consolidation no longer applies, and a different accounting approach is taken, and that's what's referred to as equity accounting. So the assets and the liabilities are not reported on CIC's financial statements, only CIC's share of the net equity in the investment. So the net result in general would be a reduction for the investments that this change applies to. The reported assets and liabilities would both decrease. The equity that's reported would remain the same. Some examples of investments to which this applies would be, some of the more significant ones would be the Meadow Lake Pulp Limited Partnership. SaskPower has an investment in a cogeneration facility in partnership with Atco at the Cory potash mine. CIC holds investments in a couple of funds. One is the Apex Investment Fund in partnership with the credit union system and some

other investors, and then CIC continues to hold an interest in the Entrepreneurial Fund. So those would all be examples of investments where the net assets and liabilities would no longer be reported, only the net equity.

So in general what you would see is a reduction in assets and a reduction in liabilities. There would be other investments as well, but we'd have to, I guess, just research our records to come up with a more complete list.

Mr. Nilson: — Yes, and those were some of the ones that I was wondering about. So what you're saying is that on the books you'd just show, say, the joint venture with Atco, and there would be an equity number and not any of the financial information underlying that equity number. But would that other information be reported somewhere else?

Mr. Swystun: — Yes, thank you. Yes, that's exactly right. The amounts shown on the financial statements themselves would be limited to the equity that's reported. There is additional detail that's reported both in the notes to the financial statements, so it would describe some of these underlying details, and typically the management discussion and analysis for the entity may have some discussion if it's significant. Now some of these funds are quite small, so it may or may not be material enough to warrant a discussion in the management's discussion and analysis as well.

Mr. Nilson: — Can you explain how a project where you purchase power for example, which also obviously includes some payment toward the equity of building a plant like the Northland's power project at North Battleford, how that would be reported differently or if it would be reported in the same way.

[09:15]

Hon. Mr. McMillan: — Mr. Chair, the Northland Power purchase agreement or agreements of that nature wouldn't be covered by this rule 3 . . . [inaudible] . . . that it would be treated completely different in IFRS.

Mr. Nilson: — Well if it's not covered by rule 3 . . . My question doesn't relate just to rule 3. I would like and I think the public would like to know how it will be reported under the new IFRS reporting system so that we can understand that.

Hon. Mr. McMillan: — Mr. Chair, a power purchase agreement under Canadian GAAP, there is no asset or liability related to it. That agreement wouldn't be reflected in the statements. We're under the IFRS statements. The agreement is actually written as . . . The portions of it are as an asset and the liabilities of what are committed to as well. So in IFRS it does show up in the financial statements as both an asset and a liability. In GAAP it wouldn't show up at all in either category.

Mr. Nilson: — That's my question. So can you explain how it would show up and give me a comparison for the way it is now versus what it will be in now the 2011 statement, or what's proposed?

Hon. Mr. McMillan: — The Northlands example wouldn't be reflected in these numbers as it's not on stream yet, but the Atco

example we spoke of earlier would be reflected in the consolidated numbers here. And I'll pass it on to Blair on exactly how it's counted as an asset or as a liability in the current situation.

Mr. Swystun: — Thank you, Minister. Under generally accepted accounting principles which would apply to the reports that have been tabled, the obligations on our power of purchase agreement are just simply treated as an operating expense in the year in which the expenses are paid.

Now the difference under IFRS would be that both an asset and a liability would be established when the agreement is entered into. Each year as power is supplied under the agreement, there would be a number of effects that would take place. Number one, there would be a reduction in the liability and there would be a recognition of an implicit financing cost or an interest expense within that. So those would be . . . That would be an expense item and there would be an offsetting reduction in the corresponding asset as well. So, over time, the asset and the liability would be reduced on the financial statements over the life of the agreement and it would be released into expense in each of the years in which the agreement is in place.

Mr. Nilson: — So . . .

Mr. Swystun: — [Inaudible interjection] . . . Right. Thanks, Dick. And the other aspect to it of course is, because there's an asset on the books, there's also an amortization of the asset which is also expensed each year.

Mr. Nilson: — So what is it that would be the governing trigger to report the asset that way as opposed to a situation where you have a long-term purchase agreement with a possible, I guess, buyback or purchase of the asset after, say, 25 or 30 or 40 years? Would there . . . What would be the trigger in reporting under both systems?

Hon. Mr. McMillan: — Mr. Chair, I guess I'm again going to pass on for the technical, but I just want to clarify as far as the plant purchase agreement at the end of the 25 years. Neither the Cory plant nor the Northland's plant that we spoke of have that provision in them. But as far as the take-or-pay provision and how that's treated under IFRS, I will pass that on to Blair as well.

Mr. Swystun: — Thank you. Mr. Chair, the trigger for whether an agreement like this is treated as a capital lease under IFRS is really driven by this notion of whether the agreement contains a significant take-or-pay provision. And by that I mean whether the agreement contains a provision that, in this particular example, if SaskPower were the customer, it is compelled to make payments for power regardless of whether the power is actually consumed or not. And in fact that would be the nature of both the Northland Power agreement example that the member described as well as the agreement with the Cory cogeneration project as well.

Mr. Nilson: — So as we move forward into the new system, there'll be more clarity on those types of agreements, future ones and past ones, so that the shareholders will be able to see it much the same way as shareholders of companies governed by the Ontario Securities Commission would be able to assure the

public that if you buy these shares, you get the full picture. So is that an accurate statement?

Hon. Mr. McMillan: — Between GAAP and IFRS, there is more information certainly in IFRS than there is in GAAP, providing more information to this committee, to the public, certainly.

And is the transparency similar or equal to, what, a private sector company? The answer to that is absolutely yes as well, that the reporting is exactly the same as what a private sector purchase agreement of this nature would be as well.

Mr. Nilson: — So thank you, Mr. Chair. I'll conclude my questions in that area for now and I'll turn it over to Mr. Wotherspoon.

The Chair: — Mr. Wotherspoon.

Mr. Wotherspoon: — I'm just looking a little bit at some of the suppliers and other payments, list payments for the year ended for each of the respective reports that we're looking at — 2008, 2009, 2010. There's a host of organizations or entities of various natures that receive funding from CIC. My question to the minister would be, which of those organizations or entities that are funded by CIC have representation by way of governance or on the board structure of the respective organizations?

Just to clarify, the types of organizations and entities I'm looking at are the ones that would be located, for example, in the 2010 report on page 4, suppliers and other payments.

Hon. Mr. McMillan: — I don't . . . I guess if I could just ask for a little further clarification. The CIC board is comprised of ministers, and I don't think any of them have an association with any of these. But I presume that your question is about . . . Maybe if I just let you . . .

[09:30]

Mr. Wotherspoon: — So my question would be, as it relates to the organizations or the entities that are funded, let's say in this we can work specifically for now with that list in the 2010 report on page 4, suppliers and other payments. And if we look at the list there, there's a host of different natured organizations and entities, from the Capital Pension Plan to the Diners Club to Gradworks to Stadium Consultants International to IPAC [International Performance Assessment Centre for geologic storage of CO₂]. The list goes on.

My question would be on, with respect to those specific entities or organizations that receive funding from CIC, which of those organizations that are listed — and we can work with the 2010 list specifically for now — which of those would have some representation of CIC, either in a governance perspective or in some nature of the board?

Hon. Mr. McMillan: — Mr. Chair, as far as representation on boards, Capital Pension Plan we do, the Gradworks Inc. we do, and IPAC-CO₂ we do as well. There's also some Crown corporations included and the rate review panel Chair as well. We don't have representation on their Board but obviously have

some governance rules.

Mr. Wotherspoon: — No representation on Stadium Consultants International?

Hon. Mr. McMillan: — No.

Mr. Wotherspoon: — Could the minister quickly describe WR Trust?

Hon. Mr. McMillan: — WR Trust is a landlord of the building in which CIC rents office space.

Mr. Wotherspoon: — The organizations that the minister has suggested, there's a role in governance from CIC exclusive of the Crown corporations themselves — SaskPower, SaskTel, including the others that were listed and that have received funding and also have some governance. Within any of these entities, either through 2008 or 2009 through to present, have there been any financial irregularities in any of those organizations or entities?

Hon. Mr. McMillan: — Mr. Chair, the Capital Pension Plan, there was nothing to report. The Gradworks, nothing to report. IPAC-CO₂, it transitioned from being a university-housed operation to being a stand-alone operation. At that time the board asked a third party to look at the financials of the operation and the report came back to the board that said there was no financial irregularities.

Mr. Wotherspoon: — Was there an audit done, I guess, of . . . [inaudible] . . . or the Gradworks, Capital Pension Plan, nothing to report . . . So looking then at IPAC exclusively, was there an audit done then of . . . And could you describe what type of audit or audits were performed at IPAC?

Hon. Mr. McMillan: — Mr. Chair, as part of the transition from university structure to a stand-alone entity, Meyers Norris Penny did a financial review of the operation.

Mr. Wotherspoon: — Would that be characterized as an audit or a forensic audit, or what would you describe this financial review? What was contained in that process? And maybe if we can work a little bit with establishing some timelines as well, what years are we speaking of here?

Hon. Mr. McMillan: — Mr. Chair, for IPAC the agreement was struck in '08. The first funding to the university went in 2009. In June 2010 is when it transitioned from a university entity to a stand-alone entity. The Meyers Norris Penny financial review was inclusive of the time that it was a university entity, and it was a financial review, not an audit. Also KPMG was tasked at the time that IPAC became a stand-alone entity to ensure that when it was no longer under the financial structure of the university, to ensure that it had appropriate financial controls and financial structures in place to be a stand-alone entity. That was just advice to ensure that they had the appropriate controls in place as a stand-alone entity.

Mr. Wotherspoon: — So is the minister suggesting that no audit has occurred in the years 2008, 2009, 2010, or 2011 with respect to IPAC and their financial operations?

Hon. Mr. McMillan: — In the time that it was a university entity, it would have been audited in the university's financial statements, and the Provincial Auditor is the auditor for the university. From the time October 2010 to March 2011, when it was a stand-alone entity, KPMG is the external auditor of the new stand-alone IPAC. And they reported a clean audit, reporting year-end March 2011.

[09:45]

Mr. Wotherspoon: — Could the minister provide the committee the names of the individuals from CIC that sit on the governance structure of the board of this entity, both in its prior form within the University of Regina but now in its stand-alone form?

Hon. Mr. McMillan: — Mr. Chair, this is a seven-person board. When it was first set up, the three . . . And CIC has three members on the board, seven-person board, Mr. Chair. The three that were initially put forward for the board were: Ron Styles; Iain Harry; and Kent Campbell. Since that time, Ron Styles and Kent Campbell have been replaced by Laurier Schramm and Dick Carter.

Mr. Wotherspoon: — And who were the . . . So there's four other members. Who are the other members on that board?

Hon. Mr. McMillan: — The university has three seats on that board, and Shell Canada has the one remaining board seat.

Mr. Wotherspoon: — Thank you. Just moving to the dollars that were transferred to the University of Regina in 2009, and I'm looking specifically at the page 5 of the report and where roughly \$1.9 million, I'm wondering how much of these dollars were dedicated towards IPAC. In 2009 there's a transfer to the University of Regina for a little over 1.9 million. There's also a transfer that year for 674,000. We suspect that that would be likely Wascana Centre dollars. But maybe the minister can verify both payments — the payment of 674,000 but then also the 1.929 million — that's displayed and break down what those dollars were intended for, what organization.

Hon. Mr. McMillan: — Mr. Chair, of the 1.9 million, just over 2,000 of that is an employee workstation ergonomic assessment. I don't have a lot of details on that one. But the bulk of the 1.9 million was \$1,644,076 to IPAC; course training for 35,337; North American Institute for Sustainable Energy was \$247,985. And of the 674,098, \$505,348 was for Aboriginal student recruitment and retention; 1,250 was for corporate sponsorship; and 167,500 was for the CIC bursary funding.

Mr. Wotherspoon: — Question to the minister. Thank you for those answers. Question to the minister: have there been any concerns by way of what's been described as financial reviews here today? Has there been any concerns that have been brought forward to the board through these different processes, either in the entity as it was with the university or as a stand-alone entity right to present?

Hon. Mr. McMillan: — Mr. Chair, our board representation has said that when it was a university funded or a university managed operation, that the IPAC board, of which we have

three members, asked for the financial review to see if there was value for money for what was being invested. The report came back to say that largely it was. Services were fairly paid for, offered for payment. When it's a stand-alone entity, there's been no concerns raised as to value for money.

Mr. Wotherspoon: — Just to the minister's point then, they're saying that the value-for-money audit was the only audit that was reviewed. Were there any other audits at that point in time or any other reviews of a different nature? And so if you can clarify that.

And then just to clarify his term largely. Largely would state there was, I guess, some expenditure or some aspects that may not have been appropriate. So my question to the minister is, he used the term largely. That doesn't display complete certainty. So I'm just wondering if he can clarify to the public which parts within this organization were of concern to the board or were raised as concern through the financial review or audit or value-for-money process that's been engaged in.

Hon. Mr. McMillan: — Mr. Chair, I guess there's a couple questions here. Was there more than one review? There was a second review, and that was the KPMG review that I spoke of earlier, and that was . . . Now as a stand-alone entity, is the appropriate governance and financial structure in place for it to be a stand-alone entity?

The previous question was . . . One of the previous questions was, was there any other concerns other than financial and the use of largely? What was the significance of largely? The review was to reconcile all the monies that had gone into IPAC at the time and all of the products purchased, all of the assets that then needed to transition out. The review was, was good value for money, for those assets purchased that were now being transitioned out, did that fairly represent what the financial partners had invested in in the first place? That review did hinge on one particular company. Was that company providing value for money? And I think it's viewed that we didn't get any bargains but that in fact we did get value for money — that for what we paid for, we got value for.

Mr. Wotherspoon: — Which company is the minister referring to?

Hon. Mr. McMillan: — The company is Climate Ventures Inc.

[10:00]

Mr. Wotherspoon: — Could the minister describe who Climate Ventures Inc., who they are and who's their senior management and who's their governance.

Hon. Mr. McMillan: — CVI, or Climate Ventures Inc., is a private company so we don't know their board structure or their corporate structure. We do know their principal is Henry Jaffe, and CVI is a company that the university had hired to get IPAC off the ground in its initial start-up phase.

Mr. Wotherspoon: — The next questions would be: what services were provided, but also how much money was provided and in which years?

Hon. Mr. McMillan: — The time frame is from March 2009 to December 2010. The total is 2.9 million, and the services rendered were computer hardware, computer software, and computer consulting work.

Mr. Wotherspoon: — Was this a tendered process?

Hon. Mr. McMillan: — Mr. Chair, this is a contract that was entered into with the university and actually it was entered into before the IPAC board was established. And I understand that the university chose this organization for the contract as opposed to having a competition.

Mr. Wotherspoon: — So this was entered into in 2009. I guess my question would be, when was the IPAC board established? And when this contract was entered into, were CIC representatives sitting on that board or that structure to award that contract?

Hon. Mr. McMillan: — Mr. Chair, the first board meeting was November 2009. This contractual arrangement was set up before that. The first invoices were paid March, April 2009.

Mr. Wotherspoon: — The CIC transferred that year roughly \$1.6 million to IPAC. At what point would have those dollars been received by IPAC?

Hon. Mr. McMillan: — Mr. Chair, both Shell and CIC signed five-year, \$5 million agreements with the university to set up and run IPAC. Our first funding flowed early in 2009, that was the 600,000. Later in that year was a further \$1 million that flowed to the university.

Mr. Wotherspoon: — So when those dollars were transferred from CIC and contracts entered with CVI, at that point in time when dollars flowed from CIC, was there representation that then went along with those dollars from CIC to provide some level of oversight?

Hon. Mr. McMillan: — Mr. Chair, the financial controls and oversights were those of the university. We signed a contract with them to provide oversight, to set up, manage, and run IPAC, and they were responsible for semi-annual reporting to CIC. And that was part of the agreement that we signed for the five-year agreement.

Mr. Wotherspoon: — And subsequent to that, three representatives of CIC sit on the board that was established in November of 2009?

Hon. Mr. McMillan: — That's correct.

Mr. Wotherspoon: — What sort of reporting and controls and oversight did that board have of that contract and whether it was being fulfilled in the nature that it should have been, providing services that were required? And were there any concerns raised either with the board, with the board itself, or with CIC at any point in time through 2009, 2010, 2011?

[10:15]

Hon. Mr. McMillan: — In October of 2009, the board had their first board meeting. They were brought up to speed with

the start-up phase, the agreements that the university had entered into, the work that they had conducted to get IPAC off the ground and doing the work that it was meant to do. In April of 2010, the permanent CEO was hired. At that point is when they started their review, their financial review, and started the process of taking IPAC to a stand-alone entity.

Mr. Wotherspoon: — So I'm just looking at the numbers here, and I guess over the two-year period of 2009-2010 there's been questions raised by the minister around value for money with a contract to Climate Ventures Inc. Dollars that were transferred to that company during that two-year period was 2.9 million approximately. The same period of time, the transfer from Crown Investments Corporation was \$2.6 million to this entity — so almost the same amount, I guess, as far as the transfer.

The minister's raised — I believe some caution in his voice here — around whether or not those dollars were being utilized appropriately, although he stated that he doesn't feel there was concerns that were raised. I guess I would just go back to that point right there. As it relates to all the contracts we're looking at, the organization in its various forms over the past few years, have there been concerns brought forward to board members, to CIC itself as it relates to the financial operations or contracts within or from IPAC?

Hon. Mr. McMillan: — Mr. Chair, for clarity, our funding follows Shell's funding. Before our funding flows, Shell's money must flow as well. So if we put in 2.9, the total would be 5.8 for the start-up phase to that period.

From the start-up, while this entity was a University of Regina entity, it was the responsibility . . . the University of Regina has financial controls and responsibility over it. From the time that it became a stand-alone entity, IPAC had worked very hard to ensure that they had the appropriate controls and financial regulations to ensure that it would operate appropriately.

When the new CEO was brought in in April, that process began to move it from a university-controlled entity to a stand-alone entity. At that point, they did a review to ensure that what was being transferred is what had been bought and paid for by the partners. And they were satisfied that the IT [information technology] services from this particular company would be transferred across and they got value for money — probably not a bargain for the investment they made but in fact that the software and hardware that would go with the new company was appropriate.

Mr. Wotherspoon: — Crown Investments Corporation on behalf of Saskatchewan people and by way of our Crowns has been funding this operation now, Mr. Minister, for which you're the minister of, since 2009. And there's a responsibility to protect the taxpayer on all fronts here when we're dealing with public money.

So I hear a lot about April 2010 and sort of new structures. That's good. I hope we're on a good footing with this organization. There's been a lot of good work that's come out of this organization. But there's a couple of pieces that continue to concern me. I'm not sure if the minister's doing it purposefully, but I am struggling to extract an answer as it relates to financial concerns or irregularities that have been

raised with the minister, with the board or any board members, or CIC from 2008, 2009, 2010 to present. And I'd like some specific clarity on that front.

Hon. Mr. McMillan: — Mr. Chair, I'll start off by clarifying the funding is 5 million from CIC, 5 million from Shell, and 4 million from the Government of Canada through Western Economic Development.

And the member has pointed out the timeline, as well as I have, that up until this became a stand-alone entity, the financial controls were the responsibility of the university. And before it was taken over by IPAC itself, they did a review to ensure that what had been conducted to that point met their requirements. They had engaged Meyers Norris Penny to do that, and it now is a stand-alone entity that is controlled by the IPAC board. The financial controls are responsibility of the IPAC board of which we have three members that sit on that, three of the seven-person board. But in the time that it was the university's funding, we had a contractual arrangement with them to have them report on a biannual basis, semi-annual basis, as to where our funding was going, what work was being done.

Mr. Wotherspoon: — Try to just be very specific. Has there been any concern or any irregularity raised with the board, board members, with CIC in any fashion, or the minister himself, through the period of time from 2009 through to the present?

Hon. Mr. McMillan: — Mr. Chair, I think it's fair to say that the board members that we have that sat on the board that first met in November thought that having the one very large contract to CVI that was sole-sourced was something that they took a very good look at and was the reason that the review was conducted that looked specifically at that relationship.

Mr. Wotherspoon: — So it was the CIC, if I can make sure the minister's expressing that it was the CIC representatives who had concern with this large contract to one company that triggered some reviews. Is that correct?

Hon. Mr. McMillan: — Mr. Chair, to clarify, we have three of seven board members, but that entire board, the CVI board . . . [inaudible interjection] . . . pardon me, the IPAC board that had concerns and asked for that review.

Mr. Wotherspoon: — The new board or the members that were involved with this previous?

Hon. Mr. McMillan: — The IPAC board. The CIC representatives changed on it right around the same time period. Mr. Carter replaced Mr. Styles in around August of that year. Slightly before that, Mr. Campbell left and Mr. Schramm was appointed later. So we only had two on the board for a period of time. I understand that other, the university representatives also were changing as they had different leadership changes in their executive team at the university through this time period as well.

Mr. Wotherspoon: — And when were the concerns raised? With which board? Specifically I would be most interested in the CIC representation on that board. When was CIC aware of what the minister, I believe, categorized as, an answer or two

ago, as some concerns?

[10:30]

Hon. Mr. McMillan: — Mr. Chair, I'll go through the timeline on this for the member and for the committee. The board raised concerns at their first board meeting. I understand that they thought that sole-source contract of a very large nature was something that certainly raised their attention immediately and was something that certainly had the board's attention from the first board meeting.

Mr. Wotherspoon: — Was this November 2009?

Hon. Mr. McMillan: — Yes.

Mr. Wotherspoon: — Thank you.

Hon. Mr. McMillan: — The new management was brought in in April 2010. I think that that was something that the new management also noticed was a large sole-source contract, and I think rightfully raised the attention. And some . . . Mr. Chair, in June 2010 the board directed that . . . and the audit and finance committee did an internal review of all spending, so this here was included in that. And in March of 2011 the external review was conducted.

Mr. Wotherspoon: — I just find it a tad frustrating, Mr. Chair. You know, we started out with some straightforward questions on this matter around concerns or irregularities or financial problems that may have existed, and I can go back and check the transcript, but it certainly seemed to me to be conveyed to this committee that no such concerns existed. And as we've gone on for an hour of prodding and questions here, I think we have far more questions than answers and certainly far more questions than we have time on the clock here today. And we're talking about a significant amount of money.

That being said, I appreciate answers forthcoming to these, with respect to these questions. The minister now stated that, I believe his words were, that the sole-source contract "rightfully raised the attention," and that the board seemed to have concerns.

He's talked about change in management. Was that change in management connected to concerns of the financial management of this organization?

Hon. Mr. McMillan: — Mr. Chair, the change in management was contemplated at the start of the agreement. The university was tasked with setting up IPAC. They put an interim management in place. They oversaw IPAC. It was, the contemplation from the funding partners and the university, was that they would engage in this work on the behalf of the funding partners, that they would, once the board was put in place, that the university would have three seats on that board and that new management would be hired after the board was put in place.

All those things happened, Mr. Chair. And just to clarify for the member, this is something that CIC is funding, we have board representation on. Where the board had oversight, I am confident that they did the appropriate thing and looked into internal audit committee where they thought, you know, is it a

sole-source contract, something we should look at further? They did, and I'm confident that it's a stand-alone entity today that has the proper controls and responsibilities as IPAC should.

Mr. Wotherspoon: — Could the minister make sure he's providing the fulsome concerns as it relates to what he's identified were some rightfully raised concerns around a sole-sourced contract? Those are the words of the minister. Could he share the fulsome concerns that existed?

Were these of a nature of . . . You've spoken around value for money, so getting into the cost for service aspect, that's one aspect of concerns. Were there any other concerns that have ever been raised as it relates to conflicts or weak controls in managing that contract? So if we're looking at value for money, sure. Looking at conflicts, think of those, that perspective. And then also think of whether there was weakness in the controls from the funder to this company. And please, as it relates to these concerns, I'm talking about any concerns that would have been conveyed to the board or that the board had raised with them or to this minister or to officials at CIC over the past few years.

Hon. Mr. McMillan: — Mr. Chair, to the member's question, there would be two things that I would raise. And the board was made aware that there was potentially a conflict with the CVI and the university. The university was made aware of this. This was under the time when the university was responsible for financial controls and oversight, and over the university's weaknesses in controlling the sole-source contract that we've been discussing.

[10:45]

Mr. Wotherspoon: — [Inaudible] . . . restate the last part?

Hon. Mr. McMillan: — The board had concerns over weaknesses in controls that the university had in administering their contract.

Mr. Wotherspoon: — The minister keeps repeating the University of Regina in this. I guess I just would be cautious here. We have a responsibility, or your ministry has a responsibility, back to the dollars that are being provided by way of Crown Investments Corporation in making sure that there's proper controls and oversight of those dollars. So there's responsibility direct . . . any time that we're providing dollars, public dollars, to an organization or entity, there's a direct responsibility back on to the funder — in this case Crown Investments Corporation along with some other funders that exist. But where I'm focusing my attention is Crown Investments Corporation and the dollars, public dollars, that are involved.

Certainly there seems so that the minister has now raised . . . that was raised that there was a potential conflict as well as it related to, I believe the minister stated, CVI or Climate Ventures Inc. That wasn't articulated earlier in these proceedings but . . . So there was a conflict there. And then there was also concerns over the controls to make sure fulfillment of value for dollar as it related to those services. These are both significant aspects when we're looking at the kinds of dollars that we're talking about, and for the significant

period of time that funding was provided, I guess, to this organization that the minister has brought attention to here today as well.

Certainly in the interest of the public, Saskatchewan people, and by way of assisting us to be most effective in our work around this committee table, I would certainly request of the minister for him to endeavour to provide back to all committee members, of this the Chair and all committee members of this committee, all reviews — whether they're audits, whether they're reviews, reports, and analysis of controls, and the reports as it relates to potential conflicts that have been raised today by the minister — back to committee members of this . . . Now I suspect we certainly can be gracious with time. We suspect you don't have all of those reports with you, and I would understand that you'd want to be fulsome in making sure that all of that information was provided to committee members.

So any reports, both in the various forms of this board and this organization, from 2008, 2009, 2010, the current year, any reports that have been received, that have been commissioned, any review of financial controls, any concerns that have been raised as it relates to conflicts, that that be provided and, I guess, to the public by way of members of this committee. Understanding you probably don't have those here today, certainly I suspect those are readily available. If we could — we're at Tuesday — if we could have those by week's end, as in Thursday, the sitting schedule.

Hon. Mr. McMillan: — Mr. Chair, for the member, we can, I think, meet his timeline for getting the funding agreement between CIC and the university. The semi-annual reports which were part of that funding agreement we can certainly make available to the committee, I would think, at least within your time frame, maybe quicker. The reports that were commissioned by IPAC, we can request of IPAC that they make this committee and release those reports. I don't know the time frame on that right now, but that is something I can commit to do.

Mr. Wotherspoon: — Thank you for the information that will be provided. The most important information that was . . . what was alluded to in the last part of the minister's statement however. And it's those reports and analysis done by KPMG and by MNP that were highlighted here today and any review that's been done with external partners or part of the internal reviews, that's the information that Saskatchewan people will care about because I think that speaks to some of the controls. And what this should speak to is being able to put a bit of a spotlight on, you know, if there's been any concerns, making sure what the minister's suggesting is that some of these concerns have been in fact remedied and providing the confidence to the public that that's been the case. But that's very important information.

The minister suggests that IPAC, that he doesn't have control over whether that's going to be released. I'd remind him that he's a major funding partner at that table with three board members on that committee, and he is the minister responsible to the well over \$2 million that have been provided in the two years that we're looking at here and now. So I guess I look for an entire commitment from this minister here today that he will

advance the position that these documents, this information, these analysis, both internal and external, over the years 2008, 2009, 2010 through present will be provided to this committee by Thursday. And that information of course would be readily available by the organization, and I suspect by the funder as well, which would be CIC as a major funder there. I suspect that information's readily available both by way access of the minister but also respective board members.

The Chair: — Members, Mr. Minister, I think you've . . . Any documents that you can provide, you can provide them to the Law Clerk, and they will provide them to the members. To put a specific timeline on may not be . . . I think the minister's indicated that he will work as quickly as possible, but to put an exact timeline on, he may not be able to meet that. So I would just ask the minister that when he has the documents, to give them to the Law Clerk, and then they will pass them to each and every member of the committee, Mr. Minister.

Hon. Mr. McMillan: — Yes. And like I said in my earlier response, I think that the semi-annual reports, the funding agreements, those are something that we have ownership of and can readily make available to the committee. IPAC reports, we can request. We do have board representation, and we will request that they make those available as well.

Mr. Wotherspoon: — Is it the minister's position that that information should be made available to this committee?

Hon. Mr. McMillan: — Yes. Mr. Chair, I'm comfortable to have those reports released if we can make them available.

Mr. Wotherspoon: — I have a question to the minister: why wasn't this information public in the first place? Regularly when an organization that's receiving public dollars runs into some financial concerns, there's an expectation that there's some public reporting back to Saskatchewan people. Why hasn't that occurred yet? And does the minister see that as an oversight?

Hon. Mr. McMillan: — Mr. Chair, I think that in this situation, no money has gone awry. IPAC is making progress. It's meeting the targets that was set out for it. There was some internal controls that were concerns. Those concerns have been addressed. IPAC is now a stand-alone entity that is performing the goals that it's got set out for it, and it's got the financial controls around it to ensure that it's going to be a very positive organization going forward.

You know, I want to be clear that the money that has been spent has been accounted for, that the hardware and software that were purchased under its university management, they transferred with the transfer of IPAC to a stand-alone unit and are now assets that should be and are in the current stand-alone IPAC company.

And on the governance side, those have been addressed, and it now has a governance structure that would meet anyone's criteria.

Mr. Wotherspoon: — So we'd appreciate . . . The minister has stated — am I correct? — that you believe these documents, these reviews, this internal and external analysis and reports

should be provided to the public, to this committee. Is that correct, Mr. Minister?

Hon. Mr. McMillan: — As minister, I'm comfortable releasing these reports if IPAC will release them.

Mr. Wotherspoon: — Comfort is a good thing. You're the minister. You have three members on that board. Will you be urging and working in a fashion to make sure that that occurs, doing everything in your power and authority to ensure that that occurs?

Hon. Mr. McMillan: — I will be requesting they will be released, yes.

Mr. Wotherspoon: — Could the minister — I'm just looking at the time on the clock — so maybe in the information that will be provided this week as well make sure that we have a full report of all the board members that have sat on the various forms of IPAC in its different forms, board members. But then also staff, a list of staff both through IPAC, through its history from its beginning on through to this very day, I guess, to the very present day.

Hon. Mr. McMillan: — We can provide that information to the committee.

Mr. Wotherspoon: — So we'll look forward to receiving that information. Certainly it's fair to say that many questions exist and certainly significant concerns exist with the information that's been provided today, and we look forward to that information. We look forward to a time of further questioning, more clarity, specific answers, accountabilities. I think at this point I'll conclude my questions as it relates to this area that arose.

What we didn't get to, Mr. Chair, were a whole bunch of different areas. I know that we were hopeful to. We came across this bit of a surprise here today, but I'm sure we'll have more time at this committee table.

The Chair: — I take it the member is asking that none of the annual reports be voted off. Or just 2008? Or were you asking to keep them all and have the committee come back again? Is that what the member was asking?

Mr. McCall: — I guess to clarify, Mr. Chair, the minister's undertaken to provide certain information flowing from the reports under consideration. I think that would serve as an obvious bit of information that needs to be clarified, considered before the opposition is comfortable in voting this off.

The Chair: — If the committee is . . . Being 11 o'clock, if the committee wishes to reconvene again, I guess I can ask for a motion that the committee will adjourn consideration of the 2008 and 2010 reports from the Crown Investment Corporation of Saskatchewan. Is that a motion?

A Member: — No.

The Chair: — Just a statement. Okay. And I guess being 11 o'clock then I will ask for adjournment.

Ms. Wilson: — Mr. Chair, I so move.

The Chair: — Ms. Wilson has moved adjournment of the committee until the next calling. Please adjourn.

[The committee adjourned at 11:01.]