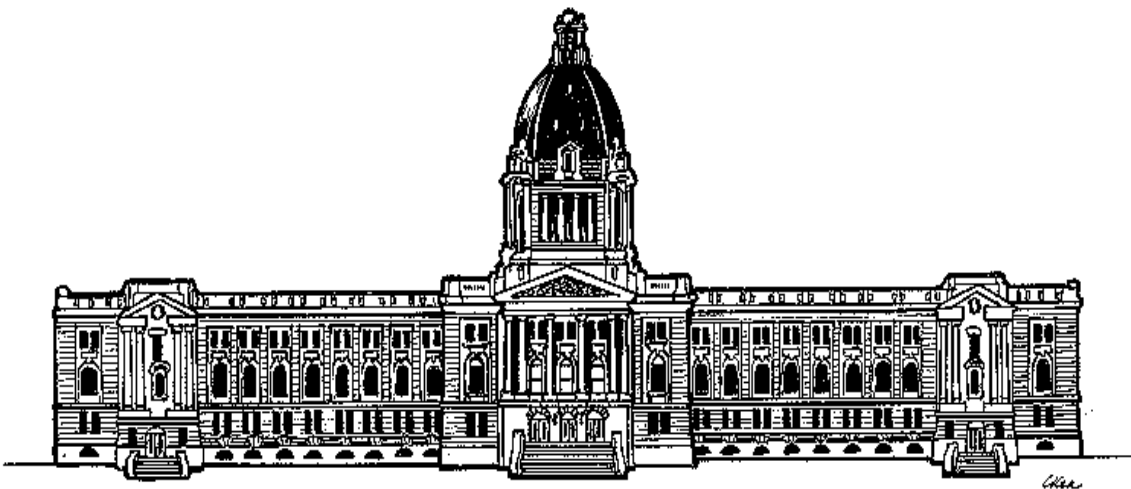




STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

Hansard Verbatim Report

No. 10 – June 19, 2012



Legislative Assembly of Saskatchewan

Twenty-seventh Legislature

STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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Ms. Nadine Wilson
Saskatchewan Rivers

[The committee met at 13:00.]

The Chair: — Well good afternoon; I see another rainy day. The only mention I'll have on substitutions, I see Mr. Bill Hutchinson is substituting for Nadine Wilson.

The members have a copy of today's agenda. Before we move on to the agenda, we have five documents to table today which have been distributed to members. They are CCA 50/27, Ministry of Government Services, responses to questions raised at the April 26th, 2012 meeting of the committee: HDL Investments Inc. and SaskPen Properties and vehicles used by executive branch of government dated May 11th, 2012; CCA 51/27, Crown Investments Corporation, Crown Investments Corporation Saskatchewan, Crown subsidies, 2011, payee disclosure report; CCA 52/27, Crown Investments Corporation Saskatchewan, Gradworks Inc. financial statements for the year ending December 31st, 2011; CCA 53/27, Crown Investments Corporation of Saskatchewan, capital pension plan annual report, 2011; CCA 54/27, Provincial Auditor, report on 2011 financial statements of CIC [Crown Investments Corporation of Saskatchewan] Crown corporations, related entities, dated June 2012.

Crown Investments Corporation of Saskatchewan

The Chair: — On today's agenda is the consideration of Crown Investments Corporation of Saskatchewan 2008, 2009, '10, '11 annual reports, related documents. I will welcome the minister, Donna Harpauer, here and I will have her introduce her officials. And if she has an opening statement before members begin questioning, you can proceed, Minister.

Hon. Ms. Harpauer: — Thank you, Mr. Chair. And with me today I have on my right, I have Dick Carter, the president of CIC, and Doug Kosloski, which is senior vice-president. On my left I have Blair Swystun who is a senior vice-president. Behind me I have Iain Harry, vice-president; Rae Haverstock, vice-president; Randy Burton in communications; Ken Klein, capital pension; Rob Spelliscy, assistant controller; and my chief of staff, Raynelle Wilson. And I do not have any opening statements. I am ready for questions.

The Chair: — Ms. Minister, I will open the floor to questions. I recognize Mr. Wotherspoon.

Mr. Wotherspoon: — Thank you, Mr. Chair, and thank you to the minister and committee members and certainly officials that have joined us here today for some questions here at this committee.

I'd like to focus just specifically on the pension plan obligations, unfunded liability, in specifically one of the Crowns, being SaskPower. And I noticed that from 2010 to 2011, there is an exorbitant jump in what's been recorded as an unfunded liability. In 2010 I believe that amount was around \$146 million as recorded, and in 2011 that jumped to \$261 million is my understanding. So I'd like some explanation of what has driven such an exorbitant jump in recorded unfunded liability.

Hon. Ms. Harpauer: — Thank you for that question, and we

will have Blair give the answer.

Mr. Swystun: — Great. Thank you, Minister, and good afternoon, members. Mr. Chair, in general terms the reason for the change in the unfunded liability at SaskPower's pension plan year over year has to do with the fact that every year, or actually every three years at a minimum, pension plans are required to have actuarial valuations conducted. And in between those three-year valuations, there's also extrapolations that take place. And the purpose of those is to re-estimate both the value of the pension liabilities into the future as well as to reassess the amount of those liabilities in comparison to the investment assets that are used to pay them.

From 2010 to 2011, the largest factor that would have led to the difference that the member noted has to do with the decline in interest rates in financial markets generally. Actuaries will look at those changes in prevailing interest rates. They then take those into account in re-estimating the value or the present value today of pension liabilities into the future. So with the decline in interest rates, there would have been a lower discount rate used in valuing the pension liabilities. That in turn means that, sort of everything else held equal, more money would be required to be set aside today to meet pension liabilities 5 or 10 or 15 years into the future. So that would be the biggest contributing factor.

A secondary factor was that in 2011 investment markets continued to be weak, and so the returns on the investment portfolio for that pension fund would not have been generating the same kinds of returns as might have been assumed by the actuaries in doing their actuarial calculations.

Mr. Wotherspoon: — Thank you. Does the minister have the exact per cent increase that that represents from the 146 million to 261 million? I guess that's about a \$115 million increase, representing likely around 75, 80 per cent increase in pension debt in this one area at SaskPower.

Hon. Ms. Harpauer: — Your calculation of approximately 115 per cent increase would be correct, just doing the quick math in my head. The officials calculated that that would be an 80 per cent increase.

Mr. Wotherspoon: — So I guess my question to the Minister of CIC that certainly has an important role of oversight to our Crown corporations: does the minister have concern in the change over one fiscal year to be an 80 per cent increase in pension debt in one Crown alone? You know, with \$115 million in fact of increases in debt in that pension area, is that a concern to the minister?

Hon. Ms. Harpauer: — Thank you. And yes, this would be a concern and something we'll monitor closely, but it's not unique to SaskPower. All pension plans are suffering from the effects of the markets. And you know, we're all hoping that over time that there will be recovery and the markets will strengthen. The total obligation however is over one billion, so when you look at a percentage on that context, it's not as alarming.

Mr. Wotherspoon: — Nonetheless these are obligations, debt

treated the same as debt of government. And we see a massive increase in this particular area and certainly important obligations in that they represent earned income security for individuals that have built their careers at SaskPower, an important obligation for us to make sure we're in a position to meet and certainly one that we're going to need more than hope to do so.

Does the minister have any plans to address the unfunded liability or pension debt across the Crown corporations and then specifically the debt we're speaking of here today?

Hon. Ms. Harpauer: — So each pension plan is managed by the respective Crown corporation and each of those have a board of trustees who manage the pension plan. There also is legislation in place that if they fall outside of an acceptable range, then there has to be a plan put in place of how the money would be replenished, at which time then each of the respective Crowns would have to have a plan on how they're going to address it.

Mr. Wotherspoon: — From the minister's perspective, is CIC, the holding company for the Crown corporations if you will and specifically SaskPower, and the issues that we're seeing in debt accumulation or pension debt accumulation in a massive way, does the minister, is the minister focusing any sort of specific efforts, maybe a special review, special report that would highlight what's going on in pension debt across our Crowns? Certainly looking at SaskPower we see specifically an 80 per cent increase in this portion of pension debt in just one year, with an aim to make sure that in fact we're planning in a way that allows us to meet those obligations as we move forward.

Hon. Ms. Harpauer: — So we are still within the acceptable range at this point in time. It is definitely being monitored. If it falls with, you know, outside of that range, maybe further action would be taken. But at this point in time we are not commissioning a special review.

Mr. Wotherspoon: — So when we're looking at SaskPower specifically, we know that there's been certainly added debt in the last year. One area has been pensions. There's other areas as well. We highlighted specifically in the pension plan \$115 million of debt increase, close to an 80 per cent increase in the last fiscal year, yet government sought a special dividend, sort of at the eleventh hour, if you will, of a budget cycle year for government from SaskPower, one that had never been planned, to the tune of about \$125 million. As the minister responsible and as CIC as a holding company for the Crown corporations with an important role of oversight, was that special dividend appropriate?

[13:15]

Hon. Ms. Harpauer: — Thank you for that. In the past, I was in your position where I was questioning Crown corporations and the fact that infrastructure wasn't being addressed. So when you refer to the debt, SaskPower definitely has an infrastructure challenge of a number of years of neglect, and so they have to address a lot of infrastructure concerns. And that is why our government chose not to have any dividend from SaskPower in 2008, 2009, 2010, 2011, so for four years.

The special dividend that you are speaking of in 2012, which was \$120 million, was over and above their projected profits for that year. So they had an exceptional year, and that is the reason why there was a special dividend. And they have experienced historically now under our government a complete dividend break.

Mr. Wotherspoon: — Now in previous years, SaskPower didn't meet earnings targets. This last year it's my understanding that they did meet an earnings target, but then that spurred the government to raid the \$125 million. So certainly they're sort of losing ground in some fronts over the past few years. And it's I think unfair to characterize SaskPower as somehow being in a position that it had extra cash on hand when in fact it hadn't been meeting earnings targets and certainly debt was accumulating and particularly the areas that we focus, such as the pension debt.

So I guess I look back to the minister again. I think the right move was to not take a dividend from SaskPower. That was the plan in 2011 and that changed later in the year. Does the minister think that that was a prudent, responsible financial move from SaskPower's perspective or for SaskPower and those it serves? And how did that special dividend come about being initiated to be taken from SaskPower?

Hon. Ms. Harpauer: — Thank you. I guess I take exception to the member's using, usage of raid, in that the business plan target for SaskPower was 118.6 million and in fact their actuals was \$248 million. So I don't believe that taking 120 was raiding them in that it didn't . . . They still had the profit of the 118.6 million. It didn't take every last dime that they made throughout the year. Also their debt ratio they were anticipating would be 68.8 per cent and in fact it is only 63, which is a far better position for SaskPower to be in.

If you can recall, that was the year of quite substantial flooding within our province. I think that as a province we needed to step up to the plate to help that situation. So it was an exceptional year as far as mid-year expense that could not be anticipated. And I think that the citizens of the province do see it prudent that the government is there for them when there's a catastrophic flood within the province.

Mr. Wotherspoon: — No. Sorry, but they're two different things. The flood is separate and not the responsibility of SaskPower. That's a responsibility certainly of government to step up to the plate and meet the needs of communities and families all across the province, and those are two very different pieces.

As far as the 125 million, I guess I would also highlight that some of the . . . It needs to be noted that because of the wet year, because of the flooding, that SaskPower in fact had to defer a lot of infrastructure in that given year; and certainly still those are obligations, expenses, infrastructure that needs to be addressed in years moving forward. And that may be in part some of what's driving the debt/capital or debt to equity ratios that are being cited by the minister. So we need to look at the whole picture on these fronts.

What I would ask . . . There's no debate about whether or not government needs to be able to be there to step up to meet the

needs of Saskatchewan people, business people, and communities at times of crisis. So let's set that part aside. But the point I'd like to, I guess, focus on is the \$125 million, the special dividend. When it was taken from SaskPower, when it was announced, I believe by the Finance minister back in February, sort of the eleventh hour of the budget cycle or the budget year, it seemed to be characterized as being primarily allowed because of the increased hydro revenues that had been provided to SaskPower because of the wet year. In fact I think it was described by many that sort of the wet year that was a difficult circumstance for many families and communities was sort of a revenue gainer for SaskPower, thus allowing the \$125 million special dividend to be paid out.

I guess my question to the minister would be: of the \$125 million special dividend, how much of that can be directly attributed to hydro revenues? Because certainly it's been characterized as, in the past, as sort of being that entire portion, if you will.

Hon. Ms. Harpauer: — Thank you. I need to sort of clarify a couple of points that the member made. One is that Crown corporations and social obligation are totally and entirely separate. The dividends that are paid from Crown corporations go into the General Revenue Fund and the General Revenue Fund then is spent on programs within our province, be that education, health care, social programs — or in this particular case we had some catastrophic flooding. So yes, the GRF [General Revenue Fund] fund is the fund that the government uses to meet its obligations to the citizens of our province. The dividends paid by Crowns go into that fund. So to say that the dividends sit somewhere else and should be used for something else while the GRF is addressing the social issues just isn't the case. The dividends flow into the GRF and the GRF then supports programming for the citizens of our province.

I'm also told that . . . I wasn't the minister at the time but I am told that the announcement at the time of why SaskPower had profited so well was portrayed that it was virtually solely due to hydro. And I'm being told that was not the case — that yes, there was savings due to hydro but not solely; that it was only one factor of why SaskPower had a profitable year. They also had other cost reductions in their operations. One very significant one was the low cost of natural gas.

Mr. Wotherspoon: — Thank you to the minister for clarifying that. I think there's been that misunderstanding that certainly has led from the, I believe, a budget announcement in February when this dividend was taken. And certainly, whether it was the intent or not of the minister at the time to portray this as almost solely or entirely due to high hydro, it's certainly how it was reported out into the public. And certainly nothing has been done to date by government to clarify that position. I remember I recall the headlines of that day basically talking about the flooding being able to pay for itself in the sense that you would think then that that would be the primary driver of the \$125 million special dividend.

Now I don't have exact recollection of the last time I sought a little bit of information on this front but I believe that the hydro increase was in around the \$40 million mark. Maybe it was less than that, maybe it was a little bit more, but certainly it's not the primary driver of that 125 million. I guess if the minister could

just clarify what the exact amount of increase, unbudgeted increase was in hydro revenues.

Hon. Ms. Harpauer: — I'm being told by my officials that they wouldn't have that kind of detail from SaskPower. We would have to go to SaskPower to get the exact details for you and provide them later.

Mr. Wotherspoon: — Okay. That would be appreciated. I appreciate as well the minister being forthright that this in fact wasn't the primary driver. I think that that would certainly . . . There was a different impression that was left with the public at large at the time that that dividend was taken. And I think it's important for the public to realize that while the flooding certainly or the high water table certainly did increase hydro revenues, it certainly didn't account for the bulk of that \$125 million. And this was a year at SaskPower where in fact we saw pension debt increase by \$115 million specifically in the one area cited — an 80 per cent increase — and debt grow in other parts of SaskPower, all at a time as well where because of the high water table, SaskPower wasn't able to do some of the capital work, some of the infrastructure work required and important in that budget year. Yet it just begs the question certainly that that special dividend, from the opposition's perspective, was something that was not responsible to ratepayers across Saskatchewan, to the businesses, to the farms, to the homeowners across this province, not responsible to the shareholders, if you will, of SaskPower.

But we can leave that point. And I would caution the minister in her language before about basically seeming that there's . . . about the responsibility of Crown corporations in covering off expenses of the province in the budget of the province. I think it's very important that dividends are set in a prudent fashion, one that allows economics and a business case to be laid out and allow those Crown corporations to exist in that sort of an environment. And to have Crown corporations felt as if at any moment their revenues, their dollars could be raided as we've really seen in a significant way over the last few years, leaves them in a precarious environment. So I would urge an understanding of the separation that must occur and that does occur from between our Crown corporations between the budget at large. Certainly there is a reasonable expectation for dividends from many of our Crown corporations in a prudent fashion, but it has to be done in a sustainable way and certainly we didn't see that with this grab from SaskPower.

When I look a little bit further, I guess my question to the minister might be, going back to 2008, if the minister could provide the total dollars that have been, Crown dollars that have been transferred to the GRF, so by way of CIC or by way of dividends that have been paid out of respective Crown corporations. So just accumulation of dollars that have been transferred to the GRF.

[13:30]

Hon. Ms. Harpauer: — Before I answer the member's latest question, I just need to address some of the comments that he made about responsibility and his sort of lecture on how we need to be more responsible in what we look at. I remember many years of being in his position, and what I looked at, quite frankly, was the debt ratio of the Crowns because that is the

important factor as to their strength as a business. And again I would like to point out that the debt ratio for SaskPower was projected to be 68.8 per cent, and in fact it was much lower than that at 63 per cent. That is a strong number and something that we have to be very mindful of. I know the member opposite is trying to build a very frightening story for SaskPower and make it sound like it's on the brink, and that's not the case. In fact it is in a stronger position than they had hoped to be.

Also to address, you know, being responsible and money to the GRF and then of course it flows to social programs, I should remind the member opposite that I was part of the opposition at the time when the previous government, who happened to be NDP [New Democratic Party], decided to take a significant dividend from SaskPower that in fact wasn't even cash in the bank. It was a paper profit that they had made because their assets became more valuable because our dollar became stronger. So it was a paper increase only. It wasn't an actual increase in value, and yet the NDP government of the day had no qualms in taking a fairly substantial dividend at that time. So I guess I am very leery about taking lessons on responsibility from that particular member. However, having said all of that, I would like to say that the GRF dividends from CIC in 2008 were 265 million or 365 million.

Mr. Wotherspoon: — Sorry, each year from 2008 . . .

Hon. Ms. Harpauer: — Yes.

Mr. Wotherspoon: — I guess while officials are looking, the other point that we'd like to clarify, the minister references debt to capital ratios and highlights the number last year. If CIC could, if they could provide what the debt to capital ratio will be at end of this fiscal year in SaskPower, what that percentage is and what it was four years ago, five years ago.

Hon. Ms. Harpauer: — The dividend paid in 2008, as I mentioned earlier, was 365 million. In 2009 it was 755 million. In 2010 it was 471 million, and in 2011 it was 128.5 million. The debt ratio for SaskPower in 2008 was 60.7. In 2009 it was 61.4. In 2010 it was 63, and in 2011 it was 63.

Mr. Wotherspoon: — For those numbers, does the minister have the projection of SaskPower for the end of the current fiscal year, SaskPower's fiscal year?

Hon. Ms. Harpauer: — My officials don't have that exactly with them, but they're saying that they don't anticipate anything other than perhaps a modest increase of a percentage point.

Mr. Wotherspoon: — So just to point out, I guess, on the debt to capital that certainly the minister rightfully highlighted as an important measure of the economic health of a Crown, certainly has been increasing over the last four years as well at a time where, I guess, to a new minister who's maybe hopefully going to look to a new sense of stewardship for our Crown sector . . . I guess I look to the minister. Does she have comfort when she looks at those dividends that have been transferred from CIC, from the Crown sector to the General Revenue Fund? And specifically when we're looking at years, and these were of course unbudgeted transfers each year, budget year. We would see one thing in the books and then it would sort of change throughout the year, often sort of at mid-year and quarterly, the

first financial first quarter, the transfers have then been increased or emergency dollars have been flowing.

And I know when I look at years such as 2009 and 2010, and when the public sees those kinds of numbers, \$755 million in 2009 that was transferred to cover off the budget of government — that's significant and of course unplanned — does the minister have concerns about those numbers? At the very least I would hope that the minister would recognize that certainly that's unsustainable in the sense that those dollars don't exist there any more from CIC for this government to continue to drain at that rate.

Hon. Ms. Harpauer: — And it didn't. And you know, what the member is not mentioning is it didn't continue at that rate. I remember well what happened in the, which was very anticipated of course in 2009, was the year of no potash sales. So that was a concerning year for government in order to maintain the important programming for our citizens. However, you're right, you know. Nor was there another year where \$700 million or over \$700 million were taken. Let's go to 2011 when it was only 128.5 million. So you know, point taken, and the government hasn't been taking dividends of 700 million year over year over year.

As the minister, I will be watching industry standards and what's happening in the industry in the various Crowns and comparing the Crown debt/equity ratios to what's happening in the industry in general because I do believe that that is quite important.

But I have to return, because you've been focusing quite a bit on SaskPower: SaskPower was something that isn't a surprise or it shouldn't be a surprise because it was well recognized when the Saskatchewan Party was in opposition that we at one point in time were going to have a lot of difficulties within SaskPower because of a deteriorating infrastructure that is not inexpensive infrastructure. So neglect costs money, and there was a number of years of neglect in the infrastructure of SaskPower.

We're having that along with the exciting challenge of a growing province, so you know, in order to . . . We not only have to address aging infrastructure, but we also have the added pressure in SaskPower of needing more power. And that's quite exciting, but it's something to watch very closely to ensure that SaskPower remains a very, very healthy and vibrant corporation because it's critical to maintain the growth and the advantage that we have here in Saskatchewan.

Mr. Wotherspoon: — I'm tending to try to take an approach that's sort of straightforward and seeking facts. The minister referenced earlier that, something about trying to paint a frightening scene. Certainly that's not the case. I'm intending to do the role as opposition in providing some oversight.

And I think as CIC minister you have a similar job on that front to this Crown corporation. And as a new minister, I might encourage the minister to even sit down with some of her officials and go back in history a little bit.

And some of the political spin that we're hearing instead of just a nice back and forth factual discussion about what's going on

could be aided by that discussion. Because I think when the minister refers to neglect and these different pieces, I think her officials might actually give her some broader context that maybe she never had back in those days of opposition on that front. And there's no doubt we have room to improve in SaskPower. Certainly taking \$800 million, 755 in one fiscal year from our Crown corporations doesn't enable progress on that front. It hinders and hurts that front, and that's the Crown sector in general.

[13:45]

Just one other comment before I move on. The minister said in 2009 that there was no potash sales that year. Of course that's entirely untrue. In 2009 in fact, I think it was the third best year for those companies, those potash companies. It was in fact government that failed to understand their formula, their financial formula. So I believe, and I'm pulling numbers out of memory here, but I believe it was about the third best year for one of our strong producers, a good strong producer in this province, PCS [Potash Corporation of Saskatchewan Inc.]. And certainly it wasn't the case that there was no potash sales. They were just significantly lower than the irresponsible projection that government had put forward.

But I would like to focus in just quickly and seek an opinion. I know we have the clean coal project that's continuing to be advanced or planned towards as part of, within the purview of SaskPower, the responsibility of SaskPower. Now this is a pilot project of sorts. It certainly has potential benefits for, well, all of Canada and the world if proven out. But it is a pilot project and one that's, as I understand right now, certainly — and I've put this on the record before — I believe that there should be some greater federal dollars at play in this whole exercise.

But the way I see it right now, this pilot project which in some ways is a non-economic project in the sense of the pursuit that it has, now it's certainly a valuable, potentially very valuable pursuit, but this is, I believe right now as planned, being funded by ratepayers of SaskPower. Maybe the minister can clarify this with me. Or is this an initiative of government that's being funded and supported? And if it is in fact being entirely funded, other than the small portions we've chatted about in the past from the federal government, by ratepayers in Saskatchewan, has the minister sought from the rate review panel whether that is in fact appropriate to go to ratepayers, to businesses, to farms, to homeowners to fund this exercise, or is that more appropriately funded by government?

Hon. Ms. Harpauer: — So the project, the clean coal project that you're referencing is an economic project that the SaskPower board approved and the federal government gave \$240 million towards. So the intent is they will sell the CO₂ for enhanced oil recovery. And it is believed that it will not cost any more; I'm assuming that they're hoping to see cost efficiencies, in fact, to the alternative which would be natural gas. We don't ask the rate review panel to review something like this in advance, but eventually this will be something that they will look at when it actually is setting rates.

Mr. Wotherspoon: — Thanks for that answer. I was just . . . Interesting just in the sense of whether or not the rate review panel had been engaged on this and whether they felt it to be

appropriate that this be distributed by way of increases to ratepayers, to the private sector, to businesses, to homes, as opposed to being funded by taxpayers or various other levels of government or the private sector.

But certainly I guess the minister has stated that at some point the rate review panel will consider the appropriateness of this being incorporated into rate increases into the future, and we'll be observing that. But we watch with caution about the increases for businesses and for farms and for homeowners that may result from such an exercise in the choice, the chosen financial financing route of this government.

Just as it relates to the contracts that the minister speaks of, what sort of contracts do we have in place for purchase of the CO₂ by way of the enhanced oil recovery at this point in time?

Hon. Ms. Harpauer: — Currently SaskPower's just in the process of negotiating contracts, so that would be a specific question more for SaskPower. But right now there is just contracts in negotiations.

Mr. Wotherspoon: — Okay. So there's not a single contract in place . . .

Hon. Ms. Harpauer: — Signed.

Mr. Wotherspoon: — At this point in time.

Hon. Ms. Harpauer: — Yes.

Mr. Wotherspoon: — Okay. Well that's another important area because if the minister is suggesting here that this will be offset as far as any undue increase to ratepayers because of contracts that are in place, it's important for us to note that not a single contract is in place at this point in time. And so certainly this does present risk then at this point in time for the rate paying public and for businesses and farms and homeowners all across Saskatchewan.

So it's something that we'll need to watch very carefully because the chosen route of financing, as I've said, by this government, if there's not some offset in neutralizing that cost by way of those sorts of contracts, then this is a significant burden in commensurate rate increases that are going to be passed along to private sector and families all across Saskatchewan. So we'll be watching that closely.

I know a few years ago we were having discussions about private sector contributions to a stadium facility under discussion in Regina and at one point, sort of, there was grandiose ideas about what those private sector targets would be for dollars, or that's what we're hearing from government. And now unfortunately we certainly, as we're looking to see that project continue to be considered, we've now understood that there's zero dollars from the private sector on that front. So we're hopeful that we're in a better position by way of contracts on this front. And certainly I think the rate review panel will be tracking this carefully because there's a direct impact to ratepayers and certainly questions of appropriateness as well, I believe, of where those increases are being driven by.

There's recently been a report, fostering proud and productive

employees, SaskPower employee engagement study that's been completed, corporate report 2012, and certainly it exposes some challenges that need to be worked towards. I guess I look to the Minister of CIC for her comment as to some of those concerns that have been identified, what correspondence she's had to date with SaskPower, and what assurances she's been provided that actions and processes are being taken to address some of those challenges. And if she can share some of those processes, some of those actions, some of those timelines with this committee, that'd be appreciated.

Hon. Ms. Harpauer: — I would have to defer that particular question and its particulars when you are reviewing the annual reports for SaskPower.

Mr. Wotherspoon: — Thank you for that answer. And we can follow that up with SaskPower at a later time. It's a fairly new report, but certainly it does highlight some significant challenges that exist and I guess that need to be addressed by SaskPower. And certainly I'd urge the minister to continue to track progress on that front.

But staying with the focus on SaskPower in an area that I think is very, very important for us to continue to pursue in an aggressive deliberate planned approach is conservation or demand-side management or energy efficiency as part of our solution to address some of the economic challenges of rate increases because as I understand this is the most affordable way for us to go about addressing power generation challenges in this province. I understand there's some limitations in how quickly we can move on these fronts, but I have noticed that SaskPower has certainly become significantly more modest in the types of savings by way of — I don't know what the measurement is, kilowatt or megawatt — the energy measurement that they were targeting has become significantly more modest in the pursuit of conservation or demand-side management energy efficiency.

And this is an important area because of course it brings about the greatest ability to control costs for ratepayers, but it also allows us to be environmentally prudent and responsible to those obligations moving forward. So it's sort of the kilowatt that we don't need is the most affordable kilowatt around. And it's my understanding that it typically runs about 3 cents a kilowatt to conserve power. And then of course we know the production costs, generation costs of power far exceed that. So certainly an area I care about. I love when an area such as economics and good environmental stewardship combine, and this is an area that I think we should be incredibly robust on as a corporation and as a province.

I guess I'd seek from the Minister of CIC what her interpretation of what's going on is, and what sort of commitment she brings to the table as it relates to this important area.

Hon. Ms. Harpauer: — Well certainly, I mean we're always going to be looking for energy efficiency. We're going to be looking for methods of producing power that ensure that we're good stewards of the environment. I have confidence that the officials within SaskPower are indeed looking at all sorts of possibilities as we move forward. Again I'd like to say they have the challenge of an infrastructure that's going to need

some major upgrading, and we'll also need an increase in power as our province grows, as industry grows. And it's going to be an increase in power that we're going to need not just in our traditional areas of central and southern Saskatchewan, but we need an increase of power in northern Saskatchewan as well.

So there is no doubt that the officials in SaskPower will be very mindful that any new projects going forward, we have to be good stewards of our environment. I know one of the quite efficient methods of power is hydro, so we, you know, maybe that's a possibility that we can do some expansion in. And energy efficiency is going to be quite critical especially as there's increased demands.

[14:00]

Mr. Wotherspoon: — I appreciate the comments, specifically saying that energy efficiency's going to be important. Just maybe making sure that there's follow-up and leadership from both the CIC perspective and then also in through SaskPower to make sure in fact it is front and centre as an important priority of the Crown.

Maybe shifting gears a little bit before I pass the torch off to some of my colleagues who have questions in some different areas, but I'd like to follow up from some responses of the minister prior yourself. So these were in committee on Tuesday, March 13th, in probing certain areas of questions in going through some of the dollars that are transferred and following up if there was any concerns in certain areas to the management or utilization of those dollars.

And the minister highlighted concerns at that point in time as it related to some dollars that had been flowing to IPAC [International Performance Assessment Centre for geologic storage of CO₂] and had highlighted that there had been in fact some financial controls that, and I'm paraphrasing here, that may be needed to be strengthened, that there was questions around value for dollar on some of the dollars that were being spent. And of course these are public dollars — not all of them; they come in partnership — but public dollars that come from CIC. And I believe CIC has multiple representatives on that board through this period of time.

So looking at that piece I guess from a very straightforward perspective, I know that day I sought from the minister . . . The minister ended up highlighting to us that there had been various financial reports or audits that had been done, I guess a couple by KPMG, one by Meyers Norris Penny. And the minister had, after we sought some commitment towards the end of the committee meeting, had suggested that he would do all he could to endeavour to make sure that those reports would be made, provided back to committee members to make sure best use, appropriate use protections and safeguards are in place for public dollars.

So I was certainly awaiting those reports, those audits, if you will, to be brought forward. And since that point in time, I received a letter from the minister stating that that wouldn't be occurring, which I find disappointing because what we have now is a minister who's stated some concerns around value for dollar, some concerns around financial controls, and significant millions of dollars of course of public money that's been

involved in this exercise, but no information that's been provided back either to this legislature or to this committee or to the public to afford the public or members of this committee the opportunity to understand either some of the concerns that were in place, either dollars that weren't utilized properly, and then hopefully controls that have been strengthened and put in place to ensure dollars were protected.

So I guess we've got a new minister; we've got a new opportunity. I was disappointed to get the letter I did from the minister. I think that the public deserves more than that when they understand that millions have been transferred, and the minister highlights that there's these sorts of concerns. So I look to the minister, seeking her commitment to ensure that those reports are made public or made available, at the very least, to these committee members.

Hon. Ms. Harpauer: — I just need to clarify what the previous minister said at the March committee meeting. The previous minister was very clear that there was concerns about a particular contract that IPAC had become engaged in while it was under the management of the University of Regina, and that the board wanted to ensure or have a look at whether or not there was value for the dollars spent and if the dollars were spent appropriately. And he did also clarify that the services and the computer hardware and software, in this particular case, were purchased, where in fact the money was spent, and there was no money missing, and that he clarified that there was not.

There was a question however if there was a conflict of interest where the contract was concerned, not missing dollars. There was no question around the misappropriation of funds. So I would hope that the member would refrain from alluding to there being a misappropriation of funds when indeed the previous minister said there was not. And so that is sort of a misrepresentation of the concern around the particular management of IPAC when it was under the management contract with the University of Regina.

The minister previous did ask if the reports could be made public and would be available for this particular committee and received a letter from the chairperson of the IPAC board saying that, upon consideration of the board and taking the advice or getting legal advice, they in fact will not release the report. The University of Regina also issued a letter to the previous minister saying how this was a report basically on their management, and they were not in favour of it being made available to this committee as well. If you like, I can table those two letters.

Mr. Wotherspoon: — Appreciate the two letters being tabled. And certainly the minister highlighted whether or not the language and the questions around the concern that had been identified by the minister, you know whether or not I guess myself as a member is utilizing the proper language around the concerns. All I recall is concerns that the minister identified, value for dollar questions that were raised, potential conflicts that had been highlighted, and all of this at a time where it's public money, of course, that's in question. And certainly of the belief that sunshine is certainly the best disinfectant.

I think the public's deserved certainly the reports that highlight the utilization of public dollars. We're not talking about a few dollars or \$50 or \$100 or \$1,000. We're talking about millions

of dollars of public money here. And certainly the previous minister felt, sitting at this table, that it was appropriate to seek the release of those reports, those financial audits or reports, whatever you want to describe them, the two by KPMG, the one by Meyers Norris Penny. That changed. The board chose, I guess, a different path on that.

Will the minister seek to see those reports released? That's something certainly I think that the public deserves access to or at least, very least, this committee, that can allow proper scrutiny and oversight ensuring proper controls are in place to protect all stakeholders moving forward.

Hon. Ms. Harpauer: — I want to restate again that the concerns were around the . . . or the management under the University of Regina, who by the way is audited by the Provincial Auditor. So while the University of Regina were managing IPAC, there was concerns around a contract. In particular it was sole-sourced, which is not government practice. IPAC is funded by CIC as well as the Government of Canada as well as Shell Canada. So we're not the only funder.

Was the money that was spent in this contract spent on the services that the contract was for? The answer is yes. But the board chose then to discontinue having the University of Regina managing IPAC and it is now a stand-alone entity. So they took appropriate action when they didn't agree with the U of R's [University of Regina] management decision to sole-source a contract. And so the review that was undertaken was looking at the actions of the U of R management, and made recommendations. The U of R . . . And the member will see in the letter from the university that they've followed all of the recommendations given to them in future procurement processes, which was one of the issues identified. However the assets that were purchased through that contract and the services through that contract were delivered. They are in the new entity. They were actual capital, hardware assets or software assets. So there is no missing money.

This is a matter of, are you conducting different decision processes in a manner that we would feel would be more appropriate? And we generally don't want to see contracts sole-sourced. So as I said before, was the services received? Yes, they were. Was the money . . . You know, there's no missing money or misappropriation of money. But there is a question of why this particular contract — and it was a fairly large contract; it was over \$2 million — was sole-sourced.

So there is a number of, well there's hundreds, quite frankly, of agreements that government engages in with third parties to manage an entity or to supply services. And there's checks and balances in place whenever we have a contract with a third party to oversee some sort of service for government. And when something is identified that maybe is questionable, there are procedures that take place to either correct the problem or to change the contract arrangement or to discontinue the contract.

In this particular case, the IPAC board chose to discontinue the previous relationship with the U of R where they were managing IPAC, and they instead moved IPAC into a stand-alone entity rather than under the management of the U of R. So the appropriate steps were taken when there was concerns raised. Yes, there was not money missing, but it was just

perhaps a question as to why this particular contract was sole-sourced.

Mr. Wotherspoon: — So the minister is providing some different statements here. The concerns exist. And certainly the light of day on those reports and the minister sharing with us that recommendations have been acted upon, well that's helpful. But it needs to be more sort of showing us, putting that evidence on the table than simply stating it here at this committee. I guess my question to the minister specifically: has she gone through in a thorough way to read the three reports that were put together?

Hon. Ms. Harpauer: — No, I have not. I have been working on the advice of the CIC officials. But perhaps the member will understand better when they read the letter from the university. Because it's there; that is the body that has to make the changes to their processes.

Mr. Wotherspoon: — The governance structure has changed for IPAC as well, and to be very frank, I think we should be very cautious in sort of pointing fingers here. I keep hearing the university being sort of cited as potentially being pointed at by the ministers. I'll say ministers because the previous minister sort of pointed in that direction as well. That's, you know, at this point all we know is that a minister has shared with this committee that there's concerns, that there was concerns in financial controls, in value for dollar, in potential conflicts, and that there was three different reports to look at some of this, and some changes that were made. We have millions of dollars of public money that we're talking about, and even, I think, when we're talking about two of them — and I don't understand this very well; I've just been seeking information from the minister — but it was my understanding from the minister that the Meyers Norris Penny report or audit came in fact while the new entity was in place. So certainly this doesn't point directly back to the university as the minister seems to want to.

But at the end of the day, it seems there's concerns. We're talking about millions of dollars and we've certainly . . . These are the kind of reports that these committees look at all the time. I'm the Chair of Public Accounts. This is the kind of reports we look for. And we look for controls. We look for safeguards. It's not a matter of finger pointing. It's not a matter of being alarmist. It's a matter of getting to the bottom of actions and providing some assurances back to the public and making sure that all information's on the table.

So I guess I just look to the minister again. She's certainly . . . I understand she hasn't read the reports. Maybe that would be something that would be helpful to the minister. We're talking about millions of dollars of taxpayers' money and we're hearing assurances here today that there's been some changes to address concerns. But what I'd like to hear today is that the minister is going to take this on and do all she can, and her government can, to make these reports public or available back to this committee.

[14:15]

Hon. Ms. Harpauer: — I want to stress again that where the concerns were raised that arrangement no longer exists. So the concern for me, as the minister, will be that IPAC continues to

have a very clean audit. It did in 2011, again in 2012, and the audit is done by KPMG. So the new stand-alone entity of IPAC has had two now very clean audits and assurance that all processes, proper processes and procedures are in place.

The concern was two years ago with the way . . . decision, a sole-source decision that the University of Regina had made, and there is a letter that the member opposite will be able to review where the university assures that they have addressed that issue. However it can't be another . . . it can't happen again because we no longer have that arrangement with them. So I'm not sure how I oversee something when there is no management arrangement with them right now to oversee.

Mr. Wotherspoon: — Did we or did we not have — we as in your government, CIC — have representation on that board at that time and have dollars flowing, public dollars, CIC dollars flowing to that entity?

Hon. Ms. Harpauer: — The dollars were all accounted for.

Mr. Wotherspoon: — That wasn't the question. Did we have representation on that committee — we as in your ministry, your government, CIC — on that committee at that point in time?

Hon. Ms. Harpauer: — We have three out of seven members.

Mr. Wotherspoon: — So you had representation. You're pointing to the university, but at that point in time you did have representation on that committee, on that board.

Hon. Ms. Harpauer: — We had three out of seven members. The other . . . I mean you know that.

Mr. Wotherspoon: — Okay. But the minister then can't really have this two ways. There's public monies that flowed, there's concerns over dollars, and the minister's had representation on that organization. I guess my question to the minister is, those three individuals, could the minister provide the identity of those three members?

Hon. Ms. Harpauer: — I can do that, but first I want to clarify yet again, it is not concerns over dollars. It's concerns over processes.

Mr. Wotherspoon: — Processes are in place to protect and safeguard dollars. Financial controls are in place to protect and safeguard dollars, and if there's concerns over process and financial controls, that's concern over dollars. And again, the best way to get to the bottom of this is having transparency to the whole piece and having these reports made public. And certainly one of those reports I understand was certainly sent, the Meyers Norris Penny one, to that board in its new configuration or its new entity.

But regardless, throughout that period of time as public dollars flowed from the people of Saskatchewan to this organization, the minister has had representation on that board, and certainly there's been concerns and questions and risks in place. So to the minister, I guess the question was the three members that have represented her government on that organization, on that board?

Hon. Ms. Harpauer: — This question was actually answered at the last committee meeting, but I'm more than happy to answer it yet again. Originally the members were Iain Harry, Ron Styles, and Kent Campbell. Throughout the processes there were changes. Remaining is still Iain Harry, and now there is Laurier Schramm and Dick Carter. All of that was answered in the last committee meeting.

Mr. Wotherspoon: — The minister endeavoured to see the release of that report from his end. He did highlight that he only has three members on that board. My question would be, how did . . . I assume that this came to a matter of a vote at a board meeting. My question would be, how did the three representatives of your government and of your ministry vote in that decision of whether or not to release this report, these three reports?

Hon. Ms. Harpauer: — My understanding, there was no formal vote. They deferred to the legal advice.

Mr. Wotherspoon: — Okay so the minister stated at this table that he would endeavour to make sure he supported with his representation the release of those reports. Is the minister stating that that didn't occur?

Hon. Ms. Harpauer: — His request was to IPAC to release the report. It wasn't to an individual.

Mr. Wotherspoon: — Correct. So there's a board with three representatives of government, three representing CIC, and my understanding then is that the minister was going to do all he could to see the release of those reports. That never happened. My question remains, I think that it's not appropriate that the public not have that information shared, that there's not allowable oversight that this legislature affords to public dollars, whether it's in our Crowns, whether it's in ministries. This is the role of our legislature. It's the role of Crowns committees just like this and public accounts committees in other areas. But I find it rather unacceptable. And I'm interested, I guess, maybe at some point in what maybe the auditor may have some extra interest in this as we review some of the statements that have been made to date.

But I think again sunshine's the best disinfectant, and we have the ability to have those reports shared, discussed. And this doesn't mean that everything was perfect. That's not what we're looking for. We want to understand what went on, what's been done to resolve it if there was concerns. And quite frankly the hard-earned tax dollars of Saskatchewan people, the public dollars of Saskatchewan people deserve nothing less than that sort of scrutiny and oversight.

Hon. Ms. Harpauer: — What has been done is the contract arrangement has ended. And IPAC is now a stand-alone entity that is audited by KPMG and no longer under a management arrangement with the University of Regina.

Mr. Wotherspoon: — Will the minister direct her representation on that committee, that board to ensure that these reports are made public?

Hon. Ms. Harpauer: — They have to go by legal advisement as well. And what you're suggesting is that officials within CIC

are puppets — and I find that a little bit offensive — that you can just direct them when they are not . . . It's IPAC, and we're not the only representation on that board. In fact we're not even the majority representation on that board. The board had a discussion. They sought legal counsel, and the advisement was not to because of sensitive material. It is . . . well I don't know.

Mr. Wotherspoon: — Madam Minister, will all due respect, sensitive information, legal opinions, recommendations, reports, concerns in our finances — this is about public money. It's not private money. It's not your money. It's not my money. It's not Esso's money. It's not some private organization's money. It's various stakeholders that brought dollars to bear, but Saskatchewan taxpayers have put significant dollars into this organization and concerns exist.

I find it incredibly strange that this line of questioning needs to persist when the reality of sort of modern governance and as it relates to public dollars is to have proper oversight, scrutiny, and certainly transparency and none of that is occurring here. As far as knowing what went on and what protections have been put in place, that's important. So I look to the minister. Will she, will her government, work to make sure that these reports are made public to this committee?

Hon. Ms. Harpauer: — Again I will remind everyone and the member, this is, we are not missing money. There is no missing money, and the implication is continuing that there was money missing. There was a sole-sourced contract but however these services and capital that was paid for, for that contract, was indeed delivered.

Was the process properly done? Perhaps not, and for those reasons the agreement with the U of R was severed and the board chose to then move IPAC into a stand-alone entity. The university has been given recommendations of how they should change their processes, and once the member takes the time to read the letter he will see that they have indeed followed those recommendations. Sure, I would love to write another letter and request their report. I don't foresee that the legal counsel to IPAC will result in different results.

Mr. Wotherspoon: — Well I'd take the minister up on her letter. I'd like to see a greater will expressed as well to provide the transparency that the public deserves. But as it relates to there keeps being a contract that keeps being referenced by this minister and it was referenced by the minister previous. Now is this, I believe if I recall this was to CVI, Climate Ventures Incorporated or something of the nature. Is that the entity in question as we speak about a contract that, as the minister states, wasn't sole-sourced? . . . [inaudible interjection] . . . Oh, that the minister states was sole-sourced?

Hon. Ms. Harpauer: — The contract was CVI with IPAC under the management of the U of R.

Mr. Wotherspoon: — Was that the only concern about that contract or transfer of dollars to CVI?

Hon. Ms. Harpauer: — Both myself and the other minister said that there was a question of conflict of interest.

Mr. Wotherspoon: — Okay. The minister then, since we don't

have that information before us, we don't have the recommendations which we certainly deserve as members of the legislature and the public at large when it's public dollars, but would the minister then describe in detail those conflicts of interest she highlights?

Hon. Ms. Harpauer: — One of the board members from the U of R had also served on the board of CVI at some point. One of the management of IPAC served on the board of CVI. The official has just informed me it was two members.

Mr. Wotherspoon: — All right, Madam Minister, these answers keep changing. But we appreciate the answers coming to the table, but they're concerning. So what the conflict that's been highlighted is that, sorry that two board members . . .

Hon. Ms. Harpauer: — No, two individuals from the U of R that were in the management of IPAC. So two U of R staff.

Mr. Wotherspoon: — And they were also on the board of CVI or they were owners of CVI or they had a stake, an interest?

Hon. Ms. Harpauer: — They were on the board.

Mr. Wotherspoon: — Okay, so you had two individuals that were managers of IPAC making recommendations to the board, I would assume. And then there was transfer of dollars from IPAC to an entity, CVI, for which individuals that were in the management of IPAC making those recommendations were in receipt of those dollars. Is that the potential conflict the minister is highlighting?

Hon. Ms. Harpauer: — Word that again.

Mr. Wotherspoon: — Just so I can understand the conflict that's being described by the minister, I hear that there was two managers of IPAC who also had a relationship with CVI simultaneously or at the same time. So there was dollars flowing from IPAC, the organization for which they worked for in a management capacity, also I would assume then making recommendations to board which may in part be transferring or were then transferring dollars over to another entity for which two of those individuals had dollars flowing into that organization.

Hon. Ms. Harpauer: — There was a contract with CVI. And of course as services were delivered, there'd be invoices. So IPAC was paying its bills. And some of the bills were for the hardware, software, and IT [information technology] services from CVI.

[14:30]

Mr. Wotherspoon: — Okay, this is actually of larger concern in some of the information that's been exposed today. Before it was sort of in a vague sense about a conflict which was in part why more information in those reports still are very important to the public. But this certainly adds some greater concerns and I think many, many questions here. Interesting conflict that's been identified by the minister here today.

Now the other discussion is that there was a sole-source contract. So they didn't look to any other provider other than

CVI, which also had this conflict that the minister's highlighted. Is that correct? Okay. And were there dollars flowing to this, to CVI before a contract, a sole-sourced contract was put in place?

Hon. Ms. Harpauer: — No.

Mr. Wotherspoon: — So there was a sole-source contract that was put in place by the management and board of IPAC on which date?

Hon. Ms. Harpauer: — The board did not enter this agreement. It was management because the U of R was contracted to manage a start-up of IPAC. The U of R management then entered a contract for IT services.

Mr. Wotherspoon: — With public dollars at a time where representation was of the CIC, of the Saskatchewan taxpaying public was on that board?

Hon. Ms. Harpauer: — There was no board yet. There was no board at that time, at the start-up.

Mr. Wotherspoon: — Okay. Now there's a responsibility as well of the provincial government and of any organization funding another organization with public dollars to make sure the controls are in place, to make sure those dollars are administered properly. It seems to me that obviously that maybe was some oversight of CIC at that point in time or of government. But again we're not looking to cast stones on this. What we have is rather concerning information and quite a few developments here today that have been highlighted by the minister.

Hon. Ms. Harpauer: — Okay let's, of course let's just go back. Governments, previous government now, enters into hundreds of contracts with third parties. And you're right, there has to be processes put into place. This was identified. The contract was severed. So we needed . . . they needed to, the new board needed to ensure that there was no missing dollars and that services were delivered. That was done. We didn't continue the arrangement because of all the reasons that you're saying it's concerning. The U of R, under their management, made a decision that I don't think either one of us think was proper. So we could either continue the arrangement with them and not question it or we could change the arrangement. And the choice of the IPAC board that was then formed was to change the arrangement to ensure there was no missing money, to ensure that what they were paying for was delivered.

So the process was followed of how we, you know, identify. And I know from different portfolios that I've had as a minister, we enter into a lot of contracts with third parties, and we put controls in place. And there's a process if they're not delivering the service or the product that we have contracted. And those processes were followed.

Mr. Wotherspoon: — The minister made the statement about maybe that both of us don't think something the U of R did was appropriate. I guess I would caution the minister to include myself in that language.

What I do need is if the minister has more information available than I do, what the public deserves and what committee

members at this table deserve to draw any conclusions as it relates to making sorts of aspersions or judgment is the information. And those reports are important to that. And the minister highlights, I believe, that maybe one or two of those reports came at a time where the governance of IPAC was at a different stage. But as a new independent board, for which representation of the provincial government or CIC certainly sits at that table, it's my understanding that a report came at that point in time as well. And I don't think it's unfair at all for the public to ask for the release of that information.

And again this isn't . . . I mean what's strange in this whole occurrence is in fact these answers and the lack of willingness to share information. What wouldn't be strange is putting forward a report, putting forward an audit. This is what we do all the time at this legislature when public dollars are included. And when we have a minister that highlights the kinds of conflicts that were stated today, people start drawing to conclusions. And in fact it's unfair to all partners in this exercise, potentially to board members and management, to leave matters in this sort of an unresolved circumstance.

So I guess I do ask the minister, were there other — because it seems we ask more questions and then we get more information — were there other concerns as it related to conflicts or of potential personal gain or anything? I mean I guess you had individuals that we don't know what relationships management had to this CVI. We don't know the structure of that. We don't know whether there was any potential personal gain there. But all we're left to is to do a lot of guessing here, and that can lead to sometimes hurtful and damaging conclusions by the public at large.

And I think it's absolutely paramount with the information that's been laid on the table here today, that with millions of dollars of taxpayers' money, with the kind of conflicts that have been laid out by the minister here today, that those reports, even more pressing than it was before coming out of committee meetings with the previous minister, with the kinds of concerns that have been raised, the potential allegations that individuals may be, the general public may be left to make, that we shed light on this and that those three reports be made public. And I think anything less than a full commitment from this minister to ensure that that happens and that being the position of government is unacceptable.

Hon. Ms. Harpauer: — All I will do at this point, because it's the same statement being said over and over and over and over again, is to clarify that there wasn't three reports that I know of unless the member knows of more reports than I do. There was two. He was told that at the last committee. There was a review of what happened when the U of R was managing IPAC. It was done by Meyers Norris Penny. And KPMG is now the auditor going forward for the stand-alone entity of IPAC.

The member also talks about millions and millions and millions and millions of dollars. And in fact when this was discovered, he knows, it was said again in the last meeting, that there was 1.6 million. Not light, that's a lot of dollars, but it's not millions and millions and millions. It's \$1.6 million that had flowed to IPAC from CIC at that time.

So just to clarify those two. He has repeated himself again and

again. I've said I can write another letter requesting a release from IPAC board. We can see how they respond. We are not the only funder of IPAC. CIC committed \$5 million over five years, but we also have the Government of Canada that is funding IPAC, as well as Shell Canada funds IPAC. So I'm not sure what more he wants me to say other than I will write that letter. I will issue it to IPAC, making a second request. I can send the *Hansard* of everything that the member and the official opposition has said so they can see how stressed and concerned he is in wanting this information. There's nothing further I can say or commit to. It is not controlled, it's not a controlled board by the Government of Saskatchewan.

Mr. Wotherspoon: — I find it strange that a minister tasked with the responsibility of CIC and of public dollars is — anyways it's difficult to sometimes read body language — but awfully dismissive of something that people deserve accountability and transparency on. Transparency I think is the . . . Transparency is the question. And strange to have a minister start to heckle me as I'm sitting at the committee table on something that's important.

The Chair: — I would cut in at this time as Chair. I believe the minister has answered to this committee what she can. We weren't . . . The government wasn't the only part of that committee. She has said that she would try to get the information that the member has asked, so I would ask the member to move on to some more questions.

Mr. Wotherspoon: — Just on this front here, and certainly we have other avenues to, or the public has other avenues to pursue this. We'd continue to look for leadership from the minister to provide that transparency.

But the question is the, I guess dollars. The minister highlighted \$1.6 million. Just for way of the public record, we don't have the information she has before us. What we know is that one point two point nine million dollars was transferred. Another transfer of \$2.6 million occurred. So we're not talking about just solely 1.6 million. Maybe the minister has different information than us. Maybe that's the pool of dollars that were in question or failed to have the financial controls and protections in place that the minister has sort of alluded to. But rather than leaving us guessing, we would sure appreciate that information. And I think the public deserves it. The minister did share that she would provide some letters from stakeholders to this committee. I'd certainly ask that that be done today, and we appreciate that.

The Chair: — I will cut in. If we can take, we'll have a quick break, and then maybe we can get a copy. I believe the minister needed the letters to answer the question. So I will ask if that's all right with a five-minute break, and possibly we can provide you with a copy of what the minister wanted to table.

[The committee recessed for a period of time.]

The Chair: — The items have been distributed to the members so recess has ended. We will carry on with the committee meeting. Mr. Wotherspoon.

Mr. Wotherspoon: — Thank you, Mr. Chair. Thank you, Madam Minister. I guess just to follow back up to some of the

statements that the minister has provided here, information that the minister's provided today, the minister stated specifically that two individuals were in question as it related to the conflict in their roles with IPAC and then also CVI.

What I think the best way to go about this process is to simply have all the information on the table so that we can see in a very direct and transparent way what those concerns were, both there but then some of the other financial controls. We don't have that, so we're left to continue to sort of probe with questions to provide as much transparency as we can, certainly something the public deserves. So I guess as it relates to the two individuals that the minister has referenced and spoken about and the potential conflicts that the minister has highlighted here today, could the minister please identify those two individuals?

Hon. Ms. Harpauer: — May I suggest to the member that I would prefer to give that to him privately, not publicly. There is a reputation of two individuals that could be brought into question unfairly.

Mr. Wotherspoon: — The problem is, Minister, and I'm fully aware, and that's why I have apprehension and concern with this approach to providing transparency to the public sort of piecemeal, guessing, individuals that . . . It's unfair in fact to current management, past management, past board members, partners around that table to leave the kind of ambiguity that exists right now and to make statements that rather, rather concerning statements that the minister has made here that there is in fact two members with the type of a conflict that's been partially described by this minister.

And so, you know, as an opposition member at this point in time certainly I am cognizant and concerned in general about leaving it just as it is right now, leaving it for individuals to look at an organization and make guesses. That's not fair to individuals within their respective workplaces, within their careers. We have individuals of exceptional reputation involved with these various entities. And we're talking about organizations that are, that have strong records in this province and are invaluable contributors now and into the future, no doubt.

So I wish we could just leave it like this, Minister. I wish you could write me a note and share it with me but I don't know what that provides. At the end of the day what we, what the public deserves is that millions of dollars . . . Or the minister has stated before, well maybe it's only a couple of million dollars. We know there's millions of dollars that have been transferred from government of public money. We know that there's been concerns now raised around possibly weak financial controls, possibly value for dollar, around sole-sourced contracts and about conflicts, and specifically the minister citing two individuals from both a management team for IPAC, and now I understand for maybe a board structure from CVI, that have potential conflicts.

Well you know, Madam Minister, it's awfully unfair to leave the circumstance in the manner that it is right now, unresolved and having individuals and peers and colleagues in the public asking questions and providing scrutiny. And I suspect, unfortunately, that if the minister isn't able to provide the reports and the transparency that the public deserves, that there

may be public that becomes more interested in what's been provided here today. Maybe media is going to have interest in what's going on here today because certainly there hasn't been answers. And that leaves lots of guessing for the public, for the media, for the opposition.

And that's unfair to all of us and it's unfair to taxpayers. And this highlights the very specific example of why that information needs to be public. The minister can't come in here and start in some ways raising concerns, pointing at a proud institution like the university in fact, University of Regina, stating that two individuals that have been on both management and on boards of various entities have potential conflicts, and leave it that way. What we need is some assurances. What we need is some transparency, and we can go from there. But right now for us to guess as an opposition, for the public to guess, it's unfair. And it's unfair to all individuals that potentially may be in question.

[15:00]

So we can go through the list of board members. We can go through the list of management. They're not huge organizations. And we can guess which, you know, who's who. We can guess which conflict may have, which conflicts may have occurred, but we don't have any of that information.

So I think it's unfair, Madam Minister, to not put the information on the table. But I would concur that this is an irresponsible way to provide transparency to the public, and that within the minister's control, within IPAC's board, there's control to make sure that proper transparency occurs. But short of having those reports made public to this committee, then the public deserves and needs to know more information. And I, you know, we could turn our, you know, our attention and try to shift to the next report but, you know, we've had some pretty concerning information shared by the minister here today and I think information that the public expects. Legislators in this sort of a committee have oversight and scrutiny to pursue. So I don't think that that's fair.

Hon. Ms. Harpauer: — We'll review again what I've said a number of times. There was a contract with the University of Regina to set up IPAC. At that time there was no board in place. The management chose to enter a contract during that time. There was no board in place. It was a contract with the University of Regina. When the board was put in place, there was a question around this particular contract. It was assured that there was no money missing and that the capital and the services that were paid for in the contract were indeed delivered, so that there was . . . The services that were paid for were received. But there was a decision at that time to move the IPAC entity out of the management of the U of R into a stand-alone entity that is audited by KPMG.

So there isn't missing dollars. There isn't missing goods or services. All that is accounted for. The organization is doing great work. And in fact that very member said on March 13th, and I quote, "There's been a lot of good work that's come out of this organization." And I agree with his statement that he made at that time. And I would suggest that if he insists in truly wanting to know the issues of management, issues within the U of R, that he have that conversation with the U of R.

Mr. Wotherspoon: — Well, Madam Minister, you're the Minister of CIC for which millions of dollars have flowed from your ministry that are dollars of Saskatchewan people. There's a responsibility that comes with that. And these aren't easy cases. And we're dealing with, as we've said, organizations and institutions of high repute that have contributed an awful lot to Saskatchewan, will continue to. But that doesn't mean that we should pull off, that when we've heard about conflicts and weak controls from financial perspectives, concerns around value for dollar of public money, that we should pull off any sort of scrutiny that's fair and appropriate. We wouldn't do so for any other aspect of government. We wouldn't do so if this was a municipality. We wouldn't do so if this was a First Nation. What we would talk about is proper accountability and, at the very least, proper transparency. Because right now we don't even know. Accountability's sort of another piece that flows from understanding what in fact has occurred. And all we've had is this very concerning information provided by both yourself and the previous minister. So we're in a spot here right now that I think that nobody really enjoys, but it's an important role that we have been entrusted to fulfill.

Focusing more specifically on the conflicts that have been cited by the minister, citing two individuals that were potentially involved or were perceived to have had conflicts or did have conflicts, I guess to the minister specifically: what constitutes each of those conflicts? What were those conflicts? I understand management representation, board representation. If the minister can be clear as opposed to maybe even now revealing identities — and I wish we had a report in front of us — but instead of revealing identities, I think it is fair to the public . . . You can't just say, well there was conflicts in place, and we've had millions of dollars that have been administered and that have been possibly placed at risk. What we then need is further clarification and information, and it's very fair. The minister's the one that has stated that there were conflicts, two of them or two individuals that had some conflicts. I think it's fair that this committee receive what constitutes or constituted both of those conflicts.

Hon. Ms. Harpauer: — I will say what I have said previously. And I needed to correct myself previously and I did, when I alluded to a board member when there was no board at the time. So I guess the member didn't hear that clarification. So I will repeat everything that I said previously which was, when the decision was made to contract the U of R to manage the start-up of IPAC, two members within management agreed to or entered a contract for IT [information technology] services with a company that two members in management were on the board of that same company. It was sole-sourced.

Now he's alluding to my responsibility as a CIC minister. My responsibility as CIC minister is to ensure that there are no public dollars missing and that public dollars that are spent, are spent on either goods or services or a combination of, that is delivered. I can look at the eyes of anyone in Saskatchewan and say I am very, very comfortable that the public dollars that were spent, they received goods and services that they were spent on. There is no missing public dollars.

I am not responsible for management skills or procurement processes for the U of R. That is not my responsibility as the Minister of CIC. As Minister of CIC, my responsibility is to

ensure that no money that was spent went missing. I confidently say that no money that was spent went missing and indeed goods and services were delivered for the money that was spent. The organization does do good work. They are delivering what has been mandated of them to deliver. IPAC is accomplishing what we had hoped.

We're not the only partner in IPAC. The Government of Canada is also involved as is Shell Canada. So there are three entities that would like to see some delivery of services through IPAC, and we believe that they are doing good work. I am not responsible for processes and procedures for the University of Regina. There is no money missing. It has been spent appropriately and goods and services have been delivered. All of that has been transferred to the new stand-alone entity of IPAC. I'm not sure how much more time the member wants to spend for me to say the same thing over and over and over again.

Mr. Wotherspoon: — The minister, previous minister, raised some concerns around whether full value for dollar had been received. I can't remember the specific language that was utilized, but certainly it didn't instill confidence that that was necessarily the case. As the conflict that the minister is describing here, where individuals on the administrative or management side of IPAC were directing or were also board members with CVI then, I guess, if the minister could clarify that they were both board members then of CVI, and then also if they had sort of a stake or had shares. I don't understand how CVI is held. I believe it's a private entity. But certainly the minister would know this. I know because it's, this gets to the point of potential questions around whether or not somebody in . . . could have potentially benefitted, I guess, from a financial perspective through this contract.

So is the minister aware of the structure of CVI, and is the minister aware if there was a potential for individuals she's identified with conflict to have had personal gain from a financial perspective through this transfer of funds or through this contractual process?

Hon. Ms. Harpauer: — CVI's a private company. I don't know its structure at all.

Mr. Wotherspoon: — Minister, this is absolutely unacceptable.

The Chair: — I'll cut in at this point. The minister has answered the questions. Some of these entities, some of these questions may be better directed to the other entities that aren't government-run.

Mr. Wotherspoon: — No.

The Chair: — Yes, well you . . . I will ask the member to move on. If he has accusations to make, you can make them outside on individuals or other questions directed to the university or to other companies. The minister has been answering the questions on the government's role, and I would ask the member to move on.

Mr. Wotherspoon: — Okay. I'll try to strike the balance that the Chair is looking for. And I appreciate his comments, but it

is a sensitive matter and one that we're careful with. As far as allegations, none are coming from the opposition. None are coming from this member. But certainly statements have been made around conflicts about weak financial controls from the minister, about potential questions of value for dollar. So those are the pieces that have been placed on the record by government.

What the opposition has provided is questions. And what we're looking for is simple transparency and certainly accountability, not knowing the facts, so to focus on a part that certainly hasn't been focused on specifically here, that trying to make sure I'm respecting, Mr. Chair, some of your concerns here as well.

But this is important information. We've sort of had assurances that somehow these dollars may have or, you know, been utilized properly, the minister said here today. But what we don't . . . To not understand, to point to that there's a conflict in that some of the management also sit on a board of an organization receiving public dollars of sole source contract, no one else having the opportunity to bid on that, but then to not understand . . . And I would suspect that this would have been focused on in the financial reports. Part of the question then out of the conflict is potential personal gain. Now I'm not alleging anything. These are the unfortunate questions that exist when we don't have the information here. So I find it unsatisfactory that the minister, who isn't willing to share the reports that would provide, shed some light and provide the transparency on this matter . . .

The Chair: — I'll cut in again. The minister has indicated the reports were the University of Regina's, from what I understand, being a committee. I believe she has given the assurance she would write to them again. You yourself may write to them again or you may talk to them. But if the reports are in their hands, their minutes, it is up to them to release them. The government isn't. So I'm going to again ask I think to direct your questions that are just more that the minister can answer that fall in this purview. Thank you.

Mr. Wotherspoon: — There's seven members on the board though, Mr. Chair, right now, so there's seven and . . .

A Member: — Of IPAC.

Mr. Wotherspoon: — Of IPAC. Three of which are . . . Certainly the minister has representation there. There's also federal government representation that's also there.

I guess the minister hasn't described what constitutes a conflict yet at this point in time. And it's unsatisfactory to state that the structure of CVI is unknown and the relationship of the individuals. I mean it's unfair in fact to cast, to say that there's conflicts and then not be able to describe what constitutes that conflict. And that's important, as is understanding is that conflict something that put someone in a position to either have a personal financial gain or is that part of the conflict here? Again it's unfortunate we're having to ask all these questions.

So as it relates to the structure, the minister must have within that report . . . Maybe I'd implore her to seek her officials' minds on this front, but there must be an understanding of what constituted those conflicts and whether or not those individuals

that she speaks of were in a position to have financial gain, personal gain out of this, this exercise?

[15:15]

Hon. Ms. Harpauer: — I would suggest, quite frankly, if the member opposite doesn't understand what a conflict of interest is, that he have a discussion with the Conflict of Interest officer, for example. We are given extensive literature and information on what constitutes a conflict of interest. As members of government, for example, we have to disclose annually whether or not our spouses or any family members enter any, into government contracts, because that could be viewed as a conflict of interest, because we may be able to influence whether or not our spouse or family member gets a contract. We're in positions to influence.

I know we have to be very careful in our office when we get a cleaning person for our office, to ensure that that cleaning person or cleaning service is not in any way connected to a method in which we may have a decision influence on. Surely the member has been elected long enough to have been given a briefing on what constitutes a conflict of interest, so that if you're in a position to make a decision and you are connected to another entity that is hired, that's a conflict of interest. Does it necessarily mean that there's any problem with the contract? Possibly not, but the perception is that it's a conflict of interest and the potential is there to be a problem. My job as a CIC minister is to ensure that none of CIC's money has been misspent and indeed it has not. Now I know the member must understand what conflict of interest means in a business world.

Mr. Wotherspoon: — And certainly we understand and that's why the concern exists, so that conflict of interest is rather broad language, can mean many things. And what specifically constitutes that conflict in this scenario is I think what this committee cares about. I'd suspect that all members of this committee care about, and that the public cares about and that it's fair to, fair to request that information. And certainly I find it entirely unacceptable that the minister, despite having knowledge that concerns have existed, that conflicts, potential conflicts or conflicts as she states in more of a matter-of-fact way have existed, that there's not an understanding of where public dollars have gone to by way of the structure of this organization, of its governance . . .

The Chair: — I'll cut in again. The minister has given this committee ample assurance that there has been no misspent money. We've been . . . She has said that she would try to get the reports, write a letter. We seem to be going over this over and over again. I am running a little short of patience. I think we're at our . . . We've hit the wall on it. We may . . . Some committee members may agree to disagree with some so I would ask that we start moving to another line of questioning.

Mr. McCall: — Thank you, Mr. Chair, for that. I guess the frustration on the opposition side of this is that we've asked the minister to describe what constitutes the conflict of interest that has been registered as the concern that necessitated moving to an entirely new governance model for this entity, and an entity that has had government representation involved from the get-go. So we've asked what the . . . we've asked what constitutes that conflict of interest. We got a lecture from that

minister about, you know, we should go talk to the Conflict of Interest Commissioner. It's not a helpful answer. We'd had an undertaking from a previous minister that the documentation that discusses and analyzes what the problems were with this entity would be provided to this committee. That undertaking was not made good on.

And so again, Mr. Chair, you've got a duty to this committee to make sure that the minister is answering the questions. And the question that has been put by my colleague is, what constitutes a conflict of interest? And we have to do this because we don't have the documentation that had been undertaken to be provided to this committee. So our frustration on this side is we're not getting the answers that are essential for us to do our job. And it's your job as Chair, Mr. Chair, to ensure that you're defending our rights on this committee into that bargain. So my colleague has asked a very straightforward question in absence of having the documentation that was undertaken to be provided to this committee. And there's nothing unfair about that.

The Chair: — Well, there's been some lecturing on all parts here. And I'm running a bit short of my patience. The minister has answered some of these questions. You had them. The first minister had provided, had written the letter. The university said because of legal implications they weren't going to send it. You maybe may have to take your concerns to them.

This minister has said that she's willing to rewrite them again. She's answered the questions to what she had, to the best of her ability. I am quite . . . as a committee Chair, that she is answering to the best of her ability. If you have a problem with that, there is other avenues that you may want to take and you're quite welcome to take them. This committee, this Chair, is the members are asking the minister and I'm satisfied that she is answering the questions to the best of her ability. And I would turn it over again and I think we've hit an impasse, but I would ask you to take another line of questioning. Mr. Wotherspoon.

Mr. Wotherspoon: — There's many questions that remain, lots of concerns. Those have been highlighted. I look to committee members at this table here who I suspect share concerns when we hear this kind of language. We have a non-partisan, independent Provincial Auditor in this province. This seems to be a very appropriate scenario for a special report, for a special study to be done. Of course that's done in a level of confidence or entire confidence. And that's within the scope and role of the Provincial Auditor.

I seek from this committee, and in fact I'll move a motion that we request the Provincial Auditor of — and I'll pass this to my colleague to do so I guess, because I'm not a sitting member of the committee — but task the Provincial Auditor of Saskatchewan to review the file that we've discussed through both committee meetings, the concerns that have been raised by way of conflicts and value for dollar and all the questions around financial controls, and to be able to provide a report to the legislature on this file to ensure the public's best interest. So I would certainly seek from this committee table support by committee members on that front. I think it's the least we can offer the public at this point in time. And I would maybe look to either side of the Assembly here to move that motion.

Hon. Ms. Harpauer: — While the IPAC was under the agreement of management with the U of R, it is audited by the Provincial Auditor.

Mr. Wotherspoon: — So just to follow up, of course this is a different type of audit that we speak of. And as Chair of Public Accounts, it's one aspect to have your accounts audited on an annual basis. Very different to be tasked with a special inquiry or special report, and I think something valuable and important and I'm sure committee members share that concern.

The Chair: — I recognize Mr. Bjornerud.

Mr. Bjornerud: — I believe the minister has stated that the Provincial Auditor has already audited the situation, so I don't know what we're going to gain out of by what the member is asking for today. If the Provincial Auditor had not audited the situation, then I think we would be much more receptive to agree to what he's asking. I think all we're doing here is going over the same work twice. So I think it's from our perspective that we don't agree with the member opposite and his motion.

Mr. Wotherspoon: — Just on that front, and I don't know that that's an entirely fair first statement around what the audit of the Provincial Auditor would have been to date. The nature of those audits are different on an annual basis, and in fact they don't focus their attention to all activities of an organization. They focus them in specific areas, usually driven by areas that they may identify as specific risk. And certainly it wouldn't be . . . If the response from the auditor is, well we've in fact already audited this and find no concern with processes that are laid out and we've stamped this, signed this, that's a simple report back to members of this committee. But in fact that's not quite how the auditor's office works. I think at the very least we should be putting the task to the auditor to review this file — the scope of the discussions, the allegations or statements put forward by ministers to date — and to review the best interests of taxpayers.

The Chair: — Okay, I'll cut in. The members have provided two debates. I think the next state of . . . [inaudible] . . . if somebody wants to move on is somebody to move a motion and we can move from there, or we can get back to the original questioning of CIC. So I'll leave that up to the floor. If a motion isn't moved, then we can move on back to the questioning again.

Mr. McCall: — Thank you very much, Mr. Chair. I'd move a motion at this time stating the following:

That this committee refer to the Provincial Auditor for a special review of the affairs of IPAC-CO2 and the public dollars forwarded thereto and the governance process in place and financial oversight practised therein;

And further be it resolved that the Provincial Auditor review the special reports that have been conducted internally by IPAC-CO2 for the period in question.

[15:30]

The Chair: — Can we get that in writing?

I will read the motion, then I will ask for a five-minute break so the Clerks can review it to make sure that the motion is in order. The motion is moved by Warren McCall:

That this committee refer to the Provincial Auditor for the conduct of a special review of the operations of IPAC-CO2 and the involvement of the provincial government in the funding and governance thereafter.

Be it further resolved that the Provincial Auditor fully consider in this review any special audits or reviews that have been conducted by IPAC-CO2 internally.

So I would ask for a five-minute break now while the Clerk reviews this, or the Chair will review it with the Clerk, to make sure the motion is in order. So I ask for a five-minute break.

[The committee recessed for a period of time.]

The Chair: — There is a motion before the floor. I hope the members will take it as read before. I will call the question. But if there is any discussion on this motion, now is the time to have it before the vote. Is there any discussion? Mr. Wotherspoon.

Mr. Wotherspoon: — I won't speak long because, you know, I think I have a sense that there's going to be some support around this table to have the independent Provincial Auditor examine this whole file. I think it's really problematic for us not to allow that to happen, that to date what we've had from two ministers at two committee meetings is information provided that's certainly a concern I think to all members of the legislature and certainly to the public at large, raising concerns around the fact that millions of dollars have been transferred to an entity for which the minister has identified that there's questions around the financial controls in place, value for dollar, and also conflicts of interest that were described a little bit further here today.

You know, too, these are small organizations in some ways in the sense that the individuals are easily identified — who are the managers; who are the boards. It's unfair to leave questions for organizations, for partners, for stakeholders, and certainly for those individuals, and for the public to come to their own conclusions or simply to be left with the concerning and alarming statements left by the minister here today.

[15:45]

And part of, I guess, this . . . Maybe if we had the full information before us, the reports which we don't have, then maybe we'd have the ability to review this in a thorough way. We don't have that.

Certainly the Provincial Auditor, it's a very fair task to place on that auditor to review those, review the handling of dollars, to review those reports or those audits and to come back to this committee, to the legislature and share their report. I think to leave it unresolved here today leaves challenges for organizations, for people. I think that there's many questions that will exist that the public has, possibly media or others. And I think it's a responsible, it's more than responsible to ensure that the Provincial Auditor of Saskatchewan reviews the file in question.

The Chair: — Mr. Parent.

Mr. Parent: — I really don't know if the auditor has already reviewed the files. And the university . . . Both of them don't want to pass the files on to us, so the minister has answered the questions as much as she can.

The Chair: — Any other . . . Mr. McCall.

Mr. McCall: — If other members want to participate, I can speak at the end to close the debate, Mr. Chair, as mover of the motion.

The Chair: — Mr. Nilson.

Mr. Nilson: — Yes. I just want to point out that the audits that are done on an annual basis by the Provincial Auditor include all of the entities involved here. But there's a specific question involved related to conflicts of interest and it's not the type of thing that the auditor would normally look at. And all that this motion is doing is asking for a special report on that particular issue. Now I know in the report for Crown Investments for this year, one of the corporate priorities in 2011, which is more detailed in this year than it has been for quite a number of years, is enhancing accountability. And given that there appears to be some impasse on the ability of Crown Investments Corporation to actually get this information in to the public, this is a tool that we all have as legislators, as ministers, as government, to get this information out in a way that allows us to see what's happened but also protects the interests of those people who are innocent.

The Chair: — Anybody else over there? Mr. Bjornerud.

Mr. Bjornerud: — I think I'd just follow up on what one of our other members had talked about here earlier. I think from my perspective and our perspective is if the Provincial Auditor, this did not fall under her purview and she did not have the opportunity to audit this, and it is my understanding usually she's very thorough at the work she does. So I think it's our feeling that that work has already been gone through that process, you know, at this point. The minister on a number of occasions has answered every question that the member has asked, been repetitive on a number of times because the same question kept coming forward. So at this point, Mr. Chair, we won't be supporting that motion.

The Chair: — Mr. McCall.

Mr. McCall: — Well I guess the debate's . . . Mr. Chair, I moved this motion because I was here for the debate with the previous minister, and certainly observing the debate under way with the current minister, there have been undertakings made to provide information to this committee. That undertaking was not made good on. And if it's not possible to get that information and to move beyond hearsay and officials saying, well just trust us, and not provide that information in the black and white that public dollars are being safely guarded and stewarded, then I think that the Provincial Auditor is going to be able to do that job of making sure that we have that confidence as members of this committee that have been charged with the task of oversight and providing scrutiny to the expenditure of dollars within the Crown and Central Agencies

portfolio. If the ministers can't make good on undertakings, I've a lot of confidence that the Provincial Auditor can make good on providing that level of scrutiny and that level of confidence that we should have as members of this committee charged with the task of scrutiny and oversight for public dollars on behalf of the people of Saskatchewan.

So the point of the motion stands, and I certainly hope that members of this committee will support a motion that helps to clear that path to ensure that we've got the scrutiny, we've got the oversight that we've been tasked with as a responsibility as committee members. So I moved the motion, Mr. Chair, and I'd welcome a proceeding to the vote.

The Chair: — Seeing no other questions or debate, I will ask the question on the motion. All those in favour, say aye.

Some Hon. Members: — Aye.

The Chair: — All those opposed, say nay.

Some Hon. Members: — Nay.

The Chair: — I believe the nays have it. The motion is defeated. We will move on to, back to CIC and the minister. Mr. Wotherspoon.

Mr. Wotherspoon: — Just to probe a little further, here we have no assurances. Certainly I think this would have, if we would've been able to support that motion, we would've have assurances coming in due course.

To the minister: are there any other conflicts or concerns that were identified by way of conflicts in personnel or relationships as it relates to IPAC?

Hon. Ms. Harpauer: — I would ask that the member take some time and read the 2011 and 2012 audits of IPAC which is done by KPMG and determine if he has issues with a clean audit from 2011-2012.

Mr. Wotherspoon: — Those copies, I assume, are public? Certainly if they're public, that's great. We'll access them. If the minister could, if they're not, provide them to us. But the question to the minister was, was there any other concerns around potential conflicts in relationships other than what's been identified by the minister here today?

Hon. Ms. Harpauer: — Not that I'm aware of. My understanding is that their concern was around processes that were used by the U of R management team that started up IPAC in 2009. Steps were immediately taken once the board was formed and identified the concern. Those steps were to sever the agreement to move the assets that were in IPAC and part of the contract to ensure that there was no money misspent, to move them into a stand-alone entity. That was done. And to sort of . . . [inaudible] . . . and ensure that IPAC was accomplishing what the different partners that were funding IPAC were intending, all of that was done.

And so like I said, there is hundreds of contracts that are entered into with third parties by government. There are processes in place to identify any difficulties if the services within the

contract are not being met. There are processes that are followed if there is concerns, and all of those processes were followed. And that is what it is.

Mr. Wotherspoon: — The fact that we weren't able to support a motion to the Provincial Auditor to provide the oversight and study and review of this file is unfortunate. I know the minister would know that certainly the annual audits of the auditor are different than the sort of review that would have encompassed and reviewed the information that's available. I guess what's unfortunate as well is that, had we been able to support that motion, then we had an independent and trusted officer of the legislature to lead that process. We don't have that. And we don't have the reports before us that are important. So all we have left is rather scathing and concerning statements of the minister about this organization and about individuals. And we have a responsibility, all of us in the legislature, but certainly I can share that the official opposition understands this responsibility to pursue that information and provide assurances.

The minister has stated here despite, actually at the start of this committee hearing that she hadn't in fact read the three reviews, audits that were put forward that were conducted by IPAC, yet has made statements that, here today, that certainly I think would be challenging to make without reading that report. So I know the minister has asked me to review some files. I'll certainly do that. I think it would be helpful if the minister reviews the actual reports that's in place. We still will continue to seek that information. Unfortunately that would mean the release of those reports to this committee. When I say unfortunately, I think the auditor provided a useful tool. I think it's unfortunate that wasn't supported here at this table today.

But I would, would look to the minister because we can send this to the auditor as committee members. Government committee members chose today not to do that, but the minister has identified some challenges here today and the minister also has the authority to do that herself. So although that the motion wasn't supported here by government members here today, I guess I call on the minister today to make a commitment to request that full review and full audit of the Provincial Auditor by way of a special report. And she can do that by way of a request herself, and I'm seeking that commitment here today.

Hon. Ms. Harpauer: — I just want to remind the member that we're not dealing with an unknown third party. We're dealing with a facility that has a great reputation, and that is the University of Regina. I have insurance through the letter that he is in possession of that they have followed recommendations to strengthen their processes, and this is a process issue. I am, I actually trust them, that they have put checks in place to ensure that procurement processes are followed in as they go forward.

And I fail to see, when there is no money missing, when the entity is performing what all of the partners are expecting of the entity, the money that was spent on this contract delivered the service and goods — and I mean, they're in possession of IPAC; it's not like they're missing; the computers are there; the software is there, physically there — that there's this drama around that the opposition's trying to stir up around the fact that it was sole-sourced. And it perhaps shouldn't have sole-sourced. And so my responsibility is to ensure the money

was spent on goods and services that were delivered, and it was.

Procedural decisions by the management team, perhaps we question whether or not we agree with their procedures. And that will be addressed by the U of R, and they have assured us that they have. So again, the IPAC is delivering good work. The goods and services that were contracted for were delivered, and we do not have missing dollars.

Mr. Wotherspoon: — The minister has shared concerning alarming information with the committee here today. The opposition hasn't shared any information, simply asking questions and seeking some transparency. Just to follow up on the minister referring this to the Provincial Auditor to provide those sorts of assurances that the minister is trying to suggest should be in place here today is a very reasonable action of the minister, in fact a responsible action of the minister. Is the minister refusing to refer this file for proper scrutiny and oversight by the independent Provincial Auditor of Saskatchewan?

Hon. Ms. Harpauer: — If the Provincial Auditor chooses to audit this, she will, but I am not going to request her to go back to 2009 and audit this. No, I will not.

The Chair: — I have the time of 4 o'clock and that was what we had on the agenda. I would ask that a member move adjournment. Mr. Parent.

Mr. Parent: — I make a motion that we adjourn this meeting.

The Chair: — Mr. Parent has made a motion we adjourn this meeting. All in favour? Carried. This committee now stands I believe until June 27th at 1 p.m.

[The committee adjourned at 16:00.]