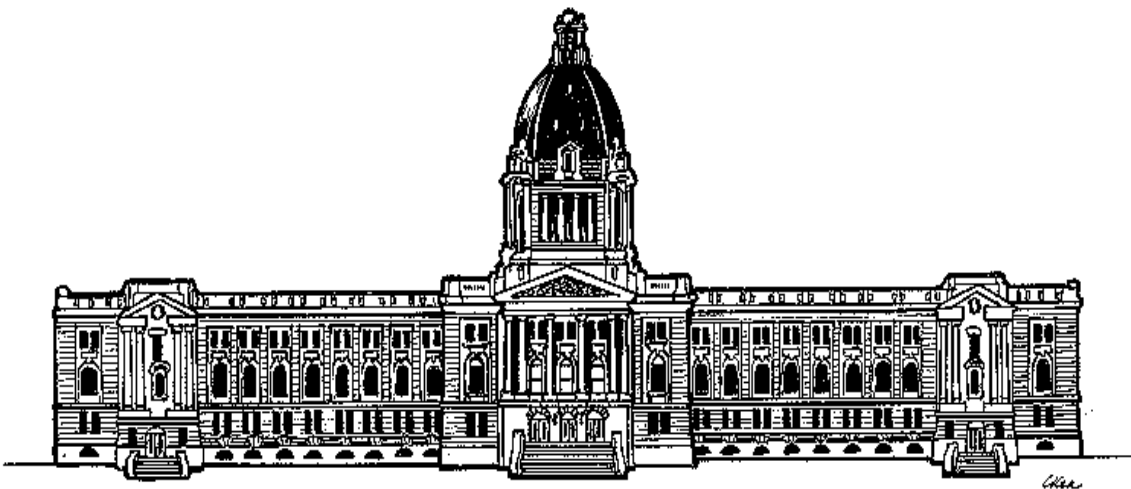




STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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Ms. Nadine Wilson
Saskatchewan Rivers

[The committee met at 13:00.]

The Chair: — Hi. Good afternoon. There is a substitution. Substituting for Warren McCall is John Nilson. I want to welcome the members. The members have a copy of today's agenda. If members are in agreement, we will proceed with the agenda.

Before we proceed, I have one document to table, CCA 57/27, Minister Responsible for Crown Investments Corporation, a letter to Dr. Rod Kelln, Chair of the International Performance Assessment Centre for geologic storage of CO₂, IPAC-CO₂, dated June 25th, 2012.

On today's agenda is a consideration of Crown Investments Corporation of Saskatchewan, 2008, '09, '10, and '11 annual reports and related documents. I welcome Minister Harpauer and I will have her, if she wants, to have her to introduce her officials and if she has any opening remarks to make before we begin the proceedings.

Crown Investments Corporation of Saskatchewan

Hon. Ms. Harpauer: — Thank you, Mr. Chair. And joining us shortly — he isn't here right at the moment — we'll have to my right, Dick Carter, the president of CIC [Crown Investments Corporation of Saskatchewan]. We have Doug Kosloski, the senior vice-president. And on my left I have Blair Swystun, senior vice-president. And behind me I have Iain Harry, vice-president; Rae Haverstock, vice-president; John Amundson, the controller; Ken Klein, capital pension; and Randy Burton, communications.

Mr. Chair, at the conclusion of our last committee meeting on June 19th, I made the commitment to ask the IPAC-CO₂ board of directors to reconsider its decision not to release reports from Meyers Norris Penny and KPMG. Members will be in receipt of the letter I sent to the IPAC board chair on June 25th, and in fact, Mr. Chair, you just tabled that letter.

While I have not received a response from the Chair of the IPAC board, I am advised that consideration of the letter was on the agenda of the quarterly board meeting held earlier today and that a response can be expected. Through the committee Chair, I'll provide all of the members with IPAC's response and any related documents as soon as that response is received.

To date the following documents have been tabled with the committee by the government. The first is the funding agreement, International Performance Assessment Centre between the Crown Investments Corporation and the University of Regina, October 24th, 2008. Second, the assessment agreement between or the assignment agreement between the University of Regina, Crown Investments Corporation of Saskatchewan, and the IPAC-CO₂ Research Inc., October 26, 2010. The third document tabled was the University of Regina's statement of account for the IPAC project number 24764, October 26th, 2009 to May 31st, 2009. The fourth document was the University of Regina's statement of account for IPAC project 24764 from June 1st, 2009 to October 31st, 2009. The fifth document tabled was the IPAC-CO₂ Research Inc. semi-annual reports received from IPAC-CO₂ management for

the periods of October 26th, 2008 to May 31st, 2009; June 1st, 2009 to November 30th, 2009; December 1st, 2009 to May 31st, 2010; June 1st, 2010 to November 30th, 2010; December 1st, 2010 to May 31st of 2011; and June 1st, 2011 to November 30th of 2011.

The sixth document tabled was the letter dated April the 12th, 2012 from the IPAC board Chair in response to the first request to release the Meyers Norris Penny and KPMG reports. And the seventh is the letter dated April 13th, 2012 from the University of Regina vice-president of research to the Minister Responsible for CIC identifying issues related to the contract management and conflict of interest within the university during the start-up phase of the IPAC project.

In addition, Mr. Chair, through hours and hours in questions posed by the official opposition, both to my predecessor Minister McMillan and myself, we have clarified to this committee repeatedly that during this start-up period of IPAC-CO₂, the University of Regina was contracted to manage the start-up.

We also have stated repeatedly that when the seven-member board was formed, processes undertaken by the management team of the U of R [University of Regina] during the start-up period were questioned. Specifically a contract was entered into for IT [information technology] services and equipment with Climate Ventures Inc., also known as CVI, that was not tendered, and there was question of a conflict of interest due to two members of the U of R management team also having involvement with the CVI. Action was taken. It was established that the goods and services for which CVI was contracted to deliver were received. The contract cost was within the acceptable range for goods and services, and the goods and services were necessary to the function of IPAC. No money was missing. The board severed the management arrangement with the U of R and moved IPAC into a stand-alone agency. The stand-alone IPAC agency continues to be audited by KPMG and has received two consecutive clean audits.

Given the actions taken by the IPAC board and the university and the fact that all provincial funding was fully accounted for and that the funding was used for the purpose for which it was provided and that IPAC is doing good work and delivering on the goals and the objectives expected by the government when the funding was approved, the province and Shell Canada made the decision to continue funding IPAC. And both organizations continue to have confidence in the organization going forward.

In respect, Mr. Chair, to the opposition's motion at the last committee meeting requesting the Provincial Auditor to investigate the start-up of IPAC, I would like to inform this committee that it was brought to my attention yesterday by a person from the University of Regina that the Provincial Auditor did audit the start-up of IPAC and reported the results of that audit in 2010. In a memorandum of audit observations for 2009-10, the Provincial Auditor recommended the following: (1) that the University of Regina's Board of Governors establish a policy over the authority for the university to form or participate in separate entities; (2) that the University of Regina make a written agreement with IPAC-CO₂ Resource Inc. setting out each party's roles and

responsibilities; and (3) that the University of Regina make a written agreement with the vendor providing development and acquisition of information technology, software and hardware, setting out each party's roles and responsibilities.

I have been assured, as has the Minister of Advanced Education, that the University of Regina has responded to these recommendations. Further that the University of Regina stated in their letter to Minister McMillan dated April 13th, 2012, and I quote: "The University of Regina was involved in the start-up phase of IPAC-CO2 and conducted its own review. Our independent review is congruent with the Meyers Norris Penny report."

I will make two points. First, that an independent review of the value received from CVI for funds expended, as per the contract, showed that the costs were within the acceptable range for the services provided to IPAC-CO2; that IPAC-CO2 received the deliverables as stated in the contract; and that all funds were accounted for. Second, the university acknowledges a potential conflict of interest was identified, and there were process-related issues with regard to the CVI contract found during our review.

Our review prompted the university to take the following action: (1) the university signing authorization policy has been reviewed to ensure that policies are clear; (2) the conflict of interest and conflict of commitment policies have been reviewed and updated, with a new form to report such conflicts on an annual basis. The university leadership team has been advised that its members will be held accountable for their adherence of both themselves and their direct reports regarding this policy; (3) the financial services and supply management offices have been directed to review all policies and procedures relevant to the procurement to reinforce and clarify the need for users to abide by all procurement policies; (4) the university industry liaison officer has been merged with the office of research services. The AVP [assistant vice-president] of research now manages these activities and is the single signing authority in that office; (5) the university secretariat has developed, updated the policy for the University of Regina regarding board member appointment for its officers; (6) the University of Regina representatives on the board of directors of IPAC-CO2 will remain on the board of directors for at least one year in order to ensure some consistency on the board.

With that, Mr. Chair, I hope that that will help quell the official opposition's considerable angst. I think the University of Regina is a very important institution, and there are many occasions where we can benefit from what they can do, not only for government but for all of the province of Saskatchewan. With that, I'll entertain any questions.

The Chair: — Thank you, Mr. Nilson.

Mr. Nilson: — Yes. Thank you, Mr. Chair. My first line of questions relates to the board of directors of CIC. It's my understanding that there have been cabinet ministers normally as members of the board of directors, but over the last number of years there have been a number of MLAs [Member of the Legislative Assembly] who have served on the board of directors. Can you explain how that policy is developed and if that's still the case?

Hon. Ms. Harpauer: — It is still the case. It's a policy that was a decision by the Premier, as is the case on many of the boards and cabinet committees of our government. The Premier believes that all MLAs should be aware of the activities of government and involved, actively involved, and that it shouldn't just be privy to certain selected members because they happen to also serve on cabinet.

So with that, we have cabinet committees. A couple that come to mind is, of course, the Treasury Board and the priorities and planning committees, both of which have private members also serving on those committees. So the Premier has been very mindful that our government, all of our members need to be informed and work as one team.

Mr. Nilson: — Can you explain the compensation arrangements for cabinet ministers and for MLAs who serve on this board?

Hon. Ms. Harpauer: — There is no compensation.

Mr. Nilson: — There is no compensation for an MLA or for a cabinet minister on the board?

Hon. Ms. Harpauer: — No.

Mr. Nilson: — Okay. So that they serve in the same capacity then as the ministers?

Hon. Ms. Harpauer: — Yes.

Mr. Nilson: — Are they included in the Crown insurance plans and things like that?

Hon. Ms. Harpauer: — Yes, they are.

Mr. Nilson: — Okay. Have you received any legal advice as the Crown Investments Corporation around some of the issues related to cabinet confidentiality and the protection of cabinet, as opposed to caucus members' confidentiality?

Hon. Ms. Harpauer: — Thank you. As a separate entity, CIC did not look at it. However I cannot say that Justice hasn't looked at it because, as I said earlier, it is the Premier's decision to have private members on a number of committees. So I can't say that it hasn't been looked at. I would have to ask other members of Executive Council if that's been the case.

Mr. Nilson: — Would it be possible for you to investigate that and come back to the committee with information around this particular issue?

Hon. Ms. Harpauer: — Yes.

Mr. Nilson: — The reason that I ask this question is that there are situations involving Crown corporations, most likely litigation at some stage, where conversations that include caucus members may be discoverable in a different way than those conversations where there are no caucus members present, and that's a risk factor for CIC and for the government. And I'm wondering if this has been disclosed to the people who have prepared these reports and the people who do the books for the company.

[13:15]

Hon. Ms. Harpauer: — We'll look at that as part of the follow-up.

Mr. Nilson: — So you will also examine that question and provide information to the committee. The reason I ask the question is that there are situations where it can cause a fair bit of difficulty for the legal advisers for Crown Investments or possibly even one of the . . . less so I think of the subsidiary Crowns, but for Crown Investments. And I think it would be good to have on the record what kind of advice has been prepared and who's given the advice and what kind of risk has been disclosed, too, in the appropriate places.

Crown Investments Corporation and Subsidiary Crowns Payee Disclosure Reports

Mr. Nilson: — Now I'm going to work my way through some of the reports here. One of the interesting factors in the 2011 report relates to the numbers of employees at SaskPower. There's a fairly substantial increase but also substantial increase in salaries. And this has been a public issue. And I don't have any necessarily great problem with the fact that you need the best employees possible to run a Crown, but can you explain how the numbers of employees at SaskPower have gone up over the last two or three years in a fair number?

Hon. Ms. Harpauer: — So just looking at the report of the full-time employees from 2009 to 2010, those numbers went from 2,653 to 2,727, so an increase of less than 100 employees. And then in 2011, there was a decrease of 26 employees in 2011 to where it went down to 2,701. So I'm not sure we'd call that an incredible increase in employees.

But I do think there's two factors that SaskPower has to be mindful of as they move forward and ensure that citizens of our province have a safe, reliable power source. And one of course is the obvious growing demand as the province grows and communities are growing bigger. So there's more demand for power services. And the second is, as we see in a number of industry areas, we have an aging workforce. So SaskPower is bringing in or attempting to bring in more and more young workers so that they can be trained and able to do a good job as the workforce retires.

Mr. Nilson: — Thank you. And that leads to . . . My next question is in the forward-looking documents — I think it relates to all the Crowns, but we're asking here about SaskPower — there appear to be substantial increases in the amount of salary for each employee which shows up in these records. What kind of projections do you have, say, for 3 years, 5 years, 10 years, as far as the costs of employees to run the SaskPower system? And . . . Well I'll just end it there.

Hon. Ms. Harpauer: — And I know the member's well aware that for details on questions such as these, he'd be better served when the actual SaskPower annual reports are reviewed. But however in general, SaskPower, as do all of the Crowns, have to compete within the existing labour market within our province. And we know that that is a fairly competitive market now because we have a growing province. We also know that the average wage being paid in our province has been going up.

It's been rising. It's been very, very strong. So that is the competitive world that SaskPower is in.

We should note though that we don't anticipate that SaskPower or any of the Crown corporations will be growing in employees just straight with growth in the province. They're all looking at efficiencies and they've been doing exceptional jobs in finding efficiencies. So although we anticipate that there will be, you know, increased wages and that those are collectively . . . or bargained through the collective bargaining process; there will likely be some increases in employees; but there will also be efficiencies realized within the Crowns.

Mr. Nilson: — Would I be correct in assuming that responsibility for overall Crown sector employment plan in the long term would be the responsibility of one of the divisions of Crown Investments Corporation?

Hon. Ms. Harpauer: — So each corporation is responsible for their go-forward employment plan overall. CIC does review those plans, but they're responsible for . . . Each Crown is responsible for its own plan because each industry is a little bit different.

Mr. Nilson: — So there is no longer an overall policy relating to overall Crown employment and the long-term needs and requirements of the Crowns in general that is driven under CIC?

Hon. Ms. Harpauer: — No, there is not. There is not one policy driven by CIC for all.

Mr. Nilson: — So can you perhaps give a bit of a history of this and explain. Because my understanding was that that used to be an important part of what Crown Investments Corporation did.

Hon. Ms. Harpauer: — I'm advised that the history would be, since the Saskatchewan Party formed government the Crowns have developed their own needs within their own industry and sort of presented a plan to the Crown Investments Corporation. The Crown Investments Corporation however does track age, average age, retirement anticipation, and sort of the big picture but does not direct the Crowns on one policy for all.

Mr. Nilson: — So the answer is there is some sense of overall planning that's coordinated with the Crowns but that it's based on the reports that come from the Crowns as opposed to being driven from the centre?

Hon. Ms. Harpauer: — I think that you have summed it up quite well. It's coordinated rather than directed.

Mr. Nilson: — And has this been examined by the senior management at CIC in light of some of the challenges that we all know that we have in Saskatchewan in retaining the best employees to run our corporations? And is this something that's on the agenda for further discussion?

Hon. Ms. Harpauer: — I'm going to get Blair to answer that question because he of course is part of that, those discussions.

Mr. Swystun: — Thank you, Minister, and good afternoon, members. Mr. Chairman, there is in fact ongoing analysis at CIC of the outlook in, you know, a wide range of areas, whether

it's financial, whether it's labour force planning. The division headed up by Doug Kosloski actually has a human resource policy analysis group that undertakes work in this area, and there is ongoing close coordination with senior human resources officers in Crown corporations on this as well as other human resource management topics.

Mr. Nilson: — And does that include then a long-term plan identifying needs and, once again, possible risks to the corporation as far the numbers and I guess quality of employees available as we go forward here in Saskatchewan?

Mr. Swystun: — Yes, I think it's fair to say that that's certainly the kind of discussion that takes place — analysis of risks, projections, identifying gaps in skill sets that are available and looking at strategies to address those gaps.

[13:30]

Mr. Nilson: — Is it the same division of Crown Investments that works with the executive compensation plan that's been implemented as well?

Mr. Swystun: — Mr. Chairman, yes.

Mr. Nilson: — It appears that the written report gives a pretty decent description of that plan. Is there anything that the committee should know about the plan that — either pluses or minuses — that doesn't show up on page 32 in the 2011 report?

Hon. Ms. Harpauer: — We're going to ask Doug to answer this question.

Mr. Kosloski: — There's nothing different than what's described on page 32 of the 2011 annual report. This is a summary of what the compensation system is for the executives of the Crown sector.

Mr. Nilson: — Now part of this is short-term incentive pay and clearly that's the place where the board steps in and sets, on the advice of the senior executive, sets the objectives that relate to short-term incentives. And I see that it's based on financial objectives and corporate objectives. Does it include things like providing the most reasonable prices for utilities for customers? Is that part of the objective? Or is it just straight bottom line what the return is to provincial government?

Mr. Kosloski: — Mr. Chair, the member's question relates to how the targets are set, as I understand them, and what targets they are in particular. And those are determined by each of the individual Crown corporation boards, and the weighting of those is determined by the boards, predominantly for the CEOs [chief executive officer]. For example, about 80 per cent of the STI [short-term incentive] would be weighted towards corporate objectives and the other 20 would be weighted towards personal objectives.

The corporate objectives certainly are ones that are set out in each of the individual Crown corporation balanced scorecards which are in each of their annual reports — part of the establishment of those objectives. However there's a strategic plan or strategic priority which is developed by CIC, and part of that is the development or the direction to have reasonable rates

in the province of Saskatchewan.

Mr. Nilson: — And is it accurate to say that the CIC board approves each of these short-term incentive pay targets?

Mr. Kosloski: — Not directly. It's the responsibility of the Crown corporation boards to manage their CEO, and the CEO to manage their executive. We indirectly as a board, a CIC board, would indirectly approve . . . or directly approve their balanced scorecard targets and their business plans. And from that, that's where the officials or the executive objectives are drawn from.

Mr. Nilson: — Okay. Well just on page 33 it says, "The CIC Board annually reviews and approves CIC's executive performance including STI [or short-term incentive] targets." So is that statement accurate or not accurate?

Mr. Kosloski: — That's in relation to CIC executive. For an individual Crown corporation, it would be separate.

Mr. Nilson: — Okay. In this whole area of employment, we note that at SaskEnergy there's relatively stable employment. I guess there hasn't been a big increase in people, but once again the wages have gone up substantially over the last number of years. Is this related to some of the same answers you gave me about SaskPower, or is there something special that's happening at SaskEnergy?

Hon. Ms. Harpauer: — It would be very much the same again. Wages have gone up with collective bargaining agreements. They have the same pressures of course of more need for energy which they're managing with, like you said, a fairly stable workforce. I would think just quite possibly it would be different employees that were long term going into different steps within the pay scale as well.

Mr. Nilson: — Okay. Now when we get to SaskTel, there's been a substantial number of jobs that are not there any more. It looks like about 300. Is that accurate? Or can you explain what's happening at SaskTel and why their numbers would actually be going down quite a bit compared to some of the others.

Hon. Ms. Harpauer: — My understanding is SaskTel is changing the makeup of their workforce, and the change translate into a number of permanent positions reducing and the number of part-time positions being increased. I've also been informed that SaskTel is having some staffing challenges, attracting workers or being able to find workers.

Mr. Nilson: — Isn't SaskTel the one that used to be the best employer in the country or close to it every year? Is it really true that they're having trouble getting employees? That seems very strange.

Hon. Ms. Harpauer: — Just generally I can say again where SaskTel isn't the only corporation that is struggling with a workforce. We hear loud and clear from a lot of industries that they're all competing for the same workforce. But for details on that again, you would be better served to ask the questions when the SaskTel annual reports are here for review.

Mr. Nilson: — Okay. Well thank you. I'm trying to ask questions that cover the whole area. So let me go in another area but related to the same issues. This report shows, or/and in conjunction with some of the other information you've provided, that of the 2,700 approximately full-time employees at SaskPower, over . . . I guess it's almost exactly half of them earned more than \$100,000 in 2011. Is that accurate?

Hon. Ms. Harpauer: — We don't have that detailed information here. Again that would be better with SaskPower, when the SaskPower annual reports are here for review.

Mr. Nilson: — Okay. Well but you're not denying that that's true. We just took these numbers out of the information that's been provided to us.

Hon. Ms. Harpauer: — I'm not denying that that possibly is the case.

Mr. Nilson: — Okay. And then at SaskEnergy, there are I think about 939 employees. But out of that 939, 326 are earning more than \$100,000?

Hon. Ms. Harpauer: — That could be the case as well. And there would have to be sort of explanations from each individual Crown as to, again, years of service. Perhaps SaskPower . . . And I'm just, I'm not saying this is the case. I'm using this as examples where you might run into that differences. The SaskPower employees, maybe a greater number have a larger number of years of service so therefore they would be higher in the pay grid than SaskEnergy, may be one of the reasons for that, that difference. I don't know their wage comparisons.

Mr. Nilson: — And then at SaskTel the information is that there's 4,053 full-time employees and out of that number, 4,053, there's only, looks like 372 who are making more than \$100,000. And so that's quite different than the other Crowns. Maybe you can explain that.

Hon. Ms. Harpauer: — The other . . . It was just pointed, brought to my attention which again is common sense, it may be, when we know the details from SaskPower, it may be more overtime as well would make a considerable difference to the end of the year salary. SaskPower employees may be putting in more hours of overtime than the other Crowns.

Mr. Nilson: — And then with SGI [Saskatchewan Government Insurance] there's 1,807 full-time employees in 2011. And there were only I guess 172 that made over \$100,000 in that corporation. So it's a bit variable here.

I guess the . . . What's evident is that the, you know, wage component is increased substantially in all of them. And I think I have some understanding of those particular pressures. But I'm concerned when you say that at SaskTel they're having an especially hard time recruiting people because one of the issues that's raised with me quite often is some of the issues around job security and the contracting out of whole portions of that corporation.

And I'm wondering if there are any central CIC policies that relate to the ability or inability of individual Crowns to contract

out a lot of these important Saskatchewan jobs.

Hon. Ms. Harpauer: — So there isn't a one solid policy enforced by CIC. However there is an encouragement for all of the Crowns to focus on their core service, and if there is an opportunity to partner with the private sector and the service can be delivered in an efficient and an effective and cost-effective manner, the Crowns are encouraged to do so.

[13:45]

Mr. Nilson: — And are they encouraged to do that at the expense of Saskatoon jobs or Regina jobs or, I think more importantly, regional jobs — Kerrobert or Nipawin or Melfort? It's often more efficient to run things by consolidating in one place, but are there any directions coming from Crown Investments and from the board around maintaining the economic integrity of many of our smaller communities?

Hon. Ms. Harpauer: — Each specific Crown, along with direction from their specific boards, would be making that kind of business plan decisions. On the specifics, there is no one policy for all coming from CIC.

Mr. Nilson: — Is there any one policy coming from the cabinet and from the government and from the Premier?

Hon. Ms. Harpauer: — Not different than what I just described for CIC, which is encouragement to look at all potential possibilities of good service delivery at a low cost to ensure that the utilities are available at the best reasonable cost for the citizens of Saskatchewan, not to completely preclude the possibility of partnerships with the private sector.

Mr. Nilson: — Is there any factor emphasized by the Premier and cabinet around the preservation of jobs in smaller communities?

Hon. Ms. Harpauer: — No, there hasn't been, for or against; it hasn't been a discussion that I'm aware of.

Mr. Nilson: — So in the cabinet or in the places where you talk about building the economy of Saskatchewan, the role of the Crowns, but more importantly all of the jobs in the Crowns, is not a factor that's been part of the discussion around economic development for the province?

Hon. Ms. Harpauer: — Well we're always mindful of jobs and job creation. We're always mindful of, you know, opportunities for all communities, large and small. As you're well aware, many of us represent those small communities. So, you know, all of the government members are very mindful of the needs of the small communities. But do we have a directed specific policy coming from cabinet or CIC? The answer is no.

Mr. Nilson: — Is that one of the problems then that arose with the whole Enterprise Saskatchewan initiative, in that I think many people expected and effectively were told that this was a prospectus for the economic development of Saskatchewan, and it's these kinds of things around Crown jobs that provide a bit of a stability and a backbone for many of the communities in the province. So is this somehow related to the demise of that particular idea?

Hon. Ms. Harpauer: — No.

Mr. Nilson: — You give the answer as no?

Hon. Ms. Harpauer: — You heard the answer is no.

Mr. Nilson: — And so was there any role within that whole policy initiative that included the Crowns as economic drivers in various regions of the province?

Hon. Ms. Harpauer: — I'm going to ask that you ask the question again.

Mr. Nilson: — Was there any part of that initial policy that included Crowns as economic drivers for the economic development of the various regions in Saskatchewan?

Hon. Ms. Harpauer: — I don't think the Crowns are economic drivers. I think they're hugely important to the facilitation of economic growth. With the economic growth situations that I'm personally familiar with, the Crown corporations play an extremely vital role in that growth proceeding, but they are not the ones that initiated the growth in the cases I'm considering in my own local area. That's being initiated by the private sector, and then they look to the Crowns to help facilitate that growth.

Mr. Nilson: — So this role of the Crowns as basically providing economic stability and economic benefit right across the province is not of a very high importance to the present government.

Hon. Ms. Harpauer: — I don't think that's true. I think that there is a vast economic benefit to the Crown corporations remaining very strong and very stable, and I described that in my former answer. They're vitally important to the economic growth of our province. So we need our Crown corporations to be stable, to be viable, to be strong economically within themselves so that they can meet the demand that's going to be placed upon them as the province grows.

Mr. Nilson: — So when we talk about Crown corporation jobs in various regions in the province, we can see less and less importance placed on those jobs and where they're located versus a perspective that says let's do this in the cheapest way possible. Is that what we can see in the years to come from all of the individual Crowns under the leadership of Crown Investments Corporation?

Hon. Ms. Harpauer: — No.

Mr. Nilson: — So can you please explain what the vision is for the Crowns as we move forward?

Hon. Ms. Harpauer: — I would love to. So in my constituency we have PCS [Potash Corporation of Saskatchewan Inc.] Lanigan which is in the midst of an extremely large . . . actually at the tail end of an extremely large expansion. We have BHP that has been developing a mine with potential to follow through, but a lot of activity and a lot of money has been invested just in the exploration stage of that mine.

We have some short-line manufacturers that have had some expansions — Doepker comes to mind — where they can't

even begin to meet the orders that have come in. And in fact if you want a trailer right now of certain types, you're going to be waiting months and months for that to be completed.

We have the city of Humboldt, which is growing substantially with a whole new area beginning, not just residential but also a business area within Humboldt is being developed with a number of very large businesses. There's also the number of smaller communities throughout that are expanding each of their respective towns and villages because they're finding that people are moving. So they're developing lots.

All of that is going to require power and natural gas and telephone service, and so all of those services are going to be delivered by very valuable employees. So the best thing that we can do to secure the Crown jobs, which I think are very, very important, is to ensure that we have an environment within our province that encourages that growth in not just Humboldt, Saskatchewan, but in St. Gregor, Saskatchewan, and in Jansen, Saskatchewan, and in many, many, many of the smaller communities, the middle-sized communities, and the larger communities. That will ensure the jobs of the Crown corporation employees, is the large demand that's going to be put upon them as the province moves and grows and develops and moves ahead.

Mr. Nilson: — Well I don't dispute those comments. It's quite interesting that you start off with the Potash Corporation, given that when we had the major question about the takeover of PCS by BHP, I can't remember what the percentage was, but it was almost 50 per cent of the people still believed that it was one of Crown Investment Corporations' assets. So it's interesting.

But I guess my question relates to many people in the province who have an uneasiness about how the Crown policies relating to employees are creating some instability in some of the smaller communities because people know that these jobs are good jobs, and we see that in the information that has been provided here today. And you know, it may be possible that some of the difficulties at SaskTel related to employee recruitment and things relate to this uneasiness about the future of the Crowns.

And so I understand the comment about, you know, business development. That's what we all want, but I think I also am concerned that there doesn't appear to be a perspective that talks about this broad role of the Crowns to be a force for economic development. I know a number of years ago, I was talking with some officials in the state of Nebraska, and it was quite interesting how high a profile their utilities and some of the things that they did as it related to power played in their economic development plan.

And so I don't think this is sort of a question that's off in some other area. This goes right to the heart of the regional economic development of our province, and it relates to what are the long-term plans that Crown Investment Corporation has for having, obviously, business in various parts of the province but more importantly to the local community employees. So perhaps there's something in the report here that you can show me that talks about that, but I'm feeling a little uneasy right now.

Hon. Ms. Harpauer: — Fair enough. Just to address your comments on potash, as I said, I was referring to my own constituency which has more potash mines than any constituency in the entire province. So it's an industry that I'm very, very familiar with.

I also want to again state that we do not believe that Crown corporations drive the economy, that they are facilitators for growth and in the economy, and a very, very, very vital one because they can slow down growth or cause barriers for growth. And so they're very, very, vital. They're also an amazing, all of the Crown corporations are amazing corporate citizens within our province.

I know that you are trying to insinuate that there's this massive overall plan to eliminate or reduce Crown corporation employees, which is a vital, important job within our province, and it just simply is not the case. Has there been situations where some employees have had their jobs eliminated in smaller centres? My answer is yes.

I'm from a community where SaskPower made a decision that due to the substantially reduced number of people that go to the SaskPower office to pay their SaskPower bills, that that person perhaps no longer was necessary in the community because technology's changed. The way people operate and live their day-to-day lives has changed. So therefore many of us, myself included, you know, do not do that person-to-person in the SaskPower office, pay my bill. They're paying it online. They're paying it through other methods. So should we allow the Crown corporations to make business decisions as society or technology changes? Absolutely I think that we should, and that is responsible. But is there a direction to do so? The answer is again, no.

[14:00]

Gradworks Inc.

Mr. Nilson: — Okay. Well thank you. Now, Mr. Chair, I think I'll ask some questions about some of the other, smaller reports and maybe we can vote some of those ones off and then we'll come back to the CIC reports and I guess the Crown payee disclosure report. So if we can go down to . . . trying to think which one. Where does . . . The Gradworks reports, '08, '09, '10, and '11 financial statements. And I just have a few questions there and then I think we can vote some of these off so we can shorten our agenda for the next time we get together.

Okay. In the financial statements, and I assume you've got copies of them there, the report that reports to the end of 2008 showed that the amount of money it provided to Gradworks dropped from 2.46 million down to 1 million. Can you explain what happened? Because my understanding is that the program has continued, but there was a substantial drop in the amount of money provided in that year.

Hon. Ms. Harpauer: — What happened was the decision that the individual Crown corporation that had the student paid the wages rather than CIC.

Mr. Nilson: — So that the money that was spent actually went through SaskPower, SaskTel.

Hon. Ms. Harpauer: — Exactly.

Mr. Nilson: — And that's the way it's continued since then?

Hon. Ms. Harpauer: — The initial decision, CIC still paid the wages for STC [Saskatchewan Transportation Company] and SaskWater just because they may not have been in the position at the time to absorb that cost. So for the other Crown corporations that could absorb the cost, they would then move to paying their own wages to those students, and CIC continued to pay the wages for STC and SaskWater.

Mr. Nilson: — So that's what happened in 2008. Well then in the next year, 2009, there was total reimbursement of internship salaries and benefits of 1.4 million and the previous year it was just 35,000. So is there some accounting weirdness to this or maybe there's a simple explanation?

Hon. Ms. Harpauer: — Okay. I've just been informed that the change that I was aware that happened in the payment of salary actually didn't happen till 2010. So we'll get clarification on your previous question because you said that was 2008. So we'll get an explanation of that right now from one of the officials.

Mr. Kosloski: — So if I understand this question and the previous question, just the change in the amount of dollars that were attributed to Gradworks in 2008, '09, '10, and I believe '11 is . . .

Mr. Nilson: — I haven't got to '10 yet.

Mr. Kosloski: — I'm anticipating. Sorry. In 2008 it was a year of transition for Gradworks, in that we had a new government, new administration, and it was a program that was under review at the time and there was some hesitation to expand it. So the numbers did change between 2008 and 2009 simply because of the number of interns that were taken in. The government decided to continue with the Gradworks program. They extended it and that allowed officials to then take the full complement of Gradworks interns under the program.

In 2010 we changed. In 2009-2010 we changed who paid for the interns' salaries and benefits. And that's what the minister referred to earlier, is that there was a shift from CIC paying it on behalf of the Crowns to the Crowns paying it directly. So you'll see the numbers between '08 and '09, and '09-10, and '10 to '11 changing and then decreasing where it relates to CIC. And that's the reason behind it.

Mr. Nilson: — Okay. And perhaps for our extensive viewing public, you might want to explain what Gradworks is so that people can understand what we're talking about.

Mr. Kosloski: — Gradworks is an intern development program developed for the Crown corporations. And the primary purpose is to allow recent graduates of post-secondary institutions to work in the Crown sector for a period of one year. And that allows the graduates to get some experience related, directly related to their area of study and it also allows the Crown corporations to try out new employees in an internship role. They do get paid a nominal salary. And the program is successful and has seen that about a little over 60 per cent of the

interns that have worked in the Crown corporations have found full-time jobs in the Crown corporations; and about 90 per cent, a little over 90 per cent of the interns that are part of the program stay in Saskatchewan and work in Saskatchewan.

Mr. Nilson: — Okay. Well that's good news. And I'll just have a couple more questions about, then, the financing. So when you did this shift, then clearly the amount of the grant from CIC went down to zero in 2010, but when we look at the 2011 books, it went up again to 400,000. So does that reflect the fact that you're paying the STC or the Gradworks jobs and the SaskWater jobs?

Mr. Kosloski: — Yes. It reflects that, and it varies from year to year depending on how many interns STC takes or SaskWater will be able to place. So that number will vary. As well that grant to, from CIC to Gradworks, it's also reflective of some of the administrative costs that are attached to Gradworks, some of the training that goes along with it to the mentors, to the interns, and some of the promotional material that's required — websites and things of that nature.

Mr. Nilson: — Okay. Well thank you, Mr. Chair. I don't have any more questions about the Gradworks Inc. financial statements for 2008, 2009, 2010, and 2011.

The Chair: — If nobody else has any questions on this particular item, I would ask that a member move that we conclude consideration of the 2008, 2009, 2010, 2011 Gradworks Inc. financial statements.

Mr. Makowsky: — I so move.

The Chair: — Mr. Makowsky so moves. All in favour? Agreed. And thank you. If you want, we can take a five-minute recess at 2:30. Is that okay? Okay.

First Nations and Métis Fund Inc.

Mr. Nilson: — So on to our next topic? Okay. Very efficient work there, Mr. Chair. So now the next one that I think we should look at is the First Nations and Métis Fund. And once again we have four years of reports, and I'll ask some general questions about the First Nations and Métis Fund. Perhaps you can describe what it is and what its purpose is for the, you know, I guess the economic well-being of the province.

Hon. Ms. Harpauer: — Thank you. And again we're going to get Doug to address the questions on this fund.

Mr. Kosloski: — Mr. Chair, the member asked the question of the purpose of the fund. The purpose of the fund is to invest in First Nations and Métis businesses in the province. It's a \$20 million fund, and the fund provides equity or loans to First Nations businesses. Those are all on commercial terms, and they are for the purpose of leveraging other sources of capital, senior debt financing, other sources of equity, and to allow First Nations and Métis businesses to grow.

Mr. Nilson: — Could you explain how much money has actually been invested out of the \$20 million fund.

Mr. Kosloski: — So at the end of 2011, there was \$6.7 million

committed to three companies.

Mr. Nilson: — And so were these committed over a number of years or all in 2011? Or perhaps you could explain what this investment is.

Mr. Kosloski: — It was over a number of years since inception of the fund, which was 2007.

Mr. Nilson: — Okay. So now it's my understanding that one of these businesses is L & M Wood Products and that there was a loan to L & M for \$2.2 million. What was this money lent for to L & M Wood Products Ltd.?

Mr. Kosloski: — That loan was provided in 2007, and it was for the purposes of expansion of the saw mill.

Mr. Nilson: — And where is that saw mill located?

Mr. Kosloski: — I don't have that off the top. I'm sorry. I can get that information if you wish.

Mr. Nilson: — Okay. And is that loan still outstanding then?

Mr. Kosloski: — No. In 2011, L & M was sold to a company called P & E Logging and the original investment was part of that sale.

Mr. Nilson: — And so was the money recovered, or what were the financial results on that particular loan of \$2.2 million?

Mr. Kosloski: — The investment was written down to zero but we were able to recover \$190,000.

Mr. Nilson: — And so when the new loan was . . . or when the business was sold, did the fund get involved in lending money to the new purchasers?

Mr. Kosloski: — We had a pro rata share of a debenture, a \$500,000 debenture, to P & E Logging.

Mr. Nilson: — And is that still outstanding to this date?

Mr. Kosloski: — Yes.

Mr. Nilson: — But that was part of then the purchase of the property that had been written down to zero. Is that correct?

Mr. Kosloski: — Correct. Yes.

Mr. Nilson: — So also in 2008 there was money, I guess a loan, to Eagle Vision Mulching of \$705,000 as part of a \$1.5 million investment. I guess the first question is, did the full amount of \$1.5 million be paid out to Eagle Vision Mulching? And what did Eagle Vision use this money for?

Mr. Kosloski: — Again this is a tree clearing business that clears lines for mining companies and for oil and gas companies. And it was used to buy equipment and for the expansion of the business. The fund had committed \$1.5 million to Eagle Vision Mulching. It loaned to it \$900,000. As of the end of 2011, I believe there was \$468,000 remaining outstanding, and the principal is current and there's no losses on

the loan. So the loan has been repaid or is in the process of being repaid.

Mr. Nilson: — So have there been any other loans from this \$20 million fund other than L & M Wood Products and Eagle Vision Mulching and then I guess the company that took over L & M Wood Products? Have there been any other loans?

Mr. Kosloski: — This was announced in 2011, which I believe is the year we're looking at, and there was \$3 million committed to Muskowekwan Resources Ltd. on the Muskowekwan First Nations. And that was to do with further development of potash on reserve lands through Encanto Potash Corp.

Mr. Nilson: — Has any of that money been disbursed to them or just the decision made to invest?

Mr. Kosloski: — That's the decision made to invest.

Mr. Nilson: — But no money has been disbursed to date?

[14:15]

Mr. Kosloski: — Not that I'm aware of . . . [inaudible interjection] . . . I'm told that it was disbursed before the end of December.

Mr. Nilson: — Okay, so the report then at the end of the year would include that disbursement and an amount to the company, P & E that took over L & M, and then the amount that's outstanding to Eagle Vision Mulching. So those would be the three loans that are outstanding right now.

Mr. Kosloski: — Yes, that's correct.

Mr. Nilson: — Yes, so how many requests for loans have been received over the last four years?

Mr. Kosloski: — It's varied. I think it's safe to say the activity has increased over the last two years. This fund has a third party manager that manages the fund. And all requests for funding go through the third party manager, who does do commercial due diligence on each request and then, once the due diligence is completed, then brings it forward to the fund board for consideration.

Mr. Nilson: — And the fund board is a subsidiary of Crown Investments Corporation. Would that be accurate?

Mr. Kosloski: — That's correct.

Mr. Nilson: — Okay, but the actual decisions around which investments should be brought forward come from a third party. And is the third party I see here in the report the First Nations business development program? Would that be the name of it, or is that not accurate?

Mr. Kosloski: — The third party manager is Westcap Mgt. out of Saskatoon.

Mr. Nilson: — Okay. And has there been any initiative from Crown Investments to try to attract more applicants for this

funding because there's \$20 million available for economic development in an area where I think we all would like to see more business activity. So can you explain what kind of work has been done to try to get this money used?

Mr. Kosloski: — Thank you. So a number of steps have been taken to assist in this area. The fund manager, Westcap Mgt., has a program called BRIDG [Business Ready Investment Development Gateway] program, and they develop, I guess, capacity in the First Nations and Métis communities and businesses on how to properly govern, what to look for in business planning, how to develop a business plan. And that goes a long way in approaching lending institutions, approaching funds like the First Nations and Métis Fund that does lend on commercial terms. It doesn't lend on . . . It's not a grant program or anything of that nature. So that is actually picking up a lot of momentum since they were involved in that, and that has assisted in the number of potential deals that are coming through the door. Early years on this fund saw limited deals that would fit into the truly commercial model.

Mr. Nilson: — And how long has Westcap been involved as the manager?

Mr. Kosloski: — Since its inception.

Mr. Nilson: — Okay. But it's some of these other related programs that have made a difference in having this money be used.

Mr. Kosloski: — Correct.

Mr. Nilson: — So if we get requests from people that have a First Nations or Métis background interested in business, they should go to Westcap? Would that be where they go, or do they go to CIC?

Mr. Kosloski: — Westcap would be the route. And certainly they can contact CIC. We have staff that work on the fund, and they could point people in the right direction.

Mr. Nilson: — Okay. Well I think there's some money here or some resources available that should be used, and so we'll help you promote the use of this money as well. So I have no further questions on this, Mr. Chair.

The Chair: — Seeing no further questions, I will ask members of the committee that we conclude consideration of the 2008, '09, '10, '11 First Nations and Métis Fund Inc. financial statements. Mr. Parent so moves. All in favour. Agreed. Carried.

Capital Pension Plan

Mr. Nilson: — Thank you, Mr. Chair. Now we'll move on to the Capital Pension Plan annual reports. And is it possible for someone to provide an explanation of what the Capital Pension Plan is as opposed to other government pension plans so that we can understand what we're going to be talking about here?

Hon. Ms. Harpauer: — Thank you. And we're going to ask Blair to answer those questions.

Mr. Swystun: — The Capital Pension Plan is a defined contribution pension plan that provides a pension savings vehicle for employees in a number of Crown corporations, including CIC, SGI, as well as a number of other companies and some private sector employers as well. So as a defined contribution plan, the way in which the plan operates is there are employee as well employer contributions. They are invested through outside investment managers, governed and monitored by the plan's board of trustees and the contributions as well as the returns accrue to the benefit of the plan members and are then used upon retirement to purchase annuities either through the plan or through another annuity provider.

Mr. Nilson: — Could you explain who would be the trustees of the Crown pension plan?

Mr. Swystun: — The plan's 2011 annual report lists the members of the board on page 10. It's Mike McPherson, Chair; Cindy Ogilvie, Vice-Chair; Keith Appleton, Blaine Pilatzke, Ed Helm, Jeff Stepan, Tim MacLeod, John Amundson, David Olsen, Carla Brown, and Gordon Dolney.

Mr. Nilson: — And the Capital Pension Plan from its description then relates to people who would be under the newer pension plans. Would that be correct? Is there another plan that relates to the old defined benefit plans?

Mr. Swystun: — That's correct. In the late '70s the existing defined benefits plans in government as well as in a number of Crown corporations were closed. So existing members continued on in those plans if they elected or they could elect to become members of the new plan. I believe any employees since that day would be members of this plan or other plans. A number of the Crowns are members of, their employees are members of the public employees pension plan, a similar type of structure though.

Mr. Nilson: — So the history of why employees would be part of the Capital Pension Plan as opposed to the public employees pension plan, was that a decision of the employees or just straight historical fiat, I guess?

Mr. Swystun: — Mr. Chairman, I'm not familiar with the history. We could certainly look into the answer to that question if the committee would like.

Mr. Nilson: — And so to recap, then it's SGI, CIC, and that's pretty well it. And it may be a number of these smaller subsidiaries, CIC companies that are members of this.

Mr. Swystun: — Just a pause to consult. Mr. Chair, as examples, a number of other Crown Corporations, SaskWater, STC, there's a number of housing authorities that would be planned participants as well. And we would be pleased to provide a complete listing if that's the committee's wish.

Mr. Nilson: — Okay. Thank you. It doesn't appear that from review of these '08, '09, '10, and '11 reports that there's any substantial difference here compared to the public employees plan or others as far as the management of this. Although I have one question related to 2010, where there was a 80.49 million loan pledged with collateral of 84.52 million and there was a loan that was obtained in that year. What would be the reason

for that somewhat different accounting issue in that particular year? A similar kind of thing doesn't happen in any of the other years.

Mr. Swystun: — Which page is the member referring to, if you don't mind? It will just help us to . . .

Mr. Nilson: — Well it's in the 2010 financial statements. And it's in 2010, Canadian-held securities loan amount is 80 million, 80.49 million. And then the pledged collateral is 84.520 million, and in the year before it was only 50 million.

A Member: — Mr. Nilson, do you have a page number on that annual report?

Mr. Nilson: — Well it's in two annual reports, and it just shows that the collateral . . . [inaudible].

The Chair: — Being that we're just about half through, maybe we'll have a five-minute break and we will resume at 2:35.

[14:30]

[The committee recessed for a period of time.]

The Chair: — Being after a short break, we will resume again with the committee and carry on from where we left off.

Mr. Swystun: — Thank you, Mr. Chairman. So just to recap Mr. Nilson's question as I understand it, it relates to loaned amounts of 50.76 million up to 80.49 million between 2009 and 2010.

Mr. Nilson: — That's correct.

Mr. Swystun: — Okay, so thank you. So now I'm familiar with the topic the question relates to.

This amount reflects a change in the amounts of investments that were provided for securities lending. Now this is a practice that Capital Pension Plan, along with other pension plans, undertake to generate revenue for the plan members. So securities owned by the plan are lent to investment dealers, and to ensure that the securities are provided back, there is collateral provided by the investment dealers to protect the plan members. There's a number of things that are done so the security that is taken is highly liquid, highly secure. So it's things like treasury bills, Government of Canada bonds, banker's acceptances, and other high-quality securities.

And in addition to that, there is what's referred to as overcollateralization. So for every \$100 in securities loaned, there would be more than \$100 in these highly liquid securities that would be provided as collateral to protect against, or to ensure that the securities that are lent out are recovered.

Mr. Nilson: — Thank you for that. So is this sort of the whole covered bond world, if I can call it that way, where investment funds look for just that little bit extra interest return by getting into this field of secured investments that they call covered bonds?

Mr. Swystun: — My understanding is the . . . So the securities

are lent to reputable investment dealers, first of all, and they are then used by those investment dealers in their business, which in some cases would include transacting with short sellers in securities. So a short seller would be required to actually borrow securities to undertake a short sales transaction. So this is where the securities come from.

Mr. Nilson: — Is this something that is watched by Crown Investments Corporation? Are there policies around this type of investment or lending or . . . I guess it's both; it's both in that sense. So I guess really the question is, who has oversight over that kind of a transaction?

Mr. Swystun: — A direct oversight for this practice would be the responsibility of the board of the Capital Pension Plan, which includes representation from CIC as the plan sponsor.

Mr. Nilson: — And from what you've said, this sounds like it's a relatively common activity. Is that correct?

Mr. Swystun: — Yes, it is.

Mr. Nilson: — And is the difference in this year that it shows up at year-end so that you have to report it, so there's a transaction that went over the year-end? Or is it just because it doesn't show up like that each year, if I can put it that way?

Mr. Swystun: — So the amounts reported in the annual report would simply reflect the change in the level of activity from one year to the next. So it could be . . . Obviously in 2010 the activity in this area was somewhat higher as of year-end as compared to 2009. That would just simply be a function of activity in the financial markets.

Mr. Nilson: — Thank you very much. So I think on the Capital Pension Plan I don't have any further questions, and I think that we can accept those reports, the annual reports for the Capital Pension Plan for 2008, 2009, 2010, and 2011 and basically say thank you to the board and the people with oversight for protecting these workers' money to the best of their ability. So thank you.

[14:45]

The Chair: — In a motion, Mr. Nilson? Is that a motion?

Mr. Nilson: — Oh, no.

The Chair: — Okay. Seeing then no other questions, I would ask that a committee member conclude consideration of our 2008, '09, '10, '11 Capital Pension Plan financial statements. Mr. Moe has so moved. All those in favour? Agreed. Carried.

Saskatchewan Immigrant Investor Fund Inc.

Mr. Nilson: — The next group of reports relates to the Saskatchewan Immigrant Investor Fund Inc. financial statements for 2010 and 2011, and perhaps I could ask someone to provide our viewers with a brief description of what this is and how important it is to the province of Saskatchewan.

Hon. Ms. Harpauer: — Thank you for that question, and we will have Doug answer the questions on this fund.

Mr. Kosloski: — So the Saskatchewan Immigrant Investor Fund is a subsidiary of CIC, and it was created for the purposes of receiving loans from the federal government, who in turn receives contributions from immigrant investors. And there are currently eight, I believe, provinces and territories participating in the program, Saskatchewan being one of them. The money comes from the federal government to the province and then the province must use it for development purposes. And what the province of Saskatchewan has undertaken for this fund is to develop a program called the Headstart on a Home program. And so the money that's received by the Immigrant Investor Fund is provided to developers to develop entry-level homes in municipalities across Saskatchewan, and that is with the intended purpose of getting more houses in the hands of Saskatchewan residents.

Mr. Nilson: — Okay. And so for the Immigrant Investor Fund Inc., this particular 2010-2011 version, is this quite different from the previous immigrant investor funds, and could you explain the difference. Because I think the public had a fair understanding of the funds that were used for many purposes in the province, including the refurbishing of Hotel Saskatchewan, but this sounds like it's a different program.

Mr. Kosloski: — The federal government . . . I guess the main difference in the program was the federal government changed the requirements that are attached to the money that it provides to the provinces in that it requires the provincial treasuries to guarantee the return of the monies. Prior to that it was a, I believe, an undertaking on the province. It was a direct investment from the province or a direct relationship between the province and the investors through what we had prior to . . . 2009 I believe was the Saskatchewan Government Growth Fund.

Mr. Nilson: — So that in actual fact then, these amounts are effectively guaranteed by the province of Saskatchewan to the federal government and not to the individual investors? Do the individual investors get a guarantee then from the federal government?

Mr. Kosloski: — I'm not aware of the relationship between the federal government and the individual investors.

Mr. Nilson: — Okay. So at the present time, how much money has been, I guess, placed in this particular fund?

Mr. Kosloski: — So as of December 31st, 2011, there was a \$55.5 million approximately contributed to the Immigrant Investor Fund.

Mr. Nilson: — Okay, and then as of the books that were released yesterday, March 31st it shows a figure of \$71,738,000. Would that be accurate? Would there have been that much more invested in this fund in the first three months of the year?

Mr. Kosloski: — That would appear to be the case. We're presently receiving anywhere between 4 and 5 million, or three and a half to \$5 million monthly from the federal government.

Mr. Nilson: — And so then how much of this money has actually been used, I guess, by . . . Well maybe I'll go back a

little bit. Who manages this money and how is it managed?

Mr. Kosloski: — It's managed by the Saskatchewan Immigrant Investor Fund, and we have outsourced the management to a third party manager, Westcap Mgt. And they essentially run the Headstart on a Home program and vet the developers that are looking for loans from the fund and the development programs that they are proposing.

Mr. Nilson: — Is any of the money that's involved here contributed out of the General Revenue Fund of Saskatchewan or of Crown Investments Corporation?

Mr. Kosloski: — No.

Mr. Nilson: — Okay. Thank you. Do you have any information as to how many houses have been built, if that appears to be the main purpose of the now \$71 million that's in this fund?

Mr. Kosloski: — I can give you numbers as of March 31st, 2012 if that's sufficient. So of that we've committed about \$57 million to construct 377 homes in the province, and those are in various municipalities. And I can name the municipalities: Saskatoon, North Battleford, Prince Albert, Moose Jaw, and Yorkton. And you know that, of course, that's as of March 31st. And that continues to grow and develop.

Mr. Nilson: — Okay. And I'm assuming Regina will eventually get its share. Would that be accurate?

Mr. Kosloski: — Yes. I believe it's dependent on the municipality and the developer working together to come up with a plan.

Mr. Nilson: — So I think it shows in the 2011 report that the management fee to Westcap has gone from \$50,000 a month to \$70,833 a month. Can you explain how this rate is determined or if there is some, if it's a fee based on activity or how is that fee determined?

Mr. Kosloski: — So in the financial statements for the Immigrant Investor Fund on page 9, it lists the details of how the management fees are calculated. They are \$50,000 per month to July 15th, 2012. And then they are reduced after that point to \$20,000 per month from August 15th to July 15th — August 15th, 2012 to July 15th, 2013 — and then a monthly fee payable at a certain percentage, which is 0.167 per cent of the current loans balance, so the loans that are outstanding or the net loans that are outstanding over the term of the management services agreement which expires on November 30th, 2020.

Mr. Nilson: — Okay. So it's gone from a flat fee to a fee based on the volume of the work, would that be an accurate description?

Mr. Kosloski: — Right. As you can imagine at the outset of a fund or a program, there's little activity, and as the fund gets going then there is some activity. And it's based on that level of activity. So you're correct.

Mr. Nilson: — So what is actually managed here? Are these mortgages, or are they monies lent to construction companies or to municipalities or maybe all three of those things?

Mr. Kosloski: — They are essentially construction loans to the developers.

Mr. Nilson: — So the developer comes up with a proposal to build 25 homes, and they work together with the municipality, and then they apply to get this essentially bridge funding until the house are all sold. Would that be an accurate description of it?

Mr. Kosloski: — Correct.

Mr. Nilson: — So this is the announcement that was made over at Evraz Place, maybe a year and a half year ago approximately, that relates to this? I just remember being there with a number of the people from the building or the house construction people. So is that correct?

Hon. Ms. Harpauer: — I don't think so. It was made by the Minister of Housing Corporation. We first started to look at the possibility of this program when I was the minister of the Housing Corporation at that time and then it became Minister Draude. I think the announcement you're referring to was not that. I believe this was announced in Saskatoon, but I could be corrected.

Mr. Nilson: — So given the numbers of homes built with the amount of money that's listed here, what sort of price range of homes are we talking about? Or is that an easy question to answer? I guess the question is, is it low-cost housing to meet that need? Is it middle-cost or is it really high-end housing?

Mr. Kosloski: — The parameters on the program are, it's categorized as entry level housing. And that will be dependent on the community in which the houses are constructed. The general guideline is that the sale price must be at or below the MLS [multiple listing service] average for that municipality. So the price can range from anywhere, depending on whether you're in Saskatoon or Humboldt or Swift Current or Assiniboia, it will vary.

Mr. Nilson: — Is there any limit on the amount of money that the federal government will forward under this program? And if there is a limit, can you explain where it is? Because obviously as much money as possible for housing is what we all want.

Mr. Kosloski: — Yes, that's a tough one to answer and it is dependent on the interest that the government receives from immigrant investors. My understanding is that there is approximately a 10-year backlog of funds ready to be allocated. This is a five-year program. At this point we have no concerns that money won't be available, or concerns that if this program needed to be expanded that additional funds wouldn't be available.

[15:00]

One of the parameters that are tied to this, however, is that we get a proportionate share based on our GDP [gross domestic product] and our population. There's a formula that's used by the Canadian immigration ministry, and they pool the money from the immigrant investors and then they allocate it pro rata to the participating jurisdictions. And they use a formula that uses a number of measures including GDP, including

population and things of that nature.

So that's why the monthly amounts vary from month to month. But there's enough there, if that's the question.

Mr. Nilson: — So does this money relate only to immigrants that are coming to Saskatchewan, or does it relate to immigrants coming to the whole country?

Mr. Kosloski: — To the whole country, is my understanding.

Mr. Nilson: — So if we end up with fewer immigrants because of the changes to the Saskatchewan immigrant nominee program, will that affect the amount of money that we get under this program?

Mr. Kosloski: — Not that I'm aware of.

Mr. Nilson: — Okay, so this is basically federal money, federal program, where they gather the \$500,000 investment from a new immigrant, put it into a fund, but now they've added this wrinkle of every province that gets the money has to guarantee it. Would that be a simple description of this?

Mr. Kosloski: — Yes.

Mr. Nilson: — And under the old program, the relationship was directly between the province and the individual immigrant, well with no guarantees from the province, and effectively the program success or failure would determine whether that immigrant got their money back. Is that correct?

Mr. Kosloski: — Correct.

Mr. Nilson: — So if I'm an immigrant from Hong Kong then and I put my money into this particular program, that effectively I can be assured that I'm going to get my money back because I'll either get it from the federal government or from the provincial government. Is that accurate?

Mr. Kosloski: — That's my understanding.

Mr. Nilson: — Well that's obviously a response to a lot of frustration on the whole immigrant investment fund world, so practically I guess it's a positive step. And as you've indicated, we've got 377 homes that are either built or on their way to being built, and that's good news as well.

Now, Mr. Chair, I don't think I have any more questions about the immigrant investor fund, and so I'll end my questioning.

The Chair: — Seeing no questions, I would ask that a member move that we conclude consideration of 2010-2011 Saskatchewan Immigrant Investor Fund Inc. financial statement. Ms. Wilson so moves.

Ms. Wilson: — So moved.

The Chair: — All agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

Saskatchewan Development Fund Corporation

Mr. Nilson: — Okay the next one I've got is the second item here, the 2011 financial statement for the Saskatchewan Development Fund Corporation. And my understanding is that this fund has been wound down and that it's actually stated in here that the Legislative Assembly will move to dissolve this particular Act, *The Saskatchewan Development Fund Act*. Is that an accurate understanding of what's happening here?

Mr. Swystun: — That's correct.

Mr. Nilson: — So when will this legislation be introduced?

Mr. Swystun: — My understanding is it's being considered by the government to be introduced this fall.

Mr. Nilson: — And what was the cash position of the Saskatchewan Development Fund when it was voted to be wound down?

Mr. Swystun: — On the corporation becoming inactive, there was approximately \$2.4 million in surplus funds. All investors in the fund were repaid, and so the residual was transferred to CIC.

Mr. Nilson: — So that approximately \$2.4 million has been transferred to CIC. So the financial statement showing there's zero there is accurate. So has any of that money been transferred from CIC to the General Revenue Fund?

Mr. Swystun: — Well that amount simply goes into the bank account and becomes part of CIC's resources that are available for a variety of purposes, whether it's operations, programs operated through CIC such as subsidies to STC or the EnerGuide for home programs, or certainly dividends to the General Revenue Fund.

Mr. Nilson: — So it wasn't specifically requested, that amount. Okay. It's used in the overall corporation, the Crown Investments Corporation? Just I guess as a final comment on this, we probably won't have too much chance to talk about this unless we need to talk a lot in the legislature, but is . . . You know, what did the fund do? And did it accomplish its purposes? It seems to me it might have if, when it was all said and done, you still had \$2.4 million left. But I think it might be helpful just to have on the record what it did and where all the money . . . what's happened to it.

Mr. Swystun: — So the fund commenced operations in the early 1970s, concluded operations and was closed to a new investment in the late 1980s, and carried on for investors that wished to retain their investment within the fund. It also operated an annuity fund so an investor had the opportunity to take funds and put them into a, I believe it was an income-averaging annuity to, for example, to provide retirement income. The plan or the corporation certainly, I guess, could be considered to have achieved its objectives because it did provide an investment opportunity for investors that chose to invest in it or to use it as a source of annuity funding for pension or other purposes.

Mr. Nilson: — Okay. Well thank you very much. I have no

further questions on that.

The Chair: — Seeing no further questions, I'll ask that a member . . . We will make a motion we conclude consideration of 2011 financial statements for Saskatchewan Development Fund Corporation. Mr. Bjornerud. So moved. All those in favour?

Some Hon. Members: — Agreed.

The Chair: — Agreed. Carried.

Saskatchewan Government Growth Fund III Ltd.

Mr. Nilson: — Okay. The next one that I'm going to look at is shown on our agenda as the 2011 financial statement for Saskatchewan Government Growth Fund III. And perhaps we can start out there with an explanation of what this actually is and explain what's happening in these books. It looks like it's close to the end of this corporation but not . . . We're not quite there. So perhaps you can provide an explanation.

Mr. Swystun: — Sure. So there was a total of eight different funds that were established under the Saskatchewan Government Growth Fund program. Fund number III is the last remaining fund. It continues to exist because it has a small holding of shares in Big Sky Farms, and the fund is in the process of looking to dispose of those funds because the funds are in a privately held company that, as I'm sure members are aware, has been undergoing some challenges over the last period of time. There is a bit of a process for the fund to go through in terms of disposing of those shares. The holding in Big Sky is less than 1 per cent of the ownership of the equity in the company and we would anticipate that this would be likely wrapped up in 2012.

Mr. Nilson: — Okay. Well I have no further questions on that one, Mr. Chair.

The Chair: — Thank you. Seeing no further questions, I would ask a member to make a motion we conclude consideration of the 2011 financial statement for Saskatchewan Development Fund Corporation. Mr. Parent so moved. Okay. All those in favour?

Some Hon. Members: — Agreed.

The Chair: — Carried.

Mr. Nilson: — I'm pleased to have my colleague, Mr. Wotherspoon, join us and I think he has a few questions this afternoon.

The Chair: — Turn the floor over to Mr. Wotherspoon.

Crown Investments Corporation of Saskatchewan

Mr. Wotherspoon: — Thank you, Mr. Chair. Thank you, Madam Minister and officials, for your time here this afternoon.

I sat in the committee in a couple of meetings previous and have had, based on some straightforward types of questions, had some concerning information shared by this minister, but

also the previous minister in February and then I believe this time last week. I wanted to say to the minister that I received a letter, a copy of a letter that was sent out with respect to IPAC-CO2 and some of the concerns highlighted by this minister sitting here today and also the minister previous as far as following up with what's been shared with us that there's been some financial reports or audits that have been done and some of the other concerns that have been highlighted by this minister here last week. And I see a letter here urging a release of that report, particularly as it relates to the public dollars that are involved. And certainly that's consistent with what was undertaken by the minister last week in committee after the minister had spoken about or identified some conflicts that she had become aware of.

I guess my first question is, last week the minister identified that she hadn't reviewed the reports herself, that she hadn't read the reports. Has the minister reviewed and read those reports at this point in time?

The Chair: — Before we go on, I just want to back up the item. I believe when I was going through reading it, I believe that I said Development Fund Corporation, so I'll ask the member to conclude consideration of 2011 financial statement for Saskatchewan Growth, Saskatchewan Government Growth Fund III Ltd.. So just to make sure, I didn't think I quite said all that. So Mr. Parent, I believe he still agrees or re-moves the motion. Okay. All those in favour?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you. I just want to clarify that just in case. I wasn't sure exactly what I said. So carry on. We'll carry on to . . .

Hon. Ms. Harpauer: — Thank you. I believe the question was, did I read some reports that the member referenced to do with the governance issue, or process issues to do with the University of Regina's management while they had the management of the IPAC-CO2. My answer before was no. My answer still is no.

Mr. Wotherspoon: — My question might be then so it was, your statement was as university when they had control. Now it's my understanding from what's been shared by either this minister or the minister previous that one of those reports or possibly a couple of those reports were in fact provided to the independent, the new formation of the board, the new governance. So I guess my question would be then those, for the reports that were received by the new governance structure of IPAC, maybe the question is how many reports were received by that new governance structure and has the minister reviewed, read those reports?

Hon. Ms. Harpauer: — I guess I need you to clarify what reports you're referencing.

Mr. Wotherspoon: — It's been highlighted that there were multiple reports, I believe, by KPMG and I've heard of one by Meyers Norris Penny. We've had some statements about the timing of those reports that isn't entirely clear, I think, to the public or the opposition.

[15:15]

But I believe what's been conveyed, or at least how it's been understood by the opposition from the information shared by ministers, is that certainly one or two of those reports would have been received by the new structure, the new governance structure that's in place there for IPAC as it stands.

Hon. Ms. Harpauer: — I don't have those reports.

Mr. Wotherspoon: — Has the minister reviewed the reports that have been subject of question in this committee?

Hon. Ms. Harpauer: — I do not have access to those reports. You know that. You received the letter of denial. You know that I do not have access to those reports.

Mr. Wotherspoon: — Has the representatives of CIC, the three representatives on that board, have they reviewed those reports?

Hon. Ms. Harpauer: — I would assume that the board has reviewed those reports, yes.

Mr. Wotherspoon: — You'd assume, because last week of course you had, you highlighted that there were concerns, or you've highlighted some conflicts of interest. It seemed that you knew a fair amount about this. You'd made a statement about something about public dollars not being used improperly. These are, this is all important information. Of course we're dealing with organizations and people of great reputation and importance to the province, certainly historically and to the future. So it's important that we're clear on these matters. And I'm just wondering . . . The minister seems to have strong statements, has highlighted some of these concerns, but now seems as though she's had little briefing on this. Has the minister had a chance to sit down with her representatives to CIC and to be fully briefed on these reports, the nature of the reports, the timing of these reports?

Hon. Ms. Harpauer: — What has become extremely concerning is the number of times that I need to tell the member opposite that there is not a concern with a misappropriation of dollars. I have said it time and time and time again. For reasons I really don't understand, he refuses to hear that answer and continues to say that the concerns raised had to do with the spending of dollars. I will say yet again, the concerns raised or identified by the board — once the board was formed — was not on the dollars. It was on processes. Perhaps if the member would have listened to the opening statements that I made when this committee began, he would hear it yet again. But I'm more than happy, Mr. Chair, if this committee would like, to read some of those statements back into record so that the member that has now joined us can hear them.

Mr. Wotherspoon: — Question for the minister: were there any reports by CIC as it relates to the concerns that the minister has discussed or the specific reports that were conducted? So as the Minister for CIC, with representatives as CIC representation, has CIC conducted any reports specific to some of the concerns over the reports that were put forward?

Hon. Ms. Harpauer: — No, CIC has not directly commissioned any reports. And through hours and hours of

questions posed by the official opposition, both to my predecessor, Minister McMillan, and myself, we have clarified repeatedly to this committee that during the initial start-up of the period of IPAC-CO2, the University of Regina was contracted to manage that start-up.

When the seven-member board was formed, processes undertaken by the management team of the U of R during the start-up period were questioned. Specifically a contract was entered into for IT services and equipment with Climate Ventures Inc., or CVI, that was not tendered and there was a question of conflict of interest due to two members of the U of R management team also having involvement with CVI. So action was taken.

It was established that the goods and services for which CVI was contracted to deliver was received. The contract cost was within the acceptable range for similar goods and services, and the goods and services were necessary for the function of IPAC. No money was missing. The board severed the management arrangement with the U of R and moved IPAC into a stand-alone agency. The stand-alone IPAC agency continues to be audited by KPMG and has received two consecutive clean audits.

Given the actions taken by the IPAC board and the university and the fact that all provincial funding has been fully accounted for and that the funding was used for the purpose that it was provided and that IPAC is doing good work and delivering on the goals and the objectives expected by the government when the funding was approved, the province and Shell Canada made the decision to continue funding IPAC. And both organizations continue to have confidence in the organization going forward.

In respect to the opposition's motion at the last committee meeting requiring the Provincial Auditor to investigate the initial start-up of IPAC, I would again like to inform this committee that it was brought to my attention yesterday from a person from the U of R that the Provincial Auditor did audit the start-up of IPAC and reported the results of that audit in 2010.

In a memorandum of audit observations for 2009-10, the Provincial Auditor recommended the following: (1) that the University of Regina board of governors establish a policy over the authority for the university to form or participate in separate entities; (2) that the University of Regina make a written agreement with IPAC-CO2 Research Inc. setting out each parties' roles and responsibilities; (3) that the University of Regina make a written agreement with the vendor providing development and acquisition of information technology software and hardware setting out each parties' roles and responsibilities.

I have been assured, as has the Minister of Advanced Education, the University of Regina has responded to those recommendations. Further the University of Regina stated a number of steps that they have taken in a letter to Minister McMillan dated April 13th, 2012. I suggest that the member opposite or the member from the official opposition read that letter. It has been tabled. I went through the list of the large number of documents that have been tabled now before this committee. I have also committed to when I receive a response from the board that that will be tabled with this committee.

The university continues to be an extremely important facility within our province, with services that we value. However they have addressed the number of issues that were identified in the processes. The member from the official opposition can sit here and he can waste another several hours if he so chooses, implying to the people of Saskatchewan that there is money missing, and he will get the same answer again and again and again that there is not money missing.

Mr. Wotherspoon: — You know, it's a remarkable approach from this minister. You know, this is an uncomfortable file that the minister seems to try to point all fingers at a very important partner in Saskatchewan and provide little transparency back to the public. That's brought into question a small group of people that work within an important organization in Saskatchewan. And I guess the approach of the minister is disappointing. We're talking about millions of dollars. They're public dollars. And we're talking about simple scrutiny and oversight that's important — simple transparency.

Now I haven't identified any concerns at this table. The concerns have been identified by ministers opposite. Questions have been raised around value for dollar by ministers — not by this member — but also as it relates to conflicts of interest where this minister went into great length and then had little information to follow up and clarify, which I think is really unfortunate as well because we have individuals with their professional integrity that exists as well. And we should be cognizant of that. The public does deserve proper questioning and scrutiny, and I hope the minister won't become too impatient with important questions.

It was stated by the minister that she highlighted conflicts of interest as she described them. She went on to describe that as individuals that were in management of IPAC but also, as she described, on the board at CVI. Could the minister describe the role of those two members that she's highlighted, the two individuals where there was, as she stated, a conflict of interest, what their roles were on that board?

Hon. Ms. Harpauer: — On the board of CVI? No, I can't say what their positions were. They were employees of the University of Regina. And I want to point out that the person that is questioning the University of Regina is the NDP [New Democratic Party] member asking the questions again and again and again and receiving answers to those questions and still pursuing this repeatedly for hours on end. And the member with the NDP caucus is the one that will not accept all of the steps that were taken by the University of Regina.

He has the correspondence and he has the information from the University of Regina that has been tabled that acknowledged that they had some issues that were identified, and they have outlined extensively the steps they have taken to address those issues. So I am not responsible for the management and oversight of the University of Regina. I am however confident that this is an isolated incident by the university. It is not common practice. And I'm also confident that they took the steps that they say they have taken. So the one questioning all of this is the NDP member.

Mr. Wotherspoon: — Yes, that's right. The member's been outed — I am a member of the New Democratic Party of

Saskatchewan, and I am also a member of the legislature. And we have had highlighted by this minister some concerns around public dollars flowing from her government and questions of accountability, and certainly that is important to Saskatchewan people.

And if the minister feels that simply she'll push hard or be sort of . . . take a certain approach here, that somehow we'll not ask the questions that people deserve — not the case. Important questions exist. There is no question as to this member or the NDP's support for the University of Regina and its governance, its history that it plays to Saskatchewan. And it's a vital part of our future; there's no question there.

Question to the minister: were the two members or individuals that she highlighted that were in conflict of interest that were on the board of CVI as she described, were they also incorporators of CVI?

Hon. Ms. Harpauer: — I don't know.

Mr. Wotherspoon: — Could the minister check with her officials if the two members that she's highlighted that had conflicts of interest, to verify if they were incorporators of CVI?

Hon. Ms. Harpauer: — Apparently all the officials with CIC know is that they were directors of CVI when it was incorporated.

Mr. Wotherspoon: — Okay. So they were incorporators. They were there from the start of this. I see a head nodding yes in the back there. Is that correct, Minister?

Hon. Ms. Harpauer: — Apparently so.

Mr. Wotherspoon: — Okay. So they weren't just board of directors; they were incorporators who began CVI. Was that part of the concern over the conflict of interest as well, Madam Minister?

Hon. Ms. Harpauer: — The concern is that there was single-sourced . . . CVI was single-sourced, and the employees involved in the management team of the University of Regina had involvement also with CVI and CVI got the contract.

And if the member opposite wants to continue to question whether or not the university had a conflict, he needs to read the letter that has been tabled in which I quote the letter from April 13th, 2012, to the Hon. Tim McMillan. And I quote out of that letter; it says:

Second, the university acknowledges a potential conflict of interest was identified, and there were processes related issues with regard to the CVI contract found during our review.

[15:30]

Time and time and time again I have pointed out that there was conflict. The university has had it identified. They have addressed their processes to safeguard from this happening again. They acknowledge that it was a conflict within their management team.

Mr. Wotherspoon: — The question isn't of the University of Regina. The question is of the minister who flows and has transferred public dollars on behalf of Saskatchewan people, and the question is simply about transparency. And again, we sit . . . this isn't a . . .

The Chair: — I will cut in. I would ask the member . . . I've been listening for, this is three meetings now, numerous questions and I haven't seen any new information on this. And you keep asking the same question over and over again. I would ask if you don't have any new information, that we move on and we ask other questions of other reports. We've had a busy agenda, and we still have many things to consider either today and at . . . with this. So if you don't have anything new, I would ask that maybe the minister . . . I'm quite satisfied that the minister has asked every question. She's wrote the letter. We can see what the reply back is from that. But I think it's time that we start moving on.

Mr. Wotherspoon: — So I guess there was three new questions here today. The minister's had rather long answers. What the three questions were, just to review, that were all brand new were, there was a question as to whether the minister had read the report since, and then there was a question about when those reports were received and which governance structure. There was a question about whether or not if there was any reports or analysis done by CIC as it related to some of the concerns that existed, some of the audits that had gone on or reports that had gone on. The minister stated here today that there was, none of that was done, so it was brand new. Those were two questions.

The Chair: — And they were.

Mr. Wotherspoon: — Yes.

The Chair: — And the minister answered them.

Mr. Wotherspoon: — Right.

The Chair: — They were new questions. I'm talking about now for moving on.

Mr. Wotherspoon: — And I have more new questions, Mr. Chair.

The Chair: — Well as long as they're new.

Mr. Wotherspoon: — Well, Mr. Chair, I guess what else was a new question was the question as it related to incorporation. And what we learned here just moments ago, the minister ended up sharing after checking with her officials, is that the members in question with conflict of interest weren't just board of directors, they were also incorporated. So they were the ones that had actually formed the company that then had dollars flowed from this other organization and public dollars that flowed.

So that was new information, a new question, new information. So I've had three new questions and three new bits of information. And I have a fourth question for the minister that if the Chair . . . All my questions of course are new. I have no desire to have discussion or filibuster around this table. I'd like

to get some facts on the table here. The question for the minister was what was purchased, what was purchased from CVI by way of service and equipment and where is that now?

Hon. Ms. Harpauer: — That was answered by Minister McMillan. It was also answered by myself, and that was hardware, software. And it is in the hands of the new IPAC entity. And I know it was answered by Minister McMillan because I read *Hansard*, and also I know that I stated that the purchase was IT hardware and software and services. And the hardware and software are in the hands of the IPAC entity now.

Mr. Wotherspoon: — Thank you for that answer. So there's no questions that exist around where physical materials or equipment is? Hardware, software, all of that's been accounted for?

Hon. Ms. Harpauer: — Yes.

Mr. Wotherspoon: — There's been reference to a contract to CVI, and I guess my question is when was this contract established or entered into — the sort of, the date?

Hon. Ms. Harpauer: — Minister McMillan answered that question. Maybe not the exact date, but I know Minister McMillan, when he was asked a similar question, answered that it was somewhere in March of 2009. And he also gave the dates of when the first invoices to the company were paid.

Mr. Wotherspoon: — In those, so dollars didn't flow until after that contract was established? Is that correct or did they flow before that?

Hon. Ms. Harpauer: — February 2nd, 2009, \$602,409.63 would have gone, CIC to IPAC. Are you talking about money from CIC to the management of IPAC or are you talking about IPAC paying CVI?

Mr. Wotherspoon: — Dollars to CVI, either directly from IPAC or directly from government.

Hon. Ms. Harpauer: — Government didn't flow those dollars, IPAC did.

Mr. Wotherspoon: — Sorry, government didn't which? I didn't catch your . . .

Hon. Ms. Harpauer: — CIC did not directly pay the contract fees.

Mr. Wotherspoon: — Right. My question was encompassing either CIC or from IPAC. So when did those . . . the contract was established in March 2009. My question was, when did dollars begin flowing to CVI?

Hon. Ms. Harpauer: — So the schedule of payments from the university, the U of R, to CVI because there was no IPAC at that time. It was just the university managing this contract. So on March 20th, \$44,016 . . . sorry, that's the invoice date. The payment was made on April 16th. May 19th, \$42,672 went from the University of Regina to CVI. On June 15, \$128,688 went from the University of Regina to CVI. On August 20th, \$101,892 went from the University of Regina to CVI; on

August 20th, \$93,114; on September 14th, 93,114; on October 29th, 96,348; on November 3rd, 127,722; again on November 3rd, 98,666; on November 19th, 141,130; on December 3rd, 54,075; on December 3rd, 156,292; on December the 8th, 10,500; on January 21st, 2010, 33,810; January 20th, 211,456; February 22nd, 191,025; March 16th, 2,363; April 26th, 8,898; March 24th, 630,457; April 26th, 9,213; April 22nd, 94,346; May 19th, 6,378; May 19th, \$157,090; July 22nd, 3,168; July 22nd, 71,927; August 19th, 50,344; August 19th 50,344.

Mr. Wotherspoon: — Thank you, Madam Minister. So there was no dollars then that flowed before that contract was signed to CVI, either from CIC or from government, or from, I guess you're highlighting the University of Regina's dollars there, is that what the minister is sharing?

Hon. Ms. Harpauer: — No dollars went directly from CIC to CVI, so I just shared the dollars that flowed from the university to CVI.

Mr. Wotherspoon: — Is the minister aware of any dollars that flowed from government by way of any other ministry to CVI?

Hon. Ms. Harpauer: — No, I'm not aware of that.

Mr. Wotherspoon: — I just have before me an OC, order in council, dated March 6th of 2008. If the minister can just provide a little bit of clarity here. I believe as I read the OC, the OC is no. 119/2008. It's also numbered as 3774, just to identify it. Now it looks, in this one here there's, I believe there's a transfer from Energy and Resources of \$100,000 to, I believe it looks like, maybe it's to establish CVI at that point in time. So my question I guess to the minister, maybe this is . . . and she can work with her officials here just a little bit. What were the purpose of these dollars? Were there other ministries as well? And just to verify those pieces, what was the purpose of that \$100,000?

Hon. Ms. Harpauer: — Is that an OC for \$100,000?

Mr. Wotherspoon: — We'll send a copy there so we're working from the same material. I'm just looking through it myself here right now, but it's 119/2008 and I can send one down.

Hon. Ms. Harpauer: — So to read this into the record, I would like to reference the third point. It is deemed desirable and in the public interest for the Minister of Energy and Resources to enter into an agreement with the University of Regina under which the Government of Saskatchewan is liable to make expenditures in the amount of \$100,000 for the purpose of funding a research initiative tentatively entitled Climate Ventures from February 1, 2008 to March 31st, 2008. So it's a payment to the University of Regina.

[15:45]

Mr. Wotherspoon: — Right, and directed by the order in council here, from executive government's explicitly stating under which the Government of Saskatchewan is liable to make expenditures in the amount of \$100,000 for the purpose of funding a research initiative tentatively entitled Climate Ventures for February 1st, 2008, March 31st, 2008. So of

course it would seem that the analysis to transfer these dollars was certainly done at the government level, and that's the express purpose of these dollars, not transferring them to the University of Regina, but for some purpose funding a research initiative tentatively entitled Climate Ventures. Now is this same Climate Ventures that the minister has spoken about with concern, that she's, where she's raised concerns about conflict of interest of two individuals?

Hon. Ms. Harpauer: — I want to clarify before I answer the question. I don't have a conflict or have not identified a conflict of interest within the company. The conflict of interest is the contract decision with the company. I don't know this company, and I do not have an issue with them whatsoever.

I have spent some time sort of going through the OC and the material that the member had given me. My understanding or take of this is that the university applied for funding. They also put in \$50,000 for a concept to develop some research. I would have to defer this to that ministry, that minister. This has nothing to do with CIC.

Mr. Wotherspoon: — Now is this the same entity that the minister's highlighted? I'm trying to make sure we're phrasing properly and capturing the minister's words properly. But the minister's identified some conflicts of interest that she identified for two individuals who were on the management side of IPAC and then, as she described, also on the board side of an organization called CVI or Climate Ventures. And then of course today it was highlighted that they weren't just on a board but they were, I believe it was relayed here today, that they were incorporators of that entity.

So now is that the same organization we're talking about then, this Climate Ventures, that a year prior the dollars that were flowing that the minister was highlighting in March of 2009? Is this the same Climate Ventures that's received \$100,000 from her government for the purpose of funding a research initiative tentatively entitled Climate Ventures? Is that the same Climate Ventures?

Hon. Ms. Harpauer: — Because of the name, I would have to say that logic would say yes, but I suggest again the university needs to answer that question. This was an application that they made to the Minister of Energy and Mines to do a partnership on this. So the university I'm sure can answer the question whether or not that company and the company that supplied the IT services for the start-up entity before IPAC could put together a board is one and the same.

Mr. Wotherspoon: — So the minister is not sure if this Climate Ventures . . . Now just to be clear again, it's pretty specific here that it's not any necessary direction of the university here. It's pretty explicit that it's direction of government here and express purpose of Energy and Resources to send \$100,000 for this Climate Ventures.

And I guess just to quote a little bit from there too, to quote: “. . . to stimulate and further the transformation of interest into realizable sustainable benefit to the applicant in the province of Saskatchewan, a take-to-market entity provisionally called Climate Ventures.” So it's fairly well described in this OC and seems probably well understood by government where these

dollars were being sent and certainly the purpose of those dollars, so I don't know that it's the University of Regina that we should be, you know, necessarily questioning here. I think certainly there's a responsibility of the Government of Saskatchewan for any public dollars that it's transferring to make sure proper controls are in place but also to make sure they're understanding who's received them.

Certainly it comes in the same name here as Climate Ventures, the same organization or by the same name of the organization that the minister has highlighted some concerns over conflicts of interest of individuals that have had a relationship both with IPAC but then also with Climate Ventures. I guess what we certainly need . . . Again this would certainly help if we had those reports and just had the information before us because then we kind of go through new questions, we find out lots of new information, and further concerns exist.

In light of the confusion that exists, in light of the fact that the minister seems to have learned from staff here today that, and that certainly we've learned here today, something that individuals that she was highlighting around concern over conflict of interest weren't just board members but were incorporators. And certainly the fact that now it seems to be identified or it seems to be a concern that maybe dollars have flowed directly from her government with the express purpose of funding this Climate Ventures — which may be a very viable company; I'm not questioning any of what they necessarily do. I don't know the company very well. In fact, that's what we're calling for.

But in light of these aspects, does the minister have some concerns over the fact we're dealing with hundreds of thousand dollars in some cases, millions in other cases, and there's just so few answers and little transparency back to Saskatchewan people?

Hon. Ms. Harpauer: — What's missing?

Mr. Wotherspoon: — Typically what we do is, when we come to a committee like this we have an auditor who sits at the table. And if there's questions around how dollars are being transferred or if there's questions of potential conflicts of interest or the first minister raised questions around value for dollar, these are when we then have the ability to put a bit of a spotlight if you will, to make sure that the proper controls are in place, to make sure that what occurred is transparent to Saskatchewan people, and to make sure if there was any weak controls or any improper decisions, that accountability and changes occur. So what's missing is the transparency back to Saskatchewan people as it relates to public dollars, their hard-earned dollars, and something that's normal course of process for a government.

So I guess I go back. There was a motion put forward, a reasonable motion, one which government — I was surprised in fact — didn't support, to have the auditor of Saskatchewan who's independent, non-partisan, take a look at these reports, these concerns, the transfer of dollars, and make sure that they're accounted for in a proper fashion, to make sure that value for dollar exists, to make sure that conflicts of interest are not a concern to Saskatchewan people. And I don't think that's too much to ask when we're talking about the public dollars that

we are.

In fact I would seek, you know at this table, I think with the new information we've learned, there may be will at this table, I would hope will at this table . . .

The Chair: — I would cut it at this time. If the member's right, in February the Provincial Auditor was here, and we went through the report and we voted it off. She didn't raise any concerns. If the member opposite has some, he can privately take them to her, I suppose. I am satisfied with the way the minister's answering the question. And you keep bringing up the same thing over and over again. I would ask if there is any new questions or that we, that you move on to another item on the agenda.

Mr. Nilson: — So thank you, Mr. Chair. I would also like to add a further bit of information for the minister and the officials related to this matter because it appears that also on March 6th, 2008 there's another order in council, no. 117/2008, 3774 which transfers from the Government of Saskatchewan, the Minister of Energy and Resources, the sum of \$50,000 to the University of Regina for the purpose of funding the Office of Energy and Environment from April 1st, 2007 to March 31st, 2008. And it's not necessarily directly related to this but it appears to have gone in, in a fashion into the cabinet room jointly with the order in council no. 119/2008. And so, Mr. Chair, I'd just like to make sure this one is also part of the review of this matter.

I think that the questions that keep arising around this particular matter do relate to some of the interconnections of individuals that are involved, also interconnections and, you know, where did all this originate. It appears from the information we have that it originated from the Ministry of Energy and Resources and that there was instigation coming then from the ministry with the recommendation into the cabinet and therefore the OCs resulted. And this happened a whole year prior to all of the information that we've had in front of this committee before.

I would like to make a motion:

That this committee ask the Provincial Auditor to prepare a special report reviewing the issues surrounding Climate Ventures Inc. and the various activities starting early in 2008 and going right up to the present day.

So moved.

[16:00]

The Chair: — There's been a motion put forward:

That this committee specifically request that the Provincial Auditor prepare a special report on the activities surrounding the Ministry of Energy and Resources, the Crown Investments Corporation, the International Performance Assessment Centre, the University of Regina, Climate Ventures Inc., and its predecessors, if any, from December 2007 to the present.

All in favour of this motion say aye.

Some Hon. Members: — Aye.

The Chair: — All those opposed say nay.

Some Hon. Members: — Nay.

The Chair: — Motion is defeated. It being past 4 o'clock, I would ask a member to move adjournment.

Mr. Bjornerud: — I so move.

The Chair: — Member opposite has moved adjournment. This committee now stands adjourned until the call of the Chair.

[The committee adjourned at 16:04.]