

The Chair: — We will commence our review as scheduled of the SaskEnergy annual report. We have before us today, the minister responsible for SaskEnergy, Minister Lautermilch, and we also have several officials from SaskEnergy, as well as the representative from the private auditing firm of Ernst & Young that conducted the audit for the annual reports, representatives from the Provincial Auditor's office, and so I would suggest that we commence our review now.

I'm sorry that we do not have as yet, members from the official opposition, but I expect, and I hope, that they will be along shortly. In the meantime I do welcome all committee members who are present. Hon. Minister Lautermilch, would you please introduce your officials and begin the process.

Hon. Mr. Lautermilch: — Madam Chair, good morning and good morning to members of the committee. This is the first time as minister that I've had the opportunity to represent SaskPower . . . or SaskEnergy. I'm sorry, my apologies to the president. And so I'm looking forward to today's exchange.

I'd like to introduce some of the officials that are representing the corporation today. Beside me is Ron Clark, president and chief executive officer of SaskEnergy; Jullian Olenick — where are you, Jullian? — Jullian is the executive vice president of TransGas. Russ Pratt is the vice president, distribution. Elaine Bourassa is the vice president of finance and administration, and tries to keep us on track in that regard. Ken From is the director of gas supply — Ken, good morning — and Mark Guillet, the acting general counsel. Morning, Mark.

Madam Chair, we have a short presentation that we would like to present to the committee that outlines the direction that the management of the corporation and board are moving, and I think it would be helpful. It's a short presentation. It will be about 15 minutes, and I think it will give committee members an opportunity to have, perhaps, a better understanding of the operations of the corporation — pressures on it; some of the successes we've been able to achieve; and I guess we'll be talking about some of the little problems that will be facing this corporation, as it does the entire industry.

The Chair: — I think these days they call them challenges and opportunities. Expunge the word "problems" from your vocabulary.

Hon. Mr. Lautermilch: — Challenges it might be. If I can be just a bit political to start, I am rather upset that members of the opposition haven't taken the opportunity to attend to this committee. This is the one time of the year where they have a chance, an opportunity, to scrutinize the operations of the corporation and I want to say that I am somewhat offended that they would not take the opportunity on behalf of the people to ask the questions that I know the people of Saskatchewan will want of this corporation.

I want to say that I don't want to continue these deliberations with only government members present. I'm going to suggest, Madam Chair, that — and it's your prerogative certainly as the Chair of this board — but I'm going to suggest that the officials

make the presentation and if, in my opinion, if members of the official opposition and members of the third party are not in attendance, I would want to adjourn these deliberations. I want to say that I am somewhat offended that they can stand in question period and ask questions that should be asked in this committee, but when this committee sits, they choose not to attend. And I would ask you to use your judgement with respect to whether or not you continue these deliberations without members of the official opposition and the third party present.

The Chair: — Thank you, Minister. This is one of those problems that I prefer to view as a challenge rather than an insurmountable problem. I would like to inform committee members that the representative from the third party, Mr. D'Autremont, has indicated to me that he is in another meeting that's running concurrent in this building and he is on his way. He should be here in within 60 seconds or so. I've not heard anything.

Hon. Mr. Lautermilch: — Madam Chair, that caucus has five members and they can chit in whether he is the designated member or not. There are five members from that caucus and any one of them can attend to this meeting. I don't know how many the official opposition has, but I see no one occupying this chair. And I am not willing . . . of course it's your prerogative as Chair. But I am just not comfortable going through this process without affording the opportunity for some meaningful dialogue with respect to the corporation. And I want to say that I am offended.

We have the senior executive of the one of the major corporations in this province, we have the Provincial Auditor present, who could attend, we have the auditor who audits the finances of this corporation — all of these folks have the ability and have the opportunity to be able to attend to a meeting that they had good notice of. And I am not willing to hold up the workings of this corporation in this format when the official opposition hasn't got, I guess, the interest to attend.

And I will say no more on this other than to say I am absolutely offended.

The Chair: — Thank you, Minister. Your concerns are noted.

Mr. Koenker: — Yes. I concur very much with the minister. I chitted into this meeting — I have other things that I could have been doing this morning — and that opportunity is available to the opposition. I'm unwilling to sit here and even hear the presentation because I know full well that we'll have to sit through it again on another occasion because they aren't here.

So I would certainly concur that we adjourn right now and let these professional people get on with their lives and do something useful.

The Chair: — Well, I would point out to members of the committee that democracy is a fragile and precious thing. Democracy, as we have structured it, works best when we have the presence of both government members and opposition members.

And it would be in the best of all possible worlds — wonderful — if we had all members from all political parties recognizing their duties and responsibilities for all sorts of legislative duties, including attendance at standing committees and not merely attendance in question period where the media is present and can spin their statements into stories for the public.

I, though, do think that since I have heard from the official . . . from the third party that they are on their way, that we should begin our proceedings. And I would note right now that members of the official opposition have just now attended. So I think that we can get on with the presentation.

To Mr. McLane and Mr. McPherson . . . Mr. McPherson, you have a chit form do you, from Mr. Bjornerud? Thank you very much.

I would just point out to you that the minister has just expressed some chagrin and concern that you were late. I assume you had another meeting elsewhere in the . . .

Mr. McPherson: — Well assumed.

The Chair: — Thank you. So what we will do is now begin our review.

Mr. McLane: — Yes, Madam Chair. I indicated to you when the times of the meetings were set that 9 was a problem for us and indicated at that time that there was a possibility that we might not be able to be here right at 9 o'clock. So I just remind you of that.

The Chair: — Yes. I know that and I had said that we could move the meetings to 8 o'clock and that wasn't acceptable either. So we are going to have to try to discipline ourselves to get these meetings on, on time, and to conduct the business of this committee as speedily as possible.

Mr. McPherson: — Well then I'm not sure what the problem is with what Mr. McLane's request was to move it to 9:30. You can be as disciplined as you want, but if you have two other meetings on the go at 9 o'clock, then I think the government could show a little latitude, you know. Because of the numbers you have, you have the ability to take in many more meetings. We don't have that luxury with the numbers in our caucus. If 9:30 works better for us, if you want the committee to work in a free-flowing manner, then show some latitude.

The Chair: — Mr. McPherson, I would point out to you that I believe the government members have shown some latitude. The reason for the 9:00 start is because the third party, who have even fewer members than you, but equally important other legislative and caucus duties, have requested that we meet as early as possible in the morning because they have regular, scheduled 10 o'clock meetings.

So we are trying to find some kind of a compromise so that this committee can be a committee of deliberation rather than confrontation and conflict.

Mr. Trew: — Thank you, Madam Chair. As the . . . I don't

know whether to say I have tenure; I've been on this committee for 10 years. I simply want it noted this is the first time we've run into this situation in the 10 years I've been on this committee.

Political parties, all of us, have more than one member, and have always had the ability to chit in and make whatever arrangements. And I know that, Madam Chair, you have done your level best to schedule meetings that are at as close to appropriate times as we can possibly muster, recognizing there's more than one, more than two, and indeed more than three interests in getting us all to the table at the same time.

I guess that rather than flogging this thing to death, I'm simply going to serve notice that in future, when 10 minutes past the appointed meeting time starts, when I'm present, I'm going to move adjournment unless we've got enough people here. I simply say that so that everybody knows, for the record, what's going to happen.

I suggest that at this point we get on with the SaskEnergy presentation.

The Chair: — And I suggest that the unexpected snow and rain is probably causing all of us to be a little bit more sharp in our tempers than we really customarily are. So let's get on with it.

Minister, I understand that because of your personal health problems you may not be able to be present for the whole presentation of the overview, and I certainly would excuse you if you feel you have confidence in your officials to carry the proceedings in your absence, but I do want to say that we have, because of the House rules, when a minister is present, the officials are covered under the prerogatives and privilege of the minister. When the minister is absent, it seems to me only wise to read out a statement that is customarily used in Public Accounts.

And so I will do that now to caution the officials. And the statement is basically: witnesses should be aware that when appearing before a legislative committee, your testimony is entitled to have the protection of parliamentary privilege. The evidence you provide to this committee cannot be used against you as the subject of a civil action. In addition, I wish to advise you that you are protected by section 13 of the Canadian Charter of Rights and Freedoms, which provides that a witness who testifies in any proceedings has the right not to have any incriminating evidence so given used to incriminate that witness in any other proceedings except in a prosecution for perjury or for the purposes of giving . . . or for the giving of contradictory evidence.

A witness must answer all questions put by the committee. Where a member of the committee requests written information of your department, I ask that 15 copies be submitted to the committee Clerk who will then distribute the document and record it as a tabled document. You are reminded to please address all comments through the Chair. Thank you.

Minister, if you would then commence the proceedings.

Hon. Mr. Lautermilch: — Madam Chair, before I do I'd like to reintroduce my officials to members of the opposition and the third party, if I could, before the presentation. Beside me is Ron Clark, the president and chief executive officer of SaskEnergy; Jullian Olenick, who is the executive vice-president of TransGas; Russ Pratt is vice-president of distribution; Elaine Bourassa is vice-president of finance and administration, who I indicated earlier tries to keep us on track in terms of our finances within the corporation; Ken From is the director of gas supply; and Mark Guillet, acting general counsel. And good morning to all.

We have a short presentation to make. It gives an overview of the corporation, its operations, and where it's headed and if members . . . I think it would be helpful before we enter deliberations to have the short presentation and so I'll ask Ron, if he would, to take the proceedings and go ahead with the presentation.

Mr. Clark: — Thank you, Minister, and, Madam Chair, I'm not sure what it was you read out but I want to say that I and my colleagues are here this morning . . . we're pleased to be here this morning to discuss the performance of SaskEnergy. I'm going to ask Jullian to help me with a few overheads. I'll be very brief, mindful that the committee wants to talk about issues and to discuss the matters of the corporation. Jullian, go ahead.

The presentation, Madam Chair, will focus on the vision and mission of the corporation, the corporate profile, a look at the financial operation of the company, the challenges facing our industry and our company, a brief summary, a break, and then there is, Madam Chair, a very brief discussion on issues related to rates. I think rates are an issue of interest to all, I'm sure, the committee members, but we'll break and come back to those with the direction of the Chair.

Want to say that every organization, every successful organization, has a vision and a goal that it strives for, and ours is to be Canada's leading energy company. I think that one may say, well gee, that's a pretty lofty and ambitious goal. I want to say to members, and I hope we can demonstrate some of that this morning, that in fact in our industry in this country and in beyond, that we perform at a very high level, and I think that that goal of being the leading energy company is very much within the grasp of the men and women who work for SaskEnergy.

Our mission is obviously, through our employees, to provide the services that our customers are expecting and to support the aspirations of those in our industry.

You will know that the organization was created in 1988 as a result of a split from SaskPower and set up as a distinct organization and created as a Crown Corporation in October of 1992. We have two core businesses: the distribution business, which is essentially the movement of gas to our homes and businesses in the province, and that's handled by SaskEnergy, and the transmission and storage of natural gas through our high pressure system, which is handled by TransGas.

Very quickly, Madam Chair, and members of the committee, the look at SaskEnergy, the utility. We serve over 300,000 customers in 800 communities. I think it's notable that we have in Saskatchewan about ninety-one and a half per cent market penetration. I can say to members that there is no jurisdiction in North America — in Canada and the United States — where 92 per cent of its residents have access and are being served with natural gas.

We have 60,000 kilometres of pipe in the ground. And by virtue of that infrastructure, it makes us the largest distribution company in North America, albeit we have 300,000 customers. As typical of Saskatchewan, we have a fairly low density arrangement, and we have 600 employees.

On the TransGas side, briefly, about 500 customers who interact with TransGas. We have about thirteen and a half thousand kilometres of high pressure gathering and transmission pipeline. We moved almost 360 billion cubic feet of gas in 1995, and the company at TransGas has 250 employees.

The corporate structure, Madam Chair, looks something like this. SaskEnergy is the Crown corporation and the local distribution company. TransGas is a 100 per cent subsidiary of SaskEnergy and handles, as I mentioned earlier, transmission and storage.

Those are the only two companies with employees. There are other created subsidiaries. The Many Islands Pipe Lines (Canada) Ltd. is our interprovincial pipeline company that gets involved in small, what we call sausage links, either across the Alberta border to interconnect with Alberta into Saskatchewan, or in the case of the Williston basin, interconnect into the United States. And that is the company that is regulated by the National Energy Board. It has no employees; it is simply our registered subsidiary.

The other two companies again are companies that have no employees and operate for the purpose of Bayhurst, for our royalty interests in some holdings in Saskatchewan and Alberta, and the Many Islands natural gas for transmission and brokering of natural gas.

Quickly, the facilities map. . . And I have hard copies of these, Madam Chair, so I apologize if some of the graphics are not readily visible. But it gives you a sense, when you look at Saskatchewan, of the infrastructure. This is the TransGas infrastructure — the 13,000 kilometres I mentioned. You can see we span a great deal of the province. We have 24 compressor stations with over about 100,000 horsepower of compression.

We store about 42 billion cubic feet of gas in the ground. I think it comes as a surprise to many residents of the province that in and around places like Regina and Saskatoon, buried about a mile in the ground, are significant amounts and significant volumes of natural gas. And I can tell you this winter it came in handy.

And we have one of the most sophisticated SCADA (system

control and data acquisition) gas control systems in the world, and in fact it's a source of some pride and some potential for international marketing of technology that monitors this entire system in Saskatchewan.

This is what we call, inside the company, the whale graph. We affectionately refer to it as that. As you can see and you will know, members, that the natural gas industry was deregulated in 1986. As you can see in green, prior to '86, stretching back in the case of this graph to 1981, it was pretty flat in terms of through-put at about 100 billion cubic feet a year.

As you can see, when we moved into a deregulated market, which also facilitated the export of gas out of the western Canadian sedimentary basin, both into eastern Canada and certainly into the United States obviously . . . with tremendous growth to the point where I mentioned we're at about 356 billion cubic feet of through-put.

I think good for our industry; good for development and production in Saskatchewan. And you can see the growth is both good for our industry and has impacted on our company as well.

Key success factors, Madam Chair, obviously in terms of financial health and performance of the organization is the return, the fair and equitable return, on the assets held by the shareholder, the people of Saskatchewan. The net income . . . the issue of debt equity; the company was created in 1988 with a substantial amount of debt and it's an issue that needs to be addressed, and we do.

The operational performance measures, obviously we want to move natural gas. The cost of natural gas. We'll talk a little bit about that, I think, more around the issue of rates, quite frankly. The volume of natural gas. And as I mentioned, the rates and the interface with the price of natural gas.

So briefly, Madam Chair, some '94 and some '95 highlights. On the transmission side, we undertook a somewhat more modest but significant expansion in '94 of about 180 kilometres up the west side of the province to move more gas, and had a rate increase in '94 for TransGas of 3 per cent.

'95 was the largest construction year in the history of the company. It is the first time that we have laid 20-inch pipe in this province — our company, at least — 325 kilometres actually, from Goodsoil to Rosetown. A very significant project. It added almost 200 million cubic feet a day capacity and was a capital project, the economics of which are supported by our internal rate of return, and was fostered by the wish of the industry to move more gas. Again this precipitated a rate increase for this infrastructure, and we facilitated and moved in '95 that 356 bcf (billion cubic feet) I mentioned.

A few more highlights, here on the distribution side. Again we get back to talking about rates and gas price volatility. People will . . . members will recall a rate increase in 1994 — nine and a half per cent. This is directly related to gas costs, and I welcome some discussion on that later.

You will see that we were not alone. Misery loves company when it comes to increasing gas prices, and Alberta and B.C. (British Columbia) also had significant increases for their consumers. We continue to maintain the second lowest rates in this country.

And we add customers. We obviously wish we could add more, but economically, we added over 2,000 in '94. And in '95, as we saw the volatility of gas prices move the other way — we had a decrease of six and a half per cent to our customers — continue to add more customers to our system to the point we've now surpassed the 300,000 customer mark that I mentioned in my early remarks.

Moving along, we have an employment equity plan adopted and approved by the Human Rights Commission which we endeavour to obviously implement. In support of that goal, we have an aboriginal development policy developed by our corporation, supported by our board, which is geared to education, employment, and business development opportunities for aboriginal and first nations people in our province.

Our Saskatchewan supplier development program. Obviously we're interested in trying to promote Saskatchewan business and utilize Saskatchewan businesses and services. You can see that in '95 when we had the very large construction year that I mentioned, we were able to improve on our '94 performance in this area where almost 90 per cent of the goods and services related to the company were purchased here in the province of Saskatchewan.

Environmentally, we'd like to think that we're a good environmental steward, taking care of issues related to our sites, to remove asbestos for good worker safety circumstance, etc. And the issue of safety, I suspect next to rates, the issue that is paramount in the minds of citizens is the reliability and safety of our system. God willing, we have not had a major incident in our system in, I think Jullian will say, over 20 years, but it may be longer than that. And we spent a lot of time and a lot of energy trying to avoid those circumstances by promoting Dial Before You Dig, healthy safety chimney inspection programs, etc.

Moving quickly, Madam Chair, obviously the financial issues are of primary interest to us, and I'm sure to the shareholders and the people of Saskatchewan; the business risks on the distribution side — obviously weather, which we have no control over but affect the financial performance of the company. And it will be no surprise, if we're sitting here a year from now and we reflect back on '96, you will see how weather impacted on the operation and the financial health of the company in 1996.

The gas price volatility, which I'm sure we'll speak about a bit further, and its impact on our business and on our customers; competitive rates — clearly we have to be vigilant about our competitive position; and interest rates — I mentioned debt before — if we see tremendous run-up in interest rates, so that's a concern. It would be a tremendous concern to the health of our company.

On the transmission side, the issue of price and demand, the take-away capacity is an issue for all of us in western Canada. We saw it this winter where there was terrible winters in the eastern seaboard and would have been nice to even have more take-away capacity out of the western sedimentary basin. And the whole issue of reserve development, and that's very much related to price sensitivity. It's no particular secret that when gas is selling at two bucks a gigajoule, there's lots of interest when it's in our reserve development, and when it softens, that falls off.

Just some brief financial highlights, Madam Chair, members of the committee, '94-95: you can see the two columns, draw to your attention of the net income statement, '94. The corporation did very well with a net income of \$65 million. This softened in 1995 to \$58 million. And on the next overhead I'd like to just take that head on and explain why there was in fact some softening in our net income position year over year. Jullian.

We had \$1 million in lower transmission revenues, largely is the function of price softening and some shedding of contracts on the transmission side of our business. We had higher depreciation costs; as I mentioned, \$33 million of capital activity in '94 and over \$150 million in '95 created a greater infrastructure so we had higher interest costs on our borrowing.

I should have put the last chart back up; you might have noticed we went from \$590 million, I think, of debt to \$709 million of debt. So we've had both higher depreciation costs on the greater infrastructure and a higher interest costs on the borrowings to finance that infrastructure.

I'll try and close quickly so that committee can get into deliberation. This is just a chart that tries to capture some of the sources of revenue and the expenses in the company. I would draw committee members attention to, under expenses, the \$104 million for the cost of gas. You can see of our overall expenditures of \$309 million, it is roughly a third.

That is the volatile part of our operation and very much impacts directly on customers. When we've got the cost of gas going up, it is no secret that our customers are going to be impacted. And it's a very, very sensitive part of our business. We don't have gas; we don't sit on production. We must buy gas, and we are very much at — I don't want to say the whims — but very much affected by the market directly.

The challenges, Madam Chair, facing our company, obviously we've got to remain committed to our customers and focused on our customers. Like any other business these days, if you're going to be successful, we've got to manage our risks in terms of gas price volatility and interest rates. We want to ensure that we're competitive.

We've got to be creating a climate and an environment where our residents and certainly our businesses feel that, as input costs, our gas prices are competitive. We want to take advantage of every new opportunity to market and expand our bottom line. You can see with 92 per cent market penetration already, that the opportunities and the niches to grow our market and grow our bottom line are somewhat limited, but we

must be vigilant and aggressive. And we want to keep speaking with our customers.

I mentioned earlier the issue of safety and integrity. The whole question of maintenance and reviews that are going on now with the National Energy Board on stress-corrosion cracking in the TransCanada system are issues of interest and concern to people. So the question of pipeline integrity, our maintenance standards, and those kinds of issues, are critical to us and will continue to be so. Environmental issues, energy conservation, wanting to be leaders in those particular areas.

And I think the role that we should play in this province in terms of strengthening and supporting the community, and by that I mean the larger provincial community, economically, socially, in every other way that we can be a player. We're the 13th largest company in this province and I think it's incumbent upon us to make a contribution to the greater welfare of the province where that's possible.

Finally, Madam Chair, we will endeavour in the future to maintain high levels of customer service and safety, reliability. We want to be a responsible and financially viable company. I think one would expect no less of us. We want to continue to tackle debt, have our rates be comparable and competitive, and in fact in every conceivable way, more competitive. We want to be responsive.

I want to say to the members, since it's the one opportunity I have, that we have, I think, a very strong company, but I don't say that to be self-serving, please. I say it in support of the 860 men and women in this company who work very hard — very, very hard — on behalf of the company and the customers and the people of Saskatchewan. And I want to say, if it sounds a little hokey, I apologize, and I am very proud and privileged to work with them because I think they do a hell of a job.

I think we are quite well positioned for the future. It's not going to be easy. It is competitive. It's deregulated, it's aggressive, but we welcome the challenges and we think we can position the company in our position to respect the interests of the shareholder and to maintain our role in the industry.

Madam Chair, I'll stop there.

The Chair: — Thank you, Mr. Clark. And I also want to echo your comments about the dedication and the commitment of the SaskEnergy employees. I think that we tend not to recognize what an important utility it is until we don't have that utility.

And this winter I had the odious experience of having my furnace quit on me, and even though I really was almost 100 per cent certain that the problem was with the furnace and not with the stuff that the furnace burnt, I phoned SaskEnergy in the middle of the night and they were out there right away and helped me to patch things up so that I could get through until the next day to call a regular furnace repair person. So I was incredibly impressed at that point with the dedication of the SaskEnergy employees.

A Member: — Another satisfied customer.

The Chair: — Yes, there we go.

Customarily now what we would do is ask the representative from Ernst & Young to make a comment on the annual report and also the Provincial Auditor. Before I do that though I would like to say to committee members that because there was an election last June, the committee, the Crown Corporations Committee, technically ceased to exist on June . . . whenever the Premier pulled the plug. And so that meant that we got a little bit behind in our work because we were unable to hold meetings last fall.

I'm going to suggest that in order to try to catch up, and so that we don't fall too far behind, that what we do is we deal with the '94 annual report and the '95 annual report concurrently, and entertain questions on both. Do committee members agree that we should do this?

Mr. McPherson, agreed?

Mr. McPherson: — Agreed.

The Chair: — Mr. D'Autremont? Yes. Any comments?

Mr. McPherson: — Just a few comments now. If you're going to set up a speaking list, then the first speaking list will be in regards to the comments made by these gentlemen.

The Chair: — Yes.

Mr. McPherson: — And so then the order of the speaking list would then fall to the official opposition, I take it?

The Chair: — That's correct.

Mr. McPherson: — So I don't have to worry about it, okay.

The Chair: — Yes, we have certain implicit traditions in this committee, and that is absolutely one of them.

So I would now, at this point then, since the committee concurs that as we do our deliberations for the various Crown committees we'll deal with all outstanding reports concurrently — and specifically now today with SaskEnergy, we'll be dealing with both '94 and the freshly tabled '95 report today — I would then ask Mr. Bob Watt from Ernst & Young to make a comment on those reports.

Mr. Watt: — Thank you, Madam Chair, and I appreciate the opportunity to appear before the committee today.

I'm Bob Watt, a partner of Ernst & Young, the appointed auditor of SaskEnergy. I'm pleased to comment on the auditor's reports issued by Ernst & Young for the years ended December 31, 1994 and 1995. And going back through the reports, our auditor's reports can be found on pages 21 and 23 of the '94 and '95 reports, respectively.

Perhaps in the interest of staying with the current one, I'll refer to the 1995 report. As an overview, in the first paragraph of our auditor's report, we indicate that the financial statements are the

responsibility of the corporation's management and that our responsibility is to express an opinion on the financial statements, based on our audit.

In the second paragraph, we state that our audit was in accordance with generally accepted auditing standards. And many of the members will know these standards are established in Canada by the Canadian Institute of Chartered Accountants. In conducting our audit, we test transactions and balances and assess the accounting principles used and significant estimates made by management in preparing the financial statements.

In the third paragraph, we state our opinion that the financial statements present fairly, in all material respects, the financial position of the corporation as at the two dates, 1994 and 1995, and the results of its operations and the changes in its financial position, all in accordance with generally accepted accounting principles. In short, for the members, this is an unqualified auditor's report on both the 1994 and 1995 financial statements of SaskEnergy.

Now as many of you will know, in addition to these auditor's reports that are contained in the annual reports tabled by the company, we also prepare reports to the Provincial Auditor on the systems of internal control and the company's compliance with legislation. And our findings were that the company's internal control systems worked very well. And therefore our report to the Provincial Auditor indicated that in our opinion nothing needed to be brought to the attention of the Legislative Assembly as a result of our audits. Madam Chair, this concludes my official comments.

The Chair: — Thank you very much, Mr. Watt. And now, either Mr. Strelieff or Mr. Heffernan from the provincial auditors.

Mr. Strelieff: — Thank you very much, Chair, and members. My experience with this corporation, I do find it to be a strong corporation and well run. They have a strong management group and our work with the public accounting firm led by Bob Watt has been very good, very strong, and now Mike Heffernan is going to just go over the results of our more specific audit work.

Mr. Heffernan: — Thank you. Madam Chair. We've completed our audit for the years ended 1994 and 1995 for SaskEnergy. And we agree with the work that Ernst & Young has done and the audit opinions and findings that they have expressed.

We do have some matters, other matters, that we wanted to bring to the Legislative Assembly's attention that are not new issues; we've talked about these in the past, but we'd like to reiterate them again and we'll likely be talking about this in our fall report.

First, we're encouraging all Crown corporations to provide public disclosure of persons who receive money. And this could be done in the annual report or in some other form.

Secondly, we're encouraging all Crown corporations to put in

their annual reports, their financial and operating plans. Now SaskEnergy . . . well before I say that, I should say that we have done surveys in the past and discussions with members in the public and many people think that information on plans is useful. We find that SaskEnergy puts very good information on what it has accomplished in both financial and operating terms, but not what it set out to accomplish.

I think I can bring a . . . (inaudible) . . . for you if the members would look at their 1995 annual report. On page 15 to 17 the corporation describes its performance measures under point D and does a very good job on indicating how the corporation assesses its performance. What we find though, that in many cases the corporation doesn't actually set out what its performance target is; what it really hopes to achieve. It does indicate what it has achieved, but not what it set out to achieve.

I think an exception to that is on point 3 on page 16, debt to equity ratio. The corporation does indicate that — what its goal is — its goal is to have a debt to equity ratio of 70 per cent debt to 30 per cent equity. It also indicates the industry standard for these ratios. It's very good information. And so we're encouraging the corporation to expand that type of information, to show more information on what it set out to achieve, not just what it achieves.

The third point is — and we've reported this in the past — is we're encouraging all Crown corporations to table their subsidiary financial statements. And I understand that SaskEnergy this year plans to table their subsidiary company financial statements in the Legislative Assembly.

That concludes my remarks.

The Chair: — Thank you, Mr. Heffernan. Committee members may wish to comment on anything that the auditors from both perspectives have brought up. I would point out to you that I have been informed that the TransGas annual report will be tabled in the legislature fairly soon. It's not a legislative requirement, but it will be tabled. And I think that that is an indication of the desire by SaskEnergy to be accountable to the public and to be as transparent as possible.

With respect to your comment about money to individuals, Mr. Heffernan, did the Provincial Auditor have any recommendations with respect to limits? Surely not if somebody tips the cab driver; you wouldn't want that recorded in an annual report, would you?

Mr. Heffernan: — I guess what we'd suggest is that they follow the limits that other organizations in government do. This committee certainly has the powers to recommend the limit set, what it would suggest in that case. But I think there should be limits. You wouldn't want to report every dollar that's provided to every person.

The Chair: — And with respect to your comment about financial plans, I do appreciate your compliments about the relative comprehensiveness of SaskEnergy's report. I also have to point out to you though, that SaskEnergy is a commercial entity and does operate in a commercial environment. And you

did refer to industry standards. I think that one of the industry standards is also that they don't disclose to their competition everything that they plan to do. So we have to use some common sense on that one.

Mr. McPherson: — Thank you, Madam Chair. I guess we'll start off, you know, where we should start off, I guess, is talking . . . I think what we had agreed to in previous years in this committee, and that being to bring forward a certain amount, not a great deal, of information in regards to the more political questions that are usually asked in the committee.

And if I recall, a few years ago what we had agreed to was that the Chair of course would have approached each of the Crowns and the ministers of the Crowns and ensured that that information was brought forward to, you know, when the report was first dealt with in committee. Last year I don't recall any of those being brought forward.

The Chair: — They were just tabled silently. And I have asked the minister and his officials to provide a listing of all the people who are on the board of directors; any honoraria that they may have received; the financial compensation of any senior management. So that customary information is available and I would ask the minister to have his officials distribute it to all members of committee now.

Mr. McPherson: — All right, Madam Chair. Well then let me take you just a little further. I didn't realize that this was done in a silent fashion. So could the committee have the assurance that at the beginning of each session of each Crown, that that just is standard practice that we bring that forward. And that way, we don't have to drag people through any political hoops, you know, and it saves a great deal of time.

Hon. Mr. Lautermilch: — Madam Chair, just to maybe shorten the discussion, all of that information is now being distributed to members of the committee.

The Chair: — And I have alerted all Crowns to the committee's request. Indeed I think at this point we can decide that it's a requirement that that information just be customarily tabled at the start of their presentation. And I thank you, Mr. McPherson, for making explicit yet another one of our implicit traditions.

Mr. McPherson: — Well the concern I may have, listening to some of your opening comments, is how much information is going to be brought forward. And I recall fairly in-depth discussions that we had in regards to the amount of information. And those packages don't look all that large to me, and I would have expected each Crown to be much larger if in fact we're talking about . . . and let's just use board members as an example. Firstly, we're talking about two years, and this is in all Crowns?

The Chair: — That's correct.

Mr. McPherson: — Okay. Well in these packages, is that two years of information in each package?

The Chair: — Well I haven't seen it, so I'm hoping so.

Hon. Mr. Lautermilch: — There's two years — '94 and '95.

The Chair: — Thank you.

A Member: — Might as well quit asking questions; they've given you all the information you need.

The Chair: — Mr. Langford, I hadn't recognized you.

Mr. McPherson: — Anyway, looking at the backs of the annual reports, I see that, well board members themselves, I mean there's been some changes there. And you had talked about any honorariums, reimbursements, but I think we would want that to be broad enough that, you know . . . what else could be included in there? It's hard to say until I also see the package, I guess, exactly what it is that we would feel would be appropriate information.

I see many of the members . . . or some of the members on the executive committee are changed. And there again, we would want a full accounting of, firstly, all their benefit packages, salaries, all expenses that were given to them.

And this was to also include all legal firms that each Crown corporation dealt with — the amount; when contracted; what was the description of the work. And we also have consultants. Is consultants in there, Mr. Minister? Oh heavens, you've taken all my questions away.

Hon. Mr. Lautermilch: — I certainly don't want to embarrass the member, but in keeping with openness and accountability, I can assure the member that all of the issues that he has raised, all of the information that he's asked for, is being provided by the officials.

Mr. McPherson: — Oh well, I'm sure I'll find something yet, you know, because I'm sure as I look around I . . . And of course, you know, a certain amount of, I guess we'd call it political patronage, is acceptable, is it not, Russ?

The other things that I think we would want to know for sure are the communications groups that each Crown . . . is that also in the package?

Hon. Mr. Lautermilch: — That's also there.

Mr. McPherson: — And this is for two years running?

Hon. Mr. Lautermilch: — Yes.

Mr. McPherson: — Correspondence units.

The Chair: — The correspondence units . . .

Hon. Mr. Lautermilch: — I'm not sure what you're asking about with that, with respect to correspondence units.

Mr. McPherson: — Well I noticed in some of the line departments we now have a communications department and a

correspondence unit.

Hon. Mr. Lautermilch: — No, not . . .

Mr. McPherson: — And so you don't have that in the Crowns. But in those Crowns that we do, could we be assured then, Madam Chair, that correspondence units are also included?

The Chair: — I will discuss the matter with Mr. Dombowsky, who's head of CIC (Crown Investments Corporation of Saskatchewan), and find out whether or not there are separate correspondence units for the different Crowns. I'm not aware that there are, Mr. McPherson.

Mr. McPherson: — All right. And any human resources departments, units, all the staff within.

The Chair: — What are you asking for there?

Mr. McPherson: — Well there again, I'll go back to line departments where in fact if you look in your directory, you'll notice there's usually, you know, anywhere from 3 to 15 people in the human resources department. So I take it that each Crown is also going to have such a department if the line departments have them.

The Chair: — If what you're asking for is an indication of the organization structure and the types of positions that the Crowns have and the number of people that are in those positions, I will certainly ask Mr. Dombowsky to alert officials to presenting that.

I would also though point out to you, Mr. McPherson, that the committee has decided that they are only going to be asking for senior management compensation; that we're not asking the Crowns to table compensation packages below the senior management level.

Mr. McPherson: — I recall we had . . . I don't know if we ever really decided on where we would stop at this senior management level. Because I noticed . . .

The Chair: — Yes we did. We had a very . . .

Mr. McPherson: — Well I noticed in the . . . (inaudible interjection) . . . I have the floor. I noticed in the SaskPower reports there are, you know, several positions with the names set out in each of the departments that I have raised and units that I have raised. So I mean if one Crown corporation can provide the information, I think all should be providing the information. And then if we're going to provide the name then we would want to see, you know, in those areas, the complete package.

Does the minister have a concern with that?

The Chair: — Well it's not really up to the minister in this instance. The committee has had a discussion on this, a fairly wide-ranging discussion, when Mr. Martens was a member of the committee, and it was decided at that point that it would be senior management's salaries only that would be tabled.

So I think if we could move on to other questions.

Mr. McPherson: — Well that's . . .

Hon. Mr. Lautermilch: — Madam Chair, if I could. If the member has specific questions, I would be more than willing to attempt to answer them.

With respect to the purview of this committee and the information that they might request of Crowns or a body of Crowns, I think that that would be — and it's only my opinion, of course — but that I think during Crown Investments Corporation estimates, or the deliberation with respect to CIC, that would be more appropriate.

What we have offered is what you have asked for. The package has been sent to you. Your request for information is . . . I have it before me, you have it before you now. And I guess what I'm saying is that with respect to the mandate of the committee and what information would be available, I think that's probably more appropriate at CIC.

You have individual questions. If there are some circumstances where it might impact the operations of the corporation or where it may impact on businesses that we deal with, and where it might have an adverse effect on those businesses, I think that you would understand that that's the information that probably wouldn't be available to the general public and probably shouldn't.

But in terms of the operations of the corporation — the way we expend public funds, how we generate revenue, and the people that work within the corporation with respect to senior management level — we're more than willing to divulge that information, and have.

So I just say if you have specific questions, we would be willing to answer them. If it's a matter of policy and where the corporation is headed, what we're attempting to do with the corporation, we're more than willing to answer those questions.

Mr. McPherson: — Well I appreciate your comments, Mr. Minister, and in fact I'm trying to fashion some of my questions after some of your own questions in Crown Corps and Public Accounts, Mr. Minister, of when you were in official opposition capacity and reviewing those questions. I thought that you would give the same latitude as you expected when you were in official opposition.

Hon. Mr. Lautermilch: — Well if you're going to ask a specific question of me, I'll probably give you a specific answer. I'm not sure where you're headed.

Mr. McPherson: — Well where I'm headed is, why is it that one Crown corporation — I guess this is to the Chair — we can see a much broader picture of the structure; who is in each of those units: correspondence, human resources, communications. And I want to be able to see . . .

Hon. Mr. Lautermilch: — I'm sorry, are you asking for a list of . . . how many employees do we have? — 860. If you're

asking for a graph of each and every . . . like tell me where you want to start and where you want to end.

Mr. McPherson: — I want to see who controls those units in what would be considered directly under the, you know, perhaps your senior management.

Hon. Mr. Lautermilch: — Well if you can describe to me what you mean by senior management, if you want to look at the corporation and how the management structure is set, we can give you a flow chart of that, certainly. I'm not sure if you're talking office managers, or if you're talking district managers, individuals, their salaries, how long they've been with the corporation. I don't know where it starts and where it ends.

What we have attempted to do is give you what I think most people in the province are interested in — a list of our senior management, their remuneration. And I think that's appropriate. But I mean if you want to put this in written form, we're more than willing to give it to you.

Mr. McPherson: — Mr. Minister, that's exactly what I'll do. We'll review the package that you've provided, because here we are asking questions and I don't know for sure what you're providing.

Hon. Mr. Lautermilch: — I think that was my point. What I'd like you to do is review the information that you've asked for, because we provided that information, and we'll get on with the operations of the corporation. If there are some questions that are unanswered as a result of what your request is, then we're more than willing to have you approach us to determine what other pieces of information you might want.

Mr. McPherson: — All right. And I think this is back to the Chair and not to the minister, because these sort of questions should be placed in every Crown Corporation meeting, is who is on the retainer of . . . I guess, as consultants or advisers to each of the Crowns.

The Chair: — Mr. McPherson, I've tried to accommodate the requests for information from committee members as much as possible. I thought in giving the standard list of questions to the CIC officials and from there asking the individual Crowns to provide the information, that I had it and that it was complete.

But I take your point. If you would review the package and if there are additional questions that either the official opposition or the third party would like to have customarily answered, I will review that with CIC officials and we will bring back a response as to whether or not the requests are doable.

If I could just interject here for just one moment, one of the other customary things that the committee has been doing is to, at the start, once the auditors present their comments, we have been asking members if they have any direct questions of the auditors. So that then if the auditors wish, they can be excused.

So I'm wondering if we could at this point just take a . . .

Mr. McPherson: — That was my earlier comment, if you're going to have two speaking lists . . . and we set that.

The Chair: — Well I guess I had misunderstood what you meant by that comment. But I do have an indication from one government member that she has a question she wishes to put directly to the auditors. So if we could . . .

Mr. McPherson: — Well we'll take that break then.

The Chair: — Yes, okay.

Ms. Stanger: — Thank you very much, Madam Chair. Mr. Heffernan, I really enjoyed your report and your comments, which were pretty positive. And you mentioned that you thought that SaskEnergy could extend their annual report by putting in an . . . they have the performance, but maybe an item on what they set out to achieve. Could you just expand on that a little bit, because that would be interesting.

Mr. Heffernan: — Well I think, as I've said before, there's actually an example in here where they do that quite well, and I think it's on the debt/equity ratio . . .

Ms. Stanger: — Yes, you said that.

Mr. Heffernan: — . . . where they set out, by 1999 the ratio that they want to achieve is this. And that's what is not here in some other cases.

Ms. Stanger: — Like, could you give me an example?

Mr. Heffernan: — Well I guess we could use any of these . . . net income would be one where it's not really clear what the Crown corporation is trying to achieve. They do indicate that if it's over 50 million, that's good. But it's not a clear indication to the reader as to what the net income target is. And of course that could be arranged too, because you can't predict your net income precisely. And that might even be a ratio. Net income to sales or whatever as well, because again sales are not entirely in the control of the corporation. They depend on weather and so on.

Ms. Stanger: — So it would be sort of like setting out some objectives that you could in the annual report then see if they had been met.

Mr. Heffernan: — Yes. It helps readers to understand whether the results are . . . just how to evaluate the results. I mean a net income figure of 50 million just on its own, it's hard to really know, is that a good target, is that adequate.

Ms. Stanger: — That would make it a little clearer. Thank you very much.

Hon. Mr. Lautermilch: — I'd like to comment on the dialogue that's just taken place. We have and want to be as open and as accountable and allow the people of Saskatchewan the opportunity to know how their assets are being spent and how they're being operated. And I think quite clearly this is part of the format that we want to do that. And I know what the

provincial auditor is requesting and some of the . . . what you would like to see in terms of direction.

I want to remind members of this committee, and the auditor, that this corporation is in the market-place dealing in a competitive environment, and quite clearly the corporation needs to have a long-term business plan. But I also want to remind the members of the committee and the Provincial Auditor that we are in a competitive environment.

And I just happen to have before me the financial report of Wascana Energy, one of the major corporations in our province. And I think it would be irresponsible of them, as I think it would be irresponsible of the corporation, to put forth information that could jeopardize its competitive nature.

We attempt to do . . . we have a five-year business plan. And I think that it is fair to say that that's common amongst the Crown corporations. It's reviewed by our management on a regular basis; it's reviewed by the board of directors on a regular basis. It's the subject of discussion at Crown Investments Corporation. And we do have a direction for the corporation. We have a financial direction; we have a policy direction. But I think we need to be aware that it is a competitive environment that it operates in, and that we will provide as much information as we can without jeopardizing that competitive nature. And so we may agree to disagree in terms of the information that would be made public.

And I don't want to dwell on this, but only to say that we will provide as much information as we possibly can to ensure the taxpayers of Saskatchewan that their assets are being well managed and that we are being stewards of their assets. But I would want to say that we are also not willing to put this corporation in a position where we will jeopardize its ability to generate revenue for the shareholders — the taxpayers of Saskatchewan.

So I guess I ask us to be cognizant of the fact that it is a competitive environment that it operates in. And if you look at what private industry does, what a corporate entity does outside of the Crown sector, I think you will find that we are very, very open with shareholders, the people of Saskatchewan, in terms of the operations of this corporation.

The Chair: — Any further comments from committee members or from any of the officials present? Okay. We will then move back to our regular speaking order. Mr. McPherson, do you have further questions at this time?

Mr. McPherson: — Are we done with these officials?

The Chair: — Yes, we are.

Mr. McPherson: — Just so I know.

The Chair: — So the officials can suit themselves — they can stay and watch the fun or they can leave and crunch some more numbers.

Mr. McPherson: — Thank you, Madam Chair. There will be

... I take it we're in agreement now. You would like us to have further questions in a written form, and then does it come back here to be debated or ...

The Chair: — If you could provide me with a list ... if all committee members from whichever party would take it upon themselves to review for themselves questions, standard questions that you would like to have answered of all Crowns, if you would provide those to me in a written form so that I can then review them with the head of CIC to find out what is doable and what isn't, then I will then bring that all back to the committee.

Mr. McPherson: — All right. Then just on this point though, and I appreciate the minister providing these packages of information, but we were to also have a breakdown as to what some of this information given to us was for. Now I'll just take the top one. I see we have legal consulting, an amount of money and the vendor, but I have no idea what that is for. Do you have that package with you or is this something that you could provide to the committee?

Hon. Mr. Lautermilch: — I guess I'd like to know which document you're referring to first of all — under consultants?

Mr. McPherson: — Yes, consulting.

Hon. Mr. Lautermilch: — Consulting, January 1 to December 31, '94. Is that the one you're looking at?

Mr. McPherson: — Right. Yes.

Hon. Mr. Lautermilch: — I mean you're asking us to break down expenditures of ...

Mr. McPherson: — Well I'd like to know what these people are consulting on.

The Chair: — It's been customary that members ask questions. That's why we have the minister and the officials here.

Hon. Mr. Lautermilch: — Well let me give you an example. Under this list, Bersch & Associates, which is the second list, in an amount of \$5,035?

Mr. McPherson: — Yes.

Hon. Mr. Lautermilch: — For asbestos abatement. And you want a breakdown of that now?

Mr. McPherson: — No. I'm more concerned about legal consulting, and wherever we're going to see ... about halfway down I see consulting, 9,000.

Hon. Mr. Lautermilch: — Madam Chair, could I ask the member specifically, on this whole page of consultants that have been hired, which ones he would like a breakdown of?

Mr. McPherson: — Yes.

Hon. Mr. Lautermilch: — I mean, does he want the hourly

rate, does he want the number of hours spent? Does he want the amounts they travel?

Mr. McPherson: — No. I can answer that.

Hon. Mr. Lautermilch: — Does he want the amount, you know ... if he has a more specific question, if he could put it in writing and make a request of the corporation ...

Mr. McPherson: — Good. It will be in writing, Eldon.

Hon. Mr. Lautermilch: — We would attempt to give that information. We haven't brought that kind of detailed information here. What we have are expenditures as low as the amount of \$5,000. But if you want a breakdown, just put it in writing what you're requesting and we'll try to get that to you.

Mr. McPherson: — Good. Just so the committee knows what to expect, and I take it everyone's in agreement with these sort of questions? Going to the Chair ...

The Chair: — Going to the Chair, and then I will discuss it with the CIC officials and then bring back the results of that discussion to the committee for consideration.

Mr. McPherson: — Right. Good. Thank you.

The Chair: — The other thing I would like to point out is that the SaskEnergy has made a comment specifically on their annual report. They did not, or they have not as yet given us a presentation on their rates, and committee members may wish to ask questions about that.

Hon. Mr. Lautermilch: — Madam Chair, if the committee is interested in a presentation with respect to the rate structures — how we set it, how the changes for rates occur — the corporation is more than happy to deal with it, to make a presentation. As a matter of fact, I would extend to more than members of the committee, if individual caucuses want a presentation and ... (inaudible) ... we're more than willing to provide that.

Mr. McPherson: — Well I appreciate that, Mr. Minister, and Madam Chair. Sort of what I ... I'll tell you what I'm attempting to do here is get the politics out of the way so that in fact we can have these sort of presentations.

Hon. Mr. Lautermilch: — That would be helpful.

Mr. McPherson: — That's exactly where I'm coming from, Eldon.

Hon. Mr. Lautermilch: — Let's do that.

Mr. McPherson: — But just so that we know what our parameters are here, and when we send in written questions, I fully expect them answered in a timely fashion and, you know, without silent reporting and such. And so to add to the list, just to get this out of the way, because we are talking for two years on each of these questions that we're asking, also I would like to know what falls under the CCTA (Crown Construction

Tendering Agreement), total projects. If we could have those lists for all the Crowns, okay?

Hon. Mr. Lautermilch: — I think, Madam Chair, just to move this along, I think that's a question that's been asked and I believe that's been tabled in the House. Mr. Gantefer, I think, asked that. Question no. 58, he's asked it for Sask Water; he's asked it for SaskEnergy; he's asked it for . . . I think that's for SaskEnergy for sure. And those answers have been tabled in the House, so the member may want to check with his staff because I'm sure that his colleagues will know that that information has already been provided.

Mr. McPherson: — For each Crown, and so then we would have the Chair just check on that.

Hon. Mr. Lautermilch: — I can only deal with SaskEnergy.

Mr. McPherson: — And I'm putting my question to the Chair, that's . . . I'm sorry.

The Chair: — Yes, and again, Mr. McPherson, give me . . . all committee members are encouraged to give me a written list of questions that you would like to have answered on a standard basis. I will then review those with the officials of CIC and I will then bring back a report to members of the committee for a decision on which items will be answered in a standard fashion.

Mr. McPherson: — All right, so moving right along, we'll just touch on one other area. And I guess this I'll first put to the minister, as far as the Crown review which the government had spoke of a few months back, that in fact each of the Crowns would be going through this review. And I wondered if you could give us an overview of where the review is.

Firstly, in two ways. SaskPower did an internal review a year ago. And I'm wondering, did SaskEnergy also do . . . like were there internal reviews done of each Crown? Because it was . . . I mean the SaskPower review was one that was leaked to the *Leader-Post*. I just don't think that's the appropriate way that the public should be getting their information. But also then the main Crown review that your government has flagged, and could you give us a view of where it's at.

Hon. Mr. Lautermilch: — Well I guess, Madam Chair, let me first describe the way the Crown corporations in Saskatchewan operate. We have an entity called Crown Investments Corporation, which is . . . I guess all of the other corporations are under the purview of that. And in the environment of the estimates of that corporation, I think it would then be appropriate for you to ask questions with respect to SaskPower, SaskEnergy, any of the Crown corporations that are under the purview of that corporation.

I will and am willing today to, from SaskEnergy's perspective, describe the review that is going on in terms of the Crowns. I will as well be able to and would be willing to offer any information I can with respect to SaskEnergy, but I think some of these are probably more appropriately dealt with in Crown Investments Corporation review of this committee.

I will say to you that the provincial government is very much interested in the future of the assets of all of these Crowns. We have, I believe, some \$9 billion in assets. And I think in this changing market, in this changing environment, that we need to take an honest and an independent and a real review of how they're operating, whether they're efficiently managed, whether they're efficiently run, what the environment that they're doing business in is going to deliver to them for challenges in the future. And I think the people of Saskatchewan, in this review, will have the opportunity to have input. As well, we will bring in technical expertise to do an analysis of each individual Crown and the results of that will be made public.

And I think it's a good process, because I think too often life continues to go on and we don't do an analysis of where we are and what we are in terms of business. And I think this will be a challenge for management within the corporations, and I think it will be a positive challenge. And I think a review of the operations of all of these entities is a very positive initiative. And SaskEnergy, as with all of the different Crown corporations, I believe, are welcoming this review.

Mr. McPherson: — Thank you, Mr. Minister. Could you . . . you're going to tell us where in fact it's at in the process. I thought I heard you say that.

Hon. Mr. Lautermilch: — What I can say to you is that it's being put in place by Crown Investments Corporation, and that was where you would be best, I think, to ask these questions. The minister, Mr. Wiens, I'm sure is looking forward to being able to answer those questions for you. But I don't think that it's . . . I don't think it's appropriate for me to answer on his behalf when we're doing SaskEnergy estimates, because this is a review of the overall Crowns.

I can tell you that we at SaskEnergy, the board and the management, are looking forward to the review. We think it's a positive initiative and we are more than willing to cooperate and share information with the technical people who will be looking at this Crown, with the people of Saskatchewan, so they can better understand how their assets are being managed.

Mr. McPherson: — Thank you, Mr. Minister. And the reason I put the question to you of course, as you well know, CIC is . . . you know, by the time Mr. Wiens gets here to answer questions, we're talking about some months down the road.

Hon. Mr. Lautermilch: — Well you have a format every day. The Legislative Assembly offers you an open format every day, and if there are any questions specifically that you would want to address to the minister, you can do it in the Legislative Chamber Monday to Friday. We sit, as I recall, question period somewhere, 10 to 2 to 2:30, somewhere in that area. And if you have specific questions of him, you can do it in a public forum.

Mr. McPherson: — Eldon, you don't have to be quite so political.

Hon. Mr. Lautermilch: — And on the other hand, you can send him a letter. And I'm sure he'd be more than willing to answer your questions.

Mr. McPherson: — And I appreciate your comments, Mr. Minister. And we know full well that every answer has to do with the federal government. I'm more concerned about Crown review.

So I then take it that you and your department have nothing to do, have no input with the review that'll be taking place of the Crown that you're responsible for. It is entirely . . .

Hon. Mr. Lautermilch: — No, I'm not saying that. We're going to be very involved — management, the employees of the corporation, the board — in cooperating with the process that's being put in place by Crown Investments Corporation.

This corporation is wanting to be involved in that process because they think it's a healthy process where these assets and the operations of the assets that are managed by the people who work there have this degree of scrutiny.

Mr. McPherson: — All right. So then I think my question was legit. If you're saying that in fact you are part of the process and we are talking about your Crown, then can you tell us in the Crown that you're responsible for, whoever is doing the review, is that company, corporation, or individual, are they chosen? Like has there been a contract . . . has this been contracted out?

Hon. Mr. Lautermilch: — It's not a decision that's made by SaskEnergy.

Mr. McPherson: — That was my question.

Hon. Mr. Lautermilch: — It's made by the Crown Investments Corporation.

Mr. McPherson: — All right. But then you said you had the input. So I was wondering if in fact does each Crown have that input? So if it's no, then that's the answer.

Hon. Mr. Lautermilch: — No, what I'm saying is that our input will be with providing information and facilitating the work of the people who will be put in place by Crown Investments Corporation.

Mr. McPherson: — All right. Thank you, Mr. Minister.

Then my question is to the Chair. Madam Chair, what we will be doing is, in a written form, putting questions in regards to Crown corporation reviews. I don't see the need that it waits until the CIC report is before us. We could have this in a much more timely fashion.

So we will also bring forward written questions that you could then pass on to each Crown and have that discussion with Mr. Dombowsky as to what can and can't be answered.

So I think that takes care of most of the politics. We can actually move into the report. At least it takes care of the politics for today.

I noticed, Mr. Minister . . . Madam Chair, what time are we

sitting until?

The Chair: — Till 11, unless the committee wants to meet further.

Mr. McPherson: — All right. Or unless the minister is not . . . Good health?

Hon. Mr. Lautermilch: — Right on.

Mr. McPherson: — Okay. Well just tell us when you're on.

Hon. Mr. Lautermilch: — Yes. If you're hurting me, I'll tell you.

Mr. McPherson: — On page 29, I see that on note 6 we are dealing with equity advances. And then I found these — well I should have marked the pages, there we go — and they show up on page 24.

And I took, at first glance, that equity advances would probably show up as a dividend, but in fact what they are is, in my view, would be a loan of some seventy-one and a half million dollars because it has nothing to do with the dividends on page 25.

So can you tell me, Mr. Minister, how long these sizeable loans have been on the books, when the loan was . . . I take it it's a loan. I believe it was one that was going to be repayable. Right. And it says that it's repayable at the discretion of CIC.

Can you give us sort of a rundown where we're at with these equity advances?

Hon. Mr. Lautermilch: — Well, Madam Chair, and to the member, what this would be is equivalent to share capital in the private corporation. I guess the terminology is a bit different. It's here noted as equity advance but basically it's share capital. It's assets that the good folks of Saskatchewan own. It's what they have earned on their investment in this corporation. In a private company it's called share capital. It's here listed as equity advances to CIC.

Ultimately the revenue that flows from these corporations comes back to the people of Saskatchewan through the Crown Investments Corporation, the Consolidated Fund, and comes back to the people in the form of programs. It comes back in the form of highways or health care or education or social services. And that's how it is. That's how it's dealt with.

Mr. McPherson: — Well, can you tell me when this equity advance was first made?

Hon. Mr. Lautermilch: — Well it's annually. I believe we started, I'm told by the officials, in 1992 and I might . . . what might be helpful is if I ask Miss Bourassa to describe how this process works and how this accounting procedure takes place. I'm not an accountant, and so I think it may be better if I would, with the consent of the chair, if I would ask Miss Bourassa to describe how this works from SaskEnergy's perspective and when it began. She might be able to give you, you know, a detailed list of what the equity advances have been over the

past years.

Ms. Bourassa: — Yes I'd be happy to. Let me just back up a moment. Saskatchewan's equity, that whole section, is in fact similar to shareholder equity in a private corporation. Equity advances is the investment that the province has made in SaskEnergy. It occurred in 1992 at which time . . . really it's retained earnings that was capitalized at that point in time.

So, similar to an investment that you'd make in a corporation, if in fact you bought some shares, you'd buy a hundred dollars of shares, for example, that's similar to the equity advance that the province made in SaskEnergy.

Retained earnings is the other portion of shareholder equity which . . . That whole section really refers or tells you what the investment it is in SaskEnergy. Equity advances is capitalized retained earnings. We can . . . would you like me to get into . . .

Mr. McPherson: — Well am I wrong in saying that it's really in the form of a loan, right? Is it not similar to a loan from SaskEnergy to CIC? Is that the flow of the money?

A Member: — The other way around.

A Member: — The other way around?

Ms. Bourassa: — They are repayable at the discretion of CIC but they are due to Crown Investment Corporation, SaskEnergy, advances to SaskEnergy from Crown Investment Corporations.

Mr. McPherson: — All right. Can you tell me why we would have this flow of capital when with the other hand you are working with dividends. My concern is whether or not with equity advances, we are able to shuffle money in and out of CIC. And if it's at the discretion of CIC and SaskEnergy doesn't have a great deal of say in it, how then do . . .

Hon. Mr. Lautermilch: — Madam Chair, if I can, let me sort of describe this as I see it as a small business person. The Government of Saskatchewan, the shareholder of Crown Investments Corporation, has invested in SaskEnergy, and that's on page 24 in the form of equity advances, meaning Crown Investments Corporation has put an investment in SaskEnergy of seventy-one five thirty-one. That's an asset that has been put from CIC to SaskEnergy. It's there in the form of an investment. It's similar to you perhaps investing in a half section of land, putting that amount of money in.

As well, in terms of an equity and an asset, the money, the profits that the corporation have made that has been retained in the amount of one four two zero eight two is another portion of Saskatchewan people's investment in this corporation. That is their equity in SaskEnergy.

And it's not a matter of shuffling back and forth. The corporation is now an entity that is trying to increase the equity in the corporation, reduce the debt so that we have a healthier corporation. It's an investment the people of Saskatchewan have made in this company. And it's not trickery or

jiggery-pokery, it's an investment.

Mr. McPherson: — Oh, and I'm not for a moment saying it is, Mr. Minister. What I'm trying to establish is why would this amount of money . . . Because I mean, if you went out and talked to anyone on the street, they would of course think that as taxpayers or of Crown Investments Corporation . . . I mean why do we have to move equity or dividends back and forth to begin with — well I shouldn't say dividends, equity — because in fact CIC has full control over each of the Crowns beneath it, would it not?

I mean if there's debt . . . a few years ago we were using CIC to take care of portions of debt in different Crowns that I'm not sure where the equity advances first began, if in fact you're saying this was an advance to take care of some debt.

Hon. Mr. Lautermilch: — This equity was invested in 1992 when the corporation was established. It's like you putting a down payment on a half section of land. If you were to pay \$70,000 for a half section of land and your creditors would demand that you 10 per cent down payment, you would put 7,000 in — that would be an equity advance. Okay? If it was you personally doing it to a corporation entity. I mean so that's money that you've invested in order to make this purchase.

In 1992 when this corporation was established, the government — or what year was that, I'm sorry. See when it was created, the government invested, through Crown Investments Corporation into SaskEnergy, this amount of money. You know, I mean you need some cash flow. You need something to operate the business. And over and above that, over the years, the corporation has retained some of the profits which is reflected in the equity as listed on page 24.

Mr. McPherson: — All right. So is there a chance that because you're doing a five-year business plan, do you see more equity advance going from CIC into SaskEnergy?

Hon. Mr. Lautermilch: — Yes. I think . . . You know, to put it simply, what we're attempting to do is increase our equity in the corporation and reduce our debt.

Mr. McPherson: — In the corporation or in . . .

Hon. Mr. Lautermilch: — Within the corporation. What we're trying to do . . . I mean part of the earnings every year are put back to shareholders, the people of Saskatchewan. In the Crown Investments Corporation is a dividend from SaskEnergy to CIC; it ultimately finds its way to the Consolidated Fund. What we do is retain some of those profits and try to reduce our equity, the amount that we have invested in that corporation, and reduce the amount of debt that that corporation carries.

I mean, that's the goal. And that's part of the five-year business plan to make this a healthier corporation, to have less debt and to have more equity and more assets, more worth to the people of Saskatchewan. It's like trying to pay down a mortgage on a half section of land. The less you owe, the more equity you have.

That's what we're attempting to do. This reflects how much initially the people of Saskatchewan invested in the corporation, how much it has gained in asset value in terms of retained profits, retained earnings, and that's what this is.

But I'm not sure, Mr. Member, where we're going with this discussion. I'm having a difficult time to determine where you're leading us.

Mr. McPherson: — Well bear with me, Mr. Minister.

Hon. Mr. Lautermilch: — I'm being very patient.

Mr. McPherson: — Well the problem is, is that . . . I mean, this example you're giving me seems very simplistic. The corporation starts in '92 and . . . Okay, we can buy that, but we're having equity advances in corporations that have been around for many years. And if in fact we are able to have monies, you know, in the form of equity advances in corporations repaid at the discretion of CIC, that would give CIC some ability to call these dollars in, in the event of a year where they perhaps wanted to balance the books of the province going into an election year. They could force more debt onto each Crown corporation through these equity advance transfers and put more money into CIC, would they not?

Hon. Mr. Lautermilch: — I'm going to ask Mr. Clark to respond, because he may be able to give you a better answer than I am. But I think now I know where you're going. So let me try and explain from my perspective where I think you're going.

What you are saying is that it is possible for the Government of Saskatchewan to make a decision to funnel money out of the Crowns into Crown Investments Corporation, money that probably shouldn't be taken in terms of profits, to increase the debt within the corporations to satisfy the needs of the Consolidated Fund. Is that what you're saying?

Mr. McPherson: — Right.

Hon. Mr. Lautermilch: — Well we've got good experience with that. The Conservative government did that in the 1980s.

Mr. McPherson: — That's our fear. We want to make sure it doesn't happen again.

Hon. Mr. Lautermilch: — Well all you have to do is read the financial statements and you will see that's not what we've been doing. We have been taking in the neighbourhood of 50 per cent of the profits of the corporations that go back to the people of Saskatchewan through CIC to the Consolidated Fund, and that's the dividend that the people of Saskatchewan receive. We have been taking other portions of the profits and investing them in projects like the north spread, the pipeline that we built in the northern part of the province.

And another goal for us is to reduce the debt of the Crowns, not to increase it. That's part of what we've been attempting to do. I mean, is it possible to take more money out of these Crowns than they make? The answer is probably. But that, too, would

have to be reported.

But that's not been our practice. We've been very prudent in terms of the money we've been taking from the Crowns to CIC. And I think our financial statements of all of these Crowns and CIC will reflect that. If you take the time to have a look at them, you'll know exactly what we take. It's there — the Provincial Auditor looks at it; the private auditors are well aware of what we're doing in that regard.

Hypothetically, could we bankrupt these Crowns by taking more money out of them than they make? The answer is probably. Yes, it can be done.

Is it the policy of this government to do it? The answer is no. We want to improve the financial status of these corporations as opposed to putting them in a worse financial position than they were when we took over power in 1991.

Mr. McPherson: — Well see, Mr. Minister . . . and this, I guess, you hit it right on the head, with bringing in the Conservatives into this equation, because they in fact did put a lot of debt into Crowns and government as a whole and we want to ensure that doesn't happen again. And we definitely don't want to see it happen in a way that isn't transparent, readily transparent to the people of the province when it does happen.

And as well run as SaskEnergy is — and it is; we don't dispute that — it's not to the discretion of SaskEnergy whether or not these funds are shifted in and out. It's at the discretion of CIC, which I think is a far more political body than the Crown that we're talking about here.

Hon. Mr. Lautermilch: — Let me describe to the member, the process. The board of directors of SaskEnergy are appointed by cabinet, by order in council; men and women from across this province who have some understanding of this industry, who have some understanding of the province, and who represent the people of Saskatchewan.

Crown Investments Corporation has a board of elected members of the legislature, who have been designated to be part of cabinet by the Premier, and that's the board of directors of that corporation. That corporation reports ultimately to cabinet.

Every person around the cabinet table is an elected official by people within their constituencies, as you are. Cabinet is as accountable to the people of Saskatchewan as every member of the legislature is — and should be. People every four years have an opportunity through the mandate, or through the electoral process, to remove any one of us. And if we aren't doing our job, the people of Saskatchewan, who are the shareholders ultimately of these corporations, have the opportunity to remove us from our duties, from our positions.

So if you're asking, is there accountability? The answer is yes. Is there due diligence with respect to the operations of the corporation? The answer is yes. Do you as a private member have the opportunity to scrutinize the expenditures of this corporation? Quite clearly, we're sitting before the Crown

Corporations Committee, attempting to answer the questions as best we can. You have a public format in the Legislative Assembly to ask questions of, I guess, a more general nature.

But I'm thinking, and what I would say is there's lots of accountability to shareholders. And if the people who are responsible for managing and the people who sit on the board and the elected officials aren't doing their job, the people have the opportunity to remove us, to remove each and every one of us.

Mr. McPherson: — Thank you.

The Chair: — Pardon me, Mr. Clark, do you have something further?

Mr. Clark: — I just wanted to make a footnote to the chairman's remarks. As a hypothetical matter, the committee member is correct. The CIC is a holding company for our company, just as Ron Southern ATCO is the holding company for the Canadian Utilities gas company in Calgary. Could the shareholder, could ATCO decide what to do with the retained earnings of Canadian Utilities in Calgary? I'm sure he and his board could.

We have, as reflected on page 16, set out the fact that as our shareholder's equity investment plus our retained earnings has gotten us in a position now where we have a debt/equity ratio of 77:23. We freely and openly admit that by industry benchmark standards, that's not where we would like to be.

In fact, we have had Foster Associates, one of the respected companies in North America in our industry, come in, do our review this year, and indicated that the ideal industry benchmark is around 65:35. There's where we would like to be. And we are trying to get, by 1999, to 70:30. And we will struggle to try to get to 65:35, which would make us an industry leader. And so we're trying to improve our debt/equity ratio.

We don't anticipate our holding company to come in and rip the guts out of our endeavour to improve our debt/equity ratio, any more than I think ATCO will rip the guts out of Canadian Utilities in Calgary, which is a privately held company.

Mr. McPherson: — Oh, thank you. I didn't notice the change in the Chair. You caught me off guard. But my colleague would like to ask a few questions on this.

The Vice-Chair: — All right, go ahead.

Mr. McLane: — Thank you, Mr. Deputy Chair. I would certainly defer to the third party and give them an opportunity this morning to ask a question, if they would so like.

The Chair: — The third party has indicated to me that they had no questions right now.

Mr. McLane: — Right now. Good, thank you.

Mr. Minister, just a question, if I could on your vision mission values, that type of thing, I noticed in the CEO's (chief

executive office) presentation they talked about the \$50 million net profit a year and seemed quite proud of that, I think. Upon reading the vision and the mission, I'm a little unclear possibly what the mandate of SaskEnergy is. Is it to earn a profit each and every year, a sizeable profit? Or is it to provide equitable gas and service to the people of Saskatchewan?

Hon. Mr. Lautermilch: — Well I think, Mr. McLane, it has two purposes. Without creating profits, it's not going to be an entity that will be a benefit to the people of Saskatchewan, whether a public or private corporation. The responsibility of management and the board of directors is to provide a profit for the shareholders. In this case, the shareholders are the people of Saskatchewan — a million and about sixteen thousand of us. That's a responsibility.

The other part of the mandate of this corporation is to provide a service to the people of Saskatchewan through the natural gas distribution system; to provide industry, with transmission through the operations of TransGas, transmission of natural gas; and ultimately, through those facilities, to provide economic opportunities and job opportunities for business people and private individuals in this province.

It's been, I think, a good record that SaskEnergy has had since its inception. Last year the profits were in the neighbourhood of \$58 million. And I think that we face some difficulties. Natural gas prices, as you will know, have been very low which has created, I guess, some pressures on the corporation.

And I will also say that, as you will know, about half of the profits of this corporation are returned to the people of Saskatchewan. Half of the profits on an annual basis go back to Crown Investments Corporation, the holding company, through that corporation to the Consolidated Fund and are turned back to the people of Saskatchewan in the form of services, whether it be health care or education. That's how the profits are funnelled back.

If you're asking me, should this corporation . . . and I'm not in any way assuming that you would suggest the corporation should be running at a loss, in a loss position, because that's not where we want any of these Crowns. Or if you're asking should we run it with less profit and reduce rates, I would think that if you look at the return on investment, if you look at the equity, and if you look at the assets of that corporation, \$58 million is not a large amount in terms of return on investment to the people of Saskatchewan.

We're attempting to certainly improve the bottom line, the administrative costs of the . . . through administration costs within the corporation. But if you're suggesting that the corporation, through a profit of \$58 million, is gouging the people of Saskatchewan with natural gas rates, you and I will differ.

Mr. McLane: — Thank you, Mr. Minister. I sense in response that maybe you do feel that 50 million a year is a little bit gouging to the . . .

Hon. Mr. Lautermilch: — No, let me correct the member. I'm

saying that \$58 million is a very reasonable return on investment, and I'm also saying that half of those profits directly though CIC go back to the people in terms of services. We're trying to, as the president has indicated, reduce the debt/equity ratio — reduce the debt of the corporation to reflect industry standard, number one, and to have a healthier corporation. And that's what our attempt is to do.

Mr. McLane: — Madam Chair, I don't know, should we, you know, discuss back and forth here or . . .

The Chair: — Yes, oh yes.

Mr. McLane: — Good, good. Then we can interrupt as the minister has done. I guess can you show me, Mr. Minister, in the mission and the values and your statements, does it actually say in there somewhere that your mandate is to operate a substantial profit?

Hon. Mr. Lautermilch: — Well, you know, I don't know that it has to be written in terms of vision, mission, and values. As the chairman of the board of this corporation, I take some responsibility for stewardship in terms of the assets that the people of Saskatchewan have.

I think that I would probably say the same as any chair of any board of any corporation; you've got a responsibility to the shareholders to ensure that the corporation is economically healthy. If you're asking me would I rather run a corporation at a loss or at a profit, I'm am . . .

Mr. McLane: — I'm certainly not asking that question, Mr. Chairman, or Mr. Minister, and you know that, that that would be ludicrous for anyone to operate a business and try and do it a loss.

Hon. Mr. Lautermilch: — Well what I'm saying to you is that I think that \$58 million is a reasonable return on investment. It's a reasonable profit. And the people of Saskatchewan benefit by the fact that this corporation is able to generate profits.

Mr. McLane: — What I'm asking you is if a taxpayer in Saskatchewan looks at this book or looks at your mandate, do they know that it's the goal of SaskEnergy to create a substantial profit each and every year?

Hon. Mr. Lautermilch: — I certainly hope so.

Mr. McLane: — Well I'm not so sure that that's clear because we can talk about other Crowns . . . and I guess we can use the bus corporation for example; it's a good example. People are saying, is that a social service to the province, in particular to rural Saskatchewan, or is it there to create money? We're seeing now where they're getting into the private sector to create profit to sustain that system.

So I don't think it is really clear. Mr. Minister, and I'm just wondering how the people of Saskatchewan will recognize that SaskEnergy is here to generate a profit each and every year, to return money through CIC to the people of Saskatchewan, and, as you say, to provide services.

Maybe there's other ways, and we'll probably always differ on where we think the money should be spent as opposed to what you might think. Just tell us that you think it's clear that the people of Saskatchewan understand that SaskEnergy is here to generate a profit of 50-plus million per year. And second to that, is it your intention to maintain a \$50 million a year profit, or are you striving to do more or less, or where's the balance there?

Hon. Mr. Lautermilch: — Tell me what you think is an appropriate profit for a corporation with a billion dollars worth of assets. Do you think \$58 million is too much, or do you think it's too little? Do you think it should be 10 million, or do you think it should 110 million?

Mr. McLane: — In the year 2000 maybe you can ask me that question then. Right now you're the minister; you're the minister. I asked you the question.

Hon. Mr. Lautermilch: — In '94-95, no no. With these kind of questions you'll never get there because what I'm saying to you, if you're saying . . .

Mr. McLane: — I'm asking you the question now. Why don't you answer the question?

Hon. Mr. Lautermilch: — I'm answering the question. I've already told you a half a dozen times that I think \$58 million is a reasonable return on the investment of the people of Saskatchewan in this corporation.

Mr. McLane: — My question to you is, are you saying that this corporation should stay at a 50 to \$60 million profit a year? Do you want to see it get higher, or do you want to see it get lower, or do you want to see it stay there?

Hon. Mr. Lautermilch: — Well I'm going to ask the president to give you an understanding of the industry in terms of rate of return on investment because I think if you are aware of some of the investments that are made in other jurisdictions in other utilities and the amount that is generated throughout the industry and compare that to SaskEnergy, that may help you in terms of determining what you think to be a reasonable profit when clearly . . .

Mr. McLane: — I'm asking you what you think.

Hon. Mr. Lautermilch: — Well I'm going to just have the president describe to you the rate on return, and then perhaps we can sit down and discuss whether or not it's too much or too little. I'm comfortable with \$58 million in terms of profit. You might think it's too much. Clearly you do. So I'm going to ask . . .

A Member: — You could have just answered it now, and then we would have been . . .

Hon. Mr. Lautermilch: — I'm going to ask Mr. Clark if he would describe to us where the industry standard is and how SaskEnergy fits into that.

The Chair: — Mr. Clark, as you're answering that, just for the sake of ease of committee functioning, would you please address your remarks through the Chair, and maybe set an industry standard for everyone else — ministers and members.

A Member: — We have been chastised.

Mr. Clark: — Yes, Madam Chair. I . . .

A Member: — On your side of the House. Bring them to order.

Mr. Clark: — Yes, Madam Chair, and I'll try to be brief.

The member's question is a good one. I think that we shouldn't get stuck on 58 million or 52 or 56 or 61 there. And I want to say that it's certainly an explicit goal of and the values and the ethic of the corporation to run a prudent and profitable company.

That is defined by an industry standard called return-on-rate base. It's used in our industry from one part of Canada to another. We adopt those kinds of standards in trying to establish both the returns in the company, the rates that are a function of those returns.

And I can tell you that our return on rate base is within a few basis points of anybody in our business so that we operate in a way that is, I would say, well regarded by any of my CEO colleagues in our business and produces the second lowest rates. We don't obviously want returns on the backs simply of our customers. We have to have competitive rates.

And we are . . . And the question you asked, do we want to try and improve that? Constantly. We're trying to look at new niche opportunities. We're trying to obviously grow our volume and grow our bottom line, and we'll look at every opportunity, whether it's grain dryers or gas barbecues or anything to try to increase that throughput.

So we want a healthy company, for sure. If I seem proud of \$50 million, I say that only as a company that is operated by criteria and standards you'd expect in the private sector in terms of performance and rates that obviously our customers would see by looking at Calgary or Winnipeg or somewhere else and expect to be competitive.

So we are driven to be a competently operated company with good return — good, fair industry standard returns.

Mr. McLane: — Thank you, Mr. Clark.

Madam Chair, it is close to 11, and we do have another appointment. And I can see that the minister is in some pain and reflected in his answers. And if the Chair . . .

A Member: — And creating a lot of pain for us with those answers.

Mr. McLane: — If it's the wish of the committee, we'd be happy to adjourn for today.

The Chair: — Do other committee members have questions? Mr. Johnson, you'd indicated you wanted to speak.

Mr. Johnson: — I'll pass.

The Chair: — It is now 11 o'clock. I think what we ought to do, since we haven't yet received a report on the rates and so forth . . . it had been my optimistic hope that perhaps we could have dealt with both the annual reports today, that I think we are going to have to, Mr. Minister, call you back one more time before we conclude our review of this. So I think that what we will do is simply adjourn debate at this point on the '94 and '95 annual reports for SaskEnergy.

I would remind committee members that I had asked you to give me a list of priority items that you wanted to deal with, and I have been negotiating with various ministers' offices, many ministers' offices and many officials to determine availability. And I have scheduled for next Thursday, May 2, the review that specifically you, Mr. McLane, had asked for, and that is for ACS (Agricultural Credit Corporation of Saskatchewan) and Crop Insurance. I have that scheduled in for 9 until 10 on Thursday, May 2. Do members have any comments about that?

Mr. McPherson: — Madam Chair, perhaps the minister and his staff . . . I mean we're not voting this off regardless, so perhaps they would like to leave and then the committee have a little discussion about what the line up is in the next few weeks or month.

The Chair: — Okay. Thank you, Mr. Minister. Thank you, Mr. Clark, and your officials.

Mr. McPherson: — Oh, and could we get the handouts? Yes, thanks, Ron. We're doing this for you, Eldon.

Hon. Mr. Lautermilch: — What are we doing here, Glen?

Mr. McPherson: — You have to come back another day when you're feeling better.

Hon. Mr. Lautermilch: — Oh well, yes, I understood that. I appreciate the opportunity to . . .

Mr. McPherson: — Hey, whenever we can be of help.

The Chair: — And I think what you will find, Mr. Minister, is that now that we're going to have a standardized list of questions, reviews will be conducted much more speedily, and we will be able to then complete our reviews within the time schedule that we've allotted.

Mr. McPherson: — Well we would sure endeavour to do that with no firm commitment.

The Chair: — Now, Mr. McLane, do you have any comments about my scheduling for next Thursday of ACS and Crop Insurance? I had to wait till the minister was back from Japan.

Hon. Mr. Lautermilch: — Madam Chair, I'd like to thank members of the committee and my officials for the questions

and time that they spent with us this morning, and we look forward to returning and answering questions of any they may have.

Mr. McLane: — Madam Chair, I'd like to thank the minister and his officials as well for coming this morning. We appreciate it and look forward to seeing you again.

The Chair: — If it's agreeable, I would suggest that we schedule ACS and Crop Insurance for next Thursday.

Mr. McLane: — Madam Chair, just for clarification — and I could be wrong on this one — were we not talking about every second week, or are we talking about every Thursday?

The Chair: — We were talking about both. And as it turns out in terms of arranging meetings with officials and ministers, what I was able to get in terms of scheduling was next Thursday for ACS and Crop Insurance.

Mr. McLane: — Okay, so then I was quite clear then. It was basically every second Thursday. So with your indulgence, I would have to go back to my calendar and look at next Thursday and try and change whatever I might have on to accommodate you on this one.

The Chair: — Yes. Well I think it's a question of all of us being accommodating to everyone, and I would point out that you do have the possibility of chitting in members for this committee.

Mr. McPherson: — Thank you, Madam Chair. I guess one of the problems that has come up . . . In fact today is an example where we're dealing with two years at once, and in fact a lot of the information was just given today on two years. I mean, are we realistic in expecting that we're going to be voting off Crowns on the same day that they in fact come up?

What should be happening is, before we proceed too far, is to have this sort of information. We will immediately — within a few days, I think, is a good time frame we can handle — get the questions of concern to the official opposition to you so that you can get them to the Crowns and to CIC.

But those packages, I think, should be before us for an amount of time before we come into these meetings and in fact have to get into all the politics. If that's what we're wanting to avoid, some of this, or move along a little faster, there's no way you can give us a package knowing full well we don't have time to even go beyond the first page . . . and expect that we're going to be voting anything off. That won't happen.

The Chair: — I take your point. I'm not going to accept the implicit criticism in it because I think the government members and indeed the Chair has tried to be extremely accommodating and tried to put out as much information as possible and to improve the functioning of the committee.

And if you would review historically what has happened, Mr. McPherson, you will find that this committee now is functioning much better. There was a time period in 1990 when

the committee didn't even meet. Committee members are getting much more information than they ever did before. And it is really imperative at this point now that all committee members start to recognize that this is a legislative duty that we have as MLAs (Member of the Legislative Assembly), having accepted our appointment to the Crown Corporations Committee. So we're — all of us in various ways, shapes, and forms — going to have to sharpen up our activities so that this committee can do the functions that legislatively it's mandated to do.

Mr. Trew: — Yes. Thank you, Madam Chair. I don't want to offer this up in a spirit of anger or meanness or anything like that. I just want to make the observation. Having been on the committee for 10 years, I'm just really proud of that openness that the committee has developed over those years.

I remember ten years ago when Crowns were scheduled, and we would typically schedule a Crown corporation. If it was a minor one, we would say ten minutes, and we'll vote it off. A major Crown, an hour, sometimes an hour and a half, which was very unusual, and we would vote it off. I do know that the Crown Corporations Committee review process that we enjoy in Saskatchewan is by far the most complete Crown review done anywhere in the world — full stop, period. We are light years ahead of the rest of the universe in our opportunities.

I know in . . . I guess I'd have to hearken back to my time in opposition to try and put myself in the shoes of opposition members; annual reports in the late '80s were typically not tabled on time. I know that annual reports now are tabled on time, and we have set time limits for it.

The job of the committee is to go through the annual reports, make sure that they're complete, and provide the information we need. And if there's a policy decision to be made, it's my belief that it's fair enough to explore that in this corporation. But at the end of the day, policy changes, as it affects Crown corporations, should be dealt with in the Legislative Chamber properly through motions and that sort of thing.

So I do think it is very reasonable that, after a two-hour review, having had for instance, SaskEnergy 1994 annual report for over a year now, having had the 1995 report for some time . . . and there's no major shift in those reports. It's not like the . . . I mean if . . . I guess the best way I could put it to the unwashed . . . if somebody would to handed them the 1995 annual report and put 1994 on it and had the 1994 report and put 1995 on it, you might accept it straight up. There's no huge difference there.

The committee has a significant number of corporations to review. And I know that, Madam Chair, your desire and I think the desire of all members . . . and I'm certainly included. My belief is the opposition want us to review all of the Crowns as well. So I'm just offering up that somehow we have to be somewhat timely in the manner in which we vote these things off.

Now maybe, maybe, Mr. McPherson's right that we should list four or five major Crowns and say, as a matter of principle, we

won't vote them off the day they appear. That may be an option, may be legit. It's not long-standing practice, but as everyone knows, the way this committee operates is not the way it was 10 years ago or 20 years ago. We're trying to be as complete and thorough in our reviews as we can.

Conclude by saying I'm offering these comments, not by way of throwing darts at anybody on the government side or the opposition, official opposition, or the third party . . . just my observation for the timely moving of this committee. And I'm hoping that we can, in that spirit, proceed. And I'm just sort of fishing and hoping that that's in fact the case. Thanks, Madam Chair.

The Chair: — Thank you, Mr. Trew. Before I recognize you, Mr. McPherson, Mr. Johnson had indicated he wished to make a comment.

Mr. Johnson: — I think that it would be a very interesting experience for committee members to actually go back to about 1975 and follow the procedures of 1975 which then would mean that we would, page by page . . . And quite frankly, you either asked it on the page or you didn't get the question answered. So if for some reason or other you didn't have your questioning all organized and coordinated and you missed something on page 1 when page . . . and it was passed and okayed to page 3, you simply didn't get the answer until next year when you could then have prepared yourself 12 months in advance to ask the questions.

What is taking place in the information that's been provided is the reality is that these Crown corporations are really meeting industry standards that are clear across the North American continent — standards that are not necessarily in place in Canada in the industry, but standards that are being pushed in the United States.

The senior management salaries, the senior management executive travel, the executive expense claims, the people that have been employed as counselling service, the board of directors, direct payments, and the rest of it — these are not things that, quite frankly, generate a major amount of questions or requests for . . . these are information that then would be found useful at some other . . .

So the idea of going through in this committee and having a debate is not really what the committee is about. If you want to have a debate about the Saskatchewan energy corporation, it is really a corporation that has in its own Act, or at least I believe it has its own Act. And if you want to make a debate about the corporation as a whole, move an amendment to the Act in the legislature and have the debate where it sat.

So I say, Madam Chairman, that it is not something that has been dropped onto people without their knowledge of it. It is a standard set of information that has probably . . . you could have a thousand questions pre-thought out to fit any particular variation that was here. Thank you.

The Chair: — Thank you, Mr. Johnson. Mr. McPherson.

Mr. McPherson: — Well I appreciate the comments by Mr. Trew and Mr. Johnson; however, I recall back when Mr. Trew was in opposition and the damage that he was able to do in the Crown Corporations Committee on the purchase of Eagle buses from Brownsville, Texas.

And so I, for one, don't believe for a moment that Crowns were voted off in an hour because I recall several days, Mr. Trew, where you yourself used Crown Corporations — and Public Accounts by the minister that just left, and Mr. Anguish . . . were very effective in Public Accounts. So I just don't buy that — that things were racing along as they were. And I have reviewed some of those *Hansards* from those days.

So what I am saying is, on many Crowns, I think that we could move along in a timely fashion if the information that we have requested comes to us. An hour is great. I mean we have done that for a few years now. That's no problem. There are some of the major Crowns that we could probably sit and name them now which is just not going to be voted off unless you want to ram that at us and then if you want the committee to really get political, so be it, Madam Chair. That's the direction we'll go. I guess it's in your hands.

I would recommend, however, that it would be most appropriate if you, as the Chair of the committee, Mr. McLane or Mr. Bjornerud from the official opposition, and I guess a member from the third party perhaps sit and review the Crowns coming up, which ones could be moved along in a timely fashion given the information be brought forward and which ones would be best dealt with in a slower fashion so that it could be more thorough given that we are, of course, dealing with two years.

Now would you find that agreeable?

The Chair: — Thank you very much for the suggestion, Mr. McPherson, and I will certainly, this afternoon, be reviewing those very items with various members of the committee. I think what we've done here today is start to make again explicit some implicit traditions. And it is imperative — again I'm going to say it — that all of us recognize that we have to cooperate, and we have to carry on the legitimate functioning of this committee.

We have been making changes as we go along, and it is my desire that all members of the committee have an opportunity to ask as many questions that are relevant as possible. And I think that we are, all of us, going to have to use some self-discipline and do some research before we get to the committee meetings to know what kinds of questions we want to ask when we do have the ministers here.

Mr. McPherson: — Well, relevant by whose terms, yours or mine?

The Chair: — Excuse me, Mr. McPherson, I want to remove this from a personality contest, and I want to suggest to all members that we do have a more open committee now, and I think that many of the suggestions you've made here today are extremely important and will be very useful . . .

Mr. McPherson: — Well, accept it or reject it. Don't play your own politics.

The Chair: — . . . in improving the committee's functioning. I would just want to point out that we do have a majority of government members. It would be possible at any point to vote things off. But out of respect to the opposition, we are not doing that. We will call back SaskEnergy, and in the meantime, I would suggest that we have a motion for adjournment, and that we will meet again next Thursday, May 2, at 9 a.m. at which point we will review ACS and Crop Insurance.

We will meet in this room, room 10, and I would remind committee members that there is a Private Members' Committee meeting at 10:30 in this room. So we'll have to have our deliberations finished by 10:30.

Mr. Langford: — I move that we now adjourn.

The Chair: — Thank you. We have a motion to adjourn.

The committee adjourned at 11:20 a.m.