

Significant Transactions

The Chair: — Good morning, everyone. The hour now being precisely 9 a.m. on Tuesday, July 22, we will begin our discussion of an operational definition for significant transactions. As committee members are aware, a few years ago we changed the mandate of this committee so that we were no longer restricted to only looking retrospectively. We were also able to look prospectively at various matters. And we also changed the scope of the review of the committee.

Now for various reasons — and as Chair I will accept full responsibility for the tardiness on this — we have not been able to operationalize a definition of significant transactions. I have held discussions with the Provincial Auditor and with many others auditors in private firms, and also with staff at CIC (Crown Investments Corporation of Saskatchewan).

It seemed a good idea at the time to bring in a requirement that any significant transaction that occurred in the Crowns had to be reviewed by this committee within 90 days. And then I discover that there is no accounting body in this province, or in this country, and certainly not on the Internet, that feels confident enough to define significant transactions. So what seemed to be a fairly simple and straightforward thing turned into quite a complicated little venture. And I'm very pleased that the Provincial Auditor provided us with some guidelines and things that we may wish to consider in terms of defining significant transactions.

I then took that to the officials at CIC, and I will here at this point acknowledge the very hard work of Patti Beatch, a newly minted vice-president — and congratulations on your new responsibilities. She worked with her staff and has pulled together a definition that CIC feels will be one that does satisfy the committee's needs and also allows us to have it become evolutionary over time if that's what appears to be in the best business interests of the shareholders of the Crowns, which of course is the people of Saskatchewan.

So what I would like to do today is open up the discussion. I expect that it will be fairly free-wheeling because this is going to obviously reflect our philosophical approaches to the operations of the Crowns. But I would hope that before the morning is out we can actually have a motion to adopt or reject or amend the paper prepared by CIC officials and use that as our guideline for significant transactions. If that is the case, we'll then move into a consideration of one significant transaction that is right now sitting on CIC's plate, and that is the whole matter of Wascana Energy.

So that's my proposal for our business for this morning. And having said that I would now welcome the minister and his officials, and ask you if you wanted to make an overview statement.

Hon. Mr. Lingenfelter: — Thank you, Madam Chairperson. I'm not going to make very much of a statement, only to say welcome to the committee members again. We're going to have to quit meeting like this. We had such a good day yesterday that

I don't know how much of this we can take. But I wanted to say to the auditor as well and your staff, thank you for being here.

I want to introduce our staff from CIC who are with me: John Wright, president and CEO (chief executive officer) is seated to my left; to his left, Patti Beatch, who is the vice-president of finance and administration; and Kelly Staudt, who you'll know, vice-president of investments. And behind me, John Amundson, who is the corporate controller. That's the staff that we have with us here today.

I think as well, Madam Chairperson, other than the issues that you raised, which I think are accurate — I mean the chairperson is always accurate so why would I question that? — but I think yesterday's discussion led us into another area that we might just want to touch on. I don't want to get bogged down on it. It may be that we do two separate pieces, where we get one piece done and then talk about sort of future development of this committee. Because I think the Crown Corporations Committee really is an evolutionary body. And if you look back to when we first started back here in 1978, and I used to come into the committee meetings, you were very, very restricted as to what you asked — only the year under review, no press was involved in the meeting, couldn't come in the room, and it was very, very rigid and I think very closed and very isolated from the public.

Now it's not a perfect system yet and the only way it's going to get better, if we continually review the process. And so I think it would be good to spend some time talking about not only the piece that we have before us in terms of significant transactions, but other ongoing issues the committee might want to look at as it would relate to Crowns and Crown development, especially given the fact that Crowns are changing so dramatically at the present time.

Having said that, I also have to apologize for the fact that we're sort of double-booked today with the cabinet meeting which starts in a few moments, and I will have to leave and then return at 1:30 for the issues that we have on this afternoon. But I'll leave our operation here of CIC in very capable hands with my staff and I'll get a report from you, Madam Chairperson, as to the result of the meeting.

So that is what I had to say, and I'll be here for about half an hour and then I'm going to have to depart. But I'm very interested in the discussion that's going on here this morning. Okay.

The Chair: — Thank you. All right then, committee members, the regular committee members should have copies of Mr. Strelloff's suggestions and also Ms. Beatch's suggestions. I've just asked that there be some additional photocopies made of those two documents and they'll be back here in just a moment.

But I think what we might as well do is just throw the floor open to discussion. I'm not going to be autocratic and rigid and dictatorial, as is my wont and as is my skill area. What I will do instead is suggest that we'll just have sort of a free-flowing discussion. I think to begin with though, moving back to my

dictatorial stance, it might be helpful if we heard a philosophical statement of opinion from both the opposition parties. Because I believe since this document has been prepared by CIC and vetted by the minister, that this really is a government position paper.

So, Mr. Gantefer, did you have something you wanted to say?

Mr. Gantefer: — Thank you very much, Madam Chairman, and welcome, Minister, and of course, Mr. Wright, and officials.

I would like to philosophically pick up from where we left off a bit yesterday, Minister, and before you have to take leave of this meeting, to have an opportunity to share the suggestion that we would like to make in terms of improving this policy statement for your consideration.

But I think that as a preliminary kind of philosophical thing, certainly we appreciate the fact that in some of these significant transactions there is a whole issue of confidentiality, and until the closure actually happens, that you're bound by some . . . very often by a memorandum of undertaking or of intent that does have some confidentiality clauses in it. And we appreciate that and recognize that.

We also recognize that in essence, that once the significant transaction occurs and the material transaction has happened and the 90-day suggested time line starts ticking, that in essence, while it's certainly important for this committee to have an opportunity at the earliest possible convenience within that 90 days to review the transaction, largely it is a superficial process in that you can't change anything at that time. The deal has been done, the deal has been made. It becomes a scrutiny process, but it's after the fact. So it is a review process and we recognize that.

What we talked about yesterday is to allow the role of this committee to have more lead time input, recognizing the parameters and limitations of a memorandum of intent or things of that nature. So that actually this committee could participate similar to what we did yesterday with the Guyanese potential proposed deal, in that we could actually have a certain amount of discussion in so far as it's possible within the parameters of confidentiality that may be there in the undertaking.

And so we would certainly like to see the policy expanded to allow for that because we think it's an important two-part step. If we've had the opportunity to give whatever input that we can into the thing before the final transaction actually occurs and closure actually happens, we have an opportunity to certainly positively influence the final negotiations and the final outcome of the decision and the process in a positive way, I believe, and with further safeguard for the interest of the people of this province.

And secondly, it also gives us a term of reference to see if the advice and the opinions of the committee have been undertaken in the 90-day process when the final transaction actually materializes.

So it does put a much more meaningful role and meaningful input into this committee and we think that it would be a useful process that would make the whole system better.

And so what we want to suggest — and I'll just read it so it's in the consideration at this stage — we would like to propose that the policy guidelines be amended as follows.

Under the heading, Reporting Requirements, the following paragraph be added:

Any and all significant transactions under negotiation by a Crown corporation in Saskatchewan shall be reported to the Crown Corporations Committee immediately following the signing of a letter of intent or a memorandum of understanding and prior to the transaction being completed in order that members of the committee can make inquiries of the Crown corporation's management and the minister responsible regarding the general nature of the proposed transaction.

So I think the proposed amendment is broad enough, general enough, so that it doesn't ask you to disclose confidentialities, but it allows for meaningful input before the final close of the transaction by this committee and we think that that would be a positive step, Mr. Minister.

Hon. Mr. Lingenfelter: — Can I respond to that? The reason I suggested we might want to separate the two is not that I'm opposed to the concept at all — and I haven't legitimately talked to John or to anyone about this, or to the committee members — but the reason that I would like to separate the two issues is that I really need to do some serious, hard thinking and discussions with the staff to know exactly what that means, the way we have on the section that we have as a recommendation before us.

And I say again, I don't mind coming back in the very near future. Like I'm not talking about waiting a year or six months or anything; I'm talking about giving us some time to look at that, taking it away, and coming back and seeing exactly what it means. Because I just don't know what it means at the present time. A letter of intent is very different than an MOU (memorandum of understanding). What would the limit of capital be within the MOU?

I think it's helpful in many ways to have the kind of discussion we had yesterday, and the reason that I want to take some time to study it is to see whether or not the merits, which are certainly obvious, are outweighed by some negative in terms of the amount of work that would have to be done, or the amount of committee work that would have to go on.

But I wonder if the committee wouldn't consider at the outset whether we split the two issues, the one we're dealing with here today, and give us the leeway to take your proposal. And I don't know whether this comes from the Liberal caucus or is an opposition position. That's the other thing I would like to know. But if we could separate them, I would be very interested in looking at this as a recommendation to CIC that we review it and bring something back to the committee.

The Chair: — And that's why I said yesterday, Mr. Gantefer, that certainly we can have any amount of discussion. But I think in terms of decisions, we would want to have a bit more time on this.

Hon. Mr. Lingenfelter: — But I don't want to hold up the first decision.

The Chair: — No, I mean it is my hope today that we can finally get an operational definition of significant transactions so that a very important part of this committee's mandate can be actually fulfilled.

But I think the discussion is useful. Do you have your suggestions written out in a form that could be photocopied and circulated to all members? Okay, I'll have copies made.

And why don't we just continue the discussion, because I think it is important that we have at this point some statements of philosophy with respect to how we see CIC operating in the best long-term interests of the people of Saskatchewan.

We've already had the Crown review process. The government has made its position clear, while the opposition parties certainly had an opportunity to react in scrums to that. I think that this meeting can also be useful for fleshing out issues and concerns. But in the meantime we will still continue pushing towards having adoption of a definition today.

And we can put . . . Mr. Gantefer, is there . . . I gather from the way you're reacting that you feel it is fair and reasonable that the minister and CIC officials should have some time to consider the implications of this. Is that correct?

Mr. Gantefer: — Yes, Madam Chairman, I think that the suggestion is reasonable, particularly since we just brought that to you. If we would have been able to do that two weeks ago or had an opportunity for you to discuss this with your officials, we appreciate it.

And we also don't pretend to have . . . that the exact wording is technically and exactly correct. I think that the point is that we believe that a process of review, recognizing the limitations that a confidentiality and those kind of clauses would impose on the candour of that review, as happened yesterday, is an important step for the closure of the deal. Because we believe that it's important both for the fact that the Crown corporation that's coming forward shares that in a public way as we did with the Guyanese deal.

I believe that the scrutiny the Guyanese deal has received by this legislature and members of the Assembly is going to make a deal, if it happens, better than it would have been without that scrutiny. And I believe that that same kind of principle should be part of the policy guideline in terms of how we look at this whole review and scrutiny on significant transactions.

So I'm not hard-nosed in terms of the exact wording or how it's done, but I believe it's an important principle that should be allowed to be incorporated into the policy guidelines on significant transactions.

Hon. Mr. Lingenfelter: — Well there's an interesting piece to this. I mean as minister who has to defend or explain the issues at hand on a regular basis, and if we are taking our Crowns out as the Crown review recommends into international business dealings, this is going to happen on a very regular basis. I mean SaskTel is now under the new mandate out there looking for opportunities to invest.

So on a very regular basis, whoever is the minister of CIC, if you people happen to be the next government, whoever the minister is is going to have to, on a very regular basis, have a form to explain.

Well one of the forms is to line up your ducks out in the hall, you in front of your door, and then the Murray Mandryks or the press, as they should do, run back and forth and scrummage.

It seems to me that there might be a very much more legitimate way of doing that, is to, as we do with the confidential agreements that we sign at a certain point, and this is part of the discussion that you and I will want to have or the committee will want to have, is at what point does that come into play. Within our agreements we now sign, we say, subject to CIC approval, cabinet approval. We could also say that the issue has to be dealt with by the Crown Corporations Committee.

I'm not saying we should or shouldn't. But the fact of the matter is that if the minister can't explain it here to people sitting around in a very rational, reasonable way, how am I going to be able to explain it in a 30-second sound bite on TV in a scrum outside of my door?

The fact of the matter is if we are going to do these kind of investments we, and I say we collectively with opposition because we're all members and we're all representing the constituents, we better know what we're doing and we better be able to explain it. We better be proud of the investments we're making.

Here again, I'm not saying that all of the deals are going to go well. I mean all of us have invested in things and hopefully at the end of the day, on average, we make some money and we help the economy. But I think by coming here in advance we each then have at least a comfort zone that would say in general we think this is the right way to go.

From a philosophical front you may not agree with the whole concept of investments being made outside of the province. But however, as long as the government policy is what it is, then your suggestions and ideas in a positive way, as we did yesterday, I think could be very helpful to the process.

And one of the reasons we got the Prime Minister and Minister of Finance into the province yesterday is because I think if you are going to do these deals, you have to be proud of them. You have to bring the people in, you have to let them flavour the province that they're going to be dealing with. You have to let the opposition . . . Probably yesterday, if I would have been thinking, I should have brought them right here. We could have actually had them come in and say hello and shake hands and explain a little bit about their economy. What's the problem

with that if they happen to be in the province and in the city?

So I at one level, I have no problem with this, but on the other hand I'm very sensitive to committees in the United States that become a political tool for trying to go overboard. And actually if you look at some of the appointments that go before the committees in Washington, there are very, very many people that just will not allow their name to stand because of the personal scrutiny and personality assassination quite honestly that goes on during those processes.

This is the risk obviously that you get into — that the committee will become a tool for opposition to use as a political weapon against the government. And that's the risk that one takes. However, what gives me comfort is that in my mind, that's going to happen anyway if the intent of the opposition is to do it. At least here I have a forum where I can in an open way defend and respond.

So I say at one level I'm not opposed to it on a philosophical front. In fact I think being as open as you can without getting into the actual negotiations and process is all right, but I would want to have a really serious look at what we're talking about in terms of amount involved, at what point you get involved. Because if we brought here every issue that's being discussed for potential investment, we would sit here literally all day every day of the year, because there's that much work going on in the four major Crowns.

So it has to be careful that we don't bog the committee down by being involved too early, but on the other hand I think 90 days after the fact can be seen as the opposition and the public as being too late. So it's balance. And I'd be interested in working with the committee and looking at that.

The Chair: — Do you have any reaction to . . .

Mr. Gantefer: — Just one final comment. I left the comments about what is a significant transaction and those numbers and thresholds and all the rest of it deliberately out because I think that whatever this committee agrees to would be applicable in this instance as well. So it wouldn't be everything that's ever discussed or thought about. It would have to meet all these other policy requirements that we're going to discuss later this morning as well. So it would I think, give you some comfort, Minister, that we're not talking about every little deal that every corporation is contemplating. It would have to meet those other requirements as well that this committee is going to discuss.

Hon. Mr. Lingenfelter: — The other thing, and not to . . . I do have to leave fairly soon — but the other thing maybe that we may want to look at are other examples in other areas, because believe it or not we're not the only people who are struggling with this idea of what to do with Crowns in terms of accountability in advance and during transactions.

It would be interesting to know, for example, what AECL (Atomic Energy of Canada Ltd.) does on investments, whether there's anything we can learn from what they do in terms of openness. I don't think so because I think in fact they're further back than we are. And I don't say that in any political way.

That's just how it happens to be.

But I'm wondering if in some of the countries that have done, I think, an excellent job of promoting their accounts and building them in the last five or six years . . .

The Chair: — Would you like me to go to Norway and do some personal investigation?

Hon. Mr. Lingenfelter: — Well I don't think we have to go there. I think we have e-mail and faxes and all those kind of things that would work appropriately.

The Chair: — But there's nothing like hands-on, personal experience.

Hon. Mr. Lingenfelter: — But what I wouldn't mind seeing is what there are in some of the other jurisdictions that have advanced the concept of international investments, to see whether there's something we can learn from that.

The Chair: — I've had circulated to you the possible motion that Mr. Gantefer wanted to put, and again, it's his call whether he puts it or not or simply tables it as a discussion document with the committee. I think likely what will happen is it will be tabled as a discussion document.

I would point out to committee members that by agreement, by decision of the legislature, it is part of the rules of procedure that a Crown Corporations Committee must — meeting — must be called within four weeks of the return of the legislature. So this isn't going to get forgotten and as long as it's part of our formal, ongoing agenda item, it can be carried forward.

So I would expect . . . Mr. Wright, having heard the minister and the member, can you give me some idea about how long it might be for you to review the implications, pro and con, of this and to give us some suggestions in terms of how this affects or enhances or hinders the commerciality of the Crowns?

Mr. Wright: — I think, Madam Chair, what I'd like to do is actually sit down with the member and have a good long conversation about this. As well, I'd have to have legal review of this because there are circumstances that arise from time to time where by the S.E.C. (Securities and Exchange Commission) rules or the stock exchange rules and so on, this may have implications.

What I'd propose, Madam Chair, is it would take me August into September; perhaps we could report back — let's set a tentative date — October 1. I'd like to have my minister, obviously, review this. I'd like to talk with him. I'd like to talk with a variety of other people, including the Provincial Auditor, the Department of Finance, and others. So the earliest possible date from my perspective right now would be October 1.

The Chair: — That's a lot earlier than I thought it would be.

Mr. Wright: — Well I like to move fast.

The Chair: — I mean it took from May '94 to July '97 to get a

plausible definition. I'm extremely impressed.

Hon. Mr. Lingenfelter: — The only thing is though, if we read the verbatim of what we did yesterday with the Guyanese arrangement, I think this is the kind of thing — and we talked to the opposition — that they would like to be able to do with these kinds of significant investments.

And I think Michael Hogan coming here as the CEO of SaskPower Commercial and answering those kind of questions as openly and honestly up to the point where he said, look, we're now getting into the deal, the opposition said okay, we understand why you have to do that.

But I think the key is, and John outlined some of the problems that you get into as soon as you start going over there is, what would the Securities Commission . . . what happens in the various areas. And that's why we need some time to really look closely at this.

But we are in fast track with a lot of these changes in the Crowns. And even though the legislation to remove ministers from boards isn't passed yet, a lot of those things are happening right now as we speak. So this is not something that need take a long time.

I'm going to leave now, Pat.

The Chair: — Sure. Mr. Gantefer, would you like to move a tabling motion then?

Mr. Gantefer: — Yes, Madam Chairman, I will . . . Do we table it? We haven't moved it. It hasn't been moved so I don't think we have to.

The Chair: — That's right. How would you like to . . .

Mr. Gantefer: — It's a document, Madam Chairman, that we've discussed and is in . . . I read the wording of it into *Hansard* and also all members have a copy of it. Mr. Wright has a copy of it; so I'm perfectly content to allow the process, as Mr. Wright has indicated, to go forward and to see where it leads us in terms of potential consideration by this committee in terms of modifications of the policy or amendments of the policy down the road.

The Chair: — Good. And I would encourage you to have those follow-up meetings with Mr. Wright. And indeed I would encourage all members of the committee to go over to CIC and meet on an informal basis to get more of a feel for the day-to-day operations and the concerns and things that CIC is dealing with.

Okay. I think that was a very useful discussion. Mr. Heppner, did you . . . Oh, I'm sorry. Is there somebody on this side that . . .

Mr. Koenker: — Yes. I'd just like to thank Mr. Gantefer for tabling this today. I think it's helpful in terms of focusing our thoughts and I really appreciate it.

The Chair: — Good.

Mr. Renaud: — Just to echo what Mr. Koenker said, I just want to make sure that we understand that this committee is not to govern the province of Saskatchewan; that we're there to take a look at significant transactions but we're not there to in fact govern the province of Saskatchewan. There is a government elected to do that and I hope that we don't see this committee as moving into that realm, because it's certainly not what this committee is supposed to be doing.

So I just want to stress that.

The Chair: — Yes. It's a fine line of course, because this not a management committee. This is a committee of review. And at the same time, we do want to make sure that its role and its mandate evolves. So we've been struggling with those kinds of things for some considerable time and we will continue struggling in this.

Mr. Heppner: — Okay. I think I rather enjoyed the meeting we had yesterday because it went in a different direction than some of the other meetings that we've had with the Crowns, because there we would just look at what had happened and have a critical point of view. Here we had the opportunity to present some options that were out there; ask some questions about where this might be going. We didn't always like the directions, but at least it gave us the opportunity for that sort of input.

And I think if . . . There's a sense that I have, is that we're looking at Crowns and investments a bit more on: if they are successful we do them and if they're not successful we look at making a change. And then rather than just have a philosophical position and say we're for or against them, looking at the fact that they need to be successful.

And I think also, as Crowns are moving rapidly into an international area, I think the people of Saskatchewan are a little more concerned about what's happening because it isn't just putting a power line down to the neighbour next door. And so I think there is a need for that sort of a thing to clarify some of the directions. And you know, yesterday we had the media there who was listening very carefully to some of the questions and directions where we're going. I think that's important.

And I guess just to finish that off, I would like to see the parameters of significant transactions as broad as possible just to give that opportunity, because you never know what is there that might be just underneath a level that we set. So I think it needs to be fairly broad, to be as inclusive as possible.

The Chair: — Thank you, Mr. Heppner. I would note that Mr. D'Autremont is also here. Mr. D'Autremont, you're welcome to join us at the table if you wish and you're welcome to participate in the discussion; you just don't get a vote.

Okay. I guess what I would do at this point is ask Mr. Strelieff . . . you've had an opportunity to review the proposal by . . . well it came under the signature of the former Minister Wiens. Do you have any comments or questions or suggestions, Mr. Strelieff?

Mr. Streliaff: — Madam Chair, yes I do, and members. Good morning, members, and officials from the Crown Investments Corporation. My understanding of the origins of this topic on significant transactions; it was derived from thinking of the Financial Management Review Commission back in '81 or '82.

If you remember, I was a special adviser to that commission, and that commission focused on a lack of information that was about significant transactions and events that was made available, or not made available, to legislators and the public. And they emphasized in their report the importance of strengthening the ability of all legislators and the public to participate in the discussions and decision making of government in a more effective way.

And they found that many of the significant transactions in investments that occurred in the past were entered into without much legislative scrutiny and debate. In 1994, as the Chair mentioned, your committee had a lot of discussions on the role of this committee, and changed its terms of reference to focus more on those corporations that obtain their resources from sources outside the General Revenue Fund; so that's the main enterprises that you're now focusing on compared to the past.

Asking questions and requesting information on the plans and results for the period under review as well as for future periods, that's a significant change from past committee activities, and then asking CIC to present an overview of its mandate, goals, objectives, and performance indicators of its activities and the subsidiaries within its purview.

The last item that your committee changed in terms of its terms of reference deals with the topic today, and that is requiring information from CIC about transactions incurring . . . incurred within 90 days after they have been consummated.

Those four significant changes, I think have improved the committee's operations significantly. For those who were around maybe 5, 6, 7, 8 years ago when the committee functioned, this committee operates significantly differently now. Very much a more, to me, a more useful forum.

So this morning's focus is to define more carefully how best to ensure the significant transactions are actually brought to your attention. We have worked with officials of CIC on the proposals that are on the table today, and we think they're a good starting point, a good framework.

We recognize that they are dealing with transactions after they have been incurred, but that's what the framework was supposed to deal with. CIC was not asked to deal with transactions before they've occurred.

It does cover CIC and all its subsidiaries. So that was a point of contention that was being discussed along the way, whether it should be just CIC's investment or should it broaden to the subsidiaries as well. And that's being accomplished.

I think it addresses the three factors our office uses to assess significance, and that is: the magnitude of particular items, so the size of it, the dollar value; the impact that a decision may

have on the system of government; and the sensitivity. The sensitivity that leaves it open so that members can bring to the attention of the committee and CIC that there are some transactions and events that they're sensitive to that perhaps are not . . . that perhaps the corporations do not think are that sensitive.

So it does provide some scope for flexibility. And it does provide an opening to receive oral briefings on perhaps sensitive issues. In the proposal it focuses on written briefings, and written briefings would not be provided on what the corporations might think of as particularly commercially sensitive. But it leaves the opening for oral briefings.

Now you might want to further think about that because there are opportunities, or the Public Accounts Committee does have mechanisms, for dealing with sensitive issues that perhaps shouldn't be provided in the sense of a written briefing. They go in camera. And the operating procedures and rules of the Public Accounts Committee provide for in camera meetings where you're dealing with matters that involve police investigations, that involve intrusion into the privacy of individuals, that could impact upon the competitive position of a company, or that even deal with matters of national security. There is a mechanism to go in camera, at least in the Public Accounts Committee, where those kinds of issues are on the table.

So you might want to . . .

The Chair: — Mr. Streliaff, this committee also does have that mechanism of going in camera at a certain point. So yes, I take your suggestion. I think that we have on occasion done that. Once or twice, didn't we? You would not have been Clerk at that time, Ms. Woods. I think when Mr. Solomon chaired it, we did have it.

Mr. Streliaff: — It does lead to the idea that the committee should consider defining its operating procedures and rules in more detail so that all members know the mechanisms that are available. And as well, witnesses that come into the meeting, or guests that come into the meeting, know what is being expected of them. And I would suggest that a more specific definition of your operating rules and procedures would benefit all. But in general, the proposal that's on the table, we've worked with CIC on it and we think it's a reasonable framework.

The Chair: — Thank you very much. I think that sounds like high praise — or at least a good recommendation anyway. So we'll accept it as that.

Other committee members, do you have comments, suggestions, additions, or anything else you want to say for the record at this point? No.

If not, then could I have a motion from someone that we accept as policy guidelines for reporting on significant transactions the document dated June 1997 and circulated to all committee members.

Mr. Gantefer: — Before we move that, could I ask a

question, Madam Chairman, of Mr. Wright?

The Chair: — Sure.

Mr. Gantefer: — Just to make it clear in my mind, there's sort of two things that seem to come together, and I want your interpretation. And that is the material transaction at 1 per cent of assets. And I would like to relate it again to our discussion yesterday where SaskPower Commercial is proposing roughly \$30 million Canadian investment in Guyanese power. As I understand it, that would not make the 1 per cent threshold because we would be talking about the total assets of SaskPower, not just SaskPower Commercial. Is that right?

Mr. Wright: — In terms of SaskPower, the commerciality test would be \$33.3 million, based on their 1996 financial statements. So that's 1 per cent of their assets. It would clearly though meet the criteria under the sensitivity.

Mr. Gantefer: — Okay. So that's sort of the thing. And the sensitivity is very subjective, I would think.

Mr. Wright: — Indeed, there is a degree of subjectivity to it; sensitivity in terms of the politics of it; sensitivity to the public interest and so on. This is something that is going to have to develop. As the auditor said, it's a framework. And I think best efforts by all involved in an honourable way will result in excellent disclosure.

Mr. Gantefer: — Okay. I think I hear you saying — and I don't want to put words in your mouth, although I'll attempt to — is that when you're making this subjective decision as to what transactions that may be applicable to come forward to a committee, that you would rather err on the side of being more forthright and open with the committee than trying to keep these transactions from the review of the committee.

Mr. Wright: — I think those are excellent words put in my mouth wisely.

Mr. Gantefer: — Thank you. Thank you, Madam Chairman. We're getting along far too well this morning.

Mr. Wright: — If I may, Madam Chair, just to describe briefly, to put some of this in context, the 1 per cent is developed largely, the auditor, ourselves taking a look at what is material in the accounting world.

And to put it into some perspective, for CIC, the legal entity, it'd be about \$27 million. For CICI (Crown Investments Corporation Industrial Interests Inc.), which is the holding company for Millar Western and a variety of our investments, is about 10 million. SaskEnergy it's about 11 million. For the Saskatchewan Development Fund Corporation, it's \$36,000. Going down the list, SGI (Saskatchewan Government Insurance) it's 3.3 million. In terms of Power, as I mentioned, 33 million. In terms of SaskTel, the Holdco itself, about a little under 12 million.

So it changes by corporation. The big one is Power, but it does, as I mentioned, go down to as small, depending on the

corporation, as \$36,000. Any transaction in excess of that would fall within significant.

The Chair: — And is that the level that the committee wishes to deal with? Okay, I have an extensive speaking list now. I have Mr. Trew, Mr. Heppner, and Mr. Johnson.

Mr. Trew: — Thank you, Madam Chair. I just realized I couldn't resist the opportunity of making some comments on this.

I'm listening to the discussion taking place today and I've very impressed with the level that this Crown Corporations Committee has reached in terms of our ability to deal with really very substantive issues. What we're embarking on is a real, fundamental change, and I suspect that as we look at other countries who have grown their Crown corporations . . .

The Chair: — You mean, as I go to Norway.

Mr. Trew: — Yes, as you facetiously go to Norway via Internet or however.

I am quite confident that what we're going to find is that Saskatchewan is again — and I stress this, again — breaking absolutely new territory worldwide. And it's something that everyone of us involved in this should be able to puff our chests out and take a great deal of pride, right from the Premier, cabinet, CIC officials, opposition, other members of the Crown Corporations Committee, the Provincial Auditor, who I know has done a great deal of work on this and put a great deal of thought and given us some generally pretty sound advice on it.

The Crowns international, if I may describe them, is really what I think we're talking about in terms of growing the Crowns. And I'm excited about it. I've long been excited about the prospect of Saskatchewan men and women being given the opportunity, or rather earning the opportunity, to work on an international forum for brief periods of time, growing their own personal expertise. And at the same time it gives us an opportunity to, I guess the best way to describe it is, to grow the international economy.

I know Minister Lingenfelter said earlier that not every international deal is going to turn out to be gold, and certainly that's the case whether it's an international deal or a deal in Saskatchewan. But I just want to say how very proud and pleased I am to be a part, in a small way, of this work that many, many people and committee members and others have done getting us this far.

And I'm also . . . just on a cautionary note, I know that there's going to be times when, with this new definition as we pass it, that we may stub our toes and have some disagreements on it. And I think those disagreements will be healthy, and I'm confident that committee members can work our way through that at that point. So I'm very supportive of where we're at. Thank you.

The Chair: — Good, thank you, Mr. Trew.

Mr. Heppner: — Okay I appreciate the information we were given about what the actual dollar value of the 1 per cent is. And I think when we look at that we find out that it varies from a couple of thousand dollars to, you know, tens of millions and that leads us into a very variable situation that we could be discussing; an investment of about \$4,000 could come to the table.

And I think, you know, that may well be one of those kinds of things that just gives us a lot of work on things that basically I don't think is worthwhile spending our time on — a \$4,000 investment. So I think rather than that we should look at maybe strictly a dollar amount and that way the 4 and \$5,000 investments wouldn't necessarily come to the table.

The other thing that comes into play here, and I think it should probably be in there somewhere as well, is the risk of the country that we're dealing with. If we're talking about, you know, European Common Market and those sorts of things as a fairly stable situation, we don't really have to be too concerned about what they might decide to do with our investment. Other countries again are substantially more risky to invest in and I think that that component should be in here as well.

The Chair: — Well I can see how we could easily put in a basement dollar value. And I would be open to suggestions as to what that might be. I'm not sure how we can prejudge what we believe, from our comfort position here in Regina, Saskatchewan, the centre of the universe, what the stability of another country might be. And I would find it hard to put that down in writing I would think. I take your point; I think it's a good one but I think we're going to have to probably learn and grow with this policy.

Do you want to put a bottom dollar value on it or would you prefer . . . The way it is now, the reports have to come and be tabled with the Clerk and the Chair, and then I would call a meeting if we wanted to. I mean I can do a telephone poll. If we get a report saying there's been a significant transaction of \$3,700, and I phone around and everybody says, get serious . . .

Mr. Wright: — Madam Chair, if I may speak to this briefly. The smallest is actually \$2,000. But Sask Forest Products Corporation doesn't make investments any more; it doesn't do anything. The \$36,000 was the Development Fund Corporation which is effectively neutered. It's a neutral corporation; it doesn't invest any more. It goes through some divestitures and so on.

Our personal preference at this time, because this is going to be very much a growing and a learning exercise, is to leave these amounts in, the 1 per cent. Should you find over time, and should we find over time, that we're producing material that really is of not significant interest although according to this definition is significant transaction, we would certainly like to appeal; perhaps we could put in a floor. But this is . . . Let's let this grow and let's not prejudge it right at the moment.

It's also in a sense, Madam Chair, the degree to which we want to be open about these things and that we want to provide the information. We don't want to burden you, but our

recommendation, long and short, is please leave them the way they are for now and we can make changes later as required.

Mr. Heppner: — To answer your question, if I had a number in mind, I'd go with something . . . (inaudible) . . . 5 million. And that would just drop those off because I don't think anyone wants to say, well it's a \$4,000 investment, even though at this point it doesn't look like, from your statement, that that company does any amount of business.

The Chair: — Well that's useful guideline for me, Mr. Heppner, and I will just keep that in mind as I'm receiving these reports and polling members as to whether or not they want to have a formal meeting called or simply have a written document provided. And of course any written documentation that we get that's tabled with the Clerk's office forms a part of the official record of this committee. And I think that's important for all members to know.

So it's not necessary perhaps that we have a meeting over every one of these things, but it is necessary that this be part of the public record and that until and unless we refine the policy we'll use these guidelines. If that's satisfactory?

Mr. Johnson: — Actually the comments I am going to make refer to the 1 per cent, that it is to some degree a level that is considered significant in financial institutions as to their loaning to one particular firm or individual of their loan portfolio. So it's a figure that has or is close in the sense to other things that are considered of significance in that the . . . a loan of that nature would be reported further up the chain of command in an organization that's loaning money, so . . . perhaps as far as the board. And in this particular case you could consider the Crown Corporations Committee as the auditing committee which . . . in a financial institution. So a 1 per cent figure or one and a half, something in that area, is a rational number to use.

The Chair: — Are there any other comments or questions or points that members . . .

Ms. Beatch: — Actually I would like to add to that. There is also, with respect to the 1 per cent limit, there is also some guidance provided by the Canadian Institute of Chartered Accountants in terms of how they define material items. And in this particular case it's defined to be one-half to 1 per cent of assets, and so we've chosen the 1 per cent. So there is some also foundation provided by the CICA (Canadian Institute of Chartered Accountants) on the definition of a material item.

The Chair: — And committee members will note that the commencement of this policy is effective August 1, 1997. But I think that it's close enough to August 1, 1997 that if we adopt it today we will turn the clock back 90 days and receive a report on a transaction that would fall within these guidelines.

If there's no other questions, comments, or suggestions, I want at this time very publicly to indicate the great deal of support and cooperation and assistance that I received from Mr. Strelioff, Mr. Atkinson, Mr. John Aitken of Deloitte Touche, and Patti Beatch of CIC.

I think that as has been pointed out by other members, this is a fairly important undertaking that we're doing right now and we will be in essence creating a precedent for other groups such as ours to be looking at.

And it is my hope that we also are creating a bit of a precedent for private industry as well. We're establishing operating procedures and guidelines that are much more stringent than you see in the private sector. And I think it's really quite good that the public sector can be leading on this one and leading with respect to disclosure of information to the shareholders.

Mr. Renaud, did you have motion you wish to put?

Mr. Renaud: — I do. I would move:

That the committee accept as policy guidelines for reporting on significant transactions the document dated June 1997 prepared by Crown Investments Corporation entitled Significant Transactions Policy Guidelines CIC and Subsidiary Crown Corporations.

The Chair: — You've heard the motion. All those in favour, please indicate. Down. Those opposed? Mr. Heppner is opposed. Okay. Thank you. I'll take it that that's because of your role as an opposition member . . . (inaudible interjection) . . . Okay, okay. Thank you.

The motion is then passed. We will use these as guidelines. My suggestion now is we'll take a 15-minute break and we will come back and deal with Wascana Energy, which fits the guidelines.

Before we break though, the one person I did neglect to thank in all of this was John Wright. And I would like to thank you, Mr. Wright, for making sure that this stuff got through. Thank you.

The committee recessed for a period of time.

Wascana Energy Inc.

The Chair: — If committee members could take their place we will begin deliberations with respect to Wascana Energy. And I want at this point to apologize to committee members. I had hoped to be able to give you the document that's currently being circulated a little earlier, and I didn't manage to get it on time. So I apologize for that.

But certainly committee members are probably extremely well aware of the sale of Wascana Energy, and it's been a matter that has been of considerable public interest. So I think that if we could have Mr. Wright take us through this one, and you can read along as he's giving more details on it, then we will be able to review this as per our just-adopted policy on significant transactions.

Mr. Wright: — Thank you, Madam Chair. The error in not having this forwarded to members of the committee is in fact mine. We've had a change in ministers and some things got lost in the shuffle. I do apologize.

What I'd actually like to do, Madam Chair, is have Kelly Staudt, our VP (vice-president) investments, take you through this document, and we'd be pleased to answer any and all questions that you may have.

Mr. Staudt: — As the minister has stated, I'm sure you're all aware of the transaction which occurred with Wascana Energy. CIC was approached to sell its 5.8 million shares by both Talisman Energy and CanOxy (Canadian Occidental Petroleum). Talisman Energy approached us first and eventually offered \$18.50 a share for our 5.8 million shares. CanOxy subsequently came in and offered us 20.50, and we eventually tendered to CanOxy on that basis. We had determined that the investment in Wascana was not strategic to CIC — we only had 7.3 per cent. We did not exercise any influence on it.

What has happened to allow this transaction to take place and generated the interest that was created was that there was the repeal of the Wascana Energy Act which changed the ownership restrictions and allowed companies to own more than 10 per cent. And therefore both Talisman and CanOxy made a take-over bid to take 100 per cent, our 7.3 per cent just being part of that, obviously.

So the objectives of the transaction that CIC had is to . . . we wanted to dispose of the shares that we had at the best price that we could get. And we determined that, from our adviser's advice, that 20.50 was a very good offer for it, considering that the shares had been trading mostly, throughout '95 and '96, in the 10 to \$13 range.

We used the proceeds of the transaction to pay down debt, and we ensured that the buyer — and this was most important to our discussions with both companies — was that they would live within the spirit and intent of the Act, keeping the head office and all the functions associated with the head office in Regina.

The net proceeds of the shares were 119.7 million and CIC realized a gain on those shares of 56.3 million. We disposed of all of our shares. Again, all the gross proceeds went to pay down non-interest-bearing advances.

Now CanOxy, we've had many discussions with them. They are fully prepared, and have demonstrated to us thus far, that they are willing to live by the spirit and intent of the Act that was so passed and became effective December 31, 1996. The head office is going to remain in Regina. Current staffing levels . . . In fact we've had commitments that they may be increasing staff rather than decreasing.

And that it'll continue to have its own board of directors as an entity; it won't be rolled into CanOxy's board, and it will comprise at least 50 per cent of Saskatchewan residents. And the province has the right at this time to appoint one board member to Wascana's board and currently there are two CIC representatives on that board and CanOxy has stated that they are prepared to keep two at this time. I'll open it up for questions.

The Vice-Chair: — Thank you, Mr. Staudt.

Mr. Gantefer: — Thank you, Mr. Chairman. I heard you say that there would be two board members but in the statement it says one. Is that a . . .

Mr. Staudt: — There are two that currently exist on the board that were there on the old Wascana . . .

Mr. Gantefer: — And CanOxy is going to then have one? They're allowed one?

Mr. Staudt: — They are allowed one under the Act but they have agreed at this time to continue with two.

Mr. Gantefer: — Okay, that's just a little different than the written.

Mr. Staudt: — Well the written states: as per the agreement that we have with them and as for the Act that we are allowed one; but they have retained both board members.

Mr. Gantefer: — You also mentioned and in here you allude to the fact that CanOxy will live within the letter and the spirit of the Act. Are there undertakings in this agreement that actually go further than the Act in the tendering of the shares in terms of CanOxy's intent for Wascana Energy and its role in the oil and gas industry?

Mr. Staudt: — Right. We had some discussions with them not related more to the sale of the shares, because the sale of the shares was done on a pure financial transaction basis, but we had discussions with them just of being a Saskatchewan public citizen and a good corporate citizen, that they would continue to do things that Wascana Energy had done — which was give Saskatchewan preferential treatment on charitable donations. They have donated two bursaries to the aboriginals for the university, as well as they are going to make a million dollar donation to the universities for ongoing research and development in oil and gas.

As well there was an MOU that was signed between Wascana Energy and the government and they have agreed to live by those . . . the MOU that was stated, which expands into heavy oil development in the province. There was some aboriginal issues that were discussed. Some of the things . . . the asphalt plant in Moose Jaw was to be enhanced or remain open for a given time period and that has been agreed to as well.

So CanOxy has been a very good corporate citizen. They've agreed to again live by the spirit and intent of the Act, which is not to sell off assets. In fact they are going to expand assets into Wascana as well as live by all the other agreements that were in place prior to the transaction.

Mr. Gantefer: — I also understand, in following the events leading up to this, that certainly the share . . . or the board of directors of Wascana were very much supportive of the CanOxy bid as opposed to the Talisman proposal.

Mr. Staudt: — They were.

The Vice-Chair: — Thank you, Mr. Gantefer. Are there other

members with . . .

Mr. D'Autremont: — Thank you, Mr. Deputy Chair. I'd like to welcome the officials here today. Prior to the actual sale of the shares to CanOxy, the government shares, the discussions ongoing with Talisman at \$18.50 for their shares, I believe they included the statement in the public by one of the communications officers from CIC that the \$18.50 was a good offer and that probably it was the one that should be accepted.

I wonder why that happened — John Millar, I believe, was the person involved in that particular situation — why he would be coming forward to make that kind of a statement in public when clearly the board had not yet made a decision, while the offer was out in the public. I don't believe it was the place though of a representative from CIC to make a statement that that was a good offer until the decision was made, until the offer is closed, because there was an opportunity there, as evidenced by the CanOxy proposal, that other interests may be in the field that would be prepared to offer more. I think it was extremely premature for Mr. Millar to have made that kind of a statement in public, and I'm wondering: why did that happen?

Mr. Wright: — Mr. Chair, I don't have the actual quote of what Mr. Millar had to say. I believe that there were two portions to the quote — they were divided by a couple of commas — and that what the hon. member is referring to is the last section.

Indeed this was unfortunate. It did not reflect overall CIC's approach on this. We remained extremely and absolutely neutral throughout the whole exercise. Mr. Millar was not suggesting, in my opinion, that this was in fact a fair price if you read the entire quote.

All said and done, it would have been better if nothing had've been said. But sometimes when you get a microphone shoved in front of your face, people are liable to say certain things or alternatively be taken out of context.

Mr. D'Autremont: — Well we understand what it is like to have microphones put in front of us. We also understand the ramifications if we make inappropriate statements — that we face the consequences of those statements.

Mr. Wright: — Mr. Chairman, if I can go on. Shortly thereafter CIC did, under my approval, issue a press release in order to clarify the situation — I'd just forgotten about that — and in that press release, we made it absolutely clear in my opinion that we were neutral in this party and that we did not make any suggestion that 18.50 was in fact a fair or not a fair price. So we attempted to quickly thereafter ensure the public, to ensure Wascana shareholders and so on, that we were absolutely neutral in this regard.

Mr. D'Autremont: — I think it's extremely important that that be seen to be the case; that while the shares were being offered by the government because of the take-over proposals by Talisman of Wascana, with the government holding a minority interest in those shares, that it be seen to be open and that the government was not directing it to any particular place, but

rather an attempt was being made to realize the best return possible for the shares held by the province of Saskatchewan; and that it not be seen as motivated by whatever reason other than the best return in directing those shares to any particular field. And I think that happened at the end but at one point in time that was in doubt.

I'd like to say that our party supported this sale. We believe it was in the best interest of the people of Saskatchewan and in the best interest of Wascana Energy that it proceed, and we're pleased with the results of it. But there were some questions at the time as to what was happening within the structure and the organization while this proposal was being moved forward.

Mr. Wright: — And again, Madam Chair, we attempted to issue that press release and did in fact issue that press release within, I believe, seven days of Talisman actually coming out and making the bid. In our opinion, again that was best efforts to clarify the situation; to ensure that the public was aware that the Government of Saskatchewan (a) had never agreed to tender its shares and that we would consider the options before us. So we . . . I understand.

Mr. D'Autremont: — Okay, thank you. What kind of assurances and perhaps . . . I know you touched on this in part — from Canadian Occidental to maintain staffing levels in Saskatchewan and a more or less corresponding distribution of those employees. I know that with the discussions going on with Talisman that the employees, particularly in the Estevan area, were extremely nervous as to what the results would be if Talisman had been successful with their take-over. Talisman already had a significant field office in a Carlyle area and the fear in Estevan was that there would be no need for an office in Estevan.

Did you get any assurances from Canadian Occidental in their take-over of Wascana that those offices would be maintained?

Mr. Staudt: — What we said to them was that they have every right to conduct business in any way that they deem fit. One of the things that attracted CanOxy and made it an even better proposal than the Talisman one in some of our discussions is they don't have a significant presence in Saskatchewan. So they would take over Wascana's current offices and staffing levels and in fact likely expand them, although we have no guarantees on that. That is not part of the Wascana Energy Act — the maintenance of rural offices or things. The Act specifically states the employment levels in the head office and nowhere else.

So all we can do is talk to them about staffing levels in the head office and any other things that fall under the auspices of the Act. And we have set up a proposal . . . or not a proposal, a procedure right now where we are monitoring what they do on an ongoing basis. So we have set up a committee within CIC and CanOxy which will continuously monitor this process to ensure that they do follow the Act.

Mr. Wright: — If I may add, Madam Chair — and I will stand corrected on this — I believe at the time of the acquisition CanOxy had two permanent employees in Saskatchewan, which

was further reason why they wanted Wascana's employees. And CanOxy has made it clear publicly regarding the strengths of their new employees and how impressed they have been with the Wascana employees.

Mr. D'Autremont: — Well I know they still drive past my house every day.

The Chair: — Okay. Any further questions, Mr. D'Autremont?

Mr. D'Autremont: — No. That's good.

The Chair: — Okay. This is one of these informed opinions that you're presenting, is it? Do other committee members have questions or comments about this?

If not, could I have a motion by a committee member to accept the report of the significant transaction of the sale of shares in Wascana Energy? Mr. Trew, help me out here.

Mr. Trew: — I move:

That the committee accept the report on the sale of Wascana Energy shares, the significant transaction report that we've just concluded, and take note that this is the first significant transaction the committee has dealt with.

The Chair: — The motion is to accept the report. All those in favour, please indicate. Opposed? There being none, the report is assented to, agreed to.

And we have nothing further to do until 1:30 because I would prefer that we give an opportunity for the minister, if he chooses, to attend. If he chooses not to attend, at least we'll know at 1:30, because he's in cabinet right now. So the committee stands adjourned until 1:30.

The committee recessed for a period of time.

Crown Investments Corporation

The Chair: — The item of business for our consideration is the 1996 annual report of Crown Investments Corporation. I would like to welcome the minister and his officials, and indicate to you, Mr. Minister, that various committee members have informed me that they have several questions that they wanted to put directly to you. So you may find that this is a hard-working afternoon, and I apologize for that. I realize that you've just come out of a cabinet meeting. But we are anxious to consider the '96 report and hopefully to vote it off today.

So do you have an overview statement that you wanted to make?

Hon. Mr. Lingenfelter: — I'm going to spare you that today just because the hour is late and I think it's more important that we get to the questions. And I want to apologize, although it's very difficult when — I'm not complaining — but when cabinet and the Crown Corporations Committee are scheduled for the same time slot. But I do apologize for keeping people waiting.

But I'll just open it up for questions, and John and I will try to answer them as best we can.

The Chair: — Sure. We are scheduled to adjourn at 5 o'clock but committee members don't need to feel compelled to drag the questioning on till 5.

I will revert to our normal operating procedure, our unwritten operating procedure, of giving each party 15 minutes of question and answers and then moving on. And so I would first of all recognize a representative from the Liberal Party.

Mr. Bjornerud: — Welcome, Mr. Minister. I'd like to get right into it; and we've touched on some of these things with the other ministers, but I think it's important that we go over these with you. I'd like your point of view on some of these things. And what we're talking about is how the Crowns are being used and how I think the public perception, especially out in rural Saskatchewan, is of the Crowns now.

And I think I would like to go back right off the bat and use SaskPower for an example, where our rates went up 12, 14 per cent last year and we had a reconstruction charge. And then now we look at the end of the year and see \$153 million profit. Now if I'm the nice little old lady or the little old couple out there on a fixed income and I'm trying to justify in my mind the rate hike last winter, and I think most of them would say, well if we have to pay it, we have to pay it. But now all of a sudden we see \$153 million profit; I think they have a hard time justifying in their mind that it was actually needed. Would you care to comment on that?

Hon. Mr. Lingenfelter: — Yes, I think the . . . well just to go back a few steps, I think the issue of SaskPower is an interesting one because historically in our province we find that the loyalty to our Crowns in general, but to SaskPower in particular, is quite astounding when you think about it. I mean many areas of the world have gone through the privatization project with very little public debate or public angst about the issue of getting rid of Crown corporations.

And when I talk to people who are going through privatization in other parts of the world and tell them about the debate and the deep-felt emotion about our Crown corporations, they have a hard time understanding why that is. In fact politicians, I think the previous administration, found it very hard to believe the outpouring when the gas company attempted to be privatized. In fact even in opposition at that time, I was amazed at the public support that there was for the maintenance of the Crown corporations.

But maybe one shouldn't be surprised when you look at that history and realize that when these power lines were being built or the telephone company was being built, it was basically because, not to compete with someone else, but because no one else would bring power out to the rural areas of the province; no one would bring the telephone out. So it wasn't a matter of competing with Bell or another power company. There was no way of getting power. And so communities got together, and actually farmers and townspeople went out and actually helped dig the holes to set the power poles in and they felt very

possessive about these corporations.

And while in many areas, the rhetoric of people owning utilities through the Crowns is rhetoric, in Saskatchewan it's not. Rightfully or wrongfully, I believe rightfully, the public believes that they own these corporations and they see their sons and daughters working there and their parents helped build them and they're a very, very fascinating, integral part of the economy of our province. And that's why I think the whole regime of openness, of how you set rates and how you involve the community in the rate-setting process, is one of the big things out of the Crown review that we're going to have to, I think, deal with. Because it is the true test I think, of whether that public trust is maintained in the future.

Coming to your point, one can argue whether or not the rate of return on the investment is adequate at the present rates of profit, given the fact that there's a need for expansion of the power system. And when you look at a megawatt of power, Mr. Wright, I think around a million dollars a megawatt, maybe a little bit more than that, and realize that we're going to have to go out and actively start the construction of something or the purchase of imported power, there is going to be a need for capital to do that.

And so when you look at these kind of bottom lines, when you stack it up against what you might get in a small business or at a farm, it looks like a lot of money. But when you go out and start doing expansion of a system or upgrading lines or doing joint ventures and investing in the power system, then they don't look nearly so large.

The other thing that I think has led us to profits that are impressive is the fact that the economy of Saskatchewan is growing faster than what was predicted. I know our people in Finance do an excellent job of predicting, but even at that it's growing somewhat faster, which means power demand is going up. But as it goes up, it drives forward the need to invest quicker in new power production.

So I think the Power Corporation would be wrong if it apologized for having a good, solid bottom line. I think our power rates still stack up positively with other areas of North America, and I think overall we're in a pretty good position to meet the needs of our consumers but also guarantee supply and compete as the competition comes and as it will.

Mr. Bjornerud: — Thank you, but I believe when Tommy Douglas, in the days when these Crowns were set up, and I think the words used then were accessible and affordable to everyone in the province and I think you touched on that and that's great. We all believe in that and many of our families have taken advantage of that over the years.

But I think when you see our rates jumping and then the profit line going a way up and a big portion of that going back into general revenue . . . and I'm not disagreeing that each Crown needs a return and to be run like a business. I agree with that. That's not the problem. I think it's the amount of the profit and then turning this into more, maybe, of a tax tool. And I think we're maybe losing the confidence of a lot of people out there

that are saying, what advantage do we have by this Crown not being privatized? Maybe we'd be just as well off if there was competition out there and a private company would run that.

And I think we're running the risk right now, skimming so much off the top, that we're going to lose the confidence of people out there that are saying, let's keep the Crowns. I think a lot more people are going to be open-minded to saying, maybe we might as well privatize. We're not getting the benefit.

I only . . . won't have many minutes left in my 15 so I'd like to move on to something else and, Madam Chair, I'd just . . .

Hon. Mr. Lingenfelter: — Could I just comment real quickly, and you can take this out of my time because it's an important issue. But when you look at the rate increases that we saw for . . . I know on our farm rates went up, but we happen to have the advantage of living in the middle of one of the old oil patches in south-west Saskatchewan.

The way the rates had been structured under Tommy Douglas and Allan Blakeney was that we would pay a little less than what it cost to produce the power on my farm and the oil well on our land would pay more. And I don't know the exact number but I think we were paying about 70 per cent of what it cost to produce power and the oil companies were paying about 140.

Now as competition comes in, this isn't going to work because what will happen is the oil companies, the industrial, will simply sign up with, as they will, power in with another company. We'll lose all those customers. Not only will I have to then pay an increase because we've lost the industrial customers, but the rates will go up by 40 and 50 per cent. So what we're trying to do is rebalance; although it's still not equal. You take the oil company on our land versus what I pay on my farm, I'm still getting a major break compared to what the oil company would pay.

Now some would say, well that's fair. The oil companies have more money, therefore they should pay in excess of what it costs to produce power. But when you're dealing in an unregulated world, this is something we simply have to look at doing. Sorry for interjecting.

Mr. Bjornerud: — Okay. And I agree with that part where we were subsidized to a point, but I think we still go back to the \$153 million and I would question how far, you know, we need that to be up there where maybe we can get the benefit of it, and I think we'll agree to disagree or agree partially.

You have made the statement since becoming the super-minister that depoliticizing of the Crowns will be on your agenda and is already part of the program. And if you're sincere about that I think we would all commend you for it; although I think maybe those of us over here would maybe question that a little bit.

I'd like to talk about the board of directors and how those people get there and what are your impressions of the way they get there now. Will there be a change, a new way of putting

these people in place?

Hon. Mr. Lingenfelter: — Are you talking about the board of directors?

Mr. Bjornerud: — Yes, the appointments of the board of directors that are appointed?

Hon. Mr. Lingenfelter: — It's interesting that in the last few weeks, and I'm sure that the corporation and Mr. Wright would have had similar conversations, but there are a number of people who will be putting their names forward in a very positive way — business people, labour, people just from around the province who think that they want to be involved in the Crown corporations. And the lists are very, very extensive.

And what I find interesting is there doesn't seem to be any hesitation, and I find this positive. Well-known people from other political parties are putting their name forward. And I think if it were that we were a very politicized government, they wouldn't feel comfortable putting their name forward unsolicited.

And of course the reason they're doing that is because they see the names of people that we've had on our Crowns in the past that we've appointed. We haven't selected people based on their political background. We pick and have appointed people based on their competence and ability to lead the corporations. And I don't need to go through the list; although we could go through the list and you would see that it's a very eclectic politically slanted group of people — some apolitical, some Conservatives, some Liberals, some Reform, a few NDP (New Democratic Party), as you might expect, because there are competent people who are NDP as well.

And the process will be, I think, that you'll see, is we'll try to go to a level where the expertise for each of the Crowns would be more directly linked to the history and ability of the people who we continue to appoint to the Crowns.

I think we've done a good job in the past but I think that can be even improved. And I would urge all committee members, if you have people in your area who you think would be of that calibre who could sit on the boards or be helpful, to forward them either directly to CIC or to myself, and we'll make sure they get into the selection process.

Mr. Bjornerud: — You know, if that's true, I think that's good. If people are going to be on these boards, be directors for their qualifications and not for their political affiliation, I think that would satisfy that.

I'd just like to read a paragraph out of the Saskatchewan Crown Corporations *A New Era*. And just bear with me for a minute, but it says:

There are also differences in the industries in which the Crown corporations operate which have more to do with pay scales and availability of qualified staff than targets set by central government.

As such, Crown boards will have, over time, the authority to settle contracts with unions, develop alternative forms of compensation (such as pay-at-risk), develop succession plans, and set levels of compensation for management . . .

But then you have in brackets:

(excluding CEO compensation, which will be vested with Cabinet).

I think this is where our problem comes in. And if we want the confidence of the public out there . . . and that has always been a bone of contention, that these people are put in these positions and I don't think we can say that many of these are put in not because of their political affiliation. And, Madam Chair, I might mention at this time we have a motion of recommendation we would like to put forth as I finish on this.

But I would like the minister to comment on this, you know, on a number of cases. And I think we've had heated debate in the legislature over these appointments over the past and if you're really serious about depoliticizing this, I think maybe now would be a good time to let's clean the slate clean and start fresh.

Hon. Mr. Lingenfelter: — I'm not sure which . . . if you're talking just about the bracketed comment, excluding CEO compensation.

Mr. Bjornerud: — Well I think what I'm talking about right now is the top people in each . . . the Mr. Messers, the Mr. Chings, and so on like that.

Hon. Mr. Lingenfelter: — But you will know that those contracts are . . . I mean there again, they're open. Any increases are documented. It's my understanding that they're filed with the Clerk of the Assembly. And then checking last week, they're all current because that was one of the issues that I want to make sure we keep control of.

The other thing that I . . . let me just say that the way we've worked our pay scales for the last few years is we've been linking very carefully the departmental side of pay increases with the Crown side, and so when you see a pay increase it basically goes across the piece.

I think what the Crown review is dealing with is the fact that compensation within the Crowns may have to move to a different level, where if SaskTel is very profitable and growing, that you can have a pay scale that's different from the Department of Health, or possibly that the pay scale between SaskTel and SaskPower might be different depending on the availability and growth of the corporation. And I think that's what this takes into consideration.

As it would relate to the compensation for CEOs, I'm not quite sure what you're suggesting but maybe your motion will deal with that.

Mr. Bjornerud: — I think I got you off on the wrong foot here and you maybe misunderstood the point I was trying to get

across. I don't think it's so much as compensation, because I think we all know that good business people, especially top management, costs money. I think you have to pay for that. And in some of the cases, it's shown in the last number of years in places where good management people have paid dividends even though they're paid a high price.

I think more what I'm talking about is the people that are in place right now and how they get there and why they got there, not so much what they are paid when they get there.

And maybe at this time I'll hand this motion out and you'll maybe understand what I'm saying.

I think what we're suggesting here is we liked the idea we heard, Mr. Minister, of you saying you're going to depoliticize these Crowns, you're going to make them more businesslike and run like a business. And I think we all would agree with that.

But I think where we're coming from is that we feel if you're going to do that, then let's clean the slate and start fresh; that the public has confidence in what we're doing and feels that they are being run like a business.

The Chair: — Mr. Bjornerud, just for the record, just so that it's all complete and in one place, would you read your motion into the record?

Mr. Bjornerud: — Okay. Thank you, Madam Chair. We make the following recommendations:

That at such time as members of the Executive Council cease to sit on the board of directors of the Saskatchewan Crown corporations, that political appointments to senior management positions at Saskatchewan Crown corporations be terminated, and that these vacant management positions be filled with qualified individuals selected solely by the Crown corporation board of directors after an open and public search is undertaken by the Crown corporation.

And I think it boils really up to what we're saying. And I think we feel if you're serious about what you're doing, you would give due consideration to this.

The Chair: — We can certainly have discussion of this, but this motion is actually not within the purview of this committee . . . (inaudible interjection) . . . Really? Okay, I think we're having a disagreement here. The Crown review process was decided on by cabinet and cabinet has made a decision with respect to the recommendations in the hiring of the CEOs. And it would be my feeling that the Crown Corporations Committee cannot overrule a decision of cabinet, but I wonder if . . .

A Member: — I don't think we're going to do that. It's just a recommendation.

The Chair: — All right, so I'm being informed that we can make recommendations, and I guess I didn't hear that first part, Mr. Bjornerud, because I thought the substance of your motion

was to overturn . . .

Mr. Bjornerud: — I would like to be government. At this point we aren't quite there.

The Chair: — That's right. You're going to have to wait for about 8 or 12 or 16 years.

Mr. Renaud: — With this attitude, likely never.

The Chair: — Mr. Renaud, I will withdraw my remark, because the Crown Corporations Committee itself is trying to depoliticize things, and I assume you are going to withdraw your remark.

Mr. Renaud: — Oh I will, but this is pretty political here, isn't it?

The Chair: — That's right. I think we'll let the minister talk about this.

Hon. Mr. Lingenfelter: — I want to make a comment on this because I think this is where we keep running into ourselves, coming around this deep politicization or trying to get politics out of the committee or out of the Crowns. I mean here we have John Wright sitting here and I just feel a little uncomfortable. Here you're saying this committee is going to fire Mr. Wright, who is a 20-year civil servant, worked for the Blakeney administration, worked with the Conservative administration, has done six years of tough work for us under tough circumstances given the fact that the economy of the province was struggling.

I mean I simply can't believe that this is a serious motion and is anything more than politics. Because I don't believe that you mean that when you say . . . By saying that you're going to fill them with qualified people you're insinuating that the people there are unqualified; that you would say that about the individual who sits here with us and say you're not being political.

Or Larry Fogg who, I don't know, 17, 20 years in SGI, worked his way up, pulled himself up by the boot straps, now runs the corporation, big corporation, done very well. Or Gary Benson, who runs SGGF (Saskatchewan Government Growth Fund), by everyone's admission the best immigrant investor find in Canada bar none, is written up and documented by reviews that have been done of immigrant investor programs across the country; and that you throw them all together and say that you're going to fire them all and get rid of these unqualified people and hire qualified people.

So I mean, I'm not going to say very much about this, but I can't help but agreeing with one of the members who believes this is a political statement. And on the other hand, you have every right to bring in these kind of motions, but I think it's not fair to the people who have been there, and I think they are doing a good job.

Are some of them New Democratic? I would expect that in the scheme of things, whether it's in the running of corporations or

sitting on the boards or teaching in schools, or farming, running elevators, that you are going to have a mix of the culture, political culture, that exists in the province.

And there are people who . . . I mean Jack Messer, who was a campaign manager for the NDP, but a successful minister and a successful business person, a successful farmer, is running one of our corporations. One shouldn't be surprised if the government in power had some of those kind of people fitted into their government administration as well.

But it keeps going around and around and I guess we made our political statements about the Conservatives and when the next wave of appointments come by the federal Liberals, whether it's judges or the two defeated candidates who went to serve in important issues at the international level, I'm sure that was based on their good looks and talent at the international level. They had probably travelled there once and so that gives them the depth of personality and commitment to be eligible to serve in the United States in trade offices.

But I just find this distasteful. But we'll see when the next round of Liberal appointments come to the bench or to other areas whether they go out and don't choose a few of their political friends. And obviously this is the way it works. When a government is elected, they can't possibly exclude everybody who is of that political persuasion because obviously there are good, successful people in that political movement as well.

So I think, again, our Crowns are doing very well and are a big part of the recovery of the economy of Saskatchewan. We've balanced the budget, we're able to lower taxes, our Crowns are profitable, we're paying down the debt in the Crowns, and I think they're doing a good job. So I would not agree with this motion.

Mr. Bjornerud: — Thank you, Mr. Minister. I agree with some of the things you said. I believe this is going on at all levels of government and will go on. I think the point why I brought this motion, to bring this to a head, is that I believe the Premier has stated that you will be depoliticizing the Crowns, and I believe you yourself have said that, and I think that's what I said before. If that's what you're intending to do, I agree with you.

But you have pretty well just said that that isn't about to happen because you have no intentions of looking at any other way of filling these top positions. And maybe if we were there we wouldn't either. But at the same time then, if we're not looking at a different way of filling these positions, we are definitely not depoliticizing the Crowns. They're exactly where they were before.

Hon. Mr. Lingenfelter: — But there is a structure in place I think, that will go along, that will improve that situation. And it's working, I think, quite effectively now because the appointments, as the new CEO comes in, and I know we're constantly dealing with this, but there's a fairly elaborate . . . And, John, you may want to comment on this as to the role of the board in searching out and doing selection of CEOs.

And based on that recommendation, a recommendation comes

from the board to cabinet. And these aren't done by the cabinet sitting down flipping a coin and saying, who do we want to get in. There's a rigorous selection process that goes on when Crowns hire and recommend to cabinet. So when we say that will be vested in cabinet, this will be after a rigorous approach and interview process and search done by the board of directors.

The Chair: — Thank you, Mr. Minister. I think in the interests of time, I'm going to ask if there are any other committee members that wish to speak to this motion before I have Mr. Bjornerud close debate on it.

Mr. Heppner: — Thank you. I think the term has been used a number of times, at least this morning, was a concept of the optics — of how something appears. And I think there's different ways when we're looking at depoliticizing the appointments that will at least give the optics that are out there that impression, that this is as unpolitical as possible. And I think that the present structure, although it may be an improvement, I don't think goes as possibly as far as it could.

I think there was some discussion this morning about the . . . usually what happens is we have the American system thrown up and say, see how bad that works. Well they also happen to have by far the majority of their appointments basically go through very smoothly. A few of them do run into major glitches and maybe that's justifying. I think that the same way that you would have appointments that have been in the past of which probably the majority of them are excellent individuals, there are probably some where there should have been, you know, a fair bit of concern raised.

And so moving quite a bit further in a different direction, I think, is something that if we're going to go ahead and put the optics to depoliticizing the situation, I think we need to look at, you know, a form of this or a form of something else that tends to have the people out there have the confidence that it's being depoliticized as much as possible.

Moving on to something else. The major review that was set up . . .

The Chair: — Excuse me, you're moving on to something else? Before you move on to something else, I want to deal with this motion.

A Member: — Okay, good.

The Chair: — So, Mr. Bjornerud, do you have anything further to add?

Mr. Bjornerud: — I don't think so. I think we've covered it all.

The Chair: — Okay, then I'll put the question then. All those in favour of the motion, please indicate. Down. Hands opposed? The motion is defeated.

Mr. Bjornerud, I need an original copy of that motion, please. And I believe we've used up your time so we will now move on

to Mr. Heppner.

Mr. Heppner: — Thank you. The major report that was set up to review the Crowns basically came back with, you know, some 10,000 pages I believe, and I'm wondering . . .

A Member: — 10,000?

Mr. Heppner: — Well there were many more pages than what we got. You haven't read it, I take it.

Hon. Mr. Lingenfelter: — I didn't read every page.

Mr. Heppner: — And obviously there would have been, I'm sure, interesting and valuable information in there that I think the public would like to have seen, I would have like to have seen — and I wouldn't have read the whole thing either. And I'm wondering exactly what's the reason for not disclosing it and basically editing what we can see and what we can't see.

Mr. Wright: — Certainly, Madam Chair, indeed there are well over 10,000 pages and I'd like to point out that I have read every one of them.

In January, I believe, we came out with an interim report. In that interim report, we attempted to be as true as humanly possible to summarizing these rather extensive reports, and in summarizing them, we had each of the consultants reread how we had summarized them. We had the consultants sign off on that to ensure that we were true to what was said in the bulk of each of the reports.

As a consequence, what you in effect have available to the public is a *Reader's Digest* version that is written in such a style that it is easily understood and comprehended by the public.

In terms of the commercial reports themselves, they contain commercial interests, information that if competitors, for example, AT&T or Sprint or the other hundred insurance companies operating in the P and C (property and casualty) side of the equation in this province, were privy to it would erode and undermine the investment that the taxpayer has in certain of those Crown corporations.

But I want to assure you and all members here that this summary report is in fact true to the bulk of what the consultants have reported.

Mr. Heppner: — Okay, continuing questions on that report. I guess the question is, what was the final cost of the report, and when you look at the cost and the decisions that you plan on making because of that report, do you feel that you basically have received your money's worth out of it?

Hon. Mr. Lingenfelter: — Well I think it's been, I think it has been made public and I think it's been carried in the press, but it was \$3.4 million.

And I guess it's really hard to judge. Everyone will have their own opinion. But I know from the public that I've talked to and

I guess by the lack of negative response to the amount that's been in the press — and I have had very little, if any, negative feedback on the amount spent.

So that's the . . . would be the downside if I had been hearing that. But on the positive side, we have had numerous people come forward and say that they appreciated it very much, having input.

I think at the end of the day though, the jury is still out because I think it will depend on the implementation of the report. And so I would expect that question — although I have a fairly strong opinion now that it was money well spent — I think really that question will be much better judged by the committee here and the public a year or two from now when the recommendations are implemented or not implemented as the case may be.

Mr. Heppner: — Yes, I'm probably not surprised that you haven't had a great uproar about the amount of dollars spent because I don't think anyone questions the size of the review and the amount of work that obviously has to go into it to make it of any value. At this point in time what do you see is the most important aspect of this particular report?

Hon. Mr. Lingenfelter: — Well I'm not sure that there's any one area that would rank higher than the other, but I really think that the whole issue of governance in the corporate world is probably more important now — well I feel strongly that it's more important now — than it ever has been. And getting governance right, whether it's in a public or Crown corporation, is very, very important.

And I think at the end of the day that'll probably be the most important outcome, our changes in structure and governance of our Crowns, and again we'll be judged on that. But it's my view that that's the most important outcome, although there are many other areas that — rate-setting structures and all of those kind of things — that will mean something as well. But I think if you don't get your governance structure right then you're probably in a much weaker position.

Mr. Heppner: — One of the things that I think you've been questioned to some extent already, is the concept of privatization that was addressed to some extent by that report. And the question that I have to lead into that is: there were a lot of opportunities or requests for the report to make an evaluation or assess . . . (inaudible) . . . determination except when it came to ownership options.

It basically, I believe, just asked to identify ownership options and didn't draw . . . or wasn't asked to draw any conclusions as to what might be the good way to go on those areas. And I'm wondering why, in that one particular area, the report was sort of muzzled and said, okay, no, don't bother making comments on whether it's good to go to privatization in this area or not.

Hon. Mr. Lingenfelter: — Well I think the . . . I guess we could have asked that question, but I think it would have been a much, much more intensive review that would have been necessary. I mean at that point — and I guess it's still possible

for us to do that — but if you were to say, what is the process and the advantage and you really would have to go through the process of privatizing the Crown, I would doubt that you would get a privatization strategy.

And we could go back and look at what we spent on the gas company in the 1980s, as it was prepared for privatization, but I would be very surprised if you would get a sort of a definition of privatization — how it would work, and what the absolute at least recommended advantages, disadvantages would be — for the total of 3.4 million for one Crown. And I think part of it was, is, just the fact that the review didn't go that deep. The money wasn't intended to be spent in that way. We could do that; we could still do it.

And if we at some point decided that we were going to privatize SaskTel . . . if you were speculating. Let's say you speculate that SaskTel was privatized at some point and the board of directors met and they studied and they decided that this is what they were going to recommend, there would have to be an intense amount of work done on exactly how that process would operate.

But it wouldn't be 500,000 or a million dollars. I mean you would bring in the best people from New York or from some other area of the world and you would scout around and find the most successful privatization where the maximum number of dollars were received for that corporation, because you only get one shot at it and so you've got to maximize your dollars.

Now is that money well spent or not? I would expect if you spent \$10 million to do a privatization format that sold a company for, not 1 billion but 1.1 billion, then the 10 million you spent on getting the proper structure for a privatization is money very well spent.

I don't want to get any one excited here because we're not intending to privatize SaskTel at this point, but I'm just saying if you ever get to that point, there's a lot of money that needs to be spent to get it done right. And we have talked to people in New York who have come to us and said look, we would be willing to set your Crowns up for privatization. There are companies all over the world who do this as part of their routine, but their fee for doing it is quite extensive. So that's part of it. The other part was, is, that obviously we weren't intent on privatizing and if we do move in that direction at some point in time, then we'll have to spend that money.

Mr. Heppner: — And as you're aware, you have some Crowns that are doing very poorly and may end up doing worse, especially when some of the contracts were lost; and others that are doing fairly well. And yet without that information in the report, I believe you come to a conclusion that you're satisfied with the ownership structure, which means that that decision then was based philosophically and not based on financial interpretation of the situation.

Hon. Mr. Lingenfelter: — No, I think in the area of the assets that we hold, obviously anything is possible. If you look at the major Crowns, the five major Crowns, I would not be surprised if at some point in time, some of the pieces of Sask

Transportation Company, you could see a local regional economic development authority wanting to do a bus line in some area and that STC (Saskatchewan Transportation Company) would do an agreement with a REDA (regional economic development authority) or some area where they would provide bus service and there could be arrangements like that made.

So we're not opposed to that kind of thing or selling our Cameco shares, which we did, at least 10 million of those shares. I suppose other areas that we might look at selling if the price were right might be the heavy oil upgrader interest in Husky. We wouldn't be adverse to someone bringing us a proposal to take that off our hands, although here again that's not something that we're actively working on. So it's not philosophical at all and if someone came to us and offered us \$5 billion for SaskTel, we might be interested and even some of our most hard-fast people may take a second look if somebody offered us enough for some of the Crowns.

So it's not a philosophical thing. It's about running an economy and developing structures whereby we try to continue the economic tradition of our province, which strongly includes Crown corporations, and to charge off in a different direction is, I think probably not a wise economic decision at this point.

Mr. Heppner: — Okay. And I guess just to follow up on sort of where you were going when you were sort of saying, well for certain offers, we might consider possibly and those sorts of things, and without this report having gone into some of those things, basically when offers do come, you're going to be very hard-pressed to know whether it gets close to being a valid offer or not.

I believe throughout the report there were values given for some of the Crowns and I'm wondering how those values were arrived at. Because basically any time you have a value, you basically have a high and a low value, and I'd like to have some information as when those values are in there, you know, were they picked for the high ones or the low ones or exactly how were they arrived at?

Hon. Mr. Lingenfelter: — Well, Mr. Wright may want to comment on this, but it's my understanding that they would be a realistic price for the Crowns. They wouldn't be extreme on either end, but would be something of a median.

The other thing that I find interesting is when these privatizations take place, there's usually a dynamic that is very, very difficult to explain. Manitoba Tel, for example, which was not in great financial shape, I think, surprised people by the amount of money that it fetched in the market-place — that probably surprised people. On the other hand, there have been some privatizations in some parts of the world where I'm sure the seller was terribly disappointed with the amount of money that was arrived at.

And it depends on so many things and a lot of it's psychology of what's going on in the market-place at a given time, and that adds up to having some good luck. But I think our . . . the numbers that we used were neither the extreme on the high side

or fire-sale prices.

John, did you want to comment on that?

Mr. Wright: — Yes. As I recall, Minister, what we provided was a range and that range is reflective of the way in which you could go out and privatize. For example, in the case of SaskTel, one could argue that what you could do is an IPO, or an initial public offering, much like Manitoba Tel. That would probably yield you the least in terms of the return on your asset.

Others may be to sell holus-bolus the Crown corporation to a strategic investor. In that case you would probably reap the maximum financial return. It will depend upon whether or not there are head office provisions in the sale of the asset.

As the minister rightfully points out, market conditions are very pertinent. For example, last year in 1996 when the consultant reports were being done, the economic conditions were fundamentally different than they are now. And I'd like to think that certain of the assets have increased quite substantially in value since then.

So there's a whole series of conditions and we tried to, without identifying necessarily what option we are specifically talking about, the range of values for each of the Crowns under different scenarios.

Mr. Heppner: — Back to the comments made earlier on about depoliticizing. I think that the value the public sees in the Crowns is that they feel they have some input or control, and I don't mean financial control, but they have the ear of the Crowns a bit more than if they were a private business. And so what often happens is if the individual has a concern about how they've been treated by the Crown, they will come through the MLA (Member of the Legislative Assembly) or contact the minister's office directly.

Where does this end up going if we're going to move to try and remove the minister further away from the Crowns and an individual comes and wants some help. Are we going to have a gap there where the minister then says, well I'm not really in charge of the Crown, this will have to go to someone else. And yet these people will say, well this is a Crown, they should be listening to me. So where do we go with that one and where do we see this ending up at?

Hon. Mr. Lingenfelter: — Well I think the minister in charge of CIC will still expect to get lots of calls about the Crowns. I think you're right with that.

But on the other hand, just as we're . . . already some of those changes are taking place at the board level and you'll see in the next few weeks where we'll be appointing vice-chairpersons of the boards in advance to the legislation being changed to remove the minister as Chair of the boards.

You'll see many more of the board meetings in the next few months actually chaired by the Vice-Chair as opposed to the chairperson of the board, and this is a transition period. And then when the legislation changes there will be someone other

than a minister appointed as a board. So these changes are happening already and all of this is being fast tracked as quickly as we can to implement some of these changes.

On the issue you raised, that too is changing. And if you think about it, the five Crowns where you had, I think, four ministers involved previously, probably in each of their offices they would have had — Andy, what? — maybe one person dealing with each Crown.

In my office I have three MAs (ministerial assistants) and not all of them dealing with phone calls from the Crowns. But if you can imagine where five MAs were dealing with these issues, I now have three. Structures in my office have had to change as well simply to deal with the number of phone calls coming in. And if you look at the number of EAs (executive assistants) that were there in the late 1980s under the previous administration, some of those offices had six or seven MAs working in them.

So you can see already there's been a shrinkage of probably where in the late 1980s you had 20 people working in terms of dealing with the constituent issues on the Crowns, down to, in our administration, five, now down to, if you exclude one MA who are working on other so-called bigger-picture items as opposed to dealing with constituents, we're down to two.

Well how does that happen? We just have systems and structures in place so when they call the office, as opposed to talking to the minister, who can't solve their problem anyway, because we have removed ourselves in many ways, we have a system that deals directly to get them to the people who can solve the problem. Because I simply don't make a habit, of the hundreds of calls we get a day — and I'm not exaggerating — of taking any of them and solving them in a political way. I simply tell them that we have experts in the specific Crown who deal with this issue on a daily basis.

And when I jokingly said that a woman had chained herself to the SGI building in Saskatoon and was demanding to see the minister, I chose not to go and visit her yesterday because you can't solve these problems, any more than the chairperson of the board of another corporation, when they're phoned, would go out and actively get involved in some sort of way in solving that problem.

I mean you have to be accessible; you have to give broad direction. But in terms of the day-to-day operation of a corporation like SaskTel or the problem-solving, that has to be done within the corporation. And that's a big change, because as our corporations mature, it is fundamentally different than when we first were elected in 1970 where the ministers did get very involved in almost every call that came to their office.

The minister would get on the phone — and I'm sure that they would spend half their day dealing with these kinds of issues. You just can't do it that way any more, and it's part of the implementation of the report as well.

The Chair: — Thank you, Mr. Minister. I will now check and see if there's any government members that wanted to ask any

questions.

Hon. Mr. Lingenfelter: — I think he had one final question, though. A zinger.

The Chair: — Well I guess I have. Just as a follow-up to your question, Mr. Heppner, I wonder if either you, Mr. Minister, or Mr. Wright could let us know what kinds of plans are in place for some sort of a legislative liaison function with each of the Crowns for dealing with casework.

I think you've pretty well outlined . . .

Hon. Mr. Lingenfelter: — Yes. It really is the same that if . . . especially for MLAs, because MLAs are one of the areas that is still dealt with directly by my assistants. So the calls from a MLA would be dealt with by an MA as opposed to being sent over to the Crown. So that there's a bit of a different structure there. But at the end of the day, even at that, the MLA is . . . probably the issue that you have is not going to be solved by the minister or by the MA but by some staff person in the Crown. So that happens very quickly.

The key is, is to get it over there quickly and get the turnaround time. The other thing that I'm not satisfied with is the turnaround time for complaints that come into the office. And I'm not here being critical of anyone in the Crowns. This is a matter of governance and structure as well. But I find that anything longer than ten days or two weeks on a turnaround time for somebody who has an issue is too long. And we had some that were running out a little longer than that. And working with our CEO and the staff in the Crowns, we're trying to improve that turnaround time.

The Chair: — And that, basically, is the question I'm asking. What plans are in place to improve the current mechanism?

Hon. Mr. Lingenfelter: — Well SaskTel has been good enough to come over and make sure that our computers are all tuned up and the e-mail systems are all working and they've spent a lot of time in the last two weeks making sure that better systems are in place than were. I think some attempt at cost-saving was there; that really doesn't save very much money in the scheme of things to not have proper systems of communication and computer systems between our offices. That's fixed now, and so the phone call would come in the same way, but the system dealing with the problem would be changed in some subtle and not so subtle ways.

Mr. Wright: — If I may add, Minister, in some of my discussions with the CEOs, we're taking a look at the possibility of government liaison officers; we're looking at enhancements to customer services throughout the piece. So there's a good dialogue going on. I think all the Crowns recognize that, from their side, they're going to have to improve the degree of customer service out there and improve the responsiveness to people such as yourselves, the MLAs.

The Chair: — Thank you. I'm sorry, Mr. Heppner, you had one additional question you wanted to ask.

Mr. Heppner: — Well just sort of to get this right to the bottom line. So we will not ever have a minister take care of a problem?

Hon. Mr. Lingenfelter: — No, that's not the case either. It's just I think better put, it would be the number of cases that you deal with.

Mr. Heppner: — So if we squawk loud enough we can go to the top?

Hon. Mr. Lingenfelter: — If you're nice.

Mr. Heppner: — That's never worked.

Hon. Mr. Lingenfelter: — No, seriously now. It's just a matter I think most clearly put of sort of a degree of how many hours a day you can spend in dealing with those issues. And so if you have fewer hours in a day then you have to be more restrictive in how many of those you can deal with.

I think it's really time management as opposed to trying to restrict. Mind you the phone is still going to ring at night — they still have your phone number — and it does. So even there it's a matter of making lists and making sure that you don't . . . what boils down to being pretty basic, that you don't lose messages and that they get into the system and our professional staff in the Crowns deal with them, get them turned around.

The Chair: — Does that close off that area of questioning, Mr. Heppner?

Mr. Heppner: — Yes.

The Chair: — Thank you.

Mr. Gantefer: — Thank you, Minister. I just want to follow up on some of the structural ideas with you and Mr. Wright. In the report you make mention that in addition to some of the changes in the boards — and I appreciated the ideas that you have of bringing people for their expertise and community experience — but also it was alluded to that there is some training that you believe board members need in terms of looking at their responsibilities more carefully. And in addition to bringing their own life experiences or whatever credentials, that there is some further information that they're going to need. Could you outline what you have in mind in that regard?

Mr. Wright: — Let me give you one example. Richard Ivey School of Business at the University of Western Ontario has a course that's approximately a week in length that is designed specifically for boards of directors, to ensure the boards of directors know their roles, their responsibilities, both legally and financially, and otherwise.

We would like to put many of the directors through, maybe not that course necessarily, but provide course work for them. In addition we'll be developing directors' manuals on the operational side, on public policy issues. This is an ongoing process. We're working with the Conference Board as well to develop new training modules for the boards of directors. And

this is something that we . . . to be blunt we've been somewhat negligent in the past and that we hope to kick-start and get into this with the new boards.

Mr. Gantefer: — Thank you. It strikes me that there is certainly going to be an increased commitment of time and energy by board members in order to make this all function. Can you outline what the range of remuneration and compensation for the time and commitment that board members are expected to commit to this might be?

Mr. Wright: — One of the things, Madam Chair, if I may, is that we are taking a look at remuneration for the various boards. Right now there are no retainers; it's based on a per diem. I believe the per diem is \$300 for most board members — \$150 for a half-day.

If you took a look at the private sector, board remuneration is quite substantive compared with this. For example, Greystone corporation here in Regina provides a retainer of \$10,000, plus per diems of, I believe \$600 a day. I believe IPSCO's are even greater than that. Crown Life and so on.

So we're going to be undertaking a remuneration study, recognizing the public policy aspects of what board members should be remunerated for and as well as comparisons to the private sector. For example, TransAlta in Alberta may be a good example for use in comparison with SaskPower.

Mr. Gantefer: — Thank you. From the minister's comments about your move forward, change, so that there would be a vice-president that is going to start . . . or Vice-Chair that's going to start chairing meetings and moving into this transition, is it the intent that this then would evolve into the new Chair when the minister removes himself from chairing these . . . (inaudible) . . . or is this a permanent vice position that would like to be continued?

Hon. Mr. Lingenfelter: — Well I wouldn't guarantee either, and I'm being quite blunt with the people when I'm asking them to act as Vice-Chair that they shouldn't expect that this will then become the chairperson or that they would stay on necessarily as Vice-Chair. And all five that I've talked to and that we have approached — and because it hasn't gone through the process I won't get into the names — but have agreed that they would assume those responsibilities based on that condition.

Mr. Gantefer: — I would like to move on a bit. I think it's under the heading of accountability and one of the commitments is semi-annual or evolving to semi-annual financial statements, and that I believe with the annual statements that there would be a shareholders' meeting and I image that broadly defined, the shareholders, because of the nature of Crowns, would be the people of Saskatchewan.

And I believe it said in there that there would maybe be hearings across the province; or not hearings, meetings or regional . . . an attempt at some regional meetings. Has that been thought through in terms of some of the meetings, even in the TASC (Talking About Saskatchewan Crowns) thing, that

there was very poor attendance and it seemed to be that you were going through a lot of work and effort of having an event that no one was interested in. Is there the possibility that that would reflect reality? Or you would make the attempt and take it from there? And different Crowns may attract more interest at different times or when different decisions are made.

Hon. Mr. Lingenfelter: — Well I'm going to get John to comment on the semi-annual reports. But in terms of trying to achieve something that would approach shareholder meetings in the province, I think it will be like other institutions, where the number of people who come out will come and go depending on the topic that seems to be in vogue or heated at that moment.

But on the other hand, I know as Minister of Economic Development I used to, on an annual basis, go out and do town hall meetings just based on what's going on in your community and how's the economy going. And we used to get a really quite substantial number of business people coming out and just sitting around and talking about their economy and what the provincial government could or should be doing to help enhance their work that they were doing at the local level.

What we're hoping will happen is that over time many of the people who would see this as a very open process and that, and after they had come back, they would be able to, in the next round, see some of the discussion points that they raised actually being implemented. Because I will expect that that will happen, that these won't be pacifying meetings but if there's good ideas, I would be surprised that after the first year we wouldn't be able to put a list of things out that came directly from the people at these town hall meetings or shareholder meetings that we will try to implement. And we'll make a point of outlining ones that have been accepted and implemented because I think we can strengthen them by doing that.

John, do you want to comment on the semi-annual reporting mechanism?

Mr. Wright: — Sure. Madam Chair, what we will be doing this September I hope, is producing our first annual, semi-annual report for each of the Crowns. This will report not only on the five Crowns but as well — will report on the five big Crowns — but also will report clearly on CIC's activities, Sask Water, and a variety of the others including the auto fund, I should mention.

Our expectations at this point is that it will be a 30-page report that will not only have the financials there but will also explain things that have been going on in each of the Crowns for the first six months of the year. Let me give you some examples: SGI, was a very difficult winter as you may recall — January and February. A significant number of . . . amount of tin damage there. It will be reporting on that. As well because of the severity of the winter, natural gas usage by SaskEnergy was up substantially.

And I think that's what you'll find in the report. It's not only a financial analysis of how they've done, year-over-year comparisons, but also the highlights of the first six months of

the year.

Mr. Gantefer: — Is there going to be . . . and I know we talked about this very often in the Public Accounts Committee in terms of setting targets and then having some assessment as to what success there was in attaining those targets in a forward-looking kind of thing, both in terms of levels of revenue, or expenses, or profitability. Is that something that you'd see maybe not in the semi-annual ones but in the annual ones?

Mr. Wright: — I think it would be fair to say, using CIC's new and improved annual report, clearly we've set out five objectives for 1996 that we report on here — describe the accomplishments for each of those five objectives. In addition, in the 1996 annual report we set out the corporate objectives for 1997 up front such that you will be able to evaluate us when we report on that after another successful year in 1997.

Mr. Gantefer: — Thank you. The final area I'd like to talk about, and I think it's an area that you're working on, is the whole question of rate setting and scrutiny of the rate-setting process.

Ultimately I suppose if privatization . . . or not privatization but full deregulation happens in your full and open competitive market, then the market-place will set rates. But there's going to be a period of time when that is not true. And even if it's hypothetically true, for some time for the little lady that's paying her power bill in rural Saskatchewan, they may not realize that the rate that they're actually paying is a result of a competitive process but still seems to be one where they have no real choice. There isn't two plug-ins on the wall that you get to pick between.

So the whole question of the whole rate review and what is currently a monopoly and even later may be largely perceived to be a monopoly is an important one and I'm wondering where you are at at that process.

Hon. Mr. Lingenfelter: — Well we're, needless to say . . . working hard at it is a bit of an understatement. But the fact of the matter is that we're in a very interesting position to actually see some of the Crowns that are in a fully competitive market-place already; that nobody is asking for us to have any kind of a rate review for those increases or decreases in areas.

If you think about SGI and the price of insurance you pay on your house, you go to the market-place, if you like SGI for your house, you buy that. And if you like somebody else you buy it. Their rates go up and down and nobody asks any questions about it. So we have some experience in a fully competitive market as it would apply to a Crown.

My cellular phone. It's interesting when the phone bill at the house goes up \$1 a month, all hell breaks loose. But if my cellular phone is up \$50, I don't even look at it. Sign it off, away it goes. I don't know whether it's competitive or not. And the rates for cellular phones, nobody checks. There's nobody demanding a rate review. But yet on my hard drive phone or the wire phone, if the rates go by 50 cents a month, this takes a big

process.

The only point is that as competition comes in, you're going to see much less concern about rates because they'll just literally . . . like on my cellphone or on my insurance on my house, it'll take care of itself. So we're coming from it from that concept — that the period when you have to worry about rates is this interim period before full competition arrives.

So the rate review structure, whatever it is, will be an interim measure. This won't be something that we say, here it is and that's how it's going to be for the rest of the life of the province.

When gas prices are fully competitive or when power . . . although power is different because you're probably going to have some time before that phases in. And auto insurance, for sure, is going to be different. But I see the rate review to be seen as a much more interim measure than it might have been five years ago and for sure than what it would have been 10 years ago.

A committee may want to have a discussion on that some time but it's sort of a new thought process that you almost have to take yourself into when you talk about rate review, given the fact that competition is coming in all these areas.

Mr. Gantefer: — Well I think, Minister, I agree with you in some of the areas that you outlined, in the competitive areas. I don't think it's going to be as easy to be into that real competitive area with something like SaskPower. You know it's not going to be there for awhile. While IPSCO maybe can handle it and the city of Saskatoon can negotiate and actually know that there's a free-market system and they're getting the best rates possible, for the lady living at home or a farmer in his home in his yard, he doesn't see that anything's coming into his yard but a SaskPower line and that really he has no options.

So that while the theory of competition is there, in reality there's not going to be that high threshold. And I think that's exactly why people worry about the dollar, 50 cents, on their phone bill right now because they don't see that they can pull the plug and have another company in there; although that is much more obvious and getting more obvious all the time.

So I think while I agree with you that there is a transitory nature to this, for some Crowns, it's going to be much slower and may never actually evolve. And so I'm not suggesting that we move to a system that would be something like the Boychuk system where it's a very massive, detailed thing, but I also think there has to be something that has more comfort level than what the people experienced in the immediate past process.

And I was wondering what the time line — and the philosophical approach I appreciate — but what the time line is in terms of the people expecting CIC to come up with a policy for us to discuss as opposed to . . .

Hon. Mr. Lingenfelter: — Well I think you're absolutely right. I think what the Devine administration found with Boychuk was that there was no real people appearing before the

rate review. There were lawyers from one side and lawyers from another side and the consumer paid for all of it.

The Chair: — Excuse me, I think we have a Premier who's a lawyer, so we might want to rephrase that. They were real people; they just weren't of the real world.

Hon. Mr. Lingenfelter: — No, but you know what I mean. The consumer wasn't, the consumer wasn't coming before the board and it was cumbersome. And I think they were wise in disbanding it because it was costing too much money and it wasn't really accomplishing what they had, and I think legitimately had, interest in doing — that was, involving the public in rate setting.

Ours will hopefully be much more responsive to the public and deal with more than rates. Because in dealing with a power company or gas company, rates are one part of it, but service is another aspect that I don't think we've really taken into consideration enough in terms of the rate review. Why don't we look at service as part of the structure that we want to discuss when we have hearings about it, if we decided to go that way?

But the fact of the matter is that as competition comes you'll be absolutely amazed how, for example, the electrical utility will become much more like a bus company. The people who generate the power will be one group of people, but the people who own the lines will be a transportation company. Their job will be to transport power and under free wheeling of power in many parts of the world, anybody has the right to wheel their power on that transportation system.

I don't know when that will come or when it won't come, but the fact of the matter is that all of these things about utilities, we have to think structurally differently than we have in the past. And that's why many of the monopolies in the power corporations are splitting between the generation side and the transmission side. Because what power companies like to do is mix them all together so they can't tell which side is making money and which isn't making money.

This is another challenge for our corporation, because believe it or not, there are reasons why personally I would like to see the transmission company and the generating company be able to split, not officially, but in terms of their financial. So I would know whether it's the generation side that is making what amount of money and the transmission piece, because they're fundamentally and absolutely different. And with competition that's going to make a huge difference in which side of your corporation is making or losing money. Right now it's very difficult for me to define.

And so the exciting part of this is that many of our traditional views of how this world of utilities work is turning upside down and we have to run alongside it to try to keep up with it, let alone get in front of it and direct it.

The Chair: — Thank you, Mr. Minister. Thank you, Mr. Gantefer.

Mr. Heppner: — Okay. Just one other direction I'd like to go

down for just a little bit. I believe one of the statements that has come out is the intention to set performance targets for the Crowns.

Hon. Mr. Lingenfelter: — John, do you want to go through . . . you were saying you had six objectives or I'm not sure it was performance. I don't want to put words in your mouth but I want to be clear of what we were talking about there.

Mr. Heppner: — Yes, and I'd like to know exactly what form those targets will take, how they work. And I guess if the target is met we know we'll hear, but what happens if they're not met? That's the interesting part.

Mr. Wright: — Targets can come in a variety of forms. The simplest target is probably a financial. For example, the debt/equity ratio in SaskTel is currently 38/62. Okay. It may be desirable to set a performance target on the financial side that it should be 40/60, or in the case of power it should be 60/40, depending upon what it is. Financial targets can also be in the form of just net income, can be in the form of a variety of ratios — times interest earned ratios, blah, blah, blah, blah, blah. So those are very simple.

There'll also be targets that we're looking at in terms of implementation of public policy initiatives, be it employment equity, be it cross-cultural training; maybe it's on the staff training side of the equation, improving the quality of the staff. Other targets may be set out in a whole variety of areas.

Our job at CIC will be to work with each of the Crowns over the course of the year to establish what the performance target should be and to evaluate their progress over the course of the year. And I don't want to say a report card, but at the end of the year to provide an indication as to the success or failure relative to meeting many of those targets.

Mr. Heppner: — Thank you, Madam Minister.

The Chair: — That was it?

Mr. Heppner: — That was the road I wanted to go down and I got a complete answer.

The Chair: — See, what a new era in Crowns, eh? I'm amazed. All right, then I will move to the . . .

Mr. Heppner: — You're the only chairperson who reads the newspaper while we're . . .

The Chair: — I'll move to the government side and I have an indication that Mr. Koenker and Ms. Stanger wish to put some questions.

Mr. Koenker: — I've appreciated the discussion that we've just had and the questions that have been asked by the opposition members. Because I think they're practical questions, they're salient questions in terms of the transformation of the Crowns. And I'm just wondering, in terms of particularly the guidelines for remuneration of board members that you raised, Mr. Gantefer, and the question of

mechanisms to facilitate shareholder participation, even when it comes to the rate-setting process, that might provide more of a comfort level, as you had suggested, if you have any thoughts on these matters yourself, or whether the opposition does, or any suggestions or perspectives to offer.

Mr. Gantefer: — Well I do think that the answers that were provided in terms of the direction, in terms of getting information for remuneration, is valuable. But I also think that you have to not necessarily look at other corporations. You have to look at the culture of the people that are the shareholders, which are the people of Saskatchewan.

And so it may well be that NOVA Corporation or a large corporation in downtown Toronto owned by Conrad Black has remuneration of board of directors of a hundred thousand dollars a year. You're going to have a hard time selling that in Podunk, Saskatchewan, for board members. Because I know a lot of people even with the district health boards are saying that in Saskatchewan we used to have people that would serve on these boards virtually for nothing or very minimal remuneration because they believed in it.

And I'm not suggesting that that's an alternative, but a process has to have that in its consideration as well.

I do believe that there has to be some thought into the appointment, as Mr. Heppner mentioned, of members of the board of directors, that the training to make these people as confident as possible . . . Because if you're going to have these operate as standalone corporations, that that becomes critically important. And that the people are indeed depoliticized and indeed looked at for their credentials or community involvement, and are recognized people within a community of Saskatchewan as people that have not just moved up the political system.

And I also want to say that in terms of this whole process of consulting with people, I think the minister made a valid point in terms, it isn't just the money on rates. It's also service and it's also discussing, have the Crowns responded to the people's needs in a satisfactory way? And an opportunity for people to be able to say we are not comfortable with the fact that SaskPower is only going to pay the first \$1,300, if you like, of the cost of installing a service into our community or into our yard or those sorts of things. People have to have the opportunity to feel that if they bring that to this process that it is listened to.

So in terms of the details of it, I mean I don't have the magic answers but I am satisfied with the answers that Mr. Wright has given in terms of the general direction and I look forward to seeing what plan is suggested. And I expect that we will have an opportunity then to look at a concrete plan that says this meets the needs, or offer specific suggestions that may enhance or improve that.

Mr. Koenker: — I guess my concern was the mechanisms, the practical mechanisms to effect some of these things that we've been talking about. Because it's one thing to talk in theory about getting out into rural Saskatchewan and having

accountability on the part of shareholders; it's another thing to actually accomplish that. And I think that's part of our collective responsibility here, to try to come up with new mechanisms, appropriate solutions.

Mr. Gantefer: — And it will also vary. For example, if STC makes a decision to remove a bus line between Melfort-Tisdale, I suspect if you're having a shareholders' meeting about STC in Melfort and Tisdale, you get a lot more people out if that kind of decision was going on. So it'll ebb and flow depending on what decisions are being made, in terms of participation by the people. And I think that you've got to be careful that you don't have a shareholders' meeting on STC in every community in Saskatchewan because it wouldn't be workable.

So there has to be some regional thing, as the minister has indicated. Perhaps he and CIC, as the overall group, would come and do the town hall meetings in various regional centres on an annual basis, and you will find out pretty quick if people want to have more information about STC or SaskPower or SaskEnergy or whatever.

Ms. Stanger: — Well I just want to make a comment about rates, because this past week we had the Commonwealth Parliamentary Association and we had people from all political parties from all the provinces in Canada and the territories. And I don't think it's just a simple thing of competition. Like when you look at the power corporations, I mean people here today are talking — I would like you to comment on this, Mr. Wright — but they're talking as if there was some sort of a private company or there was some sort of perceived competition, it would be much easier.

Well my counterparts from Alberta and Manitoba tell me that — and especially in Alberta where it has been a private company — they tell me that they have complaints coming to their MLAs' offices all the time, especially along the border, Saskatchewan border, saying, well the farmer over there in Saskatchewan can get his line in for 8,000 and it's costing me 10,000; what are you going to do about it? Well, the MLA says, I'm sorry. This is a private company. You'll have to go and deal with them directly.

And so what I am saying here, that I think in power it's a lot more complicated. Because even in a province like Alberta, that's two and a half times our population, we do not have two or three plug-ins for them to choose from. They have one corporation. And as far as what the guys were telling me from Alberta, we are pretty competitive when it comes to rates for putting in farm lines. And yet these are the complaints that we hear all the time. I mean it isn't just that cut and dried, I don't think, because you have on either . . . on the other side a private system. Here you have a public system.

And I don't think that you could answer this very quickly just by saying, well if we had more competition or we had this or that. I don't think it exactly works that way. And I'd like you to comment on that, Mr. Wright.

Mr. Wright: — In Alberta the situation is there are basically two power suppliers, one being TransAlta, and for the life of

me I can't remember the other, other than it begins with a C.

What you have in TransAlta's case — and I've had the pleasure of meeting Mr. Stephen Snyder and sitting down and talking with him about customer service problems that he encounters — you have a tricky situation whereby as a private corporation they have to respond to customers' needs, and there is a sense of monopoly there even though theoretically you can purchase from somebody else. Alberta is not into full competition as of yet. Wheeling of power is only just beginning. It deals largely with the largest industrial consumers, not with ma and pa or ourselves at the residential level. So there is a monopoly there.

The regulatory process there is very interesting. It is, in many people's views, dominated by, as my minister said, members of the legal community and members of the accounting profession. And the average individual doesn't have a chance to get in a word edgewise.

Certainly as I understand it, in terms of services provided by SaskPower, we are extremely competitive relative to those provided by Manitoba Hydro or those provided by TransAlta. Indeed our rates are somewhat higher, but that's the nature of the generation here, which is not in the case of Manitoba Hydro, hydro. Here it's coal-fired and our coal is not always of the highest quality.

There's many different ways of comparing two corporations and you just have to be very careful in all that regard.

The Chair: — Thank you.

Mr. Trew: — Thank you. I'm going to try and be fairly quick. Mr. Koenker opened up a bit of a can of worms, and I too appreciated the comments and questions and so on, but to me there's a loose end yet with respect to Mr. Gantefer. And I'm saying this not . . . I'm not trying to do a zing or anything, but we talked about remuneration, or you did, about the remuneration for boards of directors and the Saskatchewan ethos.

I heard Mr. Wright and the minister talk about some corporations that pay a \$10,000 retainer. And I'm wondering again, is there an opposition view that some combination of retainer versus per diem or what sort of . . . what will the Saskatchewan ethos and the desire to have quality board people — I mean you have to have . . . I think it's fairly acceptable to say you have to have something there or else why would somebody bother to take on all kinds of headaches.

I know people don't generally go to the boards of directors of certainly Crown corporations with the view of getting rich, but is there a range, or had you come up with a number?

Mr. Gantefer: — No. I mean I don't know if it's appropriate, Madam Chairman, that I get into answering all this, that . . .

The Chair: — At this point, no, it isn't. I think that Mr. Gantefer has stated a position and I think it's a reasonable position, and I think that Mr. Koenker and you, Mr. Trew, have asked some additional questions about that.

But really we're here today to review the '96 CIC annual report. And I think that in informal discussions later we can try to probe what is that ground.

Mr. Trew: — Yes, and that's fair enough. I probably have outstepped the bounds in addressing another private member on this committee, and for which I apologize to the committee, but certainly I have . . .

The Chair: — No need to apologize. I just feel that we . . .

Mr. Trew: — No, I'll talk to Mr. Gantefer privately and see if we can't tie that up a bit.

The Chair: — Okay. Thank you. At this time then are there any further questions?

Mr. Bjornerud: — I'll be very quick. One I'd like to touch on that Mr. Heppner and Mr. Gantefer actually both touched on. John, you talked about targets. And I'd like to go to the Provincial Auditor, Mr. Strelieff, for a minute. And you had talked before . . . you have in the past talked about the need for a business plan for the Crowns and I'm wondering . . . I'm trying to connect the two here. Is what John is talking about is targets? Is that anything . . . in what you used to talk about, say the need of a business plan for the Crowns, you would like to see a better plan for the year coming up, is that . . . are we getting anywhere closer here with the targets John's talking about or not? That's not what you had in mind? Do you understand what I . . .

Mr. Strelieff: — I think I understand. Madam Chair, members, the Crown corporations do have business plans, and they've improved over time. And CIC, it's one of the significant things that it has done over the last number of years is actually put together plans for each of its corporations, as well as the corporation as a whole, and make sure that the board of directors does approve those plans before the beginning of the year.

Now we've also been encouraging all the corporations, through CIC, to provide legislators with planning information. And we continue to do that.

The comments that John made, or Mr. Wright made, about the performance indicators that are in . . . that are beginning to show up in the annual report of the Crown Investments Corporation do move toward that. It'll depend on, at least from my point of view, how specific the targets end up being, that some of the . . . if it ends up being things related to specific debt/equity ratios, net income, performance indicators that are relevant to the industry that are on the table at the beginning of the year; and then comparisons of what happened, in terms of actual results. And actual results will always be different than the plan. And explanations of the variances.

So I have been encouraging all along that all government organizations provide legislators planning information on the key performance indicators that the corporation uses to judge its performance.

It sounds like from the discussions that I've heard today and yesterday, that that is the minister's thinking, that it's important to put on the table what you expect to achieve, and then explain what happened. And Mr. Wright today said that the annual reports are beginning to be more specific in terms of performance targets and indicators. So the trends all seem to be right. I'll always no doubt be asking or suggesting that more specific performance information be put on the table, because that's the nature of the role of the Provincial Auditor. But it sounds like it's moving in the right direction.

Mr. Bjornerud: — Good. Thank you, Mr. Strelieff, I think that's what we wanted to hear from your end too.

Just a couple of questions on STC. If I understand right, there's no decision. That was the only Crown really that there's no decision on whether to privatize, not to privatize. I mean, is that one still up for consideration?

Hon. Mr. Lingenfelter: — Yes, I think that's a fair way of putting it, but to tell you the truth there's not much there to privatize.

Mr. Bjornerud: — I guess where my concern comes in — and I agree with you, there's not much left — and I don't think it was the privatization part that was worrying me as much as, if it was privatized, would there be any consideration to having stipulations in there that certain service would be still provided out in rural Saskatchewan.

Hon. Mr. Lingenfelter: — Yes, for sure, and quite honestly what we are looking at is not reducing service in rural Saskatchewan but enhancing it with . . . and spending less money in enhancing it. And one of the interesting concepts is sort of a regional transportation authorities, or something that . . . where Mayor Clary out in Leader . . . Our friend from Rosthern will know Mr. Clary because he's been very active in the political system in the province for many, many years at the municipal level.

But interestingly enough, at one point in time STC withdrew from their communities. They have established a thriving small bus company, and where STC was providing service and couldn't afford it, they now have set up a little system where a family has set up a bus venture — I don't think anybody earns a lot of money at it, but they probably supplement their farm income by having a small bus system. They have four or five jobs that they've created out in that area where there were no bus jobs before when STC had the service, because they were located somewhere else.

So they've achieved two things out of a situation where STC withdrew their service, where there were no transportation jobs in the past, even when they had the service; they now have four or five jobs and Mayor Clary would argue they have a better service than when STC was servicing them.

So the argument, somehow, that if you didn't have STC in every one of these areas, somehow there would be no transportation system and the world would fall apart, that isn't quite accurate either. In fact the rural communities, in some

cases, you might see systems where listening to the local people and working with them, you could actually see STC acting as an impetus to get an even better service that would do two things: one, save the Crown corporation money because they are losing money in that area, but having a service that's based on a local entrepreneur actually delivering a service that somehow we can't afford to do at the present time.

And I think it's exploring these kind of areas and I would encourage government members and opposition members to be involved in these kind of discussions, because they can actually be fairly exciting, about what your community economic development transportation needs are.

I think at the end of the day STC has a bright future in delivering service. I don't think STC would ever make money if you were a wizard at making money. I mean it's just not that kind of a corporation. But in terms of delivering a core service to 10, 15 communities or more with various feeder options into it, I think is something we can realistically look at without an \$8 million subsidy on an annual basis. I don't know what that number is yet, but I think you can do it for much less than that and actually create jobs and provide a service at the same time by being creative at it.

So it's not privatization but it's not status quo either. At least that's what we have in mind, I think that's fair to say . . . (inaudible interjection) . . . Well I was expecting to get one coming out the other way. And don't get me included in this new party you guys are organizing either. I'm not coming over there.

The Chair: — Mr. Bjornerud, do you have any further questions?

Mr. Bjornerud: — No. I would just like to take this opportunity to thank the minister and his officials and the Provincial Auditor.

The Chair: — Do any other members of the committee have any further questions? If not, Mr. Johnson, you had a motion you wished to put.

Mr. Johnson: — Yes, I will move:

That the Standing Committee on Crown Corporations conclude its review of the annual report and consolidated and non-consolidated financial statements of the Crown Investments Corporation of Saskatchewan for the year ending December 31, 1996, and the annual report and financial statements for the CIC Mineral Interests Corporation for the year ended December 31, 1996.

The Chair: — Committee members have heard the motion. All those in agreement with the motion, please indicate. Thank you. Opposed? No one's opposed. That motion is agreed to.

Before you all leave, we have evolved significantly here today, I would suggest. We've sort of taken . . . as a result of the Crown review process and the new minister and a very high degree of commitment on behalf of all members of the

committee to get down and to do the work that we're charged with by the legislature, I think we've evolved probably from about Cro-Magnon man status to about space cadet or spaceman status here today.

So I'm going to assume . . . I'm going to leave it with the committee members that if you have any other Crowns that you wish to review before the next session of the legislature, that you will call me and I will then arrange a meeting. I've asked this now three times so I assume that there likely will not be any further meetings, but we do have an indication from Mr. Wright that he will be in a position to report on the question Mr. Gantefer was putting this morning about prospective versus retrospective review of significant transactions on or about October.

We also know there will be a semi-annual report around September dealing with the five objectives that are in the report that has been circulated. So if members of the committee want to have a special meeting in the fall, would you please contact me directly. Otherwise I'm going to assume that we will not be meeting again until the next session.

I probably will set up an informal subcommittee at this point with representatives from all three parties to review any significant transactions and to determine if there is a need or a desire by the parties to call a special meeting if there are any significant transactions that fall within the guidelines that we've adopted.

Other than that though, I would say I hope that everybody has a happy and pleasant summer and fall and winter, if you can have a happy winter in Saskatchewan, and I'll see you back here when the legislature is once again in session.

Could I have a motion to adjourn, please?

Mr. Johnson: — So moved.

The Chair: — Moved by Mr. Johnson. Thank you all very much.

The committee adjourned at 4 p.m.