

STANDING COMMITTEE ON CROWN CORPORATIONS

Tuesday, March 4, 2003

MINUTE NO. 40

9:42 a.m. - Room 10

1. **Present:** Mr. Van Mulligen in the Chair and Members Atkinson, Jones, McMorris, Prebble, Trew and Wall.

Substitutions: Ms. Bakken for Mr. Brkich
Mr. Yates for Mr. Forbes

Provincial Auditor's Office

Fred Wendel, Provincial Auditor
Mobashar Ahmad, Deputy Provincial Auditor
Andrew Martens, Principal

Appointed Auditor

Jamie Wilson, KPMG

The following documents were tabled:

CCC 251/24 Saskatchewan Government Growth Fund: Correspondence from Kathryn Buitenhuis, President and CEO, SGGF, dated December 6, 2002 regarding questions raised at the Committee meeting of November 28, 2002.

CCC 252/24 Saskatchewan Government Insurance: Correspondence from Larry Fogg, President, SGI, dated December 6, 2002 regarding questions raised at the Committee meeting of November 26, 2002.

CCC 253/24 Crown Investments Corporation: Notice of Incorporation for 101012876 Saskatchewan Ltd. and 101012875 Saskatchewan Ltd.

CCC 254/24 Crown Investments Corporation: Notice of Incorporation for 101026817 Saskatchewan Ltd.

CCC 255/24 Crown Investments Corporation: Notice of Incorporation for CIC Foods Inc.

CCC 256/24 Crown Investments Corporation: Notice of Incorporation for CIC OSB Products Inc.

CCC 257/24 SaskWater: Correspondence from Stuart Kramer, President, SaskWater, dated December 19, 2002 regarding questions raised at the Committee meeting of November 28, 2002.

CCC 258/24 Office of the Provincial Auditor: Document entitled "Report to the Standing Committee on Crown Corporations Regarding Disclosure of Payee Information by CIC Crown Corporations and Related Entities" dated February 2003.

CCC 259/24 Crown Investments Corporation: Document entitled "Report on the Public Disclosure of Payee Information for the Crown Corporations Committee" dated February 13, 2003.

CCC 260/24 Saskatchewan Government Growth Fund: Document entitled “Crown Corporations Committee Information Requested on Activities Undertaken by the SGGF Funds” dated February 10, 1993 (response to request made by the Committee at its meeting of November 8, 2002).

CCC 261/24 SaskWater: Correspondence from Stuart Kramer, President, SaskWater, to Harry Van Mulligen, Chair, Standing Committee on Crown Corporations dated March 4, 2003 re: Responses to questions regarding SaskWater and INIA-Chile raised in committee on May 14, 2002.

2. A Point of Privilege was raised by Mr. Wall regarding his concerns about the testimony of the Member for Prince Albert Northcote at June 11, 1997 meeting of the Standing Committee on Crown Corporations.

It was moved by Mr. Wall:

“That the Standing Committee on Crown Corporations present a report to the Legislative Assembly that reads as follows:

On June 11, 1997, the Member for Prince Albert Northcote, who was also Minister responsible for SaskWater at the time, appeared before the Standing Committee on Crown Corporations to answer questions about SPUDCO.

In response to the Member for Kelvington-Wadena’s question about the building of the storage facilities, the Minister stated: “The building is a partnership. We have entered into a partnership with a private company to build and develop. Was there a search done in terms of who? The answer is no. It was a business arrangement that was arranged with the company that is now our partner.”

Earlier, the Minister had also stated: “I would want to say that these are business arrangements whereby the risk is shared, and certainly the profits will be shared; thereby, you know, we’ve developed a reasonable rate of return. We’re looking at three storage facilities and that process is ongoing.”

On February 17, 2003, the Premier released a report entitled: “Deputy Minister’s Report to Premier Calvert on SPUDCO.” The facts presented in this report regarding the business arrangements that were in place in June 1997 appear to contradict the Minister’s statements to this Committee.

The report stated: “The characterization of this business relationship as a partnership where government enjoyed a minority interest was inappropriate.”

The report further stated: “The relationship with Con-Force was inappropriately portrayed as a relationship where the risk and rewards were shared.”

The report also makes it very clear that by mid-April (of 1997), key SaskWater officials were well aware that the relationship with Con-Force was not an ordinary commercial one where risk and rewards were shared. Crown Investments Corporation and Cabinet understood that SaskWater was assuming all of the risk associated with the construction of the storage facilities.”

The report singles out the Member for Prince Albert Northcote for providing an “inappropriate” response in an April 28, 1997 letter in which he described the business relationship with Con-Force as a “partnership.”

SPUDCO has also been discussed in the Crown Corporations Committee on eight separate occasions since June 11, 1997: December 4, 1998, June 7, 2001, June 14, 2001, June 21, 2001, December 11, 2001, May 7, 2002, May 14, 2002 and November 28, 2002. Neither this Minister nor any other Minister or government official made any effort to set the record straight on any of these occasions.

Clearly, in order for Members to do their work within committees, they must be able to rely on the information provided by witnesses. For any witness, particularly a Minister, to knowingly provide false information is an extremely serious matter – one which must be dealt with as a question of privilege and a contempt of the Legislative Assembly.

Since your Committee is of the opinion that contempt may be involved, your Committee feels that it is its duty to bring this matter to the attention of the House and, accordingly, recommends that this matter be referred to the Standing Committee on Privileges and Elections.”

After debate, the question being put on the motion, it was lost.

3. The Committee initiated its consideration of the annual reports of the Saskatchewan Crop Insurance Corporation for the years ending March 31, 2000 through March 31, 2002.

The following officials were participated in the Committee proceedings:

Gord Nystuen, Chairman, Board of Directors, & Deputy Minister, Agriculture, Food and Rural Revitalization

Doug Matthies, General Manager

The following documents were tabled:

CCC 262/24 Crop Insurance Corporation: 1999-2000 Annual Report.

CCC 263/24 Crop Insurance Corporation: 2000-2001 Annual Report.

CCC 264/24 Crop Insurance Corporation: 2001-2002 Annual Report.

CCC 265/24 Crop Insurance Corporation: Presentation materials for Standing Committee on Crown Corporations meeting of March 4, 2003.

Mr. Matthies made an opening statement.

Messrs. Ahmad and Wilson made statements and responded to questions.

Messrs. Nystuen and Matthies responded to questions.

4. At 10:50 a.m., the Committee recessed until 11:02 a.m.
5. At 11:56 a.m., the Committee recessed until 1:33 p.m.

6. It was moved by Ms. Jones:

That the Standing Committee on Crown Corporations conclude its review of Saskatchewan Crop Insurance Corporation's annual reports and financial statements for the years ending March 31, 2000, March 21, 2001, and March 31, 2002.

The question being put on the motion, it was carried.

7. At 2:38 p.m. the Committee recessed until 2:57 p.m.
8. The Committee considered Recommendations 2 and 3 of Chapter 11, Spring 2001 Report of the Provincial Auditor, which had been deferred since December 10, 2001.

It was moved by Ms. Atkinson:

That the matter regarding Chapter 11, Crown Investments Corporation, of the 2001 Spring Report of the Provincial Auditor regarding what information government agencies should disclose and to whom be referred to the Office of the Privacy Commissioner for his advice and recommendations. The Privacy Commissioner shall report his findings to the Crown Corporations Committee as soon as possible.

After debate, the question being put on the motion, it was carried.

9. It was moved by Mr. Wall:

That this Committee do now adjourn.

The question being put on the motion, it was carried.

10. At 3:07 p.m., the Committee adjourned until 9:30 a.m. on Wednesday, March 5, 2003.

Viktor Kaczkowski
Committee Clerk

Harry Van Mulligen
Committee Chair