

STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

August 21, 2007

MINUTE NO. 52

9:09 a.m. – Room 8

1. **Present:** Mr. Hagel in the Chair and Members Addley, Crofford*, D'Autremont, Forbes*, Harpauer, Krawetz* and Wartman.

Substituting Members

Ms. Crofford for Hon. Ms. Morin (for consideration of Saskatchewan Water Corporation)

Hon. Mr. Forbes for Hon. Ms. Morin (for consideration of SaskEnergy Incorporated)

Mr. Krawetz for Mr. Duncan

Provincial Auditor's Office

Mike Heffernan, Deputy Provincial Auditor

Andrew Martens, Principal

Glen Nyhus, Principal

Rosemarie Volk, Principal

Bill Harasymchuk, Manager

Appointed Auditor

John Aiken, Deloitte and Touche

2. The following documents were tabled:

CCA 289/25 Crown Investments Corporation: Losses reported during the period January 1, 2007 – March 31, 2007.

CCA 290/25 Saskatchewan Property Management: Responses to questions regarding three additional cleaning positions at SIAST Kelsey campus raised during the April 17, 2007 committee meeting.

CCA 291/25 SaskEnergy Incorporated: Subscription Agreement dated January 8, 2007 between SaskEnergy Incorporated and SaskEnergy Nova Scotia Holdings Ltd. Subscription for Shares: Heritage Gas Limited dated January 8, 2007 for \$544,085.

CCA 292/25 SaskEnergy Incorporated: Subscription Agreement dated February 22, 2007 between SaskEnergy Incorporated and SaskEnergy Nova Scotia Holdings Ltd. Subscription for Shares: Heritage Gas Limited dated February 22, 2007 for \$471,615.

CCA 293/25 Investment Saskatchewan: Responses to questions regarding Meadow Lake Pulp Mill and IS Investment Portfolio raised during the March 20, 2007 committee meeting.

CCA 294/25 SaskEnergy Incorporated: Incremental Equity Injection in Heritage Gas Limited.

CCA 295/25 Crown Investments Corporation: 2006 payee disclosure report.

CCA 296/25 Saskatchewan Gaming Corporation: Annual Report and Consolidated Financial Statements for the year ended March 31, 2007, including Financial Statements of SGC Holdings Inc. for the year ended March 31, 2007 and Supplementary Financial Information.

CCA 297/25 Saskatchewan Gaming Corporation: Annual Report and Consolidated Financial Statements for the year ended March 31, 2006 including Financial Statements of SGC Holdings Inc. for the year ended March 31, 2006 and Supplementary Financial Information.

CCA 298/25 Saskatchewan Gaming Corporation: Annual Report and Consolidated Financial Statements for the year ended March 31, 2005 including Financial Statements of SGC Holdings Inc. for the year ended March 31, 2005 and Supplementary Financial Information.

CCA 299/25 Crown Investments Corporation of Saskatchewan: Subscription Agreement dated February 16, 2007 between CIC Equity Holding Corporation and Apex Investment Limited Partnership in which CIC Equity Holding Corporation subscribed for 1,780,732 partnership units in Apex Investment Limited Partnership.

CCA 300/25 Crown Investments Corporation of Saskatchewan: Joint Venture Agreement dated August 18, 2006 between CIC Economic Holdco Ltd., SEF Ventures Limited Partnership and Prairie Entrepreneurial Fund Investments Inc. in which CIC Economic HoldCo Ltd. subscribed for 300 units in the Saskatchewan Entrepreneurial Fund Joint Venture.

CCA 301/25 Crown Investments Corporation of Saskatchewan: Joint Venture Agreement dated May 4, 2007 between CIC Economic Holdco Ltd., SEF Ventures Limited Partnership and Prairie Entrepreneurial Fund Investments Inc. in which CIC Economic HoldCo Ltd. subscribed for 300 units in the Saskatchewan Entrepreneurial Fund Joint Venture.

CCA 302/25 Crown Investments Corporation: Losses reported during the period April 1, 2007 – June 30, 2007.

3. The committee agreed to change the order of the agenda. It was agreed that the committee would consider the Provincial Auditor's report before the annual report.
4. The committee considered Chapter 3 (SaskEnergy Incorporated) of the *2004 Report of the Provincial Auditor (Volume 1)*. Mr. Heffernan provided an opening statement.
5. The following SaskEnergy Incorporated Minister and officials appeared before the committee and answered questions:

Witnesses

Hon. Pat Atkinson, Minister

Doug Kelln, President and Chief Executive Officer

Greg Mrazek, Vice President, Finance and Chief Financial Officer

Mark Guillet, Vice President, General Counsel and Corporate Secretary

Dean Reeve, Executive Vice President

Daryl Posehn, Senior Vice President, TransGas

Ron Podbielski, Executive Director, Corporate Affairs

6. The committee concurred with recommendation 3-1 at page 56 that SaskEnergy *clearly establish the baseline data needed to measure the benefits; clearly define its benefits realization reporting strategy including its processes to verify the benefits achieved; and report to its Board on the benefits realized including written explanations of the differences between the planned and actual results.* The committee noted compliance by SaskEnergy Incorporated with the recommendation
7. The committee recessed from 10:10 a.m. until 10:30 a.m.
8. The committee considered the 2004 SaskEnergy Incorporated annual reports, financial statements and related documents.
9. Mike Heffernan and Andrew Martens provided an overview of the SaskEnergy Incorporated annual reports and financial statements.
10. The appointed auditor, John Aiken, addressed the committee with respect to the audit report contained in the SaskEnergy Incorporated annual reports and financial statements.
11. The following SaskEnergy Incorporated Minister and officials appeared before the committee and answered questions.

Witnesses

Hon. Pat Atkinson, Minister
Doug Kelln, President and Chief Executive Officer
Greg Mrazek, Vice President, Finance and Chief Financial Officer
Mark Guillet, Vice President, General Counsel and Corporate Secretary
Dean Reeve, Executive Vice President
Ron Podbielski, Executive Director, Corporate Affairs

12. It was moved by Ms. Harpauer:

That the committee conclude its review of the 2004 SaskEnergy Incorporated annual reports, financial statements and related documents.

The question being put, it was agreed to.

13. The committee recessed from 11:58 a.m. until 1:30 p.m.
14. The committee considered the 2004 Saskatchewan Water Corporation annual reports, financial statements and related documents.
15. The following Saskatchewan Water Corporation Minister and officials appeared before the committee and answered questions.

Witnesses

Hon. David Forbes, Minister
Greg Argue, Vice President Business Development
Mart Cram, Vice President Operations
Denise Soar, Vice President Corporate and Human Services
Monty Gendall, General Counsel
Dan Bollinger, Manager Financial Services
Jim Warren, Manager Corporate Communications

16. It was moved by Mr. Krawetz:

That the committee conclude its review of the 2004 annual reports, financial statements and related documents for Saskatchewan Water Corporation.

The question being put, it was agreed to.

17. The committee adjourned at 2:49 p.m. until Wednesday, August 22, 2007 at 1:30 p.m.

Iris Lang
Committee Clerk

Glenn Hagel
Committee Chair