

STANDING COMMITTEE ON CROWN CORPORATIONS

March 31, 1998

MINUTE NO. 28

9:00 a.m. - Room 10

1. **PRESENT:** Ms. Lorje in the Chair and Members Bjornerud, Gantefer, Hamilton, Hillson, Kowalsky, Shillington, Tchorzewski, Thomson and Trew.

Mr. Gantefer substituting for Mr. Heppner
Mr. Hillson substituting for Mr. McPherson
Mr. Shillington substituting for Mr. Kasperski
Mr. Tchorzewski substituting for Mr. Johnson
Mr. Thomson substituting for Mr. Renaud

Other Members

Mr. Boyd, Mr. D'Autremont, Mr. Goohsen, Mr. Heppner, Mr. Johnson, Mr. Osika, Ms. Stanger.

Staff to the Committee

Mr. Bob Cosman, Legislative Counsel and Law Clerk
Mr. Ted Priel, Special Advisor to the Committee

2. The Chair opened the meeting with some introductory comments.
3. The Chair recommended to the Committee that the Members present today should remain constant throughout the hearing of witnesses and the final deliberations and report stages in order to ensure fairness in the process and that the Members should restrict availing themselves of Rule 94(4).
4. The Committee considered the issue of employing a private lawyer to act as a special advisor to the Committee into its deliberations on the Channel Lake Petroleum Ltd. matter. It was moved by Mr. Trew:

That this Committee report to the Assembly as follows:

Your Committee, in examining the matter of the acquisition, management and sale of Channel Lake Petroleum Ltd. by SaskPower, is pursuing a line of inquiry in which it has deemed it necessary and advisable to have the services of an expert advisor and legal counsel.

Your Committee recommends, therefore, that the Assembly authorize and empower the Committee to engage the services of counsel and that it be deemed to have had such power and authority as and from March 30, 1998.

The question being put, the motion was agreed to.

5. The Committee then considered the nomination of Mr. Ted Priel to act as the special advisor to the Committee. It was moved by Mr. Trew:

That subject to authorization by the Assembly, this Committee appoints Mr. Ted Priel, QC as special advisor to the Committee for the examination into the acquisition, sale and management of Channel Lake Petroleum Ltd. by SaskPower and payments to Mr. Jack Messer when he ceased to serve as President of SaskPower.

A debate arising and the question being put, the motion was agreed to. Mr. Priel then addressed the Committee.

6. The Chair advised the Committee that arrangements could be made to broadcast the proceedings of the Committee on the Legislative Broadcast system and that the media would be able to take a direct feed from this source. The Chair proposed that the television guidelines promulgated for the coverage of the Assembly be used as a guideline. It was moved by Mr. Trew:

That this Committee report to the Assembly as follows:

Your Committee recommends that the Assembly authorize the television broadcast and distribution of the proceedings of the Standing Committee on Crown Corporations on the Legislative Broadcast system during its hearings on the above inquiry at the direction of the Committee.

A debate arising and the question being put, the motion was agreed to. The Chair invited comments and questions from the media.

7. The Chair advised that until the arrangements to broadcast the proceedings have been put into place, a sound box would be set up in the committee room to enable the media to obtain a direct audio feed of the proceedings.
8. The Committee discussed its terms of reference as proposed by the Chair. The Chair advised the Committee that she had received and was tabling, a letter from Mr. Dwain Lingenfelter, Deputy Premier and Minister of Crown Investments Corporation, informing her that it was the government's intention to waive client-solicitor privilege in regards to the matter currently under consideration.

CCC 56/23 – Minister of Crown Investments Corporation: Correspondence between Mr. Dwain Lingenfelter, Deputy Premier and Minister of Crown Investments Corporation and Ms. Pat Lorje, Chair, Crown Corporations Committee

It was then moved by Mr. Trew:

The Committee interprets that its terms of reference are to undertake a full, open, orderly and thorough review of the following matters:

- a) The acquisition, management and sale of Channel Lake Petroleum Ltd. by SaskPower; and
- b) The payment of severance to Mr. John R. Messer when he ceased to serve as President and CEO of SaskPower;

And further, that once the Committee is satisfied that it has verified the facts to its satisfaction, the Committee will do the following:

- a) Report any pertinent fact not already reported by the Provincial Auditor or the Minister to the Legislature;
- b) Report what steps should be taken to learn from and act on mistakes made;
- c) Report any opportunities the Committee may believe exist to recover public funds through civil action, and if appropriate, recommend that the government undertake such civil action; and
- d) In the event the Committee believes it has uncovered evidence of criminal wrongdoing, the Committee will report this to the House and request that the Department of Justice undertake what action it deems appropriate.

A debate arising and the question being put, the Committee recessed for 20 minutes.

The debate continuing, Mr. Hillson moved in amendment thereto:

That the proposed terms of reference of these Committee proceedings be broadened so as to include:

- a) Firstly, the relationship between SaskEnergy and SaskPower as it related to the sale of natural gas from SaskEnergy to SaskPower; and
- b) Secondly, the core management activities of SaskPower and its other subsidiaries, insofar as they related to Channel Lake Petroleum Limited.

A debate arising and the question being put, the amendment was negatived. The question then being put on the motion, it was agreed to.

- 9. The Committee considered proposals for operating procedures for the Channel Lake hearings.
- 10. The Committee discussed the Chair's proposal for a schedule of witnesses to appear before the Committee. The Chair advised the Committee that if more time is required for the examination of any witnesses than is currently provided for, then the Committee could decide to schedule additional meetings. The Committee was also advised that it has the authority to recall witnesses if necessary.

It was moved by Mr. Gantefer:

That all witnesses be required to continue to testify for as long as any Member of the Committee has questions and that the Committee not move on to a subsequent witness until all Members of the Committee are satisfied that their questions have been answered.

A debate arising, Mr. Gantefer withdrew the motion.

It was then moved by Mr. Gantefer:

That for the purposes of this investigation, the Chair will call all witnesses and documents requested by any Member of the Committee, and that the practice of calling witnesses by majority decision of the Committee be waived.

A debate arising and the question being put, the motion was negatived.

11. The Committee considered the scheduling of its meetings. It was agreed that for the purposes of the Channel Lake hearings, the Committee would meet each week on Tuesday and Wednesday, from 9:00 a.m. until 12:00 noon, until the week of June 15th. A 10 minute break would be scheduled at 10:30 a.m.
12. The Committee considered the taking of testimony under oath. The Chair recommended to the Committee that all witnesses be advised of their rights and that, with the exception of sitting Members of the Legislative Assembly, an oath or affirmation will be administered to all witnesses. The Chair tabled a proposed statement to witnesses.

CCC 57/23 – Standing Committee on Crown Corporations: Statement by the Chair in regards to the Testimony of Witnesses Appearing Before the Committee.

It was moved by Mr. Trew:

That the Standing Committee on Crown Corporations adopt the proposed statement by the Chair regarding the testimony of witnesses appearing before the Committee.

The question being put, the motion was agreed to.

13. The Committee considered the manner in which Members would question the witnesses. The Chair proposed that each party, in rotation, be accorded a 30 minute period in which to question the witness, with Independent Members together receiving a maximum of 15 minutes per witness for questioning. The Chair further indicated that the order of rotation would be Third Party Members, Official Opposition Members and then Government Members. The time accorded to the Independent Members could occur in the first or subsequent rotations, after the period for Government Members.

A discussion ensued and Mr. Bjornerud moved:

That the order of questioning be the Official Opposition, the Third Party, Government Members, with Independent Members receiving 15 minutes per witness.

The question being put, the motion was negatived.

14. The Committee recessed from 10:55 a.m. until 11:10 a.m.
15. The Committee re-considered the order in which Members would question witnesses. It was moved by Mr. Trew:

That notwithstanding its previous motion, this Committee will revert to its usual practice in the order of questioning of witnesses.

A debate arising and the question being put, the motion was agreed to.

16. The Committee considered the questioning of witnesses. It was agreed that each witness would be permitted to make an opening statement and that at the conclusion of their testimony, they would be permitted to make a closing statement. No time restrictions would be placed on the length of either statement.

17. The matter of legal counsel for witnesses was then considered by the Committee. It was agreed that witnesses would be permitted to have their legal counsel seated beside them at the table but that the counsel would not be permitted to address the Committee directly.
18. The Chair advised the Committee that the Assembly has delegated to this Committee the power to send for papers and records. The Chair suggested that she could inform witnesses of any documents Committee Members desire brought to the meetings if she was so advised by Members.
19. The Committee considered a draft agenda as tabled by the Chair. The Chair advised the Committee that some potential witnesses had already notified her of their unavailability on the dates proposed.

CCC 58/23 – Standing Committee on Crown Corporations: Proposed agenda for the special meetings on the Channel Lake Petroleum Ltd. matter.

It was moved by Mr. Gantefer:

That Ministers be compelled to provide all requested documents and not be allowed to refuse to provide information on the grounds of commercial sensitivity or confidential agreements for the purpose of this investigation.

A debate arising and the question being put, Mr. Shillington moved the following amendment:

That the motion moved by Mr. Gantefer be amended by striking the word “requested” in the first line and by adding after the word “documents” the phrase “requested by the Committee”.

A debate arising and the question being put on the amendment, the amendment was agreed to. The question then being put on the motion as amended, it was agreed to.

20. A discussion ensued over the most effective manner of developing an agenda. It was moved by Mr. Trew:

That this committee agrees to call the following individuals or organizations as witnesses:

Mr. John R. Messer
SaskPower Officials: Mr. Staudt, Mr. Christensen, Mr. Kram
Mr. Lawrence Portigal
Mr. Gary Drummond
Provincial Auditor
Deloitte and Touche: Mr. Jack Grossman
CIC officials: Mr. John Wright, Mr. Michael Shaw
SaskPower Board and Audit and Finance Committee: Mr. Doug Anguish, Mr. Eldon
Lautermilch, Mr. Don Mintz
SaskEnergy: Mr. Ron Clark
Ernst and Young
Milner-Fenerty Law Firm
Saskatchewan Department of Justice,
Civil Law Division: Mr. Daryl Bogdasavitch
Gerrand Rath Johnson Law Firm
Mr. Milt Fair
MacPherson, Leslie & Tyerman Law Firm: Mr. Rob Garden

And further that it is agreed that:

1. This list is not exclusive;
2. That the order of witnesses will be determined by the Chair in consultation with representatives of the opposition parties; and
3. That priority of scheduling will be given to the principle witnesses.

A debate arising and the question being put, Mr. Gantefer moved the following amendment:

That the following individuals be added as primary witnesses to the witness list:

Mr. Roy Romanow, Premier of Saskatchewan
Mr. Dwain Lingenfelter, Deputy Premier of Saskatchewan
Mr. Keith Goulet, former member of the SaskPower Board
Mr. John Nilson, Minister of Justice
Mr. Berny Wiens, former Minister responsible for CIC
Mr. Lorne Calvert, former Minister responsible for SaskPower

The question being put on the amendment, a debate arose.

21. It was moved by Mr. Hillson:

That this Committee do now adjourn.

The question being put, the motion was agreed to.

22. The Committee adjourned at 12:07 p.m. until 9:00 a.m. on Wednesday, April 1, 1998.

