

STANDING COMMITTEE ON CROWN CORPORATIONS

April 1, 1998

MINUTE NO. 29

9:00 a.m. - Room 10

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

Mr. Gantefoer substituting for Mr. Bjornerud
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. Bjornerud, Mr. Boyd, Mr. D'Autremont, Mr. Goohsen, Mr. Johnson, Mr. Osika, Ms. Stanger.

Staff to the Committee

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

2. The Committee resumed the adjourned debate on proposed motion 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.

And on the proposed amendment thereto moved by Mr. Gantefoer:

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

3. The debate continuing on the motion and the amendment, Mr. Heppner raised a point of order in regards to the appointment of the special advisor to the Committee. The Chair ruled that point of order was not well taken as all Committee Members had had an opportunity to question the proposed candidate on his qualifications yesterday when the motion to appoint Mr. Ted Priel was before the Committee. The Chair further ruled that since the Committee had reached a decision on this matter, it could not be discussed further by the Committee except by leave. [Beauchesne, 6th ed., §558(1)]

Mr. Heppner then sought leave to return to the matter of the appointment of special advisor. Leave was granted.

4. The special advisor to the Committee, Mr. Priel, responded to questions put by Members. The questioning continuing, Mr. Shillington raised a point of order concerning the appropriateness of questioning a witness on his personal and professional background. The Chair consulted with the Clerk of the Legislative Assembly and then ruled that Mr. Priel was a staff person assigned to this committee, not a witness, and further that it was appropriate to question him on his appropriateness to act as an advisor to the Committee.
5. The questioning of Mr. Priel continuing, it was moved by Mr. Heppner:

That Mr. Ted Priel be immediately removed as legal counsel to the Committee and replaced with an out-of-province lawyer approved by all Members of this Committee.

The motion was ruled not in order as there was already a motion before the Committee. The Committee resumed questioning Mr. Priel on his qualifications to act as a special advisor to the Committee.

6. The Committee resumed the adjourned debate on proposed motion by Mr. Trew and on the proposed amendment by Mr. Ganterfoer. The question being put on the amendment, it was negated.

The debate continuing on the motion and the question being put, it was agreed to.

7. The Committee recessed from 9:50 a.m. until 10:00 a.m.

8. It was moved by Mr. Heppner:

That Mr. Ted Priel be immediately removed as legal counsel to the Committee and replaced with an out-of-province lawyer approved by all Members of this Committee.

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

9. The Committee considered the letter received from the Provincial Auditor in which he requested clarification on the role that the Committee wishes his Office to serve during the deliberations on SaskPower and Channel Lake. The letter was tabled by the Chair.

CCC 59/23 – Standing Committee on Crown Corporations: Letter received from Mr. Wayne Strelieff, Provincial Auditor to Ms. Pat Lorje, Chair, Standing Committee on Crown Corporations, dated April 1, 1998

A discussion ensued and it was moved by Mr. Gantefoer:

That the Provincial Auditor be asked to attend the Standing Committee on Crown Corporations' deliberations as an advisor on all matters related to the current investigation on SaskPower and Channel Lake.

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

10. It was moved by Mr. Gantefoer:

That Honourable Roy Romanow, Premier of Saskatchewan, present to the Committee the following documents no later than April 7, 1998;

1. List of all lawyers and law firms consulted by Premier Romanow and/or any member of the Executive Council staff regarding the purchase, operation and sale of Channel Lake Petroleum.
2. List of all lawyers and law firms consulted by Premier Romanow and/or any member of the Executive Council staff regarding the termination of former SaskPower President Jack Messer.
3. List of all lawyers and law firms consulted by Premier Romanow and/or any member of the Executive Council staff regarding the payment of severance to former SaskPower President Jack Messer.
4. All legal opinions and reports prepared by the lawyers and law firms identified in 1, 2 and 3 above regarding the purchase, operation and sale of Channel Lake Petroleum, the termination of Jack Messer as President of SaskPower and the payment of severance to Jack Messer.
5. All briefing notes prepared for Premier Romanow by any lawyers and law firms identified in 1, 2 and 3 above, Executive Council staff, Crown Investments Corporation staff, SaskPower staff and Channel Lake staff regarding the purchase, operation and sale of Channel Lake Petroleum, the termination of Jack Messer as President of SaskPower and the payment of severance to Jack Messer.
6. All memoranda and any other correspondence between Premier Romanow and any lawyers and law firms identified in 1, 2 and 3 above, Executive Council staff, Crown Investments Corporation staff, SaskPower staff and Channel Lake staff regarding the purchase, operation and sale of Channel Lake Petroleum, the termination of Jack Messer as President of SaskPower and the payment of severance to Jack Messer.
7. List of all Saskatchewan Justice lawyers consulted by Premier Romanow and/or any member of the Executive Council staff, Crown Investments Corporation staff, SaskPower staff and Channel Lake staff regarding the purchase, operation and sale of Channel Lake Petroleum, the termination of Jack Messer as President of SaskPower and the payment of severance to Jack Messer.
8. All memoranda, briefing notes, legal opinions and reports provided to Premier Romanow and/or any member of the Executive Council staff, Crown Investments Corporation staff,

- SaskPower staff and Channel Lake staff by lawyers identified in 7 above regarding the purchase, operation and sale of Channel Lake Petroleum, the termination of Jack Messer as President of SaskPower and the payment of severance to Jack Messer.
9. All documentation provided by SaskPower and the Crown Investments Corporation identified on Page 4 of the March 9 Deloitte & Touche Report to C.I.C. on the Channel Lake experience.
 10. All SaskPower Board Minutes, Channel Lake Board Minutes and SaskPower Audit and Finance Committee Board Minutes and documentation identified on page 20 of the March 9 Deloitte & Touche Report to C.I.C. regarding Channel Lake Petroleum; any other SaskPower or Channel Lake board minutes and documentation regarding any aspect of the purchase, operation and sale of Channel Lake Petroleum; the performance of Jack Messer and/or Laurence Portigal; the termination of Jack Messer and/or Laurence Portigal; and/or the payment of severance to Jack Messer.
 11. Copy of all three drafts of the Channel Lake sale contract and all supporting documentation.
 12. All memoranda and correspondence of any kind sent or received by Premier Romanow and any member of Executive Council staff regarding the purchase, management and sale of Channel Lake Petroleum by SaskPower, and the termination of Jack Messer as SaskPower President and subsequent payment of severance to Jack Messer.

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

11. It was moved by Mr. Gantefoer:

That Honourable Dwain Lingenfelter, Deputy Premier of Saskatchewan, present to the Committee the following documents no later than April 7, 1998;

1. List of all lawyers and law firms consulted by Mr. Lingenfelter and/or any member his Ministerial, Departmental or Crown Corporation staff regarding the purchase, operation and sale of Channel Lake Petroleum.
2. List of all lawyers and law firms consulted by Mr. Lingenfelter and/or any member his Ministerial, Departmental or Crown Corporation staff regarding the termination of former SaskPower President Jack Messer.
3. List of all lawyers and law firms consulted by Mr. Lingenfelter and/or any member his Ministerial, Departmental or Crown Corporation staff regarding the payment of severance to former SaskPower President Jack Messer.
4. All legal opinions and reports prepared by the lawyers and law firms identified in 1, 2 and 3 above regarding the purchase, operation and sale of Channel Lake Petroleum, the termination of Jack Messer as President of SaskPower and the payment of severance to Jack Messer.
5. All briefing notes prepared for Mr. Lingenfelter by any lawyers and law firms identified in 1, 2 and 3 above, Executive Council staff, departmental staff, ministerial staff, Crown Investments Corporation staff, SaskPower staff and Channel Lake staff regarding the purchase, operation and sale of Channel Lake Petroleum, the termination of Jack Messer as President of SaskPower and the payment of severance to Jack Messer.
6. All memoranda and any other correspondence between Mr. Lingenfelter and any lawyers and law firms identified in 1, 2 and 3 above, Executive Council staff, ministerial staff, departmental staff, Crown Investments Corporation staff, SaskPower staff and Channel Lake staff regarding the purchase, operation and sale of Channel Lake Petroleum, the termination of Jack Messer as President of SaskPower and the payment of severance to Jack Messer.

7. List of all Saskatchewan Justice lawyers consulted by Mr. Lingenfelter and/or any member of the Executive Council staff, ministerial staff, departmental staff, Crown Investments Corporation staff, SaskPower staff and Channel Lake staff regarding the purchase, operation and sale of Channel Lake Petroleum, the termination of Jack Messer as President of SaskPower and the payment of severance to Jack Messer.
8. All memoranda, briefing notes, legal opinions and reports provided to Mr. Lingenfelter and/or any member of the Executive Council staff, ministerial staff, departmental staff, Crown Investments Corporation staff, SaskPower staff and Channel Lake staff by lawyers identified in 7 above regarding the purchase, operation and sale of Channel Lake Petroleum, the termination of Jack Messer as President of SaskPower and the payment of severance to Jack Messer.
9. All audits, reports, briefs, letters and all other correspondence prepared for any department, agency or crown corporation of the Government of Saskatchewan by Ernst & Young or Deloitte & Touche regarding the purchase, operation and/or sale of Channel Lake Petroleum, the termination of Jack Messer as President of SaskPower and/or the payment of severance to Jack Messer.
10. All SaskPower Board Minute Topic Summaries and the supporting documentation regarding any aspect of the purchase, operation and sale of Channel Lake Petroleum, the termination of Jack Messer and/or the payment of severance to Jack Messer.
11. All contracts, memoranda, briefing notes and any other correspondence written by or received by the SaskPower Board, the Minister responsible for SaskPower, Jack Messer and any other SaskPower or ministerial staff regarding the employment of Laurence Portigal by SaskPower or any SaskPower subsidiary from January 1, 1992 until the present.
12. Gilbert Laustsen Jung Associates Ltd. valuation of Channel Lake Petroleum.
13. Copies of all purchase proposals received by SaskPower for Channel Lake Petroleum.
14. Employment contract between Laurence Portigal and SaskPower and/or any SaskPower subsidiary from January 1, 1992 until the present.
15. All audits of Channel Lake Petroleum and completed by SaskPower's Internal Audit Group and all other reports, briefs and/or reviews undertaken by SaskPower's Internal Audit Group from January 1, 1994 until the present.
16. All business plans prepared by SaskPower, Channel Lake Petroleum or any outside consultant for the operation of Channel Lake Petroleum in 1993, 1994 1995, 1996 and 1997.
17. All external audits performed by Ernst & Young or any other external auditor on Channel Lake Petroleum and all related documentation from January 1, 1993 to the present.
18. SaskPower Internal Audit Group document entitled *Channel Lake Petroleum Ltd, Buy/Sell Transactions and Exposure Analysis 1996 December*.
19. SaskPower Internal Audit Group document entitled *Audit Observations and Recommendations – Sale of Channel Lake Petroleum Ltd*.

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

12. It was moved by Mr. Shillington:

That a steering committee be established consisting of a representative from each of the three parties, the chair and vice-chair of the Committee and with the assistance of the special advisor, to establish a list of documents which witnesses will supply in advance in order that Members of the Committee may properly prepare for these hearings.

A debate arising, Mr. Gantfoer moved in amendment thereto:

That the motion be amended by adding the sentence “Voting on the steering committee shall be restricted to the three party representatives.”

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

13. The Committee recessed from 11:00 a.m. until 11:08 a.m.

14. The Committee initiated its examination of the Channel Lake Petroleum Ltd. matter:

Witness:

Mr. John R. Messer, former President and Chief Executive Officer of SaskPower

Assisting the witness:

Michael W. Milani, Counsel to Mr. Messer

Erin M.S. Kleisinger, Counsel to Mr. Messer

Mr. Messer began his testimony with an opening statement and then responded to questions put by Members.

15. In the course of questioning the witness, Mr. Hillson tabled the following document:

CCC 60/23 – Saskatchewan Power Corporation: Escrow agreement between Saskatchewan Power Corporation, Direct Energy Marketing Limited and Burnet, Duckworth & Palmer, dated April 3, 1997

16. Committee Members continued its examination of the witness, Mr. Messer.

17. The Chair advised the Committee that beginning with the April 7th meeting, the proceedings of the Committee will be broadcast on the Legislative Broadcast system to those areas of the province that currently receive the Legislative Assembly’s signal.

18. The Committee adjourned at 12:28 p.m. until 9:00 a.m. on Tuesday, April 7, 1998.

Margaret A. Woods
Committee Clerk

Pat Lorje
Committee Chair