

Northern Enterprise Fund

The Chairperson: — I want to welcome all of you here this morning and we have two items of business from the auditor's report to conclude, and I will ask the people from the northern enterprise fund to introduce themselves.

And I have to begin by saying to you that what you say here is privilege which means that what you say has to be the truth and it also cannot be held in a court of law to be something that can be held against you. So having said that, would you introduce yourselves and then we will begin and I'll have individuals put their name on the speaking order for questioning for you.

Mr. Kram: — Good morning, Mr. Chairman. My name is Larry Kram. I'm chairman and president of northern enterprise funding; to my immediate left is Frank Quennell, he's secretary and a director of northern enterprise fund I think as well; and far left is Pat Hall, who's a director of northern enterprise fund.

Mr. McPherson: — Thank you. I'm sorry, I missed . . . who is the executive director?

Mr. Kram: — The executive director isn't here today. We represent the corporate board of northern enterprise fund.

Mr. McPherson: — Okay. As for the board, what remuneration or expenses or consulting fees . . . what does the board get for operating this fund?

Mr. Kram: — Nothing. Expenses.

Mr. McPherson: — Expenses?

Mr. Kram: — Well no; actually nothing. There aren't any expenses or remuneration paid to the corporate board members.

Mr. McPherson: — Now who is it? is it SaskPower, totally SaskPower that chooses the membership of the directors?

Mr. Kram: — No, and I appreciate from the last time I was here that the explanation probably didn't . . . wasn't quite made clear enough — the structure. The northern enterprise is a non-profit corporation which the . . . there are three members, and three of us here represent the members, the shareholders if you will in a sense.

The structure of a non-profit corporation provides membership interests as opposed to shares. We hold the three shares. I sit as a designate and representative of SaskPower, as a director. We are free to transfer our share, our membership interest, to whoever we like. There is no control, there is no direct control or link or directive from SaskPower as to who or whom that the membership interest that each of us hold is to be transferred to if there is to be a transfer.

Mr. McPherson: — I guess we should start at the top

then. Can you give us a quick . . . just an overview of what the fund does?

Mr. Kram: — Well the history again with respect to the fund is, in 1988 or thereabouts, the community of Sandy Bay, which is just outside of the Island Falls power station in northern Saskatchewan, was pressuring SaskPower to provide some sort of compensation to the community for the impact on the community of SaskPower's facility at Island Falls.

In response to that, the idea of a fund, of establishing a fund to assist the North was established, and this, I guess, it evolved from there to the point where rather than establishing a fund to assist or provide compensation solely to the community of Sandy Bay, it was decided to establish a fund to provide assistance to all of the North — and the North in this instance is . . . I think there's a former department of northern development line which is a line pursuant to which the fund operates. The fund then was structured to be accessible to all northern residents of Saskatchewan.

Now the idea of the fund was that decisions with respect to how that fund is to be allocated to Northerners, those decisions were to be made by a group of northern residents, and those northern residents now comprise what's called the investment fund directors. There's maybe a bit of a misnomer there in that we're directors as well; we are called corporate directors, and we're probably directors in the sense that most people would understand a director of a corporation to be.

But the investment fund directors are appointed by this board; they represent Northerners. It's their responsibility to allocate the money that goes into the fund and they allocate it by way of approving applications that are submitted to the investment fund directors. We as a corporate board do not see, do not have any input into, any of the applications for financial assistance that come to the northern enterprise fund. We don't see any of that.

The investment fund directors meet on a monthly basis. They review applications for financial assistance and they approve or reject or request additional information with respect to each application.

And the corporate board, which is the group of us here, really deal with policy, broad policies; we deal with approving the annual budget of the corporation. But the day-to-day decision making with respect to the allocation of funds lies with the investment fund directors.

Now I'd hoped to have an investment fund director here today. Unfortunately, with the short notice that we had of the meeting — all of them are residents of northern Saskatchewan — we weren't able to have one attend here today. I think if they were, they certainly could've explained to you their role and their function in operating the fund. But I think it's important that it be understood that the allocation of

the funding, whether it be approving applications for loan guarantees or approving scholarships — there's a scholarship fund awarded as well — those decisions are made by northern residents. I hope I haven't muddied the waters any more.

Mr. McPherson: — No, no, you sure haven't. Then the corporate directors were appointed originally by whom?

Mr. Kram: — This is where you have to sort of see the evolution or understand the evolution of the fund. And I guess it would be fair to say that they . . . what had happened when it was originally set up, when SaskPower northern enterprise fund inc. was originally set up in 1988, it was a fully owned subsidiary of SaskPower.

And at that time I guess it would be fair to say that the directors were appointed by SaskPower. When it became . . . a decision was made some time in 1990 to separate it from SaskPower. The approach was to continue the corporation, northern enterprises, as a non-profit corporation. It was originally established as a for-profit corporation, if you will, under The Businesses Corporations Act as a subsidiary.

In 1990 a decision was made to separate the relationship further from SaskPower and it was continued as a non-profit corporation in November of 1990, so its status or its governing statute, if you will, changed to The Non-profit Corporations Act.

The interest, the share-holding interest, if you will, at that time was changed as well. Rather than as a subsidiary of SaskPower, the shares were wholly owned by SaskPower. When it was continued as a non-profit corporation, membership interests, that I spoke about earlier, were issued. And they were issued at that time to the three directors of the northern enterprise funding . . . (inaudible interjection) . . . corporate directors, that's right. So they wore two hats at that point. They were both directors and they held the membership interests. And the structure of it now provides that those membership interests can be transferred by the holders to anyone else. There's no direct connection or control, or requirement that SaskPower directs to whom those membership interests are transferred.

Mr. McPherson: — Why was that change made?

Mr. Kram: — I think it was . . . the main reason was to . . . again at the time, the focus or intent of this fund was to provide assistance to the Northerners, but to separate it somewhat from the perception of being politically controlled. And it was intended to make it separate and apart from SaskPower. So it could be seen as a fund for Northerners. It wasn't controlled by a Crown corporation.

Clearly there is a relationship and there's a close relationship between SaskPower and the northern enterprise fund in the sense that the funding, the core funding, is supplied by SaskPower to northern enterprise fund under the terms of a contract, a written

contract.

And the idea was to obviously maintain some relationship between the two, but to also create an entity that is independent of political interference and the perception, if you will, of political interference. It was restructured to a large extent to accommodate and achieve that.

We were trying to think of an analogy here as we sort of see that the relationship . . . and the analogy that has come to mind is, Social Services provides funding to a lot of NGOs (non-governmental organizations) and in the course of that funding there would be some link, some policy directives or some input that Social Services puts into those organizations. And they may even in some instances have a board member sitting on those boards.

But they are separate and distinct, and that's . . . I mean, you know I think that's a fair analogy here and that's really what we're trying to do here. The funding is supplied by SaskPower so it's reasonable to have some input from SaskPower as to the kind of things that we would like to see done with that money, to ensure that the money is being used for the purpose for which it was intended.

Mr. Quennell: — If I might just add, I wasn't a member or a director at the time, but the fund was established for non-profit and not for profit purposes. And I think after it had been in place for a few months, approaching a year, it became clear that it shouldn't be a business corporation, an acting on business corporation; it should be a non-profit corporation. I mean that was its intent and purpose and it was better served as a non-profit corporation than as a business corporation.

Mr. McPherson: — Just so I have this correct. its sole funding is from SaskPower, a tax on electricity.

Mr. Kram: — It's not a tax on electricity; there's a contract that SaskPower has entered into with this separate entity, this legal entity, northern enterprise. The contract provides that SaskPower will contribute money, revenue, if you will, based on a formula, and it's based on the formula related to the amount of electricity sold from our northern generating stations. So if there's more electricity sold, there's more money that goes into the fund. It's not a fixed amount. So it's not a tax, it's just simply a . . . I mean as I understand it, in SaskPower's annual statements it's shown as a cost of producing electricity. And that money, the contract provides that SaskPower will provide this funding, Northern enterprise fund will manage that fund for the purposes that SaskPower and northern enterprise fund have agreed, and that's northern development.

It's also I think important to know that the contract had a 10-year term on it. And that term expires in, I think it's July of 1998 is when the contract and the funding obligation of SaskPower comes to an end. The expectation is that there will be . . . the way the fund is structured, that there will be sufficient funds in thereto have the fund carry on. The contributions will end but

there'll be sufficient money to have the fund carry on and doing what it's doing well beyond 1998.

So it's not, I mean, it isn't an open-ended contract. It's a term with the intent of establishing this fund. Thereafter it will be self-sufficient and continue to do what it was intended to do.

Mr. Quennell: — I think the board now considers and treats the money different from SaskPower's contributions, capital contributions or contributions to capital. I don't think we've ever used the phrase "tax". And there's a contract about how they'd be calculated but also how they would be spent, which we are bound by.

I don't think northern enterprise fund inc. is prohibited from finding other sources of funding either, and there may be in the future other sources of funding other than SaskPower.

Mr. McPherson: — Well I believe when SaskPower was before this committee we referred to this fund as being raised from a surcharge on electricity to northern residents.

Mr. Kram: — If that terminology were used, that's incorrect. It's pursuant to a contract.

Mr. McPherson: — Either way it's tax dollars; it's public funds. If it's coming from SaskPower it's public funds. The current directors, yourselves, were appointed by SaskPower?

Mr. Kram: — We weren't appointed by; there was no formal appointment by SaskPower. Again there was a continuation of the company under The Non-profit Corporations Act and the previous directors who had been appointed by SaskPower continued as directors.

Mr. Quennell: — The present board and the present members are entirely different than the original directors. The directors of the subsidiary corporation who became members have now, not simultaneously, but have by now all transferred their membership interests. And the present directors chosen by the members are entirely different directors than would have been the case two or three years ago.

Mr. McPherson: — Chosen by what members?

Mr. Quennell: — Chosen by the members of the corporation.

Mr. Kram: — Northern enterprise fund.

Mr. Quennell: — Northern enterprise fund. I obtained my membership interest in 1992.

There is a provision in our by-laws that one of the directors be a director at the request of SaskPower so that SaskPower has the opportunity . . . or I assume this is the reason for the provision in the by-law, that one of the directors be from SaskPower so that SaskPower has the opportunity to have access to the budget process and to the policy-making process to ensure

that the contract with SaskPower is being followed. And that's all SaskPower wants. It doesn't want control of the board, but it wants access to the process because of that contract, I assume — because the money is coming from SaskPower.

I agree with Mr. McPherson that of course it's public money that SaskPower is contributing to the northern enterprise fund inc. Where I think we might disagree is it's public money in the hands of northern enterprise fund inc. Once the money's in the hands of a non-profit corporation, I don't agree that it's any longer public money; it's money that SaskPower has contributed or spent.

Mr. McPherson: — Well I think we're going to differ on that one, Frank. On page 16 of your annual report, 1992 report, does it not say that this is a subsidiary of SaskPower?

Mr. Kram: — No, it talks about . . . If you're looking at the very first sentence of that first paragraph, it really is the . . . it's reviewing the history of the evolution, if you will, of northern enterprise fund. As I indicated, at its inception it was a subsidiary of SaskPower.

The second sentence goes on to say that its status was changed from that as a subsidiary to a non-profit corporation. It says it's continued as a non-profit corporation and maybe what it doesn't say — it should be clear — is that the membership interest was no longer held by SaskPower. Maybe that's not clear enough in there. That in fact happened at the same time.

Mr. McPherson: — So then what? It appears that if government is going in the way of being more open and accountable and transparent, why is it that these public monies are becoming harder and harder to keep track of? Because you're going the other way. Instead of being a subsidiary where they would then be reporting with the SaskPower annual report, I see now that public monies have no way of getting reported. You're not legally obligated to bring this before the public.

Mr. Kram: — It really gets back to the question again of how long public money remains public money. At what point does it cease being public money? And I guess that's where we disagree. And again I get back to the analogy of Social Services. At some point, the money that Social Services provides — it's not an exact analogy — but at some point that money ceases to have the characteristic of public money and it becomes money held by some other institution which doesn't make it public money, but which the public maybe has an interest in.

And I think that's really what's happening here. When the money under the contract goes into the northern enterprise fund, it ceases to be public money but there still is an interest on the part of SaskPower to ensure that that money is used for the purposes for which it was intended.

We again, in our financial statements, we show that as

an expense. I mean every expense that we make, we don't trace it to follow it along to where it goes and say, well when it gets into someone else's hands as an expense it's still public money. And again, there hasn't been any . . . I pointed out before that we have been very open as far as the financial statements and information with respect to this.

It isn't part of . . . we haven't . . . SaskPower has, for the legal reasons that we've indicated, does not show this as part of their . . . as included in their financial statements other than the expense item. But we've made this widely available. There's no intention here not to certainly make this available to anyone. These are sent out on an annual basis to the MLAs in the province. There's no attempt here to . . . it's maybe a question of how you categorize it and what not, but certainly as far as making the information available to the public, it's been done.

Mr. McPherson: — With SaskPower, are you legal counsel for SaskPower?

Mr. Kram: — I am, but I'm wearing the northern enterprise fund hat today.

Mr. McPherson: — All right, good. So in the SaskPower annual report, I see an expenditure of, I don't know how . . . a few million dollars to the northern enterprise fund?

Mr. Kram: — It's less than a million dollars a year for this.

Mr. McPherson: — Oh, annually. All right. And of course we can't get a picture of what that expenditure was for; that's why you're here today wearing your other hat, to get a better picture of what that expenditure is for.

Mr. Kram: — Well this report would show what that expenditure is for. It represents — and Pat can maybe clarify this — the expenditure on SaskPower's part represents a very, very small percentage of SaskPower's expenses.

But there is a mechanism for tracing where that money goes. And that is through this document right here the annual reports. I mean it shows what SaskPower . . . the amount of revenue that is shown here on an annual basis would equal the expense that SaskPower shows for this item. And you can trace where it goes in this document.

Mr. McPherson: — All right. So then who do the corporate directors report to?

Mr. Kram: — The members.

Mr. McPherson: — Not to SaskPower, not to the minister?

Mr. Kram: — Well there's an obligation under the contract to provide — northern enterprise fund has an obligation — to provide SaskPower with an annual report with respect to the operation of the fund.

There's a contractual arrangement relationship between SaskPower and northern enterprise fund.

Mr. McPherson: — So that when you're referring to members, you mean the members that are controlling the day-to-day operations of the fund in the North?

Mr. Kram: — Well the members, I guess, that hold the equity interest, if you will, in the corporation, they're like the shareholders. The day-to-day operations of the fund are really carried out by the executive director. That would be the first level.

The second level would be the investment fund directors who meet as indicated on a monthly basis, thereabouts, to deal with the actual allocation of funding. The corporate directors and members, members I think we meet annually to really ratify and approve, or unless there's an extraordinary reason, ratify and approve the actions of the directors, the corporate directors. The corporate directors meet quarterly, thereabouts, and deal with major policy issues — the budget, those kinds of things.

Mr. McPherson: — How many members are we talking about?

Mr. Kram: — Three. There's no reason why there can't be more, but right now there are three.

Mr. McPherson: — Those three are different than the three corporate directors, are they not?

Mr. Kram: — No, in this they're the same.

Mr. McPherson: — Oh, so you're telling me you three people appointed yourselves. Is that what you're saying?

Mr. Kram: — No. Theoretically, yes. But the predecessor immediately prior to Pat Hall was never a member of a corporation. For example, at one time our executive director was a member but no longer a director of the corporation. So it hasn't always been coincidental that the membership interests and the corporate board directors are the same. That would only have been the case for maybe the last month that Pat Hall's been both a member and a director.

Mr. McPherson: — And that's yourself also, member and director?

Mr. Kram: — Yes.

Mr. McPherson: — So you really have nobody to report to other than yourself.

Mr. Kram: — Well I'd report to Sask Power in the sense that I'm the SaskPower designate. Pat and Frank, that's correct.

Mr. McPherson: — Does the fund also get money from . . . what's the SEDCO (Saskatchewan Economic Development Corporation) SPNEF (SaskPower northern enterprise fund)?

Mr. Kram: — No. It's another agency that provides financial assistance to northern residents. But there's no funding from SEDCO.

Mr. McPherson: — What dealings do you have with SPNEF? I can't think of what it's called. Mr. Chairman, do you . . .

The Chairperson: — Pardon me?

Mr. McPherson: — The SEDCO fund for northern . . .

Mr. Kram: — Northern revolving fund? Is that . . .

Mr. McPherson: — Yes. All right.

Mr. Kram: — The only — Frank can maybe clarify this — the only dealings that we would have, and they would be very indirect, the way the applications come forward is individuals who have a business plan or are looking for assistance from northern enterprise will go to a lending institution and arrange a loan or try to arrange a loan. And in many instances, one of the hurdles that they need to overcome is attain sufficient security to give to the bank or the lending institution to get the loan.

Now they may go to a bank, they may go to a credit union or, in some instances, they may go to the northern revolving fund for a loan. I believe that's one of the functions of it, is to provide loans.

To obtain that loan they may come to us with their business plan, come to the investment fund directors with their business plan and say, look, here's what we want to do. We need as additional security, in order to get this loan, the guarantee of the northern enterprise fund.

So our relationship or the relationship to the northern revolving fund would be the same relationship we would have with any other lending institution in the North. And it's an indirect one through an applicant. We don't have . . . There's no direct relationship between northern enterprise fund and northern revolving loan.

Mr. McPherson: — So what you're telling me is the northern enterprise fund is backing the loans of people that went to other financial institutions?

Mr. Kram: — That's the main kind of financial assistance — loan guarantees.

Mr. Quennell: — There are some direct loans, and in the past, quite a while in the past, there were some small grants and some equity investments. There are presently no equity investments. And the present board over the last year or so has not made any equity investments and has actually restructured some equity investments as loans. But the major activity is guarantees of credit union loans or other financial institutions.

Mr. McPherson: — What dollar value are you talking about with the revolving fund that you would

guarantee the loans of . . .

Mr. Kram: — I'd have to get that information. And I know that there was . . . I'm not sure if you're getting at this, but I know there was some recent discussion at the investment fund directors level with respect to guaranteeing loans issued by government institutions, you know, agencies, and what not. There was some concern about that.

And I can't recall what the . . . I think the investment fund directors made a decision to only guarantee those loans up to 50 per cent of the loan. I think the idea of thinking, if it's a government agency or whatever, we shouldn't be guaranteeing those. Now I believe northern revolving fund is sort of in that same category. But I would have to get those figures as to what percentage of the . . .

Mr. McPherson: — Right. But essentially what's happening here is that you have public monies that the three of you are in control of, as both directors and members, and you're guaranteeing loans, government SEDCO loans. If they go into default, then it's actually a way of having tax dollars repay SEDCO loans. Right or wrong?

Mr. Kram: — Well we start with the basic premise of public monies, I guess, assuming we agree to disagree on that issue. There is some instances where that in fact has happened.

Mr. Quennell: — As a practical matter today, it's been some period of time, maybe a year or more, since they've had any loans made from what was called the northern revolving loan fund out of SEDCO. And it may very well be that there are no outstanding guarantees of SEDCO loans. I can't say that definitively. There certainly aren't any recent ones because there haven't been any loans made recently to guarantee.

Now the investment fund directors have adopted the policy that Mr. Kram set out of limiting guarantees of government backed loans, either partially government backed or completely government backed loans, either provincial or federal, to 50 per cent. I understand that they're looking at the impact of the fund, declining to guarantee any such loans, and whether that would impact negatively on northern business people being able to borrow money if our guarantee was no longer there for those type of loans. And we're expecting a report back to the corporate board on what they think the impact of that would be.

Mr. McPherson: — Who manages the northern revolving fund?

Mr. Kram: — I don't know. We don't have any relationship with . . .

Mr. McPherson: — No relationship whatsoever?

Mr. Kram: — No.

Mr. Kraus: — Mr. Chairman, I wouldn't know the

specific person, but of course Economic Development, the Department of Economic Development is the department responsible for managing the northern revolving fund. But if you wanted names, I couldn't tell you.

Mr. McPherson: — Well I'm looking at the auditor's report, page 225 under SaskPower, point no. 48. And it says:

Also, according to NEFI since it was managing SPNEF (which is the revolving fund) under a contract effective . . .

Mr. Kram: — I'm sorry, that's the former name of the fund. When it was a wholly owned subsidiary it was called SaskPower northern enterprise fund.

Mr. McPherson: — Oh that's not the revolving fund.

Mr. Kram: — No.

Mr. McPherson: — All right. Now the surcharge, the SaskPower surcharge every year is . . . this is the \$835,000?

Mr. Kram: — It's not a surcharge.

Mr. McPherson: — Well yes, the contribution.

Mr. Kram: — And that's ongoing until 1998, July of 1998.

Mr. McPherson: — But loans . . . monies either guaranteed and paid back through SEDCO or loaned out. I mean you're having a surplus every year, correct?

Mr. Kram: — Right.

Mr. McPherson: — And you have some . . . well in this year, a \$2.4 million surplus?

Mr. Kram: — Right.

Mr. McPherson: — And that's growing every year. Being invested?

Mr. Kram: — Right.

Mr. McPherson: — Where?

Mr. Kram: — I think we provide a list. Through Royal Trust, I believe. Some of it is invested. Actually we recently transferred a . . . we're in the process of transferring a million dollars, up to a million dollars up to the Buffalo Narrows credit union, the North West Credit Union of Buffalo Narrows.

But given our status as a non-profit corporation, we are restricted to the kinds of investments we can make. I think they have to be investments that trustees are permitted to make. So we have them invested in authorized investments.

Again, the idea . . . it may seem like it's a pool of

money being developed, but you have to remember that the idea of this thing is to have a 10-year contract to establish this fund to allow it to continue beyond that. And that's the intention of the thing is to have it extend beyond the 1998 date. And to do that it needs to have a surplus; it needs to be in position to generate enough funds on its own to allow it to continue.

Mr. McPherson: — Do you have a ceiling? Do you have a cap on how much is lent out in a given year?

Mr. Quennell: — To any one business?

Mr. McPherson: — In total.

Mr. Kram: — Well we certainly couldn't exceed our funds available. I mean that . . . I mean clearly we wouldn't do that.

Mr. McPherson: — You wouldn't exceed the 835,000 or the 2.4 million?

Mr. Kram: — Two point four. But the 800,000 would reflect the number of applications. And, you know, there are 33,000 people, thereabouts, that live in the North, so there are a limited number of applications that come in each year. And of those, there's a limited number that would be approved. So there's a bit of a self-controlling sort of mechanism there.

But if we reached a point where we were lending . . . if we had outstanding guarantees, which theoretically could be all . . . worst case scenario, all could be called upon and the fund didn't have enough money to cover them, obviously we would have to draw the line before that ever happened. So there is some obvious limitations as to how many we can . . . the extent of the loan guarantees.

Mr. McPherson: — What level do you see this fund reaching before 1998?

Mr. Kram: — Eight, nine million dollars, or something like that. It really is again a function of how much goes into it each year, you know, what the sales are from the . . . I mean it's been \$800,000, thereabouts, in the last few years. There's again another projection, I think, of very low hydro in the North, and so I don't think it would exceed that.

Assuming . . . some basic assumptions, I guess. If it continues to grow at the current rate it would be, I would think, about eight or nine. Does that . . .

Ms. Hall: — That would be max.

Mr. Kram: — Max, yes, at which point it would be cut off.

Mr. McPherson: — Originally SaskPower, did they intend on this fund to build, or did they intend on applying that whatever — I won't get into the semantics with you — surcharge, I'm more comfortable with that, and to be distributed in the former loans annually in the North to help economic development? Or did they intend for this to be a fund

that would reach \$9 million?

Mr. Kram: — I wasn't around then, so I really don't know. And I would think that what the intention of the fund was, to provide some long-term financial assistance to the North.

And I guess that's really what we're trying to do here. We're trying to operate the fund so that the money, you know, isn't coming in and go out, or going out as fast as it's coming in, but that it's being used to create some long-term financial benefits in the North.

And you have to . . . I'm sure you appreciate that the problems in the North are extreme and that there aren't any short-term solutions. And that's part of the reason why the investment fund directors are getting into decisions that they have made, that they're very, very conservative, if you will, with respect to the kinds of applications that they approve.

I mean, they don't perceive this fund as grants, as give-aways by any means. The idea is you've got to have a solid business plan presented to them before you qualify. Because they want to see, you know, they want a good success rate on the projects that we become involved in. Plus we want, certainly the current thinking is to see it extend beyond 1998 as a long-term part of the solution to northern economic development.

Mr. McPherson: — Well what sort of loans would we be talking about then? For what purposes?

Mr. Kram: — One of the ones, and Frank may know a few more details, but there's a broadcasting company out of La Ronge, Missinipi Broadcasting, and it was provided actually an equity investment, but it's now converted to a loan, to allow it to purchase some equipment to build a radio station and broadcast in the North.

Forestry operations. Some convenience store type things. Laundromats. Whatever is a good business venture up there.

Mr. McPherson: — So the fund itself, as far as the lending, there are no . . . you don't have any criteria as far as whether it has to be for the small industry or is . . .

Mr. Kram: — It just has to qualify as a good business deal. But there certainly aren't any formal restrictions that I'm aware of with respect to the nature of the business. If it's legal, I'm sure we would look at it.

Mr. McPherson: — Now you said there was investment members.

Mr. Kram: — Investment fund directors. if you look at the annual report for the 1992 one, for example, they're shown there. Some of them are not . . . There have been some changes, actually a number of changes. It's on page 11, shows for 1992 the make-up of the investment fund directors.

And they're all Northerners, each one of them, except

for the executive director who resides in Saskatoon and attends all the meetings. But the rest of them are all northern residents.

Mr. McPherson: — These are the people who decide which loans get handed out?

Mr. Kram: — That's right. Yes. And these are . . . The make-up of the board is geographically distributed. We try to balance it so there are representatives from all parts of the North.

Mr. McPherson: — All right. How are the investment fund directors . . . are they appointed?

Mr. Kram: — They're appointed by the corporate board.

Mr. McPherson: — When does this . . . every year it comes up for . . .

Mr. Kram: — Their terms are staggered, yes. And I think it's around the end of May or thereabouts that sort of the current group . . . there are some changes. And again as vacancies come up, we try to fill them again to maintain the balance of, you know, geographic distribution.

Mr. McPherson: — These investment — what do you call it? — investment fund directors though, they're not the ones that are in control of the 2.4 million or that growing fund. It's the corporate board that controls the fund?

Mr. Kram: — Well that's in the sense that the control that they have again is with respect to the business applications. I guess the ultimate formal responsibility for the management of the fund lies with the corporate board, as it does with any board of directors. I mean that's our responsibility to manage the fund. A large part of the allocation of the funding we have, if you will, delegated to the investment fund directors.

Mr. McPherson: — Can you tell me who has the ability to replace or add to or fire the members or the corporate board of directors?

Mr. Quennell: — The members, I suppose, could replace the directors, certainly elect new directors. A provision in the by-laws allows for up to 10 directors. The members could certainly elect more directors than there are presently on the board or replace directors, members who do replace directors when their terms arise. Nobody can fire a member. A member can transfer his interest or her interest, or not.

Mr. McPherson: — How did — and perhaps you answered this earlier — how did you get the share?

Mr. Quennell: — How I got my share? For example, Ted Nieman, who was a colleague of mine at the law firm in which I work and which has done the legal work for northern enterprise funding and its successor, back to 1988, became a member of the fund. I assume he was a director of the original business . . . (inaudible) . . . became a member of the

fund when it became a non-profit corporation, and in 1992 he transferred his membership interest to me, and I paid him the value of that membership interest.

Mr. McPherson: — What is that value?

Mr. Quennell: — Mine is \$34. Larry's and Pat's is \$33. It's a hundred dollar membership interest in the corporation.

Mr. McPherson: — So for 30-some dollars . . . now I see what the revolving fund is. It's the directors. You can then for 30-some dollars continue to enjoy who is going to be on that fund for some years.

Mr. Kram: — Well there's a responsibility that goes with that. I mean, I guess that's what we paid for the membership interest and that entitles us to hold a membership interest. I guess that's correct. I mean there are certain responsibilities.

Mr. McPherson: — If there are no other members and the only way that there can be more members is if they're brought in by the corporate directors and you three are both, you could be in control of this fund for quite a few years.

Mr. Kram: — But is that not how any corporation operates? I mean there's . . .

Mr. McPherson: — But you have nobody to report to.

Mr. Kram: — Well I report to SaskPower, I suppose in the sense that I'm holding . . . I'm the SaskPower designate. I mean any company that has shareholders, I mean there has to be sort of an ultimate authority I guess, and that is the shareholders. And in this case it's the members. You're right.

But it's no different than any other corporation. At some point, there's a cut-off.

Mr. Quennell: — Maybe it goes without saying but maybe it doesn't. I mean we're governed by The Non-profit Corporations Act. There's all kind of statutory requirements. We have to report to a director. We have a contract with SaskPower that requires that we use the money in a certain way.

The investment fund directors have strong views about the integrity of this fund. And there's, I guess, a reporting relationship back and forth between the corporate board and the investment fund directors. So there's all kinds of . . .

Mr. McPherson: — Who then follows up on whether the contract with SaskPower is adhered to?

Mr. Kram: — The directors. I mean the responsibility of the directors to ensure the management of the fund in accordance with the terms of the contract.

Mr. Quennell: — And I would assume SaskPower for its part wants to make sure the provisions of the contract are complied with.

Mr. McPherson: — So ultimately SaskPower is in control?

Mr. Kram: — It's a party to the contract. If the contract weren't being adhered to then it would have the same remedies that any party to a contract would have for breach of contract.

Mr. McPherson: — Does SaskPower, does the minister decide if and when and to who your share would go?

Mr. Kram: — I haven't transferred my share.

Mr. McPherson: — I mean you could always be in control of that share.

Mr. Kram: — Well, I mean I'm a SaskPower designate so I think there would be certainly some consultation with the minister or certainly with the people that I report to at SaskPower about what happens to my membership interests should I want to transfer it. That I think is very self-evident from the status that I enjoy there as a designate of SaskPower.

And again that's tied back to, you know, the contractual relationship and the fact that the money is contributed by SaskPower. So it does not seem unreasonable to have someone from SaskPower in . . .

Mr. McPherson: — Right. But nowhere in any contract does it say that you yourself, you don't have to allow SaskPower to control your share.

Mr. Kram: — That's right.

Mr. McPherson: — You can do that forever.

Mr. Kram: — That's right.

Mr. McPherson: — As can Frank and so on. So the three of you have sole control over a fund that's going to reach \$9 million and you report to no one, but it's public money. One way or another it's public money. Somebody, some taxpayer, is paying monies on their power bills, however you want to word it, into a fund that you three control and you control the membership of and the direction of, and nobody can . . . essentially nobody can question this.

Mr. Kram: — Well that's not . . . I don't think that's exactly correct, with all respect. We do not have unlimited control of that money. We hold membership interest in northern enterprise fund. The money is paid in pursuant to a contract between two parties — SaskPower and northern enterprise fund. SaskPower certainly, the control and the restraints over what is done with that money are governed by the contract, the obligations of northern enterprise fund, pursuant to the contract with SaskPower. SaskPower has some rights, remedies.

We also have some responsibilities, as Frank has indicated, under The Non-profit Corporations Act, with respect to reporting obligations with respect to what is done with that money on an annual basis. So I

mean we don't have absolute unfettered discretion with respect to how and what we do with that fund.

Mr. McPherson: — Is this contract a public document? Can I get a copy of it?

Mr. Kram: — I don't know why you couldn't. I mean certainly I would think you probably could.

Mr. McPherson: — Can you supply it to the chair? Can he supply one to the chair so we can get it distributed?

The Chairperson: — If you ask for it, he can tell you whether he can give it or not. I can't.

Mr. Kram: — Yes, I think in the circumstances I should . . . I'll confirm with SaskPower again that there is no problem with the release of that. I don't think there will be. I could get back to you on that. Because we're parties to . . . northern enterprise is a party to a contract with SaskPower. I'm really here . . . I'm speaking here on behalf of northern enterprise.

I'll certainly undertake to confirm with SaskPower whether or not there's any reason why they wouldn't want that to happen, and I can get back to you on that.

Mr. McPherson: — Can you give us an idea of how many loans that were in default with the revolving fund that NEFI (northern enterprise fund incorporated) had to guarantee, come up with monies to guarantee, the number of loans and the dollar value?

Mr. Kram: — I believe the last time I was here I was asked to give some information. And I believe I provided that with respect to 1991, an indication. I think there were a total of \$13,000 in defaulted loans that were called in 1991. I'm sure that I have . . .

Mr. McPherson: — What about the year under review?

Mr. Kram: — That's 1991.

Mr. McPherson: — Oh, I thought we were doing '91-92.

Mr. Kram: — The information that I provided listed all the loans that were guaranteed and approved in 1991. It indicated that of those, three were called upon for payment, and they totalled \$13,437.99.

Mr. McPherson: — You don't have the figure for 1992?

Mr. Kram: — I don't have it with me, no. I can certainly undertake to get that for you if you like.

Mr. McPherson: — If you will provide that in writing then, please. Thank you.

Mr. Kram: — So I understand it's the number of loans issued in 1992 and loan guarantees, and of those, the number and the amount of any defaults called upon — is that correct?

Mr. McPherson: — Do you anticipate any change in the members or corporate board of directors?

Mr. Kram: — I can say that there are no, sort of, existing immediate plans to do that. There has been lots of talk at our level about trying to bring on a Northerner as a member on the board. I mean that's part of the evolution, I think, of what's going on here. We haven't implemented that but we've talked about that.

Mr. McPherson: — Okay. Say if I wanted to be a member and I wasn't a partner in Frank's law firm, how would I become one?

Mr. Kram: — Well the directors would have to I guess review, if you will, an application and deem it, I guess, in the best interests of the corporation to issue additional membership interests. Decide whether you would have a 34 or \$33 membership.

Mr. McPherson: — I would like to be on the speakers' list a little further down again, Mr. Chair. That's all for now.

Mr. Sonntag: — Just a few questions. In the history of NEFI, has a report, an annual report ever not been issued?

Mr. Kram: — I don't believe so.

Mr. Sonntag: — Okay. You've listed three or four examples with Missinipi Broadcasting. What other sorts of projects are you aware of that they might do more along the lines of economic development they're doing and stuff like that? You talked about broadcasting. Can you think of another example?

Mr. Kram: — I think if you . . . I can maybe refer you to a couple of projects which are highlighted in the 1992 annual report. The Green Lake Metis Wood Products Ltd., there's a review of that, and McKay Communications are just two of the examples of a couple of the projects in which the northern enterprise fund has been involved in with respect to economic development. There would be a number more, but those are two that were highlighted here.

Mr. Sonntag: — Only in your estimation, would these be projects that might not have gone forward if it were not for NEFI's involvement?

Mr. Kram: — I think that's a reasonable possibility, certainly with some of them.

Mr. Sonntag: — I don't have any further questions other than an observation, I think that the non-profit corporation that provides annual reports, is creating jobs that weren't there in the past, is . . . this is not all bad. I mean I think the whole idea of it is either you're in favour of helping people in the North or you're not. I've got . . . in my own community we've got the local economic development corporation who does exactly the same thing and I mean there's no question about what they're doing. And I mean I think this line

of questioning is ridiculous.

Ms. Haverstock: — Thank you, Mr. Chair, and good morning. I too would like us to be on record for talking about how important it is to have such a fund and to make monies available to people in the North. We have absolutely no concern with that at all. But what I do want you to do is simply confirm something for me so that I can fully understand what has transpired here this morning.

Is it indeed the case then, that the corporate board of directors report to the members? That the corporate board of directors and the members are one and the same people?

Mr. Kram: — That's correct.

Ms. Haverstock: — That this will only change at the discretion of the corporate board of directors? Is that the case?

Mr. Kram: — That's correct.

Ms. Haverstock: — That the corporate board of directors have the sole authority to appoint the investment fund directors and that the investment fund directors, in turn, choose who will and who will not get loans, in the North, from this fund?

Mr. Kram: — The loan guarantees, that's correct.

Ms. Haverstock: — Thank you, that's all I wanted to know.

Mr. Boyd: — Thank you, Mr. Chair. Good morning. I have a few questions as well. You mentioned that there was an attempt to depoliticize the operations of the fund. Do you feel that you've been successful in that?

Mr. Kram: — I think very much so. And I guess I'm basing that on my sense of . . . from my travels in the North with the fund and the feedback that we get that the fund has a very good reputation. I mean I think the perception up there is that the decisions being made with respect to the fund and how the fund operates are decisions that are being made by Northerners through the investment fund directors. In all honesty I can say I've had no — in my perspective — no feedback or indication otherwise.

Mr. Boyd: — I see. So none of the current board members have any political connections?

Mr. Kram: — Oh, I don't know that. I mean I . . .

Mr. Boyd: — Well we can ask each one if you care to.

Mr. Kram: — You mean us?

Mr. Boyd: — Yes.

Mr. Kram: — Oh, I work at SaskPower. I mean that's my connection with that. What we're talking about is really the perception of the fund, I think, in the North,

and Northerners don't know us. I mean when they . . .

Mr. Boyd: — Well neither do I and that's why I'm asking the question.

Mr. Kram: — When they see the . . . when they think of the northern enterprise fund — this is my understanding of it, my perception — when Northerners see northern enterprise fund they think of the executive director and they would think of the investment fund directors who are the Northerners.

Mr. Boyd: — Yes.

Mr. Kram: — And again their perception is that it's a fund that's being managed and administered by Northerners for northern development. So they wouldn't see it as a political institution and decisions aren't being made on a political basis; they're being made on the basis of economic viability and merit.

Mr. Boyd: — So we can have a comfort level of knowing that the current board of directors don't have any political connections because they're essentially the folks that make the decisions with respect to the investment people and everything else. So in order to say that there's no political connections, I think it would be important for us to know a little bit about the backgrounds of the current board members.

Mr. Cline: — Well, Mr. Chairman, if we're going to in this committee ask people to come before us and then ask them about their political connections, I object. I mean if they're doing their job appropriately, that to me is the only important consideration. People in this province can have whatever political connections they want. But I don't want to sit here and watch some interrogation of witnesses as to whether they have political connections. And I don't care whether they do or don't or what their connections are. I just think this is a silly waste of time.

Mr. Boyd: — Well having the floor, Mr. Cline, I don't really care whether you care to watch or not. If you don't want to watch, don't. I think in order for the people in the province of Saskatchewan to know whether there's any political interference with respect to this fund, it's important to know about the backgrounds of the people that are operating the fund. And for the people operating the fund to suggest that there isn't any political connections, I would like to know, and I think the taxpayers of Saskatchewan would like to know, whether indeed they do have political connections or not.

Mr. Cline: — If Mr. Boyd has some suggestion that there is political interference with the fund, then let him come forward with facts as to what is being done that's inappropriate.

Mr. Boyd: — No one is making any allegations whatsoever.

Mr. Cline: — Don't go on some witch-hunt asking anybody that comes here what their political connections are. That's improper.

Mr. Boyd: — No one is making any allegations one way or the other.

Mr. Cline: — Well then, don't ask the witnesses that question. That's abusive.

Mr. Boyd: — I think it's perfectly relevant.

The Chairperson: — The matter is a point of order. And since its not been raised as a point of order, I'll just allow the witness to go on and ask . . . or the questioner to ask the questions. And individuals can raise a point of order and then we'll deal with it as a point of order.

Mr. Boyd: — At the risk of being political — and my good friend, Mr. Cline, might take exception — you, in your capacity as a board member, suggested that the fund has been depoliticized. And in order for me to have a comfort level that suggests that that is the case, I simply ask the question — you can respond if you like — whether or not you feel that that's been successful.

Mr. Quennell: — Well now I didn't make the comment, Mr. Kram made the comment, about the reason why it was moved from a subsidiary of SaskPower to a non-profit corporation. And I think what he said was to distance itself from the Crown corporation. I would say it would be more fair to say that it was to correct the possible misperception that SaskPower would want to direct who got loans and who got grants and who got guarantees, and to make that distance.

Now two things have been done to provide that distance. One is that the corporation has been continued as a non-profit corporation. The second thing that was I believe always the case and was true in '88 and '89 when it was a subsidiary of SaskPower, is that the actual decisions about what businesses had put forward a business plan that looked like it made sense and should get a whole new guarantee was made by business leaders and community leaders in the North sitting on the investment fund directors.

And I think they are as objective and non-political in 1988 and '89 as they are now. So I don't think Mr. Kram wanted to suggest that in 1988 or '89 or '90 that this was a political decision-making process and that these loans and grants were made in a political way prior to when we became involved in '92, and in Ms. Hall's case, '94.

But that we want it to work, as I think the last directors, the directors who preceded us, want to ensure that it is non-political and it's clearly non-political, particularly to people in the North. All of whom should have comfort in bringing forth their business ideas to the board, or to the investment board.

And I think that's what Mr. Kram meant. Not that it was political before we came . . . (inaudible) . . . the corporation and it was made a non-profit corporation to depoliticize it, but just to give it that distance from

SaskPower.

Mr. Boyd: — Well thank you for that explanation. I think that does clear up the problem I was having in my thoughts about the process. I was under the impression that your view was that it was very political and that you depoliticized the operations.

Mr. Kram: — No, and I think I probably chose my words poorly and I have to be careful obviously in this forum in using those words. But it was really the connection between SaskPower and the fund, and I think that's . . .

Mr. Boyd: — So you feel there is adequate separation now?

Mr. Kram: — Yes, based on the operations and, again, my perception of how the Northerners certainly feel and how they handle the applications. I think that's fair.

Mr. Boyd: — What criteria do you use for selecting the investment folks? What's the term you use for them?

Mr. Kram: — Investment fund directors.

Mr. Boyd: — Investment fund directors.

Mr. Kram: — A number of things. We look at the geographical distribution again. We try to make sure there's a fair geographical distribution.

We look at, I guess, recommendations based on backgrounds. These are business decisions that have to be made.

We look for people who have some business experience and business sense, would understand the North, have lived in the North for some time, have maybe some demonstrated ability in working with other organizations or groups and making group decisions — those kinds of things. I think that's sort of it in an essence.

Mr. Boyd: — And what criteria do they use then for making loans, loan guarantees, investment programs — things of that nature.

Mr. Kram: — Well I really wish we could have had one of them here to tell you because I've never been in one of the meetings. But my understanding is that they look at it from a viable business enterprise. I mean a business plan is submitted with an application to look at it from the perspective, does it have a reasonable likelihood of success, is it well thought-out, is it well-structured. I suppose from the perspective of any lending institution, as to whether or not it's a good business deal, what's the risk involved in guaranteeing it, what security do we have or is there available for us, for the fund, in the event that it's necessary to pay out the guarantee and realize on the security. There's a bit of a balance that's going on.

Mr. Boyd: — Can you tell us how many staff you employ, and how many are management and how

many are in scope?

Mr. Kram: — They're all . . . it's a non-union shop, if you will. There's an executive director, there's a secretary, and a half-time accountant person.

Mr. Boyd: — You mentioned that the board of directors receives no remuneration at all; is that correct?

Mr. Kram: — That's correct.

Mr. Boyd: — Can you tell us what the sources of your royalty revenues are, like the power plants, the different power plants, and give us a breakdown of that?

Mr. Kram: — How much comes from each one of them?

Mr. Boyd: — Yes.

Mr. Kram: — I'd have to provide that information too. I certainly don't have it here with me today. It would just be a matter of doing the calculation.

Mr. Boyd: — And what would you say your success rate has been in creating stable businesses?

Mr. Kram: — I think the success of the creation of stable businesses is really done by the applicants. As far as our involvement, again you'd have to go back, I guess, and look at the number of defaults we have in the course of a year with respect to the applications that we have approved. And again I don't have those numbers handy but I think it's . . . given the fact that the investment fund directors are fairly conservative and fairly thorough in their review, I think it's very . . . the numbers are very acceptable, but again I don't have those handy. The numbers being the amount of guarantees compared to the number that are actually defaulted. I think it's been fairly successful.

Mr. Boyd: — Where are your offices located? Obviously I guess you can't have offices throughout the entire North, but how do you make yourselves accessible to your clients?

Mr. Kram: — The head office right now is in Saskatoon, and it has been since 1988 when the fund was established. And the executive director, one of his responsibilities is to travel extensively throughout the North, promoting the program, plus the investment fund directors have a presence throughout the North.

Mr. Boyd: — So how does one present themselves to you folks then?

Mr. Kram: — The formal way I guess is by submitting an application for assistance, or certainly contacting the Saskatoon office and asking for information about the fund and how it operates. And once that is provided and the decision is made to submit an application, you would submit it to the Saskatoon office. It would be reviewed and put on the agenda of the next investment fund directors' meeting to be

considered.

Mr. Boyd: — Do you feel then that it's generally acceptable and most people are aware of the fund in the North, in order to gain access to it?

Mr. Kram: — I think the perception is that that's probably generally the case, but there probably is room to do more, in the sense of promoting the fund and what it does, to people in the North. I mean communication is a problem in the North generally, so ensuring that . . . levels of education and what not. But I think that's something that we certainly think is important and we need to promote.

Mr. Boyd: — Is there any consideration given to moving the office into the North, to make it even further, more accessible?

Mr. Kram: — Very serious consideration.

Mr. Boyd: — Do you have a policy with respect to hiring Northerners within your own corporation, and do any of the staff, current staff, live in the North full time?

Mr. Kram: — No, they don't.

Mr. Boyd: — There's no policy?

Mr. Kram: — There's no policy. There's no formal policy. Again it's the staff that's there now has been there since the inception of the fund.

Mr. Boyd: — Well I think that concludes, Mr. Chair.

Mr. McPherson: — Thank you, Mr. Chair. Of the auditor's report on page 225, I see that in the opinion of the auditor, point no. 50, all the attempts that were made:

. . . to alter the form of the corporation did not, in substance, change the nature of its arrangement with SPC. Accordingly, it is still a Crown agency subject to *The Provincial Auditor Act*.

I take it that you don't agree with that statement, or you do?

Mr. Kram: — That's correct; we don't.

Mr. McPherson: — So then the next line: SaskPower is holding blank registration forms pre-signed by the three members.

Mr. Kram: — That's no longer the case.

Mr. McPherson: — That's no longer the case. Nobody has . . .

Mr. Kram: — There are no pre-signed resignation forms held by anyone.

Mr. McPherson: — All right. So in essence there is no way that the three of you have to resign, ever. Just so

I'm clear on that.

Mr. Kram: — Well there are no pre-signed resignation forms, that's right. I mean the decision to deal with our membership interests lies with us.

Mr. McPherson: — Why did they have pre-signed resignation forms at one time?

Mr. Kram: — I don't know. I wasn't there when that happened. When we came on board those were there. The one explanation that was provided to me was that there was some concern that if one of the members died, that the membership interest would be part of their estate. And to ensure that that sort of didn't get caught up in that, that these forms were available in that instance to be used. But again, there was no particular explanation as to why that was done. But I think it's no longer the case.

Mr. McPherson: — All right. So there's no controlling body that can make any of you three resign from this board.

Mr. Kram: — That's right.

Mr. McPherson: — Well, Mr. Chair, that's all I have. I just want to make the comment, as I recall from the last time we discussed this fund, the New Democrat members, they raised quite a fuss as to whether or not we should even have NEFI come before us. I'm not sure . . . Well I guess I am sure why they did that.

But I want to thank the members for coming forward and being so open and honest with their answers. Thank you.

The Chairperson: — I have no more speaking members on the list. Is there a formal resolution to this that we put in the report? Because we need a motion to adopt it, or into the report, that the hearing on the northern enterprise fund inc. be concluded subject to recall if necessary for further questions, which is what we have done prior to this, moved by Mr. Cline.

Mr. Cline: — Also moved, and certainly we had no objection to these people coming. And I'm glad they came and they clarified some matters and they're very straightforward and honest.

I think the record shows that all we've ever said is that if people want to call witnesses, they should follow appropriate procedures.

The Chairperson: — All right.

Mr. McPherson: — *Hansard* may dispute you, Eric.

The Chairperson: — I won't allow any more editorial comment. A new point, Mr. McPherson? Okay.

Mr. McPherson: — I'm just wondering what will happen in future years? Is it going to be a practice that NEFI come before the committee?

The Chairperson: — I have to take that under

advisement. But as long as there is interest on the part of the committee to call, for example, NEFI under its relationship to SaskPower Corporation, I think you probably have a reasonable right to do that — maybe not directly, but indirectly you do.

Ms. Hall: — Can I ask for one piece of clarification? We're to provide a breakdown of revenue by power plant. For what year do you want this for? Is it going to be 1991?

Mr. Boyd: — The year under review.

The Chairperson: — All those in favour of Mr. Cline's motion? Carried.

Thank you very much for attending. I have one observation to make, and that is that you supply, for the information that you have been asked, you supply 15 copies to the Clerk's office and they will distribute them to the members. Okay? Thank you very much.

Mr. Kram: — Thank you.

The Chairperson: — We have two matters of business that we need to deal with. And one is the SGI (Saskatchewan Government Insurance) which we have not concluded. I know that three of the members are already late for another meeting, because that was supposed to begin at 9:30.

And I think that what we should do is consider another day for a meeting, and if it would be . . . if you have a quick solution to that, I am prepared to listen to it. If not, I'm also prepared to organize it with Mr. Cline and Ms. Haverstock later on, either today or tomorrow, so that we know next week what we're doing.

Mr. Cline: — I think we can leave consideration of the draft report till next week. I've looked at it, and I think it accurately reflects what we've done and there's no need for much discussion on it.

The SGI officials are here. I don't know if people have a lot of questions. We have one or two questions for them. And I'm content to ask those questions now and try to do it very quickly or adjourn it till next week. It depends whether the other members have a lot of questions, Mr. Chair. And if they do, then I would suggest we adjourn this.

Mr. Boyd: — Well there's a fair bit on our list here of questions. I think I'd prefer to start fresh another day.

Mr. Cline: — Well then, with apologies to the SGI officials who have come at 8:30 this morning, I think we've got to put this to another day.

The Chairperson: — Okay. Then we'll do it that way. My apologies too, gentlemen. You got an insight into what kind of questions other people have to answer; they won't reflect necessarily what you have to.

I will take it under advisement then that I will call a meeting and question Mr. Cline and Ms. Haverstock

about when that will be, and then we'll notify SGI as to coming in.

Thank you very much.

The committee adjourned at 9:58 a.m.