

**Saskatchewan Auto Fund**

**The Chairperson:** — We have one matter remaining before we deal with a draft copy of the report, and that item deals with a matter that was raised by the committee in SGI (Saskatchewan Government Insurance).

And I want to welcome the officials here this morning, Bill, to you. And I just want to outline that you're required to answer the questions. And you are given the matter of privilege in this committee which means that you are not liable for any of the things that you say, and that's for your information. Any information that is not here and given in writing, we need 15 copies to the Clerk's office, and then he will distribute to the rest of us.

So do you want to introduce your officials and then we'll begin.

**Mr. Heidt:** — Thank you, Mr. Chairman. To my right I have Randy Heise, vice-president of finance and administration; and to my left, Alan Cockman, vice-president of Saskatchewan Auto Fund. I'm Bill Heidt, president of SGI.

**The Chairperson:** — I will raise the matter if no one else will. We had an issue come to our attention that related to a numbered company and property held in the name of, I guess, SGI. And we were wondering the circumstances in relation to that and some of the circumstances in why the property was acquired. And if you wouldn't mind providing that to the committee.

**Mr. Heidt:** — Mr. Chairman, that was a mortgage investment held on behalf of the Saskatchewan Auto Fund. Part of our usual investing procedures as an insurance company, and we have a large investment portfolio, part of it is in mortgages. This particular item is a mall in Humboldt that defaulted in 1991 and went into a foreclosure. We moved the company . . . the holding of the mortgage to a numbered company, the shares of which were held by SGI.

The reason for doing that is mostly public image. In the mall there are a lot of customers of SGI or SGI CANADA and there's a . . . Foreclosure is often a distasteful thing, and it's not an unusual practice for companies to not hold that mortgage in their name at that time. And that's the circumstances essentially, Chairman.

**The Chairperson:** — Do you have any others that you hold in a similar fashion?

**Mr. Heidt:** — In a numbered company?.

**The Chairperson:** — Yes.

**Mr. Heidt:** — No.

**The Chairperson:** — How many times has this happened? Can you give me a . . .

**Mr. Heidt:** — In my experience, that would have been the first time.

**The Chairperson:** — Okay. Did the SGI lose money in the mortgage or are they . . .

**Mr. Heidt:** — We are still holding the mortgage; we're still holding the asset, Chairman. It's now for sale because it has been foreclosed, but we're essentially managing the mall. And that's a part of the secondary reason for, as I said earlier, for moving it to the numbered company, to try and remove SGI from the direct — in name, at least — involvement with the day-to-day operation of the thing. But we still hold the asset and we're hoping to get out from under it someday when the time is right. But in the meantime, we're managing it and we'll try and lease it up.

**The Chairperson:** — What kind of dollars are we talking on your mortgage?

**Mr. Heidt:** — This particular one is 1.5 million.

**The Chairperson:** — Is that what the original investment was in the mortgage?

**Mr. Heidt:** — One point four million, yes. We only undertook the mortgage in 1985. And so you know how these things work; there's not a lot of principal declining in the first years.

**The Chairperson:** — Okay. Are there any other questions from the committee?

**Mr. Cline:** — Yes. Are there any rules or regulations, sir, of policy, Mr. Heidt, with respect to the type of investments that the auto fund should invest in?

**Mr. Heidt:** — Yes. We actually have quite a rigorous investment policy that's developed by the management and approved by committee of the board. And the board has a policy of reviewing the investment portfolio and the performance of the investment portfolio quarterly.

**Mr. Cline:** — How long has the practice existed of investing part of the investment portfolio in real estate?

**Mr. Heidt:** — This started out originally as a mortgage investment, not a real estate investment. But what we've . . . we've had a policy of a balanced investment portfolio, if you will, for many, many years.

**Mr. Heise:** — I think it would be at least five years that real estate has been in the investment policy.

**The Chairperson:** — Pardon me?

**Mr. Heise:** — I'm sorry. It's been five years since real estate has formally been recognized as an eligible investment within investment policy.

**Mr. Cline:** — By real estate, do you include making a loan on the strength of a mortgage?

**Mr. Heidt:** — There's actually two different . . . we actually classify . . . this is now a real estate investment; we prefer mortgages but we do have real estate investments. And once this thing is foreclosed and we take it under management, we move it to a real estate investment essentially.

But we do have other . . . not as much real estate, very, very little; we have the Canadian Imperial Bank of Commerce in downtown Regina was a real estate investment of ours — started out as one too.

**Mr. Cline:** — Okay. When did you first make a loan on the security of a mortgage? When was the first time the auto fund would have done that?

**Mr. Heidt:** — I wouldn't know exactly the first year. It would be back to . . . prior to my first time around at SGI in 1981; at that time we were holding mortgages.

**Mr. Heise:** — It would at least go back to the decade of the '60s.

**Mr. Cline:** — Okay. And so this . . . the fact that you made a loan on the security of a mortgage is not unusual?

**Mr. Heidt:** — No, not at all. What's unusual, I think, was holding . . . and brought it to the attention of the Provincial Auditor, was held, transferred to the numbered company, the shares of which were held by SGI. The Provincial Auditor — and he can speak for himself — he believed that the Act required for us to hold the investments in our name.

In the opinion of our auditor, the external auditor at the time, and his counsel, he believed that effectively we were holding the asset in our name. But for public perception we had transferred it to a numbered company because the shares of the numbered company were held by SGI. So we were sort of in a dispute between two differing opinions on the actual registration, I suppose.

**Mr. Cline:** — Does your policy have any kind of benchmark in terms of the percentage of the auto fund that should be invested in real estate or mortgage security and . . .

**Mr. Heidt:** — Yes, it does; yes, it does. It has a range. And that's to get balance within the investment portfolio. Mr. Heise could probably give you some idea of the ranges.

**Mr. Heise:** — Yes, I think for mortgages the range is a minimum of 5 per cent to a maximum of 10 per cent of the total investment portfolio. And real estate would be from a minimum of nothing to a maximum of 5 per cent.

**Mr. Cline:** — Do you limit your investments of that sort or loans secured by mortgage to Saskatchewan?

**Mr. Heidt:** — No, not necessarily, but we have a definite preference for Saskatchewan product if it's

available.

**Mr. Cline:** — Thank you. Those are my questions.

**Mr. Boyd:** — Thank you, Mr. Chairman. I have here guess a . . . I understand it's the vision statement for Saskatchewan Auto Fund. It's my understanding that you feel that you're no longer meeting the goal of the vision statement. Is that correct?

**Mr. Heidt:** — The division for the Saskatchewan Auto Fund?

**Mr. Boyd:** — The vision statement for it.

**Mr. Heidt:** — We believe we have problems in achieving the vision for the compulsory program, yes

**Mr. Boyd:** — What are the reasons for that?

**Mr. Heidt:** — Well with respect to the compulsory program, we talk in our vision about equality, compulsory automobile insurance program. We define equality as having three fundamental, basic premises: that because it's universal and everybody has to belong, it has to be affordable; it should provide adequate basic benefits; and it should be fair to all the participants within the plan. And we believe today all three of those objectives are in jeopardy.

**Mr. Boyd:** — It's no longer affordable?

**Mr. Heidt:** — We believe that it is today, but we believe in the future that affordability could be in jeopardy.

**Mr. Boyd:** — I understand that you've initiated a study of automobile benefits and coverage in 1992, and that there's an advisory board of experts have initiated that study. Is that correct?

**Mr. Heidt:** — The study was actually initiated by the corporation and brought together an advisory board of experts or people representing different interest groups in the community and an independent consultant.

**Mr. Boyd:** — I see. Could you provide us with the names of the individuals on that advisory board and the agencies they represent, and the expertise they bring to the table for the matter?

**Mr. Heidt:** — As I said, they're not experts. They represent interest groups within the community of Saskatchewan. And the names, Mr. Cockman?

**Mr. Cockman:** — I think I had listed them. It was Professor Roger Carter, he was the emeritus professor of Law at the University of Saskatchewan. There would be Craig Vickaryous, who represented the Saskatchewan branch of the Canadian consumers' association; John Green, who is an ex-general manager of SGI; Merv Eisler, who is a ex-injury manager — an injury adjuster — with SGI; Dr. Anne Dzus, who is an orthopedic surgeon at the Royal University Hospital in Saskatoon.

**Mr. Heidt:** — We're trying to fill in all the names. Pat Harrison, representing the Canadian Paraplegic Association.

**Mr. Cockman:** — I believe that's the list.

**Mr. Heidt:** — We may have missed one name out of there, but that would be 90 per cent of the list.

**Mr. Boyd:** — Could you provide us with a copy of the advisory board's recommendations to you people?

**Mr. Heidt:** — The advisory board . . .

**Mr. Cline:** — Pardon me, Mr. Chairman, on a point of order. I don't want to unduly interrupt Mr. Boyd, but I'd like to know what this has to do with Public Accounts and the review of the year under question in terms of the auto fund. And I take it Mr. Boyd wants to discuss what is known I think in the public as the interests of SGI, and reforming insurance law in certain ways, which is a policy matter. But I'd like to be enlightened as to how this relates to the mandate of this committee or the year under review.

**The Chairperson:** — Well the year under review is 1991. If the issue was begun in 1991, then I would take the questions as being relevant; if it isn't, then the point is well taken.

**Mr. Heidt:** — Well, Mr. Chairman, the study was actually undertaken in 1992. It started in the spring of '92.

**The Chairperson:** — Okay. So, Mr. Boyd, you probably will have to ask them in the next go . . . in a month, unless you have some more.

**Mr. Boyd:** — Well under those circumstances, I guess we can deal with it at a later date if that's the wishes of the committee.

**Mr. Cline:** — Well just so there's no misunderstanding. My purpose is not to be unduly restrictive with respect to what anybody says, because I think a debate about how our insurance system should be reformed or not reformed is a very interesting topic which I'd like to debate at length.

**The Chairperson:** — Being a legal counsel, I'm sure you would.

**Mr. Cline:** — So just so I don't mislead anybody, when we get to the next year, if Mr. Boyd wants to get the SGI people here and start debating the merits or otherwise of a certain system of insurance, I don't want to be heard saying that I think we can do that just because it's the year under review.

I think we then will have to have a discussion about the mandate of the committee and whether it's a policy question or whether there's a public accountability question. And I just want to preserve the right to raise that kind of objection.

**The Chairperson:** — Okay, I have a question. Are those shares held by the auto fund or SGI, or is there a difference?

**Mr. Heidt:** — They're held in the name of SGI on behalf of the auto fund. Now that company has, because of the . . . We were not able to resolve the issue with the Provincial Auditor, obviously, because it was reported. And not being liked to be reported, we have dissolved the company and the company . . . The shares are held in the name of SGI on behalf of the auto fund.

**The Chairperson:** — On the other investments that you have, are they done the same way? Does SGI hold the investments on behalf of the auto fund?

**Mr. Heise:** — Yes, that's correct, they do. And it's done that way because the auto fund is a fund and doesn't have the authority to hold investments in its own name. There was a provision put into the legislation back in '84 when the Saskatchewan Auto Fund was created to allow SGI to do that. And that's in fact the particular point that there was some debate with the Provincial Auditor over, the interpretation of that particular clause.

**The Chairperson:** — Any more questions?

**Ms. Haverstock:** — Thank you. I know that some persons were asked earlier regarding the real estate holdings, but what were all the real estate holdings that were purchased by SGI in 1991 ?

**Mr. Heidt:** — All of the real estate holdings that were purchased in 1991? Because we have so few, I would say none were purchased in 1991.

**Ms. Haverstock:** — So the holding that was discussed earlier was purchased earlier.

**Mr. Heidt:** — That's right. This one started out actually as not as a real estate investment but as a mortgage and didn't move to a real estate investment until we undertook foreclosure on the mortgage.

**Ms. Haverstock:** — Can you provide a list of properties; their purchase price; any third-party involvement, for example, real estate agents or lawyers, appraisals . . .

**Mr. Heidt:** — Or joint ventures?

**Ms. Haverstock:** — Yes, and the method of selection of sites, to us, in writing.

**Mr. Heidt:** — Certainly.

**Ms. Haverstock:** — It's not necessary to get that information today.

**Mr. Heidt:** — Certainly. The question would be . . . Do you wish to see that for real estate investments and mortgages, or just real estate?

**Ms. Haverstock:** — Yes, both.

**Mr. Heidt:** — Both, okay.

**Ms. Haverstock:** — And I am interested in who the mortgager . . .

**Mr. Heidt:** — Mortgagees.

**Ms. Haverstock:** — Well no, I want the O-R-S on there too, who were involved in those transactions.

**Mr. Heidt:** — Yes.

**Ms. Haverstock:** — I'm also interested in knowing who manages those properties that you're outlining. I'm sure there will be very few, so I'm assuming it won't be a large undertaking.

**Mr. Heidt:** — The question on property management is . . . on real estate investments, we only really have . . .

**Mr. Heise:** — We have this one here that we're talking about today. There's also the Hamilton centre, or CIBC (Canadian Imperial Bank of Commerce) building in downtown Regina which we have a partial ownership in. And there's one other which is . . .

**Mr. Heidt:** — Prince Albert.

**Mr. Heise:** — No, I'm thinking of the . . . You're right about that, but there is a Parkway office building here in Regina that we have a very small piece of.

**Mr. Heidt:** — But we can provide who's doing the property management.

**Ms. Haverstock:** — Thank you. Who's the mortgager involved in the transaction under question, specifically the one that was defaulted in 1991 ?

**Mr. Heise:** — J. Geschaft Holdings.

**Mr. Heidt:** — This property is a mall in Humboldt, Saskatchewan, that was owned under the corporate name of Geschaft Holdings Ltd.

**Ms. Haverstock:** — I'm sorry that I was late and you're having to repeat yourself; I was on a long-distance call I couldn't get away from.

**Mr. Heidt:** — That's fine.

**Ms. Haverstock:** — And if you answered these questions, I'll simply read the verbatim. But who made the decision to establish that particular company, that numbered . . .

**Mr. Heidt:** — The numbered company?

**Ms. Haverstock:** — Yes.

**Mr. Heidt:** — We did. The reason, as I explained a little bit earlier, it was a mortgage investment and when the mortgage

defaulted and went into a foreclosure, solely for the public image. Because often times companies do not like to be involved in the negativity of foreclosure. And because SGI CANADA, or SGI impacts literally everybody, a lot of the other tenants in the mall were customers of ours and are customers of ours, and a lot of those people do not know who the real mortgage holder is until it goes into default. So we moved it to a numbered company, the shares of which were held by SGI, for all intents and purposes of public perception and our own public image.

**Ms. Haverstock:** — So you do actually have a specific policy then regarding real estate holdings and . . .

**Mr. Heidt:** — Yes we do; we have an investment policy. And the insurance company, because we're an investor of money, we have quite a rigorous investment policy that's approved by the committee of the board and reviewed quarterly by a committee of the board.

**Ms. Haverstock:** — Just so I have some clarification here. Were you able to describe earlier what your goals and objectives were for the purchases overall?

**Mr. Heidt:** — Oh yes, we have essentially a benchmark standards, against which we expect our portfolio to perform. And the performance of that portfolio is monitored quarterly.

**Ms. Haverstock:** — I'm just wondering, what corporate structure is actually in place that would monitor such investments.

**Mr. Heidt:** — These investments?

**Ms. Haverstock:** — Yes.

**Mr. Heidt:** — Well we have an outside investment manager in the Investment Corporation of Saskatchewan. The investment policy however is developed inside. The management essentially proposes to the investment committee of the board, or the audit and finance committee, a policy. The policy is essentially to give us a maximized return on our investment, to match somewhat our liabilities with our assets and the flows, and to balance the portfolio, not to put to any particular weightings as in bonds or equities, real estate, or mortgages.

The investment manager is given latitude on selection between, for example, in equities between ABC stock versus B, as long as it's within the ranges that we provide. He reports to us quarterly on the performance of the portfolio and he attends before the audit committee of the board and reports on the performance of the portfolio. The portfolio has benchmark standards against independent indices across the nation that we evaluate our performance on, and therefore the performance of the investment manager.

**Ms. Haverstock:** — So it's the investment manager that would make recommendations to buy, to sell, that kind of thing.

**Mr. Heidt:** — That's correct. Now within . . . because there's a lot of trading on a day-to-day basis within a bond portfolio or within equities, we give him certain parameters and he's allowed to make selections within those parameters. And then we report quarterly on what the activity's been.

**Ms. Haverstock:** — Okay. Thank you so much.

**The Chairperson:** — Any more questions?

**Mr. Cline:** — The question Ms. Haverstock asked, I don't know if she . . . Did you indicate a year that they should go back to, or were you talking about investments that still exist at the present time?

**Ms. Haverstock:** — Well I didn't want to deal with anything except the year under review, given what just transpired. So I was trying to be narrower in scope. But what I was asking were, I think, broad enough questions that dealt with policy and how things are functioning now. I take it that that is how decisions were made earlier as well. Or am I making an assumption?

**Mr. Heidt:** — I can only give you how they've been made since November of '91. That's the process since November '91.

**Mr. Cline:** — No, I thought it was a very good question. I just wanted to make sure that they understood what the parameters of the questions are, but maybe you do.

**Mr. Heidt:** — I think we do. I think we're going to provide a listing of the mortgages and the acquisitions and deletions in 1991 and the holdings at the end of the year of 1991. Will that suffice?

**Ms. Haverstock:** — Yes. And I am interested in purchase prices and third-party involvement and that kind of thing. If you would like that more specific maybe I can . . .

**Mr. Heidt:** — No, we're fine.

**Mr. Cline:** — I want to ask . . . I have to say I've learned a lot more about how the auto fund is managed in terms of its investment portfolio than I knew before, which was next to nothing, I guess. You talked about trying to have a balanced approach in terms of the investments that you would have, and I understand that. Is your approach similar to the approach that would be taken by other insurance companies, or is it unusual?

**Mr. Heidt:** — No, it's actually . . . We are not, I suppose, as regulated as, say, a federally chartered insurance company. But a lot of the investment powers that we have within our statutes relate directly to similar powers that you would find in insurance companies.

Now there were major amendments to federal insurance law in 1992 that we have yet to follow through with in Saskatchewan. But for all intents and

purposes, we compare ourselves a lot to the insurance industry. And we utilize . . . because we attempt to match somewhat our assets with our liabilities which are the same in an insurance company that would have a heavy weighting in the automobile, because of course the auto fund is all automobile.

So you would find a great deal of similarities in our portfolio and in our policy to other insurance companies.

**Mr. Cline:** — Is the insurance industry . . . is there anything unique about the insurance industry in the way that it manages an investment fund or an investment portfolio as opposed to other types of industries?

**Mr. Heidt:** — Not really. Not really, except that financial services are investors of money, relative to, say, telephone companies or power utilities that are users of capital and usually find debt. And you usually find that we're sitting with, rather than debt, large investment portfolios.

**Mr. Cline:** — The other question I want to ask is in paragraph .12 of chapter 24 of the Provincial Auditor's report where he points out first of all the situation about acquiring the title to the property, and then he says: "In our opinion, title to the property must be registered in the name of SGI." And of course it's registered in the name of the numbered company.

Then paragraph .12 says: "SGI believes it has the authority to register the property under the name of the new company." And I'd like to know the rationale for that statement. Obviously you have some reason to believe that this is . . . that you have the authority to do this. But we haven't touched on that yet.

**Mr. Heidt:** — What we believed at the time being was that, of course we're always concerned about our public image and because of the negativity of the situation, that removing our name directly off of the registration and into the numbered company . . . but because we would continue to hold all of the shares in the numbered company. So while there's another thing in the middle there — the numbered company — ultimately we still owned it because we owned all the shares in the numbered company.

So while there was a little bit of a trail, two companies rather than one company holding the shares directly or the registration directly, we believe that the effect is the same. And there is no other third party here or there is no other entity. It's just that we had put something in the middle for public perception.

And in the opinion, as I said, of the other auditor our independent auditor and his counsel — that we were in compliance with our legislation. However, the Provincial Auditor had a different opinion about the matter.

**Mr. Cline:** — Okay, so is it that you feel that the legislation specifically permits you to hold real property in this fashion or that you feel that the

legislation does not prohibit you from doing that?

**Mr. Heidt:** — I think we felt that the legislation did not prohibit, and if we were able to maintain our public image and still comply with the legislation, then everybody would be happy — us included.

As I said earlier, because we were not able to resolve the matter with the Provincial Auditor, we have collapsed the company and we hold the thing directly in the name of SGI now, which creates some public image problems for us. But I suppose that that's necessary or we'll be back here next year again on this thing.

**Mr. Cline:** — Do you see . . . just so I understand your position, you mentioned that the numbered company was held totally by SGI because SGI owns 100 per cent of the issued shares.

**Mr. Heidt:** — That's correct.

**Mr. Cline:** — And I take it you're saying that you see the shares in the numbered company as representing the investment rather than the title to the property itself.

**Mr. Heidt:** — No. Ultimately we would see the investment being held by SGI. Because when we came to consolidate and do the financial statements, the numbered company, because all the shares were owned by SGI, would be rolled in with SGI on a consolidated basis. So we still viewed SGI as holding the real estate investment even though we put another piece in the middle here in a numbered company.

I think the view would be different if there was another party to the shareholdings of the numbered company, in that we would be looking at maybe the investment then would be the investment in the shares of the numbered company. But ultimately here it was — and I can't think of the right word — for perception purposes mostly. But we still viewed the . . . ultimately we held the mortgage on this mall.

**Mr. Cline:** — Thank you.

**The Chairperson:** — Being no more questions, I would be willing to entertain a motion that the hearing on Saskatchewan Auto Fund be concluded, subject to recall if necessary for further questions.

**Mr. Cline:** — Thank you.

**The Chairperson:** — Thank you, gentlemen.

**Mr. Heidt:** — Thank you.

**Mr. Heise:** — Thank you.

**The Chairperson:** — All those in favour of the motion? Carried.

The second item that we have to discuss is the draft report of the Public Accounts Committee. And I would just like to have the committee give me some idea as

to how you want to handle the draft report.

I've looked through it myself and I don't find anything that is unusual or . . . other than the information that we have been on a regular basis providing to the Clerk. Are there any adjustments or alterations that we should be making to the report to make it a final draft and then okay it for presentation to the Assembly?

**Mr. Cline:** — I've read it, Mr. Chair, and other than a few typographical errors I've seen, I'll bring to the attention of the Clerk, I think it accurately sets out what we have resolved. And I have no problem with it being presented to the Legislative Assembly in this form with the additions required in paragraph 78) and 89) arising out of what we did last day and today.

**The Chairperson:** — As you're perusing it, I just want to say that I think that our method of . . . and our approach to the way we handled it was well done, and so that we could make a kind of systematic conclusion to the different parts of the auditor's report and to the different things that we did, we concluded the matters as we went along and therefore it makes it a whole lot easier to deal with it in report stage.

And I've been at these committees when we had to do this all right from the beginning, and trying to recall all the things that we set out to start with was rather difficult. And so what we have done is, I think well done, and we're . . . Mr. Vaive isn't here to accept the thanks, but I think that he should be acknowledged in this too.

Any discussion at all from matters . . . Well I think we need a motion then to accept this with the add-ons of those two items — the one we did the other day and the one we concluded today.

And do you want a draft with that in it or do you want to go directly to the material that we would be reporting?

**Mr. Cline:** — Well maybe we should . . . I don't want to put the Clerk in a situation of trying to determine what exactly we would want to say about these last two items. And looking at paragraph 78), we said in that, the way it is drafted so far — that was before we heard from SGI that we considered the recommendation: " . . . that SGI should properly register in the name of SGI the title to a property . . . " and so on. And then it says: "Your Committee learned from SGI that . . . "

And based on what I heard about their investment portfolio and the way they manage it, I didn't find anything unremarkable about the fact that they had given a loan on the security of a mortgage or that they invested in real estate to some extent.

I think we might want to add these words, where it says: "Your Committee learned from SGI that . . . " if it's agreeable we could say: all issued shares in the numbered company were held by SGI on behalf of the auto fund and the numbered company was a mere instrument to hold title. Because I think that's what

they're saying. And for my part, I don't have a particular problem with it. So that's what I would suggest we simply report.

**Mr. Strelieff:** — You might also consider stating that SGI advises that the numbered company has been wound up.

**The Chairperson:** — And with that, it would probably be fair to say that the assets would be now held in SGI.

**Mr. Strelieff:** — Under their name.

**The Chairperson:** — Under their name.

**Mr. Strelieff:** — Because they always held the assets through another company.

**Mr. Cline:** — Are you saying, Mr. Strelieff, that the investment is now . . . the real estate is now in their name?

**The Chairperson:** — That's what they said.

**Mr. Cline:** — Okay.

**Mr. Strelieff:** — The numbered company is gone.

**Mr. Cline:** — Is gone.

**The Chairperson:** — Yes.

**Mr. Cline:** — Okay, so the problem disappears then. Perhaps we could say this: your committee learned from SGI that all issued shares in the numbered company were held by SGI on behalf of the auto fund, and the numbered company was a mere instrument to hold title. SGI advises that the numbered company has been wound up and title to the property is now in its name.

**The Chairperson:** — In the name of SGI, not in the name of the auto fund?

**Ms. Crofford:** — Yes, it might be best to specify . . .

**Mr. Cline:** — And then . . .

**The Chairperson:** — The other matter was NEFI (northern enterprise fund incorporated).

**Mr. Cline:** — Well, I mean I guess I have . . . I thought when we heard from them the other day that the key question here would be one of public accountability, and how did you achieve that and ensure that the organization is properly accountable.

And on reflection, therefore, I wondered whether it wouldn't be advisable to adopt the recommendation of the Provincial Auditor that . . . page 230 of the report, paragraph .76, where he says:

NEFI's financial statements should be tabled with the Legislative Assembly.

And for my part I thought perhaps that would be a useful thing to do.

**Mr. Robert:** — There seems to be a procedural problem with the way that works now. They're not required to, under statute, and that's the normal way that you have documents tabled as the Provincial Auditor has pointed out previously. The possibility would be to have SaskPower perhaps append an accounting of NEFI's holdings as part of their report. But I don't know that SaskPower would agree to that nor are they obliged to do it under the statute.

**Mr. Cline:** — Okay, I should tell you, Mr. Robert, that we actually had this same conversation with your predecessor in a meeting I think on Thursday, January 20, where I'm asked the same question that you're now posing and suggested that that might be a problem because . . . or whether it was possible under The Tabling of Documents Act. And his view was . . . he said that although The Tabling of Documents Act would apply in situations where somebody was . . . the minister was required to table something from the Legislative Assembly, there was no legal impediment to a minister tabling a document in the Legislative Assembly at any time, should the minister wish.

**Mr. Robert:** — That's true. But there would not be an automatic reference to the Public Accounts Committee for its review.

**Mr. Cline:** — Okay.

**Mr. Robert:** — Because it's simply just a tabled document. You know, when we're in the Committee of Finance and sometimes there are documents exchanged and sometimes there are other documents that are tabled, they become sessional papers. But when they're sessional papers, that's fine. But when they're just simply tabled on a voluntary basis, that creates a problem in terms of whether or not it's automatically referred to the Public Accounts Committee.

**Mr. Cline:** — Okay. Well let me ask the auditor then. . . Mr. Chairman, I'll ask the auditor this: whether that qualification is a necessary ingredient of his recommendation. In other words he has said that the financial statements should be tabled with the Legislative Assembly. Is tabling sufficient to meet his recommendation, or is he bothered by the problem that Mr. Robert raises?

**Mr. Strelieff:** — Mr. Chairman, members, Mr. Cline, it seems to me that if the committee says that you recommend that the government table . . . or table the information in the House about NEFI each year, that's sufficient. You have access to NEFI through the financial reports of SaskPower or at any time that you wish.

It would be tighter if it then became a document that was referred to this committee, but it doesn't mean that you still can't get access to it. So a good step forward would be just to recommend that the financial statements of the government provide the Legislative Assembly with the financial statements of

NEFI each year.

**Mr. Cline:** — Well I think Mr. Robert has raised a very valid point, Mr. Chairman, about a practical impediment in terms of it being referred to our committee. But at this point I still would recommend that we agree to adopt the recommendation of the Provincial Auditor with respect to this matter.

**The Chairperson:** — We had a considerable amount of discussion in relation to this point, and I don't want to go through all of the contortions that we went through to get to this point. But I think, I agree with you, just leave it the way the auditor has stated it. The logistics of the reporting system can be dealt with by the minister and he can table the document any time. We're not saying that he should, but we wish he would; or that he may, instead of that he will. And maybe some day we'll get to the place where he will table it.

**Mr. Cline:** — Right.

**The Chairperson:** — And if that takes a change in the process and in the administration structure of SaskPower in order to deliver that, that in the future might be what we recommend as well.

**Mr. Cline:** — Right.

**The Chairperson:** — Do we have the words for that then, that your committee learned from NEFI . . . or should we restate that, that the committee agrees with the auditor's statement on item no. 76) that NEFI's financial statements should be tabled with the Legislative Assembly?

**Mr. Cline:** — Yes.

**The Chairperson:** — So we would delete "Your Committee learned from NEFI . . . " and just put in the words of the Provincial Auditor here.

Okay, I think we could probably have a motion to adopt at this point in time,

**Mr. Cline:** — I'll so move.

**The Chairperson:** — Mr. Cline moved. Have you got a motion to that effect?

While Mr. Cline is doing that, the normal process for the committee to present this to the legislature is that the chairman moves the report, the vice-chairman usually seconds it, and Mr. Cline has indicated that he will not be here on Friday. So I was wondering whether this would be possible to be done either Monday or Tuesday next week, and then can be dealt with.

Each individual has freedom to speak to the committee . . . to the legislature about the committee's work, and you can have the freedom to do that. And I wonder if the committee would give me and Mr. Cline the freedom to bring it forward at the day that's convenient, and we'll let you know what day that will

be, but it probably will be Tuesday. Agreed? Agreed.

Also with the time that we have I would like to also say that, as chairman of the committee, it's been a pleasure for me to work with you and I want to thank you for the time that you've spent. I also want to say that you have not made my life overly difficult, which is a credit not only to the people who are witnesses to committee, but on behalf of the people who are a part of the committee, and I want to thank you for that.

The motion reads:

That the draft report be adopted as drafted with the necessary additions to paragraph 78) and 89) arising out of the meetings of March 17, '94 and March 23, '94.

And we will move that into committee. Is that all that's required?

**Mr. Robert:** — I believe so. It's just to adopt the report and to order that it be presented. Yes, that's fine.

**The Chairperson:** — And to be ordered that it be presented. Okay. And we don't need a seconder. Have we got consensus or voting by the committee to approve this? All those agreed? Carried. Well that's it.

One more item of business that may need to be addressed — and I was thinking about this earlier — there is a Public Accounts meeting going to probably be held in Charlottetown, Prince Edward Island, in the first week in July or the second week in July. And that is something that we'll have to discuss and review as to whether we will be attending, whether . . . who will be attending. And that's something we maybe need to discuss. And we don't need to do that immediately, but I think we have to keep that in mind as to the events that will be occurring.

Having said all of that, I think I am in a position to have someone . . .

**Mr. Robert:** — Just one more thing. Mr. Cline mentioned that there were some typos and other changes. Do I have the permission of the committee to make those changes before the report is actually presented?

**The Chairperson:** — I think you'd better.

**Mr. Robert:** — I don't want to do anything without permission.

**Mr. Cline:** — Mr. Robert has been watching events in Ottawa lately.

**The Chairperson:** — Anyway, I will entertain a motion to adjourn.

**Ms. Haverstock:** — I so move.

The committee adjourned at 9:26 a.m.