

**Crown Investments Corporation
of Saskatchewan**

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Main points

In this chapter, we report the results of the audits of Crown Investments Corporation of Saskatchewan (CIC) and its related entities for the year ended December 31, 2002.

For CIC and seven of its related entities whose audits are complete, we concluded that the financial statements are reliable; they have adequate systems and practices to safeguard and control their assets; and they have complied with authorities governing their activities.

This chapter also discusses our February 2003 report to the Standing Committee on Crown Corporations regarding *Disclosure of payee information by CIC Crown corporations and related entities*. The CIC Crown corporation sector accounts for 40% of Government spending, yet it provides limited information about its spending compared to the rest of the Government. We want to ensure that public business is made public, unless disclosure impairs personal privacy or the economic interests of the Government or a third party. We provide a suggested process that legislators can use to ensure they receive the information they need to hold the Government accountable.

We recommend that each Crown corporation provide the Legislative Assembly with a list of persons who received money and the amounts they received, unless public disclosure would impair personal privacy or the corporation's or a third party's economic interests. We do not recommend disclosing any information that would impair personal privacy as set out in the law. In the rare instances where public disclosure of the information would impair an economic interest, we recommend that the corporation disclose the information in a private (in camera) meeting of the Standing Committee on Crown Corporations. To assist legislators in deciding what information would impair personal privacy or economic interests, we recommend that the Standing Committee on Crown Corporations should seek independent legal advice from the Information and Privacy Commissioner.

Introduction

Crown Investments Corporation of Saskatchewan (CIC) is the holding company for many of Saskatchewan's Crown corporations such as Saskatchewan Power Corporation, SaskEnergy Incorporated, and Saskatchewan Telecommunications. CIC is responsible for establishing the strategic direction for these subsidiaries and for monitoring their performance. CIC's Board provides advice about these subsidiaries to Executive Council (Cabinet). CIC is also responsible for managing a diverse portfolio of investments in areas such as heavy oil upgrading, fertilizer manufacturing, food and wood processing, and venture capital funds.

CIC's 2002 Annual Report contains three sets of financial statements. The first set shows CIC's financial results consolidated with those of its subsidiaries. The second set shows the financial results of activities of CIC, the legal entity. The third set shows the financial results of activities that CIC manages through its subsidiary CIC Industrial Interests Inc. (CIC III). The Legislative Assembly asked CIC to prepare the latter two sets of financial statements to provide additional information to show how CIC managed the assets entrusted to it by the Assembly.

The 2002 consolidated financial statements show CIC had revenue of \$3.5 billion, net income of \$284 million, and held assets of \$8.1 billion.

Our audit conclusions and findings

This chapter contains our audit conclusions and findings for:

- ◆ Entities with 2001 fiscal year-ends, which were not completed in time to include in our 2002 Spring or Fall Reports:
 - 101012875 Saskatchewan Ltd.; and
 - 101012876 Saskatchewan Ltd.

- ◆ Entities with 2002 fiscal year-ends:
 - CIC (includes CIC III);
 - CIC Pulp Ltd.;
 - CIC Foods Inc.;
 - Genex Swine Group Inc.;

- Saskatchewan Valley Potato Corporation; and
- Capital Pension Plan.

The 2002 audits of the following entities are not complete. We will report the results of these audits in a future report.

- ◆ 101012875 Saskatchewan Ltd.;
- ◆ 101012876 Saskatchewan Ltd.;
- ◆ 101026817 Saskatchewan Ltd.;
- ◆ CIC Ventures Inc.; and
- ◆ CIC OSB Products Inc.

Our Office worked with CIC's appointed auditor, KPMG LLP, to form our opinions using the framework recommended in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors* (to view this report, see our web site at <http://www.auditor.sk.ca/rrd.html>). Our Office and KPMG LLP formed the following opinions.

In our opinion, for the audits we have completed:

- ◆ **the financial statements of each of the entities are reliable;**
- ◆ **each of the entities had adequate rules and procedures to safeguard and control its assets; and**
- ◆ **each of the entities complied with authorities governing its activities relating to financial reporting, safeguarding assets, revenue raising, spending, borrowing, and investing.**

In addition, we also report on a matter related to the public accountability of CIC and its related entities.

Public accountability information

List of persons who received public money

As in previous reports, we note that CIC and its related entities provide limited information about their spending compared to the rest of Government. They do not give the Legislative Assembly a complete list of

persons who received public money. The Standing Committee on Crown Corporations discussed this matter in December 2001. It asked CIC and our Office to review how the recommended process for disclosing payee information should apply to CIC Crown corporations and their related entities. In February 2003, CIC and our Office submitted reports on this matter to the Committee. To view a copy of our report, *Disclosure of payee information by CIC Crown corporations and related entities*, see our web site at <http://www.auditor.sk.ca/saskrepsfull.nsf/html/2003payee.html>.

In our report, we noted that the objective of recommending a process for disclosing payee information is to ensure that legislators receive the information they need to hold the Government accountable for its spending. We want a process that ensures public business is made public, unless disclosure impairs personal privacy or the economic interests of the Government or a third party. Where public disclosure would impair those economic interests, it is important that legislators still receive the necessary information, but in private (in camera), to hold the Government accountable. We do not recommend disclosing any information that would impair personal privacy as set out in the law. We also want the process to ensure that legislators get independent legal advice to help them make these decisions.

We recommend that each Crown corporation give the Legislative Assembly a list of persons who received money and the amounts they received, unless public disclosure would impair personal privacy or the corporation's or a third party's economic interests. The onus is on the corporation to convince the Committee that public disclosure of payee information would impair those economic interests. In the rare instances where public disclosure of the information would impair an economic interest, we recommend that the corporation disclose the information in a private (in camera) Committee meeting.

To assist legislators in deciding what information would impair personal privacy or the economic interests of a Crown corporation or third party, we recommend that the Committee should seek independent legal advice. We think that the Information and Privacy Commissioner is the best person to assist the Committee because he is an independent officer of the Legislature and has expertise in making those types of decisions.

The Committee should ask the Commissioner to provide his advice and recommendations by calling him to appear before the Committee.

On March 4, 2003, the Committee met to address this issue. The Committee referred the matter, regarding what information CIC Crown corporations should disclose and to whom, to the Information and Privacy Commissioner for his advice and recommendation. The Commissioner responded to the Committee on March 31, 2003. He agreed with the recommendation in our report. He also noted that the Committee should provide clear direction and should demand consistent, full disclosure from all Crown corporations. To obtain a copy of the Commissioner's response, contact the Office of the Clerk of the Legislative Assembly and ask for document number CCC-278/24. The Committee has not yet met to consider the Commissioner's response.