



FIRST REPORT
OF THE
STANDING COMMITTEE ON CROWN CORPORATIONS

Second Session
Fifty-fifth Legislative Assembly
of the
Province of New Brunswick

May 5, 2005

MEMBERS OF THE COMMITTEE

Mr. Stiles, Chair
Mr. Holder, Vice-Chair
Mr. Betts
Mr. Carr
Mr. MacDonald
Mr. Malley

Mr. Sherwood
Mr. Arseneault
Mr. V. Boudreau
Mr. Doucet
Mr. MacIntyre
Ms. Weir

May 5, 2005

To The Honourable
The Legislative Assembly of
The Province of New Brunswick

Mr. Speaker:

Your Standing Committee on Crown Corporations begs leave to submit this, their First Report.

Pursuant to Standing Rule 99, the Clerk convened a meeting of the Committee on Wednesday August 6, 2003, and presided over the election of a Chair and Vice Chair.

On motion of Mr. Allaby, seconded by Mr. Doucet, Mr. Stiles was elected Chair of the Committee.

On motion of Mr. Sherwood, seconded by Mr. Betts, Mr. Holder was elected Vice-Chair.

On September 23, 2003, the Committee held an *in camera* working session with the Office of the Auditor General. The Auditor General, Daryl Wilson, and senior staff briefed Members on various topics of interest to the Committee, including accountability and the Office of the Auditor General, the government's annual report policy, and how to effectively review and make use of annual reports.

The Committee met in the Legislative Council Chamber on September 24, 25 and 26, 2003 to review the activities and financial statements of various Crown corporations and agencies for the year ending March 31, 2002. Officials of the following Crown corporations and agencies appeared before the Committee:

Algonquin Properties Limited (year ending Dec. 31, 2002)
Kings Landing Corporation
New Brunswick Forest Products Commission
New Brunswick Liquor Corporation
New Brunswick Municipal Finance Corporation
Regional Development Corporation

On September 30 and October 1, 2003, your Committee met in the Legislative Council Chamber to review the activities and expenditures of New Brunswick Power Corporation and NB Coal Limited, for the fiscal years ending March 31, 2002 and March 31, 2003. Senior management officials appeared before the Committee and answered questions for the years under review.

The Committee met on October 2 and 3, 2003, to continue its review of Crown corporations and agencies for the year ending March 31, 2002. Officials of the following Crown corporations and agencies appeared before the Committee:

Provincial Holdings Ltd.
 Service New Brunswick
 Workplace Health Safety and Compensation Commission of New Brunswick (Dec. 31, 2002)

On December 9, 2003, the Committee met in a joint session with the Standing Committee on Public Accounts to receive and review the *Report of the Auditor General of New Brunswick Volume I, 2003*. The Auditor General briefed Committee members on the nature of the work undertaken during the year and on the contents and findings of the Report.

Your Committee met in the Legislative Council Chamber on February 3, 4, 5, 10, 12 and March 16 and 17, 2004, to review the activities and financial statements of various Crown corporations and agencies for the year(s) ending March 31, 2003. Officials of the following Crown corporations and agencies appeared before the Committee:

Acadia-Bathurst Health Authority
 Atlantic Health Sciences Corporation
 Beauséjour Regional Health Authority
 Miramichi Regional Health Authority
 Regional Health Authority 4
 Restigouche Health Authority
 River Valley Health
 South-East Regional Health Authority
 Atlantic Lottery Corporation
 Lotteries Commission of New Brunswick
 New Brunswick Board of Commissioners of Public Utilities
 New Brunswick Investment Management Corporation

In March, 2004, four days of hearings were held to review issues surrounding the agreement with Venezuela to secure a supply of Orimulsion at the Coleson Cove Generating Station in Saint John. The Committee met on Thursday, Friday and Saturday, March 25, 26 and 27, 2004 in the Legislative Assembly Chamber and on Monday, March 29, 2004 in the Legislative Council Chamber. The following individuals appeared before the Committee and answered questions:

- David D. Hay, President and Chief Executive Officer, NB Power
- Stewart MacPherson, Former President and Chief Executive Officer, NB Power
- Leon Furlong, Chairman, NB Power
- John Mallory, Deputy Minister, Department of Finance
- Bill Marshall, Director of Strategic Planning, NB Power
- Sharon MacFarlane, Vice President, Finance and Information Systems, NB Power
- Jim Brogan, Vice President, Generation, NB Power
- David Reid, Senior Advisor, Contract Development, NB Power
- Ian Blue, Q.C., (Cassels Brock, Toronto), Solicitor for NB Power
- Don Barnett, Former Assistant Deputy Minister, Department of Natural Resources and Energy
- W. David Ferguson, Deputy Minister, Department of Natural Resources
- David C. Nicholson, Chairman, NB Board of Commissioners of Public Utilities
- William M. Thompson, Deputy Minister, Department of Energy

The Committee met *in camera* on Tuesday, April 13, 2004, with respect to the recently completed hearings on Orimulsion. The Committee agreed to retain research staff to review the transcripts and prepare a summary of the proceedings.

The Committee met in the Legislative Council Chamber on October 13, 22, 27, 28, November 2, 3, 4, and 5, 2004, to continue its review of the activities and financial statements of various Crown corporations and agencies.

The following Crown corporations and agencies were reviewed to the end of the 2003 fiscal year.

Algonquin Properties Limited (Dec. 31, 2003)
 Kings Landing Corporation
 New Brunswick Credit Union Deposit Corporation (Dec. 31, 2003)
 New Brunswick Crop Insurance Commission
 New Brunswick Forest Products Commission
 New Brunswick Municipal Finance Corporation
 Provincial Holdings Ltd.
 Regional Development Corporation
 Workplace Health, Safety and Compensation Commission of New Brunswick (Dec. 31, 2003)

The following Crown corporations and agencies were reviewed to the end of the 2004 fiscal year.

Atlantic Lottery Corporation
 Forest Protection Limited
 New Brunswick Farm Products Commission
 New Brunswick Highway Corporation
 New Brunswick Liquor Corporation

New Brunswick Museum
New Brunswick Research and Productivity Council

Staff of the Office of the Auditor General appeared on November 5, 2004, and provided a briefing on Chapter 6 of the *Report of the Auditor General of New Brunswick, Volume 1, 2003*, entitled *Crown Agency Governance*.

The Committee met on November 10, 2004, to receive the *Analyses of Orimulsion Hearing Transcripts*, prepared by AJM Consulting Inc., a copy of which is attached hereto as Appendix "A". On motion of Mr. Carr, seconded by Mr. Sherwood, the Committee accepted the summary prepared by AJM Consulting Inc. and received the Dissenting Report by the Opposition, a copy of which is attached hereto as Appendix "B".

On December 14, 2004, the Committee met in a joint session with the Standing Committee on Public Accounts to receive and review the *Report of the Auditor General of New Brunswick Volume 2, 2004*. The Auditor General, Daryl Wilson, and senior staff provided a briefing on the report and answered questions posed by Committee members.

Your Committee wishes to thank the officials of the various Regional Health Authorities, Crown corporations and agencies that appeared before the Committee. Your Committee also wishes to thank the Auditor General and staff for the assistance provided.

And your Committee begs leave to make a further report.

Wally Stiles, MLA
Chairperson