

# PRINCE EDWARD ISLAND LEGISLATIVE ASSEMBLY



Speaker: Hon. Francis (Buck) Watts

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## Standing Committee on Public Accounts

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LOCATION: COMMITTEE ROOM, J. ANGUS MACLEAN BUILDING, CHARLOTTETOWN

SUBJECT: AUDITOR GENERAL'S REPORT ON E-GAMING

**COMMITTEE:**

James Aylward, MLA Stratford-Kinlock [Chair]  
Jordan Brown, MLA Charlottetown-Brighton  
Dr. Peter Bevan-Baker, Leader of the Third Party, MLA Kellys Cross-Cumberland  
Bush Dumville, MLA West Royalty-Springvale  
Darlene Compton, MLA Belfast-Murray River  
Chris Palmer, MLA Summerside-Wilmot  
Hal Perry, MLA Tignish-Palmer Road

**MEMBERS IN ATTENDANCE:**

Jamie Fox, Leader of the Opposition, MLA Borden-Kinkora  
Bradley Trivers, MLA Rustico-Emerald

**GUESTS:**

Department of Finance (Scott Cudmore, Allen Roach)

**STAFF:**

Ryan Reddin, Clerk Assistant (Research, Committees and Visitor Services)

Edited by Parliamentary Publications and Services

The committee met at 10:00 a.m.

**Chair (Aylward):** I guess we will commence. Good morning, everyone. I would like to now call this meeting of the Standing Committee on Public Accounts to order. First, I would like to call for the adoption of the agenda.

**Mr. Palmer:** So moved.

**Chair:** Chris Palmer, thank you.

We have a couple of special guests here with us this morning as well. Just a couple of housekeeping rules before we do get going; your cell phones, if you could just put them on silent. If you do have them on vibrate, please keep them off the table because the microphones with Hansard does pick that up and it's very distracting.

What I would like to ask today is that we hold any questions until the minister and his guests have finished their presentation and then we'll go with any questions after – following that. Again to remind everybody, please come through the Chair so that I can control who is on the list and how we're progressing. Nothing further, I would like to welcome Minister Roach and we'll turn it over to you at this time.

**Mr. Roach:** Thank you, Chair.

I guess first of all, hello to everyone that's here.

**An Hon. Member:** Hi.

**Mr. Roach:** A lot I haven't seen in a little while so it's great to see you all again. I would like to start off by thanking the standing committee for the invitation to join you here today. I will answer what I can, but my knowledge of this file is, quite frankly, limited to what we have all read in the Auditor General's report and to the actions we have taken in response to the Auditor General's audit and recommendations.

Just for the table, I was first elected as a Member of the Legislative Assembly of Prince Edward Island on October 3<sup>rd</sup>, 2011, and on October 18<sup>th</sup>, 2011, I was sworn in as the minister of innovation and advanced learning. By this time the e-gaming file,

according to the Auditor General's report, was a few years old.

I would like to thank for having this opportunity and I'd like to take this time to thank the Auditor General for her work and the work that her staff has done in this detailed report. Her final report was thoughtful and her recommendations were thorough.

In my own department, in finance, some recommendations were around strengthening and enforcing existing Treasury Board policy and procedures. We added wording to the section in the Treasury Board manual on contract services, conditional grants and funding agreements which addresses conflict of interest situations with contractors.

The existing, or the then existing, contract template within the policy was also strengthened to meet that objective. As you know, all of our financial transactions are guided by the *Financial Administration Act*. Treasury Board is monitoring all submissions for compliance with it and with our policies and procedures manual.

The deputy minister of finance and the secretary to Treasury Board recently made a presentation to the deputy ministers' council. At that meeting they advised their colleagues that our current policies are solid and must be enforced. They advised that the Department of Finance is strictly adhering to policy and procedure, and we expect to see that reflected in all Treasury Board submissions.

Scott Cudmore, who is here with me today from IT Shared Services, has already been here. I understand that his presentation was well-received. I brought Scott back with me today just in case there are any further questions of a technical nature.

I guess to start off with I would like to walk you through the recommendations and what government has done in response to-date to that. Scott, if you could – okay so again, it's great to be here today.

In March of 2015, Premier MacLauchlan asked the Auditor General to take on a special assignment looking into government's involvement with the e-

gaming initiative and the Financial Services Platform. In October 2016, the Auditor General released her comprehensive review. As a result of that, the Premier committed to act swiftly to respond to the report and its recommendations.

I was asked by the Premier to lead these efforts across government in a coordinated approach and to report back to the Cabinet and ultimately back to the Auditor General on her recommendations.

Really, when the Auditor General – when she made her recommendations that came back, what I was assigned was to ensure that each department clearly knew what the recommendations were that applied to their department, and they were given timelines at that time to respond to the Auditor General's report and get back to me where I would collect it all in one place.

I will start with the first recommendation. It was recommendation 3.24: "When engaging in joint initiatives with external parties, government should ensure taxpayers' interests are protected through written agreements. These agreements should address, at a minimum, roles and responsibilities, conflict of interest, confidentiality and government access to files and information."

Government accepts this recommendation and the action that we have taken is to reinforce the significance of the measures prescribed in section 13 of the Treasury Board Policy and Procedures Manual, contract services, conditional grants, and funding agreements. A clause was added to the policy to address conflict of interest situations with contractors. The existing contract template within the policy was strengthened to address the subject of conflict of interest.

Recommendation 3.56: "Innovation PEI should ensure grant approval documents and agreements accurately reflect the project being funded." Government accepts this recommendation. Innovation PEI has amended its approval process to include confirmation that in all instances, an application is on file, that eligible expenditures are clearly defined in the letter of offer, and that documentation on file

clearly describes the activities that are to be funded.

Recommendation 3.57: "Innovation PEI should monitor grant funding in accordance with the terms and conditions in the letter of offer." Innovation PEI has amended its disbursement approval sheet to include confirmation that the funds are being disbursed in accordance with the terms in the letter of offer.

Recommendation 3.58: "IIDI should not disburse loan proceeds prior to signing loan agreements and obtaining security." It is an established – and government does accept this recommendation. It is an established practice of Island Investment Development Inc. to not advance funds before the offer to finance and security is in place. This policy will be adhered to without exception. As I had mentioned earlier, the deputy had met with all of the deputies to clarify that point and to ensure that that is strictly adhered to.

Can I get some water, Ryan? Thanks.

Recommendation 3.59: "In accordance with the Financial Administration Act and Treasury Board policy, government loan guarantees should be authorized by the Lieutenant Governor in Council." Thank you. Government accepts this recommendation. Treasury Board will ensure loan guarantees adhere to the policies set out in section 15.03 of the Treasury Board Policy and Procedures Manual, Loan Guarantees, and that they meet the criteria set out in the *Financial Administration Act*, section 32.1.

Recommendation 3.66: "The Department of Finance should strengthen its financial reporting practices to ensure all loss provisions are reflected in the consolidated financial statements of the province." Government accepts this recommendation.

Government's consolidated financial statements are prepared and audited in accordance with the *Financial Administration Act* and Public Sector Accounting Board standards. These standards include specific guidance for establishing and reporting loss provisions.

The comptroller's office works closely with the departments and Crown corporations to

present timely and reliable financial information. Recent changes to the *Financial Administration Act* in the area of write-offs and cancellation of debts due to government will further strengthen the reporting of loss provisions.

Recommendation 3.67: "IIDI should strengthen its financial reporting practices and ensure all significant information is disclosed." Government accepts this recommendation. As part of its annual audit, staff of Island Investment Development Inc. will ensure the external auditor is informed of any related-party transactions.

Recommendation 3.68: "In accordance with the Financial Administration Act, IIDI should recommend to Executive Council the write off of the loan to MCPEI." Government accepts this recommendation. Island Investment Development Inc. recommended the cancellation of the loan to MCPEI. It was approved by Executive Council on November 8<sup>th</sup>, 2016.

Recommendation 3.69: "IIDI should provide the required information on its loan portfolio in its quarterly reporting to Treasury Board." Government accepts this recommendation. In November 2016, Island Investment Development Inc. initiated consultations with Treasury Board to ensure that is compliant with Treasury Board's quarter reporting expectations. Monitoring is ongoing.

Recommendation 5.17: "Innovation PEI should perform adequate due diligence prior to entering into commitments or agreements with external parties." Government accepts this recommendation. Innovation PEI has implemented a policy that dictates the minimum due diligence required prior to execution of any commitments or agreements.

Recommendation 5.18: "Treasury Board policy on contracting should be expanded to address conflict of interest situations with contractors." Government accepts this recommendation. We will reinforce the significance of the measures prescribed in section 13 of the Treasury Board Policy and Procedures Manual – contract services, conditional grants, and funding agreements.

A clause was added to the policy to address conflict of interest situations with contractors. The existing contract template within the policy was strengthened to address the subject of conflict of interest.

Recommendation 7.14: "The Public Archives and Records Office, in cooperation with public bodies, should monitor compliance with records management policies and procedures and submit compliance reports to the Minister of Education." Government accepts this recommendation.

An action plan was developed by education, early learning and culture and IT Shared Services staff to ensure compliance with the *Archives and Records Act*. The plan identifies the need to improve training for all departmental records staff and all employees, increase staff resources for records management within departments, adopt records retention schedules in all departments and public bodies, implement an electronic records management system, and increase the level of secure space for government records.

Departmental recorded information management assessments were conducted in December of 2016. A secondary provincial records centre location has already been identified. Additionally, new protocols adopted in July of 2016 ensure compliance with records management policies prior to the removal of email accounts.

Recommendation 7.15: "The Minister of Education, as the Minister responsible for the Archives and Records Act, should take necessary action to enforce compliance with the Act." Government accepts this recommendation.

Legislation to amend the *Archives and Records Act* will be introduced in the spring of 2017. The revised act would include duty to comply and penalties for failure to comply. The Treasury Board Policy and Procedures Manual section 5, Recorded Information Management, will also be revised.

Recommendation 8.9: "Treasury Board should take action to enforce compliance with its policies on contracting." Treasury

Board is currently monitoring this in each and every submission that it receives.

Recommendation 8.10: "Government should consider adopting whistleblower legislation." Government accepts this recommendation. Whistleblower legislation will be introduced in the spring of 2017. The new act will facilitate the disclosure of wrongdoing within the public sector by creating a system for disclosures, investigations and protection from reprisals translating the current policy into legislation. The act would define what constitutes wrongdoing, set a requirement for procedures and provide authority for investigations and implementation of recommendations.

With that, I'll take questions.

**Chair:** Great. Thank you very much, Minister Roach.

The first person that had indicated they had any questions was Darlene Compton.

**Ms. Compton:** Thank you, Chair.

**Chair:** Trivers.

**Ms. Compton:** Thank you, Minister, for coming out, Mr. Cudmore.

Back to the timeline; we've spent quite a bit of time on e-gaming and we're glad that you came in because I think you can maybe shed some light on a couple of different issues, but one thing I'm looking at is the timeline. You were named minister of innovation and advanced learning, you said, on October 18<sup>th</sup>, 2011.

**Mr. Roach:** That's correct.

**Ms. Compton:** Yes. When were you first briefed on the e-gaming project?

**Mr. Roach:** I was actually never briefed on the e-gaming project. I think it was sometime – I think it was sometime around 2013, early in the year, that I really first became aware that there was a fairly lengthy file that involved the former minister of finance and the Mi'kmaq – MCPEI.

**Ms. Compton:** How is it possible the minister of innovation wouldn't get a briefing on that?

**Mr. Roach:** I don't know.

**Ms. Compton:** It was a fairly big file, is what we understood, with a number of different very confusing sections.

**Mr. Roach:** As I followed the timeline, as laid out by the Auditor General in her report, it appears that by the time I became minister of innovation this file appeared to be coming to an end, and I believe that it did early in 2012.

**Ms. Compton:** Don't you feel – it was a pretty high-risk file and obviously there were pitfalls along the way and you as a new minister, who would be responsible for ensuring that you understood that or who would inform you of that, I guess is the question?

**Mr. Roach:** Well I guess from – the only way I can answer that is when I did become aware of it, I felt that it was – obviously it was a file that was being worked on with the former minister of finance and MCPEI, and that had been the case since the inception of the file.

**Ms. Compton:** Okay. I'll have more later, but (Indistinct)

**Chair:** Next I had Brad Trivers on the list, and then Peter Bevan-Baker and then Jamie Fox.

**Mr. Trivers:** Thank you, Chair.

Thank you, minister, for coming in to shed some light on how things went down. I think it's very telling that when you were minister you did not receive a briefing on this, so I just wanted to clarify just 100%: When did you first learn that this \$950,000 was being sought from your department to support – and we say the e-gaming project, but the e-gaming project has many different moving parts, but when was that?

**Mr. Roach:** I think it was sometime – I'm going to say the latter part of – or sometime mid-way in 2012.

**Mr. Trivers:** Okay, all right. Chair?

**Chair:** Go ahead.

**Mr. Trivers:** Thank you, minister. I'm wondering in the briefing that you received in mid-2012 – first I should ask: Did you receive a briefing in mid-2012 and what matter did you find out about it?

**Mr. Roach:** Well, it might have been – no, it wouldn't have been 2012. It would have been 2013 because the current deputy minister, I think, would have been the one who advised me that there was an ongoing file between the minister, the then minister of finance, and MCPEI and that there had been a loan disbursed for \$950,000.

**Mr. Trivers:** Okay, thank you.

**Mr. Roach:** It would have been 2013 because he didn't become the deputy until 2013.

**Mr. Trivers:** Chair?

**Chair:** Okay, Brad.

**Mr. Trivers:** Again, referring to the Auditor General's timeline –

**Mr. Roach:** Sure.

**Mr. Trivers:** – the loan request by MCPEI for e-gaming, deferred by the IIDI board, that was deferred on October 27<sup>th</sup>, 2011, and of course you were minister for a whole nine days at that point – because there was no security provided by MCPEI.

I was wondering: When were you first advised that IIDI had actually recommended against giving this \$950,000 e-gaming loan? Was that also somewhere in early 2013 because there were no securities?

**Mr. Roach:** No. I became aware that they had actually deferred the loan with respect to no security – that would have been probably sometime in 2016.

**Mr. Trivers:** Okay, so it wasn't – they deferred it on October 27<sup>th</sup>, 2011, and you became aware in 2016? Okay.

**Chair:** Did you have anything else?

**Mr. Trivers:** Yes, Chair.

**Chair:** I've got others on the list here.

**Mr. Trivers:** Now, when did you find out from the former minister of finance, Wes Sheridan, that he had provided a letter of guarantee to your department in order to secure this \$950,000 e-gaming loan even though, of course, IIDI had deferred it?

**Mr. Roach:** That would have been in 2016.

**Mr. Trivers:** 2016? The finance minister, Wes Sheridan, let you know in 2016 or did you find out through other means?

**Mr. Roach:** I found out through the Auditor General's report.

**Mr. Trivers:** Okay.

**Chair:** Peter Bevan-Baker.

**Dr. Bevan-Baker:** Thank you, Chair. Thank you, minister and Scott, for being here.

You opened by saying, Minister Roach, that your knowledge of the e-gaming file is limited to the Auditor General's report. That was your –

**Mr. Roach:** Pretty much, yes.

**Dr. Bevan-Baker:** – (Indistinct), which sort of surprises and shocks me. I can understand how those around the table and the general public might be limited in their knowledge, but my surprise that a minister of the Crown who was intimately involved in a department which was front and centre of this would know no more – but do you stand by that, that your knowledge of this file is limited to the Auditor General's report?

**Mr. Roach:** Pretty much. I mean, there were a couple of little things that came up, but there was no tie into – when I first heard, I guess it was in 2013, that there had been a file that was worked on with MCPEI with minister Sheridan, that that was a file that had been around for a long time and that in fact, it no longer existed pretty much by the time I had heard about it. The file was closed.

**Chair:** Peter?

**Dr. Bevan-Baker:** Thank you. You could summarize all of the recommendations in

the AG report by saying: Follow the rules. That's essentially what she was saying here and one of the problems here is that we're talking about policy and regulations rather than legislation, and if the rules are not followed it's very difficult to enforce any sort of consequences, ramifications. The one recommendation around adopting new legislation is of course the last one that you –

**Mr. Roach:** Sure.

**Dr. Bevan-Baker:** – referred to and something that the official opposition and myself have been calling for for some time is whistleblower legislation, and I'm glad that that's coming forward, but that's just one aspect of this. We don't have conflict of interest legislation planned, as far as I'm aware, and we have no legislation that would create civil responsibility, civil liability for upper-ranking civil servants and elected officials.

My question is: Have you – the Auditor General talks about, at a minimum, doing certain things. That phrase appears in a couple of her recommendations. Has government ever imagined going beyond the minimum suggested by the Auditor General and bringing forward legislation on conflict of interest and introducing civil liability for upper-ranking civil servants?

**Mr. Roach:** What I've had to work with and government has been the Auditor General's, her report which is quite lengthy, and putting our efforts towards finding compliance to her recommendations. I think that's a very good initial beginning. I think that there has been some conversation around liabilities.

Certainly, we'll take that into consideration going forward, but at this point the focus is to meeting and dealing with the Auditor General's recommendations as she has outlined in this report.

**Chair:** Go ahead, Peter.

**Dr. Bevan-Baker:** Thank you, Chair.

On a separate issue, one of the central problems with this file was the granting of loans and grants. Has your department considered a review and a restructuring of

the granting agencies, IIDI and Innovation PEI, given that the Auditor General has some pretty strong recommendations that things were not being – that rules were not being followed properly.

I would be very interested to know whether government is looking at that possibility of completely restructuring and reviewing the loans agencies. Not just because of e-gaming, but the loan write-offs that we've had to – the loan write-offs that we've endured recently, as well.

**Mr. Roach:** I think certainly, and I'll take that under advisement for sure, but I think the Auditor General's report has brought a greater awareness to many of these issues. I will take what you say under advisement.

**Dr. Bevan-Baker:** Thank you, Chair.

**Chair:** Next, I had Jamie Fox on the list.

**Leader of the Opposition:** Thank you, Chair. Thank you, minister. Thank you, Scott.

I want to go back to your slide presentation there and a couple of things that Darlene mentioned. Very back at the first of your slides you said: The Premier committed –

**Mr. Roach:** Which one?

**Leader of the Opposition:** It was back –

**Mr. Roach:** So I can refer to it.

**Leader of the Opposition:** – it was back there at way at the back at the front.

The statement that the Premier made some kind of comment that he was committed to making things better –

**Mr. Roach:** The Premier –

**Leader of the Opposition:** Yeah.

**Mr. Roach:** – MacLauchlan asked the Auditor General to take on a special assignment looking into government's involvement –

**Leader of the Opposition:** He was committed to –

**Mr. Roach:** – to e-gaming –

**Leader of the Opposition:** – looking into it and bringing recommendations back and that you were assigned to it.

You, of all people, of all people in the House between you and I and Mr. Dumville should know the difference between right and wrong, minister. I cannot understand why that there seems to be a double standard. There's a double standard that people broke the law. Treasury Board was superseded. People made decisions. People were involved in conflicts of interest, and nobody was held accountable.

You, of all people – in our profession, we held people accountable. If laws were broken and policies weren't followed, then we made sure that they were brought before the courts and (Indistinct) before a prosecutor. I cannot understand why you would not see the same in this regard given what she said, and going back to what she said last week that she even contemplated or thought about bringing in the RCMP.

Can you explain that? Why there's a double standard between people that work everyday lives and have businesses and do right and – or try to do everything right and they report to CRA and they make sure that they follow the laws of the land, but we have people over here that don't have to. Explain to me the difference.

**Mr. Roach:** I do appreciate the question. The Auditor General made it very clear when she sat down with the media and released her report. I believe she was asked a similar question to that. If I recall correctly the Auditor General said there was nothing of a criminal nature that she found during her review and that she would not be bringing anything forward to the RCMP.

She clearly said that the very first day that she released the report at – on her report with the media.

**Leader of the Opposition:** In my –

**Mr. Roach:** Day one.

**Leader of the Opposition:** – opinion what she said was: That there was possibly,

reasonably, probable grounds to believe that something was wrong.

**Mr. Roach:** You heard what you heard and –

**Leader of the Opposition:** Chair, I'm curious on something else going back to some questions that were asked.

Knowing what you know now and the recommendations that you put forward and the people that were involved in this, why do we still have people, government, dealing with people or having people in places of authority or responsibility, or why would government still be working with people like Billy Dow on other matters?

If we knew these people were involved in wrongdoings, or alleged wrongdoings, or in conflicts of interest, why would we still be dealing with people like Billy Dow?

**Mr. Roach:** Again, the Auditor General – and certainly, these, and I have to correct you, these aren't government's recommendations.

**Leader of the Opposition:** I understand that.

**Mr. Roach:** No, you stated that they were your – pointing to me saying they're your recommendations. These are not my recommendations or government's. These are the recommendations of the Auditor General. The Auditor General made it very clear that there was no criminal wrongdoing.

**Leader of the Opposition:** Chair.

Minister, a minute ago Darlene questioned you whether or not you were briefed or not and you said: You were never briefed.

Are you aware of any briefings that were done to people within your departments when you were minister on this file?

**Mr. Roach:** No. Not in the early times of this file, I was not.

**Leader of the Opposition:** Did you ever, minister, have direct conversations with premier Ghiz on these developments?

**Mr. Roach:** Never.

**Leader of the Opposition:** Did you ever have discussions with or briefings with Executive Council on the developments?

**Mr. Roach:** No.

**Leader of the Opposition:** Did you ever advise Treasury Board of what was going on or developments?

**Mr. Roach:** I couldn't advise Treasury Board when I wasn't aware of the file during –

**Leader of the Opposition:** I have to go back to what the hon. member, Peter Bevan-Baker said. I think going back through it was some kind of conversation back and you said a couple of little things were discussed or brought to your attention.

What were these couple of little things that were brought to your attention about this file?

**Mr. Roach:** Really, I think there was one occasion when there was conversation in the Legislature around the loan, and I had gotten questions around the loan and I wasn't aware of it. I wasn't aware of the loan.

That was when I went back and said: Can somebody tell me about this loan? The deputy minister advised me, at that time, and I don't remember the exact date in the Legislature, he said: There was a loan that went out to MCPEI and because I think the question had to do – was the loan secured, or was the loan incurred or something like that. I was advised by the deputy minister at the time that the loan was in good standing. That was because, as I understand it now, there was a letter of security provided by the former minister of finance. That would have been kind of my first awareness that there was – of some sort of a loan in a file with MCPEI.

**Leader of the Opposition:** Final question, Chair.

**Chair:** Thank you, yes, because I do have others on the list, Jamie.

**Leader of the Opposition:** What discussions have you had with Premier MacLauchlan in regards to this?

**Mr. Roach:** Premier MacLauchlan asked me to lead these efforts with this particular file when it came back from the Auditor –

**Leader of the Opposition:** You never had –

**Mr. Roach:** – General's report.

**Leader of the Opposition:** – discussions or meetings with Premier MacLauchlan in regards to this file prior to him making you a lead on bringing the recommendations?

**Mr. Roach:** Other than there was discussion that the Premier was going to bring this – was going to assign this to the auditor, or ask the Auditor General to come in and do a special review on this file. There was no – I had, obviously, I had very little if anything to offer.

**Leader of the Opposition:** Thank you, Chair.

**Chair:** Thank you. Next, back over to Darlene Compton.

**Ms. Compton:** Thank you, Chair.

Mr. Fox mentioned the fact that it was decided that there were no criminal actions with this file. Obviously, it didn't pass the smell test or the Auditor General never would have gone to the RCMP or maybe she didn't go to the RCMP, she got advice –

**Mr. Roach:** To not go.

**Ms. Compton:** – to not go to the RCMP; but obviously, she got that advice because it didn't pass the smell test and we talk about what the Auditor General said and she said back on January 11<sup>th</sup>: I am not confident that I received all relevant government records. We did not receive any records from the relevant public body from Chris LeClair. We didn't receive any records from the Premier's office related to Chris LeClair.

There are a number of times during this review of the e-gaming file that we heard this. If it didn't pass the smell test and we are missing records, there is a huge concern by not only the committee but from the public and it reflects poorly on all of us, everyone sitting around this table, and that's a big concern that I have.

I've asked that we have people come in so I'm almost – I'm here in disbelief that you as the innovation minister didn't hear about this file. I would just like you to reflect on how you feel about it. Now you're the finance minister. This is still in your wheelhouse. We're still dealing with it.

Recommendations are great, but we've said it over and over again and the hon. Peter Bevan-Baker said it: If we followed the rules, we wouldn't be here. There have been comments made by this committee during this investigation that still make me question whether we're going to follow the rules because some of the justification behind what we're doing here, they don't believe they have to follow the rules. It is a concern.

I'd just like for you to reflect on how you felt when you found out about this file, as minister of innovation and now as minister of finance, because we're still dealing with this. If you could give us – shine a little bit of light on it.

**Mr. Roach:** Oh, I'll certainly go back to – and I'll quote the Auditor General with respect to going to the RCMP or what took place in regards to the RCMP, or possible involvement, and I'll quote her. The discussion was around things like apparent conflicts of interest versus actual conflicts: We concluded that these were apparent conflicts and that there was no personal gain that we are aware of. Those were the factors that contributed to our decision and based on legal counsel as well.

I'm only – I can only quote the Auditor General on her feelings on that. I don't think that myself as minister was the only one who wasn't aware of this file. That's where it is.

**Ms. Compton:** On that, we talk about whether there was conflict or apparent conflict. When you don't have the information that you need to make that decision, it's pretty hard to make that decision but she did because of the information that was presented to her.

Again, my concern, as is everyone around this table is, because you were implemented with ensuring that we follow the recommendations, how are we going to do that? With every Auditor General report,

there are recommendations and we look back and there are a number of recommendations that aren't being followed. How do we ensure that? I guess it's the question, and you're tasked with that.

**Mr. Roach:** Yes, exactly, and as I went through the presentation we've responded to each and every one of the Auditor General's recommendations and I believe that she will have those today and then she will review those responses to her recommendations and we will wait again to hear back from the Auditor General.

**Chair:** I do have a few others on the list right now: Brad, Jamie, and then Peter; but, I do have a quick question though.

Minister, as you have stated and it has been made public, the Premier has assigned this task to you to address all of the recommendations in this special audit that the Auditor General did on the e-gaming initiative and there was just some discussion here a moment ago with regards to whether there was any perceived wrongdoing to the point where the Auditor General had to go and actually seek legal advice, whether or not she should be sending this to the RCMP for further investigation.

With your responsibility tasked by the Premier to look at all of these recommendations, have you met with the Auditor General one-on-one to discuss these recommendations or the overall audit?

**Mr. Roach:** I've met with the Auditor General on a couple of occasions and I met with her as late as, I think it was last Friday afternoon at possibly – I think it was 3:00 p.m. and we did briefly – I briefly advised her that our review of the recommendations was pretty much completed and that we had hoped to have the report to her before the end of this week and I think she will have the recommendations as we speak.

**Chair:** Okay. Did you discuss at any point during your meetings with her, either face-to-face or electronically or over the phone, the results of the legal opinion that she received?

**Mr. Roach:** I did not.

**Chair:** Do you know who provided this legal opinion?

**Mr. Roach:** I don't know.

**Chair:** Was it McInnes Cooper?

**Mr. Roach:** I have no idea.

**Chair:** You have no idea? Okay.

**Mr. Roach:** I think the Auditor General, I think, would have certainly been the person to ask that question to. This is her report.

**Chair:** Yes.

**Mr. J. Brown:** We did and she answered it.

**Chair:** She didn't say who provided the legal opinion.

**Mr. J. Brown:** Yes, she did; the counsel from New Brunswick. She said it last week.

**An Hon. Member:** She never gave the name.

**Chair:** Okay. Brad Trivers is next –

**Mr. J. Brown:** (Indistinct) she said she never got an actual opinion; it was legal advice (Indistinct)

**Chair:** Brad Trivers is next on the list.

**Mr. Trivers:** Thank you, Chair.

I just wanted to nail down this timeline a little bit more, minister –

**Mr. Roach:** Sure.

**Mr. Trivers:** – just to verify, and thank you for your patience with this.

How many Cabinet briefings were there, or did you receive as part of Cabinet, on the e-gaming project during your time in the Ghiz Cabinet from 2011 to 2015? How many?

**Mr. Roach:** I didn't receive any briefing on this file.

**Mr. Trivers:** Did the Cabinet as a whole?

**Mr. Roach:** I didn't receive it.

**Mr. Trivers:** Okay, thank you. Zero? Again, thank you, for the record. How many Cabinet briefings did you receive on the e-gaming project? Remember, that includes a whole variety of – the loyalty card program and the financial services hub. During your time in the MacLauchlan Cabinet from 2015 to present, how many Cabinet briefings were there on that project?

**Mr. Roach:** I don't think I've ever heard a briefing on a loyalty program, ever, at Cabinet. The e-gaming file was discussed at Cabinet with respect to the Auditor General doing the report, but to sit down at Cabinet – I never have sat down at Cabinet and gone through the entire file in any sort of a briefing situation.

**Mr. Trivers:** Just to be clear, in your time in the Cabinet of the former Ghiz administration as well as in your time in the current Cabinet of the MacLauchlan administration, you didn't receive any briefings on e-gaming that includes the financial services hub, the loyalty card program and the initial e-gaming project?

**Mr. Roach:** Not in terms of a total picture: Here it is from front to back on the e-gaming file. I've never received that at Cabinet. The Auditor General's report is the most thorough document or briefing that I've ever seen on this file.

**Mr. Trivers:** One more?

**Chair:** Brad.

**Mr. Trivers:** Again, the fact that you were minister of innovation and advanced learning during the time when the loyalty card program was happening, and the financial services hub, and you didn't receive any briefings, and this was happening unaware to you. Do you think that –

**Mr. Roach:** What do you mean by briefing?

**Mr. Trivers:** For example: Here are some projects we're working on. This is where we're spending our time. We're exploring a loyalty card program to help tourism in the province. These are the people we're working with. You know? A briefing indicating what was going on in your own department.

**Mr. Roach:** Okay, I did receive – I don't know if you'd call it a briefing or not, but I was advised by the former deputy of innovation that there was a meeting with a company to discuss a financial platform but that it was an initial meeting and that there was an MOU that was covering that meeting, but there was no commitment in terms of that meeting.

**Chair:** One more, Brad.

**Mr. Trivers:** And –

**Mr. Roach:** But even at that I was not made – that was just a transaction. I wasn't aware that whether it did or didn't have anything to do with anything else.

**Mr. Trivers:** Around what timeframe did that happen? Did you feel it was acceptable that you were receiving such little information about some of these projects in your department?

**Mr. Roach:** I think on – it wouldn't be uncommon on initial meetings that the minister – it wouldn't be uncommon that you weren't involved until it got to the point that, if there was actually going to be some sort of a project.

There's a lot of companies that would come through the door and generally by the time that there was a business plan or a business case being put forward, that's when I would probably, as the minister, get more involved in the file or I would be updated on where the status (Indistinct)

**Mr. Trivers:** Like a memorandum of understanding, for example.

**Mr. Roach:** A memorandum of understanding, or there's different names on that, but anything like that that was a first meeting I wouldn't expect that I would get anything in detail until such time as there was a business plan or there was some sort of an actual business agreement that was going to be entered into.

An exploratory MOU, a first-time meeting, it – from where I get – no, I wouldn't find that unusual.

**Mr. Trivers:** You have the e-gaming timeline outlined by the Auditor General –

**Mr. Roach:** Yes.

**Mr. Trivers:** – I know you've been referring to it.

Can you place in there where you would have received this briefing from your deputy minister regarding the financial services hub?

**Mr. Roach:** I don't see it in here, but of my recollection I'm thinking it was probably sometime in July, I believe –

**Mr. Trivers:** July of 2012?

**Mr. Roach:** – in July, I think, of 2012.

**Mr. Trivers:** Thank you.

**Chair:** Moving on, I have Jamie Fox on the list, Peter Bevan-Baker, Jordan Brown, Darlene Compton. Next is Jamie Fox.

**Leader of the Opposition:** Thanks, Chair.

I want to go back to a minute ago. You made the comment minister that: No personal gain. Given what you know about the e-gaming file, whether it was just from that briefing or not of the AG's report, would you not agree that there was an intent for personal gain by these individuals involved to make personal gain?

The intent was there. Whether they not – whether they did or didn't get personal gain, they still had intent to bring forward a platform, or do illegal activity or to circumvent the rules and conflicts of interest that could have gained them personal gain.

Would you not agree with that?

**Mr. Roach:** On the e-gaming file?

**Leader of the Opposition:** Yeah. The intent was there.

**Mr. Roach:** I'm relying on the Auditor General's statement. I didn't – I've never been tasked to –

**Leader of the Opposition:** Oh, come on now. Come on now, minister. You must now realize that there was intent there. If there wasn't intent they wouldn't have tried to set-up in the first place.

**Mr. Roach:** Set-up what? What's –

**Leader of the Opposition:** Set-up the e-gaming platform and everything around it. There was intent there for personal gain –

**Mr. Roach:** By –

**Leader of the Opposition:** Would you not agree?

**Mr. Roach:** By who?

**Leader of the Opposition:** By anybody involved.

**Mr. Roach:** (Indistinct)

**Leader of the Opposition:** Any one of these people that invested in it and put money in it that was involved in government. There was an intent.

**Mr. Roach:** What are you talking about?

**Leader of the Opposition:** I'm talking about intent to make personal gain. I invest \$1,000, I want to get \$500,000 out of it. Was there not intent?

**Mr. Roach:** I don't know what you're talking about.

**Leader of the Opposition:** Oh.

**Mr. Roach:** I mean if we're talking about the e-gaming file we're talking about MCPEI and –

**Leader of the Opposition:** Why would somebody invest in something if there wasn't intent on making money?

**Mr. Roach:** What – like, can you be more specific in what you're saying? I'm just trying –

**Leader of the Opposition:** If the deputy minister's wife bought shares in this and put in \$1,000 or whatever the number was from the paperwork that floated around here, there would be an intent for that person to gain personal gain, to make money. Would you not agree?

**Mr. Roach:** It's my information based on the Auditor General's investigation into this and the work that her and her staff did that

in her timeline I think she clearly outlines that in February of 2012 that the e-gaming file was shut down in February of 2012.

**Leader of the Opposition:** That's fine. Was there not intent, do you think, by these people to make personal gain?

**Mr. Roach:** Personal gain? Up to that point –

**Leader of the Opposition:** At any point.

**Mr. Roach:** – no, no, of – from when the file started, up until the point when the file was closed in February of 2012, I don't see where anybody within that, in what the Auditor General has provided, that there was any intent for anyone for personal gain in that period of time. No, not at all.

**Leader of the Opposition:** Anybody involved in this whole project from start to finish –

**Mr. Roach:** Well –

**Leader of the Opposition:** – are you telling me that they'd have no intent to make any money, so they just: Here's \$1,000, you take it and do whatever you want with it, I have no intention of making any money off of it or any profit.

**Mr. Roach:** From the information that I've read by the –

**Leader of the Opposition:** Don't go by the –

**Mr. Roach:** – Auditor General's report –

**Leader of the Opposition:** – in your own opinion, minister.

**Chair:** Please, Mr. Fox. The minister is attempting to answer your questions. I just would ask that the conversation be respectful back and forth. If you have a specific question with regards to an individual or individuals that were trying to –

**Leader of the Opposition:** I guess the question, Chair, would be this –

**Chair:** – circumvent this and to –

**Leader of the Opposition:** – the only question would be this, Chair –

**Chair:** – make personal gain.

**Leader of the Opposition:** – would be this: Would you not agree that there was intent by individuals to invest money to make a profit or to have a return on their investment?

**Mr. Roach:** It's my understanding that the MCPEI approached the government in October of 2008 about this project, and that in February of 2012 there was a decision made that the file would not – that they would stop that initiative. Within that timeframe, no, I would not agree with you.

**Chair:** Do you have another question?

**Leader of the Opposition:** The minister's not going to answer the question.

**Chair:** I'm going to move on to Peter Bevan-Baker next.

**Dr. Bevan-Baker:** Thank you, Chair.

Lack of information on any issue limits our ability to understand the scope and the context of what we're talking about. We've already established that you knew virtually nothing about this file until the AG report was released on October 4<sup>th</sup> last year.

Government, prior to that point, had done nothing proactively to deal with any of the issues that the Auditor General shone a light on in her report. I'm wondering, had you had more information prior to the Auditor General's report, if some of the issues that she had highlighted in her report had been brought to your attention, do you think it's possible that government might have proactively and independently implemented some of the recommendations that she laterally brought forward?

**Mr. Roach:** I think, in fact, what you're saying, it did happen. Premier MacLauchlan took very substantial steps to proactively deal with this by asking the Auditor General to do a special investigation.

The Auditor General didn't just show up with the report in October. The Auditor General was asked by Premier MacLauchlan

to take on the special assignment and look into the e-gaming initiatives.

**Chair:** Peter.

**Dr. Bevan-Baker:** The only action that government took was to ask the Auditor General to do a review, but had some of that information been known to government and ministers such as yourself and positions that you held at that time, I'll ask the question again: Do you think it's plausible that government would have acted without an Auditor General's report on some of the deficiencies outlined?

**Mr. Roach:** I think from my own perspective where, as a former minister of innovation, I think it would have been nice to know what was going on at that time, yes.

Certainly, if I'd had the information at the time, I probably – without question, I would have asked a lot of questions, yeah.

**Chair:** Peter, you finished?

**Dr. Bevan-Baker:** The Auditor General admits in her report that it's incomplete; she didn't get all the information she required.

We've had discussions around this table repeatedly about the fact that the scope of the public accounts is different from the Auditor General. She did a financial audit. Her responsibility was not to look into liability or to pass any sort of judgment on legal issues surrounding the file; however, that is the responsibility of public accounts.

You just said that had you had more information, it would have been possible for you, perhaps, to be more proactive. We are limited in our information here around public accounts because repeatedly, witnesses who would fill in the gaps that the Auditor General is not able to provide us with are being blocked from appearing in front of us.

The hope, this morning, was that as minister of innovation, that perhaps you would have filled in some of those gaps. Obviously, that's not going to happen because you have no prior knowledge until the AG report.

I'm asking you if you think it's reasonable, given the mandate of the public accounts

committee, that we should be allowed to speak to some of the people that were front and centre in this file who have not been allowed to appear as witnesses up to this point.

**Mr. Roach:** I think that decision is not mine to make. I know clearly what my role is in this file and what I was advised of what my role is and that's what I'm fulfilling here today.

**Dr. Bevan-Baker:** Thank you, Chair.

**Chair:** Next, Jordan Brown.

**Mr. J. Brown:** Thank you, Chair. If you don't mind, I'll wait until Mr. Fox comes back because I want to take up a point that he had been into there earlier.

**Chair:** Okay, we'll hold off. I'll move you down. Darlene Compton is next on the list.

**Ms. Compton:** Thank you, Chair.

Coming back to the people that were involved in this: Melissa MacEachern, Chris LeClair, Billy Dow – all the people that we're trying to get some answers for how they were involved. Melissa MacEachern was your deputy minister at the time – or after – while you were innovation minister she was your deputy?

**Mr. Roach:** For a part of it –

**Ms. Compton:** For part of it?

**Mr. Roach:** For a portion of that time.

**Ms. Compton:** Was there ever any conversation with the deputy about this file?

**Mr. Roach:** No – other than what I had spoken about earlier.

**Ms. Compton:** When did you find out there was an apparent conflict?

**Mr. Roach:** I don't know that there's a conflict. I'm relying on what the statement of the Auditor General said and I believe I quoted the Auditor General earlier with respect to conflict.

**Mr. Trivers:** I wonder if I could just interject something here.

**Chair:** Brad?

**Mr. Trivers:** Thank you. I think we're having some confusion as to when we say the e-gaming project, what that refers to. You'd mentioned that you had never been briefed on the e-gaming until July 2016 when you saw the AG's report, but then you also said you knew about the memorandum of understanding for the financial services platform back in July 2012.

When we refer to the e-gaming project at this committee, we're referring to the e-gaming initiative, the loyalty card program, and the memorandum of understanding for the financial services platform as well as the different recommendations of the Auditor General that has to do with conflict of interest, records management and protecting the public interest.

I just wanted to clarify that because Mr. Bevan-Baker had said it's clear that you knew nothing about the e-gaming until 2016 – is not clear. In fact, you said that in July 2012 you did know about the financial services platform and the MOU so I just – and I understand they can be confusing because I think the public even gets confused with that as well. When we talk about e-gaming we're talking about all of these things and I feel like I need to go back and ask some of my questions again to make sure we get the full timeline, but I'll leave that up to you, Chair. Thank you.

**Chair:** I will certainly add you to the list if you want to go on the list.

**Mr. Trivers:** Yes, I would like to be on the list.

**Chair:** Minister, did you want to respond?

**Mr. Roach:** (Indistinct) but I can certainly clarify –

**Chair:** Certainly.

**Mr. Roach:** – if you wish?

**Chair:** By all means.

**Mr. Roach:** When I was advised of that the deputy was meeting with a company, I had no idea who the company was. I had no idea who he was meeting. I was just advised that

there was a meeting. I believe at that time that that is all I was advised. I didn't know who the participants were at the meeting. I had no prior knowledge of the companies that were involved, none of that.

I'm not able to make any kind of a connection other than when I look at the Auditor General's timeline, the e-gaming file was shut down in February of 2012 and this next meeting that took place between the deputy minister and a company, or several companies – I have no knowledge if anything of that is connected.

**Mr. Trivers:** But you were aware of the memorandum of understanding –

**Chair:** Mr. Trivers?

**Mr. Trivers:** Yes, sorry.

**Chair:** As I said, I can add you –

**Mr. Trivers:** I'll wait.

**Chair:** – on the list. Darlene, are you finished with your couple of questions there?

Jordan Brown.

**Mr. J. Brown:** Great. Thank you, Chair.

**Chair:** You're welcome.

**Mr. J. Brown:** Chair, I wanted to – I will say I'm somewhat perplexed or maybe a little troubled by Mr. Fox's earlier line of questioning in which he referred to the minister as a former RCMP officer himself, who I understand you were chief of Borden police and I'm not sure what before that, but you have a long career in policing from what I'm aware, and Mr. Dumville as well, and had indicated that it was your understanding that people were in this for something to gain and basically there was an inference of criminality and you had asked the minister what he had done.

Part of my question, and it's as much I guess Mr. Fox to yourself as anybody else, is given the comments that you've just made – have you put together an information? Have you done anything? He's indicated he knows what's in the AG's report and the recommendations and government's

response to it. You've been here at all these meetings. You know the same stuff. Have you done anything?

Those are big allegations to make. To just sit there and throw them at somebody else, but you with the expertise to know whether you've done anything or not, I think that's a pretty legitimate question for somebody who's sitting around this committee table.

**Leader of the Opposition:** Chair?

**Chair:** Would you like to respond, Mr. Fox?

**Leader of the Opposition:** It's not rocket science, Jordie. You take what's in the report and you read it and you listen to everybody that's answered the questions. In my own personal mind, I believe there's reasonable probable grounds here and there was intent –

**Mr. J. Brown:** So have you laid (Indistinct)

**Leader of the Opposition:** You're a lawyer. You should know that, if anybody.

**Mr. J. Brown:** Have you laid an information?

**Leader of the Opposition:** Do I what?

**Mr. J. Brown:** Have you laid an information?

**Leader of the Opposition:** Have I laid an information?

**Mr. J. Brown:** Yes.

**Leader of the Opposition:** Because no, we haven't got all of the information before us. You alone have stalled the committee on asking witnesses to come forward.

**Mr. J. Brown:** Excuse me?

**Leader of the Opposition:** We don't even know what's – we don't even know – Chair, we don't even know –

**Chair:** Okay –

**Leader of the Opposition:** – what's in the McInnes Cooper box.

**Chair:** Order!

**Mr. J. Brown:** I object to –

**Chair:** Jordan. I'm sorry. We have a witness, two witnesses here before us right now. The intent was to have the minister and Mr. Cudmore to go through the response, the government's response to the recommendations, which they have done.

We're in the process now of going around fielding questions so I want to continue with questions directly to these witnesses and not back and forth between one another. If there is discussion to be held following the discussion with the witnesses, we can do so afterwards.

**Mr. J. Brown:** Chair, I would like to – before we move on, I would like to raise a point of privilege. The member indicated that I have stalled the calling of witnesses. I would like him to withdraw that statement.

**Chair:** Do you wish to –

**Leader of the Opposition:** I so decline.

**Chair:** Okay. All right, Brad Trivers –

**Mr. Palmer:** So he can just throw stuff like that around and say that this is one person deterring the committee and there's really no follow up with that?

**Chair:** I'm sorry?

**Mr. J. Brown:** I think what he's saying is what I'd like to say: Do you have any thoughts on my – the point of privilege that I've raised, Chair?

**Chair:** With regards to –

**Mr. J. Brown:** I would like the statement withdrawn. You have the power to ask him to withdraw it.

**Chair:** I've asked him if he wishes to redraw it and he has refused.

**Mr. J. Brown:** I would like to ask him if he will redraw it and if he refuses then I'd like to have it go forward in our report as a point of privilege that was raised.

**Chair:** Yes, we can certainly do that.

**Leader of the Opposition:** I stand by my comments, Chair.

**Chair:** Okay.

**Leader of the Opposition:** Thank you.

**Chair:** Duly noted.

I had Brad Trivers on the list next.

**Mr. Trivers:** Thank you, Chair.

Thanks again, minister. I want to keep thanking you because this is really important that you're here today and I do appreciate it.

Exhibit 5.1 in the AG's report does have the timeline specific to the memorandum of understanding of financial services.

**Mr. Roach:** What page is that?

**Mr. Trivers:** That's on page 30 of her report, and I think it will be useful here for you.

**Mr. Roach:** Sure.

**Mr. Trivers:** You mentioned that you did receive a briefing – what I term a briefing. In other words, you had a conversation with the deputy about some particulars about this memorandum of understanding for the financial services timeline in July of 2012, correct?

**Mr. Roach:** In July – yes. That's correct.

**Mr. Trivers:** Yes, which is right in line with the timeline we see here –

**Mr. Roach:** I guess your term of a briefing and mine are different.

**Mr. Trivers:** Yes, and perhaps and I think that's been an ongoing problem, I think, in our line of questioning today. We're using terms in different ways.

**Mr. Roach:** What I would say is that the former deputy minister came into my office and said: Just to let you know, I'm meeting with a couple of companies tonight to talk about a financial platform and we have a memorandum we're signing, and that memorandum of understanding – there's no

commitment in it. It's just a conversation. That's it.

**Mr. Trivers:** So –

**Mr. Roach:** So if that's a briefing, that's what I got. It was a very short briefing.

**Mr. Trivers:** Thank you for that clarification.

Chair, my question has to do with the fact that the AG in 5.1 in her summary of findings very specifically states that an MOU, memorandum of understanding: "...was outside the normal business practice of Innovation PEI for client files."

My question for you is: When you found out they were considering an MOU, did that raise any red flags to you, as minister, because this is not normal practice within your department?

**Mr. Roach:** It's an MOU. MOUs can take many different forms. We quite regularly would discuss with the company and there would be an exclusivity clause in there that would state that while we're having this discussion, you can't go out and deal with somebody else on the same matter, so that would be a normal practice.

The Auditor General did make it quite clear what her views on an MOU are. We've responded to her recommendation with respect to that.

**Chair:** Brad.

**Mr. Trivers:** Thank you, Chair and minister.

I wanted to follow-up by saying, as was alluded to earlier today, in fact, a lot of the recommendations of the Auditor General are basically to follow existing rules. Like she said: It was outside normal business practice to have an MOU for client files. Yet, this was happening. These were not normal business practices and should not have been allowed to happen, but it did.

That's really at the root of the problem. We have these policies in place, but they weren't being followed and there is very little in the way of new policies being put in place, and we're worried they won't be followed again.

I know Mr. Palmer very – he wants us to be forward-looking on this committee, and say, what are we going to do to prevent this from happening in the future? I'm worried that it is going to happen in the future when we have a minister that is aware of things happening outside of normal business practice, but either a full briefing is not provided or it is allowed to continue.

My next question –

**Mr. Roach:** I have to answer –

**Mr. Trivers:** Yeah, respond.

**Mr. Roach:** – and respond to that if it's okay. I was, as the minister, and based on the information that I had received from the deputy that this was a meeting with a company to discuss a platform, a financial platform, but there was no indication of any specifics whatsoever. The deputy minister also indicated to me that there's no commitment at this meeting. This was just to have a discussion. As I understand it, there never was any business plan received or any agreement signed as a result of that meeting.

Am I not correct?

**Mr. Trivers:** On July 6<sup>th</sup> –

**Mr. Roach:** No, but I'm saying on July 6<sup>th</sup>, but I'm saying as a result of that MOU and that meeting I don't think anything ever happened.

**Mr. Trivers:** Right. The –

**Mr. Roach:** There was never a detailed business plan. There was no information as the Auditor General notes here, and it died. Nothing happened.

**Chair:** Okay. One more, Brad, and I have to move on. I've got a few people on this list, here.

**Mr. Trivers:** My questions have to do with – when did you become aware that, in fact, there were potential conflicts of interest with your deputy minister, specifically, with respect to the entire e-gaming initiative including the loyalty card program, and the financial services hub. I was wondering: When did you first learn of that?

Was that – moving on – we flipping forward to 2016, again with the AG's report?

**Mr. Roach:** I think the first time I heard anything in detail about that MOU, I think was there was an article written in a Toronto newspaper.

**Chair:** Okay, next I have Jamie Fox.

**Leader of the Opposition:** (Indistinct) question for now, Chair. I'm curious, minister. Have you ever had any conversations between 2012 and today's date on anything to do with this file with any member of the RCMP?

**Mr. Roach:** On this file?

**Leader of the Opposition:** Anything to do with what the Auditor General looked into, anything you learned. Have you ever had any conversation or discussion or correspondence or anything with any member of the RCMP to do with this? Anything, any conversation whatsoever?

**Mr. Roach:** I did receive a phone call from an RCMP officer who indicated that he wished to speak to someone in my department with respect to IT services, or how we handled files or emails or something of that nature. My discussion was no more than I referred him to somebody within my department. I had no conversation about this file.

**Leader of the Opposition:** Can you explain that in a little bit more detail in what his question, or what he was actually looking for?

**Mr. Roach:** No.

**Leader of the Opposition:** So go over it again, one more time then, please, what you just said again.

**Mr. Roach:** I don't – I could send you –

**Mr. J. Brown:** (Indistinct) ask him to answer. He just said (Indistinct)

**Mr. Roach:** I don't think it's any secret that an individual took a copy of the Auditor General's report and walked up to the RCMP office –

**Leader of the Opposition:** Okay.

**Mr. Roach:** – and said: I think there's something wrong here.

**Leader of the Opposition:** Okay.

**Mr. Roach:** That's not a secret is it?

**Leader of the Opposition:** No.

**Mr. Roach:** Okay. So, everybody here understands where that's from.

As you know from being a police officer for the number of years that you were, that when you receive a complaint –

**Leader of the Opposition:** Yeah.

**Mr. Roach:** – as a police officer you're obliged to follow it up. I can only assume that that police officer called me as a result of somebody from PEI knocking on the door with a copy of the Auditor General's report and that officer wanted some questions answered. I didn't get into it because of my previous role.

**Leader of the Opposition:** Yeah.

**Mr. Roach:** I turned it over to someone else in my office and said: You can speak with them and they will direct you to the correct people to speak to –

**Leader of the Opposition:** On a question –

**Mr. Roach:** – that's totally separate form anything that I'm doing here today.

**Chair:** Thank you, minister –

**Mr. Roach:** Thank you, Chair.

**Leader of the Opposition:** I have a question –

**Chair:** One more question, Mr. Fox, and I'm moving over.

**Leader of the Opposition:** Who was this RCMP member referred to?

**Mr. Roach:** Uh –

**Scott Cudmore:** (Indistinct)

**Mr. Roach:** (Indistinct) I'm not sure.

**Leader of the Opposition:** Okay, thank you.

**Chair:** Darlene Compton is next on my list.

**Ms. Compton:** Thank you, Chair.

Again, in your department –

**Mr. Roach:** Current?

**Ms. Compton:** – as innovation –

**Mr. Roach:** Okay.

**Ms. Compton:** – at the time, part of your legal counsel was Billy Dow. Fair comment, or can you answer that?

**Mr. Roach:** Um –

**Ms. Compton:** Either contracted for government?

**Mr. Roach:** I had – yeah, he was contracted on some files that I was aware of.

**Ms. Compton:** When did you learn that there was an apparent conflict with Mr. Dow?

**Mr. Roach:** I'm not aware, today, that there ever was a conflict. The only time, again, that I was aware that Mr. Dow was involved in, possibly, in that MOU that I referred to earlier was when I read an article that was in a Toronto newspaper.

**Ms. Compton:** Can you explain your reaction when you saw that? This is a contracted lawyer for government that we're relying on for advice. He was with your department. Can you explain what your reaction was?

**Mr. Roach:** He's not with my department. There are a number of lawyers that do different contracts. I have worked with a number on different files.

My reaction is: It's a newspaper article, a lot of accusations there. My reaction is that: I followed that as it went to through civil courts on PEI and I saw what the civil courts did with that particular newspaper article, or

what came out of that newspaper article with a number of individuals.

**Chair:** Anything else, Darlene?

**Ms. Compton:** Yeah –

**Mr. Roach:** Which is all public knowledge to everyone around the table and anybody who reads a newspaper on PEI.

**Ms. Compton:** I'm aware of that.

Again, I come back to the fact that I'm really in disbelief that you didn't know anything about this file. I'm not saying that you're telling us anything different, but as minister of the time, and we have a new minister just lately of the department, I can't imagine that there's not some sort of briefing on these are the files that we possibly could be working on so that you know that because you're dealing with a Mr. Billy Dow, who possibly could be in conflict during your time as minister of innovation. That's why I'm bringing this up.

**Mr. Roach:** I can certainly tell you, hon. member, that when I arrived newly elected for two weeks and arrived as minister of innovation, and I think it was only a couple of weeks later we were in the House, a number of us were new to government –

**Chair:** For an exhaustive five days.

**Mr. Roach:** – that I was bombarded with no less than hundreds of files that I was briefed on and I'm guessing it would have been somewhere like around 142 to 152 files that I was briefed on to get ready to go into the provincial Legislature. I was briefed on a significant number of files.

**Ms. Compton:** But not this one?

**Mr. Roach:** But not this one.

**Ms. Compton:** Do you feel there would be value in having some sort of, maybe, rules that we should follow as far as a new minister taking over and what the briefing should be? Because you were dealing with people who were involved with this file unbeknownst to yourself. It's a fair comment, right?

**Chair:** Chris Palmer is next on the list.

**Mr. Palmer:** Thank you, Chair.

Minister, can you –

**Mr. Roach:** Hon. member, I will take that under advisement. Thank you.

**Chair:** Thank you, minister.

**Mr. Palmer:** Can you let us know: Have you provided any guarantee letters without Executive Council approval, as required in Treasury Board policy, like the former minister of finance has done?

**Mr. Roach:** No.

**Mr. Palmer:** Do you have any current initiatives that are operating outside government regular control framework like former minister Sheridan had?

**Mr. Roach:** No.

**Mr. Palmer:** As a forward-looking committee, and I know I've repeated that a number of times, we've, I think, tasked our staff with doing best practice review on any potential – I forget what the right word is – on consequences if people do things outside of the rules?

We've asked our staff to go back and give us the best practice review on that and we're going to look at that and put it into – potentially put it into our recommendations. Just for your information, that's a piece of the work we're doing here as well.

I just wanted to kind of get my head around what was happening currently, because there were some significant shortcomings that we see here from the Auditor General's report and I just wanted to know if those things were continuing.

**Mr. Roach:** I think that as we complete the Auditor General's request on her recommendations, comply with her recommendations, provide the information in detail back to the Auditor General that it's generally the case that the Auditor General will review what we present back to the Auditor General and at that point the Auditor General may come back for clarification on something or she may make a further recommendation, within a recommendation, to do something.

That's why it goes back to the Auditor General, as it does with every audit report from auditors in general, whether it's within government or outside of government.

**Mr. Palmer:** Thank you, Chair.

**Chair:** Peter Bevan-Baker is next on the list and that's – and then Brad Trivers.

**Dr. Bevan-Baker:** Thank you, Chair.

Minister, I would like to go back to the \$950,000 loan or grant to MCPEI. You mentioned when you stood in the House and informed us that the loan was in good standing that that was on advice from your deputy minister.

**Mr. Roach:** Yes.

**Dr. Bevan-Baker:** That was the case? I would like to know if you asked your deputy minister any details about the terms of that loan repayment or if that was offered to you.

**Mr. Roach:** There are quite a few loans that came out of IIDI. Any loans that are under \$1 million don't come to the minister. The board has the authority to issue those loans. In terms of that particular loan, it was out to MCPEI.

I'll be honest with you; I don't know how – at that point in time, I didn't know how long ago that loan was issued. It could have been issued – in my mind, it could have been issued two years before that. I wasn't aware of that. I wasn't made aware of that at the time.

**Chair:** Peter.

**Dr. Bevan-Baker:** Thank you, Chair.

I am aware, of course, that the \$1 million mark is the trigger for requirement to go to the minister. Were you at all – of course it could be entirely coincidental, but if I were a minister and I saw a loan that was just below the threshold which would bring it to my attention, especially one of this nature – although you were not aware of the nature of the loan at that time – I think I would be asking. Just to be clear, you did not ask your deputy minister for any details on the terms of repayment of this loan to MCPEI at any time?

**Mr. Roach:** There's a significant number of loans that would be in the portfolio. The ones that I would be concerned about or ask questions about are the ones that are – loan payments are not up to date. I don't care. When I was there it didn't matter to me what the loan value was. I wanted to know what the status was. If I was advised that the status was that there hadn't been a payment made in six months, then I would want to deal with it.

**Chair:** Peter.

**Mr. Roach:** That's the only time that I would – that would be my trigger to start to say: I'm going to dig into this, as minister.

**Dr. Bevan-Baker:** Thank you, minister. Were you aware at that time, then, when you stood up and told the House that the loan was in good standing that no repayments whatsoever had been made on that loan –

**Mr. Roach:** I wasn't aware of that.

**Dr. Bevan-Baker:** Okay, who was the deputy minister at the time? Your deputy minister.

**Mr. Roach:** Neil Stewart.

**Chair:** Okay, Peter.

**Dr. Bevan-Baker:** Chris just talked – he described the significant shortcomings of the previous finance minister and essentially he broke the law. He did not comply with the *Financial Administration Act*, and yet that former minister of finance has walked away from this without any consequences whatsoever. I'd like to ask you: What, if anything, do you think needs to be done to hold people to account when things like that happen?

**Mr. Roach:** I guess in my response to the first part of your question, you made an assumption that the former minister of finance broke the law. The Auditor General does not agree with you on that point.

**Dr. Bevan-Baker:** Okay. Can I rephrase that then, Chair?

**Chair:** Go ahead, Peter.

**Dr. Bevan-Baker:** The former minister of finance did not comply with the *Financial Administration Act*.

**Mr. Roach:** The Auditor General clearly indicated that the former finance minister moved around that piece of the act by going directly to –

**Dr. Bevan-Baker:** I have a problem with people in that situation, being able to walk away from this with no ramifications whatsoever. Again, I ask the question: What, if anything, do you think needs to be done to hold people to account when things like that happen?

**Mr. Roach:** I think that the Auditor General, in her report, has made a number of recommendations, of which we fully intend on accepting each and every one, and I think through that process, I think that we're going to be able to tighten up that process with changes in policies and potentially with changes in legislation, as we move forward.

**Chair:** Do you have one more?

**Dr. Bevan-Baker:** Thank you, Chair.

**Chair:** Peter.

**Dr. Bevan-Baker:** But none of the Auditor General's recommendations deal with consequences for actions. I asked the question earlier: Do you think that government could or should go beyond the AG report and actually install some consequences (Indistinct)

**Mr. Roach:** I think as we work through the Auditor General's report and work through her recommendations, and we will send this back to the Auditor General based on solely going back to her to answer what her recommendations were, and what we're doing – the Auditor General may come back and respond to that. I think we have to wait and see how that process goes and move from there; but I hear what you're saying, and I'll take that under advisement.

**Dr. Bevan-Baker:** Thank you.

**Chair:** Thank you, Chair.

**Chair:** Thank you, Peter.

Next I have Brad Trivers.

**Mr. Trivers:** Thank you, Chair, and thank you, minister.

You read the *Globe and Mail* newspaper article you referred to. That was released February 27<sup>th</sup>, 2015, so at that point you knew there was something about e-gaming that was going on. Although, as you mentioned, it was a newspaper article.

I was wondering if at that point, as someone who was minister during the time that these claims were being made in the newspaper article, did you decide to do a little research yourself and follow up on this? Did you call people like former premier Robert Ghiz, or former finance minister Wes Sheridan, to find out what actually happened, or perhaps your former deputy ministers?

Did you take an interest and do that and try and find out whether some of the information in that newspaper article was correct or false?

**Mr. Roach:** When I read it, and I've read it as everyone on Prince Edward Island did and I think that – and I can't remember if there was reference in that article, it's a long time ago now for me, about a court proceeding. Any time it gets to the court proceedings, that's kind of where I put the brakes on.

I'm not a policeman anymore. I haven't been for 10 years. As entering into government and certainly in the roles that I have been in and the role that the Premier has asked me to take within this, nowhere in that is there an onus on me or an expectation of me to investigate as a police officer.

**Mr. Trivers:** I never said that.

**Mr. Roach:** No, but I'm trying to get to my point here –

**Mr. Trivers:** Okay.

**Mr. Roach:** – to get to your question. I think when I read the article –

**Mr. Trivers:** Yes.

**Mr. Roach:** – I, like everybody else, probably said: You know, is this for real? Is

it all real, or what is it? I don't recall exactly. If I would have spoken to anyone, it would have been my current deputy about the article to try and make some sense of it.

**Mr. Trivers:** Chair –

**Mr. Roach:** I believe it was about that time that I had an opportunity to look at and actually see the MOU that was signed.

**Mr. Trivers:** Okay, Chair?

**Chair:** Did you have one more?

**Mr. Trivers:** Yes.

**Chair:** Okay, one more.

**Mr. Trivers:** During the fall session of the Legislative Assembly, of course, one of the questions that was asked over and over again was: Whose email accounts were deleted?

At what time did you find out whose email accounts were deleted?

**Mr. Roach:** Whenever I read the Auditor General's report.

**Mr. Trivers:** No, whose were deleted. It wasn't in the Auditor General's report.

**Mr. Roach:** I don't know whose were deleted. All I know is what's in this file.

**Mr. Trivers:** It was very clear. It came out whose email accounts were deleted. There were three individuals –

**Mr. Roach:** Okay.

**Mr. Trivers:** – right? I wanted to know: When did you know whose email accounts were deleted?

**Mr. Roach:** I guess whenever it became public. I didn't know prior to. I had no knowledge of who's of that –

**Mr. Trivers:** Okay, Chair.

**Chair:** Okay, Jamie Fox and then I don't have anyone else on the list. Chris Palmer.

**Leader of the Opposition:** Thanks, Chair.

Al, what can you tell us about the apparent conflict of interest or any briefings or when Tracey Cutcliffe was a deputy minister and she was serving both as a government consultant prospecting this new business, prospecting, and as well she was a lobbyist for CMT. Can you tell us anything about you learning about Tracey being involved in this?

**Mr. Roach:** No. I don't think Tracey was in government when I came in government. I don't think so.

**Leader of the Opposition:** Did you ever have any conversations with her, minister, about that?

**Mr. Roach:** About this file?

**Leader of the Opposition:** Any apparent conflict of interest?

**Mr. Roach:** No.

**Leader of the Opposition:** Never had any conversations with her?

**Mr. Roach:** No.

**Leader of the Opposition:** You must have heard, at some point, that Tracey was involved?

**Mr. Roach:** I think it was in a newspaper, I believe.

**Leader of the Opposition:** Did you have any concerns at that time that she was a lobbyist, or involved in it?

**Mr. Roach:** I had no concerns. It's not for me to be the judge of –

**Leader of the Opposition:** I understand.

**Mr. Roach:** – and jury of what's going on in a newspaper article. I think, at that – shortly after that it was before the courts. I have great respect for the courts. I waited to hear what the court said. I heard what the court said, as everyone else did.

**Leader of the Opposition:** Do you think we should still have – when – you know we have – if I'm an RCMP officer and you were and if there's an allegation against you as a Mountie or if you're found to be in a

conflict of interest or there is some kind of investigation brought before you, or there's an allegation brought before you, usually a Mountie, or me, or whoever is removed, right? And put on a side duty or desk duty or a leave of absence under pay or something like that.

Why would the same type of action not apply to these individuals that there are possible allegations or conflicts against? Why would there not be the same standard, Al?

**Mr. Roach:** I take your statement, but I disagree with it initially because a police officer or another person, depending on the allegation, wouldn't necessarily be set aside because I think one of the basic things that you would know is that in this country in this democracy everyone is presumed innocent until proven guilty of something –

**Leader of the Opposition:** That's right and –

**Mr. Roach:** – and –

**Leader of the Opposition:** – I agree with you –

**Mr. Roach:** – when this went before the courts, I have the utmost of respect for the courts. I patiently waited and the courts gave their response and we all know what that was. The courts didn't agree with it –

**Leader of the Opposition:** But –

**Mr. Roach:** – so when the courts didn't agree with it, I'm not going to start second guessing a judge of that stature as to what that judge found or question what that judge found. That certainly is not my role.

**Leader of the Opposition:** Would that not be a concern of government or Cabinet that these people are still in positions of authority within government?

**Mr. Roach:** I think it's also a concern that if an allegation is made against you, or anyone else around this table, that you not be punished if there is not a conflict. That just because somebody makes an allegation that you or anyone else around this table should be punished because of an allegation or so –

I guess I tend not to agree with your statement.

**Leader of the Opposition:** We have found though, Al, that the Auditor General has confirmed that people in positions of authority were under conflicts of interest or they circumvented –

**Mr. J. Brown:** Perceived.

**Leader of the Opposition:** – policy, or perceived, rules.

**Mr. Roach:** I guess, on that question, I have to go back to the statement that the Auditor General made here on the 22<sup>nd</sup> of February, and I'll quote her: We conclude that these were apparent conflicts of interest and that there were no – that there was no personal gain that we were aware of. Those were the factors that contributed to our decision, and based on legal counsel.

The Auditor General has said that there is no firm evidence there, that there was a definite conflict of interest that there was anything, as you stated earlier, illegal, happened.

I think we'd be in bad shape if anytime anybody made an accusation that we went out and destroyed somebody's character or took away their work or punished them and then found out later that that accusation was incorrect. That's why, as a police officer, and you know this, you have to be 100% absolutely sure before you sign your name and you say: Beyond a reasonable belief. Because you're taking away some liberties.

The Auditor General, as I heard her state in her media release the day that she released this report, I heard her as clear as anyone else did on PEI that she saw nothing criminal that should be referred to the RCMP.

**Leader of the Opposition:** So –

**Chair:** Okay, Jamie, one more and then I've got to move over.

**Leader of the Opposition:** Sure. Should we maybe be looking at, as a government, as a special prosecutor be brought into this to look at it more in depth?

**Mr. Roach:** Again, that's making – the Auditor General, who I have the utmost of respect for –

**Leader of the Opposition:** We all do.

**Mr. Roach:** – she came in and she went beyond just a financial audit here and to support her audit she brought in legal counsel to give her advice, and she has done that and she has clearly stated that she found nothing to indicate that there's anything of a criminal matter took place.

I'm satisfied with the Auditor General's report, with what I've read in her report.

**Leader of the Opposition:** Thank you.

**Chair:** Thank you, Minister.

Chris Palmer.

**Mr. Palmer:** Thank you, Chair.

It's interesting we're at a spot now where we're trying to circumvent what the Mounties are doing. Why don't we let the Mounties do what the Mounties are doing and they can come back and give us their recommendations and if they think there's some wrongdoing that's their responsibility? That's what they do, but that's not my question.

My question is to the minister: Can you tell us about all the details of all loans currently held by government?

**Mr. Roach:** Off the top of my head, absolutely not.

**Chair:** Okay, Mr. Palmer, perhaps we can hold that and when we get to the agenda item where we request information we could put that down, put it to the minister to bring back.

**Mr. Palmer:** I wanted to use it as an example, really, because I didn't expect, it wasn't reasonable for the minister to know the details of every single loan that's out there.

In an attempt – I take this very seriously, and I know others do most times, but in an attempt to get some cheap headlines we're talking about things like: Do you know the

details of what loans are out there and do you think that the \$900,000 loan was requested just so it wouldn't go to the minister because it's really a \$1 million loan?

It's those kind of things that I think we want to get out here and talk about to make sure that we're not misleading someone to think that every \$900,000 loan is really a \$1 million loan and they don't want the minister to see it. So that –

**Chair:** Just –

**Mr. Palmer:** – was the point of my question.

**Chair:** – perhaps some clarification on that. It was a \$950,000 loan –

**Mr. Palmer:** Okay.

**Chair:** – that was guaranteed on potential future earnings that never happened.

**Mr. Palmer:** Yeah. Right.

**Chair:** As a matter of fact that money was then written off by this government. In actual fact that \$950,000 loan as per the Auditor General's audit on this file came up to close to \$1.5 million of which she was able to determine without receiving all of the documents and all of the information that she was looking for. I just wanted to clarify some facts on that.

**Mr. Palmer:** Well –

**Chair:** Is there anything further, Chris?

**Mr. Palmer:** Yeah, well I'm not suggesting that projects can't go over \$1 million. Sometimes they can start at \$900,000 and then there are additions to them. Projects aren't always there, but it's unreasonable, I think, for the minister when they're briefed on files to know the details of them all, especially, I think, as what he had said, as if they're current.

The ones that you really dig into, as the minister said, are the ones that aren't current. When they're not current, when people aren't making payments and doing what they had agreed to do, that's when the minister gets involved, but up until that

point, they don't and shouldn't because there's other staff that can work with those.

**Chair:** Okay.

**Mr. Palmer:** That's all.

**Chair:** Thank you. I had Brad Trivers on the list and I'm going to end it there because we have some other business to move onto – oh, Peter, and then we're going to close because I have a couple of questions myself.

**Mr. Trivers:** Thank you, Chair.

The Auditor General was unable to receive records in any format for three individuals: that was Chris LeClair, Melissa MacEachern and Rory Beck. There were no written documents. There were no records, email records, texts, pins, anything.

Melissa MacEachern – I should say, Chris LeClair's email account was deleted on October 19<sup>th</sup>, 2011, and that was a request put in by former premier Robert Ghiz, okay. Melissa MacEachern's email account and it has to go, the director of ITSS can tell you, it has to go with a specific request process, so it was requested by Neil Stewart on October 21<sup>st</sup>, 2013. That was about five or six months after former deputy Melissa MacEachern left. This was your former deputy, Melissa MacEachern, and your new deputy, Neil Stewart, at the time.

I wanted to know if you were aware that all of the records of your former deputy minister, Melissa MacEachern, had been completely removed – all records, we're not talking just emails here, all of them were gone – and that your new deputy, Neil Stewart, had requested that her email account be deleted?

**Mr. Roach:** I wasn't aware of that at the time that had happened. I know there's a process that has to be followed. I think Scott kind of went through that previously. I'm not aware that all records – I believe that any emails that might have gone from Melissa to you, for example, you would have a copy of that record on your file, so that's –

**Mr. Trivers:** You were not aware of that, just for the record? You were not aware that

any of – that her complete record at government was expunged?

**Mr. Roach:** I'm not aware, even yet today, that the complete record was expunged. I don't know that.

**Mr. Trivers:** The auditor didn't receive anything. She received zero, nothing. Nothing at all, so I'm assuming it's all expunged.

**Mr. J. Brown:** That's not correct. She said that she received emails on the other end of things, she just didn't receive something –

**Ms. Compton:** (Indistinct)

**Mr. Trivers:** She received nothing from Melissa MacEachern. You don't need to split hairs like that, Mr. Brown.

**Mr. J. Brown:** Well –

**Mr. Trivers:** It's – the only way she knew that –

**Mr. J. Brown:** (Indistinct) you're –

**Mr. Trivers:** – any emails –

**Mr. J. Brown:** – trying to –

**Mr. Trivers:** – existed were –

**Mr. J. Brown:** – equate what –

**Mr. Trivers:** – because –

**Mr. J. Brown:** – she did and she didn't –

**Mr. Trivers:** Absolutely not. This is –

**Mr. J. Brown:** – (Indistinct) your –

**Mr. Trivers:** – very clear –

**Mr. J. Brown:** (Indistinct) saying –

**Mr. Trivers:** – point of fact –

**Mr. J. Brown:** – that she (Indistinct)

**Mr. Trivers:** – the Auditor General received no –

**Mr. J. Brown:** – (Indistinct)

**Mr. Trivers:** – information –

**Mr. J. Brown:** – from –

**Chair:** (Indistinct)

**Mr. J. Brown:** – Melissa MacEachern –

**Mr. Trivers:** – (Indistinct) the floor, Chair?

**Mr. J. Brown:** – stored all kinds of emails (Indistinct)

**Chair:** Brad, Jordan. Brad has the floor currently. If you have questions following I can certainly put you on the list.

**Mr. Trivers:** My last question –

**Mr. Roach:** Chair.

**Mr. Trivers:** Oh, sorry.

**Chair:** Yes, minister.

**Mr. Roach:** I'd just like to clarify that –

**Chair:** Thank you, minister.

**Mr. Roach:** – within the process that's there when somebody leaves government the onus is on the employee to ensure – I mean there are lots of records there that have – with the footprint of the former minister on it.

When a person leaves government the onus is on them to take information that's in an email. It doesn't even need to be the complete email that belongs to a file to take that and place it on the file. I believe they sit down, if I'm correct, Scott, with the HR officer who deals with them as they leave and they go through the files and determine what needs to be kept on a file and what can go into the system to be – I guess, sit there for a year and then the file is removed.

Scott can explain the process better than I –

**Mr. Trivers:** We're well aware.

**Mr. Roach:** – so to ask me if I'm aware –

**Mr. Trivers:** Yes.

**Mr. Roach:** – that everything was gone –

**Mr. Trivers:** That's right.

**Mr. Roach:** – I'm not aware of that.

**Chair:** Okay. Thank you, minister. Moving on to Peter Bevan-Baker next –

**Mr. Trivers:** I have one final question, Chair –

**Chair:** I'm moving on to Peter Bevan-Baker.

**Dr. Bevan-Baker:** Thank you, Chair.

I'm quite upset about a comment made by Chris LeClair, Chris next to me, excuse me, who was talking about –

**Mr. Trivers:** Mr. Palmer.

**Dr. Bevan-Baker:** – me looking for cheap headlines, here.

**An Hon. Member:** Point of privilege.

**Dr. Bevan-Baker:** I'm trying to do my job. I'm trying to make sure that those who were involved in this file were following the rules. I'm trying to bring an end to the active blocking of some members of this committee from us finding out all of the details of what went on here. That is not looking for cheap headlines – and I would not call \$950,000 cheap either, by the way.

We have to remember that \$950,000 loan, which the Auditor General calls, essentially, a grant – that's a quote from her thing – that was to cover \$750,000 of already incurred expenses and it came after two loans from Innovation Prince Edward Island: One for \$245,000, one for \$100,000, which takes us well over the \$1 million mark, but they avoided that by breaking it down into these other components. There was a fourth loan after the \$950,000 grant.

I'm really upset that the accusation of what I'm trying to do here is trying to gain cheap headlines. That is not what this is about. I'm trying to do my job as I understand most of the members around this table are, too.

Thank you, Chair.

**Chair:** Thank you, Peter.

Just to close, I just have two quick questions for you minister. I know you stated already

that in the spring session that's coming up fairly quickly that there will be a whistleblower legislation brought in. That's as recommended in recommendation 8.10.

With that, that's following the policy that was already adopted by your government and at that time it was felt by your government that that was all that was necessary. We see quite clearly now that the recommendation by government, that that wasn't strong enough.

I'm very happy to hear that the legislation is coming in the spring of 2017, but with that can you tell us here today when the regulations will be brought in as well? It's great to have the legislation brought in, but we all know until you actually have the regs in place it means absolutely nothing.

**Mr. Roach:** Chair, I have to apologize. I don't have that information other than I know that it's a priority for government and that the legislators are – the legals are working on that, on both parts. I would hope – but again, I can't answer that 100% for you, but I will take that under advisement.

**Chair:** Thank you. I do know that there's many –

**Mr. Roach:** Yes.

**Chair:** – concerned individuals out there that –

**Mr. Roach:** Of course.

**Chair:** – and, anyway –

**Mr. Roach:** I appreciate your question.

**Chair:** – I'm not going to get into specific cases –

**Mr. Roach:** Sure.

**Chair:** – but there are specific cases that are being dealt with right now, and people are fearful for their jobs.

The other thing that I wanted to talk to you about was the recommendations, and again thank you very much for coming in today and taking on the responsibility for addressing all of the Auditor General's recommendations.

I guess my concern, though, and why I'm asking you this question: How can Islanders be assured, guaranteed that moving forward, that these type of things are not going to happen again?

The reason I'm asking that: We had an exhaustive work done by the Auditor General's office on this government's involvement in the e-gaming initiative and financial services platform with these recommendations, especially around the *Financial Administration Act* and the Treasury Board policy which she clearly states were circumvented in many cases.

But we just have to go back to the AG's report in 2012 – and you were, as I was, newly elected at that time – and we saw, I believe it was \$8.4 million that the Auditor General of the day at that time came out with a scathing report specifically around the tourism department of, again, a wide variety of examples where Treasury Board policy and the *Financial Administration Act* was completely bypassed.

So we had that example in 2012. At that time, the public accounts committee went through it. The government said: Yes, we're going to tighten that up, that will not reoccur. But yet we see again in this report where it has reoccurred again.

I guess I'm asking for you to provide some type of assurance that Islanders can be assured that their hard-earned tax dollars are being protected and it is not a reoccurring theme going on and on; because as you know yourself, Islanders are becoming more and more cynical every day.

For the most part, we don't have a problem paying our taxes if we know it's going to where it needs to go, whether it is to education and healthcare or roads and services that we require; but when we see examples such as this, that's where the cynicism comes in, and I'm afraid of what's going to happen down the road if we see another example of this again.

**Mr. Roach:** Yeah, thank you, it's a great question.

I think that we can go back beyond this case, and we can go back beyond tourism in 2012 to find similar cases –

**Chair:** Most definitely.

**Mr. Roach:** – over the past years, so I think – again, I have to say that the Auditor General did a great job on this report. I think that the recommendations that the Auditor General has made – and we've accepted each and every one of her recommendations, and we're responding to each one of those recommendations.

Her recommendations certainly are made to clearly tighten up all those processes, to change some regulations – in fact, to put some legislation in place. So I'm very confident that moving forward, we are going in the right direction to ensure that nothing like this happens again. I don't think anybody wants to see this.

I think the Auditor General's report is a great compass for moving forward, and she's made some great recommendations that'll certainly tighten up the processes.

Thank you, Chair.

**Chair:** Thank you, minister.

Ladies and gentlemen, what I'd like to suggest now is that we just take a quick recess – approximately two minutes, no longer – just to give our two witnesses an opportunity to collect their things and –

**Mr. Roach:** Leave.

**Chair:** – move on, get out.

**Mr. Roach:** Here's your hat, what's your hurry.

**Chair:** And then we'll reconvene to –

**Mr. Roach:** Thanks, Chair.

**Chair:** – (Indistinct) through a few other items.

Thank you very much.

**Mr. Roach:** Thank you, members.

[Recess]

**Chair:** Okay, ladies and gentlemen, I'd like to call the meeting back to order. Thank you very much.

Moving on to number four, we would have consideration of motions, but before we get to that we do have a couple of motions that were brought forward previously.

On November 10<sup>th</sup> 2016: That the committee will consider requesting the appearance of hon. Heath MacDonald, Minister of Economic Development and Tourism, to discuss the loyalty card program after it has completed the review of the e-gaming report with the Auditor General.

So I guess I'm asking the committee if they would still like to have Minister MacDonald come in and talk about the loyalty card program. Discussion?

Mr. Trivers.

**Mr. Trivers:** We heard the minister at the time the loyalty card program was being discussed had no knowledge of it even happening, so I'm not sure what the committee's going to get from the current minister about the loyalty card program. That'd be – I just would raise that question to the committee.

**Chair:** Okay. Any other comments?

**Mr. J. Brown:** No need, I'd say, based on that.

**Ms. Compton:** I'm not sure what he could tell us.

**Chair:** Okay, so I don't think we need to vote on that. Do we, clerk?

**Clerk Assistant (Reddin):** No.

**Chair:** Okay, moving on.

Second one we had was dated February 1<sup>st</sup>, 2017, that following the appearance of Minister Roach regarding the Auditor General's e-gaming report, the committee will consider requesting the appearance of one of the three ITSS personnel interviewed by the Auditor General as part of this special assignment on e-gaming.

Discussion?

**Mr. J. Brown:** Could you read that again, Chair?

**Chair:** That following the appearance by Minister Roach regarding the Auditor General's e-gaming report, the committee will consider requesting the appearance of one of the three ITSS personnel interviewed by the Auditor General as part of this special assignment on e-gaming.

So I guess where that stems from is we did have individuals come in. We had the chief archivist and we had Mr. Cudmore come in as well to discuss the whole RIM process, but I think where this came forward – I can't remember exactly which member it was, but one of the members had put a motion forward asking this from the witness list, that one of those individuals be brought in to answer some questions at the committee.

Mr. Palmer.

**Mr. Palmer:** Chair, I think we – I'll speak for myself. I think we got a really good update from the IT Shared Services folks and the PARO folks I think they were called, that came in and explained the process to us.

I'm fairly confident that what I'd heard from them is that accounts are deleted within a year to make room on the server and it was standard course of business and that's how things always happen and sometimes it's a year, and sometimes it's three months before those requests are made. I'm comfortable with the information. It was a great presentation that we had before.

**Chair:** Okay. Any other comments, discussion?

I don't have the Hansard directly in front of me, but from my recollection I think there were many questions that were asked that weren't able to be answered by these two individuals and I think that's where it stemmed from, that maybe somebody that was specifically involved in the interview by the Auditor General –

**Mr. J. Brown:** Do you even know who made the motion?

**Chair:** – one of those individuals could come in. I don't – do we have who made the motion, clerk?

**Clerk Assistant:** I would have to go back and check Hansard myself. I can do that if you'll give me a second.

**Chair:** Okay.

**Mr. J. Brown:** We could ask in a different way. There's only a couple of committee members that could have made –

**Chair:** Yes.

**Ms. Compton:** It could have been me and –

**Some Hon. Members:** (Indistinct)

**Ms. Compton:** – I will be moving a motion about bringing in witnesses, and we can add that to the list. I think we learned today – we learned something new today that the minister had no knowledge, or that's what he's saying, about this file. Which is – I'm still in disbelief on that.

**Chair:** Sorry, it'll be just a moment.

**Clerk Assistant:** It looks like it was Mr. MacKay who was substituting –

**Ms. Compton:** For me.

**Clerk Assistant:** – for you at that time who brought it up first.

**Chair:** Okay, all right. Darlene has already indicated that she's going to put a motion forward so we'll defer that motion as it was.

I call, now, at this time: Are there any motions that regular sitting members of this committee would like to bring forward?

**Ms. Compton:** Chair?

**Chair:** Ms. Compton.

**Ms. Compton:** Thank you, Chair.

In light of, I think, the questions that were asked today, we did learn something which was very important, and I think something that this committee needs to look at: The fact that the minister knew nothing about this file when he became minister. To me, that's fairly concerning. We all should be concerned so I will move a motion, once again, to bring in Chris LeClair, Melissa MacEachern, Neil Stewart –

**Chair:** Okay, just so the clerk can record it all.

**Ms. Compton:** Yes.

**Chair:** Thank you.

**Ms. Compton:** – Robert Ghiz, Wes Sheridan, Billy Dow, Garth Jenkins, Paul Jenkins –

**Mr. J. Brown:** Chair, just before – if Garth Jenkins is included in the motion, as you know, I'm going to have to go out so if you can –

**Ms. Compton:** We'll do a separate motion.

**Mr. J. Brown:** – do a separate motion, it would be appreciated.

**Ms. Compton:** If we could omit Garth Jenkins; Paul Jenkins, Mike O'Brien –

**Unidentified Voice:** Go ahead.

**Ms. Compton:** – Gary Scales, Kevin Kiley, Michael Mayne, Tracey Cutcliffe, Steve Dowling –

**Mr. J. Brown:** Steve Dowling, if you could also put him over.

**Ms. Compton:** Omit Steve Dowling in this motion, and Katherine Tummon.

**Mr. J. Brown:** And Katherine Tummon as well.

**Ms. Compton:** Omit her as well. If we could move a motion that they would come in as witnesses, I think today was a prime example of the fact that we did learn something that we didn't hear through the Auditor General and it should help us with our decision moving forward.

**Chair:** Okay, clerk. If you're ready, I'll ask you to read that motion back.

**Clerk Assistant:** Sure: That the committee invite Chris LeClair, Melissa MacEachern, Neil Stewart, Robert Ghiz, Wes Sheridan, Bill Dow, Paul Jenkins, Mike O'Brien, Gary Scales, Kevin Kiley, Michael Mayne and Tracey Cutcliffe to appear before the committee.

**Chair:** Discussion?

Mr. Palmer.

**Mr. Palmer:** I think the AG has interviewed all those folks. I was going through my list and I think I was able to stay caught up with it, but it appears that all those people have been interviewed by the AG and again, I'll read a quote from her on January 11<sup>th</sup>, 2017: "For us to complete our work and issue the report, the work that we did was sufficient in terms of who we interviewed and the questions that we asked." I don't think we need to bring them in.

**Chair:** I just need to respond to that. I guess I would like to read a quote as well from the Auditor General. On January 11<sup>th</sup>, 2017, the AG said: "No, I'm not confident that I received all relevant government records." Also, on March 4<sup>th</sup>, 2015, the Premier stated publicly with CBC – though I do give him credit for asking the Auditor General to look into this initiative and doing a special audit on it, but it's troubling when the Premier says on record, public media: "Being ethical to me isn't pulling off all the scabs."

Again, I think that's why it's incumbent upon this committee to dig deeper, dig further and to question some of these people. I'll leave it to discussion, but – Mr. Palmer?

**Mr. Palmer:** Chair, there's no question that I think this is really important. This is something that we really need to – and which is very evident. It's evident that we have the AG spend time to give us this report and it's really important for us to go through this.

She's completed her work and she is satisfied with the information that she had, that she could make the recommendations that we need to make sure are being followed so this can't happen again. Because that's why we're here, is to make sure that government process is going to be better so that we can't have this happen.

We all know there's been things that have been going on for decades and decades, that there's pieces that the Auditor General can come in and make recommendations to government and we can do better and that's, I think, why we're here, is to do better.

**Chair:** Any other discussion on this motion?

Mr. Trivers.

**Mr. Trivers:** Thank you, Chair.

This is an argument that we've debated, the same motion we've debated in the past, and I think that the reasons haven't changed. This committee has said it's the ministers who are responsible for what happens in the department and they're the ones who are held accountable, but we've had a minister in and the minister said he wasn't aware of what was happening in his department, right?

We still don't know why the policies weren't followed because the people who weren't following the policies, we haven't been able to talk to; and that's the very reason why we need to have these people in, so we can ask them those questions. We had the minister at the time whose deputy wasn't following the policies and the information, as far as I can tell, was completely hidden from him. That's why we need to have these people in. Thank you.

**Chair:** Before I ask the question, is there any other discussion?

**Mr. J. Brown:** (Indistinct) the question.

**Chair:** Question is called: All those in favour of having these individuals come in to public accounts to answer questions, please signify by raising your hand. I count two.

Contrary minded? One, two, three and four.

Motion defeated.

Are there any other motions that any regular standing committee members would like to bring forward at this time?

**Mr. J. Brown:** Can I just ask – because I'll probably just go and you can make yours last? Can we get an update – have you heard anything from Steven Myers on the letters we've sent to him?

**Chair:** I believe – I understand that letter was delivered. I don't know if it was received.

**Mr. J. Brown:** Yeah, it did go last week.

**Chair:** He hasn't been in the office, to my knowledge, a lot as of late so –

**Mr. J. Brown:** Have you followed up personally with him, Chair? Do you –

**Chair:** No, I haven't.

**Mr. J. Brown:** Would you be able to do that?

**Chair:** Certainly.

**Mr. J. Brown:** Okay, see if we can find out?

**Chair:** Yes. There are a couple of other pieces of business, so maybe we'll hold off that motion with regards to Garth Jenkins, Steve Dowling and Katherine Tummon and then when we get to that then we're done and you're good to go.

**Mr. J. Brown:** I appreciate it.

**Chair:** The other thing I wanted to bring forward is we had asked the Auditor General over a period of time to bring information back and the committee had all agreed to these requests.

The clerk has gone through the list and in quite a few instances where the Auditor General wasn't able to provide that information she referred to where this committee should request that information from.

As an example, the special assignment of government – a copy of the letter of offer issued by IIDI for the \$950,000 loan to the Mi'kmaq Confederacy of PEI. We had requested that from the Auditor General. She came back and said this information should be requested from IIDI; a copy of the report produced by Pat Mason that was shared with the e-gaming working group. Again, she came back and said this information should be requested from Innovation PEI.

So there are several instances like that. What I would like to get agreement from this committee is that the clerk prepares letters to send to these bodies that the AG has referred us to because she has not been able to

provide it. Is everyone in agreement with that?

Okay, thank you.

Scheduling of additional meetings: I believe at the last meeting we had agreed that we would have the Auditor General come in at her next available opportunity to start looking at or reviewing the special audit that the four Atlantic Auditor Generals conducted on Atlantic Lottery. Clerk, do you have a date for that?

**Clerk Assistant:** Yes. Next Wednesday, March 8<sup>th</sup>. She's available to come in and look at that report.

**Chair:** Okay, perfect. So you can send out a GroupWise –

**Clerk Assistant:** (Indistinct)

**Chair:** – invite for that. Okay.

All right, is there any further business besides the motion that will be coming forward from any other committee members?

Okay. Thank you, Mr. Brown.

**Mr. J. Brown:** Thank you.

**Chair:** See you later.

Space, the final frontier.

Okay, Ms. Compton?

**Ms. Compton:** Thank you, Chair.

I'd like to move a motion that we also bring in as witnesses to public accounts Steve Dowling, Katherine Tummon and Garth Jenkins.

**Chair:** Okay. Discussion?

Clerk, could I ask you to read the motion again –

**Clerk Assistant:** Sure.

**Chair:** – and we'll ask the question?

**Clerk Assistant:** The motion is that the committee invites Steven Dowling,

Katherine Tummon and Garth Jenkins to appear before the committee.

**Chair:** Okay, question: All those in favour of this motion, please indicate by raising your hand. I count two.

Contrary-minded? Count three.

Motion defeated.

Okay, if –

**Ms. Compton:** (Indistinct)

**Chair:** – there's no further business, I'd ask for a motion for adjournment.

Thank you, Mr. Dumville.

The Committee adjourned