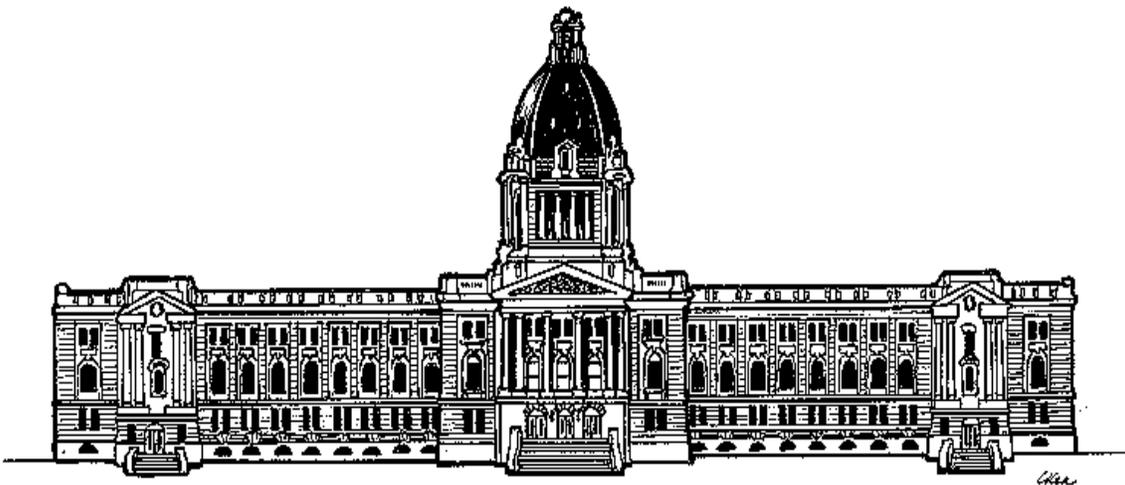




STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

Mr. Greg Brkich, Chair
Arm River-Watrous

Mr. Warren McCall, Deputy Chair
Regina Elphinstone-Centre

Mr. Gene Makowsky
Regina Dewdney

Mr. Scott Moe
Rosthern-Shellbrook

Mr. Roger Parent
Saskatoon Meewasin

Mr. Randy Weekes
Biggar

Ms. Nadine Wilson
Saskatchewan Rivers

[The committee met at 13:15.]

The Chair: — Welcome to the meeting this afternoon. I believe we have two substitutions. Substituting for Mr. Scott Moe is Victoria Jurgens and substituting for Roger Parent is Darryl Hickie. We also have one document to table which is distributed to members today. This is CCA [Crown and Central Agencies] 41/27, Information Services Corporation of Saskatchewan's annual report, 2011.

This committee today will be considering the estimates of Saskatchewan Gaming Corporation, Saskatchewan Liquor and Gaming Authority, Saskatchewan Power Corporation, Saskatchewan Telecommunications Holding Corporation, Saskatchewan Water Corporation, SaskEnergy Incorporated, and Saskatchewan Opportunities Corporation, in that order.

**General Revenue Fund
Lending and Investing Activities
Saskatchewan Gaming Corporation
Vote 139**

Subvote (GC01)

The Chair: — To start with, we will begin discussions with the Saskatchewan Gaming Corporation. We will begin the discussion with vote 139, the Saskatchewan Gaming Corporation, loans subvote (GC01). I would welcome the minister here, if he wants to introduce his officials, and if he has any brief opening statements, we will go with that.

Hon. Mr. Cheveldayoff: — Thank you very much, Mr. Chair. It is indeed a pleasure to appear before your committee and to all members present. Thank you very much for the opportunity. I'd like to begin by introducing my officials of the Saskatchewan Gaming Corporation with me here today. To my left is Tony Coppola. He's the senior vice-president of finance and administration. And next to him is Wendy Hutchison who is the controller for the Saskatchewan Gaming Corporation.

Sask Gaming makes a significant contribution to the provincial economy and Saskatchewan communities. It continued to do so in 2011. Its revenue was \$134.6 million, and net income before payment to the GRF [General Revenue Fund] was \$51.7 million. For 2011, 50 per cent of net profit, or \$25.9 million was provided directly to the GRF to support commitments to the Community Initiatives Fund and the First Nations Trust. Its payroll and benefits were \$42.2 million. Saskatchewan Gaming Corporation made purchases from Saskatchewan businesses of close to 22.8 million, fulfilled contractual obligations to exhibitions for 3 million, paid 1.6 million in municipal taxes, and sponsored close to \$800,000 for community activities. It declared a dividend of \$20.7 million to the Crown Investments Corporation to support other priorities of government.

I do have a longer opening statement, Mr. Chair, but I think in the interest of time I'll stop there and entertain any questions at this time.

The Chair: — Thank you, Mr. Minister. With that I'll just ask that the first time the official does come to the mike, they can introduce themselves; after that, they don't have to. Are we

going on to questions? I recognize Mr. McCall.

Mr. McCall: — Thank you very much, Mr. Chair. Thank you, Minister, and your officials for joining us here today. These estimates are of course statutory, and as such there are questions that we'd probably have for the minister and officials under the heading of annual reports, consideration under the Crown and Central Agency Committee's consideration thereof.

But in terms of page 162 of the budget book, last year the estimated statutory figure was \$6.8 million in terms of loan activity under vote 139. This year there is not. Could the minister or officials reflect upon or comment upon the change in activity last year to this?

Hon. Mr. Cheveldayoff: — Absolutely. Thank you very much to the member for his question. Sask Gaming's estimates for 2011-2012 included a \$6.8 million loan. However the corporation did not require those funds due to lower than anticipated capital expenditures in 2011. The actual capital expenditure was \$3.9 million and that was funded out of Sask Gaming's cash flow. So therefore no debt financing was required, and it is represented there.

Mr. McCall: — Under that heading, are there are ongoing activities in the budget year to come that, given the experience last year, are there similar activities to be cash flowed this year, Mr. Minister?

Hon. Mr. Cheveldayoff: — Thank you very much for the question. Yes indeed, there are similar expenses that will be incurred, but they will come out of operating revenues and be funded through cash flow.

Mr. McCall: — Are those maintenance? How would the minister characterize those activities? Are they more of a maintenance nature, or is there new expansion being undertaken of the existing SGC [Saskatchewan Gaming Corporation] facilities? Would the minister care to comment?

Mr. Coppola: — My name is Tony Coppola. Thank you for the question. Yes, the activities in 2012 will be similar to 2011. The most significant purchases in the capital side in the organization are on the slots, slot machines, and also on the information technology side. Those are the two largest expenditure categories for capital.

Mr. McCall: — Thank you very much, Mr. Coppola. What is the magnitude of the expenditure? And what's the division between slots and the information technology buy?

Mr. Coppola: — Both slots and information technology, on an annual basis, are approximately 2 to \$3 million dollars. Our annual capital budget is in the order of 5 to 7 million on an annual basis, and on every fifth or sixth year, the casino properties require a significant renovation and that can be in the order of 15 to 20. The last refresh that was done was 12 million.

Mr. McCall: — Thank you very much, Minister and officials. I guess I'd cede the floor at this point to my colleague, the member from Rosemont. Seeing no . . . Again it's a statutory consideration under the Act. We're glad to have the better

understanding of what had happened with the request last year to this. So at this time, Mr. Chair, we would conclude. That's the finish for our remarks. We just thank the minister and officials for their time.

The Chair: — Thank you, Mr. Minister. And then I guess we will move on to the Saskatchewan Liquor and Gaming Authority. We won't take a break, but we'll be a minute as we change ministers and officials.

**General Revenue Fund
Lending and Investing Activities
Saskatchewan Liquor and Gaming Authority
Vote 142**

Subvote (GA01)

The Chair: — We're back. In front of us, just before we proceed, there is another substitution. Substituting for Mr. Randy Weekes is Kevin Doherty. I think I pronounced that wrong, but I think the member will forgive me. Up before us right now is the Minister for Saskatchewan Liquor and Gaming Authority. If he has a brief statement, I would ask . . . and also if he wants to introduce his officials. And the first time an official comes to the mike, if he would just introduce himself the first time.

We will begin the discussion with vote 142, Saskatchewan Liquor and Gaming, loans, subvote (GA01). And I'll turn the floor over to the minister.

Hon. Mr. McMillan: — Thank you, Mr. Chair. Per the request of the committee to limit our remarks, I would like to introduce my officials before we begin. To my right is Mr. Barry Lacey, president and CEO [chief executive officer] of SLGA [Saskatchewan Liquor and Gaming Authority]. To my immediate left is Mr. Rod Wiley, chief financial officer; and to my far left is Mr. Kent Paul, director of financial services. With that we are pleased to answer any questions in regards to this subvote in the amount \$146.34 million.

The Chair: — I recognize Mr. McCall.

Mr. McCall: — Thank you very much, Mr. Chair. Welcome to the minister and officials. We'll spare the minister any inquiries as to his lunch speech in a broader way, but certainly we'll be interested to hear about that at a future date and the freedom agenda. But welcome, Minister and officials, to the Crown Corporations Committee. Of course this is a statutory consideration, so again the kind of wider ranging discussion that you'd have under consideration of annual reports and the like is not quite the order of the day here.

That being said, Mr. Chair, I was wondering if the minister could characterize for us the \$146 million under consideration here today.

Hon. Mr. McMillan: — Absolutely. One hundred and six million dollars will be for video lottery terminal network and central operating system replacement. The VLTs [video lottery terminals] have not been replaced since 2002, '02-03, and this is a major refresh of that system. Twenty million dollars for the Saskatchewan Indian Gaming Authority slot machines and

central operating system replacement, and 5.6 million for the retail liquor purchasing pricing and warehouse information system, \$5 million for the regulatory compliance information system. And I believe that is the items before us. Those are the main items before us.

Mr. McCall: — Thank you very much, Mr. Minister. The \$106 million anticipated for the VLT replacement schedule, please tell us a bit more about that. How many VLTs? Who's the vendor? How are these sourced? If you could just break that down for us a bit, Mr. Minister.

Hon. Mr. McMillan: — Mr. Chair, there will be 4,000 VLTs and the RFP [request for proposal] on that has been released and closed. We're currently in the process, now that the RFP has closed, looking at possible vendors. It's possible there could be one, as few as one or as many as four successful bidders. For the central operating system, same thing. The RFP was publicly released and has since closed. We're viewing the results of that RFP as well, and there will only be one successful bidder in that one.

Mr. McCall: — When does the minister anticipate conclusion of that consideration and announcement of a successful bidder?

Hon. Mr. McMillan: — Within the next couple of months.

Mr. McCall: — The bids that are on the table, are they from . . . I'm presuming this is a fairly specialized set of technologies. Tell us a bit about who would be applying under the RFP process, who would be putting in bids, if you could, Mr. Minister.

[13:30]

Hon. Mr. McMillan: — Mr. Chair, the companies that are involved in this process, we do not feel we have legal grounds to release their actual names, but we can share that these are North American companies. This is obviously a very specialized business to be in, the business of making these machines, and yes, I think that North American wide they're specialized, that probably when the results come out are ones that you would recognize as being in this business.

Mr. McCall: — Just for curiosity's sake, are there any Canadian vendors that might be able to supply these technologies or equipment?

Hon. Mr. McMillan: — There is apparently one Canadian company that is in this type of business.

Mr. McCall: — Thank you very much, Mr. Minister, and I'll thank my colleague not to distract me again like that, but thank you very much. Moving on to the next tranche of the funds under consideration, the \$20 million, could the minister comment on that.

Hon. Mr. McMillan: — Mr. Chair, there's the two components of this. The central operating system with the SIGA [Saskatchewan Indian Gaming Authority Inc.] network has been in place since SIGA was formed. So it's roughly 15 years old. It was requiring replacement this year, so that has been RFP'd. SIGA also does 20 per cent refresh every year. So on a

five-year rolling cycle, they refresh all their machines. So a portion of this is those 20 per cent.

The same companies that were involved in the first item that we discussed were involved in this, but they were separate RFPs. And the configurations of the machines are slightly different so the specifications were different in the RFPs as well.

Mr. McCall: — Okay. Thank you, Minister. The \$20 million for SIGA, I'm presuming that this is subject to the terms of the gaming framework agreement and terms therein. I guess . . . When does the minister anticipate those negotiations on the next iteration of that agreement to be completed? And how would an expenditure like this be impacted?

Hon. Mr. McMillan: — Not to stray off the estimates we are in now, the RFP here is in compliance and is what is contemplated under the current gaming framework agreement. And we don't . . . No, I should limit my comments to what's before us.

Mr. McCall: — Okay. So there's no overlap in terms of how these funds will be released? Are they handed over in one sort of lump sum for SIGA to do what they will with it, or how are the funds disbursed?

Hon. Mr. McMillan: — Mr. Chair, these machines are owned by SLGA, and the revenues that come from these machines in SIGA casinos are what are given back to SLGA that pays for them. The nature of this arrangement is in the gaming framework agreement, the casino operating agreement. And the reason it is the way it is, is under the Criminal Code the responsibilities for electronic gaming are spelled out that this is how it has to work.

Mr. McCall: — I thank the minister. Part of the gaming framework agreement is work between the province, as represented by SLGA, and the First Nations in terms of going to the feds to seek out greater autonomy for First Nations under the Criminal Code. How is again the very fact of that as represented by this expenditure under consideration, what's the status of that, Mr. Minister?

Hon. Mr. McMillan: — Mr. Chair, it's FSIN [Federation of Saskatchewan Indian Nations] that would go forward with that request, not SIGA. And in either case, those negotiations, or discussions is probably a more apt way to put that, would have no effect on this in the . . . certainly in this budget year, but in the consideration of these estimates.

Mr. McCall: — Well thank you for the answer, Minister, and officials. I guess the next question I'd have concerns the next tranche within the allocation, \$5.6 million. Could the minister characterize that for the committee?

Hon. Mr. McMillan: — Mr. Chair, the system that's being replaced is actually two systems. One was put in place in 1999, the other in 2001. This process has been RFP'd. The RFP is closed and we're currently at a similar point that we're evaluating the applications. What this system will be replacing, or the two systems it will be replacing, is the warehouse management system, the product inventory and sales management system. And the two systems that it's replacing have reached the end of their lifespan and, for the efficiency of

the company, we think that this needs to go forward.

Mr. McCall: — Thank you, Minister, for that answer. The final \$5 million allocation within the bundle being considered today, the minister care to characterize that?

Hon. Mr. McMillan: — Mr. Chair, this item has not been RFP'd yet. The work is ongoing and we expect to have the RFP by summer. The system it will be replacing is the regulatory compliance division support system. It was put in place in 2002. The new system . . . We are putting the RFP together that will allow it to have enhanced online services and accessibility, enable process improvements and administrative efficiencies, provide inquiry tracking, enhance decision support for inspectors, introduce a common permit licensing system across all divisions, and provide workflow for application processing. Some of that seems like fairly specific jargon to SLGA, but in general I think for the citizen, certainly the online permitting and the online will be something that I think is expected by our citizens. And this will help us get to there.

Mr. McCall: — Well I thank the minister for that answer. And certainly if you can't jargonize something in government, really, what's the point, it would seem?

But in terms of the current suite of controls in place, are there any flags going up in terms of the timeliness of the replacing of the 2002, I believe the minister had said, iteration of this software?

Hon. Mr. McMillan: — A little information about this application. It's currently running on one of our legacy platforms and it's 10 years old and it's reached ultimately the end of its life. The vendor support is coming to an end where they say, we'll no longer support an application of this date. It is, it's stable; there's no risk of it going down. But once vendor support ends, you start getting into those fairly high-risk points. And it is obviously the right time, when you are going to renew it, to look to these enhancements for the citizens as well.

Mr. McCall: — Thank you, Minister. Certainly 10 years in IT [information technology] terms is usually . . . It might as well be 100. So I think that's a fair estimation on the part of the corporation.

I guess the other question I'd have in terms of the sums under consideration today for new software platforms, do those sums include . . . do they disregard the initial buy, and then there'll be some necessary going forward on an annual basis in terms of servicing, in terms of maintenance? What's all included in this particular sum under consideration, Mr. Minister?

[13:45]

Hon. Mr. McMillan: — Could I clarify, for this specific one or just for each of the systems that we're discussing?

Mr. McCall: — For this specific one would be great. And then if there's something to be added on the others, that'd be great too.

Hon. Mr. McMillan: — The RFP on this one in particular hasn't gone out, so we obviously don't have the specifics. But

the generality I think will apply here because it is consistent across the other pieces and this one. The estimates we see in front of us are the estimates to purchase and install this system this year. Ongoing operating costs and licensing costs are built into the operating costs of SLGA.

The legacy systems which will be retired, those operating costs will be retired with them and the new operating costs with the new system will come into place. Generally not a huge bump between the two, one going out and one coming in.

Mr. McCall: — All right. Thank you very much, Minister, and officials. That would conclude our comments for this statutory allocation under consideration.

The Chair: — Okay. I want to thank the minister and his officials for appearing before the committee.

I believe the next up is Saskatchewan Power Corporation. And with the indulgence of the committee, I would maybe ask that we move Saskatchewan Opportunities Corporation underneath, as I believe that the same minister handles both. Hearing no objections, that's the way we'll carry on, and we will start as soon as the officials and minister are in place.

**General Revenue Fund
Lending and Investing Activities
Saskatchewan Power Corporation
Vote 152**

Subvote (PW01)

The Chair: — Thank you for being here, the Saskatchewan Power Corporation. They will examine the estimates, lending and investing activities for Saskatchewan Power Corporation. We will begin discussion of vote 152, the Saskatchewan Power Corporation's loans, subvote (PW01).

I will welcome the minister here. And if he has any brief opening remarks, to do them, and also to introduce his officials. And just to the officials, the first time they come to the mike, just to introduce their name. Thank you for appearing here.

Hon. Mr. Norris: — Thanks very much, Mr. Chair. And I promise my remarks will be brief. It's appropriately forewarned though. I'd like to begin with the introductions as you've suggested. Our president and CEO of Sask Power, Robert Watson, is here on my right; as well we're joined by a few other officials. Sandeep Kalra, our vice-president and chief financial officer, is joining us. Rachele Verett Morphy is also here, vice-president, law, land, and regulatory affairs; Judith Fox is here, manager of stakeholder relations; and, as well as Donna Dressler is also here, the general manager for strategic relations.

I'll keep this very brief. I appreciate the opportunity to appear before the committee this afternoon and look forward to the forthcoming questions, both on the 2012 estimates as well as, I'm sure, aspects of the 2011 performance by SaskPower. And on that, I'm happy to turn it back over to you, Mr. Chair.

The Chair: — I recognize Mr. Wotherspoon.

Mr. Wotherspoon: — Thank you very much. Thank you to the

minister and officials for coming before us here today.

Maybe if we can just look directly at the statutory vote that's before us and the increase, I guess, the borrowing that's going on, the \$623 million. Could the minister or officials describe the rationale for that borrowing and the requirements that it'll fulfill?

Mr. Watson: — Yes, we will. Thank you. Robert Watson speaking, the CEO of SaskPower. First of all, I'd like to say that we've had, in the last two years particularly, very successful years within the corporation. We've been able to keep our operating costs below budget. We have had advantage, take advantage of the low cost of fuel. We've taken advantage of the low cost of gas, quite frankly. With those two things in mind, we were able to go to the shareholder and the rate review panel and actually not request a rate increase. We didn't request a rate increase for the last two years, which again is good news all around.

As for the borrowings, for the long term, we have a long-term plan that we've estimated that is required for the business, not only to maintain the existing network, the grid, and upgrade it. We are not dissimilar to any other utility quite frankly in North America in that the grids continually need upgrading. One of the aspects for that quite frankly is the change in the weather conditions. Outages, we're actually having outages now due to moisture in the air, which is unusual for the province, but that's exactly what happened up in Saskatoon a couple of months ago where there was too much moisture in the air. And it's not that it's been . . . [inaudible] . . . but when it happens onto the grid for the first time, then the grid just impacts it so.

The \$623 million that was required. I'll now let Sandeep answer those questions in a bit more detail. Sandeep.

Mr. Kalra: — Okay. The borrowing requirements are essentially to fund the gap between non-operating cash flows and what's required for the capital expenditure. So our projected capital expenditure for the year ending March 2013 is \$1.1 billion. Out of that, we expect to fund \$488 million from our internally generated sources, cash. So the rest, 623, is the expected borrowing requirement for the year.

Mr. Wotherspoon: — And that sort of speaks to a breakdown that's similar to debt to capital ratios, or debt to equity ratios. If maybe the minister or officials could describe what the debt to equity ratio of the corporation is right now and maybe what that trend has been over the last four years.

Hon. Mr. Norris: — Thanks very much, Mr. Chair. On the issue of debt, it's about 62 per cent, well within the proposed parameters and those that external stakeholders have an eye on. And then on the return on investment and return on equity, about 13 per cent. And we aim for about 8 per cent, so we're on the high side this year.

Mr. Wotherspoon: — And as far as the 62 per cent, if the minister could just provide the last four years numbers on those, I'm sure they're there.

Mr. Kalra: — I have the numbers starting 2010. The debt ratio was 63 per cent — 63.4; 63.8 expected for 2012; and for next

year it's 69.3 per cent. So those are the debt to capital ratios. Our range, accepted range is between 60 and 75 per cent, so we have been within this range and expect to be within this range in the next 10 years as well.

Mr. Wotherspoon: — Next year, as in is that the 2012-2013, and the plan for that is 69 per cent at that point?

Mr. Kalra: — Our year ending 2013 is 69 per cent. The March 23 would be somewhere between 63 and 69, so it will be between 65 and 66 per cent.

Mr. Wotherspoon: — Interested in I guess the dividend that came out in the late part of the last fiscal year, both for your corporation but also for the province's fiscal. Could the minister speak to that late year \$120 million disbursement back to the GRF?

Hon. Mr. Norris: — I'm happy to do that, Mr. Chair. This was made possible, \$120 million special dividend this year, in part because of the results of flooding across the province. We know that cost communities a lot. And at the same time we were able to see some benefits through SaskPower, through our hydro production. That was one factor.

We also did pretty well through sales and exports, quite candidly. Our trade with Alberta afforded us an opportunity to actually do quite well. As far as some of the details, what I'd like to do is just get Mr. Watson to comment specifically on what some of those numbers look like.

Mr. Watson: — Yes, our estimated net income last year was to be \$119 million. As you're aware, we came in \$240 million for net income. That was primarily because of purchase of gas again. When we estimate our gas purchase cost, we do it long term. We take information from around the world actually of future pricing of gas and everything. And gas just still keeps going down, so we put that into . . . that was a benefit.

We did do much better than planned on our operating costs, the OM & A [operating, maintenance, and administration], the cost to run the business. We were about \$36 million under budget on that. So quite proud of that as, you know, a group of employees, and quite frankly that is the employees who do that. They're the ones who've managed that sort of thing, so we're quite proud of that.

We were very fortunate that . . . fortunate and unfortunate. Although there was flooding in the province, we were very fortunate that hydro levels were quite high. Unfortunately to a certain degree we weren't able to take advantage of that because literally the water surrounded Boundary dam, so we had to actually cut the production on Boundary dam down to about 20 per cent of production because we couldn't get the coal there. Now we've put contingency in place now, for in case it happens again.

And just an anecdotal note, at Shand, we had to cut production there because the coal got too wet. It literally got too wet to burn so unfortunately, you know, the good news about high hydro levels was offset by us not being able to burn coal as much as we wanted to, or we would have had a very good year last year.

So the dividend itself was over and above our expected net income. And on a 10-year plan, it doesn't impact your rates. The dividend will not impact our rates over the 10-year period; so therefore as a corporation, it didn't impact us to give the dividend up last year.

[14:00]

Mr. Wotherspoon: — With respect to the hydro, the increase that was . . . of revenues that were gained through this, what was the gain, I guess, not just by revenues but by way of profit? And I think I just heard that it was generally offset by some of the impacts by way of moisture down in the Southeast on the coal-fired activities.

Mr. Watson: — Yes. Sorry to interrupt. Yes, it was quite a valid thing to say that the extra dividend, the extra net income there is because of the high hydro levels because it was there because of the high hydro levels. Us not being able to burn the coal as much as we wanted to just doesn't completely offset the high hydro levels, but it's quite, quite an accurate thing to say that way. If we hadn't had, if we had had a low water level, then we wouldn't have had a coal problem. So you can't disconnect the two of them.

Mr. Wotherspoon: — That's right. So if we look at the hydro aspect, the gain that was there, and then what was it offset by on the coal side?

Mr. Watson: — Yes, the specific numbers. Sandeep, do you have the specific numbers?

Mr. Kalra: — No, but the . . . [inaudible] . . . of the plan, the revenues were higher and all the expenses, including the fuel and OM & A and the capital depreciation, all of them were lower as compared to the plan. So that \$120 million wasn't driven only by, you know, one factor; it was driven by all four. And those are our three major expense categories and all were lower as compared to the budget.

Mr. Wotherspoon: — So just back on to the hydro and then the offsetting on the coal side, both the impacts of the moisture and the water, the high water last year, what's the general ballpark for the increase that was had on the side by way of hydro? And then what was that offset by, by way of the coal? I don't even have to have it down to a exact dollar here but . . .

Mr. Kalra: — The net impact of this fuel mix was roughly \$39 million. Positive.

Mr. Wotherspoon: — And that's the, just to be clear here, that's the difference between the gains that were had in hydro and then the offset that were had by the challenges that were had down in the Southeast coal-fired activity.

Mr. Kalra: — That explains roughly a third of the 120, and the other was because of high revenues, higher exports and lower, you know, running costs and lower depreciation and finance as well.

Mr. Wotherspoon: — And a specific portion of that was related to the purchase of gas and gas contracts that were had there, those were the, some of the where the corporation

outperformed or had excess revenues or revenues that exceeded those that were planned? Is that correct?

Mr. Watson: — Yes. Sorry. Yes, we did have some advantage of gas expectations. It all goes into the whole \$240 million profit. We had an increase in revenues over and above budget which added in to the amount of money that we had reduction . . . well below budget on operating costs, below budget on fuel costs, a total. So you mix in. So that's how the 240 was made up.

Mr. Wotherspoon: — And to what portion was the gas a contributor to that 240?

Mr. Kalra: — [Inaudible] . . . 39. It wasn't a significant, the gas itself wasn't a significant contributor. I don't have the exact number. I'm trying to look for it, but it was a small part of that 39.

Mr. Wotherspoon: — It's fair to say that the moisture impact on the province or the moisture occurrence in the province drove, out of that 240 million, \$39 million in excess profits?

Mr. Kalra: — That's right.

Mr. Wotherspoon: — When we're looking at the capital plans of last year, we know that moisture also had an impact on the side of deferring capital projects. My question would be, of the capital projects that were — and many of these simply have to be completed — the ones that couldn't be completed in the time of last year because of the water and simply challenges for construction in many circumstances, how much of that gets added to this fiscal year?

Mr. Watson: — It's Robert again. Out of the approximately \$1 billion in capital last year, we spent about 625 million, and these are general numbers. Out of the 400 million not spent, a significant part of that was our Boundary dam 3 carbon capture project, in that we actually got the decision out in April to go ahead and by the time we cranked it up and everything, that was a delay. So we're actually now, by this June, going to be on time and on budget with that. So that's the good news.

There was approximately, I'm going to say \$100 million . . . [inaudible] . . . on customers who deferred their construction. Some of the mines deferred their construction so we just simply roll that stuff forward because they're still committing to that and stuff like that.

And then there was about probably 50 to \$60 million on us not being able to get to oil rigs in the South and everything. And we pretty well have made that up because we've had a very good build construction in the winter. But now that things are dry out there, the oil guys are cranking up again. And we have it in the budget to keep up with them, but they might get ahead of us a bit this year. So we'll try and keep it as close as we can.

So therefore, this year, we have \$1 billion in there and we seem to be on track of being able to spend pretty darn close to that \$1 billion.

Mr. Wotherspoon: — Thank you for that. What of your plan last year, as you were looking last year towards this fiscal

before the moisture problems occurred, would have the \$1 billion been the plan for this, this year? Or has that grown because of some of the deferral of capital from the previous year?

Mr. Watson: — The \$1 billion would have probably been this year because we would have probably moved up some other projects. What we've taken is a long-term view of the capital. A long-term view is we've taken a 10-year view. And we've said that, as a corporation, it'll be a challenge for us to spend \$1 billion a year, right? So that's the view. We've said, we can only do so much in any given year, so we've taken a long-term view. If there's projects that drop off, then we'll add in projects to try and get to that \$1 billion. But that's the view we've taken is a mix-and-match view, quite frankly. Make sure we hit our commitments first, and then could take the longer term projects.

Mr. Wotherspoon: — Just by way of the increase on the debt to capital ratio this year from 62 per cent at the start of this year to, by the year-end, at 69 per cent — so that's 7 per cent increase there — my question would be, what are the hard numbers on that front? What are the hard numbers by way of I guess it's debt that's increasing faster than capital? What's that disproportionate increase this year by way of the hard numbers?

Mr. Watson: — I'll start to answer and then, Sandeep, you can jump in. It's essentially going up because we didn't do any rate increases for the last two years. So therefore the revenues are being natural growth revenues. We will have some increase to that because our revenues this year will be flat to even a bit lower than last year because of we've had a nice warm winter. We can't do anything about that. We are going to manage our OM & A to trying to keep it as low as possible, in other words. And then mostly the rate increase, the debt increase will be because of capital spent on our asset growth within the corporation. So you'll be able to see true asset growth within the corporation that applies to that debt ratio going up. Sandeep?

Mr. Kalra: — You've covered it, Robert. That's the single biggest factor is the capital expenditure which is running around, you know, \$900 million to \$1 billion a year in the foreseeable future. So half of that roughly is being funded by our own cash, and the rest we need to borrow. So as a result, the borrowing ratio is creeping up from between 63 to 69 per cent at the end of next year, 2013.

This ratio, looking at our 10-year projection, would still be within our expected range of 60 to 75 per cent. We have used that range comparing ourselves to the other Crown utilities in the country and believe that, as long as we stay within that range, we would have, you know, one of the stronger balance sheets compared to any other Crown utility in the country. So we're confident of achieving this growth but at the same time maintaining a strong balance sheet as well within that acceptable range.

Mr. Wotherspoon: — And thank you for that answer. So just the hard numbers then that make up that debt to capital, what's the numerator; what's the denominator?

Mr. Kalra: — The projected capital expenditure for 2012 — this is our calendar year — is 998 million. For 2013, it's 1.4

billion. And . . .

Mr. Wotherspoon: — I'm sorry. My mind was somewhere else at that moment and I would like to catch that number, if you could just go one more time.

Mr. Kalra: — Yes. So for calendar year 2012, the expected capital expenditure is 998 million, and for 2013 calendar year, the expected capital expenditure would be 1.4. The 2013 plans have not been finalized, so these are preliminary plans. These are, you know, subject to change. 2012 the budget is already finalized, so those are firmer numbers. 2013 numbers are expected to change.

Robert talked about our capacity to take on maybe up to \$1 billion a year, so we would see this and look at this number and say, how much can be done? And chances are we'll shave off, you know, some of the projects from 2013 and do them in the future years.

Mr. Wotherspoon: — Just as specific to the . . . When we're looking at a 62 per cent debt to capital, what are the actual hard numbers of the debt on the top side of that fraction and capital on the bottom side of that fraction?

Mr. Kalra: — Our debt, long-term debt and including with that would be short-term debt and financed lease obligations as well, was \$3.2 billion at the end of December 2011. It was quite similar to the number at the end of 2010 as well, so those numbers haven't changed, you know, year over year substantially.

Are you looking for the capex number or are you looking for the capital on the books?

Mr. Wotherspoon: — The debt to capital to arrive at the 62 per cent at the end of this previous fiscal and then the debt to capital hard numbers for the end of the next fiscal.

Mr. Kalra: — So I've given you the debt number. The total capital would be the same number that I've given you plus the equity, which was 1.8 billion in 2011 and 1.75 billion in 2010. So you add to that number the equity number; that's the total capital number at the end of 2010, and we add the 2011, so it's 5.7 billion and 6.3 billion would be total capital. And out of that, you know, 3.3 roughly was the debt for these two years.

Mr. Wotherspoon: — Okay. So just — I'm a little bit slow sometimes — on the 62 per cent the numbers were 3.2 billion in debt and the capital was at 5.7?

Mr. Kalra: — Okay. In 2010 — let me give you the debt numbers — 2.7 billion in long-term debt, 409 million in financed lease obligations, and 159 in short-term debt. So those three numbers would be straight from our annual report, are our debt numbers. Total capital is our debt and the equity portions. So if you added 1.7 billion of equity to that, that would give you our total capital.

Mr. Wotherspoon: — The year ending was recorded with 62 per cent as the debt to capital. The debt component on that was 3.2 billion. And for the projection for the 69 per cent debt to capital by year-end, what's the change in the numbers there?

Mr. Kalra: — The debt number at the end of 2013 is 5.3 billion. So now this is, once again the 2013 plan has not been approved. It's subject to board approval. It's subject to, you know, whether we can do \$1.4 billion capex or not, so these are all preliminary numbers, but that's the number. If we do everything, the debt could get up to 5.3.

Mr. Wotherspoon: — And that 5.3 would then be what builds that 69 per cent. Right. Just a question specifically: when we're looking at these aspects, and I think I heard you talk about long-term agreements or purchase power agreements built in here, how are those represented as liabilities or within those debt numbers?

Mr. Kalra: — Under IFRS [international financial reporting standards] the assets show up on our books, and the capital lease obligations. So that's a discounted value of the capacity payments for those transactions shows up on our books as liability as well as capital lease obligations.

Mr. Wotherspoon: — I'm sorry. Did you say the assets show up on there for those, those entities for which you're entering into long-term agreement with?

[14:15]

Mr. Kalra: — [Inaudible] . . . if we have an obligation under certain contracts, which is based on capacity which has been put into place. So let's say it's a \$100 million project and, you know, a private sector proponent has put that in place, and we would help them amortize over the next 25, 30 years. That payment stream is discounted back to today's dollars and that value shows up on the balance sheet as capital lease obligation. That is offset by an asset, notional asset, which is our right to give the, you know, the power from them. So both the assets and the liability show up on our books as if we had owned that from day one. And the asset has depreciated over time, finance expense goes through over time, and as we make the payments, the lease obligations drops from, you know, 100 million on day one to zero at the end of year 30.

Mr. Wotherspoon: — So what's the plan with rates this year, Mr. Minister? I know it's been signalled that there's a rate hike coming.

Hon. Mr. Norris: — Thanks very much, Mr. Chair. You know, that work is and the analysis is under way within SaskPower, and we'll wait to hear from the leadership team as well as then from the board as far as what that looks like.

Mr. Wotherspoon: — Did I hear properly before that some of the increases to the debt capital has been driven by holding rates steady for the last two years? I believe that was how I heard one of the answers here today. Is that a fair statement?

Mr. Watson: — It's a factual statement. If you had more revenue in, then you could keep more cash in the business. And if you kept more cash in the business, then you keep more equity in the business. What we've looked at is again, are we within, well within range of the debt ratio or well within retain . . . or return on equity? And we were. And with that, coupled with that, with the volatile nature of the gas costs, we felt that it was prudent not to go ahead with a rate increase. Also

internally, quite candidly we wanted to get our own shop in order, make sure our operating costs were in order and everything and that going forward when we asked for a rate increase, our internal operating costs would be more valid and more sustainable.

Mr. Wotherspoon: — It was referenced that it's roughly \$1 billion a year in some . . . maybe next year \$1.4 billion for capital spending, and about 50 per cent of that will be derived through debt financing. So I just am wondering how we're going to mitigate a significant increase to that debt to equity ratio moving . . . or debt to capital ratio moving forward.

Mr. Watson: — Sandeep, you can jump in. But just what we know today, and of course it could change tomorrow, is that the large industrial users who have long-term plans are sticking by their plans to demand more consumption from us. And because of that, that mostly drives . . . a lot of the \$1 billion per year is that and maintaining and upgrading the network.

If at any given time they delay a project or even cut a project in half, then that significantly will impact our capital requirements — because that's the majority of it, quite frankly — and therefore will impact the rates. So we hate to talk ahead at times, but that's generally what impacts the rates.

Mr. Wotherspoon: — As far as demand-side management or conservation plans, am I correct that the plan is for 100 million megawatts on that front? That's the target?

Mr. Watson: — A hundred megawatts, yes. Sorry to correct you, 100 megawatts. Yes, 100 megawatts, which is a significant commitment. It is a significant commitment; 100 megawatts is a small gas plant, as you know, so that can be quite significant savings. And we are well on track to hitting that . . . [inaudible interjection] . . . The minister just said, well our goal is to hit that by 2017. And we'll get you that number, sir. But I think, I think I'm going to say 22, off the top of my head. It might be 27. But we'll get you that number, but it's a conservation for sure.

Mr. Wotherspoon: — And that number, that conservation is costing you about 3 cents a . . . whatever the measurement . . .

Mr. Watson: — Kilowatt.

Mr. Wotherspoon: — Kilowatt, yes.

Mr. Watson: — Three cents a kilowatt hour, yes. And if you figure that, you know, like average price for residential is about 8 cents per kilowatt hour or 8 to 10 cents a kilowatt hour, then that really does save you a considerable amount of money, right? So it really does, conservation. That will always be in our portfolios, for conservation.

Mr. Wotherspoon: — What's your average cost? I know it really varies as to the source of that power, but what's your average cost per kilowatt for new generation?

Mr. Watson: — Again that varies a lot, right? You know, gas can be anywhere from 11 to 15 cents. You can go hydro. It depends where your hydro is. It's pretty well that range, quite frankly — 11 to 15 cents a kilowatt is the new cost for new

projects.

I can tell you that the wind project, the new wind project that's been awarded the contract down in the Chaplin area came in significantly below that, so we were quite encouraged by that. We probably will be coming out with and recommend another wind project, a smaller one. However we won't want to depend upon much more wind since I just remind everybody that the coldest day of the year last year was . . . There was no wind in the province and, you know, remember the warmest week of the year, there was absolutely no wind in the province. So you can't put a lot of wind into your portfolio. You got to put more, majority of . . . some of it in.

Mr. Wotherspoon: — Yes, I sometimes feel that during question period in this Assembly that there might be some energy that could be captured by way of wind.

Looking at some of the other components that are here . . . [inaudible interjection] . . . Of which both sides contribute to.

I guess I do have a question with respect to something that's been discussed recently and that's a participation as a sponsor in a conference in Quebec. I believe it's \$25,000 that SaskPower is contributing to that. I guess my question is, you know, when was that decision made? And what was the analysis by way of return on investment for SaskPower on that front?

Hon. Mr. Norris: — Thank you very much, Mr. Chair. If I could, I just want to put an answer on the table for a previous question regard the demand side management. And for 2011, our target was for 38 — and these are megawatts — and we've hit 38. So, sorry, just not to detract from that current question, but just to say that we are on track and we know how important that is.

Regarding the SaskPower's participation in the conference in Montreal, it was \$25,000. It was focused, kind of, in two or three key areas. One, as part of our recruitment efforts for ICT [information and communications technologies] professionals. We have a shortage of trained individuals with the skills that we need today and certainly project that into the future, and so helping to raise the profile. That's not unique; that's part of a recruitment strategy that Power has.

We also see that it was an opportunity to engage potential partners in new technologies such as net metering, smart grid, etc. I think it's fair to say that within the realm of energy there is a revolution under way as far as the significance of ICT, and this was an opportunity for us while we have some level of engagement. That's going to grow and that's consistent with power corporations right around the world. And it's about being more effective, and it goes to that OM & A, cost and it also speaks to, again, some of the certainty and security of supply. I'll probably get Robert to kind of walk through, but those are the two key variables.

Mr. Watson: — Yes, thank you. Thank you for that question. WCIT [World Congress on Information Technology] is a world congress. It is only happening every two years. Two years ago it was in Amsterdam, this year Montreal. Next year it's in Mexico. Every two years from now it's in Mexico. And they are

now, last time in Amsterdam was the first time, and I attended the conference, they now have one of their mainstreams as the power industry, as a mainstream as part of IT.

The biggest single change in this industry is going to be IT. Our grid is dumb; our meters are dumb; our power plants are dumb, quite frankly; and the biggest change that's going to happen in our industry is IT. I am on the ITAC [Information Technology Association of Canada] board, the Canadian board, that is helping sponsor this. So that's why I became apparent of the opportunity. And the sum of \$25,000 allows our IT department to participate, not only in the conference, but they're also starting to participate in the world dialogue that's going to go on, start in May around the world. So first-hand, I thought it was very excellent program I went to in Amsterdam. It shows the future of IT in the industry. So I quite frankly thought the value was more than paid off by us participating in it.

Hon. Mr. Norris: — If I could, I would also just add to that, that you know, as we look at the Montreal conference, it's obviously worth reviewing. And we are reviewing whether three entities and organizations from Saskatchewan should've undertaken this, this kind of sponsorship. And as such, CIC [Crown Investments Corporation of Saskatchewan] is currently reviewing these policies in various Crowns and we're developing a more coordinated policy. So you know, I think certainly for power we understand the significance. That being said, we certainly understand that we could have used a greater degree of coordination here.

Mr. Wotherspoon: — What's the recruitment strategy that highlighted a couple of components: the IT component, and then the recruitment component for professionals. What's the strategy that's the plan that's going to be deployed by SaskPower on that front? And will the minister or officials be addressing the conference in some capacity?

Hon. Mr. Norris: — I'll speak directly to it. I have no plans and I will not be in attendance, that I didn't in any way direct the corporation to do so. This was seen as having operational benefits and I'll get Robert to speak directly to that.

Mr. Watson: — Yes, we won't, we don't have a direct speaking role in there. We're there to learn quite frankly from everybody from around the world coming there, and lessons learned. And with that participate in the event, and make sure we get our name in there as somebody who was looking to be an IT leader in the power industry — implementation of it, that is. So we want to hear from companies around the world what ideas they have for it.

As for participation, direct participation, we're going to have very few people go down. I mean it's just the select few people going down.

Hon. Mr. Norris: — I think when we inquired about that, the notion is maybe two or three.

Mr. Wotherspoon: — And is there a plan on the recruitment front? It was highlighted as one of the drivers for the return on investment, if you will. What's the plan as far as recruitment?

Mr. Watson: — Specifically we want our . . . SaskPower's

intention is to raise our profile at events mostly, quite frankly, in the province in that we want to raise our profile because we have requirements, serious requirements of not only replacing existing skills in the corporation, but our IT skills particularly, our new skills that the corporation needs within the corporation. There's not as if we have, you know, people in the corporation can fill those. So the recruitment is specifically going to be letting people know what we're up to at SaskPower, that we're looking for IT people, and that, you know, and also we do a lot of selling Saskatchewan when we do that.

We went to Ireland and were very encouraged by the interest we had from going to Ireland. We have attended the job fair in Toronto for interests like that. So for the traditional trades, you know, there's just not enough people coming through the system for traditional trades in Saskatchewan, nor would there be if they all, everybody went at it. There's just not enough people here to do the turnover of that. And then particularly with IT, it's a brand new skill set required in the corporation.

[14:30]

Hon. Mr. Norris: — I'll just, if I could, I'll give an example regarding Ireland. We were going to be focusing in and around between 25 and 35, you know, solid candidates is what our goal was across a variety of the trades and skill sets, and we were able to come back with 500 resumé? And so we've seen that probably between 10 to 15 have already been identified within kind of weeks right now. But just quite candidly, the volume and the interest in SaskPower in Ireland was surprising and unsettling on one hand as you see a society go through that kind of turmoil. On the other hand, while not their first choice, certainly a very good choice, and we've been very pleased with the kind of follow-up.

SaskPower was also recently in Toronto at the National Job Fair. And again I talked with a young man lining up to get into the job fair. He is quite literally, these last couple of weeks he's just graduating from Lakehead University. And he was there, he'd come out. And he said, you're from Saskatchewan. I said, yes. He said, I hear you've got a power plant out there. And I said, well we've got more than one. And it was through the kind of profile of the province and also the profile of SaskPower that we know has been built up kind of in a bipartisan sense in co-operation over decades, he knew about SaskPower. He had done his work, and in this case he was talking about Boundary dam 3. And he's an electrical engineer, and I was able to take him over and say, well we'll walk together to the booth. And I think that's the kind of success story. We wished him all the best in his exams and said those were really important. He was just finishing his last year.

But I think that's the kind of success story where kind of the profile and prestige of SaskPower and some of the innovative initiatives that are under way have captured the attention of people outside the province.

Mr. Wotherspoon: — Is the minister satisfied, in reviewing the sponsorship of the conference, that it does indeed provide the return on investment that he values?

Hon. Mr. Norris: — And I think there are probably three components here. First and foremost, the key question is the

legitimacy of the undertaking, and the answer's yes. I mean this is quite consistent with SaskPower's work. The second component here is, was it required to have three separate public entities participating in a sponsorship level? That's still, we're reviewing that. Was there, essentially was there a more effective or efficient way to maximize some of those dollars? And, you know, that's under review. We want to make sure that we understand that, and to do that CIC is reviewing various policies across the Crowns to develop a more coordinated policy.

So is it legitimate? Yes, it is legitimate. Is it consistent with SaskPower's operation today and into the future? Yes, it is. We see that and we see the ICT sector playing a significant, and increasingly significant, role. Was there another way to do this that potentially maximized public dollars more effectively? I think the answer is, you know, probably we're going to see that and to facilitate that we're working on a review that's going to ensure that there's a greater degree of coordination through the Crowns.

Mr. Wotherspoon: — The minister mentioned the clean coal project, which the . . . We were going through kind of cost per kilowatt. I guess (a) is that project on budget, on time from Power's perspective at this point in time? And what's the projected cost per kilowatt at this point in time?

Hon. Mr. Norris: — I'll let Robert speak to it. Obviously the world is watching this with a lot of attention, and not simply attention. You know, recently we've had the announcement, although it's not directly related, of the partnership with Hitachi and SaskPower on the Shand power plant, on the international test facility. And you know, we're pleased to see what that looks like because it reflects and reinforces the confidence.

So you know, after a wet spring, obviously that affected Boundary dam 3 last spring. As of June, we'll be back on time, back on track. And again, just based on the discussions that we've had recently in Europe — specifically during the mission to the Netherlands, where they're doing some work offshore on carbon sequestration — certainly we're pleased with the progress. I'll get Robert to offer a little more detail than that.

Mr. Watson: — Yes. We, as I mentioned earlier, we were behind because of wet . . . [inaudible] . . . however the winter, the nice winter has brought us up to date. There's been 90 per cent of the contracts have been let, and they're fixed-price contracts so that we're very confident that we're on track and on time. As I mentioned, in June we'll be completely caught up. We fully expect to follow through with our schedule of having full production by the spring of '14.

The other thing that, the main reason that, quite frankly, management recommended, the board approved and had an independent consultant review it, independent from the management, report to the board, is that we wanted to ensure the economics were going to come in and that we wanted to make sure it'd come in as good as gas, with the economics of selling the CO₂ as good as gas. And it looks like it's going to come in like that. We have real good interest in CO₂, for purchasing the CO₂.

So yes, all indications indicate that it's going to be a successful

project. You know, we have conservatism in the budget so we're going to first of all test the technology and then test the economics over the next two years.

Mr. Wotherspoon: — And sorry. The cost per kilowatt on that project.

Mr. Watson: — It'll come in about 12 cents a kilowatt hour, the same as it would cost us to build a new gas plant. As I mentioned to you earlier, new power, almost any kind, is anywhere between 12 to 15 cents a kilowatt, new power should be.

Mr. Wotherspoon: — The clean coal project will be 12 cents per kilowatt?

Mr. Watson: — Yes.

Mr. Wotherspoon: — Does that factor in the asset that . . . because there was a transformation of the generation that's there. Does that factor in the value of that asset? So is that a fair and true number for the cost of clean coal?

Mr. Watson: — Well it is. It's actually the rebuild of Boundary, the unit, the turbine. It's putting in a carbon capture turbine into the unit. And it is the capture island is all in there. And it's taken the future costs of capital and everything. Yes, that should be a complete price.

Mr. Wotherspoon: — 12 cents, right.

Lots of other questions just because it's such a, you know, it's an impressive Crown corporation. It's served the province incredibly well, and there's a lot of important work to be done in it. But I know we have limited time here this afternoon to continue on with questions. We have various other Crowns that are also important that need to come before us. My colleague, do you have any other questions at this point?

Mr. McCall: — No. I guess I would just thank the minister and officials for appearing before the committee to consider the statutory allocation under the current year's budget. We look forward to more wide-ranging and fulsome discussion at Crown consideration of the annual reports. But I believe at this time, Mr. Chair, we're ready to hand it back to my colleague.

Mr. Wotherspoon: — Just to echo my colleague's words, thank you so much to the minister and officials for coming before us here today.

Hon. Mr. Norris: — Sure. If I could, I want to thank you, Mr. Chair, and the committee members. I did have some remarks. At the request of the Chair, I cut those short, but I do want to, if I may, offer sincere thanks to all the women and men, our entire team at SaskPower.

I think it's a snapshot that many will share. Last spring I was filling up with some gas here in Regina. It was late one night and a SaskPower truck pulled up, and I had a very candid conversation with a tired team that was just coming in. And we know how wet that spring was, and I could see that the team was tired, but I also knew just from being able to talk to them, and given the hour of the day, they didn't recognize me in any

other way than, I think, just a citizen. And I just want to offer my sincere thanks to our leadership team, but to everyone, because we know how important SaskPower is to people right across the province. And this is a rare opportunity, but I wanted to make it a real opportunity to offer my thanks to everyone at SaskPower.

**General Revenue Fund
Lending and Investing Activities
Saskatchewan Opportunities Corporation
Vote 154**

The Chair: — Well thank you, Minister, and officials. I believe we'd also move the Saskatchewan Opportunities Corporation loans, subvote (SO01). I don't know if there is a remark or if there's any questions on this before we move to the next item. I will defer to the committee members.

Mr. McCall: — Not at this time, Mr. Chair.

The Chair: — Thank you. So then I will thank the minister's officials, and the next agenda will be the Saskatchewan Telecommunications Holding Corporation.

**General Revenue Fund
Lending and Investing Activities
Saskatchewan Telecommunications Holding Corporation
Vote 153**

Subvote (ST01)

The Chair: — If the minister is ready, and his officials, I would welcome them. I said the next on the committee will . . . the estimates of lending and investing activities for Saskatchewan Telecommunications Holding Corporation. We will begin the discussion on vote 153, Saskatchewan Telecommunications Holding Corporation, loans, subvote (ST01).

But before I would continue on, I would ask the minister if he has some brief opening remarks and if he wants to introduce his officials, and that the first time an official comes to the mike, just to say his name once and then that is good enough. So with that I will turn the mike over to the minister.

Hon. Mr. Boyd: — Thank you, Mr. Chair, and committee members. I'm joined this afternoon by Ron Styles on my immediate left here, president and CEO of SaskTel; on the further left, John Meldrum, the VP [vice-president] of legal and regulatory affairs; and beside me on my right, Mike Anderson, chief financial officer.

Mr. Chair, I have no opening comments. I think we can get right down to questions.

The Chair: — [Inaudible] . . . Mr. Minister. And I'll turn the floor over to one of the committee members. I'm not sure which one wants to go first.

An Hon. Member: — All right, I'll take a crack at it.

The Chair: — Mr. McCall? Okay, Mr. McCall.

Mr. McCall: — Thank you very much, Mr. Chair, and thank

you, Minister, officials. Welcome to the committee and to consideration of the statutory item contained under vote 153. It's in the amount of \$183.2 million, up from \$92.9 million in the previous year's estimates. Could the minister or officials characterize both the amount under consideration today and the reason for the near doubling of the amount?

Mr. Styles: — You're probably aware from being in Saskatchewan that SaskTel has a . . . Sorry. Ron Styles, president and CEO of SaskTel. You're probably aware from, you know, being in Saskatchewan a long time that SaskTel has a long history, has provided telephone service now for over 100 years. As part of that, at different points in our history we've had to build out or rebuild the network. The copper network right now that we have here in Saskatchewan is starting to show its age. Large parts of it were built in the latter part of the '60s, early part of the '70s. It's necessary at this time for us to begin to revitalize and to replace that network. So projects like fibre to the prem for instance is going to cost us around 670 million over the next six years. It's contributing to an uptake in our capital and an uptake in our borrowing right now.

In addition, the wireless side, there's a lot of new networks that are now coming out. We're in the process of still building out our 4G network. In addition, we've started on another network called LTE [long term evolution] that we would hope would be available either late this year or early in 2013. These are the types of networks being built out across Canada, throughout North America, and throughout the world. So it's again it's necessary for us to begin to employ that kind of technology to make sure that Saskatchewan residents, commercial customers, business customers have the same type of opportunities that companies in other areas of North America and the world have as well.

[14:45]

Mr. McCall: — Thank you very much to the official. Thank you, Mr. Styles, for the answer. Specifically though, the amount under consideration today is the \$183.2 million. If you could, for the committee, break that borrowing activity down, and what the sort of subcategories are attached too in terms of the activities of the corporation.

Mr. Anderson: — Mike Anderson. \$150 million of it is in the form of long-term debt. We anticipate needing that sometime later this year or early first quarter of next year. 33.2 million of it is in short-term debt, notes payable. The nature of the money is to fund the network construction programs that Ron just mentioned.

So there's about 70 million intended for 2012 for the fibre to the prem program, another \$45 million for LTE for this year, and an additional probably 47 and a half million dollars for further capacity, improvements in the 4G network.

Mr. McCall: — When is the 4G outbuild anticipated to be complete?

Mr. Styles: — The 4G build-out will rough, you know, will be fairly well built out in 2013, okay. But I would add that as you move forward, there's always changes to the network capacity requirements. Data growth right now is jumping at about twice,

doubling basically every year and that's projected for the next four years. So although we would expect most of it done in 2013, I would still expect that there might be coverage improvements, new technologies that we could bring to the 4G network going forward. So again it's similar to any network. You're always going to be doing some work on it.

Mr. McCall: — Where's the corporation at in terms of market share for its various offerings, both data side, wireless? How's the relative market position of the corporation doing?

Mr. Styles: — We've essentially held our own on the wireless side. So there's been a redistribution of market share in Saskatchewan. One of the competitors has lost a fair bit of market share. I know one of the competitors gained a fair bit of market share, and we've held our own. We're happy with where we are. When it comes to the TV side of it, we're about 33 per cent of the market for the homes that we've passed.

Some of the other products, business for instance, couldn't give you a sort of a reliable number. We've still done very well. We're slipping a little bit in terms of home telephones, but it's hard to say whether that's a loss of home phones to the competitors or whether that's an issue of people not having home phones any more.

On the business side as well, we've lost some capacity. There's been a lot of movement over to IP [Internet protocol], and so there's been a bit of loss there as well. But overall we've done very good: still holding our own in those categories, and in some areas again we've grown a little bit.

Mr. McCall: — Thank you, Mr. Styles. Are you able to provide a bit more detail in terms of, you know, something's up, something's down? Good to hear, but in terms of precise market share, is the official able to provide that to the committee?

Mr. Styles: — In certain areas we could provide that kind of detail. In other areas it's much more difficult. You get a general sense of it. There are CRTC [Canadian Radio-television and Telecommunications] statistics, okay, that are provided. If you'd like, we can you provide you the copies of some of the latest of those. They don't necessarily provide the full level of breakdown amongst all the competitors here in the province but again we'd be quite happy to try to provide those.

Mr. McCall: — Greatly appreciated, Mr. Chair, and Mr. Styles. I guess the last sort of round of questions I'd have for the minister at this time — and fully recognizing that there's a bigger, broader discussion to be had under consideration of annual reports for SaskTel — but in terms of the activity undertaken in the corporation on a day-to-day basis, in terms of call centre activities, is there any change anticipated in the present year on who provides those call centre activities on the part of the corporation?

Mr. Styles: — I would tell you no. We do from time to time have other providers provide us with some assistance for particular issues. As a good example of that right now, we're utilizing another call centre company to assist us with a jump in calls around some of our changes to our networks.

Mr. McCall: — So in terms of the existing capacity within the corporation around call centre activity, is this spike in activity thought to warrant adding existing capacity to the in-house sort of offerings of the corporation, or are you going to carry on with supplementing occasionally by vendor?

Mr. Styles: — The contract is a short-term contract. It's really designed in part again to address a network issue that's generated more calls, okay? But on top of that we're in the middle of implementing a new system called CRM, customer relationship management. We hope to go live sometime late in June. To put the system in, we need to retrain about 500 of our staff, so when you pull them out of the call centres or pull them off the line, etc., you need somebody to fill in temporarily behind them. So we're using that additional capacity to take care of that.

Our plans for the call centre is, you know, continue to have them in place to handle our calls. We would expect over time as we move to a self-serve type of environment over the Internet that there might be some reduction in the overall capacity in those two call centres, but it would be from using another channel.

Mr. McCall: — In terms of securing the additional capacity to meet the situation, was there an RFP for that process?

Mr. Styles: — We're sure there's an RFP, okay. And if it is something different we'll let you know, but we're sure it's an RFP.

Mr. McCall: — Is the minister or officials able to inform the committee of who won the RFP?

Mr. Styles: — We'll make sure we'll provide the information, okay? The name of the company, we're just not aware of it. The company is based out of Kelowna right now and they're providing the service for us.

Mr. McCall: — Any ability to provide the value of the contract?

Mr. Styles: — I don't think that's an issue. We'll provide you with the value of the contract.

Mr. McCall: — Well, Mr. Chair, a bit of a lightning round, but it's obviously a statutory consideration. We thank the minister and officials. But before I sign off I'll hand it over to my colleague from Rosemont for a couple of other questions.

The Chair: — Mr. Wotherspoon.

Mr. Wotherspoon: — Thank you for coming before us here today, to minister and officials. And I guess my colleague covered off a wide-ranging discussion as far as aspects of SaskTel.

One more specific question. I think something that's been discussed a little bit recently and something that I had a discussion with SaskPower about is the participation in a conference in Quebec that's pending here in October. I guess SaskTel International is the lead sponsor out of the three participating bodies out of Saskatchewan, the others being

SaskPower and Enterprise Saskatchewan. SaskTel International spent \$75,000 to be out there. I guess my question to the minister is: what's the purpose of these dollars, and is he satisfied with the return on investment that it provides, and on what grounds?

Hon. Mr. Boyd: — I would say that I'm satisfied with the participation. I think it's a venture that is something that SaskTel International has been involved. A very large conference, some 3,000 people, 80 countries being represented in the IT areas, many of course of which SaskTel International is involved in. So from our perspective, it's something that we feel comfortable with.

It has been indicated though clearly, both in question period and on the floor here in these estimates, that we'll look to provide sort of further coordination between the Crown corporations and the various ministries to ensure that we either don't have overlap or that we're getting full value for the events that SaskTel International is involved in. And perhaps Mr. Styles has a few comments as well.

Mr. Styles: — SaskTel International sells largely its software products, okay, on behalf of SaskTel around the world. Some of the key customers, as a good example of that, are CenturyLink in the United States. Our MARTENS and SwitchGate software, okay, have activated our inventory, some 9 million lines in the United States. We also provide the same software for Bell Aliant in eastern Canada, HickoryTech. We're working with cable companies right now, Northwestel being the most recent one that we're selling the software to.

This is an event where potential customers are going to be there. It's ideal for SaskTel International. The volume of dollars that we are able to get out of those software sales are quite significant, over \$16 million a year. And you know, it's important for them to have a presence in those kind of events so they can find customers, get their sales leads, actually make the connections and the sales.

So I'm very comfortable in saying that the return on equities is there. The return on the investment is there. It's a once-in-a-lifetime opportunity. It's the first time that WCIT has come to Canada. And in normal, you know, course of events, if you're going to go to it, you'd be going to it in Europe or Asia or some other place that would be a lot more expensive. So it's a very good opportunity.

Mr. Wotherspoon: — So SaskTel International itself, what's the profit of it over the last two years?

Mr. Styles: — Last year, just over \$2.3 million. On a normal year, you know, if you looked back, you're probably in a million and a half to \$2 million. There is a subsidiary benefit to all of it, okay. There's, you know, the actual profit that you're able to pick up but, in addition to that, the software that they're selling is software that we have to build and use in our own operations. We're able to take a portion of those costs and in a sense allocate them over to SI [SaskTel International] and have somebody else pay for them. So there are two different benefits that you get from the software development. Again an important component of our overall operations.

Mr. Wotherspoon: — Thank you. So how many folks will be out there as part of the delegation on behalf of SaskTel International?

Mr. Styles: — Sponsorship allows us to send, as part of the sponsorship, eight individuals. So there'll be a number of individuals that will be manning the booth that'll be there, okay. And there'll be a number of individuals, okay, that'll be on the floor. There's some things that they can learn as well, okay. It's an excellent conference from that perspective. It's a learning opportunity as well. So I would anticipate eight staff and I have full intention of being there as well.

Mr. Wotherspoon: — Thank you for your answers.

The Chair: — If there are no further questions, I would like to thank the minister and his officials for appearing before this committee.

And I believe the next item is Saskatchewan Water Corporation.

Hon. Mr. Boyd: — Mr. Chair, before we leave, I want to . . . Before we leave this, I would want to thank the members for their questions. I'd also want to, on behalf of the Government of Saskatchewan, thank SaskPower, or SaskTel, sorry, for a very good year. A trying year in some respects that we've just come off of — weather-related issues all over the province — and yet we've seen pretty good service performance, I believe.

In the area of cellular, as a good example of that, pretty high dropped call numbers prior to Christmas. That's come down dramatically below industry averages by quite a little bit. So generally speaking, I think the people of Saskatchewan are being served very, very well by SaskTel personnel across our province. So thank you very much, SaskTel, for a job well done.

[15:00]

**General Revenue Fund
Lending and Investing Activities
Saskatchewan Water Corporation
Vote 140**

Subvote (SW01)

The Chair: — Next the committee will consider the estimates, lending and investing activities for Saskatchewan Water Corporation. We will begin the discussion with vote 140, Saskatchewan Water Corporation loans, subvote (SW01). I would welcome the minister and officials and ask the minister if he has some brief opening remarks and to introduce his officials. And just ask the official to, first time he comes to the mike, to identify himself. We'll turn the mike over to the minister.

Hon. Mr. Duncan: — Thank you. Thank you, Mr. Chair, and good afternoon, committee members. I'm joined by Doug Matthies, the president of SaskWater. And considering the hour and how much time we've been allotted, I have no opening statement and would be very pleased to entertain your questions.

The Chair: — I acknowledge Mr. McCall.

Mr. McCall: — Always entertaining, Mr. Minister. Anyway it's good to see you here. Welcome to yourself and Mr. Matthies. Again it's a statutory allocation under the budget, so that is the main focus of our questions and comments here today.

Year previous, the estimated amount was \$10 million under vote 140. This year it's \$3.4 million. If the minister or official could inform the committee as to the disbursement of the previous years, whether or not that was fully spent or what happened there, and then tell us a bit about the 3.4 under this year's activity.

Mr. Matthies: — Thanks very much. Doug Matthies, president, SaskWater. Last year we had I'll say a fairly ambitious capital plan, but we experienced a number of delays. Some of them were weather related actually, two years running now. So we had some weather-related delays. And we're working on obviously some of the new potash projects that are going on in the province. And some of those projects, they just have not advanced quite as quickly as what we thought when we were doing our budget development work. So that was why, when we did last year's estimates, we had a \$10 million figure in and it ended up coming in about the \$6 million mark.

For this year, our capital program is actually, has two different tranches, if I can just characterize it that way. We actually have a capital budget this year that is about \$102 million, but about \$95 million of that is funded from third party contributions. So we're only looking at about \$7 million that would be raised either through borrowings or through internally generated funds. And that's why the estimate in this year's record, in this year's book, is 3.4 million. So basically we're looking to get 3.4 of the 7 million that we're going to finance out of our own pieces from this lending arrangement.

Mr. McCall: — In terms of the funds allocated in the year previous, the balance being about \$4 million if I'm recalling correctly, what happened to the remaining \$4 million? Was it turned back to the GRF or what happened?

Mr. Matthies: — In essence the provision is to borrow if we needed it. And we didn't need it, so we didn't take it.

Mr. McCall: — So it is represented in the \$10 million. Your previous was more about borrowing capacity or borrowing authorization as opposed to actual funds on hand?

Mr. Matthies: — That's correct.

Mr. McCall: — The present year and the projects entailed in the 3.4, could the minister or official inform the committee as to what those projects are?

Mr. Matthies: — What we're looking at largely is municipal-related projects. We are in the process of finishing two new water treatment plants, one in Gravelbourg and one in Cupar. We are also doing preliminary work on an expansion to the water treatment plant at White City, and then we have a number of refurbishment-related projects that we have to do around the province.

Mr. McCall: — What would be the split in the activity? How much of that goes to Cupar, White City, and the other water treatment plant and how much of that would be broader refurbishment activity?

Mr. Matthies: — So if I can answer that, I'll answer it in terms of the \$7 million capital program that we have: 1.15 is the number that we have identified to complete the Cupar project; 1.450 is what we have identified to begin the work on the White City; for Gravelbourg — I have to find my numbers here — for Gravelbourg it's 600,000; and then the rest is various projects around the province, smaller dollars.

Mr. McCall: — And so no work outstanding from year previous, as referenced at the start of Mr. Matthies's comments in terms of weather delays and on. Anything ongoing from year previous being concluded this year?

Mr. Matthies: — The projects that SaskWater does typically span more than one year, and so where we might have anticipated finishing a project last year, then it would be included in this year's project list. And so, and in some cases what we anticipated doing last year actually have not, the project itself has not gotten off the ground.

And probably the best example I can give you of that is we were looking at doing some capital upgrades on our non-potable line west of Saskatoon. We had been requested by some of our major customers west of Saskatoon for some upgrade pieces. We approached the three major players on the line because our model would be that we would expect them to make some financial contribution as well. As the discussions unfolded, not all of the players were able to come into the tent. And so we didn't proceed with the project.

Mr. McCall: — If the official could refresh my memory, what three communities were involved in that particular project?

Mr. Matthies: — For that line, it is a non-potable line, and it serves the Agrium potash mine, PCS [Potash Corporation of Saskatchewan Inc.] Cory, and SPI [SaskPower International], Atco.

Mr. McCall: — There we go. Okay. I believe that at this time, Mr. Chair, that's it for questions on this particular line. Certainly we look forward to a return visit with the minister and officials under consideration of annual reports, which I think a number are outstanding. So we don't want you feeling left out or like we haven't given you your due. That's certainly coming.

But in consideration of today's statutory amount before the committee, I'd thank the minister and Mr. Matthies for appearing before the committee and conclude our remarks at this time.

**General Revenue Fund
Lending and Investing Activities
SaskEnergy Incorporated
Vote 150**

Subvote (SE01)

The Chair: — Thank you, members. The next item is

SaskEnergy Incorporated. They will be considering, the consideration for the committee, vote 150 SaskEnergy Incorporated, loan subvote (SE01). I believe it's the same minister. And I don't know if he has any different officials, but if he is he can introduce them. If not, I'll just turn the mike over to the minister.

Hon. Mr. Duncan: — Thank you very much, Mr. Chair. And just before I introduce my officials, I just want to thank Mr. Matthies for appearing today and for the questions from the member. And I want to thank the work that SaskWater does, the board, the management, and all the staff across the province. It's truly an exciting year, not just this year but the last number of years. It's an exciting time for SaskWater and they're engaged in a lot of files. So thanks to them.

I'm now joined by Doug Kelln, the president and chief executive officer of SaskEnergy, to my right. And to my left is Dennis Terry; Mr. Terry is the vice-president of finance and the chief financial officer. And again considering the time, we'll be pleased just to enter into questions and answer period. No opening comment.

The Chair: — Thank you, Minister, and I turn the floor over to Mr. McCall.

Mr. McCall: — Thank you very much, Mr. Chair. And thank you again, Minister. Welcome Mr. Kelln, Mr. Terry. I guess we're here today, of course, to talk about the statutory allocation under this year's budget. And again there's a broader discussion to be had with SaskEnergy and about the important work it does in this province in consideration of annual reports. That is not the agenda in front of the committee today, so we certainly look forward to that broader discussion.

But what we are here to consider today of course is the \$148.4 million of activity, up significantly from the previous year's \$7.4 million. I guess if the minister or officials could tell us about, just for the record, the reason for the fairly significant jump in that activity, and why that is and then what this year's allocation is destined for.

Hon. Mr. Duncan: — If I could just very quickly as a bit of an opening to that, and then I'll turn it over to either Doug or Dennis. Certainly the last number of years have been periods of exciting growth, not just for the province, but also obviously for SaskEnergy. A significant number of new customers that have come online, both on the residential side as well as industrial and commercial users of natural gas, that's caused what is a needed increase in capital budgets for SaskEnergy as well as increased budgets when it comes to our SaskEnergy safety program, issues around our vigilance program around the province. And I'll maybe have . . . Doug, if you want to speak more, in more detail.

Mr. Kelln: — Certainly. Doug Kelln, president of SaskEnergy. Just digging into those numbers a little bit, two sides. On the customer growth, we saw very close to 6,000 new customers on the distribution side in over 300 communities, which was very exciting. But we're also seeing on the TransGas side or the industrial-related side, we're seeing the starting steps of some of the larger growth in the province. It can be characterized certainly by the potash. We have the oil patch also with some

enhanced oil recovery projects and then serving SaskPower's power generation needs. So the customer side ended up being higher and, you know, certainly there'll be revenue in the future that comes around to that.

On the other side was dealing with a very wet 2011, as well within that some very severe geotechnical conditions that occurred in Regina. And really it caused us to add about \$20 million of activity going forward, really taking an added vigilant step on our safety side of doing some system upgrading.

Mr. McCall: — What has the average spend on the safety side been over the past 10 years with the corporation?

Mr. Kelln: — We're going to be moving from approximately 50 to \$60 million and really moving up into the \$80 million range, fairly split evenly between the transmission side — maybe simple examples will be some of the creek crossings we had turned into river crossings in 2011, so we're needing to put some attention to them — and then on the other half, some on the distribution side and really focusing on the efforts that we did in South Regina, but also in Leader, Cabri, where we really see that heavy clay creating some real geotechnical challenges that we need to address.

Mr. McCall: — Of that increased safety activity, would that be performed in-house by existing or bolstered gas service workforce? Or is it being supplemented by external contractors?

Mr. Kelln: — We're using a very similar mix to what we've been using around the province, and that's really a split between internal resources that provide a supervisory function and external contract resources to get the work done.

Mr. McCall: — What would the mix be between that activity in terms of services purchased and services provided in-house?

Mr. Kelln: — Overall our construction activity is about a 50/50 split. For some of the integrity work or specific pipeline work, it at times will be predominantly contract resources, which works very well because they have the heavy equipment that can be used year-round versus us being specific to projects.

Mr. McCall: — Returning to the sum under consideration, \$148.4 million, could Mr. Kelln or Minister or Mr. Terry, could you break down that figure and what those funds are intended for?

Mr. Terry: — Dennis Terry, vice-president of finance and chief financial officer for SaskEnergy. Thank you for the question, sir. In terms of the components of that capital spend, if that was the gist of your question, for 2012 we have a strong component of the build carrying on, from what Doug alluded to. Certainly the customer demand for industrial growth, whether it be the BHPs in the province, whether it be K+S potash, whether it be any new industrial demand, is roughly half of that increased demand for capital spending.

There's a component, as Doug mentioned, about safety and integrity, just a little under half of that component. And then the remainder being sort of ongoing capital, maintenance capital if you would, ongoing business whether it be in the nature of IT

spend. We're in the middle of construction of a significant customer information system for the future, replacing 1980s technology that we still have on the billing side. So that would be the three major components of the capital build going forward.

[15:15]

Mr. McCall: — Again if you could just break down, attach the relevant amounts to the three components if you could, just for clarity.

Mr. Terry: — Sure. So gross capital spending, if you look at the customer demand side between the transmission side and the distribution side of the business, would be \$184 million of the capital spend for 2012 looking forward. On the sort of day-to-day operational side, including the IT spending, would be around just under the \$20 million mark for 2012, and that includes replacement of vehicles and sort of maintenance capital if you would. The other component in terms of safety and integrity, right around that \$70 million mark.

Mr. McCall: — So again I know it's not a straight line in terms of the requirements within the corporation for these funds, but again the spike from last year to this, how would those kind of — and again I know that there're increased requirements and demands on the corporation in years previous — how would those have been dealt with in the years previous just in terms of deploying retained earnings, or how does that work? And why the marked difference this year?

Mr. Terry: — Yes. Ultimately the corporation, SaskEnergy, has an industry standard debt to equity ratio of around 60 per cent. So we do target to basically borrow 60 cents on the dollar when we're constructing facilities. So in this mix if we have a capital build of looking forward into the five-year plan of \$250 million, we'll finance 60 per cent of that through debt and roughly 40 per cent of it through retained earnings, basically through cash flow generated by the business. If you look back to our 2011 annual report, we had a solid year generating cash from the business — 195 million. That certainly goes a long way to funding the capital bill, but ultimately you do finance, as I said, roughly 60 cents on the dollar via debt.

Mr. McCall: — Thank you for that answer, Mr. Terry. In terms of the IT spend, if you could tell us a bit more about that.

Mr. Terry: — Yes, we're quite excited about this opportunity. As we mentioned, we have a billing system that came in in the 1980s. It was part of the formation of SaskEnergy. We've been billing it, using that billing system since that point in time. It's old, old technology that, quite frankly, is not very flexible, is not very adaptable to today's environment. Today we are asked to deal with the gas retailers of the world. Our systems need to be more flexible.

In the new system that we're working on with a view to launching it in September, this coming September, will be current state of the art technology which we believe will have (a) not only benefits in terms of flexibility, but for us, process improvements and efficiencies that come with it. So that's a major undertaking again with a third party IT provider.

Mr. McCall: — How was that third party selected?

Mr. Terry: — It went through an RFP process, a very through RFP, I might add. This took many, many months to pick and certainly it was a function of having gone through a very thorough process through our procurement arm together with legal, and ultimately went through a host of very qualified prospective providers, but ultimately ended up with a vendor that has been announced in 2010, I think we made this announcement that CGI was the successful proponent.

Mr. McCall: — In terms of the project, were there any aspects of it that would've lent themselves to partnering in with other of the Crowns?

Mr. Terry: — Actually that's a good question and ultimately the uniqueness of our business, whether it looks at billing per gigajoule of gas or volume-based, billing based on cubic metrics, cubic feet of gas, ultimately our billing system is tremendously different than a SaskPower or the previous Crown, SaskTel, in terms of . . . Even within SaskTel, for example, they'll have a different billing system for the cellular side versus the land line side of the business on long distance.

Really the industry ends building applications specific, the IT industry, builds applications specific to industries and our gas industry is significantly different than the other Crowns.

Mr. McCall: — A fair comment, certainly.

Mr. Terry: — I could just as a footnote if I may, we are working with SaskPower on the common front that we do have with customers, where we work together on the cash payment side of things. If you're a customer of SaskTel, SaskPower, and SaskEnergy, we work together with those Crowns on the payment side. You can make one payment and pay all three Crowns concurrently, so we have to have systems and interface points where we can take one another's customer payments. The other collaboration in terms of a billing system is on the bill print side where we work with SaskPower to get our billing cycles aligned so that we can get our bill and SaskPower's bill in the same envelope. So we do collaborate on that perspective.

Mr. McCall: — In terms of smart metering or remote metering, what will that constitute for the system being anticipated? And will that, going forward from there, how much of the customer base will then be covered by smart metering?

Mr. Kelln: — The smart metering is something we are collaborating with SaskPower on. We view it as an exciting project. It builds off an automated meter reading project we did in the city of Swift Current with the city itself. So we're able to provide that experience. But it really has our gas meters having that ability to provide readings, which will be very helpful — you know, 70,000 tenancy changes a year, being able to access those meter readings in a timely fashion. So it is a significant undertaking. We're working step in step with SaskPower — really view it as very helpful into the future.

Mr. McCall: — So going forwards, what are you looking for in terms of the way to phase the deployment of smart metering, moving forward from the experience in Swift Current?

Mr. Kelln: — We'll be working with Power this year to have several test communities. That starts the process. So certainly been announced that those towns will get started, and stepping into that, we'll move to full implementation in 2013, 2014. So very excited to see as it becomes implemented that we'll then integrate it into our new customer information system.

Mr. McCall: — Thank you very much. And I'd be remiss if I didn't ask for a further clarification on what's to come for EnerGuide for homes. And I realize October 2013 is the anticipated sunset of that program. Certainly there have been different end points for the program over the past nearly a decade that that offering has been there. Can the minister or officials tells us a bit about what's been anticipated for the future of EnerGuide for homes?

Hon. Mr. Duncan: — Thanks to the member for his question. Certainly we are going to . . . As you said, there's an end date to the current program, but a decision at this time hasn't been made as to whether or not it'll extend beyond 2013. I think obviously we'll look to see in this, I guess, latest round of EnerGuide grants, as I think hopefully we would have done in the past, look at just the demand for the program, the uptake on the program, whether or not we need to make some enhancements to the program or, you know, a future program in whatever form it would be. So at this time I don't have a sense one way or the other whether or not we're going to continue it at this time, but we'll certainly review that when we get closer to that date.

I would certainly encourage, though, people that are thinking about doing it . . . We don't want people to run into issues where they can't, you know, they have their first assessment of their home done and then can't find a contractor to get whatever work they are needed to get done before the deadline. I think that's why we've added some time on to the end of the program in terms of the difference between the spring time frame of 2013 and then the final date for getting the work done. We want to allow people to get that work done, but certainly we'd encourage people to not wait.

Mr. McCall: — Well I'd certainly share with the minister the recognition that the time frames involved in the way people access this program, it's not . . . Obviously October 2013 may seem to be a certain ways away, but given the way that people access and interface with the program, it's not too far away at all.

Certainly in years past as well, different sort of extensions in the program's life have ranged in length. I'm thinking 2006, I think it was extended four years. Last, in 2011, it was extended to 2013. So again there've been different sort of steps taken in the life of the program.

Does the minister have any . . . Can the minister clarify for the committee more of a precise time frame for when that evaluation and decision will be made?

Hon. Mr. Duncan: — Probably not much more than I can share right now. I think this is something that will need to be considered later in the year by government, by the CIC board. But you know, at this time I wouldn't want to put a date on it. I'm not a sitting member of the CIC board, so I'm not sure

when they'll take it up on their agenda. So I wouldn't want to offer a date.

Mr. McCall: — Well again I guess we'll look to keep posted by the minister on this front. It's been a very valuable program for a lot of people, and quite a helpful program. And certainly, given the fits and starts with which the feds have approached similar program offerings and then the way that that has sometimes prompted action on the part of the government in picking up where they've left off or dropped the ball would be my submission, their actions obviously have an impact on what happens under the Saskatchewan program. So we will keep an eye on that.

That being said, Mr. Minister, entertaining as always. Thank you to officials. And thank you to the men and women of SaskEnergy for the great job they do for the people of Saskatchewan.

The Chair: — Thank you. Would you remark, Mr. Minister?

Hon. Mr. Duncan: — Yes. I would just want to as well thank the members of the committee and you, Mr. Chair, for the opportunity to be here. Also want to thank Doug and Dennis for being here as well.

And just to echo the member's statement, my appreciation to the women and men that work at SaskEnergy, our management team, the board of directors, especially in this last year. I know we don't have time for it, but there are some amazing stories of the work that the women and men of SaskEnergy did, including bringing in dive teams to get to facilities that were under 10 and 12 and 15 feet of water. And it was quite an incredible year. And just thanks to the committee for this opportunity. Thank you.

The Chair: — Thank you, Mr. Minister, and the officials for appearing before the committee. We will have a very short recess as we set up for the next consideration of a minister that is before us, of Government Services. Thank you.

[The committee recessed for a period of time.]

[15:30]

General Revenue Fund Government Services Vote 13

Subvote (GS01)

The Chair: — Thank you for the very quick recess for the change of ministry and officials. Final consideration of the agenda for today is the consideration of estimates for the Ministry of Government Services. I will ask the minister to introduce her officials and just ask the officials the very first time they come to the mike to identify themselves. And if she has any remarks, I'll turn the mike over to the minister.

Hon. Ms. Ross: — Thank you very much, Mr. Chair. I will dispense with a long introduction and explanation of Government Services. We undertook that the last time we had an opportunity to meet. So to ensure that we have plenty of time

within our 40 minute of allocation to ensure that the members opposite have the opportunity to ask the questions they would like, we will not be going into a long introduction.

But I would like to introduce the officials that are with me today. Mr. Ron Dedman, deputy minister of Government Services. We also have Al Mullen, assistant deputy minister, asset management branch; Shelley Reddekopp, acting assistant deputy minister, corporate support branch. Behind us we have Richard Murray, assistant deputy minister, facility management branch; and along with Richard back there is Greg Lusk, executive director, commercial services. I thank them all for appearing with us today. And we are more than happy to enter into a discussion and be able to answer your questions in the fullest manner possible. So thank you very much.

The Chair: — Thank you, Minister. And I will turn the floor over to the committee for questions. I recognize Ms. Sproule.

Ms. Sproule: — Thank you very much, Mr. Chair. And thank you, Madam Minister and all the officials for coming in today. I look forward to tying up just a few more loose ends from our previous discussion. Just to start off, off the top, when we spoke last on April 3rd, I had asked about a couple payments that were listed in the public accounts. And I just wondered if you had an opportunity or you had undertook to provide me the answers to those, particularly the Beaver River Community Futures Development Corporation and the payment to Crown Investments Corporation for \$77,000.

Hon. Ms. Ross: — Yes, we have provided those answers. And if you would like, we could read them for you, or . . . [inaudible interjection] . . . You didn't receive them? Do you want to go over them then?

Okay. Beaver River Community Futures Development Corporation, there was a payment to them of 168,000. And what that would be for is, the payment was for a space leased in three buildings: Buffalo Narrows Marina development building on behalf of the Minister of First Nations and Métis Relations; La Loche Provincial Office Building on behalf of the Ministry of Social Services, Justice, Correction and Public Safety and Policing; and Buffalo Narrows McMillan Building on behalf of the Ministry of First Nations and Métis Relations. Another payment was made to the Crown Investment Corporation of Saskatchewan for 77,000, and that would be for, the payment was for space leased in the Domeview Building on behalf of the Automobile Injury Appeal Commission and the Legal Aid Commission.

Ms. Sproule: — Thank you very much. I'm sure it's on my desk somewhere. I did receive it but I didn't recognize it. So a big stack of paper, yes. Thank you. There's just a few questions I would like to follow up again on, some comments that were made last time in relation to, in particular, the Hill III office tower. And first of all, I just want to understand better your policy and the department's official policy, and the government's official policy on assisting the development of what you've referred to as the new head offices in urban centres, or I guess anywhere in the province, but is there an official government policy in relation to how that's done and how that's accomplished?

Hon. Ms. Ross: — That is not a Government Services policy, but the provincial government is excited and pleased and encourages head offices to relocate here.

Ms. Sproule: — Again I remember asking last time, in April and I'm not sure I'm absolutely clear yet, that you stated two purposes for moving into the building. And one is to encourage head offices to relocate here; and then the second, because the developer won't build the building because he's afraid he won't fill it. And yet there's like a point two commercial rental space availability right now. So it's just hard for me to understand why the government would need to fill in that void when there's such a demand for commercial space. That's the first point.

And then the second point, I think you said it was that you were looking for more space for Advanced Education and that, well, different space, I think is what I understood because of your spacing policies. And I'm rambling a little bit here, but I will get to it.

I guess what I understand also from what you said was that this particular lease that you've entered into is a 20-year lease. And is that a typical length of lease? That's my first question around this. Is that a typical length of lease for government services?

Hon. Ms. Ross: — Thank you very much for that question. Fifteen to 20 years is a typical length that people are looking for for leases to be entered into. And I'm trying to remember the additional part. You said . . . Oh, okay.

Ms. Sproule: — One of things you said last time was that Hill Tower III would not have proceeded without the developer being able to secure commitments for tenants to be able to build that building. Again, I guess this is the question now, is given the current real estate market for commercial leasing space, why did you feel it was necessary for the government to step into that void?

Hon. Ms. Ross: — In regards to the leases, there's no way that a financial institution would advance or consider loaning money to a company if they didn't have signed leases. You know, intent doesn't hold any water with a financial lease. You have to make a commitment.

We are not the major tenant of that building. There's Mosaic which is in that building and then also the federal government. So we're less than 26 per cent of . . . the per cent of that building is Government of Saskatchewan as a lessee. But as I explained, that banks need to be able to know that there is not just interest but in fact a commitment because it's a substantial amount. And like I say, in order to be able to facilitate that, you know, we have to be able to accommodate them in that way.

Also too, as we have mentioned, Government Services has a new space standard. And with that commitment to ensure that we can move ministries and different departments into new space, we have to be able to . . . There isn't any space right now downtown, so it really does cause us quite a bit of a real squeeze in that respect.

Ms. Sproule: — I understand that. And I guess I want to ask the question maybe in a different way, but I need to ask it again because I'm not sure I'm getting the answer I'm looking for.

Why did the government feel necessary to step into the void to secure the commitments that Hill Tower III was looking for, when we know there's lots of people looking for commercial space? So why was that decision made by the government to make that commitment when there's such a demand for commercial space in Regina right now?

Hon. Ms. Ross: — At this point in time, with the lack of space downtown, we are at the mercy of the landlords. We have leases that are coming up for renewal, and the costs have escalated substantially. And so we have to be able to manage space adequately and properly and to make sure that, if we're going to meet our new space standards, we have to do this in a very logical, methodical manner. And so in order to reduce our footprint, we have to figure out how we can do this. There isn't any swing space available where spaces that we have leased right now could undergo major refitting and renovations, and so we have to look at, how do we do things a little differently? And this was a really good option for us.

Ms. Sproule: — I am getting a bit of mixed message here, and I don't know which one it is because you did say that you were prepared to make a commitment to have corporations locate head offices, and then you're saying you needed to find a space that would meet your new space footage policy. So I'm not sure which one it is for this particular building. And if a consideration was made with regard to a smaller footprint, couldn't Advanced Education just have refit the space they were in and made those adjustments that way? I know you talked about an open-space policy being part of that, but I've certainly been involved in retrofits as a federal public servant, so I know it can be done.

Hon. Ms. Ross: — That is what we call the swing-space requirement. When you were working, I think you said with the federal government, you would've been relocated somewhere while they retrofitted and renovated the space you were in. We do not have any of that space at this point in time. So that's why moving the Ministry of AEEI [Advanced Education, Employment and Immigration] — I know that's a little bit of mouthful; say that quickly a couple of times — the space they have right now, you can't just go in and pull down some walls. You have to completely reconfigure how the space is being used, you have electrical.

So all of the engineering that goes into creating the new office space, it isn't just move a wall here or move a wall there. And so because of that, we had to look at how do we do this. How do we meet our mandate and how do we do this better? And that was how we were able to do this.

And like I said, there wasn't any swing space available for us to be able to move them out and then turn around and reconfigure the space. Plus also, like I say, their lease is up and so the timing was appropriate.

[15:45]

Ms. Sproule: — Most of the retrofits I was involved in, we were cramped and we needed more space. So it was always a different affair, but I suppose it's very fact-specific as well. And I'm not going to, you know, suggest that I know more than your officials do, that's for sure.

How extensive a search did you make, look for other locations for AEEI, or was it simply this was the only place you looked at?

Hon. Ms. Ross: — The less than 2 per cent vacancy rate of commercial office space downtown is a very good indicator. We even have private sector people coming and asking the Ministry of Government Services if we have space for them. So it's not like there's a lot of choices. And so because of that, there isn't . . . Less than 2 per cent is pretty tight downtown.

Ms. Sproule: — And was it important to have them located in downtown Regina?

Hon. Ms. Ross: — Thank you very much. There isn't any space anywhere in the city. That's the interesting thing is that, at this point in time in the city of Regina, commercial space is very limited because of the growth within the province but also in the capital city here. So that's where our challenges comes as Government Services is managing this growth and being able to do it in a logical manner.

Now with the relocation from Grenfell Tower into Tower III, we will be freeing up a substantial amount of space. We've also freed up space in the Delta Hotel Convention Centre. And how many square feet is that?

A Member: — 50,000.

Hon. Ms. Ross: — Fifty thousand square feet. So we've got an additional 50,000 square feet that we will be freeing up there and moving the patrons from there over into space we own here in the precinct sector. So we will be freeing up space that the public will be able to use because, like I said, with less than 2 per cent, that is probably the tightest real estate market across Canada.

Ms. Sproule: — All right. Thank you. I'm going to move on now just to the new space standard. And in particular I'm interested in the space standard for executive government. And what is the square footage right now and what do you expect it will be under the new policy?

Hon. Ms. Ross: — Our new space standard is 200 square feet per FTE. In the past we have up to 300 and 350 square feet for FTEs, so that's where you can see we've got a fairly rigorous mandate to reduce the footprint of government.

Ms. Sproule: — Definitely a significant reduction, looks like at least 30 per cent. Is that the same for executive government per FTE or is that across the board or are there different standards for different levels of government?

Hon. Ms. Ross: — Just for executive government, yes.

Ms. Sproule: — And what is the standard for other ministries and government offices?

Hon. Ms. Ross: — All the ministries we serve?

Ms. Sproule: — Yes.

Hon. Ms. Ross: — It's at 200 square feet.

Ms. Sproule: — Oh, that's the same across the board.

Hon. Ms. Ross: — That's the new standard. That's the new standard. That doesn't mean that until such time that we renegotiate or find them adequate space or reconfigure new space . . . But that is the standard that we are working very diligently towards.

Ms. Sproule: — I guess I'm just wondering, for example, if there's a Saskatoon caucus office, would that standard be applicable for every office there as well. Like for the Premier's office in Saskatoon.

Hon. Ms. Ross: — Oh, okay.

Ms. Sproule: — Not caucus, cabinet I meant.

Hon. Ms. Ross: — Okay. We will be applying this new space standard of 200 square feet per FTE [full-time equivalent] when we go in and renovate a space and reorganize a space. And also too, boardrooms and meeting rooms fall under a different standard because they're used by more than just one ministry. So it has a bit of a different box that we're putting that in, let's put it that way.

Ms. Sproule: — I'll stop that pursuit for the moment. This morning in question period, you heard my colleague from Massey Place ask some questions about estimates when he was with Advanced Education, AEEI, last night. And he was asking about the difference in accommodation services for that ministry of 1.2 million from last year to this year. And I know you rose to answer those questions this morning. And I'm just wondering, you said it's a 20-year lease. and the difference of \$1.2 million, is that . . . I know there's other spaces that the ministry occupies. But can you tell me the breakdown of that 1.2 million for accommodation services for AEEI?

Mr. Dedman: — Ron Dedman. There's a few things to note in looking at the budget for AEEI. And the comparator that was talked about, the difference is the lease space they're in today as opposed to the new space that they will go into in Tower III.

One of the key issues in this comparison would be that the current lease for the Grenfell Tower expires early next year. And so while there's a difference in the current budget, even if Advanced Education were to stay in their same location, it's a 10-year lease that's coming due. And given our experience with leases and experience of other large users of space in Regina, we would expect a significant increase in that lease and it would, we think, make it on the longer term a wash between what is now being paid and what they would have to pay if they were in the existing space.

Ms. Sproule: — I know, I certainly faced the same situation when I inhabited the office space of the previous MLA [Member of the Legislative Assembly] in my constituency, and there was no doubt the rent went up. So I understand what you're saying. If 1.2 million is the difference for a six-month period, if they move in in the fall is it reasonable to assume then that the rent would be about 2.4 million per year in the new space?

Mr. Dedman: — The rent would be higher in the new space.

And there are some things that are tied to the current year, but the rent will be higher in the new space. And of course the other aspect of this would be if you went into the next fiscal year, it would be higher if they stayed in the same space as well.

Ms. Sproule: — Thank you. I'd like to turn just a little bit to public accounts again and there's, at the end of the vote (GS02), there's an item called internal recoveries. And you don't really need to really refer to it because I basically have a general question about how those work. Because when I look at this year's vote, I see that internal recovery is \$30 million, and yet this is quite a bit higher than that. The list of ministries of 50,000 or more for the provision of shared services is quite a bit higher than \$30 million or in last year 20 million, \$29 million. So I don't understand the difference between what's described as internal recoveries and public accounts and then recoveries internal in the vote described in the estimates.

Hon. Ms. Ross: — That is the amount that we charge to our clients, our executive clients, executive government clients. And if the utilization goes up, then the cost goes up.

Ms. Sproule: — Okay, let me give you maybe an example then because I'm not sure I'm asking the question correctly. For example, in the internal recoveries and public accounts last year it showed AEEI at 6 million, Agriculture at 4 million, Corrections at 17 million, and there's a bunch, Ministry of Finance; Métis Relations, 1 million; 21 million for Health. So that obviously adds up to a lot more than the \$30 million that shows up in the vote 13 where it says it's around \$30 million. I'm just trying to understand how that jives.

Ms. Reddekopp: — Shelley Reddekopp. The internal recoveries that you'll be looking at in public accounts is a total, so we need to add up the totals in each of the subvotes within the estimates to come to that number that you'd be looking at. So to look just at the number in one of the subvotes, no, it won't match, but you need to add each of them together. And it will vary depending on how charges change to our clients from year to year.

Ms. Sproule: — For example, the \$6 million that shows up for Advanced Education would come from your vote and other votes that they have internal exchanges with through the GRF?

Ms. Reddekopp: — Just from Government Services. But it would be their accommodation, any CVA [central vehicle agency] they use, any of the services we provide will be totalled in those numbers.

Ms. Sproule: — Okay. I'm going to have to do some homework on this because I'm not understanding what you're saying.

Ms. Reddekopp: — It's also any projects that they might do in the years. So if they do a tenant improvement with us, we would show those costs because we will contract with the consultant to provide that, and then we will bill them.

Ms. Sproule: — So it could be more than these fees then.

Ms. Reddekopp: — Yes. So if they have a project that comes up during the year that may not have been in our initial

estimates, it will reflect in the public accounts because they've requested us to do a project for them.

Ms. Sproule: — Okay, I am going to leave that for now. I think I'm in over my head a little bit here, so I've got to figure that out before I can ask any more intelligent questions on that.

Back in the same public accounts, I had a couple more questions about some contracts. I assume they're contracts. HDL Investments Inc. and SaskPen Properties, there were two very significant contracts totalling about \$4 million. Can you tell me a little bit more about those contracts?

[16:00]

Hon. Ms. Ross: — We don't have the specifics on those. We'll provide those to you.

Ms. Sproule: — Thank you for that. Just go to my notes here. Oh yes, on one of the . . . Let me find this. This was in your annual report, and you referred, referenced a commitment to focus on local purchasing. I guess it's from the minister's mandate letter where you indicated you would work with private sectors and municipalities to help facilitate local economic development with Government Services assets. And then in the next bullet, you talk about commitments under the New West Partnership Agreement where ministries must post their tender opportunities on the government's tender system by July 2011.

I guess my question is, is there a conflict between those two mandates? Because if you have obligations under New West Partnership to tender, does that mean you would be required to overlook local economic development, or would you be able to still prefer local Saskatchewan-based businesses and municipalities over people who provided a lower tender from outside of Saskatchewan?

Mr. Dedman: — So under the New West Partnership, for executive government, effective July of 2010, the opening of opportunities I guess to the three Western provinces through the advertising of tenders, goods over \$10,000 would be included in the New West Partnership, services over \$75,000, and construction over \$100,000.

Ms. Sproule: — All right. And in terms of the minister's mandate to work with private sectors and municipalities to facilitate local economic development, if you were, let's say, doing a tender for construction for over \$100,000, could you prefer Saskatchewan and local businesses when accepting bids?

Mr. Dedman: — No.

Ms. Sproule: — So do you think that is a conflict with the mandate from the minister to, or from your mandate letter to work with private sectors to facilitate local economic development?

Mr. Dedman: — I think a lot of the work we do around the province connects us closely with private sector trades and construction companies, and so our capability to do a lot of work in Saskatchewan doesn't seem to be jeopardized by the fact that we have to advertise. So a couple of examples. The

tourist reception centres, the one at Fleming on the eastern end of the province, that was a total project that was 857,000. So it was a large project but the work that was done on that project was done pretty well completely by Saskatchewan companies.

New landscaping, a parking lot, and sidewalks was Fedorowich Construction out of Melville. They also, that company subcontracted to Harbuilt Construction from Rocanville. A lot of the materials, the sand and gravel came from Boyd construction from Moosomin, and the roof tendering went to Clark Roofing out of Yorkton. So even though we are tendering this work, we still are closely connected and end up using a lot of Saskatchewan companies.

Ms. Sproule: — But as you're saying, those companies would have been the highest bidder.

Mr. Dedman: — The lowest bidder.

Ms. Sproule: — Or sorry, the lowest bidder. You know, I don't want you getting the highest bidder all the time. So they would have been the lowest bidder in those circumstances, but if an out-of-province company under the New West Agreement had underbid them, you would have taken that other company, the out-of-province company.

Mr. Dedman: — Yes.

Ms. Sproule: — Thank you. I just wanted to talk a little bit about the CVA [central vehicle agency]. And you'd talked, we briefly got into this last time, but I'd like to get into it in a little more detail about the greening of the CVA. I know in your report you indicated that there were a number of purchases — three smart cars I believe, and a number of hybrid vehicles. I'm just particularly interested in vehicles that are being used by the executive branch of government. And how many vehicles do they have and what types of vehicles are they?

Hon. Ms. Ross: — Can you define what you mean by executive branch?

Ms. Sproule: — Normally, members of cabinet. If I could clarify, I'm meaning Executive Council, not executive branch.

Hon. Ms. Ross: — Okay.

Ms. Sproule: — Sorry.

Hon. Ms. Ross: — You know, it probably would be simpler if we provided you with a list that breaks out that into like the Executive Council and cabinet ministers, if you would prefer we did it that way. That would probably be much more beneficial to you than us sitting here reading off, you know, three cars here, that sort of thing. I think that would probably serve your purpose much better.

Ms. Sproule: — Yes, I agree.

Hon. Ms. Ross: — So we will provide that for you.

Ms. Sproule: — I thank the minister for that offer. That's a good idea.

I have just a couple more questions, I think, before we can call it a day, if that's all right. In terms of the retrofits of buildings and the greening of government assets of buildings, in many ways the government will be seen as a leader in this area, and is and should be a leader in the greening of buildings. Can you just tell me about the future plans for additional greening? Because I think last time you gave me a good description of the buildings that have been greened or retrofitted and those various standards that we talked about — LEED [leadership in energy and environmental design] and BOMA [Building Owners and Managers Association]. So can you just give me a glimpse into the future of what you're intending to do as far as greening for government-owned buildings?

Mr. Dedman: — In general terms, when new space is being looked at, we find that developers use . . . They're setting a goal of at least a LEED silver, and some of them are actually trying to be more ambitious than that. So when we're working on our own buildings — again we're not constructing new buildings; we're doing retrofits — but again we're trying to move them to new standards.

Moving forward, probably one of the most promising thing is LED [light-emitting diode] lighting. That will have a significant impact on the amount of energy consumed, will reduce air conditioning load in the summer, and will provide a high quality of light. At the moment, LED lighting works best in equipment storage sheds and those kind of buildings where you're using one light to cover a big area, but we've had presentations on new innovations that are moving them towards being practical in office settings.

Ms. Sproule: — Just a question. I was in estimates last night with the Minister for Enterprise Saskatchewan, and they have an initiative in relation to diesel and ethanol — there's two programs that they're managing — and I'm just wondering if your ministry works with them in terms of the types of the gas you would put in CVA vehicles.

Mr. Dedman: — One of our challenges is that when we provide the vehicles to the operators, they fuel their vehicles in the areas where they're working, so we have a lot of vehicles that would rate as E85 vehicles, but there's not a lot of opportunity to fuel those vehicles with ethanol.

We also find that a lot the newer vehicles, just on gasoline, are achieving quite high fuel economy and so with our right-sizing initiative, if you're able to use a slightly smaller vehicle, the new vehicles can achieve very good gas mileage.

Ms. Sproule: — Thank you. I think you mentioned that last time we spoke as well. I think at this point, Mr. Chair, I would like to thank the minister and the officials for coming today. I appreciate all the answers that you gave and your forthrightness, and at this point I would have no further questions.

The Chair: — Thank you, committee members. I want to thank the minister and her officials. If the minister wants to briefly thank her officials, she can.

Hon. Ms. Ross: — Thank you very much. I would like to also thank my officials for making themselves available to be able to

come here and answer the questions that the member has presented. And any questions that are outstanding, we will make sure that you get the answers to them in a very prompt manner. We'll maybe put a little tag on them so that they don't get lost on the desk; put a GPS [Global Positioning System] on it or something. So thank you very much.

We thank you for the very courteous but also very well-constructed questions to the ministry. So the respectful manner is greatly appreciated, and we look forward to meeting and conversing with you in the future. And again, thank you to all my officials for being able to help facilitate the questions that were put forward today. And with that, I'll turn it back to the Chair.

The Chair: — Thank you. I would ask a committee member to move adjournment of the meeting. Ms. Wilson has moved adjournment of the meeting. This committee now stands adjourned until call of the Chair. Thank you very much.

[The committee adjourned at 16:15.]