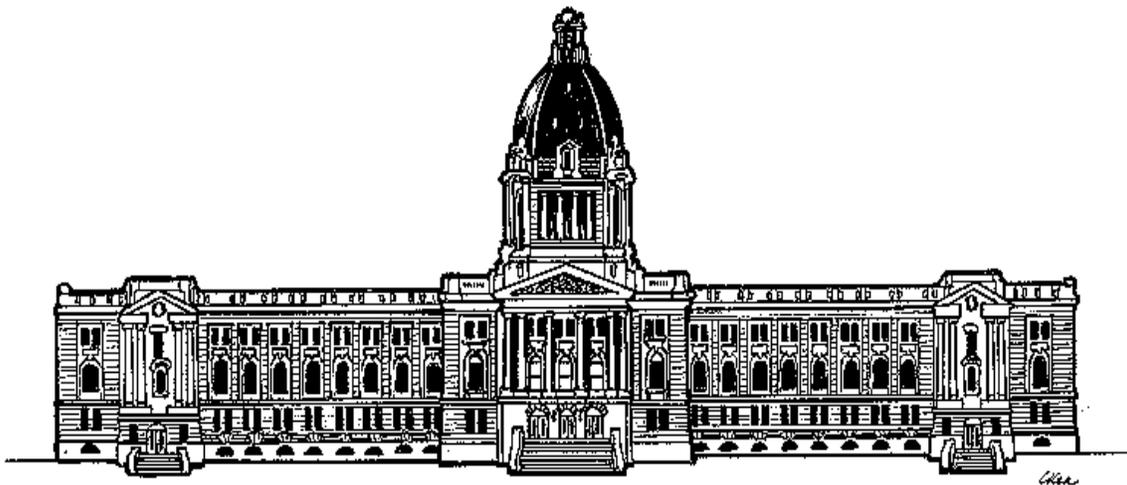




STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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[The committee met at 14:58.]

The Chair: — I want to welcome everybody to the Crown and Central Agencies again. Time being 2:58, I welcome all the members here today and I believe we have a substitution. Larry Duke is substituting for Scott Moe. Members have a copy of today's agenda. If members are in agreement, we will proceed with the agenda. We have one document to table today. It is CCA 100/27, Minister of Finance, responses to questions raised at the April 23, 2013 meeting of the committee, dated April 17, 2013.

We will now consider vote 13, Central Services, central management and services subvote (CS01). Today we have with us Minister Heppner and her officials. Ms. Minister, would you please introduce your officials if you like and provide an opening statement. And also I would ask the officials the very first time they come to the mike just to state their name, just for the first time. Minister.

**General Revenue Fund
Central Services
Vote 13**

Subvote (CS01)

Hon. Ms. Heppner: — Thank you, Mr. Chair. I am pleased to be here today to provide additional information about the Ministry of Central Services. It's my understanding that this afternoon's discussion will focus on the Information Technology Office. I don't actually have any opening remarks. This is my third appearance so, so I'm not repetitive, I won't go over the things that I've stated previously.

But I will introduce my officials. To my left, Ron Dedman, deputy minister, Central Services. To his left, Shelley Reddekopp — I'll make sure, yes — assistant deputy minister, corporate services. And to my right, Robert Guillaume, associate deputy minister in charge of information technology. And I'm happy to take questions.

[15:00]

The Chair: — The floor's open for questions. Mr. McCall.

Mr. McCall: — Thank you very much, Mr. Chair. Madam Minister and officials, welcome back to committee. Thank you for joining us to consider the information technology office portion of the Central Services estimates of course focusing on subvote (CS11).

I guess if we could, to outline what we're going to do in terms of line of questioning, is first off just going through the allocations to get a more precise understanding of what is represented there in those expenditures. And then we may have some thematic lines of questioning. But that being said, Madam Minister, if you or your officials could talk about the . . . first, under allocations, the IT [information technology] coordination and transformation initiatives.

Hon. Ms. Heppner: — Thank you for the question. There was an overall increase on that line item of almost \$900,000.

There's various things on that line item. There's an additional funding of \$500,000 for IT security, additional funding of \$500,000 for data centre contract pressures, and then there's also a few reductions. One is the internal reallocation, due to reorganization, from line items is a reduction of \$125,000 — it's just when the ministries came together, things got put in different envelopes, so there is a reduction there — and a reduction of one FTE [full-time equivalent] and \$33,000 for the workforce adjustment.

Mr. McCall: — Thanks very much, Madam Minister. If you could break down the \$9.457 million of expenditure and how it's internally allocated, just for the record.

Mr. Guillaume: — Robert Guillaume with the IT office. The question from members, what constitutes the IT coordination fund of approximately nine and a half million dollars. Just for context setting, you will recall there's really three components to our business. One is this IT coordination work. In context, inter-ministerial services as well, or the services we provide to the 31 clients out to the ministries, as well as application maintenance and support.

The first item in question, IT coordination, represents a lot of the overhead work that needs to be done inside a government as a shared service. So not all of the efforts that we can bring to bear for the government are billed back exactly to the ministries directly. So 9.4 million really is the labour of the personnel, including the CIO [chief information officer] office, the chief technology office, business improvement units, geomatics, as well as some of the overhead of running one of our units.

In addition to that, labour costs, we also have some consulting budget to bring expertise in from the marketplace.

And then thirdly, we do have some capital and/or treasury board requested funding that comes directly and we use through that coordination budget. So I think it's important to understand the context between all three.

Mr. McCall: — And this will be a recurring question as we move through the expenditures, but in terms of the number of FTEs involved, could the official or minister describe the FTEs involved for this expenditure and the breakdown, or if you could describe what is contracted for in terms of service provision.

Mr. Guillaume: — So to answer the question on the FTE breakdown for the IT coordination component, we currently account for . . . 18 FTEs actually are included in that funding. And then on top of that of course we have to expand and contract contractually with some industry support, based on the initiatives. That is fairly dynamic through the year of course.

Mr. McCall: — The 18 FTEs, what's the dollar figure associated with that and what is expended throughout the year in contract?

Mr. Guillaume: — To answer the question about the breakdown, all I can provide is an estimate at this time. I could endeavour to get some details. However looking at the nine and a half million dollars, generally speaking it would be

approximately \$2 million in salaries, internally, to support some of those FTEs, \$2 million for service transformation projects which can be delivered from the marketplace, and of course the \$1.5 million in treasury initiatives as well. That would leave . . . Yes, that would add up to your question stated.

Mr. McCall: — So just going through that again, 2 million in salaries, 2 million in service transformation, and 1.5 million in treasury board initiatives? Okay.

So the 2 million would be associated with the 18 FTEs off the top. Some questions on those positions. Given the highly competitive nature in attracting and retaining information technology workers, how stable is that complement of the workforce? And what sort of challenges do you have there in terms of attraction, retention, succession issues?

Mr. Guillaume: — Obviously it's fantastic to be part of a province that's growing, and enjoying that. But of course on the IT resourcing side of things, we've seen incredible inflation on, and expectations I guess, of employees on remuneration. So we've had upward pressure, probably 15 per cent on a lot of our rates. And unfortunately the result of that is we are having trouble having a good succession plan in place and keeping the right people in the seats.

So how we've dealt with that is we have to change the problem we're trying to solve. And we're trying to really focus the resources we do have, the dedicated public service that are there, on the components that is very long term and sustainable, required to move us forward as a province. And then the second component of that is the transformation side of the equation when you need short-term labour, and be able to adjust, take initiatives from the marketplace, intellectual capital that comes with some consultants. We try to pick our fights and focus there.

I should note that the labour costs, the way the line items are broken out in the member's question, it could be misleading as well because of course we could also choose to leverage internal employees to deliver projects as well if they have the bandwidth, if we have the time. That's sometimes a challenge. Obviously we have a lot on our plate. But in that case there would be a transfer. You know, that money wouldn't go to consulting; it would go to internal costs instead.

Mr. McCall: — In terms of the 18 FTEs, would those be predominantly in-scope employees or out-of-scope? What's the breakdown there?

Mr. Guillaume: — Predominantly in-scope.

Mr. McCall: — Is there any provision made for labour market adjustments on top of the existing wage and salary grid? Could the official or the minister describe the situation there?

Mr. Guillaume: — Yes, pretty much across the entire IT office we've recognized that there is that pressure to retain staff. Broadly stating, there's an IT supplemental mechanism which we use, and I don't have the numbers with me today as to the magnitude of that. It's evaluated on a case-by-case basis on the roles versus the market opportunity. And that is reconsidered every year.

Mr. McCall: — Within the given year, would the full complement of 18 FTEs receive some kind of supplement in that regard? Is that a fair assumption, Mr. Official?

[15:15]

Mr. Guillaume: — For the supplemental that we use across the entire ministry inside the IT office, broadly speaking, the unionized work staff do receive that supplemental across the board. I do know for the out-of-scope employees it really does depend on the role, and we chose not to do that as a blanket agreement. There are units in there that don't receive the supplement.

Mr. McCall: — I guess this is always one of the challenges of a HR [human resources] policy government wide, of course, is making sure that your grid works and making sure that you can bring the appropriate supplements to bear in high-pressure zones such as information technology.

And I guess my question is, is the grid adequate in and of itself? Or is it rendered meaningless by reliance and continued reliance on supplements? And is a different approach perhaps revisiting the grid as regards information technology workers?

Hon. Ms. Heppner: — Thank you for the question. I would note that the classification system that's in place has been there for quite some time. Even the determination of a supplement can be challenging, and I think it has to be . . . you can't . . . As Robert has said, this isn't just a blanket supplement. You really have to look at the positions that you're looking to fill and what the market is currently doing. And like I said, it depends on the job.

I would note as well on the transparency side of this, the supplements that are offered are actually posted on the PSC [Public Service Commission] website as well so people are aware of what those supplements would be.

Mr. McCall: — Is there any plan . . . And again it's an interesting confluence of responsibilities, Mr. Chair, the minister and officials, in terms of being at once responsible for the Public Service Commission and the overall public service but also presiding over one of the areas where labour market pressures are most acutely felt. And in terms of bringing that public policy solution mix to bear, it's an interesting set of challenges. And certainly as the minister or deputy minister points out, this has been around getting that right balance between the grid and sort of the classification system and supplements. It's not a new problem, certainly. But some of the pressures I think are arguably more acute now than ever. So I guess I don't know if the minister has more to add in terms of plans going forward to better address this.

And one of the other questions that occurs to me is we discussed, the last go-round, some of the overall retention challenges facing Central Services as a line ministry of government. And I would presume that those retention issues are all the more acute in ITO [information technology office]. Of the 18 FTEs, what's the average length of service currently accumulated by the individuals filling those positions?

Hon. Ms. Heppner: — Thank you for the question. We don't

actually have the particulars on the length of service for those 18 employees. Happy to follow up and try to get that information to committee members, but we don't have it with us right now.

Mr. McCall: — Well thank you, Madam Minister, for that undertaking, and I guess I'll await the information.

The other question of course is what's the broader plan, or is it to carry on with the current approach?

Mr. Guillaume: — In terms of longer term plans to address the, you know, the issue of our HR and attracting, retaining a proper workforce, I'll just remind, my opening . . . Earlier I was mentioning how competitive the environment is, and I know that's not lost on the member. We are feeling that pressure. We compete even sometimes here locally in a small market against our partners, our Crowns, our other entities. That creates a very delicate situation as well. I think that we'll endeavour to continue to develop a culture where employees want to be part of the service and try to keep them moving forward.

In terms of how to address it more tactically, you know, the way I look at it is we need a coordinated HR front across, even between exec government and some of our cousins in the family. We need to do some coordination between some of these partnerships, and a good example of that may be deep technical skills in a certain niche where we only have two or three resources here in the market. In the past we competed very aggressively financially to try to attract those two people. In fact we should be sharing and providing those two people to provide that expertise right across the family in better ways.

So that would be my hope going forward. But there will always be examples and issues that we . . . and gaps in our workforce that we're going to have to deliver on.

Mr. McCall: — Thank you very much to the official and minister. In terms of the . . . Well I'll await the information coming back in terms of length of service, but thank you for those responses.

In terms of service transformation initiatives and the way that contractors are brought to bear, to the minister or officials, if you could describe (a) the various initiatives that comprise the service transformation agenda, and then we'll I guess get into a bit of a conversation about the contractors, the process involved there. But if you could just for the record describe what the agenda is with the service transformation initiative.

Mr. Guillaume: — To answer the question on the service transformation agenda, first of all we accept that we always are going to have more work than we have resources to do. That seems to be the call for the service here. So the way we go about this in planning our service transformation programs is we try to take a risk-based approach and understand what the likelihood and the impact of a lot of our issues that are before us that require transformation.

We've, over the last two, three years now, we've had a risk register for IT risks across all of the enterprise, and out of that comes a fairly quantifiable approach by which we pick our priorities. Those priorities then feed into a planning process

where we look at how to position those for treasury board and go forward for funding for those initiatives.

Those initiatives that we're moving forward in, yes, in the estimates that we're looking at today, on '13-14, primarily are on security, is a big component of that. Security is one of those elements that, no different than your home computer, you can always be 99 per cent secure. We're never done. And so this approach is very important in prioritization, in deciding how much investment will go into the portfolio for a maximum return. This year we'll put close to \$1 million in those initiative monies into the security fund. I can say that the first thing we did with that funding is we have placed two new employees into that unit to look at revitalizing our policy framework and the processes and procedures that we enact around security.

There's other elements as well that we'll focus on in that service transformation agenda. And we have 11,000 desktops in our network which all public service uses. Those 11,000 desktops require some level of end point management and certainly some access control so we know which computers are connecting to which resources in the data centre and such. In the past we did that fairly ad hoc, I suppose, and the best practice today in the industry is to put some automated tooling in place to make that a little more rigorous and secure for everyone.

In addition to that, the active directory program or mediation program is really the phone book of government. It's the every identity that we have and holds the access credentials to the resources that we can connect to. It's just natural that every year you need to revisit that and introduce more best practices to ensure that the keys to the kingdom residing in this data base are secure and appropriate going forward.

[15:30]

One of the initiatives that I'd like to see this year is a movement towards more self-service provisioning and maintaining the information inside that identity directly by the users. That would remove some labour costs for me.

In addition to that we'll be removing or addressing a lot of the old, stale, or unpatched software that resides inside the data centre. I think that's important because as we have addressed in past estimates, that was a risk for us. And the more modern the software that we deploy across government, typically the more secure it is as well.

Those initiatives, in addition to the 500,000 also identified in estimates, goes to the inflationary pressures of our data centre hosting contract. And we feel that 500,000 represents about a 2 per cent inflationary increase and anything in addition to the 500 we'll absorb inside of that.

In addition to the formal treasury board transformation initiatives, we'll also be taking on some continuous improvement initiatives because that's what we do. We have a lot of business processes that we facilitate from end to end on behalf of our ministries, like provisioning servers. We'll continue to put small investments, but mostly our attention and time into making that a little quicker and faster, and more best practice to achieve the benefits for Saskatchewan.

I'm sure I'm missing a few . . . I am missing a few initiatives. There's also a \$2 million capital fund there to continue the CJIMS [criminal justice information management system] project which is a continuation over the last three estimates that I've been here. We're now into a build phase in that program, and the story line is identical to last year's. We continue to move it forward and see great benefit in that approach.

Mr. McCall: — Thank you very much for the answers there, Mr. Guillaume. It of course raises a number of questions. And I guess moving back to the first part of the answer, in terms of the risk assessment, threat assessment, in terms of providing that secure platform for executive government to operate on, I guess, what's the confidence level in terms of . . . And you know, a few years ago I would have felt alarmist in saying something like this, but I think it's a valid concern. Certainly it's borne out in the environment.

But in terms of guarding against things like a cyberattack or people hacking in and gaining access to private information that they have no right or purpose other than obviously questionable purposes in doing so, what's the confidence level in terms of providing the secure platform and maintaining security for privacy concerns, but overall functionality and guarding against things like cyberattack?

Mr. Guillaume: — Excellent question. Of course confidence level is all contextual and relevant to the person asking the question and the person answering the question. Of course you're never done on security. But I would say that I wouldn't be in my role today as the CIO for the province if I wasn't confident that we have taken every step possible, given any constraints or resources to be as secure as possible.

This is an environment by which we are under attack every day. There are well-funded groups who try to hack into our systems. We know that. To date we've been fairly comfortable in an approach of layered security to try to contain that risk. You know, that containment starts at the network layer, where we rely on our partner, SaskTel, to monitor the feeds coming into the province or even overseas. And we try to catch those elements through intrusion detection and through patterns that we share right across the country with other security officials, such that 90 per cent of those threats are typically repeat. And once they're identified inside the country, then we can position ourselves to block them at the source. And I would say we're very successful and fortunate to date to not have any major incidents wrapped around that.

The 10 per cent that are ever agile and changing, we have to determine how we're going to attempt to block that. And beyond access control — I'll jump to the far end of the other spectrum — employee awareness becomes even more important, so educating our employees on safe computing practices: when not to open an email or when not to share information or even when not to use a thumb drive or a USB [universal serial bus] key. It's becoming, unfortunately, very natural in our home environments I believe of being relaxed on security in some cases, and that infects our work environment. So we'll continue to educate and have a security awareness day every year.

But I think as you pointed out, this connection with Public

Service Commission now also creates an opportunity by which we're putting training programs in place to help facilitate an understanding of what's acceptable and what isn't acceptable. And I have a lot of hope in that because ultimately if your employees are not trained in a secure way, we have no hope of putting automation or tools to try to block them. So I think that should be . . .

Mr. McCall: — Thank you for the answer. And I guess it is an interesting area of accountability and transparency for the government. And certainly I haven't been around here for a million years, but I've been here to see different changes made in the reporting practices as regards fraud or employee theft or what have you. And I don't know that our reporting as regards cyberattack incidents is really up to the job or in terms of bringing that awareness to the public's attention, if that's really adequate.

So I guess in terms of other provincial jurisdictions, using the more obvious comparator, is there a reporting regime in place for other jurisdictions that the official or Madam Minister are aware of? And I guess how does that stack up alongside of the information that the Government of Saskatchewan feels it should be providing to the people of Saskatchewan in terms of the kind of threats our information technology environment operates under?

Mr. Guillaume: — So there's really two components to the answer. The first is, just to be clear, we do have a duty to inform citizens if there's any day of loss impacting them, and I take that very seriously. But more importantly your question of, in terms of reporting our security posture, it is something that I've consciously thought through several times. And honestly, I've not had formal discussions with other jurisdictions, but I have had informal with my colleagues, other CIOs in other provinces.

Generally speaking it's a touchy topic of reporting the attacks going on inside of government because it tends to show trending and/or opportunity sometimes to the marketplace. It also demonstrates through the converse effect of how we are postured to block security. You know, if we were to tell you or put a newspaper article out about a certain mechanism which is working for us, it then implies you know how to work around it per se. So we choose not to report directly on anything that would imply the mechanism by which we use to block and protect ourselves.

Now that being said, there is certainly an opportunity for rolled-up information. And we've been somewhat public even here about for instance the 72 million emails that my system takes every year. Today we go through every one systematically through our antivirus and our intrusion detection. Ninety per cent of those are blocked. So that's an interesting number that 90 per cent of the emails coming in on the Internet are actually carrying malicious payload into the government, and we get those off our system today.

So I hope that you can respect that that's rolled-up information. It tries to give you a feel for the volume and the magnitude, but I would never go into detail on it.

Mr. McCall: — Well for fear of trying to bake a cake with a

file in it for the would-be attackers, I guess something I am interested in is in getting a better understanding of the source of these attacks and these threats to the security of the system. Can the minister or official describe what the breakdown would be between . . . And I'm not sure if this is entirely trackable, but are these individuals that would be behind these tens of millions of emails that the official describes or other attempts to compromise the security of the system, are the individuals domestic or foreign? Are they organizations, domestic or foreign? What information can the official provide the committee in that regard?

Mr. Guillaume: — Thank you. It would be very difficult to tell, given the way that we do our determination. I could give you a hunch but it would be pure speculation. But generally, even individuals work in groups typically in the industry. I use the word industry loosely, but it is typically coordinated. There's a lot of sharing and collaboration that goes on, unfortunately. And so if there is a vulnerability exploited, I see that very quickly on how well it's communicated broadly, which tells me it is, if not a formal group, it's an informal group. And one of our major concerns of course is, whether domestic or international, it's the same result. I'm responsible for protecting the citizens' information, and regardless who steals it from me, I'm going to block them.

Mr. McCall: — Maybe to ask a similar question in a little different way, have any other nations been involved in attempts to compromise the IT platform of the Government of Saskatchewan?

And that's further qualified by saying, I mean I realize that these efforts often don't come with a calling card. But in terms of things that are able to be tracked, is there any knowledge of the official in that regard?

Mr. Guillaume: — Unfortunately I wouldn't have that information broken out by destination.

Mr. McCall: — Okay, thank you. Thank you for that. Lots of food for thought, certainly.

In terms of the overall platform and the refresh risk inventory that Mr. Guillaume identified, I guess what's the sort of annual turnover in terms of refresh requirements, and how is this year compared to others?

Mr. Guillaume: — I'll assume that the turnover refresh rate, something specific that I could talk to, it pertains to laptops because that's a good example of the 11,000 pieces of hardware that we have inside the system today.

[15:45]

So our goal is typically to run a three- to four-year refresh cycle, taking 25 per cent per year or as much as 33, obviously. And we're behind that this year on that refresh rate and there's good reason for that. The primary one is that we're undergoing transformation from approximately 10-year-old technology, Windows XP operating system from Microsoft, to a Windows 7 platform. That transformation is ongoing. We're doing piloting today and we'll continue limited deployment this summer.

So it didn't make sense for us to rush putting new hardware out on an old operating system. We tried to drag our feet a little bit as it pertains to refreshing those in remote sites. Once this new image is brought up and we take our giant step forward a decade in software, we will be able to expedite and actually catch up to that deployment schedule whenever it financially makes sense. We won't rush over our budget items, but if need be we could absolutely catch up inside a year if we had the resources for it.

Mr. McCall: — Thank you for that. A bit of a picayune question, but BlackBerry or iPhone? How's that battle raging within the hardware environment of government?

Mr. Guillaume: — Thank you for your question. It always spurs on an emotional response by any people at a cocktail party.

Actually it is a serious question on our table right now of what our mobility strategy's going to be going forward. We've been fully committed to the security and the benefits of BlackBerry and RIM [Research In Motion] up to this point. We have also seen some changes right across Canada, even in the public service here, that is demanding more freedom of bring your own device or preference of using your own systems in the future.

We have to accept that that's, you know . . . We are a generation, I should state, that is okay being dictated which technology you might use. The new employees that are coming into the public service actually have an identity tied to their devices, and so we're recognizing that and trying to develop ways by which we give the freedom of choice back to employees in the public service.

In terms of a technology platform, the goal is to have iPhone just as another agnostic technology no differently than an Android device as well, which is the third option you're not mentioning. And I could give you my personal preferences, but I think it is a level footing for the government not to take a stance on dictating it in the future but yet dictating the secure use and how to protect against it. So I appreciate the question.

Mr. McCall: — And thanks for mentioning the Android users because Lord knows I wouldn't want to fall afoul of the Android crowd.

But in terms of BlackBerry devices that are deployed through the system right now, how many would there be in the system? And I guess in terms of, I appreciate the official has referenced anticipating a new sort of agnostic platform, but how many BlackBerrys are currently deployed through the system, and thoughts on the timeline upon which we might arrive at this new agnostic environment.

Mr. Guillaume: — Frantically trying to reach my officials to get a number. I'm embarrassed to say I don't remember. It's something I used to actually monitor very closely. I would guess that we're close to 1,500 or so BlackBerrys that were in operations today. I think in contrast we have probably about 350 Apple devices, iOS. And so we're comfortable in allowing some user choice as we go forward today on those two platforms. We're not yet comfortable for any other options on a

pure bring-your-own model. That's going to take probably two years of maturity.

And why I say two, maybe even three years is I don't want to be the first province to go down this road. So I will wait until there're some findings from another province, and then we'll do it. We'll take their security lessons learned and try to incorporate them going forward.

Mr. McCall: — Thank you for that answer. In terms of — shifting gears a bit — the work that ITO does with vendors generally, and again I'm sure there's some kind of licensing requirement going forward for the BlackBerrys or the iPhones or pick your device. But I guess the question I'd have — and this goes for contractors as well — of the contractors that the ITO works with, is there any sort of characterization that the official can bring to bear? Are we able to utilize a lot of Saskatchewan vendors in terms of the business that is there, in part represented by the \$2 million for the service transformation agenda?

But certainly IT is . . . This being a province that was a pioneer in terms of fibre optic cable and advances afforded by that technological leadership, how much of the work do we do with the Saskatchewan vendors or corporations? And how much would we be utilizing out-of-province organizations, out-of-country organizations, or even internationally? And certainly there are places that come to mind that are possibilities in terms of IT contracting out. But can the official or minister describe what the current sort of contracting that the government does with the external providers and what does that look like?

Mr. Guillaume: — Okay. I'll try to answer the question as to breaking it down in some components. So our model is reliant on spending with the industry to provision the services. So for instance on hardware, we don't have any manufacturers in Saskatchewan of much of the equipment that we need. That contracting is fairly straightforward. Again we go through an open and competitive process and sign term agreements with these manufacturers to provide hardware.

On the software side a very similar approach where we need to work with ministries to understand which software they might need and go through a procurement exercise that is common and consistent across the board of how to manage that supply chain and ensure that we have the right licences. I wish there was more software to purchase that would cause, you know, royalties and revenue inside Saskatchewan. We don't have a large commercialization industry here in Saskatchewan unfortunately. We should, but it doesn't exist today. So a lot of the large expenditures that you're going to see on software are companies like Microsoft that we've been talking about tonight that we rely on. Oracle is another large supplier.

Then on the services side of our business, it's a very broad spectrum of contracting, and again follow the same process of open and competitive procurement. We are compliant with all the trade agreements in play wrapped around that, but we have took it upon ourselves to try to accelerate that process on the service side. Hardware and software typically are multi-year purchases which you can anticipate ahead of time and put a little bit of a slower process wrapped around it, a more rigorous

process.

On services, we do have to respond to our 31 clients — ministries, agencies. And so one of the wonderful things we've done in the last three years is focusing on a master service agreement. We're breaking our contracting into two models. And it's in *Hansard* last year as well about accelerating the 5- to 10-day placement of resources on services as opposed to typically taking five, six weeks for instance on that front.

In terms of tracking the location of that spend, I don't generate a report every month monitoring that directly, so a lot of my evidence would be anecdotal. But I would say that, as an industry representative and being on the CIO council here in Saskatchewan, that there aren't any service companies with a large bench today. In fact it's a big problem that we don't have people that are not working. The bench refers to someone not actively working on a service contract today, similar to the hockey team I used to be on, which we sat on the bench as well.

But I think that hopefully we will continue to see Saskatchewan companies do well through that procurement and compete openly across Western Canada and continue to win good business. That would be my hope.

Mr. McCall: — In terms of I guess the one that comes to mind is say data farms or data storage outside of the jurisdiction, what are the requirements for ITO and how are those currently fulfilled?

Mr. Guillaume: — The data centre that we current operate . . . Over the last three years we've centralized a lot of our resources in upgrading our data farms from small closets in small localized environments into a more centralized contract, and so we've moved to a primary data centre which is operated by ISM Canada [Information Systems Management Corporation] here in Regina. And that is our primary data centre. We have some workload that needs to reside outside of that, per se. But the ISM contract is the largest one here in the province.

We have close to 1,000 servers inside that data centre operating today, probably about 1,500 applications that are owned by the ministries, so it's quite a diverse portfolio. I know we have probably 45,000 end points that we're monitoring on security across our provincial network through that centre as well. It is 7-24. It is audit-ready constantly. Every day we do automated checks to ensure that we're audit compliant, and that is a drastic change from the past in which we only audited once a year. So that's the state of it.

Mr. McCall: — Thank you for that. I see by the clock on the wall that we've come to the end of our time. I'd thank Madam Minister and officials for a very interesting discussion as regards the information technology office component of Central Services. But with that, thanks to committee members and to the Chair and, again, to Madam Minister and officials. But, Mr. Chair, take it away.

[16:00]

The Chair: — Well thank you. Thank you to committee members and to the minister and officials for appearing here. Seeing that there are no other questions, we will move to vote.

Vote 13, Central Services, central management and services, subvote (CS01) in the amount of 47,000. There is no vote as this is statutory.

Property management, subvote (CS02) in the amount of 10,665,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Transportation and other services, subvote (CS05) in the amount of 12,351,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Project management, subvote (CS03) in the amount of zero. This is for informational purposes only. There is no vote needed.

Information technology office, subvote (CS11), in the amount of 14,979,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Public Service Commission, subvote (CS12) in the amount of 34,083,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Major capital asset acquisition, subvote (CS07) in the amount of 21,452,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Amortization of capital assets in the amount of 1,920,000. This is for informational purposes only. There is no vote needed.

Central Services, vote 13, 93,530,000. I'll now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2014, the following sums for Central Services in the amount of 93,530,000.

I need a motion for the following resolution. Mr. Makowsky has so moved. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. That's done with Central Services. I'll ask Madam Minister, do you have a couple of closing remarks?

Hon. Ms. Heppner: — Thank you, Mr. Chair. I would like to thank the member for his questions this afternoon and thanks to my officials for their help this afternoon too, and in particular to Robert who has done such an exceptional job with government IT. I know that he's very well respected, not only in his own ministry, but across ministries and in this building as well. So thanks to Robert and thank you.

The Chair: — Madam Minister, and officials, you can be excused. We have a few more votes to carry on. And thank you for appearing before the committee and officials. It was very

informational.

**General Revenue Fund
Finance
Vote 18**

The Chair: — We'll move to vote 18, Finance, central management and services, subvote (FI01) in the amount of 6,342,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Treasury and debt management, subvote (FI04) in the amount of 2,331,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Provincial Comptroller, subvote (FI03) in the amount of \$11,778,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Budget analysis, subvote (FI06) in the amount of \$5,302,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Revenue, subvote (FI05) in the amount of 17,337,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Personnel policy secretariat, subvote (FI10) in the amount of 516,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Research and development tax credit, subvote (FI12) in the amount of 15,000,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Miscellaneous payments, subvote (FI08) in the amount of 115,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Pensions and benefits, subvote (FI09) in the amount of 149,340,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Amortization of capital assets in the amount of 988,000. This is for informational purposes only. There is no vote.

Finance, vote 18, 208,061,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2014, the following sums for Finance in the amount of 208,061,000.

Mr. Hickie: — I so move.

The Chair: — Mr. Hickie has so moved. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Finance — Debt Servicing
Vote 12**

The Chair: — Debt servicing, subvote (FD01) in the amount of 312,300,000. There is no vote as this is statutory.

Crown corporation debt servicing, subvote (FD02) in the amount of 27,700,000. There is no vote as this is statutory.

Finance, debt servicing, vote 12, 340,000,000. There is no vote as this is statutory.

**General Revenue Fund
Lending and Investing Activities
Municipal Financing Corporation of Saskatchewan
Vote 151**

The Chair: — Vote 151, Municipal Financing Corporation of Saskatchewan, loans, subvote (MF01) in the amount of 120,000,000. There is no vote as this is statutory.

**General Revenue Fund
Fund Transfers
Growth and Financial Security Fund
Vote 82**

The Chair: — Vote 82, Growth and Financial Security Fund, growth and financial security transfer, subvote (GF01) in the amount 32,386,000. There is no vote as this is statutory.

**General Revenue Fund
Lending and Investing Activities
Change in Advances to Revolving Funds
Vote 195**

The Chair: — Vote 195, changes in advances to revolving funds, amount is zero. This is for informational purposes only. There is no vote as this is statutory.

**General Revenue Fund
Debt Redemption, Sinking Fund and Interest Payments
Vote 175, 176, and 177**

The Chair: — Vote 175, debt redemption, vote 175 in the amount of 957,216,000. There is no vote as this is statutory.

Vote 176, sinking funds payments, government share, vote 176 in the amount of 48,014,000. There is no vote as this is statutory.

Vote 177, interest on gross debt, Crown enterprise share, interest on gross debt, Crown enterprise share, vote 177 in the amount of zero. This is for informational purposes. There is no vote.

**General Revenue Fund
Supplementary Estimates — March
Finance
Vote 18**

The Chair: — Vote 18, research and development tax credit, subvote (FI12) in the amount of 10,000,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Pensions and benefits, subvote (FI09) in the amount of 6,577,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Finance, vote 18, 16,577,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2013, the following sums for Finance in the amount of 16,577,000.

Mr. Parent has so moved. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

Committee members, you have before you a draft of the third report to the Standing Committee on Crown and Central Agencies. I require a member to move the following motion.

Mr. Parent: —

That the third report of the Standing Committee on Crown and Central Agencies be adopted and presented to the Assembly.

The Chair: — Mr. Parent has moved:

That the third report of the Standing Committee on Crown and Central Agencies be adopted and presented to the Assembly.

Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. We have one document to table. Members already have it. It's CCA 10/27, Ministry of Central Services responses to questions raised at the April 23rd, 2013 meeting of the committee, dated May 7th, 2013. Oh, sorry. CCA 101/27, Ministry of Central Services responses to questions raised at the April 23rd, 2013 meeting, dated May 7th, 2013.

That being done with Central Services, I see we don't need a recess. The minister and his officials have already come in. So we will move into the consideration of bills.

We will start with the consideration of Bill No. 69, *The Information Services Corporation Act*.

Bill No. 69 — *The Information Services Corporation Act***Clause 1**

The Chair: — We will start with clause 1, short title. I will ask the minister if you have any opening remarks and introduce your officials, and if the officials, the first time that they use the mike, they can just state their name for Hansard. Minister.

Hon. Mr. McMorris: — Thank you. Thank you, Mr. Chair. I have two officials with me. On my right is Doug Kosloski who is a senior vice-president and general counsel for CIC [Crown Investments Corporation of Saskatchewan] and on my left is Jeff Stusek, who is the president and CEO [Chief Executive Officer] of ISC [Information Services Corporation of Saskatchewan]. I do have some brief comments. They will be brief so that we can open the floor up for some questions.

As you know, we are proceeding with the sale of a portion of Information Services Corp. We believe this will give it an opportunity to expand and create a larger, more successful company here in Saskatchewan. Approximately about 60 per cent of the company will be sold. Government will retain about 40 per cent, will still receive some dividends. Sale parameters as follows: 5 per cent of the shares sold allocated to employees, 45 per cent to other Saskatchewan residents, and the remainder sold to investors at large.

Government will retain the golden share to maintain head office jobs here in Saskatchewan. And personal information such as vital statistics will be transferred over to eHealth so that that will be protected. That's pretty brief comments and a broad overview of what we're accomplishing here with this legislation.

The Chair: — Mr. McCall.

Mr. McCall: — Thank you very much, Mr. Chair. Mr. Minister, officials, welcome to the committee. I guess if we could back up a bit and I'd like to get a bit of insight if we could, Mr. Chair, Minister, in terms of what the decision process was in pursuing this course of action as regards Information Services Corporation. Certainly it wasn't given any indication in previous annual reports or in direction from government. The decision arrived on the public stage in a fairly abrupt manner. So if the minister or officials could give some insight into what the decision process was by which this course of action was decided upon.

Hon. Mr. McMorris: — Okay. I think I'll start and maybe we'll go back a number of years. Shortly after I guess I was elected even in 1999 when ISC was formed, there was always an intent at that time. And I remember sitting in committees asking, at that time I believe it was Eric Cline and other ministers, what their intent were with ISC. And it was always intended to sell its expertise outside the province, around the world. They felt that there was going to be a product that was needed around the world, and they were certainly looking at that part of it. It was no secret through those years that ISC and the government at the time was looking for sales for its expertise around the world.

[16:15]

That didn't happen, and there was certainly some internal issues with ISC as far as how well it was functioning just even here in Saskatchewan. Over the last number of years, it has kind of turned the corner I guess from where it had . . . the early stages. Has turned the corner and has been doing better and better in offering a very good service over the last number of years.

We kind of took from that, from the lead that was looked at, this type of service is, we believe, wanted not just here in Saskatchewan but across Canada and around the world. And I think that's obvious and evident seeing what Manitoba and Ontario or Teranet has done most recently. But we felt now that the company is working and functioning so well — it has a great track record here in Saskatchewan — that the ability to sell its expertise around the world was much greater now, but we also knew that there was reluctance from other governments to buy from governments.

So it's been a long process, I would say, dating back from the inception of ISC looking at selling its technologies around the world. So it's kind of gone through the different stages, got to a point where the company is doing very well here in Saskatchewan. We really believe that moving forward with an IPO [initial public offering] and having, you know, a minority share as government, a majority share as a private company, that the chances of selling its expertise across Canada and around the world is much greater.

So that has been the process all the way through. I don't think, you know . . . I would question that it would be a huge surprise, as that was really the intent of ISC and governments previous in the outset.

Mr. McCall: — I thank the minister for the response. In terms of the specific decision to proceed with an IPO or some partial privatization of the corporation though, if the minister could describe that timeline and decision-making process to the committee.

Hon. Mr. McMorris: — Well again, I guess it would be over the last year or so there's been more talk of it, and we decided that we'd move in that direction. I mean it ultimately comes down to, there's conversations around a lot of different issues that sometimes go to cabinet, sometimes don't go to cabinet, sometimes go to cabinet and are rejected. You know, whether it was the sale of Saskferco, the whole process that was gone through for the sale of that, it wasn't advertised publicly beforehand. It was a decision of cabinet, as was ISC.

Mr. McCall: — So again though, I'm just trying to gain as precise a picture as I can of what the decision-making process was. Because of course this arrived fairly abruptly into the public policy mix in this province, in terms of a decision that was a departure from what had been previously undertaken by the government as specifically regards ISC.

So again, to the minister: when did cabinet decide to proceed with the partial privatization of ISC, and what was the impetus for this decision? Was it from the corporation itself? Because there's certainly no evidence of that in the annual reports preceding this year. There's certainly no evidence of that, preceding in estimates or in committee participation by the corporation in years previous. Where did this direction come

from?

Hon. Mr. McMorris: — So on the specific timelines, it was in the fall with the announcement coming in November, that the decision was made in the fall. I am reluctant to go any further than that on the timelines or the process. As you can imagine, there's cabinet confidentiality. And so it could go to cabinet; it could not. I'm not going to get into those timelines previous because, I mean, I just can't release that, or I wouldn't release it, and don't necessarily have it all in the back of my head either. But I do know that the decision was made in the fall. An announcement was made in November.

If you back up to . . . Whether it was discussions or what have you previous, what I would say is that evaluations have been done on ISC a number of times: in 2003, 2006 I believe. And then our government did an evaluation on it as well. So there have been a number of evaluations on the company. Sometimes that is just to see what the company is worth. Sometimes it's also to see about whether, you know, whether a person would want to move on it. It's been done with other corporations as well.

Mr. McCall: — Well I'm glad the minister makes that distinction because, of course, if you're going to be a responsible steward of these resources for the people of Saskatchewan, you need to know the worth of them and the functioning of them, proper or not, on a periodic basis.

In terms of the evaluation that was undertaken by the current government, when did that take place? And was it undertaken as just a stewardship exercise in terms of the government or CIC [Crown Investments Corporation of Saskatchewan] looking to make sure that we had proper value for the asset? Or were there other mandates attached to that evaluation? And who conducted that evaluation?

Hon. Mr. McMorris: — So the most recent evaluation was done by RBC [Royal Bank of Canada] world markets. And I believe that, I believe that is who had done the previous evaluation. They certainly had some expertise, but it isn't just, you know, evaluations that were done previous. What we try and do through CIC is make sure that we use all the investment bankers that do evaluations, whether it's CIBC [Canadian Imperial Bank of Commerce] or RBC or whoever else. We try and spread the work around so this is not exclusive RBC territory, although they had done, I'm pretty sure, they had done the one in '06, and then they also followed through for ourselves.

I think, as I said, there's many reasons I guess a parent company such as CIC would have evaluations done, and definitely sometimes it is for just to gauge the value of your company. It is a little, I will say it's not completely rare, but it's a little unusual to do an evaluation in '03 and '06, which was done so quickly because of the value of the company doesn't change that terribly much.

So you know, I don't know what the intent was then. I can assume what the intent was for sure. We looked at it to see, you know, where it's at at this point because if we did want to move forward with a possible IPO, we wanted to know, have as much information as to what is the projected or, you know, estimated

value of ISC at this present time.

Mr. McCall: — Well I guess we can play the assumption game. And my assumption would be that, as the minister has referenced, between 2003, 2006 there had been a marked turnaround in terms of the operation of the corporation. Certainly from when I first showed up at this legislature, to the work that was done by Eric Cline and Mark McLeod and carried forward by the CEO [chief executive officer] seated at your left, there's been a fair evolution take place in the work of ISC. So in terms of how that was affecting the value of the asset, I don't find the timeline to be as unusual as perhaps the minister does. But when did the latest RBC evaluation take place? And how much was that network worth?

[16:30]

Hon. Mr. McMorris: — To RBC? So I would say that probably the early fall, late summer of '12 is when the evaluation was done. There was a process that we went through. It was kind of a closed bid. There's only a few companies that could look at this type of an organization, so it wasn't open for tender for all companies. But there was a selection process; RBC world markets obviously won that. They had had a fair amount of experience, as I said, in the past with ISC, so it wasn't like they were starting from scratch. They had a pretty good notion of that.

On the fee or value of what it had cost to have this done is . . . It's kind of an interesting process, in that if we were to move forward with it, it's back-loaded. They will get, you know, their fee because it's a lead on the IPO, for example. If it was not to move to IPO, there was — and I don't, we don't have it here — but they were to receive some fee for the valuation up front. But because they did the evaluation and will be managing the IPO as it moves forward, their fees will be off of that through that process.

Mr. McCall: — I thank the minister for that response. Can the minister undertake to provide those figures to the committee?

Hon. Mr. McMorris: — As far as what?

Mr. McCall: — As far as what the fee would have been if the IPO had not been proceeded with, but what the associated dollar figures are with the go-forward.

Hon. Mr. McMorris: — We'll certainly release what we can. There may be some issues around confidentiality and competitiveness when you go to a bid process. You know, CIBC [Canadian Imperial Bank of Commerce] for example would be very interested to know. So there are some, but we'll release what we can that won't jeopardize the confidentiality of the contract.

Mr. McCall: — I appreciate that, Mr. Minister. The share structure going forward in terms of the different tranches — the one for the employees, the one for the people of Saskatchewan — could the minister or officials describe what the thought process was around the apportionment of those shares?

Hon. Mr. McMorris: — Well I think I'd probably be best to try and answer that. I would say that we certainly realize the

value of the work that has been done to, as you would say, kind of right the ship of ISC. The employees have done an awful lot of work, have really, you know, through the president and CEO. He's mentioned many times how this is kind of their baby. They have done so much work on it and have got it to where it is today. We felt that they needed to be recognized for that. And that's why is it 5 per cent I believe is allotted just for employees that can purchase in, for just employees.

We thought it's very important that Saskatchewan residents have a large portion, and that is 45 per cent, so 45 per cent allotted to Saskatchewan residents. That doesn't mean that it can't go over that. That's what's protected for Saskatchewan residents. In other words, Saskatchewan residents could possibly buy up the whole offering if they so chose. But 45 per cent is protected for Saskatchewan residents, 5 per cent protected for employees. If they don't utilize that and purchase that, you know, I guess it is then opened up for other investors. But they are reserved for employees to begin with and also reserved for Saskatchewan residents.

Mr. McCall: — So in terms of the proportions, what was the thought on, again, the limit of 5 per cent or the 45 per cent carve-out or even the 40 per cent retained share? What was the thinking on that?

Hon. Mr. McMorris: — I think I'll start by the 5/45 and then the 50 I guess for at large, that piece. And then I'll touch on the 40/60 split, why we got to the 40/60 split.

The 5 per cent for an employee offering, it may not be exactly 5 per cent, but it's a standard practice that employees buy into the company. It's a good practice. I don't know if there's a goal or a specific number or a carved-out number that IPO should have X amount owned by employees. We felt that was a strong number. We felt that there should be good uptake. We hope there is. That's the number that we landed on.

Forty-five per cent . . . Again you combine those. That 50 per cent stays here in the province with people from Saskatchewan and employees getting up to the 50 per cent. We think it, you know, we hope it will be much higher because, like I say, it's not that they can only go up to 45. That is what is reserved. And so hopefully, you know, we'll see that it goes well past that 45 per cent by Saskatchewan people and hopefully past the 5 per cent for employees.

It's also important on an IPO that there is also, you know, I think at times some outside investors, money coming into the offering. Sometimes that creates turnover and keeps the stock active as opposed to kind of stagnating at where it's at. So those are all kind of, I would say, really almost best practices that were brought to us as far as, if this is going to be divided up, these are some of the things that should be thought of. That kind of answers that first part.

The second part on the 40/60, again there is no magic to the 40 or the 60 other than the fact that we felt very strongly that it was important that it is seen as a company that's owned privately, not by government. Not 60 per cent by government and 40 per cent by share offering, but 60 per cent through a share offering private and 40 per cent through government. We could have gone less on the 40 perhaps. Maybe higher on the 40.

We landed on the 40 because we think, number one, it's a good investment for us to keep 40 per cent. We believe the upside for the company is great, is very good, and so we want to have a piece of that. But having said that, we don't want to have control of it because we think that may limit the upside growth, and that's why we ended up at the 60/40, 60 per cent private. So other jurisdictions will look at it more as controlled and run privately with Saskatchewan government feeling confident in the company that they still keep 40 per cent so they'll benefit from any upside.

Mr. McCall: — So in terms of the share offering, what is the projected time frame on the IPO?

Hon. Mr. McMorris: — I should maybe just . . . So I guess on the timing piece, it's a little dependent on what happens here today and through the rest of the session. I mean the legislation has to pass. It doesn't go anywhere if legislation doesn't pass. Legislation has to pass, and we hope that will happen, you know, definitely by the end of session.

After that I'm going to be very, very vague and cloudy because of security regulations. What we say from now on may have an influence on what happens through the offering, such as me throwing out numbers of evaluation. I'm not doing, and even the exact timing I can't do because it will influence, and there are regulations through securities that I am bound by. So not that I'm trying to skirt the question, I just don't want to unduly influence an IPO that is for myself kind of the first time going through this. So I mean I don't want to jeopardize that process.

Mr. McCall: — In terms of ensuring the proportions, it leads to a couple of different questions. And this is when public institutions are privatized, there's always, you know, the year out, the two years out, the three years out. It's always pretty interesting to see how these things go. And stated intentions around X per cent for employees or X per cent for people of Saskatchewan, it's pretty interesting to see how those things are maintained or not over the medium and longer term.

What safeguards are there to ensure that these percentages are any more than the best guess of the government of the day? What sort of steps are there, either in the legislation or going forward, where if it's not 5 per cent or if it's less than 40 per cent for the, you know . . . What kind of guarantees can you make to the committee, Mr. Minister, on behalf of your government?

Hon. Mr. McMorris: — That's, yes, an interesting question. I mean you're asking, do we have guarantees? And of course you can't have a guarantee on an IPO. What we can say though, I guess the guarantees are that 5 per cent will be an employee offering; 45 percent will be for Saskatchewan residents.

Can we guarantee that the employees will buy up all 5 per cent? No. Can we guarantee that Saskatchewan residents will buy up the 45 per cent? No. Can we guarantee that Saskatchewan residents only buy up to 45 per cent and don't go over? We can't do that either. But what we can do is, you know, is put a lock on 5 percent for employees and 45 per cent in the initial offering for Saskatchewan residents. There is no guarantee. I mean we can't force people to go out and buy it, but we can't also limit them if they want to buy more than 45 per cent.

These are numbers that are kind of again looked at as on the employee piece. You know, not that it's this written-in 5 per cent is industry standard, but it is a strong indication to the employees that they have an option to buy into the company. They could buy more. But what we do know is that they have the ability. If it was without protection and somebody, you know, other people were swooping in and buying from other jurisdictions, they can't go past 50 per cent. The first 50 per cent is offered up to Saskatchewan and employees.

Mr. McCall: — Okay. I thank the minister for that answer. And again once you proceed down the road of privatization or partial privatization, you get into a number of mixed imperatives, and it can have a pretty interesting effect on what you're trying to do with the corporation. So with the partial privatization, of course you're trying to get best value for those shares. And one of the things that I'd like the minister to explain to me is when you're putting those limitations on the offering, how do you ensure that you've got the appropriate demand to gain the best possible value for those shares?

And there's an individual I've talked to that is a fairly long-time student of privatization of public corporations, and I'm not at liberty to use the individual's name. But the observation was that this in some ways is the worst of both worlds in terms of getting, you know, maximizing value of the shares once they go private, but at the same time foregoing the public control and public accountability and that ongoing revenue stream for the people of Saskatchewan. So I guess that's my question to the minister in terms of what does the proposed share offering structure do to the value of the shares?

Hon. Mr. McMorris: — I guess what I'd say to that is that I know from my few years in cabinet and pretty much every decision that we make, there will be people that will agree with it and disagree with it. And there'll be people kind of on varying degrees of acceptance, and I don't doubt that you can find somebody that would say this is, you know, the worst-case scenario. And we'll find lots of people that would say it's the best-case scenario for the province and for the potential of the company in that it allows it to go out to the international market as a private company.

Yes, there is some provincial government ownership, but it allows it to go out as a private company and to the rest of the world with, we believe, you know, hopefully success and the people of Saskatchewan will benefit from it. As opposed to, some would say you should go 100 per cent, completely sell it out. And if the company is very successful, you know, I guess, so be it. Although we don't see the benefit of it here in Saskatchewan as a shareholder, as a government shareholder.

So I mean there is, you know . . . That can be argued. Certainly I've heard it, but I've also heard on the other side too. I mean, it can be argued both ways. That's a very debatable, obviously a very debatable point.

Mr. McCall: — Well, I thank the minister for those answers. My colleague from Nutana has a couple of questions for the minister and then we're ready to proceed.

The Chair: — I recognize Ms. Sproule.

Ms. Sproule: — Thank you very much, Mr. Chair. Mr. Minister, you indicated in your opening comments that you've had reluctance on the part of other governments to purchase the expertise and services of ISC. Can you give the committee the actual factual information on that reluctance? Which governments had indicated that reluctance and on what occasions?

Mr. McMorris: — Thank you for the question. And I think you've kind of asked that question before. And this is not trying to avoid the question at all, but it's very difficult to get into specifics as far as jurisdictions that may be interested but didn't move on, because they could very well possibly be markets as we move forward. I don't think it'd probably be very wise to disclose who would be and wouldn't be interested, because there are competitors out there. For the services that ISC delivers, there are definitely competitors, and I don't think it would be wise for us to disclose too much of that information right now because we'll be competing with them.

Having said that though, we know there are competitors out there and we know there are other organizations that deliver this service in a private environment and we know that governments have moved on it, such as Manitoba. Right next door, the NDP [New Democratic Party] government in Manitoba is now contracting through Teranet which is a private company. They didn't knock . . . I won't even say that. I'm not going to go . . . I don't know the history of who Manitoba talked to and what they found out or who they didn't talk to. I do know though, shortly after we made the announcement that ISC would be up for an IPO shortly after Manitoba went to Teranet, which is a private organization to handle their land titles.

Ms. Sproule: — I think in lieu of the clock, I'm not going to ask any more questions. Thank you, Mr. Chair.

The Chair: — Okay. Well thank you, Minister, and thank you, members, for the questions. We will do clause 1, short title. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 28 inclusive agreed to.]

The Chair: — Her Majesty, and by with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: Bill No. 69, *The Information Services Corporation Act* without amendment. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. I would ask a member to move that we report Bill No. 69, *The Information Services Corporation Act* without amendment. Is that . . . I would ask a member to move that we report Bill No. 69, *The Information Services Corporation Act* without amendment. Mr. Parent has so moved. Is that carried?

Some Hon. Members: — Carried.

The Chair: — Agreed. We will now move into the consideration of Bill No. 45, *The Miscellaneous Statutes (Saskatchewan Telecommunications) Amendment Act, 2012*. We will start with clause 1, short title.

Mr. Minister if you have any opening remarks, you may proceed. And I see you have new officials if you want to also introduce them, and when they first time come to the mike they can say their names. Mr. Minister.

Bill No. 45 — *The Miscellaneous Statutes (Saskatchewan Telecommunications) Amendment Act, 2012*

Clause 1

Hon. Mr. McMorris: — Thank you, Mr. Chair, and I'll be brief with my comments and brief with my introductions. To my left is Mike Anderson who is the chief financial officer, and to his left is John Meldrum who is vice-president of regulatory affairs and legal counsel.

As I said, I'll be brief regarding this bill. What it is, is SaskTel is suggesting an amendment to section 11(4) of the Act that requires cabinet approval for purchases of sales or real property in excess of 200,000. It is recommended that this be amended to comply with the model that allows cabinet to set monetary limits for its approval. This amendment is housekeeping in nature and the new model is more effective and efficient.

SaskTel is also suggesting an amendment to section 15(4) of the Act which currently sets a maximum return of 30 years . . . Maximum term, not return. Maximum term of 30 years for any money that the Ministry of Finance borrows on behalf of SaskTel. It is recommended that this limit be deleted. If the amendment to section 15 is not made, SaskTel would be restricted from participating in any Government of Saskatchewan borrowings that exceed 30 years. This may lead to increased borrowing costs and less flexibility of borrowing. With that we'd be glad to answer any questions.

The Chair: — Thank you, Minister. Mr. Belanger.

Mr. Belanger: — Yes, just quickly a couple questions here. I was looking forward to an hour with you, but time of course is a constraint in this business. Just in terms of the money itself, what are you looking forward to borrowing and what is the money going to be used for?

Mr. Anderson: — Sorry, just to . . . Sorry, could you just repeat the last part?

Mr. Belanger: — What is the money primarily used for, the debt that we're looking at incurring there?

Mr. Anderson: — Okay. Yes, I'm sorry. The money is used to fund our capital programs. Typically in the past, prior to say the last five years, SaskTel's capital programs have been much lower than they have been recently, and we've been able to essentially self-finance. With the size of the capital programs that we're dealing with now where we are effectively rebuilding our networks, all of our systems, and even some of the buildings, we've got very large, in fact precedent-setting capital spending and are not able to fully self-finance. So the

borrowing is to help pay for the capital programs.

Mr. Belanger: — Quickly, does any of the capital programs you're looking at include cellphone expansion?

Mr. Anderson: — Yes. So there is, for this year alone, the capital program is about \$402 million. About \$82 million of that is fibre to the prem. About 45 million more is on our 4G wireless network expansion and capacity and coverage issues.

Mr. Belanger: — Okay. And finally the biggest, probably the greatest challenge we have in terms of SaskTel's stability for the next coming 30, 40, 50 years is the whole notion of the broadband frequencies that the federal government is selling. Is there a price tag that, like a ballpark price tag that they're expecting a bid at? Any information on that?

Mr. Anderson: — It is an auction that the federal government will be holding on the spectrum. So you know, it's hard to say what prices may go for. The members may remember there was a similar auction, I believe in 2008, with AWS [advanced wireless services] spectrum. And at that time that spectrum, which is not as strong a frequency as this spectrum, that spectrum at that time went for about 65, \$66 million.

Mr. Belanger: — Okay. I've got more questions on this particular issue, but we'll ask in . . . on different forum, so that's all the questions I have for now.

The Chair: — Thank you, Mr. Belanger. Seeing no other questions, we will . . . Clause 1, short title, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 4 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: Bill No. 45, *The Miscellaneous Statutes (Saskatchewan Telecommunications) Amendment Act, 2012* without amendment. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. I would ask a member to move to report Bill No. 45, *The Miscellaneous Statutes (Saskatchewan Telecommunications) Amendment Act, 2012* without amendment. Mr. Parent has so moved. Is that carried?

Some Hon. Members: — Agreed.

The Chair: — Carried. I believe with the agenda being done, I would ask a member to move a motion of adjournment. Mr. Makowsky has moved a motion of adjournment. Is that agreed to?

Some Hon. Members: — Agreed.

The Chair: — Carried. This committee now stands on the call

of the Chair. Thank you very much.

[The committee adjourned at 16:59.]