



# **STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES**

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## **STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES**

Ms. Colleen Young, Chair  
Lloydminster

Mr. Ryan Meili, Deputy Chair  
Saskatoon Meewasin

Mr. Fred Bradshaw  
Carrot River Valley

Mr. Terry Dennis  
Canora-Pelly

Mr. Glen Hart  
Last Mountain-Touchwood

Mr. Warren Kaeding  
Melville-Saltcoats

Mr. Kevin Phillips  
Melfort

[The committee met at 18:31.]

**The Chair:** — Good evening, everyone. Welcome, members, to committee. Sitting in this evening is myself, Colleen Young, as Chair, committee members: Fred Bradshaw, Terry Dennis, Warren Kaeding, Kevin Phillips, and Mr. Hart will be joining us in a while. And subbing in for Mr. Meili is Mr. McCall.

We have one document to table, CCA 39-28, Crown Investments Corporation of Saskatchewan: Report of public losses, January the 1st, 2017 to March 31st, 2017.

If committee is in agreement, we will first consider the annual reports of SaskGaming as scheduled and then followed by consideration of the annual reports of STC [Saskatchewan Transportation Company] and SGI [Saskatchewan Government Insurance]. We will then consider the estimates for SOCO [Saskatchewan Opportunities Corporation]. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Agreed. Thank you.

**Saskatchewan Gaming Corporation  
SGC Holdings Inc.**

**The Chair:** — We will now begin our consideration of the 2015-16 Saskatchewan Gaming Corporation annual report and SGC Holdings Inc. financial statements for the 15-month period ended March 31st, 2016. Minister Tell, would you please introduce your officials and make any opening comments that you wish.

**Hon. Ms. Tell:** — I will. Thank you, Madam Chair. On my right is John Amundson, senior vice-president of finance and IT [information technology]. On my left is Blaine Pilatzke, vice-president of corporate services. Beside Blaine is Shanna Schulhauser, director of communications; and in behind here is Curtis Funk, our controller. Kirsten Felber is beside him, my chief of staff. Thank you very much. These officials will be available to answer any questions that you may have on the finances and the operation.

Madam Chair, the last time SaskGaming appeared at this committee was in September, 2015. Since that time the corporation has achieved plenty. In January of 2016 Casino Regina celebrated its 20-year anniversary. To mark the occasion, the corporation held its inaugural charity championship, an event that saw more than 30 teams fund raise and then compete in a giant inflatable obstacle course to win a cut of \$22,000 prize pool for a charity of their choice. In total the event raised more than \$72,000 for 30 Saskatchewan charities and non-profits. A truly incredible feat.

Supporting the communities for which we live and work is near and dear to SaskGaming. Through its community giving program, the corporation invested nearly \$518,000 in the 15-month year of 2015-16 to local organizations, projects, and events, and it continues to deliver a significant net benefit to the people of Saskatchewan. Through its commitment to the First Nations Trust, the Community Initiatives Fund, and the Clarence Campeau Development Fund, the corporation

endowed a total of 32.7 million in 2015-16 to the GRF [General Revenue Fund].

In fulfillment of its mandate, SaskGaming remains committed to operating Casinos Regina and Moose Jaw in a socially responsible manner. In October 2015 the corporation introduced a disentanglement of winnings policy. This policy denies prohibited individuals from receiving cash or prizes at either Casinos Regina or Moose Jaw. As such, this removes the primary incentive to gamble, deters prohibited individuals from entering SaskGaming properties, and helps to strengthen the terms of the corporations voluntary self-exclusion agreement.

In October 2016 Casinos Regina and Moose Jaw obtained accreditation through the Responsible Gambling Council of Canada's responsible gambling check program. The RG or responsible gaming check program is one of the most rigorous responsible gambling accreditation programs in the world. This accreditation is only afforded to casinos that have achieved the highest standards in responsible gambling programming. Along with the award-winning GameSense responsible gambling program, Casinos Regina and Moose Jaw are proud to offer an always entertaining experience that strikes an important balance between fun and accountability.

It's prudent to note that the corporation recently undertook a handful of changes to its GameSense program. In order to streamline the delivery of the program, the corporation eliminated three GameSense adviser positions. The fourth GameSense adviser was deployed to the food and beverage unit at Casino Regina as food and beverage manager. This was a difficult business decision especially since jobs were on the line. However it's important to note SaskGaming has retained a manager of responsible gambling to oversee the administration of the GameSense program at both casino properties and that all employees at SaskGaming receive responsible gambling training upon hire and then three years thereafter.

The corporation also maintains a number of other supports through its GameSense program, including a voluntary self-exclusion program, GameSense kiosks, and the ability for Players Club members to request player activity statements and much more. These changes now bring the delivery of GameSense program at Casinos Regina and Moose Jaw in line with the delivery of the program at other casinos in the province.

SaskGaming is proud to be the largest diversity employer in the Government of Saskatchewan with more than 40 per cent of its employees being of indigenous descent. And it's proud to have welcomed more than 4 million guests to Casinos Regina and Moose Jaw in the 15-month year-end ending March 31, 2016.

Looking forward, SaskGaming is dedicated to its long term success and sustainability. This means innovating for the future by introducing new product lines and entertainment and by reaffirming its commitment to the backbone of the corporation — its employees and its guests. Madam Chair, this concludes my opening remarks at this time. I will turn it over to the member for Regina Elphinstone and invite questions. Thank you.

**The Chair:** — Thank you, Minister. I will now open the floor to any questions. Mr. McCall.

**Mr. McCall:** — Thank you, Madam Chair. Thank you, Madam Minister, officials. I'll get right to the questions. Well I should say off the top, just through yourselves, thank you very much to the men and women of Saskatchewan Gaming Corporation for the work that they do. And certainly I know that in my constituency, the Casino Regina is definitely one of the more substantial employers for the men and women that I have the privilege to represent. So just off the top to say thank you for the work that they do.

And I guess that's the place we'd like to start, is with the different sort of austerity measures that were implemented by the government, certainly the goal of 3.5 per cent reduction in compensation overall. How is that being applied at Casinos Regina and Moose Jaw?

**Hon. Ms. Tell:** — The 3.5, negative 3.5 is not something that has been embarked on or initiated within the corporation, except to say that the issue of 3.5 has been introduced at some of the bargaining units affected for that work at SaskGaming.

**Mr. McCall:** — Can the minister or officials describe for the committee the overall full-time equivalent complement at Casino Regina and Moose Jaw, and the number of folks in scope, number of folks out of scope.

**Hon. Ms. Tell:** — As of March 31, 2017, 606.17 actual FTEs [full-time equivalent]. In-scope, 609; out-of-scope, 170; part-time, 341; full-time is 438.

**Mr. McCall:** — Thanks for that. In terms of the in-scope folks, could you describe for the committee who the collective bargaining agreements are with and the status of those CBAs [collective bargaining agreement]?

**Hon. Ms. Tell:** — Okay. There's a number. There's more than one union that represents employees. It's the Retail, Wholesale and Department Store Union; Public Service Alliance of Canada; International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts of the United States, Its Territories and Canada — in other words, IATSE [International Alliance of Theatrical Stage Employees] Local 295.

The RWDSU [Retail, Wholesale and Department Store Union] contract is set to expire September 30th, 2018. PSAC, or the Public Service Alliance of Canada, will expire December 31st of 2016. RWDSU expires February 6th of 2018, and IATSE July 7th of 2017.

**Mr. McCall:** — So those are three collective agreements that are currently closed. Am I understanding that correctly? RW [Retail, Wholesale] came in for a couple of mentions there, so am I . . .

**Hon. Ms. Tell:** — Yes . . . [inaudible] . . . RWDSU isn't set to expire till September 30th of 2018, and RWDSU isn't set to expire till February 6th. So there's two that are not open. Well, there's three because of the July 7th, but that one's coming up obviously.

**Mr. McCall:** — Okay. So again four collective agreements, am I understanding that correctly? Two RWDSU locals, food and beverage both sides, Van Horne's, and the lounge. Am I . . .

**Hon. Ms. Tell:** — Food and beverage.

**Mr. Pilatzke:** — Actually . . .

**Hon. Ms. Tell:** — Just say your name . . . [inaudible].

**Mr. Pilatzke:** — Blaine Pilatzke, vice president, corporate services. We essentially have an all-employee bargaining unit at Casino Moose Jaw which is represented by RWDSU. So they would represent both food and beverage as well as our gaming employees, our maintenance staff, etc. there. Our RWDSU bargaining unit here at Casino Regina is strictly food and beverage operation.

**Mr. McCall:** — Thank you very much for that clarification. A lot of clarification goes a long way with me, so thank you for that.

In terms of the collective bargaining agreements that are open, I'm presuming that the directive is find 3.5 per cent reduction in overall compensation. Is that correct?

[18:45]

**Hon. Ms. Tell:** — Yes. All unions, even the ones with closed agreements were spoken to by SaskGaming, and the comment to them is that we're looking for a 3.5 per cent reduction and are going to work with our union bargaining principles to hopefully try and achieve that.

**Mr. McCall:** — So with Sask Gaming Corp overall, is there a figure that has been arrived at that amounts to 3.5 per cent for reduction to overall compensation, both in-scope and out-of-scope? And is that broken up in turn, in-scope and out-of-scope, and different amounts therein assigned to the different components? Is that the arrangement with Sask Gaming Corp?

**Hon. Ms. Tell:** — The details and the dollar figures haven't been discussed by SaskGaming with the bargaining principals of the affected unions.

**Mr. McCall:** — Just for argument's sake, how much is 3.5 per cent reduction in overall compensation for Saskatchewan Gaming Corporation?

**Hon. Ms. Tell:** — For the entire corporation, it's 1,577,940 for the entire corporation. That includes in-scope and out-of-scope.

**Mr. McCall:** — So roughly \$1.57 million.

**Hon. Ms. Tell:** — 1.58.

**Mr. McCall:** — 1.58, okay. And I guess, to ask the question a different way, what of that amount has been apportioned to the out-of-scope folks and what for the in-scope folks?

**Hon. Ms. Tell:** — We'll get back to you with an answer on that specific breakdown.

**Mr. McCall:** — I appreciate the minister's undertaking on that score. Thank you. Again, to go to folks that have closed bargaining agreements and to say, come up with 3.5 per cent reduction in overall compensation, what happens if the \$1.8 million isn't achieved by the Saskatchewan Gaming Corporation come next fall, as the budget cycle accelerates for the year to come? What happens in that circumstance?

**Hon. Ms. Tell:** — Well, as has been stated, is that we're each affected. The public service union has been asked, and will continue to be asked, to find a 3.5 per cent decrease. You know, our process is to have these discussions with the unions — whether they're closed or not; or open agreements, it doesn't matter — and plant the seed that this is what we're looking for.

The what-if scenario, we're not, you know, we're not prepared to entertain that at this particular point in time. We're asking the affected public service unions to help us try and find the savings required.

**Mr. McCall:** — Thanks for that. How does it work as regards out-of-scope employees? How is that process unfolding?

**Hon. Ms. Tell:** — I think it's important, is that we have a consistent approach across any one corporation. In this sense, it's SaskGaming, so we're waiting to see. We're waiting with respect to the bargaining, and what happens there will determine how the out-of-scope are going to be handled then too. So it's just making sure that we apply consistency.

**Mr. McCall:** — Okay, but there's no determined approach in terms of settle up the collective bargaining agreements first and then move to the out-of-scope component, or go with the out-of-scope folks first, then the in-scope?

**Hon. Ms. Tell:** — Well I think that's indeed what we're trying to do, is dealing with the union in particular first. I mean, that's our first priority. And from there, depending on how things go, will determine how we're going to engage with the out-of-scope employees.

**Mr. McCall:** — Thanks for that. In terms of the Saskatchewan Gaming Corporation being part of the gaming framework agreement and that being in an open period right now in terms of negotiation, what is the interaction of Saskatchewan Gaming Corporation with the negotiation of the GFA [gaming framework agreement]?

**Hon. Ms. Tell:** — As I suspected, the answer is none.

**Mr. McCall:** — In terms of the 40 per cent employees at casinos Regina and Moose Jaw that the minister had referenced that are of indigenous ancestry — and again, the minister in the opening remarks had also referenced the 20th anniversary of Casino Regina — that was initially a goal of 50 per cent. What measures are being undertaken by the corporation to achieve that goal of 50 per cent First Nations and Métis employment with the SGC [Saskatchewan Gaming Corporation]?

**Mr. Pilatzke:** — Blaine Pilatzke. We have undertaken a number of efforts to try to meet that target. We recognize that it's a long-term target as well. We preference all our hiring, all our vacancies. We designate where we feel that we have a

sufficiently large pool of candidates to fill those particular vacancies.

Also in 2013 we developed essentially a three-part strategy, if you will, to target specifically Aboriginal recruitment and retention. Much of that is really, as I spoke before, targeted recruitment and efforts to remove any barriers to entry for employment.

We also developed an internal committee called our Aboriginal employees' network that really do a lot of work around cultural historic education of the staff, really in an effort to try to create a very welcoming and warm environment as well.

And the other thing we do is we are quite careful about exits, and we try to understand why people are exiting the corporation. And I'm pleased to say that for the most part people are leaving for the right reasons, going to probably more stable employment in terms of better hours of work, because we are very much a shift work, night shift environment, and anybody with a family has the difficulty of balancing that. So those are really the three things that we target.

And the other thing is we do keep a close contact and close eye on our Aboriginal recruitment efforts as well, and we report that on a quarterly basis as part of our balanced scorecard measure as well.

**Mr. McCall:** — Thanks for that. Conscious of the time that we've got allocated this evening and looking forward to the next time we should meet to consider this annual report and the work of Casinos Regina and Moose Jaw, I just want to ask you a question about, in the past year has the Saskatchewan Gaming Corporation been — either the minister or her chief of staff, or officials on the part of the government, or officials on the part of the commission or in the corporation — has anyone been in discussion about a possible sale of the corporation?

**Hon. Ms. Tell:** — The answer . . . Of course I just wanted to refer to one past one that happened, as you're well aware, happened in 2014, but there have not been any discussions by myself, my staff, my ministerial staff, nor my ministry or the Sask Gaming Corporation in relation to selling the casinos, Regina and Moose Jaw.

**Mr. McCall:** — I thank the minister for that. In terms of the employee reductions that were experienced earlier in the year — and the minister referenced them in her opening remarks — I guess this is sort of a two-part question in terms of how does the corporation maintain its accreditation under the GameSense program?

[19:00]

**Mr. Pilatzke:** — The RG Check accreditation is conducted by an outside agency, the Responsible Gambling Council, and it really entails a documentation review, staff surveys, patron surveys, mock self-exclusion exercises, on-site interviews, and physical reviews of each of the casinos' gaming floor and back-of-the-house areas. So it's essentially a very comprehensive audit, if you will, I think by this council, and then you acquire accreditation if you meet their standards.

**Mr. McCall:** — Certainly when the accreditation was attained, there was a responsible gaming unit consisting of five employees. That's been reduced to one. How does that impact the accreditation of the GameSense involvement of SGC?

**Mr. Pilatzke:** — Blaine Pilatzke. We don't anticipate any issues. We're still very committed to responsible gambling and the responsible gambling program. And as an example, SIGA [Saskatchewan Indian Gaming Authority Inc.] also is accredited and they have one responsible gambling person to cover six properties. And so we feel quite comfortable with the measures that we have in place and we don't anticipate any difficulty in terms of retaining that accreditation.

**Mr. McCall:** — Is it renewed on an annual basis, or when is the next sort of check-in with the Responsible Gaming Council?

**Mr. Pilatzke:** — Blaine Pilatzke. Every three years.

**Mr. McCall:** — Every three years. So when does that three years . . .

**Mr. Pilatzke:** — 2019.

**Mr. McCall:** — 2019. Thank you for that. In terms of the . . . You know I'm flashing on different of your advertising campaigns over the years, but how does Saskatchewan Gaming Corporation know when too much is enough? How does the Saskatchewan Gaming Corporation keep track of the overall levels of problem gambling that they're associated with, and how do they keep track of where they're at in a provincial context?

The Responsible Gaming Council certainly provides different information on that in an annual sort of report card, but the last extensive baseline kind of study done on problem gambling in Saskatchewan, when did that take place?

**Hon. Ms. Tell:** — It has been a while since a study has been done and you know, the year that it was done, we'll get back to you on that. We don't have that right at our fingertips here. It's been a while though.

**Mr. McCall:** — Thank you very much for that. So in terms of gathering that information and knowing precisely what the landscape is that we're dealing with . . . because we certainly hear a lot from casinos Regina and Moose Jaw that they take their work around responsible gambling very seriously. And we take that at its word, but if you don't have the information, if you're not doing the research, how do you know? So is the minister or officials aware of any work that Saskatchewan Gaming Corporation or the regulator in Saskatchewan Liquor and Gaming or the Ministry of Health, is there any work to be undertaken in terms of establishing what that clear picture is of what's happening with problem gambling in Saskatchewan overall?

**Hon. Ms. Tell:** — SaskGaming is one part of the gambling framework in the province of Saskatchewan, and I mean we have lotteries and whatever the case may be. I mean, it's not just these two casinos. And we're not aware with respect to SIGA or SLGA [Saskatchewan Liquor and Gaming Authority] or Health whether anything has been undertaken in those

particular areas. We don't know.

**Mr. McCall:** — Is that something that Saskatchewan Gaming Corporation might request of those two entities?

**Hon. Ms. Tell:** — Yes. We can certainly ask them if they have any data. I am certain though, if there was data available that they would have or did a report or a study, that they would've shared it with the affected parties. But certainly we can have conversations with them.

**Mr. McCall:** — I hope so because, as the minister points out, it's been a while since there was some kind of landmark baseline study done as to what the state is of problem gambling in Saskatchewan. Thank you.

**The Chair:** — Thank you. The time being concluded for this portion of the committee, I will now ask a member to move that we conclude consideration of the 2015-16 Saskatchewan Gaming Corporation annual report and SGC Holdings Inc. financial statements for the 15-month period ended March 31st, 2016.

**Mr. Dennis:** — I so move.

**The Chair:** — Mr. Terry Dennis has moved that we conclude consideration. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Madam Minister, if you have any closing comments you would like to make.

**Hon. Ms. Tell:** — The only thing I would like to say is thank you for your time.

**The Chair:** — Thank you.

**Hon. Ms. Tell:** — Thanks.

**The Chair:** — Mr. McCall, if you have any closing comments you'd like to make.

**Mr. McCall:** — I am thankful as well to the committee members, to the minister, and her officials.

**The Chair:** — Thank you. We will now just take a short recess to change ministers.

[The committee recessed for a period of time.]

### Saskatchewan Transportation Company

**The Chair:** — All right, welcome back, committee members. We have substituting in for Mr. Meili is Mr. Doyle. We will now move into consideration of the 2015-16 annual reports of STC. Minister Hargrave, would you please introduce your officials and make any opening comments you wish.

**Hon. Mr. Hargrave:** — Thank you, Madam Chair. I'm pleased to be here this evening to appear before the Crown and Central Agencies committee to speak to the 2015-16 Saskatchewan Transportation Company annual report, as well as other more

recent developments.

[19:15]

Appearing here with me this evening to assist in answering questions are senior officials from STC and CIC [Crown Investments Corporation of Saskatchewan]. To my right is Mr. Shawn Grice, president and CEO [chief executive officer] of STC. To my left is Dean Madsen, chief operating officer. Also this evening with us, to my left is Michelle Maystowich, chief financial officer, and Ms. Candace Caswell, executive director, strategic planning and communications, as well as Blair Swystun, CEO of CIC, and Cindy Ogilvie, CFO [chief financial officer] of CIC.

We are pleased to present the 2015 and '16 annual report for your examination. I will keep my remarks fairly high level and relevant to the current environment. We are also prepared to provide answers to any questions on the documents before you.

Madam Chair, before we discuss the 2015-16 annual report, I want to speak to some recent events. On March 22nd, 2017 my colleague the Hon. Kevin Doherty, Minister of Finance, delivered the province's 2017-18 budget. This is a time without precedent in this province, currently facing a deficit of \$1.3 billion while the markets continue to deliver low commodity prices that directly impact our provincial revenues. This government had some very difficult decisions to make. If we're going to return the province to balance and meet the challenge of this deficit, then we need to shift our reliance from resource-based economy to a more diversified model.

Saskatchewan already has a diversified economy that is the envy of many jurisdictions, but the world markets and economy have had an impact that now requires a different approach and some difficult decisions. The government is determined to address the imbalance rather than leave it for our children and our grandchildren to pay.

Madam Chair, the subsidy that was required for STC to continue operating in 2017-18 was an estimated \$17.1 million. That's the highest level yet in the history of the company. And if you look forward to the next five years, keeping that operation on the road would cost 85 to \$100 million. Since 2007 the required subsidy already invested totals of 112 million. That level of subsidy is just not sustainable and we felt those funds could be better spent on other government priorities.

Ridership continues to fall, a trend that is not unique to Saskatchewan by any means. Intercity bus transportation across Canada is declining. In just this last year, STC's ridership has forecast its line by 18,000 passengers. And since 2012, 35 per cent fewer riders take the bus. Since its peak in 1980, 77 per cent fewer passengers have used this service.

Out of the 27 routes STC operates in Saskatchewan, only 2 of those are profitable. Earned revenues would only cover roughly 50 per cent of the operating cost in 2017 and subsidies would be required for the balance. As a businessman I can tell you that's just not sustainable. In 2007 the per-passenger subsidy provided through government grants was about \$25 per ride. Today that subsidy is \$94 per ride. That again is just not sustainable. This

is when the decision to wind up, wind down STC was made.

Operations for incoming freight services will end May 19th, 2017 and passenger services will end on May 31st, 2017. Services required contractually for Greyhound will require ongoing support through to September 29th, 2017. Those services will include ticketing, freight forwarding, and providing passenger rest stops.

Now I'd be remiss if I didn't also talk about the impacts of this decision. This is a system that has been in the province for 70 years and a system that many folks worked very hard, and that is not lost on us. A total of 224 employees will be impacted, both in-scope and out-of-scope. That was a very difficult decision to make. However, we know that the job market in the province is strengthening and we are confident that these good people will be able to find work in our province.

We're also confident that the private sector and the not-for-profit and service sector will see the opportunities available and act on those. That's already been reported in the news, and I understand there are a number of companies looking at those opportunities. This is interesting that neither the government nor STC has created, and no linkages to current STC operations are being made.

Removing STC is opening up a more competitive sector for entrepreneurs. Smaller companies and operations can offer services at a lower cost of overhead and in areas where demand warrants, something a province-wide service in a model such as this can't do. We can no longer do things the way we've always done them. Change is constant and necessary now more than ever, and this is one of those changes.

Madam Chair, this concludes my opening remarks. I'll now turn things over to Shawn Grice, president and CEO of STC to give an overview of the 2015-16 annual report and operations for the company. Following Shawn's review, my officials and I would be pleased to answer the committee's questions. Shawn, over to you.

**Mr. Grice:** — Thank you, Minister, and good evening everyone. Thank you for the opportunity to speak to some of STC's highlights of their 2015-16 annual report.

The theme of our 2015-16 annual report is an appreciation of our customer survey results. Each year STC surveys both passengers and parcel express customers. In 2015-16, 93 per cent of passengers rated their satisfaction with STC as either good or excellent. The surveys were distributed to passengers and were voluntary, but we did receive excellent response rates with roughly 2,000 or 41 per cent of passengers participating. Ninety-five per cent of parcel express customers rated their satisfaction with STC as either good or excellent.

The express survey was delivered online, and we saw roughly 850 customers complete the survey. And the respondents ranged from our large business customers to individual shippers.

Although advertising was limited in 2015-16, STC continued to offer the frequent rider card to passengers, giving them a tool to save 20 per cent off their trips for a year. Just under 750 cards

were sold throughout the year. Facebook and internal advertising were used to reach out to those who could benefit from this discount.

STC's email loyalty program, Ride Rewards, was also used to reach out to those who use STC services. Monthly emails kept members informed of STC's standard discounts and engaged them with the company. Draws were held each month and winners were provided with STC promotional items. Contests were also held as a means to encourage more people to sign up for ride rewards and the year ended with over 6,300 members in the program.

Facebook and LinkedIn were the social media tools used regularly by STC. Information on STC services, ideas for trips across Saskatchewan, and customer service support were the main topics on Facebook. LinkedIn was a primary tool for career postings and reaching business customers with information on travel options.

As described in the report, the amenities offered on the fleet continue to be an important attraction for riders. Wi-Fi remained the most popular amenity allowing passengers to relax or work online during their trip. When combined with our 110-volt power outlets and extended leg room, even the longest trips on our network were more enjoyable for our customers.

STC's network connected 253 communities across Saskatchewan in 2015-16. Partnerships with the private sector carriers and Greyhound Canada expanded the options for travel in Saskatchewan and across Canada.

Transporting people is only a portion of the service provided by STC. The delivery of freight is a key revenue stream for the corporation. Compartments under the large coaches or in trailers being pulled behind the fleet are filled with packages moving between businesses and individuals. STC provides service on weekends for a number of schedules in the province.

Partnerships are key to STC's delivery of seamless passenger and freight services and expand the options for shippers to other points in Saskatchewan and across Canada. Sixteen interline and contract carriers, 174 agencies, and 8 pickup and delivery operators worked with STC in 2015-16. Each of these private operators are important to STC's ability to service a geographically dispersed market.

Maintaining a province-wide transportation network requires a strict adherence to safety throughout the organization. STC is proud of the culture of safety among the staff. This culture begins with training our people at the outset of their employment and extends into every aspect of the business.

The maintenance programs for the fleet and equipment and the safety training and practices of our drivers are strictly adhered to. In 2015-16, STC celebrated and honoured operators who reached safety milestones in their careers. Many of our motorcoach operators have a safe driving record that exceeds 1 million miles. STC driver trainers consistently follow the officially STC professional driver training program to ensure new operators are safely qualified.

Operators require CPR [cardiopulmonary resuscitation] and

first aid certification as part of their training and recertification is necessary every three years. STC adheres to a checklist of tests and inspections to the engine and body of coaches on every scheduled service. All coaches in the fleet from the smaller 22-passenger coaches to the full size 51-passenger MCIs [Motor Coach International Inc.] are installed with global positioning systems and on-board cameras to help address any safety concerns.

STC maintains a contingent of mechanics in both Saskatoon and Regina to ensure routine maintenance and timely servicing is completed on schedule.

STC continues to demonstrate its commitment to transport safety through ongoing learning and development opportunities, such as providing new drivers with training focused on defensive driving fundamentals and attitudes and accident prevention. In 2015-16, all motorcoach operators were required to complete mandatory recertification on pre- and post-trip inspection and hours-of-service regulations during the year. The safe and timely delivery of passenger and freight services is only possible through the commitment and dedication of the STC staff.

The recruitment of new staff that share our values is important, as is the retention of staff that have built their career at STC. As a federally regulated employer, STC reports annually to the Canadian Human Rights Commission on our compliance with the *Employment Equity Act*. In addition, as part of our governance scorecard, we report on the representation of women in executive and senior management positions. I'm pleased to report that women currently make up 50 per cent of STC's board and 50 per cent of its executive team.

Training focusing on the company's occupational health and safety program reinforces our culture of safety and our commitment to Mission: Zero. Our ongoing investment in improving return to work programs and training employees in regulations and safe work procedures continues to pay off. Our dedication to this area is demonstrated through a measure in our balanced scorecard that tracks the percentage of days lost due to compensable injuries each year. I'm pleased to say that we exceeded our target in 2015-16, reaching a days-lost percentage of less than 1 per cent. The five-year average at STC is 1.4 per cent and is the basis for the target in the balanced scorecard.

In addition to the dedication that staff showed to our customers, the employees also enjoy giving back to groups and communities across Saskatchewan. Ongoing work with groups like Canadian Red Cross, Canadian Diabetes Association, and CAA [Canadian Automobile Association] Saskatchewan allow STC to provide transportation and shipping in support of the valuable work done by these organizations. Employees in Regina, Saskatoon, and Prince Albert also organized a food drive during the holiday season to support local food banks.

I will now comment on STC's fleet. In 2014 and early 2015, STC acquired five used 51-passenger coaches, which mitigated the need for a capital grant in 2015. Full-size coaches are important for higher volume passenger and freight schedules. Although mid-week passenger counts may be lower, freight volumes often fill the compartments of these full-size coaches and the trailers they pull during the week. The use of full-size



coaches is important to meet peak demands on each of these routes. Passenger loads tend to be highest on Fridays and Sundays.

Although STC's fleet includes just over 30 full-size coaches, it is important to note that STC has a variety of coach sizes. Since the early 2000s, STC has had various small coaches running schedules with lower ridership. These smaller vehicles have included 15-passenger vans and 22-, 26-, and 28-passenger coaches. Historically these smaller vehicles have not been able to offer the same level of comfort or all the amenities of a full-size coach. The smallest 15-passenger vans were discontinued in 2009. The 15-passenger vans were the least liked by our ridership as they were difficult to enter and exit, had no washrooms, seating was crowded, and the ride was rough. In fact on some schedules, passengers would decide to postpone their travel plans if a van was their option and would wait until a full-size coach would arrive.

The other smaller 22- and 26-passenger coaches continued to play a role on our lower-use schedules in rural Saskatchewan. Although better than a 15-passenger van, these smaller coaches still do not offer the same level of comfort as a full-size coach, but they do offer washrooms and in some cases wheelchair access.

In 2015, another option was identified, a 16-passenger Sprinter DUR-A-BUS. The Sprinter offered a level of comfort comparable to a full-size coach. Although these vehicles do not have wheelchair access or washrooms, it was determined that they would be an excellent addition to the fleet for use on some of the less travelled routes.

In February of 2016, just before the end of the previous fiscal year, so 2015-16, three Sprinters were ordered. Deployment was planned for the fall of 2016. However, delays in their arrival and subsequent upfitting of amenities, such as Wi-Fi, meant they were not available for deployment until just prior to the announcement of the windup of STC. Actually, they were not available until actually even today. The Wi-Fi material was just delivered after the budget day announcement of March 22nd.

I will now briefly turn to the financial aspects of our company. Operations are funded through revenues from passengers, freight, and other services offered by STC, in addition to being subsidized through grants received from Crown Investments Corporation. Each year, we submit our performance measures and our operating grant requirements to CIC for review and approval. The capital requirements for our fleet, buildings, and equipment are met through the provision of that capital grant.

[19:30]

Looking at our capital requirements for the 12 months ending December 31, 2015, STC did not receive a capital grant. Projects that began in 2014 were completed with the prior year's funding. A capital grant of 450,000 was provided for the three-month period ending March 31, 2016, and capital expenditures for the year were primarily allocated to fleet, including one used full-size coach ordered in 2014, three Sprinters, one used 26-passenger coach, and building investments.

The most significant capital project related to buildings in 2015 was the refurbishment of the Regina Maintenance Facility. Funding for the project of 3.82 million was approved in 2013 to address building inspections that had previously identified that the structure of the 60-year-old building would need to be replaced if operations were to continue at that location.

STC reviewed a number of options including moving or rebuilding, but the most cost-effective solution was to replace the wooden structure with a new steel skeleton. The project also included the modernization of electrical, mechanical, and HVAC [heating, ventilating, and air conditioning] systems in the building. Capital spending on this project in 2015-16 was 2.4 million, and the total project was completed at a cost under 3.4 million.

STC received approval for two operating grants in 2015-16, operating grants required for only the portion of expenses in a year that are not covered by revenues generated from our services.

The first grant was for the 12-month period ending December 31, 2015, which was set at 10.3 million. A second grant of 2.95 million was required for the three-month period ending March 31, 2016 due to the change in the fiscal year-end of all Saskatchewan Crown corporations. Expenses for the full 15-month fiscal year totalled just over 31 million, excluding depreciation.

Revenues from passenger and charter services were roughly 8.4 million, and express services brought in roughly 8.8 million. The remaining revenues of 1.23 million are generated through our foreign coach services, leased space in our terminals and garages, and other ancillary services.

STC's financial performance is summarized in the financial measures found in our balanced scorecard. STC's balanced scorecard holds the company accountable to the public and it contains the objectives, measures, and targets which were created based on the strategic direction provided by the STC board of directors as well as the overall strategic direction for the Crown sector.

We track two main financial measures in our balanced scorecard. Operating cash loss as a percentage of overall expenditures, the first measure, was 41.01 per cent in 2015-16. This measure shows that 41 per cent of our operations are covered by our operating grants, while the majority is covered by our revenues. This number has been increasing in recent years, largely because of falling passenger revenues.

A second financial measure, passenger services loss per mile, looks specifically at the difference between passenger expense and revenue per mile. In 2015-16, the result for this measure was reported at a negative \$2.98 per mile, showing that revenues from passenger services did not cover the expenses generated.

There have been downward pressures on ridership in recent years. Greyhound frequency reductions and the resulting impacts on STC route discontinuations have had a negative impact on ridership. 2015-16 witnessed a low cost of consumer fuel that also increased the perception that bus fares are

relatively high. We have also been experiencing milder winter weather.

These factors have placed additional downward pressure on ridership and the resulting passenger revenues. Overall passenger numbers were just over 200,000 in 2015 with the balanced scorecard reporting a 23 per cent decline compared to 2014.

With that I will close my overview of the 2015-16 annual report. Thank you for this opportunity to address the committee.

**The Chair:** — All right. Thank you, Minister, and thank you to your officials for those opening comments. I'll now open the floor to any questions. Mr. Doyle.

**Mr. Vermette:** — Thank you, Madam Chair. To the minister, your officials that are with you, yes, I have a number of questions. And I thank you for sharing some interesting information from the report and again, how successful STC and your staff and everything else that . . . you know, just amazing to see what you have accomplished, and to get a report like that with the positive stuff.

So I want to start right there saying thank you for the great work to your staff. I know any time my family has used STC — and they've used it quite a bit to come up north — nothing but, you know, great respect. And you know, the bus drivers right down to whoever, when you're going and getting your tickets and stuff, you're phoning in — and I've done that myself — nothing but professional service have I ever gotten from that, and feel safe that my grandkids travel on STC, always knowing that they get back and forth, especially when weather conditions . . . So just want to quickly say again to yourself and your staff. Please pass that on.

I have some other serious questions I want to get into, but I want to say thank you so much for the great work that you and your staff have done, and the service provided for many, many years to residents of Saskatchewan, who I know, you know, appreciate it so much from all the emails, the letters, and everything else I'm getting, from the leadership, commending and saying what a great job STC does. And you know, some even saying it's an almost essential service and, you know, the list goes on of how people have given, you know, the service.

And whether it's small companies that are out there using the parcel express, nothing but good things. I mean, are there a little bit of issues once in a while? I've heard, yes. But overall, just amazing work that STC does and the professional service that you have given. So I want to say again, pass that on, please. I think many of us on this side of the House and I know many residents, leaders, mayors that I have talked to, whether they've given me letters, sent letters, again want to say thank you to the great work, and we're hoping, you know . . . And I've got more questions but anyway for that I just wanted to start with that, to the minister and your officials. And thank you for being here.

I guess an area . . . In July the Minister Responsible for STC made it very — of 2016 — made it very clear that STC . . . Because people back then were concerned in 2016 that STC . . . were nervous, you know, what would happen with STC. And the minister at the time made it very clear STC was safe from,

you know, being even looked at, being shut down, closed, any part of it. There was no mention about, you know, routes being even closed at that time. The minister at that time met with the board, and then just from some of the information that, you know, I can see, gave nothing but credit to meeting with the board of governors at the time, and those board members, and the planning. I mean they didn't talk about a year plan. I think, you know, they went into a couple years planning and how positive things could be, and, you know, trying to move in a positive way. So I'm just trying to find out what changed. So if you can explain it to me, you know, what's changed with STC? And why have we gone from such a positive to a — from the minister responsible — to now this change where you, you know, you acknowledged as the minister on the 22nd of March the news that came out?

**Hon. Mr. Hargrave:** — What happened with STC is ridership, and ridership being down from the year under review of 23 per cent and has continued since that time frame. Subsidy provided increased up to \$94 per ride. So every time somebody set foot on the bus we were providing an additional subsidy of \$94. So and that's not per rider, that's per ride. So if they come into town, it's \$94 and if they go back home, it's another \$94. So you know, that was bringing the subsidy up to \$17.1 million per year. Those numbers are just not sustainable for this company, and that's where the change. That's why the change.

**Mr. Vermette:** — Was there any analysis done by the minister, cabinet, the impact of shutting down STC in your announcement?

**Hon. Mr. Hargrave:** — Announcement on budget day?

**Mr. Vermette:** — Any analysis.

**Hon. Mr. Hargrave:** — Oh, any analysis. I thought you said announcement. I apologize. Well the analysis conducted was we reviewed the last few years of ridership and we reviewed the last few years of subsidy. And the projections, you know, again ridership declined substantially — 18,000 rides. And the subsidy continued to climb and that was basically . . . And you know, with that kind of subsidy being required and projections were coming out of there of ridership actually going up and it continued to decline, you know, at a fairly rapid pace, as you can see, the subsidy would have continued to climb well over \$100. And so, you know, that was the analysis that we made.

**Mr. Vermette:** — Were there any I guess reports commissioned by you looking into it, where you went out and consulted with anyone to the impact that this may have on some of the communities and that would be, you know . . . whether it's rural, northern communities that really, you know, have . . . this would really impact? Did you do any reports or have anybody look into that area at all, consulting with individuals, groups, organizations?

**Hon. Mr. Hargrave:** — We did not employ any outside agencies to do any kind of economic analysis. We looked at the numbers. We looked at certain things, you know, like one thing being like the northern medical travel are there for both regular medical appointments and emergency medical appointments. And we didn't find . . . We found very limited use of STC service. Out of 4,900 and I believe the other number is 4,946

trips made out of the North under that program, only 34 were on STC. So when you look at those numbers, you go, usage is not . . . But did we go out to the various communities and ask their opinion? No, we did not.

**Mr. Vermette:** — I'll come back to that in a minute. At any point was CIC or STC consulted on this decision to wind down STC?

**Hon. Mr. Hargrave:** — Were CIC and STC consulted? Were they talked to?

**Mr. Vermette:** — Yes.

**Hon. Mr. Hargrave:** — Okay. We did consult with both STC and CIC in regards to the winding down and, you know, STC provided us with numbers that, again, of ridership and going forward, what the potential for the operating grant would be and how it would increase.

[19:45]

You know, CIC did the . . . They also provided us information on the feasibility of how many people it did affect and how many communities in the province it did affect and, you know, with the declining number of rides that were happening with STC, that the number of people affected, in comparison to the rest of the province, was declining substantially. And that declined substantially in the last number of years, and so that it was decided that 17 million-plus per year, up to 85 to 100 million, with ridership continuing to decline, that number would have continued to rise. And that's why the number is 85 million to maybe up to 100 million. We don't know. It depends on how quickly the ridership would have declined.

**Mr. Vermette:** — So if there was I guess any information shared as you guys went back and studied reports, analyses, anything like that from CIC to STC, could you provide the committee with copies of that information? If there was anything, correspondence, anything that would be helpful to see as a committee, could you, you know, commit to providing those documents to the committee?

**Hon. Mr. Hargrave:** — I'll just ask what documents we were talking about. Generally we've sort of summarized the information that was received by CIC. Any other documents, I'm advised, would've been documents that were prepared for cabinet, so they wouldn't be . . . We would not be able to provide those.

**Mr. Vermette:** — So there's nothing that you can share with the committee, any correspondence with STC or anything? That's what you're saying. Clearly there's nothing that you can share with us at all?

**Hon. Mr. Hargrave:** — There's numerous in-person meetings and phone calls in regards to that. Any information that was provided in writing, I have summarized it, but generally that's the information that went to cabinet.

**Mr. Vermette:** — Okay, thank you. You know, when you talked about the winding down and you made the announcements, what's in the budget, on March 22nd, the day

you made the announcement about winding it down, I know service was disrupted. How did you deal with the passengers and those that were using the service that day? How were they taken care of? And can you give a little bit of, for the committee, share a little bit of what exactly happened and how was that handled, with the disruption of routes that people, you know, would've been travelling to medicals or whatever appointments, the way the announcement was made?

**Hon. Mr. Hargrave:** — I might pass that over to Mr. Grice. He's on that operational aspect, if that's fine?

**Mr. Grice:** — Sure. Thank you, Minister, and thanks for the question. So with regard to the announcement day on March 22nd, one of the things we contemplated is obviously the impact on staff of hearing of this announcement of the wind-down of STC. And certainly with our drivers, we did not want them to hear that while they're out behind the wheel of a bus or having to handle staff. It would be much like notifying someone as they're waiting to handle a long lineup at a ticket counter. You wouldn't, you wouldn't take that opportunity to discuss at that location either.

So out of respect for the staff and the ability to give an announcement at a time that would be safe for all, we decided that we would find an alternate way to run the services for the day for the public. So what we did is we looked at our routes and the level of ridership on those routes, and then we made phone calls around the province to hire taxi companies that would be able to handle that amount of service for the day, and we made sure that all passengers were able to get to their locations.

And to the best of our knowledge absolutely everyone was handled that day with sort of the regular care of our management team. And as much as our drivers were not there, there were still many drivers that were still around the facilities trying to assist and make sure people got to where they were going.

**Mr. Vermette:** — Okay, thank you. Do you have a cost of what that cost STC to provide those services to those that were, you know, disrupted?

**Hon. Mr. Hargrave:** — That is by the way the part of normal course of business, is that they do use cabs when they have a breakdown of a bus on a line, that we do hire taxicabs to fulfill that role. So the second part of the question was?

**Mr. Grice:** — The cost for the day.

**Hon. Mr. Hargrave:** — Oh yes, sorry. We just received the final invoice yesterday or today?

**Mr. Grice:** — Yes. Just a couple of days ago.

**Hon. Mr. Hargrave:** — So just a couple of days ago, and we will be compiling and finalizing that here in the next couple of days.

**Mr. Vermette:** — Okay. Will you commit to the committee to provide that to the committee, the total amount?

**Hon. Mr. Hargrave:** — Most definitely.

**Mr. Vermette:** — Thank you. An order in council dated April 5th, 2017 actually approved the operating grant of 17.1 you talked about to STC. Can you explain what the grant would be used for, the 17.1?

**Hon. Mr. Hargrave:** — The 17.1 would be to cover costs of continuing operations until the windup is complete, as well as to cover off some of the costs for the windup or the cost for the windup.

**Mr. Vermette:** — Will you have a breakdown of that, what those costs will be at some point?

**Hon. Mr. Hargrave:** — At some point we'll have, of course, we'll have that final cost after all the severances are all finalized and calculated with the staff and after all of the assets are disposed of, which could take some time because some of the assets are real estate. So that could take a little bit of time, but we will eventually. We will have that and we can provide that most definitely.

**Mr. Vermette:** — Okay, thank you. I may come back to that a little later on here, but I guess I just kind of . . . Can you confirm if it would have been the same money, the 17.1, would that been the same dollars you would have utilized if you weren't dealing with some of these severance and different things you're talking about? Was there a request? Because that came out, you know, I guess the operating grant was approved April 5th. The budget came out the 22nd. Would that been the same amount, or was it revised at all from the 17.1? Was it a smaller number? You needed more after you made the announcement?

**Hon. Mr. Hargrave:** — That 17.1 was the original requested amount, or required amount of the grant was 17.1 million. As it was not possible to determine the exact total amount of the windup costs, 17.1 million was granted, and we . . . If it is less, that amount will be returned to the GRF.

**Mr. Vermette:** — Okay. So right now, you're not . . . In the grant that you requested, whether you sell that off, shut it down, wind it down, whatever words a person wants to use, that would have been the grant that you were spending regardless for the year. If it would have continued, that would have been the budget that you were, you know, allocating to spend for STC for the year. Would that have been correct? So it would have been no savings because 17.1 was what you were, I guess, anticipating spending throughout that year? Would that be correct?

**Hon. Mr. Hargrave:** — Yes. That is the amount; 17.1 was the exact amount. I mean, the savings, the major savings will be the savings going forward, not necessarily this year. But we don't know exactly what the windup costs will be because, as I said, some of the assets are real estate. We have to dispose of the assets, and some of the severance packages are still being finalized.

**Mr. Vermette:** — Okay, thank you. Going through that and just thinking about, will there be any of the employees retained for a certain time? Just trying to figure out how many will be,

you know, retained. I guess once that shuts down, you're let go. Do you have any . . . How many, and who these individuals might be?

**Hon. Mr. Hargrave:** — It's a phased approach with some of the employees leaving shortly after June 1st after the cessation of the transportation. Some employees will remain on because we have contractual obligation between Greyhound, with Greyhound and with Greyhound Canada, and that obligation doesn't end till September 29th of 2017. So some of the employees will be staying on to fulfill that contractual obligation.

**Mr. Vermette:** — So I guess, what kind of obligations would you have? Like what type of service so I understand what you're saying here . . . Whether STC and I think you said, is it Health Canada? Or did I misunderstand what you . . .

[20:00]

**Hon. Mr. Hargrave:** — Greyhound. Greyhound Canada.

**Mr. Vermette:** — Okay.

**Hon. Mr. Hargrave:** — That's the only obligation that we have is Greyhound.

**Mr. Vermette:** — Okay. Okay. So what kind of obligation?

**Hon. Mr. Hargrave:** — I'll let Mr. Grice answer that operational question.

**Mr. Grice:** — Thank you, Minister. We have a six-month contractual obligation to Greyhound to act as their agent in Saskatchewan. And we have given them notice, but September 29th will be the end of that notice period. In order to act as an agency for Greyhound, we need to continue to let them have access to our terminals in Saskatoon and Regina, and we will also be potentially working with them in the Moose Jaw facility as well where we will sell tickets for them on their behalf and allow passengers to board and de-board in our terminals, as well as handling the freight on and off as well and freight forwarding to whoever they interline with in the province. So it's strictly an agency-principal arrangement, and we are the agent for them in this province.

**Mr. Vermette:** — When I asked about the severance, and I know you have to look at the 224 employees. You look at that and I assume, and maybe I'm assuming that on top of that would there also be your senior management? When I look at, you know, your board members, the executive, is there any severance package for any of those individuals or they are identified as employees? I'm assuming they're not. So if you can just clear that up for me it would be helpful.

**Hon. Mr. Hargrave:** — The 224 employees, it does include all executive including Mr. Grice, but it does not include any board members. So the severance will be calculated in accordance with the collective agreement, and the executive severance will be in accordance with common law. Any other out-of-scope as employees, I should have said — not just the executive, any out-of-scope people.

**Mr. Vermette:** — Do you have any estimated numbers at all? Have you guys talked about that, what this potentially could cost STC to provide any of that, whether it's the senior staff and out-of-scope that are not within the, you know . . . There's a formula that you use. Have you done any looking at that? Is there any reports, any information you could share, potential where you're looking at the costs are?

**Hon. Mr. Hargrave:** — Are you asking about all in- and out-of-scope? Both categories?

**Mr. Vermette:** — Well if you have that, that would be very helpful. I don't know if you have that, but you talked about, I guess, the out-of-scope and the senior would be a formula, meaning that you're not dealing with probably all the employees. I don't know how many would be in that category. Do you have an idea what that would cost potentially, an estimated cost?

**Hon. Mr. Hargrave:** — Right now it's probably too early to tell. Some employees have left already for other positions or whatever, and so of course they would not qualify for any severance because they've resigned and taken jobs elsewhere. And if any of our out-of-scope and our executive people had to do the same . . . I mean, as you mentioned in your opening remarks and as Mr. Grice knows, these are very good employees. I mean, I suspect they'll be in high demand. If I was an employer, if you were an employer, I'm sure you'd be looking to hire one.

And some have not decided which way they're going, if they're going to stay on after May 31st in some capacity, because there's bumping rights that have to take place here, right, because of the union contract. There will be some employees staying until September 29th. So it's difficult to calculate out the severance at this point in time.

**Mr. Vermette:** — In light of what you just mentioned, Mr. Minister, at any point during your appointment and as minister, have you entered into any discussions with any company regarding the winding down or privatization of STC or its assets? Have you had any discussions with anyone?

**Hon. Mr. Hargrave:** — No, I have not had any discussions with anyone. And again, it's not a privatization; it's a winding down. I have had zero discussions with any company or any individual in regards to that, other than my executive and CIC in regulation to the winding down. But we've had no discussion with any private individual or any private company.

**Mr. Vermette:** — About winding down or about any of the assets? Is that what you meant, too? I want to be clear for the record.

**Hon. Mr. Hargrave:** — About winding down, about the assets, or about anything else. I've had zero conversation with anybody about assets or winding down or anything like that.

**Mr. Vermette:** — Okay, thank you. I guess part of the analysis, reports, any commissioned . . . I asked whether it was CIC or STC doing any work, and you said there was stuff that would go to cabinet that maybe would be sensitive and only privileged to cabinet, which is fine. I understand that. But did they look at

and did CIC or anyone else look, talk to any of the other ministries to find out how this would impact them in any way? When you have ministries who utilize STC in many different areas, whether it's Health, Social Services, Corrections, was there any discussions, any information you could share, enlighten us on those topics, that you could share? It would be helpful for the committee.

**Hon. Mr. Hargrave:** — Following the budget announcement, CIC did consult with the impacted ministries. Those ministries previously using STC will continue to support their clients through alternative service providers.

The Ministry of Health is identifying alternate arrangements for transportation requirements throughout the province for clients and shipping. Social Services will continue to provide funding to clients that qualify for transportation purposes. These clients are responsible for determining their own modes of transportation, which can include taxi, shuttle, private vehicle, friend, or whatever they can. There is a per-kilometre reimbursement for that. And Central Services has made alternate arrangements for government mail delivery services that will transition in the next week or so.

**Mr. Vermette:** — So I believe it was April 13th, 14th, somewhere around that, you sent out a letter, and I believe it went to all employees of STC. Was there some type of a letter that went out, a notice or something, April, yes, I think it's April, about April 13th, 14th?

**Hon. Mr. Hargrave:** — Did we not provide that to you when . . . We provided it to the Opposition House Leader. He asked that question, and we tabled that that same day.

**Mr. Vermette:** — Okay. You know, that's much appreciated. Then that's fine because I was going to ask to have it.

**A Member:** — It was on the 13th.

**Hon. Mr. Hargrave:** — Okay. It was the 13th of April at 8:15 in the morning that it was sent to the employees.

**Mr. Vermette:** — Okay. No, I appreciate that. I was just going to ask for the committee to have that, but if that was . . . No, that's good.

**Hon. Mr. Hargrave:** — I can table it for the committee as well. But I mean, I can get a copy of it. I don't have it with me but . . .

**Mr. Vermette:** — Well, no. I'll check and if it's available, then by all means there's no reason for you to have yourself carry through that if I've got it. If I need it, I'll contact your office.

**Hon. Mr. Hargrave:** — Just contact me and I'll make sure you get it.

**Mr. Vermette:** — Okay. No, I appreciate that. I was going . . . and I was thinking about it, and you did say the obligation to Greyhound was September 29th, 2017 and that's the time where you'll, that's your obligation to them and you have no one else that you have an obligation to in any way. Would that be correct? Is there anyone else that you would have? Or no, that's

the last one? That September the 29th, it's . . .

**Hon. Mr. Hargrave:** — I'll let Mr. Grice answer that question. He's a little more familiar with it.

**Mr. Grice:** — Thank you, Minister. The obligations that may continue beyond September 29 would really relate, I guess, to really two parties. First, Robin's Donuts, which operates in both of our facilities in Regina and Saskatoon. They have contracts with us that run for an extended period of time based on their leasehold improvements that they put into the facility when they moved in. Those operators of those locations though have currently indicated to us they would like to just wait and see what happens with the assets and they'll potentially just transfer and go with the new ownership of those facilities. So those contracts, we have not given any notice under those at this point in time because the notice period is lengthy in any event. So there's a potential obligation there that we'll have just to sort of wait and watch what happens with the sale of those assets.

The only other obligation that I can say that we'll continue to have is that employees under the collective bargaining agreement, so those are in the in-scope members, they have a right to, under a certain section of that agreement, select recall for a period of up to a year. So they'll take their layoff notice whenever they're served, and for one year they can go off on recall. And at the end of that one year, if there's anyone to be recalled, right, they would have a chance to come back into the workplace. But we probably won't be there. But they can still be off on recall for that full year and at the end of that year, then have their severance paid.

So it's kind of an obligation that sits out there and won't be settled until a year from the date that the employee chooses recall, or layoff with recall, but it is something that they will make a decision on this fiscal year. They will choose that option under the collective agreement if that's what they decide to do.

**Mr. Vermette:** — Okay. I'll come back to the assets a little later on. But I guess when I think about the library, they had the books that they utilize STC. And I know, just visiting for the last year to the different communities that I have talked to that use library services, and we've seen, you know, they were, library services were receiving a cut and, you know, the good work of citizens and those that were concerned about that got that, I guess, funding that was being cut to them reinstated by the government. But I know that they utilized, you know, STC, and I think that's vital.

[20:15]

Have you looked at that or do you, did you guys have any . . . have you done any work on the library services to see what, how like . . . and here's a partner, and we talk about partners. I know the library service utilized STC as a partner, and utilized that service to get books from communities to communities, you know. And when I was talking with different groups, they said that was a great service and they utilized it quite a bit from what I got.

And you know, I'm not sure, is that . . . Did you guys look at that at all when you were making your analysis or your decisions? Did you look at library supports and what would

happen to them? And did you look at any numbers? What else, options . . . Did you talk with any of them, library services, say what options there could be if, you know, you followed through on shutting down, winding down, privatizing, do whatever? Did you have any discussions with library people? It would be helpful to know for the committee.

**Hon. Mr. Hargrave:** — STC was only providing that service since the 1st of September of last year. Prior to that, for a lengthy period of time, it was Purolator couriers that was actually doing it. And yes, and apparently there was an announcement by the libraries today that they're going back to Purolator courier service for delivery of those books that you're talking about.

**Mr. Vermette:** — Okay. Well, no, that's good. That's good information because I didn't know that. Just from the conversation I had, it sounded like it was a service that they were utilizing. So no, I appreciate that.

I guess I'm going to go into some of the . . . and I talked earlier about, and again, some will call it . . . You refer to it as winding down, and some will say a sell-off, some will say . . . They have different views of the way they see it coming, whether it's leaders who have, like I said earlier, sent letters I think about the, you know, the . . . SUMA [Saskatchewan Urban Municipalities Association] itself took the strong stand they took in 2016 about how crucial, you know, STC is.

I think about the thousands and thousands of signatures on petitions I have, and the correspondence. And I don't know when you guys were having discussions as CIC or STC or as management and who was around, you know, the table discussing it. Did you, at any time . . . And I've heard some people say it's almost like STC for many residents was almost a essential service for communities. Have you had that discussion with anyone, any concerns raised that that's how people see it, within CIC or ministries, where you would say STC is an essential service? Have you had that? I'm just curious to see.

**Hon. Mr. Hargrave:** — Where I would say STC is an essential service? Have I had that conversation? Is that what you're asking?

**Mr. Vermette:** — Yes.

**Hon. Mr. Hargrave:** — Well I can tell you, no. I have not had that conversation to say that. But you know, I'll clarify as well that it's not a sell-off. I mean some people may refer to it as that but it's not a sell-off. It's a wind-down of STC. It's not considered an essential service, and I've had no discussion with anybody unless somebody was sort of hollering at me that I didn't . . . But I had no discussion where I would have said anything such like that.

**Mr. Vermette:** — So I guess people, Saskatchewan people, I myself feel like that and maybe you feel like that. Maybe others feel like that on the committee. But I know many residents in the province almost feel like they own STC. It's a Crown corporation. It's something that, you know, we're very proud of, a service. And I talked about, you know, the good work that STC does.

So when we think of it that way, can you see how people out there are feeling that it belongs to the people and it's their Crown? It's their company; it's their asset; they're the owners of it. And you see the compassion that they have in it. I don't know if you're aware of that or not. Have you had any of them expressing that to you in correspondence, letters, that you can, you know, where people are feeling that way?

**Hon. Mr. Hargrave:** — Definitely we've had some correspondence from people that have stated that in their correspondence. And we do feel for the 224 staff members that have been affected by this. I mean they have been good, loyal employees of a company that has gone on for a considerable length of time in this province, but the fact is they haven't turned up any kind of a profit since 1979, and I believe that's the last time. And you know, it's not an essential service.

Life has changed since 1979 and people are feeling a little . . . With the price of gas, with the change in the economy, I mean people are travelling in their own vehicles far, far greater, and it's not an essential service. It was just a service to people that was provided and like I say, it hasn't made money since 1979. The subsidy continued to rise and it's just to an unacceptable level. It's just a not sustainable level.

**Mr. Vermette:** — I guess adding to that, and those individuals and letters and people that I've spoke to and maybe, like you said, some people have sent you letters feeling that way, that we as a province own those assets, and we almost . . . Many people figure — and I've heard this, and I thought, you know, maybe you can shed some light on that for the committee — that it is owned by the people. So when you're going to either privatize, sell off — you call it wind down — do you think maybe we could go to the people and the leaders and those that would be most impacted to just see, you know, what they think about that, what they feel about that, as making that decision that's going to impact them? I'm just curious to see if you've had, you know, any discussions and be helpful for the committee. Did you think about that at all?

**Hon. Mr. Hargrave:** — Well you know, I've had some correspondence from people who are not pleased about it, and I've had some correspondence from people who are very pleased that we are shutting it down finally. But I'll clarify again, as you had mentioned the sell-off again, that it is not a sell-off. It is a wind-down, windup.

We have to remember that less than half of the communities in this province were serviced by STC. And you know, we're also hearing from those communities, and those communities have . . . that have not been serviced are managing quite well. And we're not prepared to, and I'm sure you wouldn't even condone expanding it to cover every community in the province because it's just at an unsustainable level at this. And so support has been pretty large for winding it down as well.

**Mr. Vermette:** — So having said what you said, and I know that those that I have talked to and that have expressed to me, you know, and I have had, like I said, I've had quite a bit of concern out there, are wondering and . . . Again it goes back to people even saying, like before they, you know, sell off and privatize or do what they're going to do with our STC — and they say that, "our STC" — how come they didn't come and

ask us, and how come they didn't tell us this, like a year ago when . . . A year ago they said it was all safe and STC was safe, as the minister . . . And I shared that. There's articles about that, the minister responding to that, and they're saying there are some things that are, the public and Saskatchewan people are okay with. We call it a public service.

There's many different ways we do that. I think some of the bigger centres even have, you know, public transportation. Why not go to these Saskatchewan citizens who are passionate, to leadership and those that are making it very clear, are very upset? And it's almost like they were blindsided with this announcement. Many of us were, I'll be honest with you, on the 22nd. Just the employees, you took some precautions because as you expressed, you know, the concern you had and, you know, you don't want to put anyone in, I think you know, harm's way or, you know, safety and you were concerned about that, hearing that on the radio. So you said that. Then why didn't you go to the people and ask the people if they were okay with subsidizing a public service like STC?

And not even to . . . I'll say that, you know, but that even, I go further to wonder and I don't know what type of work has been done to see, is there things better STC could've done? Is it parcel? Is it raising the prices of their parcel express? Like did you guys do any studies? You know, and I talked about that, any reports, anything that you looked into as, were you competitive with the other people that were doing courier service . . . [inaudible]? Do you have any information background where it's saying you could've raised your rates in those areas?

There's certain things you could've done differently than just announcing . . . Like I said, out of the blue it shut down, even though people knew over years or years government had . . . Did you do any of that work to say, yes, we made sure we covered this off? We did this, this, this to check and see if, you know . . . Because I'm going to go back to some other stuff here that I'm really interested.

So I'm going to leave that with you because I put a few things out there and I want to get an answer from you if I could, for the committee just to hear. Maybe there are some good things you did and there's a rationale to why, you know, you think that that justifies selling off or getting rid of our Crown like STC.

**Hon. Mr. Hargrave:** — I have a couple of notes written out here just and I may have to check with Mr. Grice on some other part of your questions here. Competitive rates, STC on the parcel express was charging competitive rates to any other sector that they compete with in a . . . for parcel delivery, parcel express. So you know, raising the rates is not one that's going to be a big advantage because if the rates are competitive and all of a sudden you're far exceeding your competitor, you'll lose the business one way or the other. That's pretty simple. If they're charging \$10 and you're charging 15, they're going to go with the \$10 route.

You know, when you mentioned about talking to people, I guess they were talking to STC in a fashion. When rides are down 23 per cent — 18,000 rides in the last year — I think people are talking to STC by not riding on the bus as much. I mean that's a dramatic drop in a very short period of time. So

when people are talking with their feet by not going on the bus, I mean that's pretty substantial. And that's not just in one or two routes. That's throughout the whole system that this decline was.

And so you know, in a decision in a budget, I mean there's not . . . I mean you don't make an announcement before budget day. But you know, you do your due diligence and you look at the ridership decline and the subsidy increase, and you see that tells you lots just in those two things.

[20:30]

I'll check with . . . And I'm not sure what else, other part of the question I might have missed, but do you have something else . . . [inaudible interjection] . . . Sure. Just one second.

I'll let Mr. Grice sort of follow up on the balance of your questions.

**Mr. Grice:** — Thank you. So in particular, one of the questions was, do we look at our rates and do we look at what we could do to be competitive in the industry and what we do. So first of all, I'll just mention that the board of directors that is appointed to STC is really given the business mandate by CIC to do all that it can to run the business in a business-like fashion, as we are part of a Crown sector. And the executive are also given those same types of mandates. So we do look at our rates, commonly, and we report back to the board with regard to our rates to see how competitive we are with the industry, and we will make recommendations where we think we can maximize revenue. So the express rates, for instance, we will survey our customers, ask them whether we're providing the right level of service for the right fare to be able to attract clients. We have salespeople that are on the ground, that are out there talking to clients, trying to sort of win them back from Purolator. And you lose some; you win some. So it is really done in a business environment. So certainly on the freight rates, we believe we were as competitive as we could be over the last several years, for certain, that I've been part of the company.

Passenger rates as well, we've increased them when we thought we could to see if we could make the subsidy sort of rise at a lesser steep level on a year-in, year-out basis. However as we have seen in the last year or year and a half, when the price of fuel drops, really we become less competitive, and the price of gasoline makes travelling by private vehicle that much more attractive.

With regard to our charter businesses, we maintained ourselves right at that sort of marketplace. We would survey those quite commonly and make sure we weren't undercharging or overcharging. We just wanted to be there to handle excess capacity, and we worked quite closely with the charter industry to make sure that we were there to help them if they had breakdowns, etc.

Once again, I guess, we have always looked at our options at the company much like a business. So at the end of the day, yes, we lost money, but we looked at every decision that we had to try to maximize revenue and minimize costs.

So with regard to operating smaller fleet, those are decisions

that we've been looking at since late '90s when we bought our first 15-passenger vans. And while those vehicles do save some money, they can't be utilized on every route because of the freight volumes and/or the passenger volumes.

So I think we've tweaked what we could over the years to make the company as good as we possibly could get it. And there are always things that you can take advantage of with more technology as you go forward and maybe make decisions to modify to your circumstances and your surroundings, but really I think the board and the executive were doing the best they could in the circumstances that we were in.

**Mr. Vermette:** — Before I go . . . And you talked about this, and I want to talk a little bit about some of the purchases. And you refer to . . . I think you guys ordered nine 22-passenger vehicles. Did you order nine of them, and then I think you cancelled three of them? Or six of them and three were delivered? Could you give me a little bit of information on that and what the cost was?

**Hon. Mr. Hargrave:** — I will let Mr. Grice. He knows the dates better than me. So I will let him speak to it.

**Mr. Grice:** — Sure, thank you. So to respond to the question you had asked, I think, about what coaches we'd taken possession of, and you'd referenced a number of nine. I didn't ask you the time frame that you were speaking of, but I'll speak to the ones we've taken possession of in 2016-17.

We've actually taken possession of four in 2016-17. There are three Sprinter vehicles and one cutaway coach which would be a . . . Sorry, what seating capacity is that one? Twenty-two, one 22-seat cutaway coach as well. And we had cancelled six of them. So once we found out about the announcement, we had put cancellations in for six other coaches, totalling roughly a million dollars, a million and forty-two thousand.

And the ministry, I think, has previously spoken to nine coaches in total. I think that might be the number you're referring to. And these six that we cancelled plus the four that we've taken delivery of would add to 10. And I think we'd failed to give the ministry information with regard to that one cutaway, that 22-seat coach that we had taken delivery of in December of 2016.

Sorry, I maybe failed to tell you the cost of the four that were taken in 2016-17 — 648,000 was the total cost of those four.

**Mr. Vermette:** — Thank you for that. So as you, I guess, were getting ready to gear up on having smaller buses in your fleet, and then I think about . . . You talked about, in the report, you talked about the repairs you were doing to your maintenance shop, three point some-million dollars. That was great.

You talked about, you got a brand new STC facility. It's a beautiful building. I've been in there several times, you know, just a state of the art. It's just a great building. So there's another asset. So when you look at all the assets, and I know the minister, as you made comments, you know, people are ready to get in there, and as you were kind of . . . You know, people want to get into the action, the private sector, and you want to get them . . . They want a go at it, after the assets and stuff like



that.

So how are you going to get rid of the assets, and what's the plan to deal with, dispose of the assets? Well, we'll leave it at that. You can tell a little bit about that. I have a few other questions about after you give me what your plans . . .

**Hon. Mr. Hargrave:** — Well, we've engaged KPMG to dispose of the assets, so they haven't advised us currently. I mean the properties will be listed when the appropriate timing . . . I mean when we're done with our other obligations, as we've mentioned about Greyhound and stuff like that, that's when the properties will be listed. They'll be reviewed at that time, and seeing what the value is and what the market is, and they'll also potentially be looked at to see if there's any government requirement for the facility like that. But KPMG has been engaged, and they'll look at the fair disposal of all the assets.

**Mr. Vermette:** — So once you have the company that you're going to utilize, what process and . . . How will you determine how those assets will be disposed of and who will have access to purchasing those, you know, those assets? Is it going to be . . . You said ministry or the other ministries might be interested, or government agencies, or so who then will . . . Will it be listed for the public to have access, or is it going to be . . . Will somebody get a nod to come and get them? You know, how are you going to do that? I'm just curious to see how you're going to handle that.

**Hon. Mr. Hargrave:** — KPMG will be disposing of the assets in a public manner. There won't be anybody to sort of say, come in and pick them up. They'll be disposed of; they'll be offered to the general public. So if you want a bus, as soon as they list them up for sale . . . But they'll be looking obviously to maximize on values on everything that we have. But the process will be a public process; it won't be a private process.

**Mr. Vermette:** — This is a . . . I was going to get two questions, but I'm only going to get one, so I'll do this. Yes, so anyway you mentioned other ministries have been working and making plans with, you know, now that they know STC's gone. Do you have idea, those ministries, what kind of cost that they're going to incur? Have they shared that with you at all? Have you had discussions with them saying, if they were utilizing STC from ministries, are they going to be experiencing costs because they're going to the private sector or going somewhere else differently? Is it going to put more cost to ministries? You said you guys were initially, you know, they were doing that, some of those discussions. Do you have any ideas of the cost? Have they shared that with you, how much more it will be costing them?

[20:45]

**Hon. Mr. Hargrave:** — Well I can say that Purolator is taking over the shipments that were being done by Central Services and that rate would be very comparable to what STC's rate was. For Social Services and Health, I mean I know Social Services has a budget, and they pay at a prescribed rate per kilometre as was mentioned. But I do not know exactly what they base that, based on historical numbers.

And Health, I don't have. You'd probably have to ask the Health minister if he has . . . There obviously is a budget for it, but exactly if they feel there's going to be additional costs, not that I have been advised.

**The Chair:** — Thank you, Minister. Thank you, Mr. Vermette. Our time for this portion of the committee with STC now being concluded, I will now ask the member to move that we conclude consideration of the 2015-16 Saskatchewan Transportation Company annual report.

**Hon. Mr. Hargrave:** — Can I just do some closing remarks?

**The Chair:** — I'll ask you in a minute, yes. Can I have a motion?

**Mr. Bradshaw:** — I'll so move.

**The Chair:** — Mr. Bradshaw has moved that we conclude consideration. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Okay. Mr. Minister, do you have any closing remarks?

**Hon. Mr. Hargrave:** — I do. I'd like to thank the member for his questions. They were very good, very, and it was a very good dialogue, I felt. I'd also like to thank my officials for attending and providing additional information for me. I'd like to thank all committee members for their efforts in everything that they do, but for the committee meeting tonight. I'd like to thank Hansard for staying on top of it all. Thank you very much.

**The Chair:** — Mr. Vermette — and I want to begin by apologizing by calling you Mr. Doyle at the beginning, I'm sorry — Mr. Vermette, if you have any closing remarks?

**Mr. Vermette:** — Thank you, Madam Chair. I guess, on behalf of the committee, and I'm hoping that maybe . . . in hope, you know, as a member sitting in here and that maybe you'll have a change of heart and after you see all the petitions and everything else, that's what . . . I don't know, I still have hope that that will come, and I know a lot of people do that way. But you know, it's unfortunate where we're at today, but I want to again say to the 224 employees at STC that have done an amazing job, don't give up hope yet.

But I want to take the opportunity to thank you and your officials for giving me an opportunity to ask, and I know from some people that have, you know, are concerned and you've done best to answer, and I do appreciate that, the dialogue.

I'm hoping, you know, again, it's not too late, and I will always feel that way. And unfortunately when we have so many citizens who are saying it belongs to them, we should have been asked, nobody has a right to sell off and privatize any of our Crowns . . . So with that, I will just say on behalf of all those people who have wrote letters, mayors, chiefs who have raised their concerns, I've had so many people talking to me wherever I go, seniors, those that use it for medical and everything, it's amazing how many people did use it. I realize, you know, you

go back and forth on it, but on the other side of it, I will say again, thank you to your officials and yourself for giving me the opportunity, and to Madam Chair, committee members, for doing the work what we have to do unfortunately sometimes, you know. With that I will say thank you.

**The Chair:** — Okay, thank you everyone. We will just take a short recess just to change officials.

[The committee recessed for a period of time.]

### Saskatchewan Government Insurance

**The Chair:** — All right. Welcome back, committee members. Subbing in for Mr. Meili is Ms. Carla Beck this evening. We will now move into consideration of 2015 and the 2015-16 annual reports of SGI and its subsidiaries. This includes 2015-16 SGI Canada annual report, 2015-16 Saskatchewan Auto Fund annual report, 2015 SGI Canada Insurance Services Ltd. annual report, 2015 Coachman Insurance Company annual report, and 2015 SGI superannuation plan annual report. Minister Hargrave, if you would introduce your officials with you here this evening and make any opening comment.

**Hon. Mr. Hargrave:** — Thank you, Madam Chair. I'd like to introduce the officials from SGI who are joining me here today. To my immediate left is Andrew Cartmell, president and CEO of SGI. There's Jeff Stepan to my right, he's the chief financial officer; and Earl Cameron, he's the executive vice-president of the Auto Fund.

The 2015-16 fiscal year was a successful one for both Saskatchewan Auto Fund and SGI Canada. SGI Canada realized the profit of \$84.5 million despite the significant storm losses across the prairie and forest fire claims in northern Saskatchewan. In addition, SGI Canada achieved growth in all provinces where it operates.

For the Auto Fund, strong investment earnings and favourable underwriting results resulted in the Auto Fund increasing the rate stabilization reserve by just over \$159 million. Customers continue to see benefits from safe driving, with discounts on their vehicle insurance in the amount of almost \$156 million between the safe driver recognition and the business recognition programs. And of course our government and SGI remain focused on safe driving, with traffic safety being a top priority. Thank you, and now we'd be happy to answer any questions you may have.

**The Chair:** — Thank you, Minister. And I'll open the floor to questions. Ms. Beck.

**Ms. Beck:** — Thank you to the Chair and to the minister and to your officials here this evening. I recognize that we are a little bit late, so I'm going to just jump right into questions.

[21:00]

My first questions centre around Bill 40 and the implications therein. Last week when we were discussing Bill 40 in committee, my colleague from Saskatoon Meewasin asked, "When it comes to SGI, have there been any discussions by ministers of the Crown, any members of your government, in

regards to the sale in whole or in part of Saskatchewan Government Insurance?" And the Justice minister said that he was not aware of any. I'd like to ask, as the Minister Responsible for SGI, can you confirm whether you are aware of any of those discussions?

**Hon. Mr. Hargrave:** — Yes, I am aware of some high-level discussions that have taken place, very exploratory conversations, with respect to SGI Canada on, just as I said, on a very high level without anything specific. There is no offer. There is no expression of interest. There is no anything like that. It's almost a part of the business when rumours are out there and companies are aware of Bill 40, and that conversations would take place.

**Ms. Beck:** — I'm wondering, Minister, if you can provide some detail. I'm not sure what the definition of "high-level discussions" is — you know, the time, the nature of the discussions, who was involved in the discussions. Any of those details would be appreciated.

**Hon. Mr. Hargrave:** — As to who was involved, I have not been involved in any discussions, but that would be Mr. Cartmell and Mr. Stepan that were involved. And those discussions would have taken place since Bill 40 was introduced.

But SGI has not had any firm discussions. And discussions we have had would have been exploratory discussions with the goal that any potential partnership, and it would have been made clear, would only take place if it was to strengthen the business and satisfy the specific criteria of creating new jobs in Saskatchewan, strengthening SGI's balance sheet to pursue a potential growth strategy, by improving SGI services, by keeping SGI services affordable, and by protecting head office here in our province, and that it would of course be in accordance with control staying with the government.

**Ms. Beck:** — So I wonder, and there are a number of criteria that you've noted there, is there some sort of a rubric or a matrix by which you would make those decisions around, you know, the number of new jobs, how those head office jobs would be protected, some valuation of which of those are the priority by which you would evaluate any offer that might come towards you?

**Hon. Mr. Hargrave:** — There is no template for anything. This is just part of the mandate that the Premier had spoke of before any potential work that would be revolving around strengthening the Crowns, creating new jobs in Saskatchewan, like I say, strengthening the balance sheet to pursue potential growth strategy or improving SGI's service and keeping SGI service affordable and keeping the head office here. Any discussions that have taken place have not been in any depth at all. And yes, they were just preliminary in any, in any, fashion. So there was no in-depth conversations about it.

**Ms. Beck:** — Okay. So the question that I have, you had mentioned that the Premier had noted a mandate. I believe you said that the Premier had mentioned a mandate. I'm just wondering if you can point me to where the Premier has laid out the criteria by which these offers for the Crown corporations will be evaluated.

**Hon. Mr. Hargrave:** — If I said mandate, that was wrong. The Premier communicated publicly in interviews and whatever — on television, radio, and in the media in various media forms — that this would be the key to look at, and he's professed that all along, that the key strategies would be about creating jobs for Saskatchewan people and about strengthening any of the Crowns. If it didn't do, if it . . . and keeping, protecting the head office here in our province. And if there was anything that did not even come close to meeting those objectives, then nothing would be considered. But there is no mandate for it. And you know, I'll re-emphasize that there has been no offer. There has been no deeper discussions than very high-level and real basic discussions.

**Ms. Beck:** — How long after the passage of Bill 40 did you start having these preliminary or high-level, not-firm discussions about the sale of SGI Canada?

**Hon. Mr. Hargrave:** — Passage or after introduction?

**Ms. Beck:** — I think you noted that the discussions took place after the passage of the bill.

**Hon. Mr. Hargrave:** — 40. I had mentioned the discussions took place after it was introduced, not after it was passed. Yes.

**Ms. Beck:** — How long after the introduction of the bill did these discussions take place?

**Hon. Mr. Hargrave:** — They would have been in late January, early February.

**Ms. Beck:** — So, Minister Hargrave, you noted that one of the criteria by which the offers would be evaluated would be the strengthening of SGI Canada. And one of the things that we have expressed along the way is the nature of the Crown corporations and having, you know, a bit of a dual mandate to provide service to people across the province at a rate . . . keeping rates low for people of Saskatchewan. I would expect that those who would be interested in purchasing SGI would want to have a rate of return to their shareholders. I'm just wondering about the discussion, if any discussion's been had about how to navigate that dual mandate.

**Hon. Mr. Hargrave:** — SGI Canada is . . . You have to remember there's two entities: the Auto Fund and then SGI Canada. The Auto Fund, it services the people of Saskatchewan very well. SGI Canada's mandate already is to provide the highest rate of return that it can for the shareholders, which are the people of Saskatchewan. And there has been no discussion with anybody else as far as rates of return or anything else of that. But SGI, you know, that's their mandate already, is to provide the highest rate of return that they can at market rates, competitive with every other insurance company in Canada.

**Ms. Beck:** — And now those dividends you noted, \$84.5 million was realized by SGI Canada last year, and some of that was paid in dividend to the people of Saskatchewan into the GRF. I guess what I'm suggesting there is there would be a bit of a tension, perhaps, between the money that would go into dividends and the money that would go to shareholders, minority shareholders in this case who would own up to 49 per cent of SGI Canada. And I'm just wondering if there have been

any discussions about that tension, duality.

**Hon. Mr. Hargrave:** — On the first matter I'll just kind of correct you a little bit. And when I said \$84.5 million, that was the profit. That's not the dividend. That's two . . .

**Ms. Beck:** — No, I understand that.

**Hon. Mr. Hargrave:** — Okay. If there were to be a strategic partner come available, I mean, the whole point of that, as I've mentioned, about creating jobs, about strengthening the balance sheet, about strengthening the Crowns, that would be the only purpose to do that so that sufficient profits would continue to be generated. And as the largest shareholder would be the province, they would still retain sufficient revenue generation to provide a substantial profit to . . . or funds to the government.

**Ms. Beck:** — So you mentioned that one of the criteria would be creating jobs, the addition of jobs. Certainly that is encouraging to hear.

One of the methods that is used, not just in the insurance industry but in others in order to maximize profit, would be automation. So this is where I'm suggesting that you, on one hand, are saying these are the criteria for which we would consider these offers, when one of the methods that is used in the industry to maximize profit for private carriers would be looking at automation, which would actually reduce the number of jobs. So that's what I'm suggesting.

Has that discussion been broached? Is there a period that you would be looking at for a guarantee on the number of jobs, the location of the head office in the province? I think those are assurances or questions that people would have about any of those deals.

[21:15]

**Hon. Mr. Hargrave:** — As I mentioned, there has been no discussion in any potential of that detail. Any potential offer that was to be presented to us in that regard would be fully reviewed at that time, and an analysis done as to what the benefits would be and to ensure adequate benefits. SGI has, speaking of automation, SGI has substantial automation at this point, and we are not lagging behind other companies in our automation, or in our service as far as that goes. We're very competitive. That said, we don't deal in every form of insurance. There are people out there who are more specialized in other areas of insurance than what SGI Canada does, and that's very attractive.

**Ms. Beck:** — So moving on from there, has there been any work conducted on the part of SGI on how a deal would be structured to provide opportunities for a minority shareholder to purchase up to 49 per cent of the corporation, but at the same time working to shield it from federal tax implications?

**Hon. Mr. Hargrave:** — Well the short answer is no. Our subsidiaries of Coachman and what are out of province do pay tax currently because they are operating outside of the province.

But again, I'll repeat that we've had no discussion with anybody that would indicate any kind of any potential

partnership, or whatever it would look like. So it's really . . . At this point it would be impossible and fruitless for us to work out what something like that might look like.

And we have no offer. We have not had any offers and we don't have any discussions now, or have we had any discussions that have been at any length and any depth as far as actually consummating in any kind of letter of understanding or anything else. They've been all at a very high level, a very high level, but yet in lower amount of detail.

**Ms. Beck:** — I guess I'm still seeking a definition to what high level means exactly and when it proceeds to a point at which you would start having discussions or getting advice or looking into what the tax implications would be of those offers. I've noted that you're using the plural. I'm wondering how many of these high-level discussions with how many different entities have taken place.

**Hon. Mr. Hargrave:** — There have been 11 different entities that high-level discussion has taken place with. By high level, we mean it'd have to be along our strategic plan, as I've mentioned before. We have a goal, SGI Canada has a goal of \$1 billion in direct premiums to write, with 40 per cent of the book outside of the province by 2020.

It's possible that infusion of capital or a strategic alliance with another minority partner might help achieve this faster while protecting and adding jobs, again as I've said, in Saskatchewan and maintaining a head office here.

**Ms. Beck:** — Okay. I think I might have had trouble hearing some of that. So 11 offers . . .

**Hon. Mr. Hargrave:** — Want me to say it again?

**Ms. Beck:** — Yes, sure. And maybe I'll put my earpiece in.

**Hon. Mr. Hargrave:** — Normally I talk too loud, so this is why . . . Okay. And as I said, you know, the high level would be based around our strategic plan of our goal of a billion dollars in direct premiums written, with over 40 per cent of our total book of business being outside of Saskatchewan by the year 2020.

It is possible that an infusion of capital or a strategic alliance with another minority partner might help achieve that faster while protecting and adding jobs in Saskatchewan and maintaining a head office here.

**Ms. Beck:** — How are you defining a strategic alliance?

**Hon. Mr. Hargrave:** — Just that, a strategic alliance. There might be, you know, who knows, somebody that has a strategy of other business alliance that we're not in that would help us grow the strategy. We already operate in other provinces, as you know, so there might be an alliance where they can help us grow outside of the province, continue to grow outside of the province. Strategic objectives, I guess that's what a strategic alliance would be.

**Ms. Beck:** — Of course part of what I'm getting at is an issue that's been brought up repeatedly around the discussions around

Bill 40, and that is the federal opening up of the Crown corporation to federal tax implications. The federal government defines Crown corporations as those that are 90 per cent or more owned by a level of government, in this case the Government of Saskatchewan.

So what I'm hearing is that there's a level of depth, and some of these answers in terms of 11 offers or high-level discussions, although I'm not sure exactly how that's defined yet, but there's been no work done around how to shield it from federal tax implications. I'm understanding that correctly?

**Hon. Mr. Hargrave:** — We have not looked into the tax implications because we have no . . . even close to any offer, any letter of understanding.

Of course anything that would come forward in that regards, again that would have to be a major part of our analysis in deciding whether or not we're going to proceed with anything like that.

You know, the tax implications would be part of that. And you know, but that's part of what I had mentioned before about creating new jobs in Saskatchewan, about strengthening the Crown. And strengthening the Crown would mean, is there sufficient profits to be generated?

But we have had zero discussion in relation to analyzing the tax implications. We do pay taxes out of the province, on those revenues out of the province, yes.

**Ms. Beck:** — I understand that. I'm talking specifically about the passage of Bill 40 and the opening up of obviously not just SGI but all of those Crown corporations currently protected or that were protected under the Crown protection Act. And so there has been no vetting or no investigation into these implications by SGI? Have you received any information, any research, any opinions by any entity outside of SGI with regard to the federal tax implications?

**Hon. Mr. Hargrave:** — I've kind of mentioned it before, but no, there has been no work done by CIC or any outside people on any of these tax implications. Should something come forward in the future in relation to that . . . And I will reiterate that there is nothing in discussion now. But should something come forward in the future, that would form a large part of the analysis as to whether or not it was a viable offer and that it would meet, sort of, some of these requirements that I'm looking at, or we're looking at, of strengthening that Crown. If it's going to weaken that Crown, we obviously would not bother. We would not even entertain it.

**Ms. Beck:** — I hate to be a stickler for definitions, but how are you defining weakening the Crown?

**Hon. Mr. Hargrave:** — Well weakening the Crown would be that it would be less profitable than it is now, and less advantage were, were, as I said before, were . . . provide funds to the government as they have in the past. That would be weakening the Crown, that we could not count on that share of the money from the Crown that we currently get.

**Ms. Beck:** — So anything that would decrease the dividends

being currently paid to the GRF, is that what you're saying?

**Hon. Mr. Hargrave:** — Part of the thing with SGI . . . I mean this is a company in a very, very competitive market and, you know, all companies have to grow to remain competitive. They have to grow. They have to remain strong to remain competitive. In an industry that is, like I say, is very competitive, where there's lots of mergers and acquisitions and they're always looking for mergers and acquisitions, so the amount of revenue that would come . . . I mean, a big priority or a big factor that we'd be looking at is the amount of revenue that would come to the government. And I mean that would be, besides creating new jobs, because that would be weakening the . . . If we didn't create new jobs, that would be weakening the company and, you know, and we're looking about strengthening the company, and that's where we're coming from. So we would be definitely looking at the amount of revenue that this company could provide the government.

[21:30]

**Ms. Beck:** — I'm going to go back to something that you noted earlier, and that was around the headquarters. And it just tweaked my memory about previous discussions around the sale of the physical building, the downtown building. I'm just wondering if there have been any updates to that, to the sale of the SGI headquarters, the physical building.

**Hon. Mr. Hargrave:** — Physical building? Okay. There's been nothing going on with that in that manner for . . . I mean, any last discussion's been over two years ago in regards to that. And it was in regards to building a new building, a different building, and selling this building at the same time. But that matter's been, like I say, has not been discussed in over two years.

**Ms. Beck:** — Okay. Was building condition one of the issues around that initial discussion?

**Hon. Mr. Hargrave:** — It's more of an operational thing, so I'll let Mr. Cartmell answer this question for you.

**Mr. Cartmell:** — So our current building is in need of significant repair, specifically with the curtain wall. It's leaking. It's not imminent that we need a new building, but in the next five to ten years that curtain wall does need to be replaced. It can't be done with us in the building, but once you open up the curtain wall the whole building becomes exposed to the elements. And so we do need to physically move out, repair the building, and then move back in. Or, as was our other plan, build a new building or lease a new building, and then sell the existing one.

So that, you know, that's the status of the building. We are actually short of space. SGI Canada is growing and we are adding more employees here in Saskatchewan, and that's another issue that we'll be facing in the next number of years.

If we continue to execute on our strategic plan, which is to grow the company, there will be more jobs created. The jobs that we're creating wouldn't be necessarily traditional insurance, clerical roles. They tend to be, in this day and age, much more sophisticated roles that involve data and analytics and

computers and that sort of thing. But regardless, in order for us to run our company, looking to the future, we are running out of space and we will need more space in order to accommodate that growth and the skill sets of people that we need to be able to help SGI Canada grow and thrive.

**Ms. Beck:** — Thank you. So I would presume then that work would continue in terms of, you know, monitoring the status, the structure of the building, and then also looking at alternatives for expansion or an off-site while it's repaired. So that work is continuing.

**Mr. Cartmell:** — The building's safe, if that's part of your question. We do monitor the building all the time to make sure that the curtain wall's not going to blow off in the wind, and we do tighten the building every year. So it is a secure, safe building, but currently our plans, they're on hold to look at new, like a new building. We are currently exploring additional space nearby where we have a couple of teams that we would like to put together and work as a unit. So we do have plans in place to make sure that we are continuing to look after things.

**Ms. Beck:** — Okay, thank you. Have you had a current or recent evaluation of SGI Canada? Of the building as well, while we're at it?

**Hon. Mr. Hargrave:** — Just for clarification, are you asking about the building or about the business?

**Ms. Beck:** — Yes, I thought to ask about the building as well while I was . . .

**Hon. Mr. Hargrave:** — Well the answer to the building is that no, we don't have any current formal evaluation. The answer to the business is also no, we don't have an evaluation on the business.

**Ms. Beck:** — So there's been no evaluation recent, done . . . Okay.

**Hon. Mr. Hargrave:** — On the building, nothing. And on the business, there's no, been no evaluation done on the business or the building.

**Ms. Beck:** — Okay. I'm just recognizing that we may be running a little bit up against the clock here, so I'm going to shift a little bit. The Premier and a number of ministers — specifically I have a quote from the Justice minister — when talking about their remarks around Bill 40, have noted the Auto Fund, made specific reference. And I'm just going to read a quote:

Last year the Auto Fund invested hundreds of millions of dollars in funds outside this province without the ability to make those investments in our Crowns in Saskatchewan. So those funds that get invested outside Saskatchewan, those funds that get invested outside Saskatchewan, we think it would be a good idea if there was a possibility of some of those funds being invested in Saskatchewan so that the return on equity from those investments could be returned to the people of Saskatchewan.

So there's one note, but there's been a number of very specific

references to the Auto Fund. My first question is, what is the breakdown of your investments? Is there a proportion that's invested internationally, within Canada, and within Saskatchewan?

**Hon. Mr. Hargrave:** — I'll have our CFO, Jeff Stepan, answer that question.

**Mr. Stepan:** — So in the Auto Fund annual report, there's a listing of the investments that details exactly the answer to your question. So as at March 31st, 2016 we had \$74 million in short-term investments. In bonds we had \$682 million; in Canadian shares, Canadian common stocks, \$149 million. In our infrastructure limited partnership there was \$44 million. Global equity funds comprised \$371 million. Global small cap, smaller company equities was \$87 million. Our real estate mandate was \$133 million. Mortgages were \$109 million. And then we had some other miscellaneous investments in bonds and other Canadian common stocks for another \$378 million. And that's on page 49 of the annual report for the Auto Fund.

**Ms. Beck:** — So there's no breakdown then in terms of the proportion invested, and I appreciate the numbers are here. You had noted strategic targets previously. The current portion that's invested within Canada, is there a target balance in terms of the proportion of where the investment takes place, in terms of globally within Canada, and within the province?

**Mr. Stepan:** — Yes, in our investment policy we specify the amount in the various asset classes in terms of what those targets are. I don't have those numbers right off the top, but within the return-seeking portfolio, it is very well diversified to ensure that we're not subject to any one, you know, exposure to any one country or type of security.

**Ms. Beck:** — It's important to have that mix so that if you have a significant issue in one area, that you're not overexposed to that risk.

Is there any change in terms of a target for the proportion balance that is projected?

[21:45]

**Mr. Stepan:** — So the asset mix on the target allocations are looked at formally on an annual basis by the investment committee of the board. And they're approved, any changes are approved by the board.

There haven't been any significant changes to those targets in a few years and there's nothing planned, although we do look at that on a regular basis, take advice from professionals in the industry, from our investment consultants, and others in the industry.

**Ms. Beck:** — Okay. Do you have a high-level breakdown of the types of investments that SGI would typically invest in, what sort of businesses or types of investments that SGI would typically undertake at a very high level?

**Hon. Mr. Hargrave:** — What do you mean by high level?

**Mr. Stepan:** — So at a high level, the types of companies that

we invest in, if we look on the fixed income side, the bond side, there are specific quality guidelines that we have to adhere to. They have to be investment grade. It has to be BBB or above in terms of the rating. So for corporate bonds, for provincial bonds, for federal bonds, those guidelines, we must adhere to those guidelines. For equities, the types of equities that we invest in, quite frankly, vary widely depending on the nature of the industry that we're investing in and the companies that are available within those industries.

What we look at is the total portfolio and making sure that the portfolio, as it stands, is prudent. And that's a long-standing principle that the fund is guided by, is that prudent portfolio positioning and making sure that the portfolio, when we consider all of the investments — all of the equities, the bonds, the real estate, the mortgages — that the nature of that portfolio, the risk is acceptable to the investment committee of the board and to the board.

**Ms. Beck:** — So a specific question, and I understand that this is going to be my last question, so it's two parts. Would SGI invest in a telecommunication corporation like SaskTel, and does it have investments in other companies that would have a similar scope to SaskTel?

**Mr. Stepan:** — So at present the Auto Fund has investments in Bell. It has investments in Telus. So it has investments in telecommunications companies. Under the current structure of SaskTel, we could not invest in SaskTel, and there would have to be changes in, you know, the equity, the composition of SaskTel to allow SGI to invest or the Auto Fund to invest in SaskTel. But under the current Crown corporation structure, that's not possible.

**The Chair:** — Thank you, Minister, and your officials. That concludes the committee's time this evening with SGI, and I will now ask a member to move that we conclude consideration of the following annual reports and financial statements: 2015-16 SGI Canada annual report, the 2015-16 Saskatchewan Auto Fund annual report, the 2015 SGI Canada Insurance Services Ltd. annual report, the 2015 Coachman Insurance Company annual report, and the 2015 SGI Superannuation Plan annual report.

**Mr. Kaeding:** — I so move.

**The Chair:** — Mr. Kaeding has moved that we conclude consideration. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Minister, if you have any closing remarks for SGI this evening.

**Hon. Mr. Hargrave:** — Thank you. Thank you, Madam Chair, for your patience in proceedings tonight, as well as the rest of the committee. And I thank the member for all of her questions, very respectful, and I do appreciate that, and it's good to continue. I'd like to thank all my officials for their hard work and just being here, but in preparing to be here, and assisting in answering the questions. So I want to thank them and I want to thank Hansard again for her hard work up there. So thank you very much.

**The Chair:** — Ms. Beck, if you have any closing remarks.

**Ms. Beck:** — I'm just echoing some of the comments of the minister. I do appreciate the opportunity to ask questions. I know that the time flew by, and I think, you know, there are some important questions to ask. So I do appreciate, as I noted, the opportunity and I'm respectful of your time here and the late hour. Thank you.

**The Chair:** — Okay, we will just take a moment here to switch out any officials that you may need.

[The committee recessed for a period of time.]

**The Chair:** — All right, folks, we're back in committee. And we have Mr. McCall sitting in for Mr. Meili again.

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

**Subvote (SO01)**

**The Chair:** — We will now start our consideration of lending and investing activities for vote 154, Saskatchewan Opportunities Corporation, loans, subvote (SO01). Minister Hargrave, please introduce your officials and make any opening remarks you choose.

**Hon. Mr. Hargrave:** — Thank you, Madam Chair, and the other members of the committee. It's my pleasure to be here this evening for the committee's consideration of matters pertaining to Saskatchewan Opportunities Corporation or SOCO. Joining me here today: our president and chief executive officer, to my left, is Van Isman; vice-president and chief operating officer Ken Loeppky, to my far left; and Brent Sukenik, chief financial officer for SOCO.

The purpose of the corporation is to create, encourage, and facilitate business opportunities in the Saskatchewan technology sector, primarily through the development and operation of technology parks. As you are aware, SOCO operates the research and technology parks in Regina and Saskatoon on land leases from the University of Regina and Saskatchewan, respectively. In addition, SOCO also owns and operates the Prince Albert forestry centre building. All of these facilities are operated under the registered trade name of Innovation Place.

Innovation Place is an economic development tool of government. Our research and technology parks provide a range of specialized scientific and business amenities that are concentrated in a close proximity to address the needs of emerging and established private sector and technology firms. These firms and amenities then become a draw to attract more firms to locate or start up in the same area.

Collectively, the SOCO facilities contain 27 buildings with approximately 1.7 million square feet of office, laboratory, greenhouse, and pilot plant space. At the present time, SOCO has 162 tenants leasing space; 84 per cent of these tenants are private sector businesses and research organizations, all

involved in the technology fields.

Innovation Place is focused on clustering tenants in specific areas. Tenants can either work directly in the cluster or provide support and technical services to the cluster. Primary clusters of focus in Saskatoon are agriculture and life sciences, information and communications technology, and mining and other engineering technology. Primary clusters of focus in Regina are energy, environmental, and information and communications technology.

[22:00]

During the 2015-16 fiscal period, SOCO generated a net income of \$1.65 million. However, a far more important statistic is that during that fiscal period, 10 new technology businesses were started within the parks. And I am advised by the officials here today that this result was replicated in 2016 and '17 which just recently ended. That's 20 new technology businesses over the last two years.

It is now my pleasure to entertain the committee's questions concerning SOCO.

**The Chair:** — Thank you, minister. I will now open the floor to questions. Mr. McCall.

**Mr. McCall:** — Thanks very much, Madam Chair. Mr. Minister, officials, welcome to the consideration of the Saskatchewan Opportunities Corporation this evening. Just a couple of quick questions for you off the top. How many FTEs are associated with SOCO? How many employees work for the opportunities corporation?

**Hon. Mr. Hargrave:** — One hundred FTE.

**Mr. McCall:** — One hundred FTE. Are any of those part of a collective bargaining agreement?

**Hon. Mr. Hargrave:** — There are no persons there, of the hundred FTE, in the collective bargaining unit.

**Mr. McCall:** — So with the hundred FTEs, I'm sure those watching the directions from the government certainly saw the budget, certainly saw the direction around seeking a 3.5 per cent reduction in overall compensation. How has that proceeded through the Opportunities Corporation?

**Hon. Mr. Hargrave:** — In relation to the three and a half per cent in compensation, overall compensation, what has transpired is they've gone and discussed and polled all the employees to find out how best they feel that the . . . or what would be the best avenue that they would feel would be appropriate. And that's the compilation of all that has transpired. We're finalizing the information and putting it together to see whereabouts and how abouts this can be finalized and implemented.

**Mr. McCall:** — What's the minister or officials' sense? Is it going to be, you know, a 3.5 per cent reduction in wages overall, or on benefits, or unpaid furlough, I think was how the Premier termed it in other settings? Are there going to be positions cut, jobs cut? How is that going to be made up?

**Hon. Mr. Hargrave:** — It will be a combination of things that they're currently reviewing that some of the employees feel would be more reasonable, and you know, that'd be a portion of benefits, that'd be a portion of furloughs, that'd be a portion of various other things that they might consider that . . . There's been a number of different suggestions. And so that's what we're considering or they're considering, and with the hope that they can put this together in the very near future.

**Mr. McCall:** — What's the starting point for the figure of 100 full-time equivalent positions, beginning in 2015, end of 2016, or when does that begin?

**Hon. Mr. Hargrave:** — By starting point you mean in when do they start work or starting salaries?

**Mr. McCall:** — When do they start? I guess in terms of 100 FTEs working for SOCO, when is that as of?

**Hon. Mr. Hargrave:** — Yes. It's been right around the hundred level. There is a maximum cap of 107.25. For example, March of '17 there was 100.02. And in March of '16 it was 99.03, so it's been maintained. And in '15 — so just to give you three years — it's been 100.86. So it's been maintained very close to that 100 FTE average.

**Mr. McCall:** — So there were a number of positions abolished during that time or positions cut. Am I understanding that correctly?

**Hon. Mr. Hargrave:** — You're understanding it wrong. There have been no positions cut. They have a maximum number of 107.25 that they can have even though they've maintained the level of FTE at 100, at right around 100. So that would be consistent for the last three years.

**Mr. McCall:** — Okay. So again I appreciate your patience given the hour or, you know, the questions generally, but there have been no positions eliminated with the Saskatchewan Opportunities Corporation over the last year?

**Hon. Mr. Hargrave:** — In the last number of months, there's been three people . . . On a reorganization done by SOCO, there's been reorganization and three people have been let go.

**Mr. McCall:** — And that was prior to the budget or post-budget?

**Mr. Isman:** — The decision was actually reached with regards to the three individuals. And I might add, they were all good people; this wasn't a performance issue. This was solely an internal reorganization. It wasn't budget driven, but there's different areas of focus that we've moved away from, and so there was three positions that were no longer required. And so in the interests of moving forward in the month of March . . . I can find out the exact date that we gave notice if you would like, and advise you through written format if you would like. But it was during the month of March.

**Mr. McCall:** — Okay. I guess what I'm trying to establish is what's the baseline in terms of you've got 3.5 per cent of total compensation that SOCO has to make up. What's the FTE starting point for that? I guess a further question would be,

what's payroll? Do the three positions that were eliminated and the people that lost their jobs in that reorganization, do they count against the directive from the government? How does this work?

**Mr. Isman:** — The 3.5 per cent reduction of total compensation costs — by the way, it's not just payroll, total compensation costs — is being based on what our budget was for '17-18. And so the individuals who were let go during the month of March and at the end of the '16-17 fiscal year, it's separate and apart.

**Mr. McCall:** — Thank you. That's exactly the clarification I was looking for. In terms of what is 3.5 per cent of total compensation, what is that figure? What is the dollar figure that has been assessed to the corporation?

**Mr. Isman:** — It's approximately \$305,000 give or take a couple of thousand dollars.

**Mr. McCall:** — What is the expectation on when that deliberation, consideration process, will be concluded, and there'll be an announcement?

**Hon. Mr. Hargrave:** — In relation to implementation of the changes in benefits or furlough days or whatever, when would we be implementing that?

**Mr. McCall:** — Whatever the mix that gets SOCO to 3.5 per cent of reduction of total compensation.

**Mr. Isman:** — We're waiting upon seeing what's going to happen within executive government, within the other Crown corporations. There's currently discussions. My understanding is there's currently discussions with some of the in-scope units in terms of how the companies that are unionized, how they will be moving towards that.

[22:15]

So in an effort to ensure that there's fairness as far as our staff are concerned, we'll want to make sure that we're going to be doing this pretty much at a common time that we will see it happening across the public service in Saskatchewan. So at the present time, it's just a bit premature to say when the actual implementation will take place.

**Mr. McCall:** — I guess asking similar questions in other estimate considerations, the out-of-scope complement awaits the in-scope complement in an individual ministry or agency. And then, you know, I guess what you're saying, like, SOCO doesn't have that problem. You know you've got one . . . You're not subject to any collective bargaining agreements. But I guess if you're going to wait for the rest of executive government to, you know, settle a couple of collective bargaining agreements and then use that as the pattern going forward, when do you think that'll take place?

**Hon. Mr. Hargrave:** — The collective bargaining, the negotiations on the collective bargaining agreements are ongoing, so we have no idea, you know, when they'll finalize. So you know, it could be right away or it could be several months or whatever. Negotiations. Negotiations. There is no



specific date that these negotiations will finalize. It's as they go along. So you know, ideally it would be, there'll be a reasonable discussion and compromise, and then they'll move forward relatively quickly.

**Mr. McCall:** — So I guess by the end of the fiscal for certain or who's to say.

**Hon. Mr. Hargrave:** — Again who's to say exactly. I mean they're going along with the collective bargaining agreement, and they're sitting down and having discussions with each individual unions. And we'll just see how those go along.

**Mr. McCall:** — Well I guess, you know, as SOCO being part of the larger figure of \$250 million that's been written into the budget, which of course, you know, helps with the vaunted three-year plan to get to balance and all of that, that there's such a question mark hanging over how an agency like SOCO is going to make their 3.5 per cent contribution to that overall effort. It's kind of frustrating that it isn't a bit more concrete in terms of what the actual measures being taken are so folks can know how this is going to impact their lives.

So in terms of numbers in a budget, you want them to be as hard as possible. I'm sure you'd agree with that. And to have \$250 million, a quarter of a billion dollars, this soft is interesting.

In terms of the vacancy rates around occupancy — Regina, Saskatoon — and we'll get to the forestry centre, what's the current situation on vacancy?

**Hon. Mr. Hargrave:** — As of March 2017, Saskatoon was at 7.96, Regina was at 6.65, and Prince Albert at 7.64, for a combined average of 7.6.

**Mr. McCall:** — That's good news. That's a definite improvement from year previous and glad to hear it. And again I guess the question remains in terms of, you know, there's a different approach being taken on Saskatoon and Regina . . . Or if the Minister wants to correct my understanding of what's the plan for the forestry centre in Prince Albert, is it still the intention of the government to sell that asset?

**Hon. Mr. Hargrave:** — Yes, it is. As a matter of fact, there is an offer on the premises there. It's been for sale for some time, as you probably know or are aware, and there currently is an offer and with conditions that must be met by a specific time, and so we're just waiting for that to finalize.

**Mr. McCall:** — And different from the situation in Saskatoon and Regina of course, that plot of land is owned outright by SOCO, is that correct?

**Hon. Mr. Hargrave:** — The land in Prince Albert is owned outright by SOCO. Saskatoon and Regina are leased land, as you know.

**Mr. McCall:** — Thanks for that. And again in the forestry centre circumstance, the vacancy rate that the minister had referenced, again how many of those employees would be government entities in the forestry centre?

**Hon. Mr. Hargrave:** — So in there, I mean we have a list of total number of employees in the building and that's by specific sector or by a specific renter. Fifty per cent of the building is occupied by private sector, 30 per cent is occupied by the government, and 20 per cent is occupied by non-profits. And there are a total employees in the building of 199.

**Mr. McCall:** — How long has the offered purchase been under consideration by SOCO?

**Hon. Mr. Hargrave:** — The date of the offer was December 9th of last year.

**Mr. McCall:** — When is the decision expected?

**Hon. Mr. Hargrave:** — This afternoon or late this afternoon we were supposed to hear. The offer expired late this afternoon, 5 o'clock today, but as my officials have been here, nobody has any information on that today. So we're probably expecting something in the next few days.

**Mr. McCall:** — Can the minister undertake to let us know?

**Hon. Mr. Hargrave:** — Most definitely. Most definitely. We've had to, we've had to do, you know, some work, or there's been some work completed in regards to that. I mean there had to be environmental . . . Of course with any real estate transaction, there has to be environmental site assessments, phase 1 and phase 2's, and that has to be completed. And then the purchaser has had so much time to get . . . And other conditions had to be finalized, and the only one we were waiting for is his financing approval. So we will undertake, of course, to advise you as soon as we know — well within a very reasonable time of maybe 24 hours, or if we know on Saturday, it won't be until the Monday. How's that?

**Mr. McCall:** — We'll take what we can get, Mr. Minister.

**Hon. Mr. Hargrave:** — I have no problem in advising you as soon as we know.

**Mr. McCall:** — Thank you for that. Is there . . . Just one last question. Are there any other assets under consideration for sale or liquidation on the part of SOCO?

**Hon. Mr. Hargrave:** — On the part of SOCO? Both universities have expressed interest in acquiring their respective research parks, and so there's been no formal offer, but discussions are continuing with them in regards to that.

**Mr. McCall:** — That's part of the strategic plan for the year to come, to arrive at a decision on how those would be transferred to the respective universities. Can we . . . When, I guess, can we expect a decision on that possibility?

**Hon. Mr. Hargrave:** — Well on that, you'd have to ask the university because there's been no formal offer. There's only been a discussion.

So the university would have to decide if they wanted to put up the money for the . . . and obtain the money to make that purchase, should they and their boards decide that they want to pursue that. There has been discussions with them, but they

have not indicated that they are definitely going to put an offer forward. That has not gone to their boards.

**Mr. McCall:** — Thank you very much, Mr. Minister, and officials.

**The Chair:** — Seeing that there are no further questions and the . . . Sorry, Mr. Isman, if you wanted to reply.

**Mr. Isman:** — Mr. McCall, the date of the termination of the three employees was March the 9th, and the budget was on March 22nd.

**Mr. McCall:** — Thank you for that.

**The Chair:** — Thank you. Seeing that there are no further questions and the time for tonight's committee has expired, the committee will adjourn its consideration of vote 154, Saskatchewan Opportunities Corporation, loans, subvote (SO01).

Mr. Minister, do you have any closing remarks this evening?

**Hon. Mr. Hargrave:** — Well first of all, I want to thank Hansard again. And you know, they put in long hours here too, and I do appreciate all the work they do.

But I want to thank you, Madam Chair, and I want to thank all the committee members, and I want to thank the member opposite here for the questions. It was a respectful dialogue, and I do appreciate that.

And I want to thank all my officials for the many hours of work that they put in and the many hours that they've sat here and to be available to help assist in answering any questions. So again thank you, Madam Chair.

**The Chair:** — Thank you. Mr. McCall, any remarks you'd like to make?

**Mr. McCall:** — I'd just double the thanks for Hansard — I don't know if that's going to get . . . That will absolutely get reported, I'm sure — security, and yourself, Madam Chair, and officials at the table.

Mr. Minister, officials, such are the times that we can't talk more about the exciting work that goes on day-to-day at the Innovation Place. Certainly as a graduate of the University of Regina, is a tremendous bit of value adding to that campus, something I know first-hand, and certainly appreciate the work that's been done over decades on the part of what is now the Saskatchewan Opportunities Corporation.

So thank you for this discussion, Mr. Minister. Too bad we don't have more time. And certainly thank you, Mr. Isman, and officials, and through you to the good folks at the Saskatchewan Opportunities Corporation. And of course, last but certainly not least, thank you to my committee colleagues for all the patience.

**The Chair:** — I'll now ask a member to move a motion of adjournment. Mr. Bradshaw has moved a motion to adjourn. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. This committee now stands adjourned to the call of the Chair.

[The committee adjourned at 22:28.]