



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

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

Mr. Herb Cox, Chair  
The Battlefords

Ms. Cathy Sproule, Deputy Chair  
Saskatoon Nutana

Mr. Steven Bonk  
Moosomin

Mr. Glen Hart  
Last Mountain-Touchwood

Ms. Nancy Heppner  
Martensville-Warman

Mr. Everett Hindley  
Swift Current

Ms. Lisa Lambert  
Saskatoon Churchill-Wildwood

[The committee met at 15:00.]

**The Chair:** — Good afternoon, everyone. It is now 5 o'clock ... [inaudible interjection] ... Wishful thinking, I guess. Pardon me. It is now 3 o'clock. Pardon me, folks. Welcome to the members of the committee, and I'd just like to announce the members that are here right now. Cathy Sproule is here. Steven ... oh, Steven's not here yet. Glen Hart's here. Nancy Heppner's here. Everett Hindley and Lisa Lambert are here.

This afternoon the committee will be considering the lending and investing activities for SaskWater and SaskEnergy, and this evening we'll be considering SGI's [Saskatchewan Government Insurance] annual reports and four bills as well.

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

**Subvote (SW01)**

**The Chair:** — I'd like to now begin our consideration of vote 140, Saskatchewan Water Corporation, loans, subvote (SW01). Minister Eyre, if you would like to introduce your officials and make your opening comments, please.

**Hon. Ms. Eyre:** — Thank you, Mr. Chair. Good afternoon to members of the committee. I'm joined today by the following officials from SaskWater: Doug Matthies, president; Eric Light, vice-president, operations and engineering; Jacquie Gibney, vice-president, business development and corporate services; Danny Bollinger, director of financial services; and Jeremy Brick, my chief of staff.

Mr. Chair, I note we are scheduled for 30 minutes to review the 2018-19 estimates for SaskWater, so I will keep opening remarks brief. SaskWater is a commercial Crown corporation. Its earnings are included as part of net income from government business enterprises on page 70 of the provincial budget document. Budgeted earnings for the year are 6.2 million, which is 400,000 more than budgeted last fiscal year, 1 million below the 2017-18 forecast.

The variance in earnings is significantly related to a one-time revenue adjustment of \$900,000 in 2017-18 for the reversal of an onerous contract provision on the Elbow regional water supply system. This became possible because SaskWater and its customers completed negotiating new long-term supply agreements that improve the financial sustainability of the system.

Other references to SaskWater that appear in the budget document or in the estimates document relate to the financing arrangements of the corporation. All SaskWater's borrowing requirements and repayments are arranged through the Ministry of Finance.

In 2018-19, SaskWater is budgeting to borrow \$25.7 million to finance its capital investment program of 34 million. Almost 80 per cent of this investment is related to four major projects. Sixteen million is to continue construction on the new Melville

water supply system which is in year 2 of a three-year construction program. Five million is for phase 3 of a multi-year program to replace the Saskatoon east potable water pipeline which was originally constructed in 1966 and is approaching the end of its useful life. Four million is for a potential new waste water project. This investment is contingent on SaskWater securing an agreement with the customer, which is still in negotiations. And 1.6 million is part of SaskWater's annual refurbishment efforts on the Saskatoon southeast water supply system which was also constructed beginning in 1966.

All other items in the capital budget are each individually less than 1 million and are for the most part to support service reliability. SaskWater is also continuing to pursue a number of growth opportunities, both in the municipal and industrial sectors. However, these projects are still in preliminary or conceptual stages.

Mr. Chair, that concludes my opening remarks. And both my officials and I will be pleased to answer any questions that members of the committee may have.

**The Chair:** — Thank you, Minister. And I would just like to add to the agenda that Mr. Bonk has now joined us as well shortly after 5 ... shortly after 3. I can't get that out of my head. I would just like to remind the officials, would you please state your name the first time you speak on any questions.

Do any members have any questions? Ms. Sproule.

**Ms. Sproule:** — Thank you very much, Mr. Chair. Thank you, Madam Minister, and officials, for being here today. And I just have a few questions in the brief time that we are allowed.

In the budget document on page 155, there's the loan repayments item and SaskWater repaid \$7.6 million in loans in 2017-18 and does not have any scheduled loan payments to repay in '18-19. Could you tell the committee why SaskWater's not making loan payments in this fiscal year?

**Hon. Ms. Eyre:** — Thank you, Ms. Sproule. There are no loan repayments, as you noted, scheduled for '18-19. No debt instruments are maturing during the year. A complete list of the debt instruments obviously disclosed in SaskWater's annual report, '16-17, note 15, page 85. The '17-18 repayments were related to two debt instruments that came due during the year. And SaskWater, as you'll know, establishes sinking funds to accumulate money to help retire debt upon its maturity. So those funds of 6.2 million were redeemed against the two issues that came due. Otherwise they come due at various dates throughout the year, and those would then appear in the annual report.

**Ms. Sproule:** — Thank you very much, and certainly I'll have more questions on the annual report when we meet in June on that issue. Also in the estimates, there was the borrowing estimates — and I just want to make sure, I gave you the wrong page previously — estimated borrowing for '17-18 was 30.5 million, now forecast to be 18 million. So it dropped in your last year's estimates, and then this year it's estimated at 369 million. Could you share with committee what is reflected in those numbers?

**Hon. Ms. Eyre:** — Ms. Sproule, so the budget, '17-18, that was projected at 30.5 million. That's obviously, you know, it's down in '18-19 to 25.7 million. The total capital plan is 34 million. So SaskWater's borrowing requirements are to support its capital investment program with the 34 million for the total capital plan, less the capital to be customer financed, at point six million, and net SaskWater investment 33.4 million.

And again in terms of the total capital plan, in my opening statements I highlighted four of the major capital projects that would come into play for that funding — the Melville potable water supply system and treatment plant, the irrigation woodlot, Prairie North in the RM [rural municipality] of Wilton; and completion of small projects for new customers, and then it goes from there.

**Ms. Sproule:** — Thank you. Again I'm not sure if I asked the question properly, but why was borrowing for SaskWater so much less than originally planned in '17-18?

**Hon. Ms. Eyre:** — So SaskWater's debt ratio is currently approximately 46.6. It will increase to 56.2 per cent at March 31, 2019, is the projection within the 60 per cent target range approved by CIC [Crown Investments Corporation of Saskatchewan]. Borrowing in '17-18 was, to your question, less than budget primarily because construction of a new water supply system to serve the proposed Yancoale potash mine didn't proceed.

**Ms. Sproule:** — Are you anticipating in this year's budget that it will proceed in this fiscal year?

**Hon. Ms. Eyre:** — No.

**Ms. Sproule:** — Thank you. And then the borrowing forecast for this year, as I indicated, was 369.9 million. I know you gave me a bunch of numbers just now, but was that the list of what this year's borrowing is for? Or could you maybe repeat that list if you've already given it?

**Hon. Ms. Eyre:** — Thank you, Ms. Sproule. I'm just wondering if you're reading . . . Are you reading the SaskPower Corporation number, 369? Because the Saskatchewan Water Corporation number, estimated '18-19, is 25.7.

**Ms. Sproule:** — I think you are entirely correct. I just have it written down; I don't have the Estimates in front of me. So if that's the case, then can we go back to the \$25.7 million figure that you're borrowing this year, and indicate what that is for.

**Hon. Ms. Eyre:** — Absolutely. So SaskWater, as I mentioned, will use a combination of new borrowing and cash from operations to finance the capital plan. And a summary of major capital projects, I'll just go through them. I listed the Melville potable water supply system and treatment plant, 16 million; irrigation woodlot, 4 million; Prairie North in the RM of Wilton, 0.9 million; completion of small projects for new customers, point two. And that brings us to 21.1 million.

And there are expansions of existing systems to support customer growth. I won't go through every number but these include Saskatoon potable and non-potable pumps. At Buffalo Pound the WTP [water treatment plant] expansion in Sun

Valley; other smaller assorted projects. And then there are other asset upgrades and refurbishment. I'd be happy to go through those for you as well.

**Ms. Sproule:** — That's fine. Thank you very much for that list. I just want to jump before we are finished to make sure I ask this one question, then I'll go back to some finance questions.

In the *SaskWater Water Quality Report 2017*, near the end there's a description of the precautionary drinking water advisories. There were 11 issued on SaskWater-owned potable water systems in 2017. My question may not be relevant to SaskWater, so I'm just going to ask, and if you think I should divert it, no pun intended, to Sask Water Security Agency, then I will.

There are private companies providing potable water to subdivisions that I know of, and I'm just wondering in terms of . . . For example, one system I know of has system depressurizations on a more frequent basis than is good, but there seems to be no regulatory authority for those private systems.

And I'm wondering if SaskWater has any relationship with those private distribution companies that are providing citizens with potable water but through, like an acreage subdivision, is what I'm talking about.

**Hon. Ms. Eyre:** — Thank you, Ms. Sproule. So the regulatory aspect would be better directed to the water agency. But otherwise, if SaskWater isn't involved and doesn't have a role to play, it doesn't come into play in that sense.

**Ms. Sproule:** — Thank you for that. Do you have any idea of how much of potable water in Saskatchewan is delivered by private companies? Or how much does SaskWater provide?

**Hon. Ms. Eyre:** — Thank you, Ms. Sproule. So potable water in '17-18, the volume is 7.5 million. That's overall. And again, just to keep in mind of course that we only serve around 7 per cent of the province. And of course, in terms of distribution and so on, most of it of course is through municipalities. It would be a very miniscule amount that would be private. We don't have those exact statistics for you, but we could follow up if you wish.

**Ms. Sproule:** — Yes, I would appreciate that. If you would be able to follow up and provide the committee with information as to outside of municipalities, but private distribution of potable water. And when you say 7.5 million, is that litres, or?

[15:15]

**Hon. Ms. Eyre:** — Cubic metres.

**Ms. Sproule:** — Thank you for that. All right. I'm just going to quickly refer to the Crown Investments Corporation's Q3 [third quarter] report. And I know you may not have that with you today, but I'll try and explain what they're saying there. And it's a reference to SaskWater. I'll just read this: the 2017-18 budgeted dividends and per cent of operating earnings for SaskWater are, earnings of 5.8 million, dividend paid to CIC of 1.5 million, and 25 per cent of SaskWater operating earnings.

So I guess what I want to explore is the relationship with CIC and how did they assess the dividend of 1.5 million. Why 25 per cent when other corporations like SaskEnergy and Sask Gaming pay dividends of 90 per cent and 80 per cent of their, I guess, net earnings?

**Mr. Matthies:** — To the committee, Mr. Chair, Doug Matthies, president of SaskWater. So in response to the question, what I would offer is that the dividend calculation takes into a number of considerations. And SaskWater is a relatively small Crown, and we have only been profitable for a relatively short period of time, since about 2011. Before that we were operating break-even or less.

So in our conversations with CIC in terms of dividend amount, one of the things that we were highlighting with them is we have a significant refurbishment need within our infrastructure, and we're also in a growth mode. And so the discussion in terms of the amount of the dividend reflects that we both have a significant refurbishment piece and that we have been growing and investing in new systems. And so it's all about sort of balancing the cash needs of the shareholder and the growth and development needs of the corporation.

**Ms. Sproule:** — Thank you. Would this be the third year that you would pay a dividend to the CIC?

**Mr. Matthies:** — Yes. The year under review, 2018-19, will be our fourth year. I guess the year we're just finishing is the third year. That's correct.

**Ms. Sproule:** — And what are you budgeting for this year of '18-19 for the dividend?

**Hon. Ms. Eyre:** — Ms. Sproule, so for '18-19 what's being forecasted — and of course, as you know, the annual report will be tabled over the summer — again we're looking at 25 per cent.

**Ms. Sproule:** — Of earnings.

**Hon. Ms. Eyre:** — Yes.

**Ms. Sproule:** — Or operating earnings, yes. Okay. Thank you. Now I'm going to move to the Q3 report for SaskWater Corp., '17-18. And at the end of December the salaries were 9.7 million, which was actually \$400,000 more than for the same period the year prior. So just wondering why salaries have jumped up in the '17-18 year higher than in the '16-17 year?

**Mr. Matthies:** — Mr. Chair, in response to the question, we had a number of reasons that contributed to the salary increase this year. First and foremost, we added Melville as a major new customer, so we had to bring on staff. Secondly, we are transitioning to our own IT [information technology] strategy. We have been incrementally adding some resources internally to address our IT position, so we added one new position for IT. And we also took over some of the administrative functions in accounting and payroll from another agency, and so we had to bring on staff to do that as well.

**Ms. Sproule:** — And what agency did you take that over from?

**Mr. Matthies:** — We used to have those services provided by the Water Security Agency, but we were finding ourselves just not their priority. And so we took it over ourselves.

**Ms. Sproule:** — Thank you for that. Does the Water Security Agency provide any other services?

**Mr. Matthies:** — No longer. They certainly did for a number of years, but we have now completed the transition. They still act as the regulatory agency for the province, and so we interact with them on a regular basis in that regard; however, in terms of actual services to the corporation, we've had a clean break of things.

**Ms. Sproule:** — This is going so fast. I'm going to skip ahead to a different area for now. A concern was raised with me about the federal infrastructure funding, and in particular one area where there's a new system being built, but there's no infrastructure funding from the federal government's fund being applied to that.

And their feeling is, and I'll just share this with you, is that there's no incentive for SaskWater to seek out that infrastructure funding because you get to bill the customer. So there wouldn't be as much incentive for you to seek out the funding as an individual community might want to do. And I'm just wondering how you would respond to that concern?

**Hon. Ms. Eyre:** — Thank you, Ms. Sproule. Again I think certainly any partnerships in regard to the federal government and federal grants — you know, there are a number of instances where certainly those have been employed and relied upon by SaskWater — any grant certainly that we receive that helps the community is for the betterment of that community, and SaskWater doesn't attempt to recover that money through higher water rates or through water rates, for example.

**Ms. Sproule:** — I don't think the concern is the recovery of the money. It's the actual seeking of it. And I don't know the rules unfortunately for the federal infrastructure dollars, but the suggestion was perhaps if you entered into a joint venture with those municipal agencies that more money would be accessible under that fund.

**Hon. Ms. Eyre:** — So SaskWater has been eligible for federal grant funding and has been a recipient of federal grant funding in the past. And certainly it's something that SaskWater continues to pursue and has pursued.

**Ms. Sproule:** — Yes, I was thinking, and my colleague has pointed out to me, that it perhaps might be through the Clean Water and Wastewater Fund. And I think that is only available to municipal governments, but perhaps through a joint venture with SaskWater, those funds would be more accessible.

**Hon. Ms. Eyre:** — So we'll just clarify. We are eligible, and the Melville project is a good example of this in terms of highlighting how this would work. So obviously it's ... So SaskWater and the city of Melville signed a water supply agreement, as you'll know, in '16 to build a new water treatment plant and supply wells and a 30-kilometre connecting pipeline. SaskWater applied for grant funding under the Clean Water and Wastewater Fund. So that was for a \$13.75 million

project to construct the water supply pipeline, and we were advised June 2nd, 2017 that that had been successful. And so that was 10.3 million that would be awarded, including 6.8 million federal funding, 50 per cent, and 3.4 million approximately provincially.

**Ms. Sproule:** — Are there any other grants or programs available for municipalities that you are aware of when they're developing these water systems?

**Hon. Ms. Eyre:** — Thanks, Ms. Sproule. So again, there have been several in the past. This was the one I mentioned, the Clean Water and Wastewater Fund. The Building Canada Fund was another one. And negotiations are currently under way for the Canada phase 1.

**A Member:** — Investing in Canada.

**Hon. Ms. Eyre:** — Investing in Canada. And so that would be the next round possibility.

**Ms. Sproule:** — Thank you. Can you share with the committee what other projects that you've undertaken that have received funding from the Clean Water and Wastewater Fund?

**Hon. Ms. Eyre:** — We had two; one was Melville and one was Elbow.

**Ms. Sproule:** — And Elbow was the one where you did the restructuring and financing this year?

**Hon. Ms. Eyre:** — That's correct.

**Ms. Sproule:** — Okay. Thank you. One question that has also been raised is the model that you are using now for establishing the rate. Who is all on the new model? Which projects are on the new model?

**Mr. Matthies:** — So SaskWater uses a cost-of-service model, which is sort of the utility industry standard. But you're absolutely right in that we still have a number of contracts that we sort of use the word "legacy contracts" where they were struck, in many cases, even before we had a commercial mandate. And so those files won't necessarily recover all of our costs or even necessarily all of our capital.

The major system that we are currently negotiating to move away from, that legacy kind of system, on to cost-of-service is our Melfort region. So those contracts actually come up at the end of this current year, so we're trying to renegotiate those.

And we have one other significant, well, small system but significant to us. That is our Edenwold customer, which is also a financially challenged system that we're trying to find some solution for.

**Ms. Sproule:** — In terms of the model, this cost-of-service model, that's not a new model then? You've had it for a number of years?

**Mr. Matthies:** — Yes, the cost-of-service model was originally developed back in 2006, and it's been used since then.

**Ms. Sproule:** — Is there a model . . . I'm told it's a user pay rate, does that make sense? No?

**Mr. Matthies:** — I might need some help with this one. Certainly the way we strike our rates is we're attempting to recover all the operating costs, financing costs, our capital cost, and then achieve a return on taxpayers' investment. And so that's the fundamentals of the model. And then, you know, you're obviously working with the community to determine what their needs are, and so you're trying to line up, here's all the dollars amount that we need to achieve over a 20- or 30-year contract, and here's what the demands are. So you strike your rates accordingly.

**Ms. Sproule:** — Yes, I think the concern of this particular area is that their distribution network has the highest rates in the province and, you know, I guess it's sort of the public service, you know, model versus the recovery model. And it's just a difficult situation, I think, they find themselves in having to pay those higher rates.

But I think the best thing for me would be to confer with them further and then come back through a letter to yourself, Madam Minister, or through the company to maybe better clarify it. Because the notes I have aren't, I think, sufficient for this conversation.

**Mr. Matthies:** — Mr. Chair, I think if I might offer one other comment.

One of the things that significantly does impact rates is what is the capital investment and the number of users. So we do have some small systems where you're basically trying to spread that significant capital investment to build a water treatment plant over a very small number of users. And so in those circumstances you can have a much higher water rate than when you're able to lever economies of scale with more people.

[15:30]

**Ms. Sproule:** — All right. I think . . . Are we done? We're done. All right, Mr. Chair, and members of committee and obviously Madam Minister and officials, thank you very much for that. It's too brief and hopefully we'll get more time in the future. I know when we review your annual report I'll be able to ask some more questions as well. So thank you for that.

**The Chair:** — Okay, seeing no further questions, we will adjourn our consideration of the lending and investing activities for Saskatchewan Water Corporation.

Minister Eyre, do you have any closing comments from this portion?

**Hon. Ms. Eyre:** — Only I just wish to thank members of the committee, Ms. Sproule, and, of course, officials at SaskWater for the amazing job they do, and so thank you to them.

**The Chair:** — Thank you. And we will take a very, very short recess in order to bring in new officials and we'll give SaskEnergy their moment in the sun.

[The committee recessed for a period of time.]

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

**Subvote (SE01)**

**The Chair:** — Okay, being now the hour of 3:30, I would like to reconvene the committee. And we will begin our consideration of vote 150, SaskEnergy Incorporated, loans, subvote (SE01). Minister Eyre, please introduce your officials and make your opening comments if you would, please.

**Hon. Ms. Eyre:** — Thank you very much, Mr. Chair, members of . . .

**The Chair:** — I'd just like to note that Nicole Rancourt has now joined the committee in place of Ms. Sproule. Sorry about that.

**Hon. Ms. Eyre:** — No issue at all. Thank you again. Thanks to members of the committee for requesting SaskEnergy to appear before you this afternoon, and I will just introduce my officials. With us is Mr. Ken From, president and chief executive officer; Ms. Christine Short, vice-president of finance and chief financial officer; Mr. Mark Guillet, vice-president, general counsel, and corporate secretary; and Mr. Randy Greggains, vice-president of operations. I will be pleased to answer questions as you mentioned, Mr. Chair, on subvote 150. I'll just make a few brief remarks.

As SaskEnergy continues to maintain strong financial health and operational outcomes consistent with industry standards, income from operations for the 12-month period ending March 31st, 2017 was 70 million. The March 31st, 2018 financial results for SaskEnergy will be released at the annual report tabling announcement later this year. The corporation maintains a healthy fiscal balance sheet which includes a budgeted 68.4 million in consolidated net income for 2018-19 with a debt/equity ratio of 59/41.

SaskEnergy plans to borrow 200 million in the next fiscal year. From this amount, \$50 million will be used to refinance long-term debt maturing in '18-19 with the remainder used to support capital investment and short-term operating requirements.

2018 marks an important milestone for SaskEnergy as the Crown was established in 1988. SaskEnergy has experienced many changes since its inception 30 years ago from a significantly larger customer base to increased use of technology. But a core value that will never change is the emphasis on safety.

Safety looks very different today from three decades ago, but it is the foundation that SaskEnergy's culture was built on and safety continues to be the number one job for every SaskEnergy employee.

A concentrated effort to keep our pipeline system safe is the key focus. System reliability requires upgrades and consistent maintenance to pipelines that in some cases have been in service for over 60 years. To help maintain the thousands of

kilometres of distribution and transmission pipelines while supporting provincial growth, a system integrity budget of more than \$109 million was actively managed in 2017-18, the highest ever. This level will be increased even further to 131 million this fiscal year. These dollars directly support safety investments for our pipeline system.

We conduct dozens of safety and integrity programs such as leak surveys and cathodic protection programs. This past winter SaskEnergy began a multi-year program to upgrade older service connections in Saskatoon. We completed 500 connection upgrades by the end of March 2018 with another 1,000 service upgrades planned this construction season for a total cost of \$10 million this year.

A similar service tee connection upgrade program across the province has completed over 17,000 upgrades since 2011. Upgrade work has also been done in Regina, Cabri, Kyle, Leader, Prelate, Pense, Rouleau, Rosetown, Elrose, and Humboldt. A further 2,400 service tee upgrades over and above the work planned for Saskatoon will be done this year across the province.

Increased regulatory requirements and public demands for higher safety standards from pipeline operators have also contributed to additional investments in safety. SaskEnergy monitors and inspects its transmission pipeline system using a combination of aerial and ground patrols, inspection digs, and in-line inspection tools which look for the early signs of corrosion and even check for unreported damage.

Most of our provincial transmission system is regulated by the Ministry of Energy and Resources, while the National Energy Board regulates all our interprovincial and international pipeline connections. SaskEnergy complies with regular audits from these regulators and when combined with the corporation's own internal auditing process, this information helps to identify areas for process or system improvements.

We also work closely with the Canadian Gas Association, the Canadian Energy Pipeline Association, Pipeline Research Council International, and other industry groups to align with leading practices. Combined efforts of employees across the corporation have helped SaskEnergy achieve an overall audit score of 90 per cent in the Energy Safety Canada's certificate of recognition program which evaluates an organization's safety programs against provincial and industry standards.

Since 2008 SaskEnergy has experienced high levels of customer growth — nearly 52,000 new residential, business, and industrial customers. This is comparable to adding the population of both Prince Albert and Swift Current to our system. SaskEnergy added 3,700 new customers last year, bringing the total customer base to nearly 395,000 with an additional 4,000 customers forecast for 2018-19.

Provincial demand for natural gas increased 50 per cent during the last decade. The impact of customer growth was seen this past winter as SaskEnergy set three new natural gas consumption records. While residential and business customer growth is a part of that, demand from heavy industry is the major contributing factor for this higher demand. Two transmission pipeline projects were recently completed in

northwest Saskatchewan to support enhanced oil recovery with increased natural gas delivery capacities and the ability to support future developments.

As demand for natural gas rises, SaskEnergy must invest in additional capacity to transport more natural gas from Alberta. This includes new facilities such as additional compressor stations at strategic points in our system which allow us to optimize our provincial pipeline system.

Major capital projects are also needed to support and sustain growth in the Regina and Saskatoon regions by moving high pressure transmission pipelines away from populated areas. For example, construction of a 60-kilometre transmission pipeline project south of Saskatoon will begin this summer with a budget of 75 million. A \$60 million multi-year project began last year in Regina to move pipelines further outside the city while significantly increasing natural gas capacity to accommodate the demand from new homes, businesses, and industry.

It is critical that we keep pace with customer growth and manage our capital investments while also continuing to enhance public safety. This past year, SaskEnergy invested \$268 million in capital projects to meet the energy needs of its growing customer base. The same capital amount is committed for '18-19 with plans to invest \$268 million in net capital spending, of which 99 million will be related to growth activities.

I hope my voice doesn't fail me, Mr. Chair.

SaskEnergy continues to actively work on efficiency measures and productivity improvements, achieving \$48 million in savings between 2009 and fiscal 2018. Concentrating on business process improvement, SaskEnergy is projecting \$4 million in savings from operating efficiencies for the '18-19 fiscal year. Providing competitive commodity and delivery service rates to our customers is an important component of SaskEnergy's business model. SaskEnergy continues to focus on providing high levels of customer service at competitive rates, among the lowest charges in the country and the lowest delivery rate in Western Canada, while realizing operational cost efficiencies.

I would like to conclude, Mr. Chair, by thanking the employees of SaskEnergy for successfully managing competing priorities and challenges. I believe our most valuable asset is our people who determine the success of our service delivery, and having safety as a true core value is central to our success. SaskEnergy's financial position will remain strong, providing a healthy return to the shareholder while delivering on safe, reliable, and efficient natural gas transmission and distribution services to its customers.

Thank you, Mr. Chair. And my officials and I would be pleased to answer any questions that the committee may have.

**The Chair:** — Thank you, Minister. I would just take a moment to remind officials to please state your name when you speak for the first time, if you would today, please.

Do any members have questions? I recognize Ms. Rancourt.

**Ms. Rancourt:** — Thank you. First of all, I want to thank the officials for attending today. This is a really important process of our budget, to have this opportunity to have the discussions. This is the first opportunity I've had to sit down with everyone here in my new role as critic for SaskEnergy, and I'm looking forward to learning more about the corporation.

I've had some involvement with SaskEnergy when I was employed with SaskPower, and we worked closely together — the SaskPower employees and SaskEnergy employees. And I joined SaskPower just shortly after SaskEnergy and SaskPower kind of separated, with regards to having the bidding process between the two corporations, so I might be aging myself a little bit.

But I know I really enjoyed working with the Crown corporations and working in a lot of the smaller communities. Most of our offices were together so I got to know a lot of SaskEnergy employees, and they were always happy to be employees of SaskEnergy. So I know your roles with the agency, the corporation is really important, and I'm looking forward to learning a little bit more about the inside details of the corporation.

My first question is, how many current customers does SaskEnergy have?

[15:45]

**Hon. Ms. Eyre:** — Total customer base is 395,000 with an additional 4,000 customers forecast for '18-19.

**Ms. Rancourt:** — And I know, Minister, that you indicated how many new customers came last year, but I missed the details there. I was wondering if you had a breakdown also of how many of those new customers from last year are residential, business, and industrial.

**Hon. Ms. Eyre:** — Thank you, Ms. Rancourt. So 3,700 new customers last year. The majority of those would be residential. We don't have the exact breakdown, but we can endeavour to get that for you if we can.

**Ms. Rancourt:** — And do you know approximately where this residential growth has occurred? Has it been in the larger urban centres, or has it been more so in other areas that you might be expanding your services?

**Hon. Ms. Eyre:** — The majority would be in the larger urban centres. So Saskatoon and Regina would probably be the safest answer there.

**Ms. Rancourt:** — And can you give me a breakdown of the net income for the past three years? I'm thinking 2015, '16, and '17.

**Hon. Ms. Eyre:** — All right, so for 2016-17, operating income, 70 million; '17-18, 91 million; '18-19 forecast, 68.4 million.

**Ms. Rancourt:** — And what's your sense of the stability of the natural gas prices at this point and the likelihood of any major adjustments in the year to come?



**Mr. From:** — Ken From, president and CEO [chief executive officer] of SaskEnergy. I'll just take that question on the gas prices. As you know, the gas prices are a commodity that's really traded amongst North American companies. The price outlook for natural gas is very stable where it is right now, which is lower than what our current rate is. So at some point in time, and it's too early to speculate, but likely there would be some adjustment on our commodity rate going forward.

**Ms. Rancourt:** — And what's the total debt of SaskEnergy at this point, if you have the breakdown of the long-term debt and the short-term debt?

**Hon. Ms. Eyre:** — So long-term debt for '17-18 forecast, 969 million; short term, 294 million. And '18-19 in the budget, 1.15 million for long-term, 284 million for short-term.

**Ms. Rancourt:** — And can you provide me a five-year history of the rate increases and decreases?

**Mr. From:** — Hi, Ken From again. There's a variety of rates that we have within our service. One is for the commodity; the other one is for the delivery. And then part of the delivery is broken up by a volume base rate and also basic multi-charge. It would be likely best served to give you the information after this so we can put together a complete schedule and exactly how they changed year after year, if that's all right?

**Ms. Rancourt:** — If you don't mind tabling that information, that would be wonderful. Maybe get it within 30 days. Would that be possible?

**Mr. From:** — Oh yes.

**Ms. Rancourt:** — Okay, thank you.

**Mr. From:** — Thank you.

**Ms. Rancourt:** — And are you expecting any rate increases in the next 12 months?

**Mr. From:** — Sure. The forecast for rates within SaskEnergy . . . The amount of work that the minister just mentioned that we're doing with respect to capital, with respect to infrastructure, renewal, and growth patterns, those would all tend to put a rate pressure on our rates. We are very cognizant of that. We have a lot of efficiency gains that we have in place, and over the last number of years we've gained about \$41 million in efficiencies. So we're always looking at that. But the pressure, and I can't say exactly when, but rates will tend to go up over time due to inflation and other considerations.

**Ms. Rancourt:** — And how many full-time equivalents do you currently have?

**Mr. From:** — Currently we have 1,062 full-time equivalents at SaskEnergy and TransGas.

**Ms. Rancourt:** — And I see that this is a lower number than what we've previously had in 2016, the number I have anyway. Is there a reason why there's less full-time equivalents?

**Mr. From:** — Well as I mentioned to you, you know, we're

always under pressure to control our rates. After all, we want to be the fuel of choice. We want to have affordable rates for our customers. Part of that challenge is to make sure we can do work more efficiently. And we're always looking at ways that we can save from every aspect, whether it be capital spend, interest rates, or full-time equivalents.

**Ms. Rancourt:** — So how many staff positions were lost due to the efficiencies?

**Mr. From:** — To answer your question, I think most appropriately would be to say that we haven't lost positions due to efficiency gains. We have actually reallocated the work. So we have stopped doing certain things, and now those FTEs [full-time equivalent] can be allocated to other work. So it's not like we actually cut that. We just allocated staff and had some things, perhaps technology or a different process, we were able to save those full-time equivalents and reposition them to other work within the organization.

**Ms. Rancourt:** — So if they were repositioned to other work within the organization, that shouldn't show a reduction in the total number of full-time equivalents.

**Mr. From:** — When we would have a retirement or some other leave, what we would do there is we just would not fill that for a while until we had a need and addressed where we could best place that person or that position within the organization.

**Ms. Rancourt:** — Has this increased some overtime costs?

**Mr. From:** — No, actually what we've found over the years is we've had great control on overtime. And it's one of the things again to spur on efficiency is to control the overtime.

And some of the things that we're doing, I'll just throw out one example without getting into too much detail. We used to have what we call a response to someone calls in with no heat. And they would phone in and we would listen to them and then we'd dispatch a service technician to drive to their home and talk to the person there and find out that well, you know, it isn't a gas problem. It's perhaps someone moved that little switch on your wall and your furnace shut off, or some other reason related to your furnace. And then we typically would say, either we flipped the switch or call a plumber in the morning and see if they can fix your furnace because we cannot. Our jurisdiction ends at the meter. And the rest of that is done by others and under the auspices of the gas inspection program.

So we now have changed what we're doing with someone who phones in for a no-heat call. And what we say is, we have a very nice script and the dispatchers will walk them through that script and determine if there is indeed an issue that we have to respond to. Because we will never not respond if there's an issue — I want to make that perfectly clear. But when there isn't an issue and the issue really relies on the furnace, which we cannot fix, they're actually better served if we can tell them ahead of time, phone the plumber. Get them in there as soon as you can. It's minus 30. Do that.

So that's one area where we've been able to control overtime cost and FTEs and actually provide better customer service.

**Ms. Rancourt:** — Well that description kind of follows into another question I had. I believe that last year there was a pilot project offered called tune-up assistance program. TAP was the abbreviation. How many customers benefited from this program?

**Mr. From:** — Can we endeavour to get back to you on that one? We don't have that information top of our hands here.

**Ms. Rancourt:** — And because this is a pilot project, I was wondering if there was plans to offer that project again this year?

**Mr. From:** — Again I'd have to get back to you on that. I'm not sure we've analyzed any of the data that's come off that yet.

**Ms. Rancourt:** — Just to let you know, I got the information from a news article, and it talked about how SaskEnergy was working with other agencies to provide this service to help low-income homeowners learn how to . . . the importance of maintaining their furnace.

And so there was certain communities that were going to be participating in it. It was Wadena, Watrous, North Battleford, Kindersley, Swift Current, Weyburn, Estevan, Moose Jaw, Prince Albert, Regina, and Saskatoon. And so I thought that was quite the good initiative to have. You know, it's really great to be preventative and help individuals who may not have that knowledge base on how to take care of their furnace, and for SaskEnergy to be a lead partner with regards to that. So more information about that would be wonderful.

Was there any assets that were sold in the past two years with regards to SaskEnergy or any of your subsidiary companies, like TransGas?

**Mr. From:** — I can report that there was one very small segment of pipeline in eastern Saskatchewan that was no longer used by us. The natural gas that was flowing through that system from the producer was depleted. And another third party purchased that line to act as a gathering system for their own use and then put the gas back in the system. So yes, we did divest of that very small section of pipeline in the last two years.

**Ms. Rancourt:** — Earlier this year, was there any sales of a pumping station?

**Mr. From:** — No.

**Ms. Rancourt:** — Okay. Because I was told that there was. There was a pumping station that was sold, and it impacted staffing at that location. There's nothing that you know of?

**Hon. Ms. Eyre:** — At what location? At what location?

**Ms. Rancourt:** — I don't have that detail. I was thinking maybe you guys would have that detail.

**Mr. From:** — Nothing we can identify here. Sorry.

**Ms. Rancourt:** — Okay. So how much was spent on capital projects last year?

**Hon. Ms. Eyre:** — So this past year SaskEnergy invested 268 million in capital projects to meet obviously the energy needs of the growing customer base that we've referenced.

And the same capital amount is committed for '18-19 with plans to invest 268 million in net capital spending. And of that, 99 million will be related to growth activities, just as an example, so obviously some major capital projects that are needed to support and sustain growth in the Regina and Saskatoon regions in particular. I referenced moving the high-pressure transmission pipelines away from populated areas.

[16:00]

Also the 60-kilometre transmission pipeline project south of Saskatoon, that will begin this summer. Budget for that is 75 million. The 60 million multi-year project, that began last year in Regina to move pipelines further outside the city. And obviously that will increase, significantly increase natural gas capacity to accommodate demand from businesses and industry and residential as well.

**Ms. Rancourt:** — And can you highlight how much was spent on external contracts and consultants?

**Hon. Ms. Eyre:** — So generally speaking, where private contractors are brought in, it's in the construction area. And over the last few years, private contractors have performed about two-thirds of SaskEnergy's gas construction work — so that would be with SaskEnergy crews completing the rest — and employees of course of SaskEnergy then thoroughly inspect and provide oversight of the work that's completed by those contractors. So that would be the majority of where those would be brought in.

**Ms. Rancourt:** — Where is SaskEnergy at with investment and preventative maintenance and renewal to get ahead of more costly repairs in the future?

**Hon. Ms. Eyre:** — So that's a very significant priority for SaskEnergy. And as I've referenced . . . So for example, system reliability requires those upgrades and consistent maintenance to pipelines that, as I've referenced, have been in service for more than 60 years in some cases.

So in terms of maintenance, and to help maintain the thousands of kilometres of distribution and transmission pipelines and also supporting the growth that we've also mentioned, the system integrity budget is more than 109 million. It was actively managed in '17-18. That was the highest ever. And this level will be increased even further to 131 million this fiscal year. So these directly support safety investments for the pipeline system, the dozens of safety and integrity programs that I referenced: the leak surveys, the cathodic protection programs, and this past winter SaskEnergy began a multi-year program to upgrade the older service connections in Saskatoon. So again 500 connection upgrades by the end of March 2018 were completed with another 1,000 service upgrades planned for this construction season, and the total cost of that is 10 million this year. So quite significant.

**Ms. Rancourt:** — Do you think that this is sufficient enough to

get ahead of the aging out of the infrastructure?

**Mr. From:** — I can tell you that I feel very confident that we're spending the correct amount of money on our safety initiatives. We benchmark ourselves against other partners in industry. We compare very favourably to what we call the Canadian Energy Pipeline Association which is the high-pressure side of our business. We look at the Canadian Gas Association and we keep abreast of all the changes there. We regularly look at the different materials that can be used in our aging infrastructure, and we replace those when they become old and worn out. So I think we're in a very good spot. I believe the evidence of that is in our leaks that we have. The leak rate keeps going down and our system is, I would say, safer and tighter than ever.

**Hon. Ms. Eyre:** — Sorry. I'll also add if I could, I mean SaskEnergy has more employees working on safety-related tasks than any other job within the corporation, and I think that speaks to the emphasis that is put on it and certainly the confidence that we feel in that regard.

**Ms. Rancourt:** — So how do you determine which areas need to be focused on with regards to improving infrastructure?

**Mr. From:** — Sure. There's a variety of things that we look at. I'll just give you a couple of quick examples. For example, public safety can involve someone accidentally hitting our pipeline. So what we do on all of the, you know, 17 000 kilometres of pipeline is we have aerial photography. We fly that line at a routine interval to see if anybody's encroaching on that pipeline, doing construction work, has a building been put up over top of our pipeline which is a no-no and could cause problems. So we look for those at that level.

We have what we call a leak survey. And what that really is, it's an individual or a truck with sensors walking around with this instrument that can detect any escaping gas at a level far less than what you can smell with your nose. So we do that and that can be an early warning of something that we need to send our attention to. If we see that situation repeating itself over time in that same area, then perhaps we need to look at a bigger program; it's not just a one-off, and maybe there's something there we need to look at. We can send pieces away for examination to see if there's a real issue, and let's find the root cause of that.

The other thing we do in our pipelines is we will run very sophisticated electronic instruments — we call them smart PIGs — and what they can do is they can do a variety of things from inside the pipe without really curtailing service to people. And we can determine the thickness of the pipe, if there's been any corrosion, any erosion. We can tell also by the shape of the pipe if something's accidentally hit it. And we might need to investigate some of those things.

So this is examined on a variety of fronts. It's continuous. There are certain codes that we must adhere to. But I think it's fair to say that on most codes we surpass, meaning we have a tighter interval of inspection than what the code requires. Because, keep in mind, the codes are minimums and we want to do better than just the minimums.

**Ms. Rancourt:** — I know for some of the municipalities, when

they have a big project happening in the municipal area, they'll let the corporations know that they're going to be doing a big project there. And if they have any lines that need to be improved, well why dig a hole twice? Like, everybody does the work that they need. Is SaskEnergy included in that process?

**Mr. From:** — Well exactly. Exactly. We're doing that, for example, in Humboldt, in Saskatoon and Regina right now. As everyone knows, there's been another road constructed, another bypass. That gave an opportune time for us to move some facilities out of the way. You know, natural gas is required for development, but we don't want to get in the way of development. So we want to move our infrastructure, especially the high-pressure infrastructure, away from that.

So we're talking to the big cities and the larger towns — what is your 30-year plan? And how do we work with you on the 30-year plan so that all of the infrastructure, whether it be, you know, SaskPower, SaskTel, SaskEnergy, let's keep that infrastructure, in particular the buried infrastructure, away from danger areas. And let's make these corridors so people know where our utility conduits are.

**Ms. Rancourt:** — Since we're talking about safety, I was just wondering what your workplace injury rates would look like.

**Mr. From:** — I don't have the exact statistic for you on injury workplace units. I can tell you our trend lines are trending the right way. We just finished our, what we call our safety stand-down. That's where companies such as ours, once a year, we basically stand-down work. We bring everybody together at different locations.

I think all of the executive here, we went to eight different locations in four days to talk to staff, to give them the latest information on statistics, to talk about safety — safety from the perspective of the pipes, the public, and also their personal protection. And I know one of the minister's opening remarks was about the 30-year anniversary of SaskEnergy. And one of the things that we compared and contrasted in safety stand-down was the personal protective equipment in our work practices 30 years ago were . . . We thought they were safe, and by that standard they were. But it has certainly changed today and it will continue to change. And I think we're at the forefront of doing that.

As the minister mentioned in opening remarks, we had Energy Safety Canada who gave us a rating of 90 per cent, which is a nice score. We've had that before. And so we believe that we're on a real good path for public safety. I know our trend lines are trending the correct way. Is there improvement? There's always improvement. We want to get down to zero, zero, zero.

**Ms. Rancourt:** — Thank you. So there was an increase of 13 million in the lending and investing activities. Can you explain this increase?

**Ms. Short:** — Christine Short. Could you please just clarify the question? I don't know if you're referring to a specific page in the . . . In the Estimates, is it the 59 million that we forecasted versus the 61 in the budget?

**Ms. Rancourt:** — In the budget, page 156, in the lending and

investing activities.

**Ms. Short:** — So in our estimate for 2017-18 and for '18-19, when we consider our borrowing requirements, we consider several different things. One is our capital program. The second is our expected cash flows. And the third one escapes me right now. I'm sorry.

**A Member:** — Debt repayment.

**Ms. Short:** — Yes, the debt repayment. Thank you. So we did have a bit lower debt repayments in '17-18 than we did in '18-19, and also our capital programs continue to increase. We've been funding a significant portion of our capital program over the last several years with internally generated cash flow, so our debt has not increased significantly. So we also look at our short-term debt as part of our cash flows, and we'd term out a portion of that short-term debt as well as we see interest rates start to rise, to be able to lock in and secure lower-rate funding and to better match our long-term debt with our long-term assets. So there's several factors at play in determining our requirements for the year.

**Ms. Rancourt:** — Okay. So my understanding is that there's 109 urban municipalities that residents there have a municipal surcharge on their SaskEnergy bill that then is paid back to the municipalities. Does SaskEnergy collect those funds and then give them to the municipalities? Or do you collect those funds, give them to the government, and then the government gives them to the municipalities?

**Hon. Ms. Eyre:** — So, Ms. Rancourt, again I believe that Government Relations provided a very thorough explanation of the grants-in-lieu program during its estimates. But I will, I will specifically address it in the SaskEnergy context and then officials can follow up if there's any additional information required. The opt-out, it should also be noted, will have to be indicated to Government Relations, not SaskEnergy, by June 1.

So I'll just say, I mean generally speaking of course, in terms of the SaskEnergy surcharge, this is about adopting a fair and equitable and a transparent program. And so for a SaskEnergy distribution customer, this will translate into an estimated bill increase between \$18 and \$45 a year depending on what the surcharge was previously and whether it was even being paid previously. And it's important, I think, to note that the majority of Saskatchewan communities have not had these agreements and not received these payments from SaskEnergy or SaskPower.

So with these changes, all government and Crown properties will pay their share through, firstly, the grants in lieu of property tax, and that's based on assessed value of course. And then secondly, we also have ensured that no municipality will be worse off than last year, and hundreds of communities will benefit from this new SaskEnergy municipal surcharge, or really what is a tax equivalent franchise fee. And the program is being expanded from the previous 109 urban communities to 437 urban municipalities across the province. And if those communities don't want to participate, as you know, they can opt out and that will result in 5 per cent increase to energy bills in those additional 328 communities, if their councils decide to participate in the program, and an additional \$30 million for

urban municipalities across the province.

So I think that's important context, and if officials have anything to add, please do.

**Ms. Rancourt:** — I've heard that before. But my actual question was, customers pay that 5 per cent to SaskEnergy, so does SaskEnergy then have the responsibility to reimburse that money to the municipal governments, to the municipalities that that money was taken from? Like, the customer paid, so is it SaskEnergy's responsibility to give that back? Or does SaskEnergy give it to the government, who then gives it back to the municipalities? How does that payment get back to the municipalities?

[16:15]

**Hon. Ms. Eyre:** — So transactionally speaking, we collect it and we pay it back to the municipalities.

**Ms. Rancourt:** — So because there's going to be an increase of communities that are going to be investing in this surcharge and SaskEnergy will have this increased responsibility, how are you going to manage that increase of responsibility?

**Mr. From:** — The first thing that we have to do is for those communities that are not currently receiving the municipal surcharge, is identify the customers in those municipalities. So we'll go through the process, and we can do that. After that, it's the same as we have for the existing ones. It's a line item on their bill that they will see. It says it directly. And then we collect that and then we remit back to those municipalities.

**Ms. Rancourt:** — So we know currently there's 109 municipalities that have this surcharge. How many customers is that, that you're currently collecting from?

**Mr. From:** — I don't have an exact number, so I'd just be ballparking it. I'd best get back to you with an undertaking on that if you want the exact number.

**Ms. Rancourt:** — And another question then I would have is, I know the municipalities have until June 1st to identify whether they want to opt out, but if every municipality decided to have this 5 per cent municipal surcharge on their residents' bills, how many more customers would that be added onto that system?

**Mr. From:** — Again if you're looking for an exact answer, we don't have that yet. We're still going through the process of determining where our customers reside in terms of the urban and rural municipalities. So we're going through that process right now.

**Ms. Rancourt:** — Yes, because I'm wondering if we're including villages and towns. I know a lot of people who live around those communities. They get their mail, say, at those villages and towns and they might be getting SaskEnergy services to their home, but they might actually live in the RM. I don't know. How is that going to be determined of whether they would be paying that municipal surcharge?

**Mr. From:** — I think you have just raised one of the complicating issues that we have to deal with, and we are

working on that so that the people, their point of residence and gas meter is the location that determines, not their mailing address. And that's why it's going to take us some time to work through to see where they are located.

One of the benefits of some of the new information systems we have is when we go to the meters, we get an exact longitude and latitude on our GIS [geographic information system] map and then from that we can help better determine exactly where they are taking the gas as opposed to their mailing address.

**Ms. Rancourt:** — So on those individuals' bills at this time, does it indicate their land location on their bills, or does it not? I'm not sure.

**Mr. From:** — No, it does not. It would just have their meter number on there and then their mailing address, so there's no geographic location. It was never needed before so we didn't have it on, and it still will not be on the bill. We will just use that information behind the scenes to identify those that would be having that municipal surcharge on their bill.

**Ms. Rancourt:** — So would you be collecting that information the next time that meter is read?

**Mr. From:** — No, again what you've raised is the issue about how we have to do this in a timely fashion. I believe that our earliest implementation date for this is September because it will take us some time to do this and we're in the process of doing that.

**Ms. Rancourt:** — And so again, with regards to the dates, my understanding is municipalities have until June 1st to opt out if they choose to, and then that my understanding, from the Minister of Government Relations, that you thought it would take about three months to implement this process. So will it be like a gradual process?

I guess my question is, is if we say September 1st is the date that it'll start, will all these new communities, those customers, will they start seeing the increase on that date? Or will this be a gradual process that as you guys go along you'll gradually get customers onto the program?

**Mr. From:** — The intention, and certainly our intention, is that by September 1 that would be the implementation date, and we would have all the customers identified and it would take effect on that date.

**Ms. Rancourt:** — So by that time, you guys should have a good idea of how many customers this will impact?

**Mr. From:** — Absolutely, yes.

**Ms. Rancourt:** — And another question I had was . . . I know because I even looked at my bill before I came here. I've never really studied my SaskEnergy bill to that detail but I'm glad I did. So I know that that municipal surcharge is on mine because I'm a resident of Prince Albert. But I was wondering, are businesses and industries also being charged this surcharge?

**Mr. From:** — All gas consumers within the boundaries as specified are charged that charge.

**Ms. Rancourt:** — And that 18 to \$45 increase that both the Minister of Government Relations and Minister Eyre here has provided, I'm assuming that is an average for a residential customer. So what would be an average increase to businesses and industries with a 5 per cent surcharge?

**Mr. From:** — It would be 5 per cent of their gas consumption, whatever that might be. Some of them buy their gas from SaskEnergy and some buy it themselves through private brokers.

I should clarify my response to your last question about which customers are impacted by this. I was correct in saying the ones within the boundaries. But when you go back into some of the old agreements, there were a few exceptions for the very large consumers, so those folks would not have this applied to them. I just want to make that clear.

But in terms of the increase, it's 5 per cent for everybody. Whatever their bill was, it's going to be 5 per cent more.

**Ms. Rancourt:** — How were these industries able to receive that exemption?

**Mr. From:** — That was historical when the program was brought in in the '60s.

**Ms. Rancourt:** — So would that be something that would be agreed upon with the municipal government? Or how would they . . . If there's an agency that is larger, like a business industry, and they would like to be included in this exemption, who would they apply for that to?

**Mr. From:** — In response to your question, I should say that what you're talking about with the exemptions, that is historical. There is not an application for people to apply for that. It was agreements that were made back in the day. Some cities made it and others did not, and it's just one of those historical agreements that is ongoing.

**Ms. Rancourt:** — And it's not based on, like, how large the industry is? Or it's just certain businesses?

**Mr. From:** — It would have been based on how large they are. This answer is not getting any easier. It's kind of a hodge-podge of exemptions out there. Just as an example, the universities are exempt; some government buildings are exempt. And then for the large consumers, some cities have it and some cities don't. It's just kind of an old agreement that was made and we live with it today.

**Ms. Rancourt:** — Okay. I'm thinking it probably isn't going to be that large of an issue because I think most of the communities that will be added to the surcharge will be smaller communities, and a lot of their industries are maybe not necessarily within that community framework. But there might be the odd one. And so I was also wondering if . . . So you kind of answered that some of the government buildings aren't included. How about municipal buildings? Are those included in that 5 per cent surcharge?

**Mr. From:** — Again hopefully there's not too many exceptions, but largely all those buildings would be covered by

this 5 per cent. I should maybe continue to clarify which customers might be exempt, because we talk about large customers. Typically they have a large industry. They would be outside the boundaries of the municipalities, so they would be exempt from the municipal surcharge because they're not part of that.

**Ms. Rancourt:** — Yes, I'm just thinking of a few around my stomping grounds. Like in Bellevue, there's Belle Pulses. I think that's in their community boundaries. And so there might be a few businesses. But I think there's going to be a big learning curve because . . . Do you know when this 5 per cent surcharge started, the one that's already currently on individuals' bills?

**Hon. Ms. Eyre:** — Well most of them relate back to the 1950s, late '50s, is the short answer.

**Ms. Rancourt:** — So I guess it's safe to say that none of us were at the table when this came about the first time. And so we might not be able to go on experience on how to manage this, but yes.

So I guess that brings me back to my original question. Do you think this is going to be a difficult process to administer? That's a lot of communities to add and potentially quite a few customers to add to this.

**Mr. From:** — Once we get them in the system, the system is pretty automatic to manage it.

**Ms. Rancourt:** — And so how much is collected at this point for municipalities with regards to the 5 and 3 per cent surcharge?

**Mr. From:** — What I can tell you, in the '16-17 forecast from SaskEnergy, the total — and that's the ones that are existing; this does not include any of the new requirements — was just over \$18 million.

**Ms. Rancourt:** — And how much are you expecting this will increase with all of the additional customers?

**Mr. From:** — Estimates are about another four and a half, maybe 5 million.

**Ms. Rancourt:** — I'm getting back to the fact that SaskEnergy is the one that provides the reimbursement back to municipalities. How often do you do that? Is that on a monthly or on a semi-monthly or a yearly basis? When do you provide that funding to municipalities?

**Mr. From:** — Typically in the past it's been on a monthly basis.

**Ms. Rancourt:** — And is it pretty predictable for municipalities of how much they get monthly?

**Mr. From:** — Because this is an item that's based on usage, the months where there's more usage, such as winter, would see a larger amount collected than in the summer months. So there is . . . If they're the large cities, they would have some historical data to kind of understand what that lumpiness might be in their

payments.

If they're really small, and I understand some of the small ones . . . Actually they're so tiny we just do it on an annual basis. So they would have that annual basis fairly well understood as they go through time.

[16:30]

**Ms. Rancourt:** — Thank you. So we talked about the cost reduction, finding some efficiencies, and you indicated that there was some efficiencies and some savings provided. Can you go through that again? It was quickly announced in your remarks. So I believe you said it was 48 million of cost efficiencies in operations. And if you could give me kind of a breakdown of where those efficiencies were found?

**Mr. From:** — The reference to efficiencies over the years, the \$48 million, that's been done over a number of years. So there's many, many programs that would add up to that, and it would require me again to do . . . You know, if you want that itemized answer, we can certainly provide that for you, but I can give you a few examples of things today as to how that works, if that's all right. But I can't give you a breakdown over the five years, item by item, on how we sum up to that number. That would require a document so you can actually have reference to that.

**Ms. Rancourt:** — So how much of those efficiencies were found, like the cost reduction savings, last year?

**Mr. From:** — I think last year we estimated about 4 million.

**Ms. Rancourt:** — And in previous years, you indicated that, well you were saying, like reduction in calls or not sending personnel out to some service calls where you could handle it on the phone. There's been the Crown collaborations, so working with other Crown organizations, instead of sending personnel out to each one, they could do the line sites themselves. And then automated meters. Is that the efficiencies again that you found in the past year?

**Mr. From:** — Some that are ongoing and get more and more traction as we go on and they're expanded to more and more communities.

One that I think makes a lot of sense for us is what we call our joint trenching, joint servicing. Typically the utilities I'm talking about — SaskEnergy, SaskPower, SaskTel, maybe Cable Regina — we'd all go in and we'd run a trench and take a line into the new houses being built.

Today what we do is, we've all got together. And there's one contractor who is qualified, and our inspectors are all on site to install all four utilities — if the four are wanted; maybe there's only three that participate — in the same trench. So you can think of it, instead of digging four separate lines, if you're only doing one, so really we're saving . . . It's only costing us one-quarter of what it would have. So as more and more services are put in, we're seeing more benefits, and we can take those to the smaller communities as we do that.

Another thing we do jointly is looking at some line locating. It

used to be that, you know, if you're going to build a fence, you're going to build a shed, a garage, it doesn't matter what you're doing, you have to call before you dig. And so you would call the 1st Call, which SaskEnergy is part of, and they tell you which utilities, and they organize the utilities to come out. It used to be that every utility would come out, send a service technician to identify where the lines are, map them on the ground, give the homeowner some instructions. Today that's done by one company, and they can do all of them. So again, the savings there are real and they're ongoing.

So those are two good examples of some of the things that we're looking for.

**Ms. Rancourt:** — So gas inspectors, my understanding, they are under the SaskPower organization. Is that still the case?

**Mr. From:** — Yes, the gas inspection branch is under SaskPower. And the gas inspection branch is the authority having jurisdiction, after we deliver the gas to the meter and meter to inside the house and all the appliances. That's the purview of the gas inspection branch.

**Ms. Rancourt:** — Okay, thanks. And before you were indicating that there's other agencies in the province that provide natural gas services. Can you tell me about some of those agencies?

**Mr. From:** — It started back in 1988 when natural gas was deregulated. It was felt at the day that individual industrial users might be the best ones who buy their own gas and not buy from a utility because they know their requirements better than anybody else. So at that time, very large companies would come in and negotiate contracts with industrial customers.

Today that's changed a lot. The number of people supplying that gas is far less in terms of who you can go to. But there's a variety of brokers, you know, you'll recognize the names: Goldman Sachs, J. Aron, BP Petroleum. There's other ones that have just come into the residential market: France Financial, Connect Energy, Hudson Energy. What's the name of the Hudson parent? Direct Energy is the parent company for some of that.

So there's a variety, I would say, serving Saskatchewan that might be about five in the residential/commercial and maybe about six big ones on the industrial side that have clients. And of course the utility also has clients that continue to be what we call a full-service customer.

**Ms. Rancourt:** — And do any of them use SaskEnergy's infrastructure?

**Mr. From:** — They all use our infrastructure. There's no duplication on the pipes. What we do is we charge the same delivery rate for everybody, and then if someone's buying their commodity, that is separately billed for that commodity portion.

**Ms. Rancourt:** — Okay, and that's why that's separated with . . .

**Mr. From:** — Yes.

**Ms. Rancourt:** — I know there's been some work with providing natural gas services in the northern part of the province. Can you tell me a little bit more about what's progressing on that front?

**Hon. Ms. Eyre:** — There's been a lot of years of planning and engagement that's taken place with these communities, and SaskEnergy has extended natural gas service to the communities of La Ronge, Air Ronge, Ramsey Bay, Weyakwin, and the Lac La Ronge Indian Band. And to date there are approximately 1,575 customers in the area who are now enjoying the benefits, obviously, of natural gas and heating within these communities.

And SaskEnergy plans to extend that natural gas service on the Big River First Nation this year. That project will see 160 kilometres of pipeline installed on the reserve, and that's, again, expected by the end of 2018. And SaskEnergy will continue to work certainly with Big River First Nation to use Aboriginal elders and monitors on this project. And we continue to work with Saskatchewan First Nations to bring service to homes and businesses and schools on First Nations land. So again, presently SaskEnergy serves 57 of the provinces 72 First Nations.

**Ms. Rancourt:** — And so when you say that you continue to work to build that relationship, in what ways are you doing that?

**Hon. Ms. Eyre:** — So Ms. Rancourt, I'll just add too that plans are in place to extend service to the Piapot, Sturgeon Lake, and Muskoday First Nations in 2019. So I think that's important to note, and again it's an ongoing process.

We have to work of course with the buildings that will be fitted to route the pipelines, and elders are engaged in that so that there's no culturally sensitive sites that are affected in any way. And again it's a constant continual process, you know, furnace care and all the practical stuff that comes into setting these things up and setting up a network and working with communities to that end.

**Ms. Rancourt:** — How many automated meters have been installed?

**Hon. Ms. Eyre:** — So now installed have been over 373,000, 94 per cent of SaskEnergy distribution meters. And these wireless AMI [advanced metering infrastructure] modules provide billing based on the amount of actual gas consumption rather than estimated consumption, as you'll know. So anyway that's the number: 373,000. And the plan is to complete all residential installations province-wide in '19 and all commercial/industrial installations by the end of 2020.

**Ms. Rancourt:** — And is this mostly in certain geographic areas of the province?

**Hon. Ms. Eyre:** — It's across the system. It's all over.

**Ms. Rancourt:** — Have you been finding any challenges of . . . because most, a lot of gas meters are still in homes or might not be completely accessible. Or do you have to make plans with the homeowners in order to install those? Has that been a

challenge at all?

**Hon. Ms. Eyre:** — I'll just say, and then perhaps officials can follow up, this is an absolutely . . . It's a safe and it's a simple process. It doesn't disrupt natural gas service, and the natural gas meter itself has not changed. The meters remain the same as they always have. The only change is the additional AMI module, and there have been no safety issues with any gas modules on the SaskEnergy gas meters. And if the officials have anything else to add.

**A Member:** — That's good.

**Ms. Rancourt:** — Okay, because I noticed ours is still on the estimated schedule, so we obviously don't have one of those. And so I know at times with our crazy work schedules, it's pretty hard to get people to come. And so that's why I'm wondering if that's been a factor for a lot of other residences is to manage getting their . . . Like I'm assuming the homeowners must have to be home.

**Mr. From:** — No, as the minister alluded to, the connection of the module is rather transparent. It's just attached. We don't disrupt any of the gas service. We don't touch any of the inner workings of the meter, so gas would still flow.

We have over the number of years . . . As your question asked about the meters that were located inside the house, we've had programs over the years to move them out. We haven't finished all of them. I don't know, is yours one that's inside the house or is it outside?

**Ms. Rancourt:** — No, it's outside.

**Mr. From:** — It's outside. And you're in Prince Albert. Okay, well I guess, you know, that 6 per cent we haven't done is one of yours.

**Ms. Rancourt:** — [Inaudible] . . . forget mine.

**Mr. From:** — Yes.

**Ms. Rancourt:** — Yes. So talking about moving those inside meters outside, how's that process have been going? How many more meters do you have inside the homes?

**Mr. From:** — Currently we have about 30,000 meters that are still inside, which is about roughly 8 per cent of our total.

**Ms. Rancourt:** — So last year there was a lot of talk about the 3.5 per cent overall reduction in compensation. Did that happen within SaskEnergy, the 3.5 per cent reduction?

**Mr. From:** — Well I know I took it.

**Ms. Rancourt:** — Did any other employees or the agency itself?

**Mr. From:** — No, the issue around the 3.5 per cent reduction was to try and achieve that. And I think, as you've heard from many, many sources, that has not been achieved to the extent that people had wanted in terms of that piece.

We have, I think, achieved that quite easily with some of the things that we're doing internally with respect to controlling some of the costs, with respect to having our work more efficient. Just as an example, we're talking about, you know, AMI. Because we are getting actual reads, the number of calls coming into our office saying, hey I don't think I used that much gas and why is this estimate wrong, that has dropped dramatically. And that has freed up people, so we're able to do more work with our current workforce than we did before. And that is helping with our cost reductions.

**Ms. Rancourt:** — And so did all the out-of-scope employees have to take the 3.5 reduction?

**Mr. From:** — No, they did not.

[16:45]

**Ms. Rancourt:** — How much compensation was provided with regards to the short-term incentive program?

**Mr. From:** — If I could make an undertaking to get that number back to you. I don't have that currently at our fingertips. If I could perhaps . . . You had some previous questions where I did not have data. I now have some data for you. The first question was regarding the breakdown in the number of customers added for '17-18. The total breakdown between the various classes: 3,380 are residential; 287 would be what we call a small commercial; 35 would be a larger commercial customer; with 4 industrial. And that total comes to 3,696, which was the 3,700 that we were talking about.

You also talked about the wonderful program that we have on that tune-up assistance, and indeed you mentioned the 17 communities that were involved. And indeed we reached out to 95 homeowners last year. And I don't have, as I mentioned, don't have all the results, but indications are that it was very well received as we are going to proceed this coming year with that same program.

**Ms. Rancourt:** — That's wonderful to hear. And so are you going to expand the communities that will have access to the program?

**Mr. From:** — It's a process to look at what we've done in the past and also reach out to new communities that may want this service. And so what we do first of all is we work very hard with the communities to see where that need is and then try and deploy our limited resources where we can get the most benefit for those communities.

**Ms. Rancourt:** — And how did people learn about this program being offered? I know it was for people who had an annual income of no more than \$52,000. So did you reach out to some of the organizations that helped support individuals that would be under this income threshold, or how did you advertise the program?

**Mr. From:** — Yes, exactly. We're not the ones who are trying to pick who receives this program. We will work with the various agencies who can identify the groups there. And then also areas where there's a contractor that can actually do the work, we will work with them to ensure that the adequate



tune-up assistance service is provided.

**Ms. Rancourt:** — Okay. And just to end some of our remarks here, there was some communities that were impacted by some issues, and I know Melfort and area were one that had a natural gas outage not too long ago. And so I wanted to know if you could give me an update of that outage and the impact and how that went.

**Hon. Ms. Eyre:** — So just on Melfort then to update you as you request, Ms. Rancourt. So as you know, the pipeline erupted between Weldon and Birch Hills. That was on January 10th and impacted some 4,500 customers in Melfort and St. Brieux, Kinistino, and the surrounding areas. And engineering specialists have determined that there was previously unreported damage to the natural gas transmission pipeline which occurred within the past three years, and the results have been verified by an independent laboratory. And the line was last inspected in '15; there was no sign at that time of any damage. And the damaged pipeline was repaired the same day at 9 p.m. precisely, as I understand it, and service was fully restored the evening of the following day.

And so also important to note that there were, you know, some 40 SaskEnergy technicians that worked door to door throughout the affected area to restore the service and assist customers in relighting and safely restarting the appliances and doing the safety checks and so on. So just as an update again.

**Mr. From:** — And if I could add to that, if you recall the environment at that point in time, it was around Christmastime, minus 40, very, very cold. So our technicians realized the situation. We had about 150 people in the entire corporation working on this, 10 per cent of, 15 per cent of our workforce was working on this from head office trying to do the engineering to analyze what part of the systems might fail, how do we close this off, what's the solution here, how much pipe do we need to fix the rupture, how do we get it there.

The different crews, there's a lot of coordination that was taking place, monitoring all the pressures, talking to the industrial customers that are in the area to make sure that we can satisfy their load as best we can without having the residential customers drop off. We had a warm-up centre in the schools so people who were affected and didn't have any heat could come there for warmth and for some food and for some sleep if they so needed.

So it was a very big event for us. It's the largest outage we've ever had, and I think from the reports that I've seen that have come in on social media and from the various MLAs [Member of the Legislative Assembly] who were in those areas, the SaskEnergy staff should be commended for their work during that very difficult wintertime.

**Ms. Rancourt:** — Very much so. And I know because Melfort is like a neighbouring community for us in Prince Albert, and so we were really paying attention to what was happening. And it was very cold at that time. And so I know that there was some people who were potentially on holidays or away and so they had RCMP [Royal Canadian Mounted Police] and other emergency personnel going out and potentially going into those homes just to make sure that nothing happened with waterlines

and such. So do you have a number of how many of those homes might have been . . . where there was no residents home and you had to force entry into?

**Mr. From:** — We didn't keep a running total of that, at least not with the people we have here knowing that one. But we did have two locksmiths that came with the service technicians, so likely they might have entered into maybe 75 to 100 different places. As you can imagine, given the time of year and given the climate, our first priority is to get in there, make sure it's safe, make sure that we can turn the equipment back on in a safe manner. And the use of locksmiths, you know we have that. It's not uncommon for us to do that when we have to, in that time of year, just to make sure everything's okay.

I don't think we had reports of any significant damage from homeowners. At least nothing that crossed my desk, so that's probably a good thing. So like I said, you know, just the staff and all those that were involved — they were long hours — should be commended for the work that they did.

**Ms. Rancourt:** — So were all these extra costs covered by SaskEnergy? Like having the school, emergency procedures, the locksmiths, all those other people that you had to get involved, would that have been all covered by SaskEnergy?

**Mr. From:** — Well obviously, you know, we paid the bills as they came in for that, but due to the nature of this incident, which is still in progress, we will likely be seeking reimbursement of those costs.

**Ms. Rancourt:** — And who would you be seeking reimbursement from, the customer or from who?

**Mr. From:** — Well the investigation would reveal that the incident or the accident or the rupture was caused by an unreported dig. I think that has been established as fact, so the investigation would revolve around the parties responsible for that, and it is ongoing.

**Ms. Rancourt:** — Okay, thanks for that information. Another major issue was the underground leaks around Last Mountain Lake. So do you have an update on what's going on with those underground leaks?

**Mr. From:** — In response to your question, as you are aware, the Last Mountain Lake area is in a geologically unstable area in certain cases. And those are the services that we had to remove due to a lot of geotechnical analysis, even involving satellite monitoring, which can detect up to a millimetre change year over year in elevations, and a variety of things like that.

I believe that the number is 266 services were removed for safety reasons, and we are still seeing some movement this year in those areas where we removed those services. But when you look at what's happening — as I mentioned to you, we do leak surveys on a continuous basis — we haven't found any leaks this year. So I think overall the work that was done last year at Last Mountain Lake has indeed made that area a lot safer.

**Hon. Ms. Eyre:** — I would just add, Ms. Rancourt, too that, you know, that the amount of money invested has been over 12 million at Last Mountain Lake. So over the past three years in

the infrastructure upgrades, the safety monitoring program, and the disconnection process obviously that occurred last fall, 1,600 customers or 80 per cent of customers at Last Mountain Lake continue to be served by SaskEnergy. And again, obviously the ground movement that's been referenced by Mr. From will have to be completely, you know, closely monitored going forward. But there are no current plans to disconnect any further services there.

**Ms. Rancourt:** — And when you have to disconnect a service to a home, would that be the financial responsibility of SaskEnergy to do that service, or would that be the homeowner's financial responsibility?

**Mr. From:** — In general, if you're looking at a service removal, SaskEnergy would pay. That's SaskEnergy's cost. With respect to Last Mountain Lake, again we would remove the service. And in that particular case, due to circumstances, an act of God and things like that, with the flood that caused a bunch of land movement, SaskEnergy did offer a one-time rebate, or not a rebate but \$1,500 as a fuel substitution incentive so they could get off the natural gas and go to the other fuel.

**Ms. Rancourt:** — And my understanding is this is not the only location that this has happened. I believe Regina Beach has been impacted as well. Has there been other locations?

**Mr. From:** — There were six communities within Last Mountain Lake, Regina Beach, Sask Beach, Buena Vista. I can't think of the other two names off the top of my head. They were all affected by last year's decision to cut service there.

The Last Mountain Lake area itself has various spots that, first of all, some have never had gas service because they were far too unstable. There are some areas that have gas service that are very stable. There are other lakes that show some soil movement, and we're monitoring those to see if we have to remove some services. There's been a couple lake areas where we've had to cut back on one or two services. As you know, in Saskatoon, in Nutana there was some flooding there.

So we're always watching for land movement. We know where those areas are, and as we do our leak surveys, you know, we find more data and we can better ensure that the services that we have in place are only to those areas that are geologically stable.

**Ms. Rancourt:** — Well thank you for that information. Like I said, good to learn more about all of this. And I know people will come to us with some of these questions, so it's good to have that information. So thank you.

I see our time has ended, so I just want to take this opportunity again to thank the officials for being here today and answering the questions. And I want to thank the other members that are here as well for having to sit and listen to me ask all these questions. So thank you. And I want to thank the committee members, the Chair, all the staff, and Hansard and the people who take our video so that people in the public can have access to this information as well. So again, thank you for all the information and have a good evening.

**The Chair:** — Thank you, Ms. Rancourt, for that. And Minister

Eyre, do you have any final comments?

**Hon. Ms. Eyre:** — Well thank you, Mr. Chair. I just wanted to thank committee members for their engaged interest in the subject this evening, and of course to Ms. Rancourt, thank you very much. And I echo the thanks to Hansard and would just like to thank SaskEnergy officials, only a few of whom are represented here today, for all the work that the entire corporation does every day. So again, thank you very much.

**The Chair:** — Seeing no further questions, we will adjourn our consideration of the lending and investing activities for SaskEnergy Corporation. And this committee will now stand recessed until 6:30 p.m. this evening.

[The committee recessed from 16:59 until 18:30.]

### Saskatchewan Government Insurance

**The Chair:** — The time now being 6:30, we'll reconvene the committee. I would like to welcome Ms. Carla Beck to the committee for this evening. Welcome, Minister Hargrave and your officials.

This evening we are going to be considering the SGI's annual reports including the 2016-17 SGI Canada annual report, the 2016-17 Saskatchewan Auto Fund annual report, consideration of 2016 SGI Canada Insurance Services Ltd. annual report, consideration of 2016 Coachman Insurance Company annual report, consideration of 2016 SGI superannuation plan annual report.

Minister Hargrave, if you would care to introduce your officials and make your opening comments please.

**Hon. Mr. Hargrave:** — Thank you, Mr. Chair. And given the wide range of topics we'll be discussing this evening, I actually have a number of officials joining me from SGI today.

First is Andrew Cartmell, president and CEO; Jeff Stepan, chief financial officer; and Penny McCune, chief operating officer of the Auto Fund; and Kwei Quaye, vice-president of traffic safety services; Karol Noe, vice-president of licensing, customer and vehicle services; Elizabeth Flynn, senior legislative adviser; and Kim Hambleton, senior director of corporate affairs; and Angela Currie, my chief of staff.

I know we have a lot to discuss tonight so I'll keep my remarks fairly brief. The 2016-17 fiscal year was a successful one for both the Saskatchewan Auto Fund and SGI. SGI Canada realized a profit of \$65.2 million thanks to sound financial management built on the foundation of strong partnerships and independent brokers. In addition, SGI Canada continues to outpace the industry with a 10.7 per cent in premium growth compared to the industry average of 3 per cent.

For the Auto Fund, another year of strong investment earnings resulted in the Auto Fund having an increase in the rate stabilization reserve. The Auto Fund's sound financial position allowed the company to focus on offering affordable insurance and comprehensive injury benefits while also promoting traffic safety.

In 2016 and '17 we introduced stronger legislation to combat impaired and distracted driving, and also invested in traffic safety measures like additional automated licence plate readers to help police catch high-risk drivers. SGI has bolstered traffic safety awareness efforts through awareness campaigns and other channels.

Thank you, Mr. Chairman. We'd be happy to answer any questions.

**The Chair:** — Thank you, Minister Hargrave. And I'd just like to remind officials, or ask officials to please state their name the first time they speak on a question, if they would, please. And I would just now say, do any members have any questions? I recognize Ms. Beck.

**Ms. Beck:** — Thank you, Mr. Chair, and thank you, Minister Hargrave, and thank you to your officials for being in here this evening with us.

I am going to move first through the highlight document that accompanied the annual report, the 2016-17 annual report. One of the first things that I notice, and this is with regard to SGI Canada, was an increase in, I believe it was a \$63 million increase year over year in claims. And I'm just wondering what the main driver or drivers were behind that \$63 million increase.

**Mr. Stepan:** — Jeff Stepan, chief financial officer for SGI. The increase in claims cost is consistent with the increase in the premium growth for the business. So when you look at overall premium growth and you look at the loss ratio, the percentage of claims incurred relative to the premium growth, it's consistent.

**Ms. Beck:** — So it's what you would have expected, given the growth that you saw in the number of premiums. Okay. Just to confirm then, there were no outlier incidents or events that saw that increase?

**Mr. Stepan:** — We always have outlier events. We have catastrophic storms and large claim losses but nothing from a . . . that was unanticipated. We expect to have those kinds of losses.

**Ms. Beck:** — Thank you. And I recognize this is bouncing around a bit. I think it'll have a little more rhythm as I go through.

But something that you mentioned, Minister Hargrave, in your opening comments as one of the highlights was around the purchasing of automated license plate readers. There was, I believe, a \$800 million investment last year, and I think there was an amount in this year's budget. I'm just wondering if you could walk me through the results that you're seeing with that investment and what type of feedback or results you've been realizing with those automated plate readers.

**Hon. Mr. Hargrave:** — I'll just correct you a little bit on your dollar figure — 800 million was a little excessive, yes.

**Ms. Beck:** — Oh yes, I added a few zeroes there . . . [inaudible] . . . My apologies.

**Hon. Mr. Hargrave:** — But that's okay. It's about 1.6 million in total with ALPRs [automated licence plate recognition] last year. The success of the program has been very good in catching non-registered drivers, and non-registered vehicles I should say, and stolen vehicles, so we've had quite a bit of success with that. And so we're quite pleased. And all the feedback from all the police forces is that it's extremely effective, and they were . . . been asking for more and that's why, you may know, we just recently increased that by another 1.2 million this year for another 77 readers that are being installed.

**Ms. Beck:** — Thank you. I believe that you said, Minister Hargrave, \$1.6 million before this year in investment. Is that . . . That's for two years?

**Hon. Mr. Hargrave:** — That's last year.

**Ms. Beck:** — That's last year, okay.

**Hon. Mr. Hargrave:** — That's last year and then 1.2 this year.

**Ms. Beck:** — One point two this year. Seventy-seven to be purchased this year. What does that bring the total to?

**Hon. Mr. Hargrave:** — \$2.8 million.

**Ms. Beck:** — And how are those distributed around the province? Are they in certain areas or are they relegated to certain areas?

**Hon. Mr. Hargrave:** — The majority of them in the initial tranche went to the CTSS [Combined Traffic Services Saskatchewan], which is the highway traffic area program, and with a number of them also going to some of the other municipalities, Regina city and Prince Albert for example.

And recently the last tranche was more into the conservation officers' vehicles, and they're using them. They can detect restricted hunters, restricted fishermen. They can also do the . . . They're helping in our new program to help with the rural policing and rural crime. And that has been identified. So a lot of those went there. They went with the highway traffic and the conservation officers. That's where the bulk of them went in this last tranche.

**Ms. Beck:** — That amount that was allocated to the automated licence plate readers, is that part of the . . . this year I believe it was \$4.9 million that was allocated from the Auto Fund, or is that in addition to that amount?

**Hon. Mr. Hargrave:** — The 4.9 was the ALPRs as well as paying for 30 new officers on the CTSS, on that program.

**Ms. Beck:** — So it's part of the total amount.

**Hon. Mr. Hargrave:** — Yes, it's part of that.

**Ms. Beck:** — Okay, thank you. I realize why I'm bouncing around so much. My initial questions are coming from the press release, so I'm going back and forth between the Auto Fund and SGI Canada. So thank you for moving along with me.

There was, in the last budget year, \$188 million added to the rate stabilization reserve, the current balance being . . . or the balance at the end of last fiscal year being just over, almost \$666 million. I'm just wondering if you could get a comment about the adequacy of that reserve. Is that what your target was? Is there more that you'd like to see in that fund or is it where you want to see it, I guess is the question I have.

**Mr. Stepan:** — At the end of our last fiscal year of March 31st, 2017, the rate stabilization reserve was at \$566 million, in round numbers. That was just above what our adequate level of capital is, determined by our capital management policy. So where we were at the end of last year is pretty much exactly where we wanted to be. So in terms of adequacy, it was what we want it to be.

**Ms. Beck:** — Thank you. Another thing that was noted in the news release to the annual report was just highlighting some of the traffic safety measures that had been implemented in the prior year. I'm just wondering if you had any feedback or results. And I'll maybe go through them one at a time, the first being the tougher interlock regulations and legislation.

[18:45]

**Hon. Mr. Hargrave:** — As it is very hard to isolate them to one specific thing like interlock or one specific thing because they all work hand in hand with each other, but I can say it's been very well received again by all the police forces, the RCMP and the municipal police forces.

The results are the best that we've ever seen. I mean, we've had the lowest number of fatalities on our highway last year than we've had since 1988. So we're pretty satisfied that they're having a positive effect. And to say this section was due to ignition interlock would be really, really difficult to break it down.

**Ms. Beck:** — I understand. I think I have some more specific questions as we move through, but overall that is good news with the lowest number of fatalities. What has been the impact on the number of accidents related to impairment? Have you seen similar declines?

**Hon. Mr. Hargrave:** — Yes, we have seen. We're just waiting for final results from 2017. It depends on some reports that still are not yet in, but we have seen significant increase in both fatalities and in injuries on . . .

**A Member:** — Significant decrease.

**Hon. Mr. Hargrave:** — What did I say, increase? I apologize. We've seen a significant decrease in both fatalities and injuries on impaired driving.

**Ms. Beck:** — And accidents as well?

**Hon. Mr. Hargrave:** — Accidents. Yes, in accidents. Accidents, injuries, and fatalities.

**Ms. Beck:** — Okay, great. One of the other measures, part of this suite of traffic safety measures, was zero tolerance raised from age 19 to 21 for impairment from drugs or alcohol. I'm

wondering, with regard to feedback to that measure and specifically how that zero tolerance, how that is tested and enforced specifically with regard to drugs as opposed to alcohol.

**Hon. Mr. Hargrave:** — Currently with drugs we use the standard field sobriety test. The mechanism is not yet available on drugs to do the saliva test, and so currently we're just using the field sobriety test. So they use that. If there's no indication of alcohol, they still apply that field sobriety test and they can use the zero tolerance on that.

**Ms. Beck:** — Thank you. The field sobriety test, who is that conducted by? That's conducted by specially trained officers?

**Hon. Mr. Hargrave:** — Yes. We have 60 DREs [drug recognition expert]. Yes, we have 60 that are specifically drug recognition experts in the province, and we're training more. And we're assisting all the police forces in training many more with the upcoming legalization. But we have a number of police officers, way more police officers, that can do a field sobriety test. Pretty much a standard police officer can do a field sobriety test.

**Ms. Beck:** — And those tests, how do they hold up in court? Maybe is there a high level . . . How do the courts treat those tests and that evidence?

**Hon. Mr. Hargrave:** — The success with the field sobriety test, I mean most of the police units have a portable or a hand-held Breathalyzer-type unit that test as far as alcohol goes and so they can . . . Any low BAC [blood alcohol concentration] will be in there. As far as field sobriety test legal challenges, there's been very, very few, but most of those are pertaining to the low BAC, low blood alcohol content then, because the rest . . . and drugs, because the rest of them are pretty much with their little device.

**Ms. Beck:** — One of the other changes that was made last year was around new driving legislation, specifically that drivers cannot hold, view, or manipulate a hand-held cellphone while operating a motor vehicle. Have you received any feedback about that change? How is that being received?

**Hon. Mr. Hargrave:** — Well I can tell you that it's being received very well by all police forces. You'll know from media reports that the number of distracted driving charges have gone way up, and when I questioned the police chiefs in that regard, they said because now they actually have something to go by and they're finding they're not getting challenged in court to say, I was just moving it from this pocket to that pocket, so that they're actually . . . they're finding these charges. And they picked up on their enforcement because of it. Their officers were spending a lot of time in court on court challenges, and they're not finding they're doing that. So those charges have gone way up. It's not because there's more people driving distracted; it's because we have very strong enforcement going right now.

**Ms. Beck:** — Have you noticed or is there any evidence for a decrease in fatalities in accidents and injuries caused by distracted driving?

**Hon. Mr. Hargrave:** — The fatalities were down from 40 to 26 and injuries went down from over 1,000 to just over 400, so that's significant.

**Ms. Beck:** — Thank you. And another thing that was mentioned was the awareness campaigns, some of the commercials and other public information campaigns. It's maybe not standard practice in estimates but I just wanted to say how — from a personal perspective — how well done those commercials are and how strong that message is getting across. So whoever is responsible for that, I think that that was a very, very well-done campaign, and I'm glad to hear that we're seeing reductions in the number of injuries and fatalities both to impaired driving and distracted driving.

So I'm just wondering about measuring the impact of those ads. Do you have any way of measuring the impact of those ads or the feedback that you've received with regard to those ads?

**Hon. Mr. Hargrave:** — It was an incredible awareness campaign, and yes, all the staff and . . . they've been extremely, extremely good. The campaign has won seven awards, international awards, and we're very pleased with that. Social media results were off the charts. There just was so much. All the police forces . . . And you've probably seen the same, any event I go to people are still asking and talking about it and saying, can you bring back that awareness campaign, that ad. It was so effective; it tugged at your heartstrings. And so many people knew somebody in that or were closely related to.

And it was positive and it did have the desired effect. We know impaired driving deaths and injuries are down significantly. So we know that it's having that desired effect, and we know from our conversations just anywhere, in the house with friends, with anyone. It was probably one of the best campaigns ever.

But it's just part of the overall strategy, because we did lots of other things that are working. Both campaigns — the People Shouldn't Disappear ad and the wingman campaign ads — were just part of the strategy. And it's worked because we increased enforcement. SGI paid for additional enforcement, for roadside checks. SGI was paying for that. If there was overtime required we were paying for that.

Impaired driving is something we're taking extremely serious, and we are going to continue to drive the numbers down. And one, it results in that much fewer deaths and injuries, and on a business case that's a lot less expense. But on a human case, it's far more. It's priceless. And you can't put a price on the human side of it.

**Ms. Beck:** — Thank you and congratulations on those results. I wanted to move now, I think, a little more focused into SGI Canada. One of the things that was noted was that there was strong growth in premiums written year over year. I was just wondering, were there targets set for that growth in the number of premiums written? And were those targets met?

**Mr. Cartmell:** — Andrew Cartmell. Yes, every year we set financial targets, and we did have a financial target for premium growth for the 2016-17 year. We were successful in meeting that target. Our targets are broken down by jurisdiction. So SGI Canada operates in five different provinces, and we build a

budget based on premium targets in each province.

**Ms. Beck:** — Which jurisdiction were you seeing the bulk of that growth, the premium growth?

**Mr. Cartmell:** — From a percentage growth basis, it's the province of Alberta. We grew by 22.4 per cent in that province. I think if we looked at the dollar amount of growth, I think Saskatchewan probably grew the largest dollar amount just based on our premium volume in this particular province.

**Ms. Beck:** — The dividend that was paid last year was 43 million. I believe that represents about 66 per cent or 68 per cent of total profit. Just wondering about the comfort level with that dividend. It's a rather high percentage. I know I've seen the ten-year average, but just wondering if you could speak to the comfort level with that amount of dividend.

**Mr. Cartmell:** — The dividend policy that we follow for SGI Canada is based on our capital management policy for the company, and that's measured through something called MCT or the minimum capital test. And our target capital is an MCT of 242 per cent. I can get into the details of how it's calculated. It probably doesn't really matter.

[19:00]

However, basically with the profit we had last year, I think the total profit was about 66 million.

**A Member:** — 65.

**Mr. Cartmell:** — Sixty-five million. The difference between that and the dividend was the amount in excess of the 242 per cent MCT. So it was capital not required to run our operation. So it was considered excess capital. At 242, SGI Canada is very financially stable and healthy.

**Ms. Beck:** — So once you arrive at that 242 percentage, then anything in excess of that can be used or as dividend. Is that correct?

**Mr. Cartmell:** — Yes. Anything above 242 does contribute into the dividend. That's correct.

**Ms. Beck:** — Thank you. I'm going to bounce back to the 4.9 million or amounts in previous years. How much in the 2016-17 budget went to that — and I'm also bouncing to the Auto Fund now — the rural crime strategy?

**Hon. Mr. Hargrave:** — Those funds in '16-17 fiscal year, those funds were to the CTSS and so that was that funds. And now while it wasn't specifically to the rural crime strategy, which would have come a little bit later in funding, it did increase our rural crime awareness by additional visibility of additional officers out on the street. And I think it was 30?

**Mr. Cartmell:** — We funded 30 and then police put in 30 . . . [inaudible] . . . so there were 60.

**Hon. Mr. Hargrave:** — So there was another total of 60 officers. So 30 was from us and the police put in another 30 and so that helped substantially in rural crime.

**Ms. Beck:** — And it's from the Auto Fund, correct? Okay. How was that decision arrived at, to use Auto Fund dollars to fund the rural crime strategy, and what's the potential impact on the Auto Fund?

**Mr. Cartmell:** — So the Auto Fund is responsible for funding 50 per cent of the combined traffic safety units, CTSS — I don't know if I got the acronym completely right — and the focus of that was highway safety and speeding and enforcement for use on highways. So the only part of it that really could be considered part of rural crime is the visibility of those officers out in rural areas policing the highways. So there really is no direct funding of SGI or the Auto Fund for, you know, the specific rural crime program; it was funding the combined traffic unit is what we were funding.

**Ms. Beck:** — And 30 additional officers, are those all police officers? Are these the special . . . the conservation officers, for example, that have special powers?

**Mr. Cartmell:** — So the first wave was 60 officers of which SGI funded 30, and that is in the 2016-17 fiscal year. The second wave was an additional 60 officers — those are police officers — 30 of which SGI funded. And then in addition to that, SGI provided automatic licence plate readers for the conservation officers in that group.

**Ms. Beck:** — So the only funds from the Auto Fund are going to the CTSS police officers and the auto writers.

**Mr. Cartmell:** — Correct.

**Ms. Beck:** — Okay. Thank you for clarifying.

**Hon. Mr. Hargrave:** — You have to be aware that the CTSS, a lot of those highway traffic stops and a lot of the rural crime, a lot of the crime in . . . not in rural but in the cities is drug crime, and a lot of those CTSS stops are of . . . They find a lot of drugs in that, and they stop a lot of people that are trafficking drugs. And they find that it has been extremely effective. And what the ALPRs, they sort of will assist the police in recognizing that that car is maybe a suspended car, a stolen car, whatever, which criminals tend to use quite often when they're transporting drugs.

**Ms. Beck:** — Is there data available with regard to increases in — and I recognize, you know, this may be a different ministry — but with regard to drug seizures, for example, as part of this strategy?

**Hon. Mr. Hargrave:** — No, there's nothing specific other than conversations with the officers in charge of the police that it's been a very effective tool.

**Ms. Beck:** — So just to clarify one more time, the Auto Fund is not funding the — outside of trained police officers — is not funding any of the positions. For example, the conservation officers with additional powers.

**Hon. Mr. Hargrave:** — No, they're not.

**Ms. Beck:** — Thank you. We'll move now into the chart that was in the annual report, the highlight document from the

annual report. I'm looking at page 3 and just looking at the catastrophic events graph and noticing the ten-year average is \$32.3 million. The last three years have seen net losses about \$20 million over that average. Looking at the trend, what is SGI and the insurance industry undertaking and advocating for to mitigate these increasing risks, these catastrophic events that we're seeing with increasing frequency?

**Mr. Cartmell:** — So with respect to catastrophic claims or catastrophe claims, we are generally subject to three types of storm events: hail, flooding, and more lately wildfires or grass fires. And what we're seeing with respect to our experience with these storms is consistent with what our industry is seeing. Likely it's due to climate change, and weather patterns are becoming more severe. We're seeing, you know, heavier rainfalls. When there's standing water on the prairies, we get more hail. When there isn't standing water, we have drought and we get wildfires. And so what we are seeing is indicative of the industry.

Our job as an insurer is to price the risk and provide coverage for our customers so that they feel protected from risk. So while our ability to mitigate catastrophes is somewhat limited — we can't directly control wildfires or flooding ourselves — we see our job is to offer products and services that help our customers combat the effect of those sorts of things.

So I'll give you a couple of examples. We've been strong advocates of things like sewer backup valves being installed in basements. And we have offered either discounts or reduced costs for some customers to install those types of devices, particularly if they've had a sewer backup flood claim with us and they have to repair their basement anyway. We always say put a sewer backup valve in because it will prevent the next one. That's an example of a mitigation. It's just one example. There are a number of smaller things like that.

A couple of winters ago we had a January thaw, and when you have a lot snow on roofs in January you get ice buildup under the eaves. And again we did a campaign to advertise to our customers, you know, clear the snow off your roof. We had a campaign with brokers down in Estevan where we actually provided roof shovels and went out and supported our brokers in clearing off roofs. It's that kind of thing.

But predominantly our job is to find a way to offer the coverage that protects our customers, and we've done that here in Saskatchewan. More recently we do offer overland flood coverage now in Saskatchewan. And with time and with support of both the insurance industry, the federal and provincial governments, with infrastructure changes, we hope that there will be a mitigation in flood losses in the future. But it's a long-term solution, and in the interim we are offering flood coverage for our customers. As an insurance company, if we weren't offering that coverage, our brokers likely couldn't recommend our product to their customer because they would have an errors-and-omission risk, particularly if another insurance company did cover that risk.

**Ms. Beck:** — Thank you. Just some general questions with regard to FTEs. I believe in March 2017 there were noted to be 2,000 employees. Is that FTEs or is that the number of individuals employed by SGI?

**Hon. Mr. Hargrave:** — We don't have that information with us here, so we can undertake to get that for you.

**Ms. Beck:** — Great, and then if there's any further breakdown in terms of classifications or where those FTEs are allocated. Any changes year over year with regard to the number of employees at SGI?

[19:15]

**Hon. Mr. Hargrave:** — Relatively in the Auto Fund it's remained relatively flat, and because of the growth in SGI Canada there's been growth in the numbers of people that report through SGI Canada.

**Ms. Beck:** — Are those trends, the flat Auto Fund and growth within SGI Canada, is that expected to continue into the next year?

**Hon. Mr. Hargrave:** — The target for growth in SGI Canada continues to be very strong going forward, and we expect that trend to continue and we expect the Auto Fund trend to stay relatively the same.

**Ms. Beck:** — Thank you. Just some questions around some of the PST [provincial sales tax] changes in the last couple of years. Just with regard to those changes last year, the application of PST to a number of insurance products and then partial repeal of that PST, I'm just wondering how this was communicated to brokers and were there any challenges that it presented to those brokers.

**Hon. Mr. Hargrave:** — There was no major . . . They were communicated by our broker bulletins which . . . that's how all their communication, SGI's communication is done with their brokers. And in other provinces, PST is charged on some of the insurances, so obviously for . . . that's on the SGI Canada, so obviously that wasn't a major issue. So it was not a major problem for the brokers either way, going with it and then the repealing portion of it.

**Ms. Beck:** — So there was — as is known and stated — the application, and I'm hearing you say there was no . . .

**Hon. Mr. Hargrave:** — Major.

**Ms. Beck:** — . . . major hardship presented to brokers, no increased IT requirements or anything like that. And then when the rebates came into effect, was there any cost that was incurred by brokers with regard to the processing or the postage in processing those — probably not postage; I suppose it's probably electronic — but any costs that were incurred by brokers and was there any feedback to this process?

**Mr. Stepan:** — So the rebates just impacted SGI Canada, and where there was a refund on PST due it was paid back to the policyholder, either left on account with the policyholder or a cheque was issued.

**Ms. Beck:** — And was there acknowledgement or compensation at all for any of the extra processing or extra work that would have been in . . . as part of that rebate process?

**Mr. Stepan:** — No.

**Ms. Beck:** — If I could move on to the PST on used cars, when did SGI find out that appeals would be possible? I know that it's been mentioned specifically for cars purchased prior to April 11th, that they might be able to appeal the decision to apply PST to that car.

**Hon. Mr. Hargrave:** — The PST on used cars, one, that would be a Finance issue and that'd be on this year's budget, not on last year's. But I can tell you that it would be . . . Part of your question you asked would be part of the standard procedures that SGI has had for some time. There's always an appeal process. There always has been on other . . . motorcycles and the like. So it's just part of their standard policy that there is an appeal process.

**Ms. Beck:** — Noted. I wonder if you could answer, what is the number that purchasers can call to appeal the application of PST on used cars? There's been some confusion about that. Is this an SGI process or this a Ministry of Finance process?

**Hon. Mr. Hargrave:** — It's not an SGI, it's a Finance issue. And we'll get that number and we'll get it for you . . .

**Ms. Beck:** — And brokers are aware of that number?

**Hon. Mr. Hargrave:** — Yes. Yes, they're aware of that. So we'll get it for you.

**Ms. Beck:** — Do you know when they were made aware of that number?

**Hon. Mr. Hargrave:** — It's been there for a long time. It's in their manual. Yes.

**Ms. Beck:** — Okay, thank you. So, Minister, I noted that you made the distinction . . . I have more questions about the PST on used cars. Is that something we can discuss here?

**Hon. Mr. Hargrave:** — No, that's a Finance issue and SGI just does what they're directed from Finance. So if you can cover that off with the Minister of Finance.

**Ms. Beck:** — I have some specific questions with regard to brokers.

**Hon. Mr. Hargrave:** — Well whatever questions we can . . . You can ask and whatever questions we can answer we will.

**Ms. Beck:** — Okay.

**Hon. Mr. Hargrave:** — But it would be based on this year's budget, not on last year's, right?

**The Chair:** — I would ask you to stick to the annual reports that we're dealing with here, not the PST. As the minister has mentioned, that would be a Finance issue, please.

**Ms. Beck:** — Okay, I understand and I will just register that we don't have until another year to clarify some of these things. It poses some difficulty to people who are experiencing some confusion with regard to the issue. So perhaps I will have to

find other channels.

**A Member:** — You can talk to Joe after question period.

**Ms. Beck:** — It's not always that easy to get answers in question period.

**A Member:** — I said after question period. Or even Finance . . .

**Ms. Beck:** — Just some of . . . I think my role here is to bring some of the concerns that are brought to me as critic and to us. One of the concerns that has been raised with regard to a specific issue is just around the issue of privacy within brokers' offices. And I know that there have been some instances that have been in the news. I'm just wondering if there have been any changes as a result of those concerns and what we can offer by way of assurances.

**Ms. Flynn:** — Hi. Elizabeth Flynn. The concerns rise as a result of issuing, not brokerages. SGI is monitoring access to our system, actively monitoring access to our system. We've had numerous communications with our issuers. They undergo regular privacy training, and we continue to ensure that they understand their obligations. We've also dealt with the Office of the Privacy Commissioner with regard to this and have met their concerns.

**Hon. Mr. Hargrave:** — And the prompt in the system . . .

**Ms. Flynn:** — Yes, there is a prompt in our system as well that requires individuals to indicate why they're in the system. And we are actually asking issuers now to put in notes as to why they're in the system so that we don't have the empty access.

**Ms. Beck:** — Thank you. So that prompt has been a recent change, is that correct?

**Ms. Flynn:** — The prompt, the monitoring, the requirement for notes have all been recent changes.

**Ms. Beck:** — Just so I'm clear on what's meant by monitoring, so if someone is accessing data in the system, there is a way to monitor and to be able to track back to ensure that that person had a reason to have access to that data. Is that correct?

**Ms. Flynn:** — We run reports for after-hours lookups. We run reports that our issuer reps review annually to ensure that there's a note in indicating why they're in. If there's a concern, those concerns are raised with the office and taken back to the office.

**Ms. Beck:** — Thank you.

**Hon. Mr. Hargrave:** — I'll give you that phone number, okay?

**Ms. Beck:** — Oh, sure. That would . . .

**Hon. Mr. Hargrave:** — It saves looking it up tomorrow or whatever day. The telephone number is 306-787-6645 in Regina or toll free at 1-800-667-6102.

**Ms. Beck:** — Thank you. Just, I guess, one question with regard to the volume received at the fair practices office year

over year, last year. Do you know the number of complaints that were . . . or issues that were raised with fair practices, and is that an increase or a decrease over the previous year?

**Hon. Mr. Hargrave:** — Yes, we're just checking on that. While we're looking at it, if you have another question, we can move on to that and we'll come back with that answer.

[19:30]

**Ms. Beck:** — Yes, just with regard, I mean the second step from . . . find my own notes here. I just had questions around how many of those issues would have gone on to the appeals process. And there are a number of options that are available to those who bring issues to the fair practices office. I'm just wondering how many of those went on to the second stage.

**Hon. Mr. Hargrave:** — We'll just undertake to get those answers to those questions for you.

**Ms. Beck:** — Okay, thank you.

**Hon. Mr. Hargrave:** — It shouldn't be long, just like the phone number.

**The Chair:** — Thank you, Ms. Beck. Seeing the allotted time has expired, I would ask a member to move that we adjourn consideration of the 2016-17 SGI Canada annual report, the 2016-17 Saskatchewan Auto Fund annual report, 2016 SGI Canada Insurance Services Ltd. annual report, 2016 Coachman Insurance Company annual report, and the 2016 SGI Superannuation Plan annual report. Would someone move that we adjourn, please?

Mr. Hindley has moved to adjourn consideration of the 2016 . . . Okay. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Minister, thank you. Would you like a recess to change some officials, or is everybody here that we need for the next session?

**Hon. Mr. Hargrave:** — We're just getting our other officials in here now. So two minutes. Thank you.

**The Chair:** — We'll take a two-minute recess.

[The committee recessed for a period of time.]

#### **Bill No. 91 — *The Snowmobile Amendment Act, 2017***

##### **Clause 1**

**The Chair:** — Okay, it is now 7:35. We'll reconvene the committee. And we're now going to consider Bill No. 91, *The Snowmobile Amendment Act, 2017*, clause 1, short title. Minister Hargrave, if you would again introduce any new officials that are here and make your opening comments please.

**Hon. Mr. Hargrave:** — Thank you, Mr. Chairman. We only have one additional official here, Darin Banadyga. He's an executive director of Parks, Culture and Sport. And I'll just go



into my comments.

SGI shares certain responsibilities under *The Snowmobile Act* with the Ministry of Parks, Culture and Sport. So allow me to . . . Well, I'll reintroduce them. Since these bills both propose amendments to *The Snowmobile Act*, I'll perhaps speak to both right now.

I'll start with the highlight of some changes first in Bill 91. There are some proposed amendments to make it clear that only snowmobiles and trail maintenance equipment are allowed on snowmobile trails between December 1st and April 15th. This change is needed to ensure the Saskatchewan Snowmobile Association and law enforcement have the authority to prevent people from causing damage to the trails with ATVs [all-terrain vehicle] or other vehicles. A number of other changes involve authority on a number of matters that the Highway Traffic Board has previously delegated to SGI. So these amendments move that authority under this Act. This ensures the Act reflects what's happening in actual practice.

Moving on to Bill 123, SGI collects registration fees for all vehicles including snowmobiles on behalf of the province and then submits that revenue to the General Revenue Fund. Currently, SGI remits all registration fees to the GRF [General Revenue Fund] and advises the Ministry of Parks, Culture and Sport on how much these fees are from snowmobile registration. The ministry then provides that amount to the Saskatchewan Snowmobile Association as that revenue is designated for trail maintenance. The proposed amendments would have SGI remit the revenue from snowmobile registrations directly to the Snowmobile Association instead of the GRF.

Thank you, and we're happy to answer any questions. And I will answer one previous question if that's all right, Mr. Chair.

**The Chair:** — Yes.

**Hon. Mr. Hargrave:** — Fair practices numbers in 2016 were 1,345 and in 2017 they were down to 1,286. And any other mechanism over and above that would be through the Highway Traffic Board or the Office of the Ombudsman . . . [inaudible] . . . we'll be happy to answer any questions.

**The Chair:** — Thank you, Minister Hargrave, and I think it's only appropriate that on a day that it's 31 degrees that we should be discussing snowmobiles.

I'd just again like to remind the officials to please state your name the first time you speak please, if you would. Do any of the members have questions? Ms. Beck. I recognize Ms. Beck.

**Ms. Beck:** — Thank you, Minister Hargrave and your officials, and the official who has joined us. I guess just as a general question, what brought this bill about? What concerns were you seeing or hearing that you sought to address with this bill?

**Hon. Mr. Hargrave:** — Primarily it was in relation to items brought forward by the Saskatchewan Snowmobile Association as to issues that they were having on their trail system in regards to the December 1st to the April 15th that damage was being done by . . . to their trail system. After their groomers had

fixed the trails or done the trails, these people were doing damage to the trails and causing problems and potential accidents and injuries for the snowmobilers.

**Ms. Beck:** — Was it vehicles that were damaging the trail, or what was the nature of the damage to those trails?

**Hon. Mr. Hargrave:** — Primarily it was ATVs that were damaging the trails not . . . vehicles were a small part, but primarily it was ATVs.

**Ms. Beck:** — So the distinction . . . I think one of the changes in the legislation is distinction as to what the definition of what a snowmobile is and it defines that it is not an ATV. Is that . . .

**Hon. Mr. Hargrave:** — Yes. It's not a ATV. It's not a UTV [utility vehicle] because those are the four-wheel units now that — the side-by-sides — that are also causing damage, so yes it defines that.

**Ms. Beck:** — In addition to the Snowmobile Association, were there any others who were calling for legislation or changes to this legislation?

**Hon. Mr. Hargrave:** — Just on the damage on the trails on that one? The other as far as the money transfer to the GRF, is that a separate question? Because on the money transfer, it was obviously . . . It just was far more efficient to transfer the money directly from SGI to the Saskatchewan Snowmobile Association without it going through the GRF. It was just creating additional work which just didn't make sense.

**Ms. Beck:** — Okay. And just the nature of any consultation that was undertaken before legislation and any feedback that you've received either prior to or since the legislation was introduced.

**Hon. Mr. Hargrave:** — Consultation was done with two, primarily with two groups. One was the Highway Traffic Board and then we consulted with them. But the main one would be the Saskatchewan Snowmobile Association, who in turn consulted with their 47 members that they have . . . [inaudible interjection] . . . member clubs throughout the province. And so they consulted with their member clubs and they brought forward ideas and that's where the consultation took place.

**Ms. Beck:** — Has this legislation been well received by both of those groups?

**Hon. Mr. Hargrave:** — Yes, very well received. They're very happy about it.

**Ms. Beck:** — Thank you. One of the proposals in this bill is to remove the definition of the word "board." And this is explained to be necessary as the responsibilities — I want to make sure I got this right — as the responsibilities of the Highway Traffic Board are being transferred to SGI. I'm just wondering is that wholly or in part?

**Ms. Noe:** — Karol Noe. So back when the legislation kind of came into play, the Highway Traffic Board was a lot more active in the day-to-day administration of the provincial legislation. And it's since been . . . they've delegated that authority to SGI. So essentially this Act is now bringing into the

Act what's currently in practice today.

**Ms. Beck:** — When did that delegation of Highway Traffic Board duties start being delegated to SGI?

**Ms. Noe:** — I think it was 2016, but let me look here. So according to our legal counsel, they started delegation back in 1994. And then in January 2016 they delegated a few other things, for instance, the expiry date on the certificates of registration. We set that through the . . . We either use a registration permit or a vehicle registration on the snowmobile. It, I guess, replaced the trail permit. And also the purpose of issuing an opinion as to the safety of a snowmobile for the purpose of regulating, restricting, or prohibiting the use of any snowmobile, that power rests with SGI not with the Highway Traffic Board.

[19:45]

**Ms. Beck:** — Okay. So in terms of the delegation of authority and powers of the Highway Traffic Board, I was obviously preparing for four bills before we came here, and there is a theme through them with devolution of powers of the Highway Traffic Board. I'm just wondering if anyone can speak to the powers that are retained by the Highway Traffic Board. Or is that something anyone here can speak to?

**Ms. Flynn:** — Elizabeth Flynn. So historically the board used to provide the vehicle and driver licensing function for the province, and SGI of course has assumed control of that for a number of years. As a result, the board's role has taken more of an appeal mechanism for our programs. So any driver licence suspension programs, vehicle impoundment, the board provides an oversight mechanism.

**Ms. Beck:** — So this suite of legislation dealing with the powers of the Highway Traffic Board, is this catching up to what is already practice with regard to the delegation of powers between SGI and the Highway Traffic Board?

**Ms. Flynn:** — Yes.

**Ms. Beck:** — So there's no recent shift in functions that were happening at the Highway Traffic Board to SGI?

**Ms. Flynn:** — No. No, it hasn't been . . . It's not since 2016. It's even prior to that. So the board's role is much more of an advisory function overseeing, providing the public with a mechanism to address some concerns that they have with the programming if they feel it's been . . . There's an unfairness there. It's an administrative appeal board at this point in time.

**Ms. Beck:** — Thank you. That clears up something. Okay, of course this has been mentioned, there's a proposal to . . . The way that snowmobiles are licensed. I believe this is catching up with current practice, ensuring that snowmobiles either have licence plates or a registration permit, and that the registration fees charged fund the snowmobile trails, and now that will flow directly to the Snowmobile Association, or the fund rather, and be distributed to, I believe you said 47 different clubs around the province, is that correct?

**Hon. Mr. Hargrave:** — That's correct, yes, 47 clubs.

**Ms. Beck:** — Is there . . . I did see a report, but the percentage of that trail maintenance that is provided for with those registration fees, what is that number, or the gross number?

**Hon. Mr. Hargrave:** — Well the total amount of dollars received is about \$1.7 million, and that covers about half of the cost of operation of the trail system.

**Ms. Beck:** — And the rest . . . I did find it. The rest . . . I'm not sure, this isn't attributed to a certain year, but indicates that the other amount is funded by the snow clubs themselves, about \$1.2 million. That's correct?

**Hon. Mr. Hargrave:** — That's right.

**Ms. Beck:** — Okay. Okay, I think that that is the end of my questions on that bill. Thank you for the answers.

**The Chair:** — Thank you, Ms. Beck. Any other questions? Seeing none, I would like to move to consideration of clause by clause.

Clause 1, short title, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 5 inclusive agreed to.]

#### Clause 6

**The Chair:** — I'm sorry, question?

**Mr. Hart:** — Mr. Chair, I have a question regarding clause 6, designating trails.

**The Chair:** — Okay. I recognize Mr. Hart.

**Mr. Hart:** — Thank you. Minister, when I was looking at this bill as it was being discussed, I noticed this clause "designated trail." And I wonder if I could have you or your officials give an explanation or a definition of a designated trail.

Now I'll tell you why I ask that question. I can understand that snowmobile trails in forests of our province and in recreation parks and so on, I mean that's pretty, you know, pretty straightforward. But there are a number of snowmobile clubs in the southern part of the province, in my constituency I know I have at least one club, possibly two that have a groomer and groom trails. And you know, they're in the ditches of highways, in the ditches of country roads, and they cross approaches that lead to farmers' fields and so on.

So would those type of trails also be a designated trail? Because if they are, there would be some impact on the landowners who would be perhaps going out and crossing the trail to feed their cattle because that's a practice that's quite common now, where cows are wintered out in the fields and so on. And you know, I know that they certainly wouldn't want to be, you know, in a position of an infraction of this particular bill.

So I wonder if you could just provide, or you or your officials could provide some more information so that the people of the province have a better understanding of what is meant by this clause.

**Mr. Banadyga:** — Hi, it's Darin Banadyga from the Ministry of Parks, Culture and Sport. A trail, a designated trail generally in Saskatchewan is designated by the Saskatchewan Snowmobile Association. And so they do a larger consultation process with member clubs, take a look at kind of the snowmobile usage or snowmobile traffic in a particular area and then designate trail. And certainly they do consultations and actually do sign agreements with local landowners to provide access during the snowmobile season for snowmobiles to that trail area.

**Mr. Hart:** — So if a trail is going past a farmer's farmstead in the ditch of a municipal road, how would that landowner who has land on both sides of that road and there is this groomed trail that's maintained by a local snowmobile club, how would that individual know that that is a designated trail? And I mean, you would assume because there's, you know, a fair bit of traffic and it's groomed. But I mean, when we start talking about I'm guessing that there are some consequences for damaging a designated trail, how would that individual know without ... because I know from experience. I have a trail going right past my farm that exactly as I subscribed and no one's ever come to me and said, you know, this is a designated trail. I mean, we certainly respect it and try not to interfere, but we do have to cross it and so on.

And so, you know, now that we're sort of formalizing this and perhaps making penalties that could accrue to the landowner, you know, how would an individual know if no one's telling them and that sort of thing? So the designated trails are not only in the areas that I had described like the forested area of the province and the parks. It is in southern Saskatchewan and so on that's also a designated trail.

**Mr. Banadyga:** — Yes, the designated trail system does extend through what we call the snow zone in the province, so areas of the province that would receive snow on a regular year, approximately 10 to 11 000 kilometres of groomed trail depending again on the snow. In the last few years, there has been some reduction of actual groomed trail in the province because of snow conditions.

But I would say advice to a landowner that would see the need to cross a trail that's in a highway right of way is a few different things. First of all, consult. There's snowmobile trail maps available online and at local areas, SGI issuers, gas stations all throughout the province, especially during the snowmobile season and in the areas where snowmobile trails exist.

Contacting the local club just to have a conversation with them, and also contacting the Saskatchewan Snowmobile Association just to make sure that that is a designated trail. It could be an area where people snowmobile and it may not be designated, so that's a good check just for the landowner to see with the local club, with the Snowmobile Association. Consulting the online maps, consulting paper maps that are available would be a good way to kind of start the conversation just to make sure that if access from an adjacent landowner needs to be given, that

there's an open conversation about that.

**Mr. Hart:** — Thank you so much for the information. Much appreciated.

**The Chair:** — Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Clause 6 agreed to.]

[Clauses 7 to 16 inclusive agreed to.]

**The Chair:** — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: *The Snowmobile Amendment Act, 2017*.

I would ask a member to move that we report Bill No. 91, *The Snowmobile Amendment Act, 2017* without amendment. Mr. Bonk. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[20:00]

### **Bill No. 123 — *The Snowmobile (Fees) Amendment Act, 2018***

#### **Clause 1**

**The Chair:** — We will now consider Bill No. 123, *The Snowmobile (Fees) Amendment Act, 2018*, clause 1, short title. Mr. Hargrave, am I safe in assuming that you've made your comments regarding this bill, or do you have further comments?

**Hon. Mr. Hargrave:** — No, I don't have any further comments.

**The Chair:** — Okay. And we have the same officials here, so we won't need to remind them. Is there any questions regarding this bill, or did we cover it on the last bill?

**Ms. Beck:** — I just have a couple of questions, Mr. Chair.

**The Chair:** — I recognize Ms. Beck.

**Ms. Beck:** — In the explanatory notes — it's a very small bill; I think it's one page — it's noted that this change "Provides regulatory authority to enable the money the administrator collects for snowmobile registration to be designated for payment as set out in the regulations." So there is a change, but it's also moving this provision out of legislation and into regulations. Is that correct?

**Hon. Mr. Hargrave:** — Yes, we're just changing it from legislation to regulations because (1) it just makes it easier and makes far more sense. If there is a slight change that we have to make down the road with the collection of the fees, that way we won't have to bring it back for additional legislation.

**Ms. Beck:** — And then the other provision is that it moves the fees collected out of legislation and into the regulations. I'm just wondering with this move, is there any anticipated change to the fees collected or the charge for licensing?

**Hon. Mr. Hargrave:** — Right now the agreement's under negotiation between the SSA [Saskatchewan Snowmobile Association] and the ministry, but we're not expecting any change of any major amount at all. But it is under negotiation right now.

**Ms. Beck:** — And so if these changes are made, they won't be brought in legislation. It will be made to the regulations.

**Hon. Mr. Hargrave:** — That's correct. They'd be in regulation.

**Ms. Beck:** — Okay. I think that's it. Thank you.

**The Chair:** — Any further questions? Seeing none, clause 1, short title, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 5 inclusive agreed to.]

**The Chair:** — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: *The Snowmobile (Fees) Amendment Act, 2018*.

I would ask a member to move that we report Bill No. 123, *The Snowmobile (Fees) Amendment Act, 2018* without amendment. Ms. Heppner. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

### **Bill No. 81 — *The Traffic Safety (Miscellaneous) Amendment Act, 2017***

#### **Clause 1**

**The Chair:** — We will now consider Bill No. 81, *The Traffic Safety (Miscellaneous) Amendment Act, 2017*, clause 1, short title. Minister Hargrave, if you have any new officials, introduce them and make your opening comments, please.

**Hon. Mr. Hargrave:** — Thank you, Mr. Chairman. We have no new officials, but what we do have is amendments to *The Traffic Safety Act*. There are a number of proposed amendments to the Act covering a wide variety of topics. Allow me to just highlight the proposed changes regarding a subject that I'm very passionate about, and I know most of you are here as well — the fight against impaired driving.

These proposed changes continue to strengthen Saskatchewan's impaired driving legislation, sending the message that it's not okay to drink and drive. The proposed changes will bring in

longer vehicle seizures for impaired drivers with passengers under 16 in the vehicle. In addition, the experienced drivers who are impaired and transporting passengers under 16 will face longer roadside licence suspensions. It's never okay to drive impaired, but wilfully putting children's life at risk is completely unacceptable.

Other notable proposed changes include extending the amount of time SGI looks back on a driver's history to 10 years from 5 years when determining how many previous impaired driving offences a driver has. This allows SGI to administer harsher penalties for repeat offenders.

The changes will also allow law enforcement to issue an indefinite administrative suspension for those charged with impaired driving under the Criminal Code. This change will make the roadside consequences for those charged with impaired driving under the Criminal Code consistent with those charged with exceeding .08 blood alcohol content, or BAC.

Amendments will also limit the early release of a vehicle impounded due to impaired driving when the driver has a previous impaired driving related roadside licence suspension and their BAC is over .08, or the driver has two or more previous impaired driving related roadside suspensions.

In addition to the changes related to impaired driving there are several more changes to the Act being proposed, but in the interest of time we're happy to move on to any questions that you may have.

**The Chair:** — Thank you, Minister Hargrave. Are there any questions? I recognize Ms. Beck.

**Ms. Beck:** — Thank you, Mr. Chair, and thank you for that introduction. Certainly when you say miscellaneous, there are a number of different pieces to this bill. So I'll try to unpack it in somewhat of an orderly fashion. I think I'll move to the explanatory notes.

Looking at section 2, the changes to the definition of farm implement, clarify that trailers towed by a farm implement are exempt from registration: "... self-propelled or towed implement or tool designed to be used in an agricultural operation is not considered a farm implement when it is used for a commercial purpose other than agriculture."

I'm just wondering an example of those type of trailers that would fall into this category.

**Hon. Mr. Hargrave:** — It could be as simple as a semi that's hauling for commercial purposes, rather than their personal farm-related business that would fall into that.

**Ms. Beck:** — Okay. Thank you. I'm going to move on briefly just to go through the facial recognition software provisions. I'm just wondering how these changes differ from the current situation and the extent of the problem with regard to suspected identity theft. I guess, what brought about this change in this piece of legislation?

**Ms. Noe:** — When the legislation was drafted, there was just a few things that we need to now clarify. For instance, in order to

provide facial recognition data to law enforcement, they need a court order or warrant. So if we discover something, we can't go to the law enforcement without having that warrant or court order. So this clarifies that if we do suspect identity theft, we can go to law enforcement to report that.

Also the current legislation restricts them to only come in regards to identity theft, but if they have other crimes that they would like to use our data for, they could come with a warrant for those other more serious crimes as well.

**Ms. Beck:** — And how did these changes about? Who was requesting these changes to be made?

**Ms. Noe:** — So our NCO, which is our non-commissioned officers, it's a working group that we meet with and I think a lot of the feedback came from them and then even from our own internal without, you know, having them come to us asking, it was a limitation in our current system where we were discovering things and wanted to report it. So it was kind of a mix of that committee consultation and our internal findings as well.

**Ms. Beck:** — Thank you. Section 59, the changes here, the existing provision that is:

No person shall use or permit the use of a certificate registration with respect to any vehicle other than the vehicle with respect to which the certificate of registration was issued.

The explanation notes in the changes that the changes "allows for prescribed exceptions to the requirement that certificates of registration be used only in respect of the vehicle to which the registration was issued." I'm just wondering what exceptions, so what would be some examples of the need for an exception to that provision?

**Ms. Noe:** — So when you get a new vehicle you have seven days, I think, to switch over your registration. So that would be an exemption where you could use that same plate for up to seven days.

**Ms. Beck:** — Okay. So is this something that's already in practice, and it's just updating the legislation?

**Ms. Noe:** — Yes, it currently conflicts with the Act.

**Ms. Beck:** — Okay. And provision 61, the explanation . . . I'm just curious about this:

Protects law enforcement officers from liability for damage to an individual's electronic device when it is used to display a driver's licence, vehicle registration or auto insurance credentials.

I didn't know that you could do that, actually was the first thing. And second, is this an issue where people have been concerned that their devices have been damaged?

**Ms. Noe:** — Yes. We're moving, a lot of jurisdictions are moving towards electronic credentials so it's becoming more of a industry-wide issue. So that was something that also came up

with that NCO committee was, you know, they don't want any liability if they were to take that device to view that electronic credential.

**Ms. Beck:** — That's fascinating. I heard about people using their passports on their . . . pictures of their passports on their phone but it's a whole new world.

**Ms. Noe:** — Right now our registration certificates, we don't necessarily require you to have them. You can view them on your MySGI right now or print them from home. So you know, I guess partially it is there with vehicle registration certificates right now.

**Ms. Beck:** — So you can just pull them up on MySGI and show them on your phone and that's valid for officials.

**Ms. Noe:** — Yes.

**Ms. Beck:** — I'm learning things . . . [inaudible interjection] . . . That's true. I had a number of questions around provision 65(1), subsection (a), (b) and the changes proposed to define a class PB vehicle. And I searched and searched for some of this. I'm just wondering how that's being defined. I think it's being moved into the regulations, the classification for class PB. I'm wondering how that's going to be defined.

**Ms. Noe:** — All vehicle classes are defined in the vehicle classification regulations, so it's currently defined there. And with the changes proposed in the Act, we would tighten up that definition within that vehicle classification regulation.

**Ms. Beck:** — Okay. So I think I have the current definitions. So PB, transporting passengers for hire includes buses, vans, cars, and limousines. And with the tightening up, what proposed changes . . . how would that definition be changed?

**Ms. Noe:** — In *The Operating Authority Regulations* right now, it speaks to various definitions like black car services, limousines. So if the operating authority certificate process is repealed, essentially we would want to then take some of that detail from the operating authority regs and put it within the vehicle classification regulations. Essentially we don't want class PB to be used as a taxi, so that would be a clarification in those regulations.

**Ms. Beck:** — So that's a classification that currently is only used with an operating authority certificate? For class PB that's defined by that operating authority certificate? I'm just wondering why the move away from the operating authority certificate impacts that particular class of vehicle.

[20:15]

**Ms. Noe:** — So class PB is the only class of vehicle that requires the operating authority certificate right now. And I guess the process used by the Highway Traffic Board is an older process that's been more about economic regulation, and essentially they don't feel that, I guess, that they do a lot of regulation in regards to the economics of the industry. They think it should be more a safety focused and that would lie with SGI versus the Highway Traffic Board going forward.

**Ms. Beck:** — So the Highway Traffic Board would still maintain some of that safety regulation. Is that what I'm hearing you say?

**Ms. Noe:** — No. So SGI takes care of the safety right now with the National Safety Code and whatnot, so essentially what they're doing with the operating authority right now really isn't in regards to safety at all. It's more . . . They rarely decline, I guess, an operating authority certificate for any economic reason, so essentially they're saying it's not really a value-added service right now.

**Ms. Beck:** — And that's coming from the Highway Traffic Board?

**Ms. Noe:** — Yes.

**Ms. Beck:** — Okay. I think I'm going to move to my notes. With regard to the provision around transportation of children, with a blood alcohol level of .04 over . . . children under 16. So this strengthens penalties for those who are carrying children under the age of 16, with a blood alcohol level over .04. Is this something that's done in any other jurisdiction, do you know?

**Hon. Mr. Hargrave:** — Yes, it's done in Manitoba currently.

**Ms. Beck:** — How long has it been in place in Manitoba?

**Hon. Mr. Hargrave:** — We're not sure. When we checked, they just had it. We never checked on to as how long they've had it in force.

**Ms. Beck:** — Okay, it certainly, you know . . . Understand the reasons behind it. One of the things that had happened after this bill was introduced, I was just thinking about. There were a couple of instances in the news where, you know, children were not necessarily being transported by an impaired driver but were injured by an impaired driver while they were a passenger in a vehicle. And then there was another instance with a child who, children who were hit as pedestrians.

I'm just wondering if we have numbers on, on that. How many children are killed or injured while passengers of a drunk driver? That's the first question I suppose.

**Hon. Mr. Hargrave:** — We don't have that. I guess where the concern was, was there was instances of children under 16 in vehicles with people that were impaired. And we just want to ensure that that law was strengthened to make sure that it doesn't happen, and if it does that there's a stiff, stiff penalty for those offenders whenever there is a youth involved. I mean, they're the most vulnerable, right, and they need to be protected. And we felt that this was more than necessary to protect those young individuals, especially after a few notable incidents.

**Ms. Beck:** — Yes, and please don't take my comments or my questions as any way being opposed to that.

**Hon. Mr. Hargrave:** — No.

**Ms. Beck:** — No. I guess it was . . . Yes, just wondering in terms of when children are injured by drunk drivers, the extent

to which . . . They're a passenger in a car or they're a passenger in another car or they're pedestrians and . . .

**Hon. Mr. Hargrave:** — We don't have those numbers . . . [inaudible] . . . No.

**Ms. Beck:** — Okay. The looking-back period, extending that from 5 to 10 years, which I can see would allow access for those stiffer penalties for those who have repeat offences within a 10-year period, I'm just wondering if that is something that's done in other jurisdictions or what's the average looking-back time across the country?

**Hon. Mr. Hargrave:** — Yes, almost every other jurisdiction has it. We have it currently, but it applies to only the Criminal Code and not the low BAC one. And so we're just trying to harmonize it and make sure that it's there and that it's there for that 10-year period to harmonize that with the Criminal Code.

**Ms. Beck:** — I'm just looking for the piece on the indefinite administrative suspension, so I just wonder if you could walk me through that a little bit. What is being proposed here? Law enforcement can make an indefinite administrative suspension. I'm just wondering how that came about and if that's happening other places?

**Mr. Quaye:** — Kwei Quaye. In 2014 when changes were made to the TSA [*The Traffic Safety Act*], one of the changes was to introduce an indefinite suspension if an individual is caught with a BAC above .08. That's Criminal Code BAC. Subsequent to that, the police brought to our attention consistently that more and more people were switching from alcohol to drugs. And when they catch these people and they charge them with impaired driving, they are not able to engage this administrative sanction of being suspended until you go to court to get your case heard in court.

So they approached us and they consistently asked us to, when the opportunity is available, to make changes to the TSA so that impaired driving offences are treated the same as offences regarding blowing above .08 under the Criminal Code. So this is what brought about the change.

**Ms. Beck:** — Thank you. And I think you clarified my question there in terms of just exactly what was meant by indefinite suspension — suspended until you have opportunity to be before a judge. Is that correct? Okay. Indefinite sounded like a long time. So yes, thank you.

I think rather a simple provision here is just the requirement now to slowing to 60 km an hour when snowplows are at the side of the road. I think that's in addition to some other measures that were taken around safety for snowplows. I don't think I had any questions about that, but I do have some questions about repealing the requirements for the operation authority certificates. I'm wondering if you could walk me through the reasons for the repeal of these requirements.

**Ms. Noe:** — Karol Noe. So essentially this change came about because in practice, you know, what the Highway Traffic Board was seeing was, you know, they weren't really declining any operating authority certificates on the basis of their economics. In the past they used to look at routes and fares and whatnot,

and it was more about the economic regulation of the industry. But in practice today, they really don't decline many applications because of the economics, and essentially they're more concerned with the safety aspects. So they asked SGI, how are we covered safety-wise?

And with class PB, with vehicles 10 or more passengers, we do have the National Safety Code program in place which covers . . . You know, we look at all carriers in that program and make sure they're monitored. So we do cover it that way. We require inspections as well and we have driver's licence requirements. So essentially they approached us to see, you know, if we did away with the operating authority, if SGI could handle it through regulations on the safety aspects, and we said we could.

**Ms. Beck:** — So now a carrier that currently would go through the operation authority certificate process, how does that process change if this bill is passed? What substantive changes might be realized?

**Ms. Noe:** — So in regards to your question, so they could just come and register. They wouldn't necessarily need that operating authority requirement. They would have to meet the minimum insurance requirement, have their vehicle inspected, and then we would monitor them through the National Safety Code.

**Ms. Beck:** — So there's a monitoring of safety, but are there minimum requirements for safety? Or certain standards that they'd have to reach before they would be able to receive licence?

**Ms. Noe:** — So if they had a National Safety Code already, we would look at their carrier profile and ensure they were, you know, a satisfactory carrier. And if they didn't, then we would start monitoring them and if, you know, they went over a certain threshold in regards to convictions, accidents, inspections, we would then intervene, go out and send a carrier up to visit with them.

**Ms. Beck:** — What safety aspects are currently covered or regulated or looked at by the operation authority certificate? What threshold has to be met there with regard to safety to have those certificates issued currently under current practice?

**Hon. Mr. Hargrave:** — The current operating certificates wasn't about safety. There was none. And so this one actually, by the change it actually enhances the look at, at the safety requirements. It was more about specific routes that people were to take and the fares and stuff like that.

**Ms. Beck:** — Okay. Is this the existing application for operating authority application? Okay. So it is quite extensive currently. So there's some financial information, to be sure — certificate of incorporation, sales and motor routes. But there is some insurance provisions for sure, a liability insurance, safety numbers, disclosure of current safety numbers, NCS. I'm not familiar with that.

**Ms. Noe:** — That's the National Safety Code.

**Ms. Beck:** — That's the national . . . okay. So that currently is already in there. The CVOR [commercial vehicle operator's

registration], is that . . . and US DOT. This is a provision, identification by other jurisdictions.

**Ms. Noe:** — Yes, that's the US [United States] Department of Transportation. So if they were registered in the United States.

**Ms. Beck:** — Right. Okay. And the CVOR?

[20:30]

**Ms. Noe:** — I am not sure what that stands for.

**Ms. Beck:** — Okay. So this is more information that's collected by the current application. Safety fitness rating is . . .

**Ms. Noe:** — That's part of the National Safety Code as well.

**Ms. Beck:** — Okay, so it's exactly the same in the National Safety Code?

**Ms. Noe:** — Yes.

**Ms. Beck:** — Okay, so that's driver's abstracts. Driver's performance, is that part of the . . .

**Ms. Noe:** — Yes.

**Ms. Beck:** — Okay, and vehicle safety, a preventative maintenance program, is that . . .

**Ms. Noe:** — Part of the National Safety Code as well.

**Ms. Beck:** — The operational safety — is that part as well? — hours of service, trip inspection, first aid, and air brakes.

**Ms. Noe:** — Yes.

**Ms. Beck:** — That's part. Okay. And safety compliance and the type of equipment in safety, is that something that's part of the National Safety Code?

**Ms. Noe:** — Yes. All vehicles for that fleet are tied to that National Safety Code number.

**Ms. Beck:** — And who regulates and maintains the National Safety Code?

**Ms. Noe:** — It's federal.

**Ms. Beck:** — It's federal. So the federal government?

**Ms. Noe:** — Yes.

**Ms. Beck:** — Okay. So what I'm hearing you say then is that all of the provisions that go into this are covered by the National Safety Code. Is that correct?

**Ms. Noe:** — Yes.

**Ms. Beck:** — Okay. Is there any other jurisdiction that has additional measures for those carrying passengers in the province above the National Safety Code?

**Hon. Mr. Hargrave:** — None that we're aware of.

**Ms. Beck:** — Okay. How long has the National Safety Code been in place?

**Ms. Noe:** — I think it was 1999. Essentially the trucking industry, when they deregulated, it was because again they used to have operating authority certificates. We deregulated the freight part of it and put in safety measures through the National Safety Code.

**Ms. Beck:** — So that was done on a federal basis in 1999?

**Ms. Noe:** — Yes.

**Ms. Beck:** — So I just want to make sure that I'm not missing anything here, differentiating the process, the current process and oversight that is provided with licensing to what's being proposed here. What are the substantive differences for someone who's looking for licensing, a PB licence?

**Ms. Noe:** — So essentially in the future, they would no longer have to fill out this application and take it to the Highway Traffic Board. The Highway Traffic Board essentially would receive the application. They would gazette it for 21 days and if anyone had any objections to them operating under those routes or whatnot, they could contest that to the Highway Traffic Board and the Highway Traffic Board would then hold a hearing to discuss that. So that would no longer be required.

**Ms. Beck:** — So that provision . . . Why was that provision for a hearing put in place, or what was the function of that hearing and notice in the *Gazette*?

**Hon. Mr. Hargrave:** — Generally that was in relation to markets and where they could operate and it was trying to sort of turf protect for certain groups or whatever. But that was generally why that was, so it would give those certain markets time to prepare an objection.

**Ms. Beck:** — So if there was an oversaturation, for example, of carriers in a certain area?

**A Member:** — That's correct.

**Ms. Beck:** — Okay.

**Hon. Mr. Hargrave:** — Yes, that's right.

**Ms. Beck:** — The number of public hearings held by the Highway Traffic Board, how many of those hearings would be held?

**Hon. Mr. Hargrave:** — That's not something SGI would know. The Highway Traffic Board doesn't come through SGI, so we wouldn't know that number.

**Ms. Beck:** — There have been recent hearings, though?

**Hon. Mr. Hargrave:** — Yes.

**Ms. Beck:** — Yes. Is there anything that's lost, any oversight that's lost by not having those hearings?

**Hon. Mr. Hargrave:** — I would say no, there hasn't been. There's been really nothing denied in some time and there'd be no oversight that would be lost on it because what we're dealing with is about safety and all the safety features and safeguards are still there, are currently there, and will remain there.

**Ms. Beck:** — Is this a measure to increase safety or is it a parallel? Are there any enhanced safety features with this move?

**Hon. Mr. Hargrave:** — For the over-10-passenger-type units, it would be pretty level. It would be under . . . It would be those that carry under 10, we're enhancing with criminal record checks and that sort of thing. So it would be enhanced in that regard.

**Ms. Beck:** — So a parallel move for those, passengers over 10. And so the increased provisions for those transporting under 10 passengers including the driver, so increased criminal record check provisions. Are there other enhancements?

**Hon. Mr. Hargrave:** — Not really because we already require the inspection. So generally it would be the criminal record check.

**Ms. Beck:** — And are there requirements . . . I know that it's been mentioned in both the national safety certificate and the current process requirements around training for drivers around first aid or any of those provisions. Are those enhanced with this legislation or is it status quo?

**Hon. Mr. Hargrave:** — It would be status quo.

**Ms. Beck:** — Just give me a second here. So just one of the other pieces that I think I missed with regard to the provision of details with existing application is routes. Is there a need to register routes with the new provisions? There were under the old operating certificate.

**Ms. Noe:** — They asked for the routes to be specified on the operating authority certificate. However from what the Highway Traffic Board had mentioned, they were really not restricting any routes and whatnot in today's practice.

**Ms. Beck:** — Okay. So and I guess as more general questions, you know, a lot of this came to public scrutiny around the wind-down of STC [Saskatchewan Transportation Company], and that's where, you know, a lot of these passenger services concerns about unpredictability of routes, for example. We've heard concerns about the lack of capacity to transport folks who have increased mobility needs, maybe use wheelchairs, or have other needs. Is there any provisions in this Act that would account for some of those concerns, or is that something that's being contemplated?

**Hon. Mr. Hargrave:** — Well this would actually prevent barriers from anyone entering that market to provide that service. So this one would enhance their ability to provide the service to transport individuals with disability or anything like that. So we're looking at it as a positive step forward to allow other companies that ability to get into that opportunity to provide that service.



**Ms. Beck:** — Can you walk me through how this would prevent barriers or encourage that type of carrier in to provide that service?

**Hon. Mr. Hargrave:** — Sure. I mean that courier would be able to apply, and they would, without the delay of 21-day delay, they'd be able to — providing they meet all the requirements of the safety — that they'd be able to implement that service without basically a month's delay.

**Ms. Beck:** — So one of the goals of these changes is to reduce that delay time. Is that correct?

**Hon. Mr. Hargrave:** — It would enhance, it would enhance that ability for, if you wanted to start a service, for example, to transport between here and Saskatoon. If you met all of the requirements there, you would not have to wait to 21 days. You could start that service right away.

**Ms. Beck:** — So if someone decided tomorrow that, you know, they had a bus that they wanted to put on the road to transport people who maybe needed a wheelchair-accessible van or under-10-passenger bus, what would that look like for them? How does this process now work?

**Hon. Mr. Hargrave:** — Well the vehicle will have to pass inspection of course to ensure safety, that there be a . . . The driver of the vehicle would have to have a class 4 driver's licence and have, you know, they'd have to have of course the proper insurances in place, that they would go through the proper processes as we've outlined here before. And then they'd be able to provide that service.

**Ms. Beck:** — Is there any required training — I think we've hit on first aid — any training to deal specifically with passengers or de-escalation or anything like that? How to, training on how to deal with, you know, hostile passengers or anything like that? Is there anything like that provided for?

**Ms. Noe:** — So our class 4 licence, in order to get a class 4 licence you do have to do a knowledge test, and there is parts of the road test as well that deal with passenger safety.

**Ms. Beck:** — Anything specific to disabilities?

**Ms. Noe:** — I'm not sure if it's specific to disabilities.

**Ms. Beck:** — Okay. I'm just wondering about any of the feedback, positive or concerns, that you've heard since this legislation's been proposed. Has there been any feedback to you, Minister Hargrave, or to the ministry?

[20:45]

**Hon. Mr. Hargrave:** — There's been very minimal feedback. The Highway Traffic Board obviously supports it.

**Ms. Beck:** — So they're wholly in favour of these changes. If there is . . . I heard you say that it's been minimal. Is there any theme to concerns that have been raised with regards to changes?

**Hon. Mr. Hargrave:** — No there hasn't been.

**Ms. Beck:** — There really are a lot of changes in this bill. I think that I had opportunity to ask the questions that I did have of the bill, so with that I am prepared to conclude my remarks.

**The Chair:** — Thank you, Ms. Beck. We'll move now to clause-by-clause consideration of this bill. Clause 1, short title, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 26 inclusive agreed to.]

#### Clause 27

**The Chair:** — I recognize Mr. Hindley.

**Mr. Hindley:** — Mr. Chair, I'd like to move an amendment:

Amend clause 27 of the printed bill by adding the following subsection after subsection (1):

#### (2) The following subsection is added after subsection 153(2):

“(2.1) Notwithstanding subsection (2), there is no appeal, except by a person mentioned in subclause (2)(b)(iii) or another person authorized by that person, with respect to a notice of immobilization and impoundment served pursuant to section 148 or this section if:

(a) the driver on whom the notice of suspension and the notice of immobilization or impoundment was served has been previously suspended two or more times pursuant to section 146, 146.1, 146.2, 148, 150 or 150.1 in the 10 years preceding the date of the issuance of the notices; or

(b) the driver mentioned in clause (a) has been previously suspended one or more times pursuant to section 146, 146.1, 146.2, 148, 150 or 150.1 in the 10 years preceding the date of the issuance of the notices and the notice of suspension and the notice of immobilization and impoundment were served because the driver had a blood alcohol reading equal to or greater than 80 milligrams of alcohol per 100 millilitres of blood”.

**The Chair:** — Mr. Hindley has moved an amendment to clause 27. Do committee members agree with the amendment as read?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Is clause 27 as amended agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Clause 27 as amended agreed to.]

[Clauses 28 to 42 inclusive agreed to.]

**The Chair:** — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: *The Traffic Safety (Miscellaneous) Amendment Act, 2017*.

I would ask a member to move that we report Bill No. 81, *The Traffic Safety (Miscellaneous) Amendment Act, 2017* with amendment. Mr. Hindley moves. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

**Bill No. 88 — *The Automobile Accident Insurance Amendment Act, 2017***

**Clause 1**

**The Chair:** — We will now consider Bill No. 88, *The Automobile Accident Insurance Amendment Act, 2017*, clause 1, short title. Minister Hargrave, do you have any opening comments, please.

**Hon. Mr. Hargrave:** — Thank you, Mr. Chair. The last bill on the agenda tonight is *The Automobile Accident Insurance Act* or AAIA. There are only a few proposed changes to this Act.

The first two proposed amendments relate to the safe driver recognition program, which provides drivers with safe records with discounts on their vehicle insurance, and financial penalties to those drivers whose records are not so good. The proposed changes move the definition of “chargeable incident,” meaning an incident that causes you to lose safety points, to regulations. This will eliminate duplication and allow for efficiency when changes are required.

The proposed changes also update the procedures for safety rating appeals, which are made to the Highway Traffic Board, to reflect actual current practice. It is also proposed these procedures move to regulation to allow for greater flexibility when business practices change.

There are also some proposed changes regarding injury benefits. The main one corrects an oversight from when the Act was last amended. At that time, criminally negligent offences were added to the list of prescribed offences under which pain and suffering and bereavement damages can be paid. However the corresponding amendment allowing SGI to then recover those amounts from the convicted driver was mistakenly left out.

The other changes regarding injury benefits simply clarifies the details of what is covered for counselling for family members . . . can be found in regulations. For example, what travel costs would be covered.

Thank you, Mr. Chair, and we’d be happy to answer any questions.

**The Chair:** — Thank you, Mr. Minister. Do any members have questions? I recognize Ms. Beck.

**Ms. Beck:** — Thank you, Minister Hargrave. I think you may have answered some of my questions in your preamble. But the proposal to move chargeable incident . . . So these are chargeable incidents that have impact on the safe driver recognition program, either into the positive or into the negative. So that certainly is understood. Are there any definitions, any changes to that definition that are anticipated in the next short while?

**Hon. Mr. Hargrave:** — Well the only additions would be the federal drug offences when they come through eventually. That, you know, that’s the only one we anticipate.

**Ms. Beck:** — So moving that into the regulations removes oversight, but it allows that change to be made with some flexibility at a later date. Is that the reason for that change?

**Hon. Mr. Hargrave:** — That’s right.

**Ms. Beck:** — Okay. The second provision is around moving procedures, fees, and required documents for safety rating appeals before the Highway Traffic Board into regulations. Board procedures have been modified and will now be placed in regulations to enable quicker response in the event the board modifies its internal process again. Would there have been a lot of changes to the Highway Traffic Board and the procedures? I’m just wondering if you could recap some of the modified procedures and any that are anticipated in the short term.

**Ms. Noe:** — Essentially the changes are what’s in practice today. So the Act refers to allowing people 30 days to appeal, and in practice we allow them 90 days. In addition, the Act refers to the board contacting the appellant to schedule the hearing, and in practice we now ask the appellant to call in just for efficiency and whatnot. So these changes that will be put into regulations will reflect the current practice that exists today.

**Ms. Beck:** — And I suppose you don’t regulate this process. But I was looking at the Highway Traffic Board website, for example, and so those changes will be made there with the goal of making it clear to those who seek appeal what those updated changes are.

**Ms. Noe:** — I think on our SGI website today, we say you have 90 days and you contact the board. And that’s what in practice today when you buy your appeal receipt as well.

**Ms. Beck:** — So this is a matter of updating legislation to meet current practice?

**Ms. Noe:** — That’s right.

**Ms. Beck:** — Okay. Is there anything that is proposed that would be new practice, not just updating existing practice here?

**Ms. Noe:** — No.

**Ms. Beck:** — Okay. So one of the functions that has been mentioned that the Highway Traffic Board would like to retain,

or will retain, is the appeal process. So that I think is clear here. They're still responsible for the safety rating appeals. Why the move here to move that into regulation? If you could just provide reasons why that's moving into regulations.

**Ms. Noe:** — Just based on, you know, business practices do change over time. So if they were to change that 90-day window, instead of having to go through the call for legislation again we could more easily do it through regulation. Same with, you know, if they changed the process for how an appeal is booked, it would be just that much easier to do it through regulation.

**Ms. Beck:** — So when changes to regulations are proposed or updated, how is that communicated to people who would be seeking to use that appeal process?

[21:00]

**Ms. Noe:** — Okay, so when you are in a chargeable incident, you get a safety rating notice. So in the letter it would tell you, you know, if it was an appealable accident it would tell you the appeal process there. Licence issuers would be notified in a bulletin. At claim time, you know, when you are in an accident, the adjuster will go through the process with you as well. And our website would be updated and the Highway Traffic Board's would be as well.

**Ms. Beck:** — So those would be after the fact. After the regulations had been changed, those notices would be ... Would there be any way for people to know that changes were being anticipated or being proposed for the regulations? Or they would just change and people would be made aware of them?

**Hon. Mr. Hargrave:** — They'd just change. There would be no advance notice.

**Ms. Beck:** — Okay. And I think that you clarified a question that I had, Minister Hargrave, just with regard to the existing provision and the proposed changes. This was an oversight in previous legislation that just missed this piece. Is that correct?

**Hon. Mr. Hargrave:** — Yes.

**Ms. Beck:** — Okay. And I think with that I've concluded all of my questions.

**The Chair:** — Thank you, Ms. Beck. Seeing no more questions, we'll move to clause by clause consideration. Clause 1, short title, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 11 inclusive agreed to.]

**The Chair:** — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: *The Automobile Accident Insurance Amendment Act, 2017*.

I would ask a member to move that we report Bill No. 88, *The Automobile Accident Insurance Amendment Act, 2017* without amendment.

Ms. Heppner moves. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. And that concludes our business this evening. Minister Hargrave, do you have any closing comments you'd like to make?

**Hon. Mr. Hargrave:** — Yes, thank you. Thank you, Mr. Chair. Mr. Chair, I'd like to thank you and your entire committee for your patience here tonight and your comments and questions. I'd like to thank Hansard for their great work. And I'd like to thank all my officials for being here this evening and assisting in answering whatever questions that come from the committee, so thank you very much, Mr. Chair.

**The Chair:** — Thank you, Mr. Hargrave. Ms. Beck, do you have any closing comments?

**Ms. Beck:** — I would just like to thank the minister and his officials for being here in this chilly room on a very warm night with us. Of course, to the Chair, committee members, Hansard, those behind the scenes, the time here is appreciated and I thank you for your answers and all that you've brought to us this evening. Thank you.

**The Chair:** — Thank you for that. And I would also just like to add my thanks to our committee members, to the minister and his officials, and also to Stacey for all the great work that she does in preparation and trying to keep me on track, which isn't an easy job.

I would ask a member to move a motion of adjournment. Mr. Bonk has moved a motion to adjourn. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. This committee stands adjourned till Wednesday, May 16th, 2018 at 3 p.m. Be there or be square.

[The committee adjourned at 21:04.]