



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

**Hansard Verbatim Report**

**No. 30 – May 23, 2018**



**Legislative Assembly of Saskatchewan**

**Twenty-Eighth Legislature**

## 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 16:33.]

**The Chair:** — Good afternoon everyone and welcome to the members of the committee. We have Ms. Sarauer here substituting for Ms. Sproule. And we have Ms. Heppner, Mr. Hindley, Ms. Lambert, and Mr. Hart are here this afternoon.

This afternoon the committee's going to be considering the General Revenue Fund non-budgetary appropriation for Saskatchewan Liquor and Gaming Authority, the lending and investing activities for SaskTel, and Bill No. 92, *The Saskatchewan Telecommunications Amendment Act, 2017* and Bill No. 93, the Saskatchewan Telecommunications holding company amendment Act, 2017.

**General Revenue Fund  
Non-Budgetary Appropriation  
Saskatchewan Liquor and Gaming Authority**

**The Chair:** — We will begin now with our consideration of the General Revenue Fund non-budgetary appropriation for Saskatchewan Liquor and Gaming Authority. Minister Makowsky is here, and would you please introduce your officials and make any opening comments you wish please.

**Hon. Mr. Makowsky:** — Yes, thank you very much, Mr. Chair. It's a pleasure to be here on behalf of Saskatchewan Liquor and Gaming Authority. My official to my right is Cam Swan, president and CEO [chief executive officer]. On my left is Jim Engel, vice-president of corporate services and gaming operations; Fiona Cribb, vice-president of regulatory services. Behind me is Greg Gettle, vice-president, liquor wholesale and distribution division.

Before we get to the questions that there may be from the committee members, I'll give you a quick update on a couple of key initiatives under way at the Liquor and Gaming Authority.

As I'm sure many are aware, SLGA [Saskatchewan Liquor and Gaming Authority] has undergone significant change on the liquor side of its operations over the last couple of years.

In November of 2014, government launched a public consultation into the future of liquor retailing in the province. Approximately 6,000 responses were received from the public, and government also consulted with various stakeholders during this process.

A year later, in November 2015, government announced it was transitioning to an expanded private liquor system in the province, retail liquor system. This included closing 40 SLGA liquor stores in 39 communities and turning those retail opportunities to the private sector through a competitive RFP [request for proposal] process. An additional 11 private retailers were also selected through a competitive RFP process in other communities.

The process to move to expand a private retail system is almost complete — 39 of the 40 SLGA stores have now closed. The final location, Melfort, will close in 2019 when the current lease expires.

To date, there are 46 new private retailers operating across the province and more scheduled to open in the coming months. These new retail operators range from large national chains to local co-ops as well as Saskatchewan entrepreneurs who have created new businesses and economic opportunities within their communities. Many of these private retailers have made significant capital investments in the communities where they now operate.

There have been renovations to existing facilities as well as new buildings constructed. Six of the new businesses have full or partial ownership from former SLGA store employees. With all these changes there's been quite a lot of work behind the scenes taking place to make this transition as smooth as possible for these businesses, the customers, and communities where they operate.

SLGA's new customer relations branch works with more than 600 private retailers in the province to answer questions related to the supply chain, deal with product orders, shipping and delivering and communicating information from supplies such as marketing, promotions.

SLGA also implemented an online ordering system for these liquor retailers to help simplify the process of ordering from SLGA's distribution centre. While retailers can still phone in their orders, others have embraced the new online system and are enjoying the convenience.

Overall the new retail system has been well received by retailers and consumers alike. There's a mix of small, medium, and large retailers providing excellent service and selection to consumers throughout the province. SLGA will continue to work hard to maintain the strengths and strengthen the relationships that have been forged with these retailers as we continue to move forward in this new operating model.

Another large initiative currently under way relates to the pending legalization of cannabis. The federal government has established some aggressive timelines in terms of moving forward with the legalization. I point to committee members this legalization is a federal initiative, but we are working very hard to be ready when federal legislation is enacted.

There's legislation before the Assembly, as members will know, that will implement a cannabis regulatory regime which includes the permitting of prior retailers and wholesalers by SLGA. SLGA is currently in the process of selecting retail operators through a two-phase RFP process. Interest in retail cannabis permits was significant.

The selection process includes screening applicants based on their financial capacity as well as their ability to track sales and inventory. Qualified applicants will then be put into a lottery-type draw in order to select the operators for each available permit. KPMG has been engaged as a fairness monitor for the retail selection process and we expect to announce the successful retail proponents in the coming days.

On the wholesale side, SLGA is accepting applications and there is no limit to the number of wholesale permits, as wholesalers will only be able to sell to retailers and not the

general public. Wholesale applications will be assessed based on the proposed facilities and that the personnel involved are suitable for the operation of a cannabis warehouse and distribution business. There's also a separate registration process for federally licensed producers. That's a quick synopsis of the two bigger projects taking place at SLGA.

I see behind me Val Banilevic, director of financial services branch, is here as well as an official to answer questions. So with that I will end my opening comments and welcome any questions any of the committee members have.

**The Chair:** — Thank you, Minister. And I guess I would just ask all of your officials to please state their name the first time they speak, please. Do any of the members have any questions? Ms. Sarauer, I recognize you.

**Ms. Sarauer:** — Thank you, Minister Makowsky, for your opening remarks and for all of your officials for being here this afternoon. Let's first start our time together by talking more about cannabis legalization.

You had mentioned the licensing process that's currently under the works or ongoing for retail locations. Can you describe a little bit more in more detail what the requirements are for those applicants?

**Hon. Mr. Makowsky:** — So there's a two-phase process that's under way, I'm sure you know, Ms. Sarauer. The two requirements that were looked at at the initial phase, of course, were the financial capacity and also the ability for the reporting requirements. And that likely included or it does include software that is compatible. So SLGA would be able to track the supply or where they're getting their supply from and the volumes, etc., the amount that might have to be destroyed, so that there's detailed requirements, so the ability to have that sort of software available or whatever system they have available.

And I'll also mention that on the financial side, I don't think there is — anticipating maybe some of your other questions — I don't think there is an exact number that you had to come up with. You didn't have to have X amount of dollars. You just had to have . . . whether it's a small or a large business, whether you have the ability to reasonably finance the type of enterprise that you want to operate. And so again, there is not a magic number you have to be able to come up with, but it sort of all has to make sense to the adjudicators as you go through the process, whether you make it to the lottery phase or not.

The second phase after the random draw, after you've been chosen from the initial round if those two things check out — the financing and also the tracking requirements — the second phase, you'll be offered a chance to apply for a permit if you are chosen. There is still more screening involved with that, including good character, good character requirements, and I think we'll look a little more extensively at what you had reported in the first phase.

And so when you're chosen for the lottery, I don't think it's an automatic that you will get a permit. There is quite a list of things you have to do in order to actually open a store. You have to show that you have an actual facility, a lease or have bought a building, that it checks out with local bylaws, that it

has all the safety requirements checked off, that . . . maybe a few other things. Just all the standards that SLGA has put in place and is transparent and everybody should understand that they have to meet those requirements in order to eventually open a cannabis retail store.

**Ms. Sarauer:** — Thank you for that. Is KPMG the . . . I think you described them as the adjudicators of the first round of screening. Who is making the decision that an applicant is successful or not successful at the first round?

[16:45]

**Hon. Mr. Makowsky:** — Yes, KPMG isn't . . . senior officials within SLGA are going through that process. KPMG is seen as a sort of third party oversight to make sure so the public or whoever's interested — certainly the potential proponents would be interested as well — to ensure that that process is done fairly, reasonably, equitably, and transparently. And it's quite an extensive process, so I think I'll ask Fiona Cribb to maybe give some details about that process.

**Ms. Cribb:** — So, Fiona Cribb, vice-president, regulatory services. So the first step in the process was opening each of the envelopes that were received. So we had a team involved in that. We required quite a few people given the number that we received. And the first team records the basic information that is submitted by the proponents.

Then a larger team does the review of the mandatory requirements. So the RFP sets out what is under that title, mandatory requirements, so they review and record whether each of those requirements are met. Some of those are pretty basic, you know, certain number of copies, certified cheque, things like that.

So if your proposal met the mandatory requirements then you went on to another team of SLGA employees that evaluated the content on each of the stages that are set out in the RFP. So the RFP tells the proponent what they have to include and what is going to be evaluated. There's probably numbered, you know, 10 to 15 type criteria that were . . . Each team would look at the proposal and say, pass, fail, that they had to address that criteria.

And then if any of the proposals were deemed as a tentative fail, they were then passed on to the oversight committee that would review each of those to ensure that the proper and even standard was applied to each of those evaluations.

And KPMG as the fairness adviser had representatives at each stage of that, so they had representatives at the opening, where the mandatory requirements were assessed and recorded. Then they had representatives that sat with the teams while they were doing their evaluation of the next phase of qualifications. And finally they had people with the oversight committee to observe the standards that were applied there to ensure that those were all consistently applied to all the proponents. And that leads to the final result of who gets into the lottery or not.

**Ms. Sarauer:** — Thank you for that answer. What stage are the officials at in that first stage of the proceedings then? Have all of the applications now been reviewed?

**Ms. Cribb:** — We've just completed the review of the proposals.

**Ms. Sarauer:** — When will it be announced who has made it through that first round?

**Ms. Cribb:** — So the part of the RFP process was that notifications would go out to those who would not proceed to the lottery and also to those that would, and those email notifications went out this afternoon. So the next stage of the process will take place over the next week or so, is our plan.

**Ms. Sarauer:** — So just to clarify, the first stage is concluded. Those who were successful through the first round were notified this afternoon?

**Ms. Cribb:** — Yes.

**Ms. Sarauer:** — And the second stage is about to begin.

**Ms. Cribb:** — Yes.

**Ms. Sarauer:** — Okay, thank you. This sounds like a lot of work for officials. I feel like that's an understatement, hearing how many applicants there were. Can you tell me how many SLGA staff were involved through this process?

**Ms. Cribb:** — By my rough estimate, we're between 32 to 35 unique individuals.

**Ms. Sarauer:** — The KPMG contract, do you know how much that cost?

**Ms. Cribb:** — No, not offhand. We do have a contract, but I couldn't tell you the amount right now.

**Hon. Mr. Makowsky:** — There was an RFP, so that's important to know.

**Ms. Sarauer:** — Right. Do you have the cost of that contract though?

**Ms. Cribb:** — No, I'm sorry.

**Ms. Sarauer:** — Thank you.

**Mr. Engel:** — Hi, Jim Engel, vice-president of corporate services and gaming operations, and procurement area falls under my bailiwick. What we have in place with KPMG is a contract for services based on hourly rates. There was an estimate done of how much effort we thought this task would take, but the contract is not a fixed dollar amount. It's based on hourly rates and will depend on the actual hours that KPMG spends on the particular project.

I should mention as well that KPMG was selected through a competitive process to undertake this work, so it was not a sole-source arrangement where we approached them alone. We solicited proposals to undertake this task from a number of different firms and went through an evaluation process of those proposals. And that's how KPMG was selected.

**Ms. Sarauer:** — Thank you. Do you have any idea what the

cost is to date?

**Mr. Engel:** — I don't believe we actually have received a billing yet, so I guess technically to date the cost is zero. Although we appreciate there's certainly money that we will be owing for time that's been spent, but we've not actually received an invoice yet for services.

**Ms. Sarauer:** — Okay, thank you. I do want to go a little bit more into the financial stress test piece of the application process, Minister. And I understand and recognize the comments that you've already made about it not being a hard and fast target that you have to hit, but it being a little bit more subjective. But I suppose for the benefit of those applicants, could you possibly provide a little bit more detail into what the officials were looking at while they were viewing individuals, applicants, in relation in particular to this particular requirement?

**Ms. Cribb:** — So the RFP document had three particular headings in relation to the financial piece. The first part called for a start-up budget, an operating budget, and anticipated revenues. The second part asked for who your investors were going to be. The third part had to do with, were your funds lawfully obtained.

So with the first part they were basically expected to show that they could build a budget for operating a business. And part of that was, you know, did they . . . Contingency was mentioned, for example, so did they show through their submission that they understood that they needed to have some fallback funds, for example.

So there was lots of room there for somebody to propose a fairly small operation, which is what you'd expect in the smaller communities, or to propose a much more large or elaborate store. So what was expected of them is what they laid out as their budget looked reasonable for their vision of the kind of operation they were going to have and that then they explained how they were going to get the money or how they had the money to meet that standard.

And so each one, there wasn't a hard and fast rule, for example. There would be . . . We had some reasonableness standards for, you know, rent in a larger city in Saskatchewan versus the rent that you might have in a smaller operation, but if they explained that they already owned the building, then they didn't have to check off rent, for example.

So it was all around them showing that they understood what a business required and then that they had the ability to fund that business in start-up and operating. So if someone had projected that their revenues weren't going to meet their costs, that would be a flag unless they also told you how they were going to expect that to turn around in four years, for example. So you had to look at the context of each one.

**Ms. Sarauer:** — Thank you for that. Can you tell us how many applicants have made it through the first round?

**Ms. Cribb:** — The failure rate was about 10 per cent.

**Ms. Sarauer:** — Okay. Could you provide a specific number of

how many?

**Ms. Cribb:** — The number of entrants into the lottery will be 1,327 over the 32 communities.

**Ms. Sarauer:** — Thank you. When are you anticipating that the second round will conclude?

**Ms. Cribb:** — Within the next couple of weeks.

**Ms. Sarauer:** — Thank you. Let's speak a little bit about the second round then. One of the concerns I've been hearing from applicants are concerns about multiple applicants. I understand that it was quite clear from SLGA that you could only submit one application per individual.

What sort of mechanism was in play during the first round to ensure that anyone with multiple applications were excluded from the second round?

**Ms. Cribb:** — So the requirement was, or the restriction was you could only submit one application for each location. So you could submit for Regina and Saskatoon and so on. So you could submit up to 32.

**Ms. Sarauer:** — Okay.

**Ms. Cribb:** — But only one in each of those locations.

[17:00]

**Ms. Sarauer:** — Okay, thank you. I didn't understand that. Do you know if there was anyone who submitted multiple applications for the same location that had to be removed?

**Ms. Cribb:** — So the restriction was you could not be part of more than one application for each location. So during the process I described earlier, in the proposal you had to set out the ownership of the proponent. And all of those owners were recorded in a spreadsheet, including if I was a company and I applied, then I had to provide the ownership of that company. And if a company owned that company, I had to provide the ownership of that company. So there was quite a few names that would have to be entered for, particularly obviously the larger centres tended to attract the larger applicants. And those were all entered on a spreadsheet, and then analysis was run to make sure that no names, either individuals or company names, came up twice.

**Ms. Sarauer:** — Do you know how many applicants were excluded because they had made multiple applications?

**Ms. Cribb:** — Multiple applications in a single community? We did not identify anyone who broke that rule.

**Ms. Sarauer:** — Okay. Thank you. Minister, you mentioned that the second round, and correct me if I'm wrong, so there will be the lottery process and then if an applicant is successfully chosen out of the lottery, they then have to meet certain additional conditions. I want to speak a little bit about those additional conditions. The first one you had mentioned was good character. So could you just speak a little bit to what that requirement entails?

**Hon. Mr. Makowsky:** — Yes, sure. So we have the same thing on the liquor side. And some of the things are looked at but not limited to, and I would maybe pass on to officials if I miss anything, but criminal record would be something that would be looked at. Tax evasion, fraud — I guess the length of time of some of those, whether it be major or minor convictions in your past — those are things that would be looked at. Anything I missed, Jim or Fiona?

**Ms. Cribb:** — The criminal record is the first stage. We will engage in some further reputational information as well. Mostly it will be around the convictions and charges. That would be key.

**Ms. Sarauer:** — Is anyone with a criminal record excluded automatically?

**Ms. Cribb:** — No, I can't say it excludes you automatically because you could have a criminal record that is 20 years old. And typically, for example, we look at criminal records in determining registration for working in casinos, gaming employee registration. And if you had a relatively minor criminal conviction from 20 years ago, we would not deny your registration for working in a casino now for employment. So similar standards I would anticipate applying in the cannabis side. If you were recently released from prison for a major offence, on the gaming side we typically wouldn't issue a registration for at least a couple of years. So we would be looking for standards based on our experiences in some of those other areas.

**Ms. Sarauer:** — Thank you. Minister, you had also mentioned one of the qualifications is going to be around whether or not that applicant has infrastructure built, whether they're leasing space, or they've purchased space. Is that correct?

**Hon. Mr. Makowsky:** — Before a final permit, before the doors can open, SLGA will inspect the facility, make sure it meets the security requirements set out in the RFP. And reading over that document, I certainly don't understand all of the requirements exactly. They are very detailed though, right down to the kind of bolts that need to be used to secure the product. And so that will be a part of what needs to take place. Obviously in order to inspect that, you have to have a physical building somewhere within those municipalities.

But also the tracking system, that will be checked. And I'm certainly maybe one of the last people on earth to talk about computer systems, but we have folks at SLGA that will understand that to make sure it's compliant with what we're looking for, but also to be able to easily be reported — again their comings and goings of the product to make sure it is obtained illegally and to make sure there is no black market product being within that entire distribution centre. So right from the licensed producers to when it gets on the store shelves, we want to be able to know where that's from when we ask for it.

**Ms. Sarauer:** — So I just want to make it clear, if an applicant is successful through the lottery system, so they find out that they, through the second phase, made it and were one of the lucky few who get their retail permit, they don't at that moment have to have already leased space. They then have the

opportunity to go lease space or buy property?

**Hon. Mr. Makowsky:** — They don't have to have it in place. They have 45 days to apply for the permit once they receive notice that they've been chosen in the lottery, and they have to again submit whatever is required for their good character to pass that. They also — let the committee know — they have up to a year to actually physically open a store. I would imagine that if you're into that process . . . Again maybe I shouldn't speak for potential retailers, but they'd want to get going as soon as they can. But we do give them that leeway in case unanticipated obstacles come and befall them. So 45 days after being given the permit . . . sorry the chance to apply for the permit, they have to engage with SLGA in that process, and then one year from that permit to open an actual physical storefront.

**Ms. Sarauer:** — Thank you for that information. Let's move on to the wholesale licence process. That is a little bit of a different beast than the retail licensing process. Can you please give an update on that process? Are the successful applicants going to be announced on a specific date or is it just an ongoing, continual application process, understanding that SLGA's been very clear that there's no limit on how many permits will be . . . or licences will be given out?

**Hon. Mr. Makowsky:** — Again you said it. As it's not a competitive process, anyone who's interested in getting into the wholesale business . . . So it's an ongoing process to . . . [inaudible] . . . or announce those things when it's not a competitive situation. So someone five years from now, if they see a need in that supply chain, they could certainly open that up.

**Ms. Sarauer:** — Thank you. How many applications have been received for that so far?

**Hon. Mr. Makowsky:** — Yes, to this point there hasn't been any. And I guess that would not be a total surprise if someone is not knowing who their customers might be, not knowing who their . . . what the market may or may not look like. That hasn't taken place yet.

**Ms. Sarauer:** — Okay. How is that going to work? Or is SLGA assuming that there will, in fact, be at least one licence issued prior to whenever cannabis is legalized?

**Hon. Mr. Makowsky:** — That's not necessarily going to be the case. Again I'll remind the committee that retailers can buy from wholesalers, but they also can buy from licensed producers licensed by the federal government who also register with SLGA. And so that is my understanding is there's five so far that have registered with SLGA to be able to supply within Saskatchewan to potential retailers.

**Ms. Sarauer:** — Thank you. How many of those federal licensed producers are located in Saskatchewan?

**Hon. Mr. Makowsky:** — We don't have that information at that point. I guess what I'd say is there, in the landscape, from what I understand and what I've read, is there's certainly a lot of acquisitions and mergers as to different companies taking over. So where they're located, head office versus actual

production facilities, I guess, was your question. Are they actually physically located in Saskatchewan?

**Ms. Sarauer:** — I suppose I'm asking if they have any sort of footprint in Saskatchewan, be it head office or a production facility aside from, you know, if there's a distribution centre. But are they growing here? Do they have any tie to the province that you could provide me with at all would be helpful.

[17:15]

**Ms. Cribb:** — So the licensed producers are licensed federally. My understanding is there's three currently in Saskatchewan. But not without checking that every day, I wouldn't just want to swear to that. I do not know, and I could not tell you if I did, whether the five that had applied for registration include any of those three because that would be releasing publicly information that would be private to them until the point at which they were registered.

The requirement for registration in order to sell wholesale into the province does not require that you build a warehouse in Saskatchewan. You might choose to do that just for good business, but it's not a requirement.

**Ms. Sarauer:** — Okay. So you know that there are five federal licensed producers that have applied to be able to provide cannabis to retail locations in the province. They have not yet registered, therefore you can't give me the names of those licensed producers. Or can you provide me with those names?

**Ms. Cribb:** — No, I . . . They have not yet registered. We only opened the applications less than two weeks ago, I think. It's a bit more of a longer process than that to complete the registration. Once they are registered, then that is public information, but until the point at which they pass our criteria, we would not release the name of an applicant.

**Hon. Mr. Makowsky:** — Sorry, that might . . . They've initiated the application process, but it's not completed yet. So I guess maybe that's some of the confusion. I hope that what I said earlier, that there are five . . . But it's in the process so it's not able to give that out today. And so I hope that squares that. That wasn't very clear earlier.

**Ms. Sarauer:** — That helps. Thank you very much. Is there any concern that they won't have completed the application process prior to the date that cannabis will be legalized? Is there going to be a gap? My concern — maybe I should just be clear — my concern is that there'll be a gap between when cannabis is legalized and when these retail locations are able to start and when they're able to, frankly, get their product. So I understand that the federal legislation allows for people to, in the absence of being able to buy it provincially, to order it online and that sort of thing. But I'm more concerned about the business in the province.

So I guess my convoluted question to you is, are there any concerns that there'll be delay in or gap in implementation from whenever cannabis is legalized — and I understand that's a difficult question because we don't even know for sure when that date is going to be — to when all of these businesses will be set up and ready to go?

**Mr. Swan:** — So at the present, no, we do not have significant concerns on that, recognizing that, you know, this is a new market. We don't know exactly the size of the market. But no, we don't have major concerns there. Cam Swan, president and CEO, sorry.

**Ms. Sarauer:** — Thank you for that. What are the requirements for a wholesaler? I'm curious to know in terms of their pricing of product, are there regulations that will be in place by SLGA for how much they can price their product or is it essentially a free-market system?

**Hon. Mr. Makowsky:** — No. No, it's certainly not our area to tell retailers what price they sell their product. What we do have is the ability to set a social reference price similar to what we do in liquor sales. And that hasn't been determined yet and that's something we'll monitor. We certainly said you can't give out free samples to entice folks to begin consuming cannabis. You can't give it out for free. So that's sort of the only area that SLGA would have any interest or part of pricing, either at the wholesale level or at the retail level.

**Ms. Sarauer:** — Thank you. Being cognizant of the time, I did want to ask some questions around the enforcement piece of the cannabis control Act that's before the legislature right now. Now my understanding — and correct me if I'm wrong — is that there will be, within SLGA, the creation of cannabis enforcement officers. Can you speak a little bit about that?

**Hon. Mr. Makowsky:** — So I don't know if that's the term we'd use. I guess, on the liquor side, we have SLGA inspectors . . . similar to that instance where if there's complaints, or randomly we wanted to check on how retailers are selling their product, if there's any concerns with age or with what have you within those stores, similar to what we have, again like I said, on the liquor side, there's inspectors that will be hired to enforce those things that we expect retailers to have. And that's, I guess that's . . . Does that . . . [inaudible interjection] . . . Yes. That's all I'd say on that.

**Ms. Sarauer:** — I'm just using the term that was in the legislation, 4-2. It's titled:

#### **Designation of cannabis enforcement officers**

**4-2** The Cannabis Authority [which I understand is SLGA, correct? Yes.] may:

(a) designate persons or any class of persons to act as cannabis enforcement officers for the purposes of this Act; and

(b) in designating a person or class of person pursuant to clause (a), impose any restrictions on the powers of the person or class of persons that the Cannabis Authority considers appropriate.

So it gives, from what I understand, the cannabis authority — which for now is SLGA — the ability to designate people to be these cannabis enforcement officers similar to, like you said, Minister, inspectors on the liquor side.

How many . . . Will SLGA be hiring new staff to fill that role? Or will that role be filled through already existing staff?

**Hon. Mr. Makowsky:** — We will be hiring new people in that area. Depending on, of course, how busy those folks are . . . I think we're anticipating three to start and then again seeing how the process unfolds — the amount of activity, the amount of requirements, the amount of call-outs, the amount of complaints we get — that may be, obviously, altered.

**Ms. Sarauer:** — So just to be clear, that's three new FTEs [full-time equivalent] to cover the province?

**Ms. Cribb:** — On the inspection side, we're hiring five to start. Three are permanent, two are on two-year contracts so that we can see how many we need. Obviously if we need that many on an ongoing basis, then we'll look to turn those into permanent. Then we also have licensing officers, licensing specialists that will be the ones who do the in-office work that you need to do on assessing applications and so on. So that staffing process was initiated a couple of months, a month, month and a half ago, publicly advertised. We have job offers out on most of those positions, hoping to have people in place in June to line up with the completion of the lottery and the announcement of who is free to apply.

We also have some other positions that we think will be needed to properly regulate the industry, so a financial analyst to help us with all the reporting that you've heard spoken to, together with policy work, given that this is a new industry about which we expect we have stuff to learn. Those would be . . . and a director and a manager. So those would be the main basis of our cannabis unit.

**Ms. Sarauer:** — Okay. So this will be a separate, stand-alone unit?

**Ms. Cribb:** — Yes.

**Ms. Sarauer:** — And you anticipate that all of that new staff will be ready, hired, and ready in June.

**Ms. Cribb:** — Yes.

**Ms. Sarauer:** — Okay. How many FTEs will be in total in the cannabis unit?

**Ms. Cribb:** — We're anticipating 14 as our . . . over the first six months that we will have about 14, and then we'll be evaluating going forward as to whether that's the correct complement. That is very similar to what we have for our gaming unit and for our liquor unit.

**Ms. Sarauer:** — Thank you. What sort of training do you have planned for the cannabis enforcement officers?

**Ms. Cribb:** — The training that we have planned will be modelled on our liquor training and of course with the specific training on the specifics that's related to cannabis around, well for the inspectors, what they need to look for in the physical building and what they'll need to look for on the reporting systems. That would be on the inspections that need to be done in order to get your permit issued, as well as good character investigations that will need to be done.

The inspectors that we hire all have policing backgrounds.



That's a standard that we look for in our field staff in our other areas as well.

**Ms. Sarauer:** — Thank you. I'm curious to know what SLGA is seeing as some of the main challenges with the legalization of cannabis.

**Hon. Mr. Makowsky:** — I think just in general, I think we've said this long before I became minister, it's just the timelines we're under, working very hard. Different ministries have different pieces of it, but certainly SLGA has done a lot of work, as I think you've acknowledged.

So those timelines, we've asked for more time from the feds — again a federal initiative — but we're doing the best we can with the time we have.

[17:30]

And I guess the other part of it is just an unknown; it's really going to be an unknown market. You can do, you know, speculation and . . . [inaudible] . . . what the dollar value of an unknown market is so just . . . And I imagine that'd be the same for potential retailers and wholesalers. They're not quite sure what exactly . . . I know there's a lot of interest at this time, but actually what the effect on the black market will be with the legalization and what the actual retail environment will be, will be interesting to see and some of the social effects might be seen as well.

So just something that's been illegal for, well I don't know how many years, a hundred years, and for it to become legalized nationwide will be something of an experimental situation. And so we will work hard pre- and post-legalization to, you know, worry about that social responsibility and also have an effect on the black market. And so those two things, I think, are sort of, from a 30,000 foot look at it, those are the two things we're dealing with.

**Ms. Sarauer:** — Thank you for that, Minister, I appreciate that. Out of curiosity, what is the last date you've heard from the Prime Minister of when cannabis will be legalized?

**Hon. Mr. Makowsky:** — I think what we can really nail down is some time this summer. That's the last we've heard from the Prime Minister. And so I understand it's working its way through the Senate, but again a firm date is not forthcoming any . . . I can't say for sure, but it doesn't appear to be coming a definitive date that we know of. So we've heard some time this summer.

**Ms. Sarauer:** — That's pretty broad.

**Hon. Mr. Makowsky:** — Yes.

**Ms. Sarauer:** — I can appreciate that's not of your doing.

**Hon. Mr. Makowsky:** — You know, in Saskatchewan our summers are sometimes too short, so that makes that timeline even more of a concern.

**Ms. Sarauer:** — Thank you for that. I could talk about cannabis for hours; I would have loved to. We didn't even get

to the liquor side which is also a very important component of SLGA. But I'm cognizant of the time and the time I have with the officials, and I just wanted to take the opportunity to thank the minister for his answers as well as the officials for their very thoughtful answers to my questions this afternoon, as well as the committee members and the committee staff for all of their work to date as well.

**The Chair:** — Thank you, Ms. Sarauer. Seeing that there are no further questions, the committee will adjourn its consideration of the General Revenue Fund non-budgetary appropriation for Saskatchewan Liquor and Gaming Authority. Do you have any closing comments, Mr. Minister?

**Hon. Mr. Makowsky:** — I'll just thank the committee, thank Ms. Sarauer for her thoughtful questions, and of course the officials for being here this afternoon. Thank you very much.

**The Chair:** — I also would like to thank you for coming and thank Ms. Sarauer for her timely questions, and we'll take a very short recess if we could and move on.

[The committee recessed for a period of time.]

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

**Subvote (ST01)**

**The Chair:** — The time now being 5:40, we will reconvene. Please note that Mr. McCall is now substituting for Ms. Sproule. We'll now begin our consideration of vote no. 153, Saskatchewan Telecommunications Holding Corporation, loans, subvote (ST01). Minister Morgan, please introduce your officials and make any opening comments that you wish, please.

**Hon. Mr. Morgan:** — Thank you, Mr. Chair, and committee members. It's a privilege to be here today on behalf of SaskTel and the Government of Saskatchewan. I want to thank you for this opportunity to make a few opening remarks.

I would like to introduce the officials from SaskTel that have joined us today. With us is Doug Burnett, acting president and CEO; Charlene Gavel, chief financial officer; Darcee MacFarlane, vice-president of corporate and government relations; and Scott Smith, senior director of finance. I'm also joined by staff from my office here: my chief of staff, Clinton Fox; two MAs [ministerial assistant], Molly Waldman and Darryl Filazek.

I'm pleased to be here today to discuss how SaskTel continues to stand as a market leader while navigating increased competition and change in a fast-moving industry. The information and communications technology, ICT, sector continues to evolve rapidly. However in this highly competitive environment, SaskTel was able to maintain a strong market presence in both the wireless and wireline segments of its business in 2017-2018, reflecting their unwavering commitment to putting customers first.

Importantly SaskTel's ongoing strategic capital investments, which totalled over \$300 million last year, are helping to enhance SaskTel's customer service reputation and to attract new customers. SaskTel realized net growth in high-speed Internet connections, Max TV subscriptions, and post-paid wireless customers last year. These new customer connections are thanks in part to SaskTel's expenditures to enhance their networks.

In the past year on the wireless side, SaskTel erected 19 new cellular sites and completed over 650 network enhancements. SaskTel's 4G LTE [long-term evolution] network is available to more than 99 per cent of the population and more communities will benefit from improved coverage this year as SaskTel strengthens its network across the province.

We know that demand for high-speed Internet access and data services is growing. To meet this demand, SaskTel's Infinet fibre optic network continues to be rolled out in our cities. Work has begun to lay the needed infrastructure in the communities of Battleford and North Battleford and expansion plans have been announced for Emerald Park, Martensville, Warman, and White City. This service, which is now available to over 200,000 Saskatchewan homes, offers Internet speeds twice as fast as any of our competitors in the province.

SaskTel has been working diligently to bring high-speed Internet access to more people outside of our major centres with the introduction of DSL [digital subscriber line] Internet to 15 new communities. DSL is now available in 446 communities across the province with the vast majority of those communities receiving speeds of 10 megabits per second or faster. Residents of 25 indigenous communities in Saskatchewan are also now enjoying faster Internet speeds thanks to network upgrades.

We know that there is heightened awareness and concern around cellular coverage and Internet access in Saskatchewan's rural areas. Our government, together with SaskTel, remains committed to addressing some of the poor coverage and capacity in our province. As part of our government's four-phase initiative to improve rural connectivity, SaskTel has been working in earnest to grow its fusion wireless Internet network. A total of \$2.5 million was invested to add fusion service to 34 rural towers. These improvements will improve the network's coverage footprint and provide for a larger potential customer base. The network now stands at 102 towers and serves 700 Saskatchewan communities.

[17:45]

Ensuring SaskTel is providing responsive and efficient customer care is also important. Customers expect quick interactions when and where it is convenient for them. As part of its business strategy, SaskTel is currently undergoing a fundamental transformation to improve their digital customer service and self-serve channel.

SaskTel has a long history of innovation and leadership with respect to implementing new technologies and identifying industry trends. Looking ahead SaskTel will continue to leverage its expertise to deliver the best network experience in the Saskatchewan market in terms of speed, quality, and reliability.

With that I wish to thank you, Mr. Chair, and the members of the committee, and I will now be pleased to answer any questions.

**The Chair:** — Thank you, Minister Morgan. And I would just ask the officials to please state your name the first time you respond, if you would please. Do any members have any questions? I recognize Mr. McCall.

**Mr. McCall:** — Thank you very much, Mr. Chair. A question or two, certainly. Welcome, Mr. Minister, officials, to these hotly anticipated, not to be denied, consideration of (ST01) estimates for SaskTel. Certainly it's one of a number of different ways that we have of checking in with the various of the Crown corporations.

This is, of course, a statutory expenditure under the budget and we fully realize that. So there will be questions that relate to that. Certainly there'll be questions that we'll explore at greater length during the consideration of the annual report for SaskTel. And then certainly as well, we've got two bills tonight concerning the borrowing limit which we've had occasion to discuss previous, and that we look forward to rolling that into some of the discussion tonight.

And just forewarning, if that discussion goes well, that will have an obvious impact on the length of the discussion that comes for Bills 92 and 93. But that being said, I guess in terms of the different opinion survey work that SaskTel does in conjunction with various of the other Crowns . . . Well for example last night, you know, the power went out and I'm sure that people were thinking different things about SaskPower in relation to that and I guess, you know, it denied our meeting last night, but here we are.

In terms of the standing that SaskTel has in the eyes of the Saskatchewan public, it's always done fairly well. It's always rated fairly highly. Can the minister or officials talk about where SaskTel is in terms of public perception, value that the people of Saskatchewan place on the corporation?

**Hon. Mr. Morgan:** — I would like to start off by thanking you for accommodating after the power failure that took place last night. I think it was a fair amount of disruption and I wanted to thank you and the rest of the opposition members, as well as people in the building, for trying to accommodate and getting us put back on track. So thank you for that.

I would say this about SaskTel and I will certainly let the officials give a more precise answer. As you're aware, SaskTel competes directly in every aspect of its business. Whether it's security services, Internet, cellular coverage, SaskTel Max, there is a direct private sector competitor that is going against them. So they have, to their credit, done I think a remarkably good job of trying to maintain customer satisfaction and maintaining high quality of service and making what I would regard as competent investments. But I'll certainly let the officials provide a bit better background.

**Mr. Burnett:** — Sure. I can maybe just speak a little bit to some of the benchmarks that we set every year. We track customer satisfaction both on the consumer side and on the business side. We are at about an 88, 84 percentile and a quite

satisfactory level. Every year we look to improve that by one point. I can tell you on the consumer side it looks as though in this year that we will have moved consumer satisfaction up by one point, which is very good. On the business side we will have remained flat, so we will have missed our target in all likelihood. But again, not that we are in a bad position, simply we'll not have advanced it the way we would have liked.

To give you a little bit better sense of how we compare maybe to some of the rest of the industry, we have been advised that we placed first on a J.D. Power award for satisfaction on the telecommunications network in Western Canada. So on a whole, I would say we're doing reasonably well. I can also tell you that customer satisfaction is a focus of our organization and an area that we think that we can improve on, and in doing so maybe do better from a competitive perspective as well.

Certainly customers, I think, have come to depend on some of our services in a different way than they did when it was just pure telephone. If your telephone didn't ring, you weren't necessarily unhappy. But now if your TV isn't working in the middle of a hockey game, it's a crisis. So customers are certainly paying more attention to the service and the quality of service, the consistency of service. We're aware of that, and we're working very hard to try and improve customer service on all fronts.

**Mr. McCall:** — Thank you for that. Are there any sort of immediate action steps in the plan to improve that customer satisfaction to even better levels?

**Mr. Burnett:** — There are. We have actually implemented a customer experience initiative which identifies the top three or four things that we think we need to do. So for example, number one in this initiative is, get it right the first time. Another one would be, if you make a mistake, own it and fix it. A third one would be, to get it done quickly.

So we've identified four key strategies on our customer experience plan, and then below that we have put in place several different initiatives to actually implement those things, everything from having customer moments with our employees every day, to inviting our employees to identify things that they have learned throughout the day or the week, that they think that we could fix so it would improve customer service.

So in addition to that, we are building out a customer service objective into all of the executive's performance reviews, and I'd ask them then to cascade that down through their organizations just to make sure that there is a complete focus on customer service throughout the organization.

**Mr. McCall:** — Thanks for that. I could — and I'll not make this all about my SaskTel bill or, you know, the various services that I subscribe to — but I would want to say that we had the SecurTek system installed at home. There'd been a shift in terms of the install teams. It was under the SmartHome program. It was being provided in-house, not by a contractor, from SaskTel and the service was top notch. It was great.

And the pride that those, in this case, men took in the service that they were providing was also something to behold. They have a lot of pride in terms of working for SaskTel. And the

service that's provided, the cost that it's provided at, and the way that that's cutting edge is there. So in terms of just one, you know, of the myriad of ways that a lot of people interact with SaskTel, in our circumstance it was top notch. And they had no idea who I was and that, you know, I'd be using that as an anecdote at some point in the near future in committee. But anyway, just as an affirmation of what Mr. Burnett is saying.

**Mr. Burnett:** — I very much appreciate the comments.

**Mr. McCall:** — In terms of the corporation itself, of course you're in an acting capacity. If you could, we'll just start at the top. And certainly SaskTel has always had great leadership. What is the status of the CEO hiring process?

**Mr. Burnett:** — Well, I've been asked to serve as the acting CEO, I guess now for 10 months. I know that the board is having discussions on filling that. My sense, although I'm not directly in the know, is that work is going on behind the scenes to put a permanent president in place. And the board Chair and I have certainly had discussions around the fact that it's time for that to happen. You know, we all think that it is in the best interests of SaskTel to get somebody permanent in that chair, regardless of who it is. And I know that the board's making strides in that direction.

**Mr. McCall:** — Any sort of ballpark in terms of the timeline?

**Mr. Burnett:** — No. Sorry, I can't give you that.

**Mr. McCall:** — And I appreciate it's one of the more awkward lines of questioning that you get. Like, what's happening with your job? But . . .

**Hon. Mr. Morgan:** — Feel free to ask him if he applied, and about his application. It'll all be news to me as well, so . . . I can tell you what I know from having talked to the board Chair. The board is considering options and, I think, will want to adopt some best practices. And I know the acting CEO has fulfilled the job as required for this period of time and would certainly be a contender. And that's probably all that we would want to say on it at this point.

**Mr. McCall:** — I thank the minister for that. One of the steps taken, certainly in the leadership that was undertaken by the Sask Party to determine a new premier, one of the measures, and it was affirmed in the budget, was to not carry forward with the 3.5 per cent wage reduction but to instead move to a \$70 million reduction. And that's, you know, 35 million this year, 35 million in the year to come, and that was to be sought through attrition. And again it seemed to be divided just on basic numbers between the public service and the Crowns, which strikes . . . You know, I don't think I'm alone in this.

It struck me as odd, in terms of making the same assessment to the public service, to the Crowns because the competition imperatives are different for the sectors. What they supply back to the people of Saskatchewan are different. I won't go on. But what was the dollar amount that was assessed of that to SaskTel, and how is that being made up?

**Mr. Burnett:** — Sure. SaskTel, in conjunction with CIC, working with CIC, has been asked to reduce its total

compensation payout by three and a half per cent. So for SaskTel that equates to about \$13.3 million. We will achieve that primarily through attrition.

I can tell you, I guess I can say that it will be a challenge to achieve it, but it's not that it does not line up with our plan because we are constantly evolving our business. As you can appreciate, being as competitive as it is, we're constantly looking to take out costs. We are constantly looking to automate positions that we can.

As the minister indicated, we are automating such things as customer self-serve. And our fibre program, which is a large initiative, also has as one of its objectives taking out the need for some maintenance and some costs. In fact in this year, we already had baked into our draft strategy a significant number of reductions, most of which again will be accomplished through attrition. This would be layered on to it. You know, without pulling any punches, it will make it more challenging, but I'd say it probably is very much in line with where we need to go. So it will just probably take us there a little quicker than what we had planned to do.

**Mr. McCall:** — How many positions would that . . . FTE positions?

**Mr. Burnett:** — Sorry, we call them full-time equivalents.

**Mr. McCall:** — The government used to as well.

**Mr. Burnett:** — Yes, yes.

**Mr. McCall:** — In the budget. Sorry.

[18:00]

**Mr. Burnett:** — Anyway, a full-time equivalent for us is either an actual full employee or part-time hours or overtime hours. All of those things we roll up and divide by the working hours for a person. And for us it equates to about 133.

**Mr. McCall:** — Is there any sense of what the distribution of those positions would be? How does that break down?

**Mr. Burnett:** — Yes, there's a lot of work going on just as to how to accomplish it. In the past we have reduced the size of our organization fairly significantly, and we've tended to do it by pressurizing the entire organization to say, we'll continue to do this until something breaks and then we'll back up.

This round we've tried to be a little more surgical and have had a lot of discussions about those aspects of our business that have been automated, those aspects of our business where we have spent money with a view to automating things like self-serve for employees, which should in turn then allow us to take service reps out that, say, typically answer our calls. So it's a little more surgical.

That doesn't give you the specifics of where these folks are coming out, but I can tell you there's a lot of work going on to make sure that we aren't simply just applying an across-the-board, three and a half per cent reduction. But rather those areas where we've invested with a view to allowing us to

take out, we may take out 5 or 6 per cent, and in other groups we may actually have to grow a little bit.

**Mr. McCall:** — Okay. Thank you for that. Just for the record, if you could state the number of employees with SaskTel, and the number in scope, the number out of scope.

**Mr. Burnett:** — I can. I'll just have to look it up to be a little bit accurate. With SaskTel, the telco, we have about 3,573 full-time equivalents; with SaskTel International, about 56; with DirectWest, 107; and SecurTek, 141. So at the holdco [holding company] level, all of those all rolled up, approximately 3,880 employees.

**Mr. McCall:** — Thank you very much for that. And the number that are in scope, the number out of scope, and collective bargaining situations?

**Mr. Burnett:** — I could just give you the total at the holdco level. I can give you the full breakdown, but at the holdco level, 3,000 of those would be in-scope employees, 3,071; and 900 would be management. And if you'd like the breakdown for each of them, I can give them to you if you want them.

**Mr. McCall:** — If you could provide that to the committee perhaps, if you've got a breakdown of that that you could provide later, that'd be great.

**Hon. Mr. Morgan:** — We should be able to send it to you.

**Mr. McCall:** — Sure. Thank you very much.

**Mr. Burnett:** — I have it now, but just in the interest of time I will send it. In terms of the collective agreement situation — we call it the big telco, the big company — SaskTel's collective agreement, which has the majority of the employees, their collective agreement is set to expire March 16th of 2019. And the other two subsidiaries, DirectWest and SecurTek, are set to expire March 19th of 2019. Now I mentioned SaskTel International in there as a separate entity. It, in terms of collective bargaining, is rolled up under SaskTel.

**Mr. McCall:** — Thank you very much for that. Just out of curiosity, SaskTel International, how are they deployed? How are they focused? Whereabouts are they headquartered?

**Mr. Burnett:** — They are headquartered in Regina, in probably one of our two main equipment buildings here in Regina. They do work primarily across North America. They have two areas of business really. One is, for lack of a better term, body shopping. So what they do is they take the expertise that is developed in the telephone company and the phone company and they take that and they shop it around the world as consultants that have real-life, hands-on, practical experience with access to an operating phone company, communications company. And so that gives them a little bit of a competitive advantage from, say just a typical consultant who isn't connected or related to an operating phone company, can't reach back, can't test things, those kinds of things. So they do that. That would be the smaller portion of their business.

The larger portion of their business is that they market a software product that was formerly known as Martens up until

about two years ago and only recently was converted to a new language, computer language, and is today known as Optius Odin. And so that is an operating software support system. And very non-technically, what it does is it allows the folks within the company to be able to assign the lines and the phone numbers and everything all the way out to a house. So that if somebody says, I've moved into 41 Culliton Crescent; I need a phone, we can do it remotely and connect most of the facilities all up until you get right to the house. And so when the installer comes, he can simply put the phone in.

**Mr. McCall:** — Thank you for that. In terms of the human resource component of the work that SaskTel does, the men and women that make the company go round, in terms of hiring, renewal, succession planning, how is that bit of work being approached by the corporation and what sort of confidence is there on the part of the minister or officials for it being where it need be, or work that remains outstanding? Could the minister or officials tell us a bit about things like the average age of employees for SaskTel, the composition of the workforce, what sort of indigenous component there is with the corporation? If the minister or officials could tell us a bit about that.

**Mr. Burnett:** — So we do monitor quite closely the demographics, the internal demographics of our employee workforce. Our overall strategy is to ensure that our workforce emulates our customer base from a demographic perspective. So we, over the last number of years, have had a significant focus particularly on attracting Aboriginals into the workforce, not so much visible minorities. In fact we are probably significantly over the provincial demographic for visible minorities. The other group that we are focused on are people with disabilities. And in terms of female representation, having been an operator company, we have, if not 50 per cent, very close to 50 per cent male and female representation. Our issue tends to be more about getting women into non-traditional roles.

And so the work that we are focused on is primarily recruiting Aboriginals, recruiting folks with disabilities, and training and hiring women into non-traditional roles. We've made significant progress on all three of those fronts. I believe the last time I saw the Aboriginal representation, we were slightly below 10 per cent. We had previously been slightly above that. I can tell you it slipped marginally of late, primarily because many of the jobs that we have have become or started to become very technical in nature. Many of them require computer-type skills, electrical-type skills, and it's simply becoming more and more difficult for us to find that type of skill set in the Aboriginal community. So we are looking at differing ways to support that, including scholarships, those types of initiatives. We have affinity groups for both Aboriginal groups and people with disabilities, and so we're doing a number of things on those fronts.

I can tell you in terms of the leadership within the company, I believe the executive at SaskTel is made up 50 per cent male, 50 per cent female, as is the board. Both of those I believe are now at 50 per cent representation, with visible minority representation at the board level and not at the executive level. So there is a significant focus on that front and there will continue to be. We have implemented and amended different strategies over time and will continue to focus on that front.

**Mr. McCall:** — Thank you very much for that. Just one last in terms of average age of the workforce: is there a big tranche coming up on retirement or how's the age challenge being met?

**Mr. Burnett:** — I'll have to look up the actual average age. We have also done a fair bit of work to try and nibble away at the large number of baby boomers that are moving through the system. And you may know that for about six years we held a number of early retirement programs which were aimed at two things: one was to reduce the size of the organization, but the primary driver was more to reset the skill sets of the organization. So we backfilled for a large number of the folks that we provided incentive to leave.

What that did do for us is it didn't recreate the large bump that you're used to seeing for the baby boomers, but it certainly did create large numbers coming in at lower ages and different skill sets. So that is providing some smoothing. And we have a few different programs in place to also continue to smooth the large exodus, including flex retirement-type programs and those types of initiatives.

So to date, we're not seeing mass exodus of employees even though we are pretty much in the midst of the peak of the baby boomer retirement eligibility. We are seeing something in the order of about 125 to 175 folks a year retire which for us could be a good thing or a bad thing. You know, certainly 175 good folks walking out the door is not a good thing. But with the rate that our skill sets need to change and our conversion to an ICT company, it is also a bonus for us. So right now there doesn't appear to be additional management steps needed to be taken.

I'm going to have to read that to give you the average age, if I could. Sorry.

**Mr. McCall:** — That's fine. I guess if we could move along to the . . . Well I guess just to hold there for a moment — and I'm coming out of SaskBuilds, Priority Saskatchewan estimates — in terms of work with Saskatchewan suppliers and the value chain procurement, and then in terms of how that not only impacts and has the spinoff in the province, what is the impact with indigenous communities and is there . . . What's the confidence level there that everything's being done that can be done? Or are there some, is there some growing of that value to be undertaken by the corporation? Any thoughts on those matters?

**Mr. Burnett:** — Well we've worked very closely with Priority Sask to try and make sure that we are aligning with their policies. We are also caught by several large trade agreements, many of which make it difficult for us to establish a priority for hiring, say, Aboriginal groups and/or Saskatchewan companies. Notwithstanding that, we certainly do that to the extent that we think it is permissible within the trade agreements. And so as best we can, we are watching the tendering processes that we offer to make sure that Saskatchewan companies are all fully aware of it and given every opportunity to be fully competitive in those processes.

[18:15]

One of the things about SaskTel's business is that the vast majority of the equipment that we buy is not Saskatchewan

produced type equipment, so for example iPhones, Apple phones, those kinds of things. That would be one of the major items that we would source that is not going to be sourced here in Saskatchewan.

Same with most of our network equipment, our fibre optics equipment. Large, large portions of what it is that we end up procuring is not even able to be procured out of Saskatchewan. And that which is, we certainly try to ensure that the documents are written in a way that, at a minimum, it doesn't exclude Saskatchewan vendors without putting us offside of some of the trade agreements.

**Mr. McCall:** — I note again, through other sort of responsibilities, not only is there a burgeoning information technology sector in the province, tech sector, but certainly there have been different initiatives deployed to try and foster that growth along. And I guess when I think about SaskTel, certainly the pride that's taken in the way that fibre optics came out of, or . . . There was a lot of great R & D [research and development] work done with the corporation and a lot of pride taken in that in terms of SaskTel having a great name for being innovative, cutting edge, and forward thinking.

I guess, what's the state of the research and development component of SaskTel's work? How does that in turn interact with the broader IT [information technology] sector in the province? And I guess, what's going to make Minister Morgan's toes curl in terms of the next development? What have you got coming on the horizon?

**Hon. Mr. Morgan:** — I thought you were going to talk about what was going to make my head explode. And I'm sure when you were talking about laying fibre, you were going to make a comment about removing dirt. And I was going to say, we talk about dirt enough in this Chamber. I'm not going there in estimates.

But there is interesting technology, and I'll certainly let the officials speak to it, on the 5G and the LTE rollout. And I think that's something that I'm not sure will make my toes curl, but it's certainly exciting and interesting to see things that are there. And you're probably aware, you know, there was a time when you'd go on your device and you'd want to download a newspaper or something and it had a lot of rich content, it would take forever to do it. Well now it's almost instantaneous, no matter what it is. So anyway I'll let the officials speak to the technology. They're far better at that than I am.

**Mr. Burnett:** — I was wondering which way you meant curl, in a good way or a bad way. I'll try and focus on the good way. SaskTel's kind of gone through an interesting time over the last 15 years, might I say. You probably, you may recall that there was a time when SaskTel had the longest, the first in North America and longest fibre deployment. We've had several firsts. I think we were one of the first to deploy the technology in the Chunnel, those kinds of things. So we've got, as you mentioned, a very proud history of firsts.

More recently, maybe as part of our size, we have I would say evolved more to a strategy of being a fast follower. That's not to say that we aren't looking at innovative ways to serve our customers. We very much are doing that. But we are not on the

bleeding edge of technology, if I could put it that way.

Fibre is a great example of where we are. We at SaskTel began installing fibre in about 2010. We approved a plan, about a \$670 million plan, to install fibre in the nine major centres in Saskatchewan. And we were out of the gates much quicker than anyone else in the industry, Telus and Bell in particular.

So our pace of deployment was partly driven by the capital that we could manage. Telus, I would say, today is now installing it to the point where they are just catching up to us and going to surpass us in that they are now installing it probably twice as fast as we are. So it's interesting that it was clearly the right decision for us, clearly the right decision for everyone in this industry, but for us we will continue to deploy it in the nine major centres.

Things that will curl your toes about that piece of equipment is it will take us . . . So today on our copper network, we can deploy 25 megabits per second download speeds. Cable companies have now surpassed that. They can deploy around 100, maybe slightly more, and so we're losing ground in DSL areas to cable companies.

In fibre areas we are finding that we're picking up customers at a rate where our penetration rate's increasing maybe by about 22 per cent where we put in fibre from what it was, and we can now provide rates that are two or three times faster than the cable companies and probably only limited by the hardware that you hang on the end of the fibre. So it's really almost limitless, that technology, and so for us that is super exciting.

It's going to help us in a number of ways. We will be able to provide services and command fees at much better rates than what we can on our DSL, so it will help SaskTel from that perspective. It'll help SaskTel from the perspective of, you know, when it rains, glass isn't subject to shorting the way copper is, and those types of things. So that's just one type of technology.

Other things that we're doing just in terms of, you know, we don't have the group that's developing the stuff, but in terms of being fast followers, things that will be extremely exciting over the next five years will be things like 5G. So that is . . . Today you've heard 4G, 4G LTE. That's what our system is today. 5G will just be that much quicker. The nodes will be that much closer together. There'll be less latency. It will have to be . . . It's the type of technology that they talk about when they talk about self-driving cars, and so you can imagine how quickly it has to be able to communicate back and forth. That's coming. For us, we're slowly putting the groundwork in place for that type of equipment and, you know, there will be some large expenditures coming just to be able to keep up, but that will be a very exciting time.

And then the Internet of Things is also coming. The Internet of Things is really just machine-to-machine, and it's really only limited by your imagination. At SaskTel we're certainly looking at who in the prairies would SaskTel best align with, partner with, to be able to build out a sector and become experts in that sector and then possibly be able to take that technology and that learning around the world. So for us a possibility might be the agriculture sector.

So there's those kinds of very exciting things. But we don't tend to be on the research end of it so much as on the fast-adopter end of it.

**Hon. Mr. Morgan:** — I'm hoping that with regard to text messaging they're able to improve the technology so you don't, when you're going back and forth with two or three people, inadvertently send a text to the wrong person. Now this happened a few days ago. I was having a conversation with Sandy. Anyway I replied back, "I love you," and then I looked and I see it had gone to the Premier. So I quickly, to recover, said, "Sorry, I was texting Sandy." And the Premier replied back, "Sure you were. I'm quite fond of you as well. I suppose it could be love one day."

Anyway I'd like to avoid that. Because that's not the first time it happened. It happened with Shawn Davidson from the Saskatchewan School Board Association, and once to somebody who worked in my office in Saskatoon. So anyway I guess I love everyone.

**Mr. McCall:** — Well that's . . . I was glad you folded the others in there. I was thinking maybe there was a shuffle coming up or something and, you know, there was some kind of . . . lining up the shot. But you'll always have the human factor to contend with, Mr. Minister.

**Mr. Burnett:** — So far there's no technology to avoid human operations.

**Mr. McCall:** — Yes. Yes. And lord help us if we ever get there.

Anyway in terms of the . . . I'll be interested to see again how these, again, that SaskTel continues to thrive in where the only constant is change and rapid change at that continues to impress both in terms of service delivery, in terms of good jobs, in terms of the pride that Saskatchewan people have in the corporation, and in terms of dividends that are returned to the coffers, and underwrite health and education and all the things that we value. May that work continue.

In terms of risk and in terms of what are the challenges that the corporation continues to contend with, can the minister or the CEO talk about risk generally, challenges generally, but also in terms of if you could talk a bit more about the federal situation, the CRTC [Canadian Radio-television and Telecommunications Commission] regulatory piece. But if you could talk about risk — where things are at, what are the more pressing challenges, what are the plans to respond to them. And then, you know, once we get through that, let's hear where the feds are at, which is interesting.

**Hon. Mr. Morgan:** — Yes, I'll give you sort of . . . I'll try and put SaskTel into context of where it is. I don't know if you subscribe to *Consumer Reports* or not, but about seven or eight years ago in the Canadian section of *Consumer Reports*, SaskTel was regarded as the leading company in Canada for cellular service — it was best coverage, best pricing, best whatever. And they don't do that section very often, but I think that's an indication of how hard and how sincere SaskTel is.

But when you look at it, you have to sort of look at where the

global market is. Saskatchewan is about 3 per cent of Canada's population, which is about 10 per cent of the United States' population. So when we want to buy product from Apple, say, and you make a call to Cupertino and you say you're calling from Saskatchewan, it's a small . . . So they've done, I think, a remarkable job of trying to protect against the size and the dominance of some of the other players in the market. And I think in some ways it's good and in some ways it's bad. We're small enough that we're not a huge target for somebody to want to come over and try and take over the market . . . [inaudible] . . . But we're also large enough that we've got some efficiencies and will continue to do that.

The challenge going forward, and you'll see on the bills, is the cost of capital, the cost of maintaining our capital as we go forward, and the rapid change. You install towers of a certain type and then you have to change all of the hardware on the tower and hope that the tower itself is still there, so that process of forever reinvesting in new capital. When we mentioned earlier the \$300 million, well that's not a one-off or one-shot. That's an ongoing thing to try and maintain or keep up with it. I'll certainly let the officials give a more in-depth answer on that.

The other one, as part of the cost issue, is the purchase of spectrum. And maintaining spectrum can, is, and will be an ongoing issue to try and purchase spectrum; to go to the auctions to try and maintain where we want to be on it. And trying to assess what our market size is and what the needs are going forward as those purchases are done. But I'll certainly let Mr. Burnett give a more detailed answer, and I've certainly instructed him that he's not to contradict anything I say of course.

[18:30]

**Mr. Burnett:** — I thought you said I was to compliment everything. The minister has done an excellent job of, I think, laying out some of the risks.

**Hon. Mr. Morgan:** — I love you too.

**Mr. Burnett:** — Pardon?

**Hon. Mr. Morgan:** — I love you too. Just kidding. Just kidding.

**Mr. Burnett:** — So the risks, I put them into two or three different categories. First of all, you know of course, I don't think it's a surprise to anyone that the economy and fiscal restraints, those kinds of things impact companies like SaskTel as it does the rest of the businesses in the province.

Probably the biggest risk for us is competition, and competition, if you think of it maybe from two perspectives. First of all, our two biggest lines of business really are cellular and broadband. So from the cellular perspective, we have two very large competitors, and they are Bell and Telus, and they're relentless. They're national. They're powerful. And they've got deep pockets. So for us to compete on the cellular side, we find that we have to match their prices pretty much as best we can. So when you go to buy a handset, they're pretty much the same price as all over the place, and if they decide to do a deep

discount, we have to do a deep discount. Handsets are subsidized already. When they do a deep discount, they're subsidized significantly more.

And their programs, just to give you a sense, their promotional programs in any given month can impact our net income by 3, 4, 5, \$6 million net income just because there's that much more in subsidy. But we have to keep up with that, and that's not really the competition but that does impact us.

The real competition is the plan behind buying a phone. So once you've bought a phone, then you need a monthly plan. And what we've discovered with both Bell and Telus is that because SaskTel has about 67 per cent of the market on the wireless side, they have a strategy to get some of that market share back. And their strategy is this. It's very simple. They're going to be about \$5 below SaskTel on our rate plans regardless of what our rate plan is. So if we have a \$59 rate plan, they've got a \$54 rate plan. If we drop it to 54, they drop it. And they'll follow it all the way down. And because we're such a small part of their overall business, they can do it; for us, real impacts.

So it is very tough to hold market share. We're trying to do it on things like customer service, those kinds of things, being as close to price as we can. But generally speaking, they are competing on price with us. So that is a real risk for us and it's a real risk for our market share on the wireless side.

On the broadband side, I described a little bit of our risk, which is . . . Honestly, broadband is our future. We view high-speed Internet and everything that goes with it as SaskTel's future. So if we don't hold on to our broadband customers, we're in real trouble.

Today, as I already described, our copper network, which is all around the province, is at a competitive disadvantage to the cable companies. So we are moving as quickly as we can afford to, to put fibre in all of the nine major centres, and we'll soon do it in other locations where we have competition from cable companies. There we need to find a way to both hold our existing copper customers until we can get fibre, and then of course move competitors over to our fibre network.

So that risk in terms of cellular and broadband, those are very real risks. Once you lose that market share, it's difficult to get it back. So our game is to hold on to the market share and grow it in those two areas.

Other things that I would comment on . . . The minister raised this. Technology is evolving all the time. This business is a highly capital-intensive business and the life expectancy of the assets that you put in is not long. Many of them are depreciated or out of date in five years. And so they're large investments with large depreciation dollars and equal replacement costs, so cost is a problem. It's exacerbated a little bit by the fact that our size is nothing compared to Bell and Telus. We've tried to mitigate that a little bit by partnering with both of those companies. Quite frankly, we find Bell to be very receptive to us, and we have several good relationships and partnerships with Bell that allow us to leverage their buying power. That has helped us.

And we've managed to keep those two companies out of

Saskatchewan in terms of building cellular networks by negotiating an agreement that allows them to ride over our network. So we think that has done a lot to slow down the loss of market share, or at least retaining it through the wholesale side of the business. So those are some of the real risks.

You asked about the CRTC, or the regulator, in particular. The regulator we find to be a very unfriendly regulator for all of the telecommunications industry. They have a proclaimed preference for more competition, so they do everything that they can to increase competition. That's I guess okay, but the thing that is quite difficult to manage are that they seem to spring different initiatives on us. So they've made a decision, for example, that 911 . . . All of the phone companies are going to have to implement what they call next-generation 911, so that you can not only call a 911 call, but you can text it or voice mail it or Skype it, so that 911 will work with different technologies. For us, just to give you a sense, we are still trying to ballpark what that means, but it could be anywhere from 8 to \$20 million impact on us just to implement that.

And so we just finished going through a change to their code of conduct, which changed the account holder and who can authorize different things to the phone company. That cost us a million dollars to implement and about \$500,000 a year in lost revenue. Those kinds of things.

A very big one that's hanging out there . . . They're also very slow, if I could say that. They're also very slow in providing their final decisions. But they have reached a decision to do away with the high-cost serving area subsidy in Saskatchewan. About 60 per cent of our phones fall into the high-cost serving area subsidy. Over the years, we have slowly tried to move those prices up based on cost of living, but at some point SaskTel stands to lose somewhere in the neighbourhood of 10 to \$14 million in subsidies that we currently get from the federal government. When and just how that will happen is what we're waiting for. So we would classify the regulator as an unfriendly regulator, and it just seems to continue.

**Hon. Mr. Morgan:** — I would just close, and I don't want to get too far off your line of questioning. Some of the competition that takes place is very aggressive. And we certainly are in a free market, but I'll give you one example of one of the ones that's a particular challenge. SGEU [Saskatchewan Government and General Employees' Union] has partnered with Rogers to provide what they call a public service exclusive. It's a loyalty plan that, if you're an SGEU member, you switch to Rogers, you get a 20 per cent discount plus a \$300 credit.

So not saying that we should own the hearts and souls of SGEU members, although I hope that the loyalty that they have to the province would be such that they would think, oh, well we should, you know, this is a local carrier that we should support — we have brothers and sisters that work for SaskTel — and would not seek to avail themselves of a discount. But it is a private market and it's certainly their right to do so.

**Mr. McCall:** — Thanks for bringing that to my attention. You know, I'm certainly not pulling the levers of SGEU, but you'd think some of these things would just make sense.

**Hon. Mr. Morgan:** — To the extent that you wish to share it



with SGEU, I would encourage you to do that. I intend to do the same. I just learned about it within the last day or two. But it's I think something we could collectively lobby SGEU for.

**Mr. McCall:** — Amen to that. Please don't tell me Unifor is offering any of the similar sort of . . . [inaudible].

**Hon. Mr. Morgan:** — No.

**Mr. McCall:** — Then it'd be the apocalypse, I'm sure. But in terms of the regulator and in terms of the . . . One of the things I always find ironic is that, you know, SaskTel is the competition that they seek to prop up in other parts of the country. But I don't know if it's the distance between Ottawa and Saskatchewan or what happens, but in terms of the role that SaskTel plays in the market in Saskatchewan, we have better service. We have better price point. It's because of SaskTel. You know, it's not . . . I don't think they're going out to Star City any time soon to, you know, introduce the virtues of Ma Bell or Telus. But anyway, don't get me started.

The question, I guess, need be asked. In terms of — the minister and I were having a little bit of a stab at this earlier today — in terms of executive government and other Crowns, are there opportunities to expand the market for SaskTel that present in the province of Saskatchewan, in terms of different ICT needs, that SaskTel's got the product and different of these actors have the need? Is there anything that's on the horizon in that regard for the corporation?

**Hon. Mr. Morgan:** — I think SaskTel competes on its own merit. We don't have a preferential program that we'd say, we must use SaskTel. But SaskTel has always been able to give other government agencies or entities quality service at very competitive prices. So we haven't gone out and issued directives that this agency or that ministry must deal with Tel. But I think it's always been a starting point and it's almost invariably . . . [inaudible] . . . But I would not want to do anything that would take away from their ability to give us their finest service and to make sure that they stay absolutely sharp on their competitive edge as they have so far.

**Mr. McCall:** — I just hope you're telling SGEU the same thing.

**Hon. Mr. Morgan:** — Absolutely.

**Mr. McCall:** — All righty. In terms where we're at in terms of the clock. I guess one last ding, ding, ding. The increase of the borrowing limit from 1.3 billion to 1.8 billion. Now it's pointed out that the borrowing limit hasn't increased since 1991. That was a different year in terms of benchmarks for the corporation and indeed the Crown sector generally, in terms of consolidation of different debt that had been incurred. But in terms of increasing the debt limit, does the minister or the CEO have any sort of general observations for a half a billion dollar increase in debt?

**Hon. Mr. Morgan:** — As we mentioned earlier, it has not been increased since the early 1990s. And you're aware of the ongoing \$300 million, that that's an annual expenditure on capital. It's expensive, and the corporation has indicated a strong desire to remain competitive from how they have their

capital or how they have their infrastructure. So when you look at what the effect of this might be, where the debt/equity ratio of the corporation is, Bell Canada has got a 56.0 debt/equity ratio, Telus 61.9, Rogers 70.3. As of April 30th, Tel is 46.1.

So of the people that carry on business in this province, we have the lowest debt/equity ratio. Those are our competitors that we want to be able to maintain the position we are, so the expectation is that they will be readily able to service the debt. SaskTel borrows in conjunction with the government, so they pay government rate when they borrow. So the request from the corporation has been to make the increase so that they can remain competitive from a capital point of view. The questions that we had were, how will this affect the net income of the corporation and the ability of the corporation to continue to pay dividends.

[18:45]

The last two years, the income has been, in '17-18 was \$121 million; '18-19 is projected to be 133. In those cases, we would expect that we would be paying out in the range of . . . 90 per cent of that would come back to the province in dividends. And historically, going back to 2000, we have paid, in most years, 90 per cent. Although some years where there was high capital needs and lower income, it dropped as low as, we had a period of time where it dropped from 90 to 70 to 31 to 30 to 22, then back up to 90. So the corporation seems to be very responsive and a willingness to reduce the dividends as long as they're able to maintain the capital. So this should give them the flexibility to do the further phases of the buildup and updating of the . . .

There isn't a specific saying, oh well, we're borrowing for this project. It's overall capital reinvestment. So I don't think I need to go to the officials but that's sort of where we're going on it.

**Mr. McCall:** — Thank you very much for that. And certainly it reinforces the value of the corporation to the province of Saskatchewan in a lot of different ways. Is there any anticipation that the . . . I guess if you could state for the record what the current debt load is in terms of borrowing requirement as against the backdrop of increasing the debt load, debt limit.

**Hon. Mr. Morgan:** — I will sort of just . . . So I want to . . . Just so that you're aware of the capital needs of the corporation: in 2002, it was 171 million; '03, 134; 126; always been well above 100 million. And then as we've come up into more recent years, the last four has been 282, 307, 316, 302, and then we're forecasting 301. So it's been consistent. And I think that the choices that they've made have served the corporation and served the province well. But I'll certainly let Charlene tell us what they have projected, what the current debt of the corporation is right now. Or whoever.

**Mr. Burnett:** — I can speak to that as well, a little bit. So as you've seen, last year we borrowed 100 million in long-term debt. This year we're hoping to borrow 117.5 million in long-term debt. At the end of '19, that would bring our overall debt to 1.221 billion. And as you know, our limit is 1.3. Our debt-to-equity would be 51.3 after borrowing that, still well below Bell, Telus, and Rogers — Bell being at 56, Telus being at 61, and Rogers at 70, so still quite manageable.

The money is primarily to fund our capital program, as the minister said, so we do anticipate spending 1.4 billion over the next five years on initiatives such as fibre, wireless, our network itself, our buildings, all of those kinds of . . . software, those things that are required, and the anticipated capital expenditure will likely drop slightly below 300 million over the next few years, but not much below it, so 1.4 billion.

By 2022 we will be at 1.260 so just 40 million away from the cap, so we think we very much need it. We believe that the corporation is strong enough to be able to manage it. In fact, using the test — I can't remember what it's called. Is it the interest coverage ratio test? — the company is still in good shape, even at a \$2 billion borrowing limit, so I think it's manageable and needed.

**Mr. McCall:** — I thank the . . . Thank you for that, Mr. Burnett. This is a good time to say thanks, Mr. Minister. Thank you, officials. Thank you, committee members for the consideration of (ST01). And with that, we're happy to invite the Chair to drop the puck on the next stage of the proceedings or whatever he needs to do at this point, but thank you again.

**The Chair:** — Thank you, Mr. McCall, and seeing no further questions we will adjourn consideration of vote 153, Saskatchewan Telecommunications Holding Corporation. Now does the . . . Minister, would you prefer to hold your comments to the conclusion of the evening?

**Hon. Mr. Morgan:** — I will do a brief thank you of the officials when we finish for the evening, but I do have a brief opening statement with regard to the two bills that we're . . .

**The Chair:** — Okay, yes. We will now be considering bill . . . We don't need a recess, I assume.

**Bill No. 92 — *The Saskatchewan Telecommunications Amendment Act, 2017***

**Clause 1**

**The Chair:** — We will now be considering Bill No. 92, *The Saskatchewan Telecommunications Amendment Act, 2017*. And we will begin our consideration of clause 1, short title. Minister Morgan, please.

**Hon. Mr. Morgan:** — Thank you, Mr. Chair. The remarks I'll make will apply to both of the pieces of legislation that are before you. I am joined by the same officials that were here for estimates. Bill 92 serves to amend subsection 32(1) of *The Saskatchewan Telecommunications Act*. Bill 93 serves to amend subsection 17(1) of *The Saskatchewan Telecommunications Holding Corporation Act* with a change that will increase SaskTel and SaskTel Holdco's maximum aggregate borrowing limit from 1.3 billion to 1.8 billion.

As it exists today the current borrowing limit does not allow the flexibility that SaskTel needs to respond to future cash demands for infrastructure investments and other business activities. SaskTel's five-year capital plan calls for the corporation to invest \$1.4 billion from 2018-19 through to '22-23 with \$301 million of investment scheduled for the 2018-19 fiscal year alone. Under this plan, SaskTel predicts that through 2018-19 to

2022-23 it will see the corporations at peak at 1.26 billion in fiscal 2019-20, leaving it little room to manoeuvre with the current debt limit of 1.3.

Future requirements and investments of SaskTel are not included in the current plan as timing and costs are unknown. Examples of these investments are funds for development of a 5G wireless network, funds for a spectrum auction to increase wireless capabilities, along with other technological changes that SaskTel would need to implement in order to serve the people of Saskatchewan.

The amendment to the Acts is essential to ensuring that SaskTel can continue to grow and maintain the flexibility it needs to adjust to changing market conditions today and in the future.

Mr. Chair, for purposes of the questions that the members might have, we prepared to take questions on both bills at the same time unless the member wants to have them done separately.

**The Chair:** — I mean if the . . . All committee members are okay with that? Okay. I would now say . . . Oh, to questions. Does anyone have questions? I recognize Mr. McCall.

**Mr. McCall:** — Not so much a question as a statement, Mr. Chair. Certainly we've had a good discussion about where SaskTel's at, the state of affairs with the corporation, and we appreciate that very much. A lot of that discussion touched on the measures here before us in these two bills. And I guess with that, Mr. Chair, we're ready to proceed to voting the measures contained therein.

**The Chair:** — Thank you, Mr. McCall. Clause 1, short title, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Clause 1 agreed to.]

[Clauses 2 and 3 agreed to.]

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

I would ask a member to move that we report Bill No. 92, *The Saskatchewan Telecommunications Amendment Act, 2017* without amendment. Ms. Heppner moves. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

**Bill No. 93 — *The Saskatchewan Telecommunications Holding Corporation Amendment Act, 2017***

**Clause 1**

**The Chair:** — We will now be considering Bill No. 93, *The Saskatchewan Telecommunications Holding Corporation*

*Amendment Act, 2017*. We will begin our consideration of clause 1, short title. Minister Morgan, any opening comments on that bill?

**Hon. Mr. Morgan:** — I have none at all, Mr. Chair.

**The Chair:** — Mr. McCall, any questions?

**Mr. McCall:** — Like the minister said.

**The Chair:** — Thank you for that. Clause 1, short title, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Clause 1 agreed to.]

[Clauses 2 and 3 agreed to.]

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

I would ask a member to move that we report Bill No. 93, *The Saskatchewan Telecommunications Holding Corporation Amendment Act, 2017* without amendment. Ms. Lambert moves. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. That concludes our business this evening. Mr. Morgan, would you care to make closing comments?

**Hon. Mr. Morgan:** — That you very much, Mr. Chair. I'd like to thank everybody. I'd like to thank you for chairing the meeting, the committee members that are here, the member opposite, and the staff at Hansard, the staff in the Assembly, and all the people that work in the building. And in particular, I want to thank the staff for SaskTel, some of whom came here last night for practice and were not aware of the power outage until they got here.

So I want to thank them for the time that they put in. They don't get paid, as you're aware, for overtime for what they do for here. But the work that they would spend getting ready for estimates probably greatly exceeds the time that they spend here. So I want to thank them for the work they do in prepping for this, plus the work that they do all year long and the great service that they give to the province. And that goes for the officials as well as all of the women and men that work at Tel.

**The Chair:** — Thank you, Minister Morgan. Mr. McCall, closing?

**Mr. McCall:** — Thank you very much, Mr. Chair. Again we attach ourselves to the gratitude as ably expressed by the minister, and wish you all Godspeed going forth.

**The Chair:** — Thank you, Mr. McCall, and I would just like to

offer my thanks as well to my committee, as well to Stacey for preparation work, getting everything ready to go.

That concludes our business this evening. We will ask a member to move adjournment. Mr. Hindley moves the motion to adjourn. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. This committee stands adjourned to Monday, May 28th at 3 p.m.

[The committee adjourned at 18:57.]