



May 29, 2019

Herb Cox, Chair
Crown and Central Agencies Committee
c/o Room 7, Legislative Building
Regina, SK S4S 0B3

Dear Mr. Cox:

RE: Saskatchewan Transportation Company Asset Liquidation

Rule 143(4) of *The Rules and Procedures of the Legislative Assembly of Saskatchewan* requires the Minister of Crown Investments to provide certain information to your Committee on any significant transactions that are undertaken by Crown Investments Corporation (CIC). On behalf of Saskatchewan Transportation Company (STC), formerly a wholly-owned subsidiary of CIC, I am pleased to provide you with the following information regarding the liquidation of STC assets.

Situation Prior to the Transactions

- STC was established in 1946 and acted as a common carrier in Saskatchewan providing passenger service transportation, parcel express, and freight services.
- On March 22, 2017, the Government of Saskatchewan announced as part of the 2017-18 Provincial Budget that STC would be wound up. Vehicular operations ceased on May 31, 2017.

Objectives of the Transactions

- With the wind up of STC operations, its assets were no longer needed and therefore liquidated.
- An open and transparent process was conducted to liquidate STC assets. This approach was taken to uphold accountability to the people of Saskatchewan in divesting public assets, as well as to achieve the best financial return for the province.

The Transactions

- The asset sales process involved posting requests for proposals (RFP) on SaskTenders.ca and advertising in major local, national, and industry publications. Two processes were run as follows:
 - Fleet and equipment – RFP launched August 1, 2017. Bids closed October 2, 2017. The sale was finalized on November 27, 2017.
 - Real property – RFPs launched August 31, 2017 for six buildings and two parking lots. Bids closed October 4, 2017. The sales finalized from November 27, 2017 to April 30, 2019.
- External experts and legal counsel assisted in the liquidation of assets. The Ministry of Central Services marketed STC's real property. KPMG, the project managers for the wind up of STC, facilitated the RFP on the fleet and equipment.
- Confidentiality commitments were included in sales agreements where the purchasers required them for commercial purposes. Several of the purchasers are private companies that operate in competitive industries.
- Aggregate net proceeds (net of legal and related expenses) from all sales were \$29,716,178. The total gain on sale, based on the value of the assets carried on STC's financial statements, was \$11,100,433.
- In addition to the sales processes, certain of STC's low value assets were donated. This included items with an STC logo, as well as paper, pens, calculators, etc. These were donated through the Ministry of Central Services' Community Donations Program and to the Salvation Army. The total value of these donated assets is approximately \$10,000.
- STC also donated a 1951 replica bus to the Western Development Museum along with accompanying STC artifacts, such as drivers' pins and badges, uniforms and signs.

Implications of the Transactions

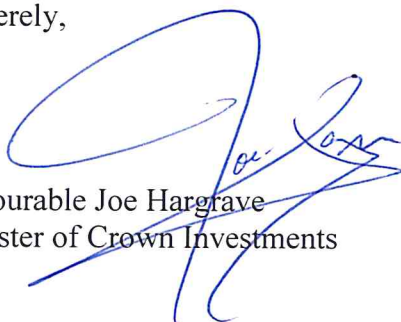
- Net proceeds from the sale of assets were transferred to CIC and have been included in CIC dividends to the General Revenue Fund.
- STC was legally dissolved on March 31, 2019. All residual assets, liabilities and obligations were transferred to CIC effective March 31, 2019.

Authorities

- Order-in-Council 197/2017, dated May 3, 2017, and Order-in-Council 99/2018, dated March 1, 2018.

I would be pleased to provide any further information on this transaction that the Committee might require.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Joe Hargrave', with a large, stylized flourish above it.

Honourable Joe Hargrave
Minister of Crown Investments

cc: Blair Swystun, President and CEO, CIC
Kyla Hillmer, Executive Director, CIC