



# **Standing Committee on Crown Corporations**

## **Hansard Verbatim Report**

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**STANDING COMMITTEE ON CROWN CORPORATIONS  
2002**

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Yogi Huyghebaert  
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Saskatoon Meewasin

Don McMorris  
Indian Head-Milestone

Peter Prebble  
Saskatoon Greystone

Hon. Andrew Thomson  
Regina South

Brad Wall  
Swift Current

The committee met at 09:34.

### Saskatchewan Transportation Company

**The Chair:** — Okay. We'll get the committee's business underway. Good morning to you all and I hope you're all staying sufficiently warm enough these days.

As the agenda reads, we're here for consideration of the '98, '99, and year 2000 STC (Saskatchewan Transportation Company) annual reports. The officials from STC will have their chance to make a brief presentation at the start and provide any comments at the outset of this deliberation. Then we'll have the Provincial Auditor's office make comment on their findings, and as well we have the appointed auditor that was working with the auditor's office on the reporting years and they will have a chance to give comment then as well. And then we'll get to questions by members.

And with that, Mr. Hadfield, if you'll introduce yourself and your officials and take it away.

**Mr. Hadfield:** — Thank you. I'm Jim Hadfield, president and CEO of the Saskatchewan Transportation Company. Mr. Chairman, members of the legislature, and officials, I would like to thank you for this opportunity to appear before you today to give you a picture of what's been going on at STC, the Saskatchewan Transportation Company.

It has been three years since I or STC have been in front of this committee so there is a fair amount of ground to cover. I would like to start by introducing the officials I have brought with me. On my left is Shawn Grice, senior director of finance and administration; on my right is John Millar, director of communications and strategic planning. And I'd also like to introduce Brian Drayton, our external auditor from PricewaterhouseCoopers, who is sitting over there.

John is going to distribute some materials. There are, as I understand, a number of standard questions for which the committee receives written answers, dealing with such things as consulting fees, legal fees, executive compensation, out-of-province travel, board expenses, and advertising.

As well, I am distributing copies . . . or John is distributing copies of our last three annual reports. I regret that we do not have sufficient copies on hand of the 1998 report and we will be distributing photocopies of that report.

What I would propose to do now is give you a quick overview of STC and then a brief accounting of the past three years financial and operating highlights, as well as some brief information on where we're going today. Then my officials and I would be more than happy to answer any questions you may have.

In any of our annual reports you will find our corporate mandate and our mission, vision, and value statements. I would just like to quote very briefly from our mission statement as it clearly defines what STC is all about.

STC will continue to provide the widest possible level of

passenger bus service in the province of Saskatchewan. In doing so, it will take whatever steps are necessary to contain expenditures, such that the subsidy required from its stakeholders can be held to a minimum.

We have consistently done that by providing not only a high quality of service to the people of Saskatchewan but also by holding the line on our subsidies.

Passenger bus service in Saskatchewan, like anywhere else in North America, is not what you would call a growth industry. In the past couple of decades we have seen a steady decline in our ridership — we estimate somewhere between 3 and 5 per cent per year. At the same time we are as subject as anyone else to inflationary cost increases, our biggest two factors being manpower and fuel. Each year our growth in costs outstrips our growth in revenues.

In the course of the three years under review, we have managed to make up that deficiency through internal economies. In fact we have cut out virtually all discretionary spending at STC. And over the three-year period under discussion, our overall expenditures have fallen some 23 per cent. And we were able to do that by making absolutely no cuts to the service we provide to the people of Saskatchewan.

I'd like to quote a few figures from our corporate profile for the year 2000, which is generally the same for each of the three years under review.

STC travels about 3 million miles a year, serving 276 communities in this province. We operate 28 different routes with a fleet of 39 coaches and vans varying in size from 55 seats to 15 seats. We have 206 agents operating in rural Saskatchewan. And we maintain passenger and express depots in Regina, Saskatoon, and Prince Albert.

At the end of 2000 we had a staff of 234 full- and part-time employees, made up of 209 in-scope and 25 out-of-scope workers. That year our annual payroll was \$8.2 million and our assets at the end of 2000 were \$18.2 million.

That's a nutshell sketch of the company. Now I would like to do a very short review of the highlights of each of the three years, after which I'll do a little summary also.

In 1998, under the heading of "Passenger Services," we travelled slightly under 3.3 million miles and served 334,500 passengers. Our subsidy per mile was 82 cents. Our revenues under the passenger area were slightly over \$5.7 million, which was a decrease of 4.8 per cent from the previous year, 1997. Our expenditures in the passenger area were slightly over \$8.5 million, which was a decrease of 8.4 per cent from 1997.

In the area of express, in that particular year, 1998, we removed 158,500 miles of truck service. Our revenues in express were \$6.8 million, an increase of 3.1 per cent. Our expenditures were slightly over \$4.7 million, a decrease of 30.2 per cent. And our profit was \$2.1 million, an increase of more than 1,000 per cent.

Financial results in total for the year 1998, our total revenues were slightly under \$13 million, a decrease of 1.1 per cent.

Expenditures were \$16.6 million, a decrease of 23.3 per cent, for a loss of slightly under \$3.7 million, which was a decrease in loss from the previous year of 57 per cent.

Our total grant authorized that year was \$3.9 million. The grant money taken or required was slightly under \$ 2.7 million. The grant not claimed was \$1.2 million.

Our capital expenditures in 1998 were \$200,000. Other issues that came up in that year . . . we brought into service 15-passenger vans and the freight rates were deregulated.

In 1999, passenger services, we travelled 3,355,000 miles. We carried slightly over 320,000 passengers and our subsidy per mile fell to 77 cents.

Revenues of . . . our total revenues in the passenger area were over \$5.8 million, an increase of slightly under 2 per cent And our expenditures were \$8.5 million and there was no change in the expenditures from the previous year, 1998.

In express, all truck miles, except the regular run from Regina to Saskatoon, were eliminated. We had revenues, in express, of 6.5 million, a decrease of 5.4 per cent. Expenditures of slightly over 4 million, a further decrease of 15.6 per cent, and profits rose to \$2.4 million, an increase of slightly under 16 per cent.

The total financial results in 1999, we had total revenue of \$12.7 million, a decrease of 1.7 per cent. Expenditures of \$15.8 million, a decrease of 5 per cent; for a total loss of slightly over \$3 million, a decrease again in loss of just about 17 per cent. Our grant authorized that particular year was slightly under \$2 million for operating and \$2 million for capital.

The company at that point was virtually debt free. Capital expenditures of \$2 million, of which \$1.6 million went to fleet renewal.

Other issues. In 1999 we spent \$170,000 on Y2K (Year 2000) readiness and we introduced the way-to-go frequent-user rider program.

Year 2000, passenger services. We travelled 3.3 million miles, we carried slightly over 300,000 passengers, and our subsidy was 72 cents per mile. Revenues were slightly over \$6.4 million in passenger service, an increase of 10.4 per cent. Expenditures of 8.9 million, slightly over 8.9 million, which was an increase of 5 per cent.

In the express area, we started to equip the buses with trailers to increase the freight capacity. Our revenues were over \$6.5 million, an increase of 1 per cent. Our expenditures were 3.985 million, a decrease of six-tenths of one per cent. And our profit again rose to \$2.535 million, an increase of 5.6 per cent.

The total financial results for the year 2000. Total revenues were 13.6 million, an increase of 7 per cent; total expenditures were 16.5 million, an increase of slightly under 5 per cent; with a net loss of \$2.9 million — a further decrease, the third year in a row, and that amounted to over 5 per cent.

The total grant authorized that year was 1.9 million for operating and 2 million for capital, for a total of 3.9 million.

The total grant taken was \$3.65 million, of which 250,000 was left on the table. Capital expenditures again were 1.9, of which 1.7 went to fleet renewal.

In the year 2000 we started installation of the new ticketing system, the electronic ticketing system called Gateway, which is the same system that Greyhound uses. We had a tremendous increase in our fuel costs which resulted in a budget overrun in that area of \$325,000, and non-traditional revenue sources started to show in the area of space rental, advertising, charters, which brought in revenues of \$564,000. So to summarize the financial facts for the three years, our subsidy in 1998, our subsidy per mile was 82 cents; in 1999 was 77 cents; in the year 2000 was 72 cents.

The loss in the passenger area was slightly under 2.8 million in 1998; 2.7 million in 1999; 2.5 million in the year 2000.

The profits generated in express . . . in 1997, just as a point of note, we had a loss of \$184,000 in the express. In 1998 we had a profit of \$2.1 million; in 1999, \$2.4 million; in the year 2000 slightly over \$2.5 million.

In addition, our maintenance costs have continually gone down. In 1997, 2.2 million; under 2 million in 1998; 1999 under 1.9 million; and in the year 2000 approximately the same at 1,885,000.

Our cash operating shortfall in the years. In 1998 slightly over 2.4; in 1999, 1.8; and in the year 2000, 1,575,000.

The grants reviewed again over the three years. Operating grant in 1998 was 2.5 million; in 1999 slightly under 2 million; and in the year 2000, 1,750,000. The capital grant was 200,000 in 1998; 2 million in 1999; 1.9 million in the year 2000.

As the committee members will know, CIC (Crown Investments Corporation of Saskatchewan) Crowns are required on a yearly basis to submit a performance management document to Crown Investments Corporation for approval. This document outlines what the corporation will be undertaking to meet its obligations to the province, both financially and from a public policy perspective.

Part of that document is the balance scorecard which STC has included in its annual report for each of the last three years under review. A quick glance at that scorecard will show that we have met or exceeded virtually every one of our approved targets.

In 1997 STC was given a new mandate from the provincial government, which required the company to maintain its current level of service while keeping its annual subsidy below a \$4 million cap. For three years the company successfully operated under this mandate. The company was able to greatly curtail not only its annual losses, but also its discretionary spending.

In 2000, however, it became apparent that it would be increasingly difficult, if not impossible, to live within this mandate. Saskatchewan Transportation Company's costs were rising faster than the company's revenues due to factors such as wages and fuel costs. It was evident that the company could not continue to operate the same 3.3 million miles of service

annually while still keeping under the \$4 million subsidy cap.

Over the previous three years, STC has trimmed its operating costs 23 per cent and had virtually no more cost-cutting it could do which did not involve the level of service provided. The choice was simple: increase the subsidy or decrease levels of service.

It was determined by the company, with CIC and cabinet concurrence, that the best course of action would be to allow STC to make limited service adjustments to fit its business needs. This could be done by changing the course of some routes, changing arrival and departure times, decreasing the frequency of service, or in severe cases, eliminating service where the demand no longer warrants it.

The new system has built-in safeguards, which will allow the government to regulate the amount of service, removed in any given year, and will allow any affected communities to have input beforehand. Through the performance management and balanced scorecard system, STC has to seek pre-authorization for the amount of miles it intends to take out of service as well as the communities, if any, which will lose service, and prior public notice in any affected community is required.

In 2001, we removed 62,000 miles from our system and curtailed service to one community only. Savings to the company on an annual basis are \$54,000.

Mr. Chairman, committee members, STC is very cognizant of its responsibilities to both its customers and its stakeholders. That is why we do whatever we can to ensure that rural Saskatchewan has the best possible bus service while keeping our costs at a manageable level.

Mr. Chairman, I or my colleagues would be happy to try and answer any questions the committee might have. Thank you.

**The Chair:** — Thank you, Mr. Hadfield. With that, we'll turn it over to the Provincial Auditor's office.

**Mr. Martens:** — Thank you, Mr. Chair. My name is Andrew Martens, principal at the Provincial Auditor's office and liaison to this committee.

With me today is Phil Creaser, a senior member of our staff who's been involved in the audit of STC for the years under review. And also with us over there is Shana Lacey who'll be working with Phil on the audit this year.

I'll ask Phil to give our comments and conclusions on the audit results for the three years.

**Mr. Creaser:** — Thank you, Andrew. Good morning, Chair, members, guests. I'll briefly comment on our office's involvement in the audit of STC and our conclusions and findings for the years ended December 31, '98, '99 and 2000.

To form our opinions we worked with PricewaterhouseCoopers — Brian Drayton to my right . . . left here — the appointed auditor, using the framework recommended by the task force on roles, responsibilities and duties of auditors. Our office and PricewaterhouseCoopers formed the following opinions for

those years.

Financial statements of STC for those three years were all reliable. During those years STC complied with authorities governing its activities related to the financial reporting, safeguarding assets, revenue raising, spending, borrowing, and investing. And during those years STC had adequate rules and procedures to safeguard and control its assets, except in 1998 we reported the need for a security policy and contingency plan and those matters have subsequently been cleared up.

In our Spring Report 1999 we also complimented STC on their balanced score card reporting and on their meeting of their performance targets. If you look at page 20 of the 2000 report, you will see their most current reporting on performance. We believe public reporting on performance contributes to improving performance and STC is a case in point.

That concludes my comments, Mr. Chair. Thank you.

**The Chair:** — Thank you, Mr. Creaser. Does Mr. Drayton from PricewaterhouseCoopers have anything to add? We'll find you a mike here some place.

**Mr. Drayton:** — Good morning, Mr. Chairman, members, and guests. My name is Brian Drayton. I am the engagement partner with PricewaterhouseCoopers, the appointed auditors for STC.

My comments are very brief; certainly concur with those of the Provincial Auditor. Our reports are reproduced in the annual reports that you have before you for the years ended December 31, '98, '99, and 2000. I just want to report to the committee that in conducting our audit engagement we were certainly given full co-operation by management and the staff at STC and we were given unrestricted access to all of the books and records and any information that we requested. Certainly our audit planned and executed in conjunction with the Provincial Auditor's office and, as I say, our reports are all unqualified and as reproduced in the annual report of the corporation. Thank you.

**The Chair:** — Thank you, Mr. Drayton. With that I'll start a speakers list. And I've got Mr. Huyghebaert and I will try to alternate between opposition members and government side members. But with that, Mr. Huyghebaert.

**Mr. Huyghebaert:** — Thank you, Mr. Chairman, and good morning to STC officials. My question might be a little bit specific but I'd just like to address it and it goes in terms of routes and route cutbacks.

Mr. Hadfield commented on the cutbacks and why. Mine is specifically on a route in south central Saskatchewan, south of Assiniboia. And going through the 2000 report, basically what it states is that Regina-Saskatoon, Prince Albert-Saskatoon are the only consistent routes that provide a profit for STC. So from that I would gather that most of the other routes are not profitable.

And then, putting that in hand with the fact that STC's policy is meeting the social obligations of rural Saskatchewan, my question is, what kind of a formula do we use to determine what route can be cut, or what town can be cut out of a route, when

we know by your statements that so many of them are not profitable? And yet we'll take one out that's not profitable, and leave another one in that is less profitable. And I'm wondering if there's some kind of a formula or what determines what town is going to be cut out of a route.

**Mr. Hadfield:** — Yes, I'd be happy to answer that. We look at our head counts on all the routes over a period of years, months. We also look at the freight component of those routes, and we examine the ones that are the poor performers, or the least supported, to see if there are any modifications that can be made. And that is the process that we go through.

We prepare . . . management prepares a recommendation that we look at. We circulate it amongst our employees; we have a runs committee, which is a committee of drivers and operators, for their input, and also our ATU, Amalgamated Transit Union officials. Having done that, we make any modifications that we feel are appropriate from their suggestions.

The next process is that we contact the communities affected and give them an idea of what we are proposing, well in advance of any changes made.

Last year, we had a change made up at Mistatim. We were going to discontinue service up there, and we were asked to come and meet with the community — actually come and meet with the town council, the village council. When our representatives arrived, it was a community meeting; we heard them, we listened to them; they had some very grave concerns. And just incidentally, our ridership count on that was a half a person a week, which averaged one person every other week.

They asked us to leave the service there. That was very easy to do in that particular case, and so we temporarily have maintained that service at the request of the community.

In any situation, in any community affected, where there is a change in service either in times or in frequency or in discontinuance, we will endeavour to contact each and every community well in advance to receive their input.

**Mr. Huyghebaert:** — Thank you, Mr. Chair. I will get a little bit more specific then. This is the town of Willow Bunch. The route is still there — I guess you'd classify it as a route — but it's bypassed the town of Willow Bunch and still services Rockglen and Coronach.

I was contacted by concerned citizens in Willow Bunch specifically because there's a senior home there and a lot of the people do not have vehicles or are unable to drive. And now it's becoming a real hardship for some of them for medical services, which they have to come into the city for. And what the people have asked me, if I would bring it up and address it.

And this letter was in the reporting years, Mr. Chairman — in 2000. And the then minister wrote me back and suggested that the average daily passenger — daily — was 1.8 people. And the CEO (chief executive officer) has just stated that they kept one route at .5 people per week.

**The Chair:** — Excuse me. If you could perhaps table that letter with the committee, Mr. Huyghebaert.

**Mr. Huyghebaert:** — Sure.

**The Chair:** — Please carry on in your question.

**Mr. Huyghebaert:** — I need it to read.

**The Chair:** — Okay.

**Mr. Huyghebaert:** — But yes, I'll table this.

And again, here we have a town that is . . . I'm not even sure of the population now; it's declining like so many other towns. But it has a seniors' facility that was built some time ago and it's basically full. And these people are being hard pressed now for transportation.

And the route had gone through Willow Bunch and now it is bypassed. And albeit it's probably some shorter miles for the route, but it seems to me that it's not striking a balance when we look at the social obligations of rural Saskatchewan and comments within the report of, we're not looking at the bottom line so much as we are . . . Is on page 19 of your 2000 report:

In essence . . . the corporation must not allow (the) bottom line considerations to outweigh . . . other important aspects.

And here is one that is to me extremely important in the rural area. And the route as I understand it is profitable to the town of Coronach, which it used to go right through Willow Bunch to Coronach.

So I'm wondering if the CEO, Mr. Chairman, could comment on that specifically, and even to the point where . . . if STC would revisit this particular town.

**Mr. Hadfield:** — My comment is in the case of when you're comparing with the situation of Mistatim and Willow Bunch, Mistatim is still on a route, we just don't stop there. Our plan was not to stop there, all right, and we were asked to continue to do that.

In the case of Willow Bunch, it is not on a route, all right, specifically according to our route map. But in my three and a half year tenure here I have never received a request from the community of Willow Bunch to examine that. And I believe prior to my tenure here, if service was provided at that time, I can't give you a specific time when it was discontinued.

So in comparing the two situations, I can't comment on why it was discontinued at Willow Bunch because I wasn't here. But in the case of the two, the geography dictates . . . if I were to do it today and compare the two, in the case of Mistatim, like I say, the bus continues to go past the community whereas in the case of Willow Bunch there would have to be alternate plans, a detour made in order to enter into the community.

**Mr. Huyghebaert:** — Mr. Chairman, thank you. I guess my comment would be to the officials that that was the route, the route was just altered. And again the timing, I'm not sure, but I think it was within the reporting years. And that's what we'll pass a copy of this letter around that I wrote to the minister in the year 2000, and I would assume that he got the information from STC officials vis-à-vis the 1.8 daily passenger load out of

the town. I'll table that letter.

**The Chair:** — Perhaps you . . . (inaudible) . . . the matter of the letter until the Clerk has returned with copies of said letter and at which time I'm sure the officials from STC would be happy to look at it and provide any additional information that's, you know, further to what they've provided already. But perhaps if you have another question on a different topic or . . .

**Mr. Huyghebaert:** — I'll defer for now.

**The Chair:** — Okay. Do I have anyone else for the speakers list?

**Mr. Yates:** — Thank you, Mr. Chair. I would ask STC officials, if they could, to elaborate a little bit on some of the cost containment measures that they've taken over the last number of years and the impact on the company and impact on issues like the environment and have we seen a decrease in fuel usage and those types of things and what potential impact is on the environment and other aspects of the economy.

**Mr. Hadfield:** — I'll ask Shawn Grice, our senior director of finance to respond to that question.

**Mr. Grice:** — Mr. Chair, some of the things that we have undertaken at STC in the last three years have . . . I'll try to start at the top on the bigger things and the things that are most visible.

Fleet rightsizing, you will notice on the road smaller vehicles — 15 passenger vans in place of 47 seat coaches. We have eliminated truck network miles, as Jim indicated in his earlier presentation, by pulling trailers on the backs of buses as opposed to running a truck up and down that same network.

We've saved a considerable amount of money not only in capital, in purchasing the items — a 47 passenger coach is just under a half million; a 15 passenger van is around 40,000. So there's a lot of money upfront.

In that same area we've also looked at 22 seat coaches, 28 seat coaches. We're doing the same things you'll see here in the city of Regina with smaller coaches, better fuel efficiency, lower repair costs, all of those types of initiatives.

To quantify that for all the three years, I would have a little bit of a tough time doing right now. But I could say that it's obviously in the millions because when you save on, I think, 9 coaches that we've downsized or rightsized that are worth about a half a million dollars apiece and the coaches that are worth between 40 and 90,000, there's quite a bit of money saved right there. We expect that the savings from those smaller units running up and down the road each year to be around \$30,000 in terms of maintenance and fuel efficiency as well for those runs.

On some of the smaller items, I guess route rationalization which has been something that we've only undertaken in the year 2001 — so that's kind of outside of the years under review — but that will be smaller savings. As Jim has indicated, our basic premise is to provide passenger service to the province of Saskatchewan. So we don't want to have wholesale cuts across

the province but we do have to look at that.

Other things in the company, we have looked at all sorts of internal processes from billing to how we get the mail out the door, our Visa card transactions, point of sale systems out at the front counters.

We have switched banks to obtain lower rates on our point of sale transactions — doesn't seem like a lot but it saves about \$10,000 per year.

We've looked at the lighting in the building and we've removed half the lights in the building by going to, you know, studies of lighting and whether or not the people are getting adequate lighting and, you know, saving power here and there.

So we've more or less looked at everything from buses and fleets and routes, right down to water coolers, whether we can buy them out as opposed to leasing them and saving a couple of hundred dollars a year.

So we've had freezes on training, freezes on out-of-province travel, more or less freezes on office supplies and ordering when at all possible. We've really had some pretty strict guidelines on cost reduction efforts.

So I'm not sure if that answers your question or if you have any directed questions.

**Mr. Yates:** — Mr. Chair, supplementary question. I am led to understand that over the last two, three years, that STC has also been changing the engines; as they've had to change engines in busses, gone to more fuel-efficient and environmentally friendly engines, that has actually reduced costs as well. Is that true or is that just . . .

**Mr. Grice:** — When we get the opportunity we do replace coaches with more fuel-efficient coaches; as well as, when we have an opportunity when an engine comes out of a bus for one reason or another, we put in more fuel-efficient coaches. We've been able to increase fuel efficiency by about 5.5 per cent each year for the last three years, which saves the company about 55 to \$60,000 per year in fuel costs. And obviously reduces the litres-burned for environmental concerns as well.

**Mr. Yates:** — Thank you very much.

**The Chair:** — Continuing on in the speakers list, I've got Mr. McMorris, Mr. Forbes, then Mr. Huyghebaert.

**Mr. McMorris:** — Thank you, Mr. Chair. I guess I have a couple questions on some of the information that was presented. I'm not real familiar with the subsidy per mile; it was talked at 72, 77, and 82. Can you explain a little bit how that whole system . . . I'm not familiar with that. Is that part of the grant structure and that's how it works out per mile . . .

**Mr. Hadfield:** — Yes.

**Mr. McMorris:** — Or how exactly does that work?

**Mr. Hadfield:** — In response to your question, we're granted . . . our grant is for passenger service only. And you take your

fares plus your subsidy versus your direct cost in order to obtain at what percentage your total fares plus subsidy over your expenses in the passenger area are. And your calculation flows from that.

So in other words when we say we're subsidized for instance 80 cents a mile, that's what it works out to. For the number of miles travelled versus the cost and what the shortfall is.

**Mr. McMorris:** — Just another question. I'm going to bounce around a little bit here and not any too long on any one line of questions. But when I'm looking at the map here and it . . . Your connector carriers — could you explain a little bit on how that works and some of the agreements that you have?

I mean when I look at some of the lines, obviously Greyhound would be a supplier of some of the services on some of the lines. But there's also lines that I'm sure are dealt with through private. Could you explain a little bit of how that works — the contracting and how that is all decided?

**Mr. Hadfield:** — Certainly. We have interline contract carriers; partnerships, we call them. And we contract carriers to provide equipment and manpower to STC points of service at a cost substantially below our costs. The interline carriers and passenger express, we have interline agreements with three carriers which are based on industry interline splits. These carriers are PB (public bus)-plated carriers, handling both passengers and parcel express which are independently operated, maintaining their own agency network, except where interlining with STC points of service.

We have interline carriers that are express only. As of December 31, 2000, we had interline agreements with four carriers which are based on either industry percentage splits or flat rate per waybill.

We have . . . we had subsidized interline carriers as of September . . . I'm sorry, December 31, 2000. There were two carriers who received subsidies in addition to the agreement, agreed interline splits.

And at December 31, 2000, there were five contract carriers that received payment for providing equipment and manpower at a cost of less than STC could provide the service.

And so there's a number of different agreements out there, is basically what I'm saying. And these people provide either express and/or passenger service in the . . . if we don't, if we do not provide the service — and interline with us at different points.

**Mr. McMorris:** — I guess this is maybe a wandering question, but you were mentioning that some of the partnerships that you have, they're able to deliver the service at quite a bit less than what you at STC would be able to deliver that service for. Could you explain to me why — not knowing, perhaps from your own perspective or from the CEO's perspective, what is, you know, the whole cost of that partner — but why would they be able to allow the . . . or offer the service so much cheaper, or less expensive, as STC?

**Mr. Hadfield:** — Well in the case . . . in some cases we have

never provided service to a particular area, if you're talking about passenger service. And to go in there and provide that service, not knowing what the ridership would be, is an investment. These people are owner/operators. Their overhead costs obviously are less; their equipment costs obviously are less. The question arises, when they have to replace that equipment, where the funding might come from. And that has come up in the past.

So we believe that they can obviously, because they are owner/operators and perhaps have one other employee, can provide the service more efficiently than we could.

**Mr. McMorris:** — Just one last question on that same line then. You also talked about in partnership and subsidizing — in other words, you're paying a partner some amount to carry out that service. Is that correct? Is that how it works?

**Mr. Hadfield:** — That is correct.

**Mr. McMorris:** — Okay. I think that's all I have for now.

**The Chair:** — . . . I've got Mr. Forbes on the speakers list.

**Mr. Forbes:** — Thank you, Mr. Chair. Mr. Chair, in Saskatoon there was some concern about, during some maintenance work, some concern about underground fuel tanks leaking, and I'm wondering what STC has done to contain that.

**Mr. Hadfield:** — Yes. On July 4, 2001, KW Petroleum discovered subsurface contamination and Saskatchewan Environment and Resource Management were called in to assess the site. SERM (Saskatchewan Environment and Resource Management) ordered us to put our underground storage tanks out of service immediately, and arrangements were made to have a temporary above-ground storage tank installed on the property. Pinter & Associates from Saskatoon performed a phase 2 environmental site assessment involving the drilling of bore holes to assess soil and groundwater contamination.

The work was performed August 7, 2001. A full report of their findings was made available to us on September 4. The report showed that the site contamination was indeed quite minimal, compared against the standards set by SERM for our land use.

But the underground storage tanks on the site were original and date back to the building's construction in 1983. Metal underground storage tanks such as ours only have a life expectancy of 25 years, and SERM policy is that they must be replaced at that time, regardless of the condition.

Requests for proposals were distributed to contractors for the decommissioning of the tanks and site remediation, as well as the installation of the permanent above-ground storage tank, which is a 50,000-litre Fireguard tank for diesel fuel and a 5,000-litre waste oil tank. The work was awarded to Capital Petroleum out of Regina, and was completed on November 20.

And the costs of that cleanup, total cost, operating and capital, were \$138,000.

**The Chair:** — Anything further, Mr. Forbes? Okay, I've got



Mr. Huyghebaert, and then I'll be looking for other people on the speakers list. So Mr. Yates, and then after him, Mr. Wall. So, Mr. Huyghebaert.

**Mr. Huyghebaert:** — Yes. Thank you, Mr. Chairman. Now that the letter is tabled that I was referring to, I see that the service to Willow Bunch was discontinued in '93. There's a couple of issues in here that from . . . and I'm assuming that this came from STC officials through the minister where it talks about private bus connections. And as far as I know, there is not a private operator that's operating it. In fact, I know there's no private operator operating . . .

**The Chair:** — Which is stated in the letter, Mr. Huyghebaert.

**Mr. Huyghebaert:** — Yes, thank you. So I guess my question to the officials would be, would they consider revisiting this because of the demographic change of Willow Bunch, and the numbers of seniors that now are living in the village of Willow Bunch, if they would have a look at it.

**Mr. Hadfield:** — We will most certainly look at it again. When the service was discontinued, I am informed, it was discontinued in '93 because of lack of use. I can't comment on the determining factors at that particular time.

It is my understanding that there was a private connecting carrier that took over and provided service at some connection point, and has since, since that time apparently went under or couldn't afford to provide the service any more.

But in response to your question, yes, we will look at it again.

**Mr. Huyghebaert:** — Thank you, Mr. Chair.

**Mr. Yates:** — Thank you, Mr. Chair. My question goes back to the questions asked by Mr. McMorris. When some of these connecting routes, privately owned connecting route operators go into business operating the connecting route, is it often that the capital up cost of the van and perhaps some of the other original costs are provided by the community or by service organizations in the community so that they don't have any actual capital costs associated with operation, and what is the result of that over time as you watched these private operators?

**Mr. Hadfield:** — Well it's been my experience . . . And there are different circumstances. There are independent owner/operators who operate it as a business and who provide, I guess, through their own initiative and their resources or through a bank loan, which is information I'm not privy to, to do a start-up and to purchase equipment. In a couple of cases, there have been community involvements where the community has got together and decided that they'd require service, not unlike whether they have a large contingency of senior folks who require service to larger communities, they divvy up and provide the capital required in order to purchase a vehicle to provide that service.

It has been my experience in one case that comes to top of mind where, when the equipment had to be replaced, the community was reluctant to do so because, again, they had to put money into the pot in order to buy the equipment. Consequently what happens, at least from what I can see, is whether they're a

private operator or whether they're a community-based organization supporting that independent route, that the capital replacement becomes an issue and quite often they can no longer continue to afford to provide the service.

**Mr. Yates:** — Thank you very much.

**Mr. Wall:** — I guess I just have some follow-up questions. I understand that officials went over some of this material already, and also my colleagues have briefed me with some of the answers. But I think that there are still some questions that we would have regarding this whole question of when STC, or perhaps the government or the minister or whoever makes the final call, when it is that they can decide that this route is not profitable but it's a public service and we have to continue with it versus this route is not profitable and we're still not going to proceed with it, whether it's a public service or not.

And I understand there was a . . . it's perhaps a cost-per-mile evaluation and you have some measures. But if you wouldn't mind, or if officials wouldn't mind, Mr. Chairman, if they could just walk through very specifically in the reporting periods under question, how is it that you evaluate these marginal routes in . . . and decide when it is that you can . . . when it is that officials of the company can pull the pin on them, so to speak?

**Mr. Hadfield:** — This has not occurred during the reporting period under question.

**The Chair:** — Additionally, I would say that the official has given a fairly substantial rendering of, you know, what the processes are in place for STC when a particular route is in trouble. And perhaps he wants to repeat that for the member's benefit, but there has been a fair amount of discussion on this point already.

**Mr. Wall:** — I understand.

**Mr. Hadfield:** — Just if I may comment further in response to Mr. Wall's question. During the reporting period, our mandate was fixed. We could not adjust service. We had to provide the service as in that period of time, so we did not adjust service in those years in question.

**Mr. Wall:** — Mr. Chairman, then has the mandate changed currently?

**Mr. Hadfield:** — Yes, we have a new mandate which allows us some flexibility in providing service and that mandate is effective in the year 2001.

**Mr. Wall:** — Mr. Chairman, is there any final cabinet approval required then before . . . in this new mandate, in the new process before a decision on a route is finally made?

**Mr. Hadfield:** — If there is major changes proposed, yes. It has to go through the appropriate approval process, being our board, CIC, and of course, cabinet. Minor changes in frequency, we can do ourselves. But having said that, we do report those also.

**Mr. Wall:** — Thank you, Mr. Chairman. Does the . . . I went through some of the documentation provided here and I just want a quick, just a very quick question. The agency of record

for STC — do they have a specific one, and if they do, who was it for the reporting period?

**Mr. Hadfield:** — 1998 was Fieldstone, and the other two years were Quest Communications.

**Mr. Wall:** — Thank you. Mr. Chairman, during the reporting periods, did CIC direct officials to conduct or co-operate with any corporate valuation done by underwriters or any such firm of the assets of STC?

**Mr. Hadfield:** — No.

**Mr. Wall:** — They did not. Not in . . . They didn't in '99; there was no such . . . (inaudible) . . . Thank you, Mr. Chairman.

I'd like to move a little bit on to the whole question of the charter business in the province of Saskatchewan and STC's potential interest in that particular industry. And maybe to start with, if officials would be so kind as to provide a background to their . . . the corporation's interest in the charter industry. And then perhaps bring it up to date in terms of the years under review and what, if any, consideration they gave to a change in whatever their policies were. And maybe we can go from there.

**Mr. Hadfield:** — Certainly. I might answer that if you posed the question, why is STC in that business?

STC has always been in the charter business in one way or another. For the past five years or so we have not been in the business in an official way, in other words, advertising it, dedicating coaches to it, or drivers to it. But we have filled requests as they have come in, depending on the availability of staff and coaches.

The only difference in the past couple of years is that we have been getting a lot more word-of-mouth referrals. Many of our customers have their own private reasons for using us — federal and provincial government agencies because we are a government agency; labour organizations because we have a unionized workplace; non-profit organizations . . . or NGOs (non-governmental organization) and non-profit groups because we do not have a minimum charge.

STC is between the proverbial rock and a hard place. The shareholder wants us to continue to service a great many money-losing routes in the province and at the same time keep our subsidy to a minimum. And this could not be accomplished if it weren't for the inflationary impact on our cost inputs, which means that essentially we have less money every year to accomplish the same task.

Would you like me to continue?

In order to help meet the shareholder's expectations, we do look for other forms of revenue.

**Mr. Wall:** — Mr. Chairman, the question was, what was the policy heading into the years under review for STC? In other words, did STC ever actively promote its charter business prior to the current . . . prior to this current policy that he's enunciated for members of the committee?

**Mr. Hadfield:** — No.

**Mr. Wall:** — So while you never proactively sought the charter business as a corporation, you certainly had rates, etc., to be able to handle these sorts of requests that came.

**Mr. Hadfield:** — Certainly.

**Mr. Wall:** — And were those rates competitive? And are they competitive just as, you know, as a matter of . . .

**Mr. Hadfield:** — We believe they're competitive. And in some cases because we are a unionized workplace — we pay our drivers more than the private industry does — our rates are somewhat higher.

**Mr. Wall:** — The charter business for the University of Saskatchewan sports teams . . . And I'm not asking this question rhetorically; it's a sincere question. I'd like the answer to it if you know it, actually. And it revolves around their needs to charter their teams around the province and of course extra-provincially mostly, I guess, for competition purposes. So what would be the . . . As far as officials are aware, do they tender that sort of work on an annual basis? Or is it an informal or formal RFP (request for proposal) as far as the officials are aware?

**Mr. Hadfield:** — Yes. First of all we were approached; we were sent information as to whether we would be interested in tendering on their business. We evaluated it. We asked for information as to whether we could in fact provide the service given the amount of drivers and equipment we have.

We did tender with we believe to be a competitive rate.

**Mr. Wall:** — Thank you, Mr. Chairman. And is that then consistent . . . Does the CEO believe that's consistent with his just-previous statement that in no way is the corporation proactive in seeking charter business and competing with current charters in the province?

**Mr. Hadfield:** — We believe that that is quite a bit of okay. If somebody approaches us and asks us to provide a service, there is a reason for that. If we are able to provide that service, we will provide it — if we are approached. We do not go out and actively advertise or seek the charter business.

**Mr. Wall:** — And so it may be — well you would probably disagree — but I'd suggest that it may be semantics. If indeed the corporation is asked to consider business and then they knowingly compete against other charters in the province in an open RFP or tender, I guess it's just a matter of debate.

**The Chair:** — Well it's not actually a matter of debate. And again, please refrain from putting opinions in the mouths of the officials. They're here to discuss administrative capacity. And again, all members of the committee direct your comments to the Chair and please keep respectful as to speculating on the consistency or inconsistency of the comments provided by the officials. But you're welcome to have an opinion on anything, Mr. Wall.

**Mr. Wall:** — Mr. Chairman . . . Thank you, Mr. Chairman. I

can certainly state the opinion and then very equivocally indicate what I may think the CEO is saying in previous answers, whoever it happens to be coming before this committee, and then he's going to have the chance to clarify whether he thinks that I'm all wet or whether my opinion was right. And we've been through this several times and each and every time the witnesses have had a chance to make that clarification.

So if there's a problem in . . . And I think we should have this discussion. If there's a problem in this sort of line of questioning, I'd like to know what it is because I'll tell you, what we always have been careful to do is give every single Crown president the chance to clarify their position. And we have said, well this is what I'm hearing, this is what I understand from your answer, and then asked a subsequent question or made a statement and asked and invited their comment. Is that a problem and is it going to be a problem in ongoing meetings?

**The Chair:** — Stating a difference of opinion with regards to what the answers and the testimony worn by the witnesses is. That's, you know, as a member of this committee you're entitled to have whatever opinion you want. But I would urge the members to refrain from editorializing on the veracity or the consistency of the answers provided.

As members of this legislature who want to bring honour and, you know, do the job of a legislature without impugning the intent or the honesty of the people that appear before this committee — that's what I'm after, Mr. Wall.

**Mr. Wall:** — Mr. Chairman, if there is what I believe to be inconsistency in the testimony by anybody that comes before this committee, I'm going to indicate that I think that might be the case and afford officials the chance to clarify it. But if I don't afford the . . . I guess what we can do, if you want to be, I mean, pretty strict about this ruling or want to go down this path, is we can do this sort of speculation about the opinion of officials outside in the media where even less honour is brought to the system.

Why don't we get everything out in the open here, have a free flowing discussion of things? I'll state the opinion that I may have, based on what the official has said; he'll have a chance to say, I think you're all wet and here's why. And I frankly think that's going to serve the process a lot better . . .

**The Chair:** — That's fine. That's fine, Mr. Wall. Let's serve the process like that.

**Mr. Wall:** — . . . than just playing politics in the hallway which is what your process will eventually lead us to, I assure you.

**The Chair:** — Well perhaps if we could cool down. As I stated at the outset . . .

**Mr. Wall:** — I'm cooled out.

**The Chair:** — Well, you know, it's not hard in this kind of weather. But, you know, the member's entitled to have whatever opinion he wants. And perhaps I'm misguided in urging the members, you know, to not engage the witnesses in

debate. But you know you're entitled to ask whatever questions you want and you're entitled to hold whatever opinions you want. But in terms of talking about the consistency or inconsistency or the veracity or the impropriety of the witnesses' testimony, it's . . . anyway . . .

**Ms. Atkinson:** — Mr. Chair, I just have a suggestion. Perhaps what we want to do is have a sort of an in camera session after the officials leave in terms of how we handle . . . would that be okay? Okay. So my suggestion is we carry on and then after the officials leave maybe we can just have a discussion about various and sundry issues.

**The Chair:** — Sure thing, sure thing.

**Mr. Wall:** — I guess what I'd ask the official to do is . . . perhaps I'm a little slow on this, but just describe for us why he believes it is less proactive to, on the part of the corporation, to compete directly with other charters in an open tender or RFP process for any particular charter work even if the corporation has been asked to participate. Because I'm sure many private charters are asked to participate too if there is an RFP or a tender. And maybe it's a company that's done work for this particular client in the past, they're going to say, by the way, this RFP is coming and we think you should have a shot at it.

And again, maybe I'm a little slow on this but I see it as a fine line, so I would invite the official to clarify how he distinguishes these two things.

**Mr. Hadfield:** — I will answer the question by way of example. The facts are in the case of the Huskies, University of Saskatchewan Huskies. The facts are: we were approached, number one. Number two, they were unhappy with their former carrier and they were looking for a new carrier. Our prices were competitive, we were told.

But the factors that sold the U of S (University of Saskatchewan) on STC were number one, reliability, which they didn't have; number two, mechanical soundness of our coaches, which I understand they didn't have; cleanliness of the coaches, which I understand they didn't have; and the ability to haul their freight, their equipment, in trailers, which the other carrier didn't have, which was very important to their football and hockey teams in particular.

**Mr. Wall:** — Mr. Chairman, I'm still waiting for the answer. I understand the example and I appreciate the comments he's made, but perhaps, again, I'm asking for him to distinguish how this isn't proactively competing against . . .

**Mr. Hadfield:** — If we were proactive in the business we would have additional coaches to handle charter business; we would have additional drivers. What we do with our existing fleet is when the fleet is down — because coaches have to go in for maintenance, and there is smaller coaches that go on routes, there are medium-sized coaches that go on routes, and there's larger coaches that go on routes — if a coach happens to be available and if we happen to have a driver, and if we happen to get a request to do a charter, whether it be a short-haul or long-haul charter, we quote a price and we fulfill the requirement, the request. And we get full utilization of our assets that way.

**Mr. Wall:** — Thank you, Mr. Chairman, and thank you to the official for that answer. I guess . . . I think it's safe to say there is a concern. At least it's been expressed to us and it's not even really been formalized yet, but it's a concern that's been expressed informally about . . . maybe it's an incorrect perception on the charter companies' part in the province, but at least a perception on the part of some that STC may be looking to get more active in the charter business. And I certainly accept the officials' account of the history of STC's interest or lack of interest in the charter business but the operators in the province seem to . . . their recollection of things is that there was a keen interest in the charter business in years past and their concern that it's occurring again.

And so I guess what we're hearing today and it's somewhat positive, I think, is the officials' assurances that STC is not actively looking to improve this part of its financial operations and that any additional charter business it's getting is incidental and almost coincidental if people happen to pick up the phone and call them. And I'd ask officials to confirm it that's a fair assessment.

**Mr. Hadfield:** — That is a fair assessment. And I might add that we also have alliances and partnerships with the private carriers in the industry. We do their overloads. They call us regularly, and I don't believe that their business has been affected. The largest carrier in the province, which everyone knows is P.A. (Prince Albert) Northern, in fact since obtaining this contract on a number of occasions has had to bring in additional buses from out of province in order to handle the amount of business so he has replaced his business.

And just as an added note, 20 years ago STC did \$1.5 million in charter business. We're talking about \$100,000 worth of business in the year 2002. It's nothing. We're only satisfying the requests that we get with the equipment when it is available and with the drivers when they are available. We are not investing any additional money in anything in order to satisfy these requests.

**Mr. Wall:** — Thank you, Mr. Chairman. And thanks again to the officials for that answer.

And where we were going was a concern on the part of business people and entrepreneurs in the province who were concerned that there was an interest perhaps in ramping up to previous levels. And you highlighted that previous levels were significantly higher, 10 times higher, than what they are today.

I'd understand then that the U of S work is being done by STC obviously then, currently.

**Mr. Hadfield:** — Yes.

**Mr. Wall:** — If I can I'd like to, Mr. Chairman — if there's someone that wants to jump in, fine — but other than that we want to change subjects . . . I'd like to change subjects if I may, so if you want to . . .

**The Chair:** — Given that we've got the 9:30 to 12 o'clock time frame, it's been the practice to have a . . .

**Mr. Wall:** — Sure.

**The Chair:** — . . . a brief break at mid-morning. So perhaps quarter to 11 we'll break for 15 minutes; and if you care to start your line of questioning on this particular subject, feel free.

But just to mark that out for the members of the committee — 10:45 we'll have a brief recess and reconvene at 11 o'clock. With that we'll return to the speakers list. Mr. Wall.

**Mr. Wall:** — Sorry?

**The Chair:** — Any questions?

**Mr. Wall:** — No.

**The Chair:** — Or perhaps we'll move straight to the break right now. And if everyone could be back by 5 to 11 sharp, that would be greatly appreciated.

**The committee recessed for a period of time.**

**The Chair:** — Okay, if we could call the committee back to order. I've got Mr. Wall on the speakers list and, as always, I'm open to additions.

**Mr. Wall:** — Thank you, Mr. Chairman. The bus depots that are owned and operated by STC in the province — and to be fair, I'm primarily thinking of the major-centred bus depots to the extent that smaller either community-based or private sector carriers wish to use those facilities — what's STC's position or policy with respect to that?

And again, I was thinking of . . . well, specifically Prince Albert and Saskatoon. In my own community, I think that that's a Greyhound depot. But I'm thinking of Saskatoon and Prince Albert which I believe are STC depots.

**Mr. Hadfield:** — We have three company-owned depots, being Prince Albert, Saskatoon, and Regina. And if we have an interline agreement with a private carrier, that provides them access to the depots.

**Mr. Wall:** — And there would be then carriers in the province of Saskatchewan who don't have interline agreements, and therefore they don't have access to the facilities?

**Mr. Hadfield:** — Correct.

**Mr. Wall:** — Thank you, Mr. Chairman. Can those companies . . . and have they in the past set out to negotiate sort of a one-off relationship with the corporation, in terms of the use of those facilities? Or is it just an across the board policy of the company that they need to have interline agreement before they'd consider allowing the use of the facility?

**Mr. Hadfield:** — That's correct.

**Mr. Wall:** — In the case of those bus depots, would you characterize them through the annual reports here even under a question, are they . . . I mean, there's certainly a cost of doing business but they also afford the corporation a chance to earn some money. And I know in your . . . in the 2000 annual report there's some contemplation of vending machines for the depots, I think, for — or additional ones I guess, I'm not sure — to

increase revenue.

But I wonder if the officials could just describe for members of the committee the nature of the three depots, and whether or not they are, you know, where they are in terms of being cost centres or revenue centres for the corporation?

**Mr. Hadfield:** — The depots themselves are service centres. I mean service centres for the express and passenger . . . express customers and the passengers. They're part of our business. As a profit generator, as a cost centre, they're just a part of our doing our business.

In response to the vending machines question, we do have bank machines — ATMs (automated teller machines) in two depots, being Regina and Saskatoon. And that's basically it.

**Mr. Wall:** — In the food services in those depots, how are those offered, and what structures were used in the reporting years, and I guess, to the current if you can?

**Mr. Hadfield:** — In the reporting years they are leased out to a private operator.

**Mr. Wall:** — I think that's it for bus depots, Mr. Chairman. We have some other questions, I think. I know my colleague from Indian Head-Milestone has some questions unless there's some from the other side.

**The Chair:** — We'll go to Mr. McMorris. And just indicate if you're interested in getting a question on the list.

**Mr. McMorris:** — Thank you, Mr. Chair. My questioning is going to move towards advertising and just the whole policy that STC has around advertising — their budget. How much do you spend on advertising a year? I know you're working on getting your ridership up, that's just logical. So what are, I guess, some of the things that you're doing?

I've seen a number of times different TV ads. I remember many years ago hearing the family of Crown corporations with the STC bus pulling into town and things like that. So if you could just kind of give me, in the reporting years specifically, the dollar value of your advertising campaign and then we'll go from there.

**Mr. Hadfield:** — I'm sorry, the question again was how much we spend on advertising?

**Mr. McMorris:** — Yes, basically.

**Mr. Hadfield:** — In 1998, total advertising expense was \$25,000; in 1999, it was \$75,000; and in the year 2000, it was slightly over \$86,000.

**Mr. McMorris:** — So that advertising then was primarily TV based or was it radio?

**Mr. Hadfield:** — No. That includes the Yellow Pages, the cost of producing the annual report. When we have agency changes within a community, we have to advertise that. And we were doing some newspaper advertising that is minimal. We have done some radio advertising.

**Mr. McMorris:** — So in the last three years, then you've more than tripled the budget on advertising. And I guess you did touch on it before — on the ridership — how is that reflected in the ridership though? I mean, you've shown a bit more revenue, I guess, in 2000 than in 1999. In number of heads, have you noticed a huge increase after tripling the budget in advertising?

**Mr. Hadfield:** — Most of the advertising that we've done in these years where there were increases was aimed at the express business.

**Mr. McMorris:** — At the courier business?

**Mr. Hadfield:** — Yes, the freight business.

**Mr. McMorris:** — How is that . . . I guess the decision to increase the budget in advertising by threefold — is that a decision made . . . coming from the board or from . . . where does that decision come from to increase the advertising budget?

**Mr. Hadfield:** — We work very closely with our board, and the proposal in discussions in the strategic planning session was to make STC . . . an awareness campaign as to what we do in order to attempt to retain the ridership that we currently enjoy.

**Mr. McMorris:** — I guess more recently, just past the reporting years, I really noticed a difference when . . . seeing a lot more STC advertising on TV, just . . . you know, after some of these statements that we, the Saskatchewan Party had made, and I'm just wondering whether that was directed through the corporation, the board, or from higher above?

**Mr. Hadfield:** — No, our own. The only advertising we did on TV was some news at supertime where we promoted the campaign — we can take your kids to Carrot River and your . . . or your carrots to Carrot River and your kids to Edam, was a sort of a thing. And that sort of slid on during the supper news hour for 10 to 15 seconds only. That was the only television advertising that we did.

**Mr. McMorris:** — So you would buy blocks that would fit that, I guess. And there's no long-term strategy as to when and where you're going to advertise. Is it more of a just let's just do it now and . . . Or is there any sort of a long-term strategic plan?

**Mr. Hadfield:** — The strategic plan, of course, is to create . . . heighten the awareness of STC and the services that it provides.

Having said that, we monitor advertising and other expenses very closely. And long term, yes, we would like to continue to advertise, but if we see that other expense areas are increasing more than what we have forecasted or anticipated, then probably advertising would be one of the areas that we would reduce in order to compensate for increases in expenses in other areas.

Busy time periods is when it's booked, if that answers your question.

**Mr. McMorris:** — Busy time periods?

**Mr. Hadfield:** — Well like for instance Christmas. We had a

radio campaign at Christmastime in order to deal with the fact of Christmas shipping, and so that's a busy time for us.

**Mr. McMorris:** — So there is a bit of a long-term plan, certain periods of the year that you will definitely advertise, and then, depending how your budget allows or how the flow . . . cash flow is looking, will determine whether there's more or less advertising done?

**Mr. Hadfield:** — That is correct.

**The Chair:** — We have Mr. Yates and then Mr. Wall.

**Mr. Yates:** — Thank you. I have a couple of questions. I'm going to start with a question in the area of advertising as well.

Over the reporting years '98, '99, and 2000, as you mentioned in your advertising costs for your costs of telephone . . . having ads in telephone books, costs of annual reports, and so on and so forth, during that period of time were there cost increases associated with the increased cost of putting in phone books or annual report costs as well? Could you break that out a little bit for us to give us some idea?

**Mr. Hadfield:** — Certainly. John, can you answer that?

**Mr. Millar:** — Certainly. Mr. Chairman, the annual report production costs increased significantly in '98, '99, and 2000. We previously budgeted, I believe, \$5,000 for production costs. We took that up to \$20,000 for production costs for our annual report because frankly we weren't doing a very professional document in the past. So we hope to improve that.

The phone advertising rates for yellow pages have only increased slightly over that time period — maybe a total of 3 per cent over that time period, a very slight increase there. The only other major thing that would appreciably be the increase is we had to — because our advertising budget got up over the \$50,000 — we had to use, by government policy, an advertising agency and that involves advertising agency rates and commissions that we didn't have before.

**Mr. Yates:** — A supplementary question on the issue of advertising. Is it fair to say that the increased costs of annual reports and the need to use an advertising company came about — as to some degree at least — from a standardization of requirements for annual reports that both the Provincial Auditor and CIC then later enforced and that standardization changed the format and increased costs?

**Mr. Millar:** — Mr. Chairman, not necessarily. There was some adhering to government policy in regards to agency costs but the annual report increased costs — that was a business decision because our document needed to look better than it did.

**Mr. Yates:** — Thank you. My final question has to do with the freight business. Could you give us some sense of the importance . . . the delivery of freight to rural communities and the continued ongoing and timely delivery of freight to rural Saskatchewan and what impact, positive or negative, it has on local business and their ability to continue to operate in rural communities — and the impact it may have on their economic activity in those communities in which you deliver freight to?

**Mr. Hadfield:** — Yes, we believe it is very important to our manufacturers in rural Saskatchewan that rely on our business. There's implement dealers in Saskatchewan that rely on us to do it. In a number of cases we provide service seven days a week and other carriers do not provide that service, particularly on weekends. So it is very important and particularly in the busy seasons in the agricultural community, of seeding and harvest, when it is of utmost importance for us to be able to satisfy the need to ship parts of that nature back and forth on our coaches. So we believe it is important.

**Mr. Yates:** — Thank you very much.

**Mr. Wall:** — Thank you, Mr. Chairman. Through you to the officials, why did the annual report need to look better?

**Mr. Millar:** — Mr. Chairman, we believe that the annual report is an important corporate document. What we had been producing for a number of years, and this was before my time when they were doing them, was a very minimalist document that was not much more than stapling the financial pages together and putting in a brief letter from the chairman. We felt that as a corporate document the annual report had to say more, had to have more detail that people could get their minds around, and it had to be more presentable to define the corporation.

**Mr. Wall:** — So basically I wonder if the officials could tell us when, about what years then, were the reports unacceptable in the view of the corporation.

**Mr. Millar:** — '97 was the last, if I could say, cheapo report we did. '98 was when we started.

**Mr. Wall:** — Okay. Thank you, Mr. Chairman. I guess I'd like to ask one follow-up question here, if I can, regarding Mr. McMorris's questions. Have the corporation's officials ever received any direction then from above, I'll say, from the board or from CIC or from the minister, to take a certain tact or direction or undertake a certain buy in terms of advertising?

**Mr. Hadfield:** — No.

**Mr. Wall:** — Thank you, Mr. Chairman. In terms of some of the advertising, and I guess this is now advertising that should generate some revenue for the corporation, also in the 2000 annual report I believe the CEO indicated that the bus advertising revenue, or targets had been . . . that you weren't — I beg your pardon — that the officials weren't satisfied and they didn't meet expectations as of yet.

So I wonder if the officials could expand on that and perhaps outline why that occurred, and perhaps what is being done to try to address that and increase that revenue for the corporation.

**Mr. Hadfield:** — We thought that at that particular time there was an opportunity for us to advertise. And when we talk about bus advertising, that's bus wraps on the buses, selling the advertising on the buses, similar to what the city of Regina, city of Saskatoon, and Greyhound have done.

We contracted with a small agency. He was . . . this agency was unable to satisfy our requirements and we severed that

relationship. We then took it upon ourselves to do it internally and come up with a promotional package for a way for companies, agencies, to advertise on our buses.

Initially again, was slow. And when I say I was disappointed, yes, I was disappointed because we did not get a lot of business from that. Since then it is growing marginally.

**Mr. Wall:** — And so it's still a goal for the corporation to grow that revenue?

**Mr. Hadfield:** — Yes, yes.

**Mr. Wall:** — Thank you, Mr. Chairman, and to the officials as well.

Back to the freight business, if I may, and follow up on Mr. Yates' questions. The freight part of it, the courier part of STC's operations, if you separated them out, would the officials characterize them as, you know, as profitable, as a profit centre overall for the corporation?

**Mr. Hadfield:** — The express operation is profitable, yes.

**Mr. Wall:** — So you're not qualifying . . . I mean just generally speaking, the courier and freight areas of STC, they provide a profit and help subsidize it.

**Mr. Hadfield:** — Yes. The old mandate prior to the change last year indicated that the profits from the express operations had to pay for the administration. The only thing, only area we were being subsidized for was the passenger side of the business. And that is continuing to be the case. We are able to generate enough profit to pay for the administrative costs of the corporation.

**Mr. Wall:** — Mr. Chairman, at this time we have no further questions.

**The Chair:** — I've got a question from Mr. Forbes and then we'll . . .

**Mr. Forbes:** — Mr. Chair, I found it interesting. We're talking about advertising for the STC had tripled in those three years. But I'm wondering, in the year 2000, what percentage of the total operating cost did the advertising line cost STC? Are we talking about a big thing or pretty . . .

**Mr. Grice:** — On a percentage, expenses around sixteen and a half million, so 75,000 . . . I'm just trying to run the number through my head really quickly, but it's not significant. Very low.

**The Chair:** — Okay. Thank you.

Seeing no further questions at this time, I will entertain motions. Mr. Yates.

**Mr. Yates:** — Yes, Mr. Chair, I'd like to make a motion. A motion . . . and I have copies for all the members:

The Standing Committee on Crown Corporations recognizes the importance the Saskatchewan

Transportation Company plays in the lives of Saskatchewan people, as both a service of public transportation, as well as an efficient and effective parcel delivery service and The Standing Committee on Crown Corporations supports its continued operation.

**The Chair:** — And you've got copies for the committee?

**Mr. Yates:** — The original and 15 copies.

**Mr. McMorris:** — Why wouldn't we vote the annual reports off and then deal with this motion because there could be much discussion around it.

**The Chair:** — Well perhaps that's a better way to proceed. When . . . let me check as to the procedural advisability of that.

Okay. Well the . . . if it's agreeable amongst the committee we could consider a vote of concluding the review of the annual reports, and then we could move to consideration of the motion that has been tabled by Mr. Yates.

**Mr. Yates:** — As long as we have agreement to move to consideration before a motion of adjournment would be accepted. Because I don't . . .

**The Chair:** — All committee members, good and true? Okay. That seems to be the agreement. So I will . . . (inaudible interjection) . . . Okay.

Before we move to consideration of a motion of concluding the review of the annual reports in the years under question, we'll afford the officials from STC an opportunity for any closing comments — the same thing for the Provincial Auditor and the same thing for the appointed auditors.

So, Mr. Hadfield, if you've anything you'd like to add.

**Mr. Hadfield:** — Mr. Chairman, just to thank the committee for allowing us the opportunity to appear before you today, on behalf of myself and the staff that have accompanied me today.

**The Chair:** — Okay. Mr. Creaser? Mr. Martens?

**Mr. Creaser:** — We have no further comments.

**The Chair:** — Okay. Mr. Wall.

**Mr. Wall:** — Thank you, Mr. Chair. On behalf of the opposition, we'd like to thank the officials for their answers that were provided in a straightforward fashion and we appreciate your time here with us this morning. Thank you.

**The Chair:** — Okay. And as the committee's Chair, I would certainly echo that thanks. And at this point, I will again entertain motions of conclusion.

**Mr. Yates:** — Thank you, Mr. Chair. I would move:

That the Standing Committee on Crown Corporations conclude its review of the annual reports and financial statements of the Saskatchewan Transportation Company for the years ending December 31, 1998, December 31,

1999 and December 31, 2000.

**The Chair:** — Any discussion on the motion before us? Question has been called. Those in favour of the motion? All in favour. Those opposed? The motion is carried.

And we will move to consideration of the motion before us . . . or the motion that had been previously referenced. And thank you for your participation.

Actually, one second. Given that we've got you scheduled for today, in the debate that will flow from the motion tabled by Mr. Yates, do the committee members think we might need the officials around in order to clarify any points that may arise in the debate?

**Ms. Atkinson:** — Depends on what we say.

**Mr. Yates:** — Yes. We don't know where the debate goes, that's the issue.

**Ms. Atkinson:** — So, Mr. Chair, if I could, I think we may want the officials just to stay for a moment in case some members of the committee make certain arguments that may require some factual information from the officials at STC.

**The Chair:** — Okay. Well with that, Mr. Hadfield, I'd welcome you back to the committee.

So with that, the debate that is . . . the motion that is before the committee is:

The Standing Committee on Crown Corporations recognizes the importance of the Saskatchewan Transportation Company . . . (the importance of the Saskatchewan . . . the important role perhaps is what is intended by the mover of the motion) . . .

**Mr. Yates:** — The motion properly reads:

. . . the importance the Saskatchewan Transportation Company plays in the lives of Saskatchewan people, as both a service of public transportation, as well as an efficient and effective parcel delivery service and the Standing Committee on Crown Corporations supports its continued operation.

**The Chair:** — Thank you for that clarification in grammar, Mr. Yates.

So the motion is properly before the committee and I will open the floor to debate, with the mover having an opportunity to speak first; and then I've got Mr. Wall on the speakers list.

**Mr. Yates:** — Thank you, Mr. Chair. In light of the conversation this morning and issues raised by both the members of government and opposition about the role that it plays for the people of Saskatchewan, I thought it would be pertinent for us to reinforce our support for this corporation and the role that it . . . and services it's delivering to the people of Saskatchewan and to rural communities.

It plays both a role in the well-being of citizens in obtaining

opportunities to move from community to community to seek services, including health care services. As well, it plays a vital role in delivering to rural Saskatchewan equipment, parts, and potentially services as well to keep the economy of rural Saskatchewan vibrant in many communities. And I think that without this service, rural Saskatchewan and Saskatchewan would be a much different place.

And I think in light of what we've heard this morning, I think it's more than pertinent that we, the standing committee, endorse the role that the Saskatchewan Transportation Company is playing and support its continued operation for the citizens of this province. So that's the perspective under which I made the motion, Mr. Chair.

**Mr. Wall:** — Thank you, Mr. Chairman. And we would agree with the spirit, I think, of the motion that's been proposed by Mr. Yates, but we would clarify it a little bit.

The member's motion focuses only on one particular deliverer of this service currently in the province of Saskatchewan. The service is what's important — the transportation service is what's important. We shouldn't be ignoring the fact that currently in the province of Saskatchewan, small businesses offer this same service. The motion seems to ignore that fact.

And I think what we want to send . . . we want to send a message as a committee on Crown corporations and as legislators that the service is what is valued across the province. And I don't think we ought to try to turn the question on ideology, on who provides it. I think the importance for us would be the service itself.

And so we would have an amendment to the motion that I think certainly supports the spirit of what Mr. Yates is talking about. But again, I don't want to put words in his mouth and would rather just offer the amended motion that we would have, and opening that for debate, and have further discussion as there is, Mr. Chairman.

**The Chair:** — Well perhaps if you could move your amendments at this time and then you're welcome to speak further to it. But we'll get copies via the Clerk to the members of the committee.

**Mr. Wall:** — Sure. That might take a bit of time because it's kind of scratched. And I apologize for that in advance.

**The Chair:** — We'll get you a clean copy.

**Mr. Wall:** — And I won't be able to move it in amendmentese, if you will, Mr. Chairman, in terms of deleting words because it is kind of a mess. But I'll just read out what the amended motion would sound like, with your indulgence and that of my colleagues:

That the Standing Committee on Crown Corporations recognizes the importance of public transportation service and parcel delivery for the province of Saskatchewan currently offered by STC and various private operators.

**The Chair:** — Okay. Just one moment while I consult with the wise and able . . . We'll briefly recess while we work out the



procedural points here, and I thank the officials from STC for remaining on after the conclusion of the deliberations around the annual report. So, thank you.

As is the practice, we'll get copies of the motion for the members to consider. So feel free to talk amongst yourselves or have a cup of coffee or whatever you like.

**The committee recessed for a period of time.**

**The Chair:** — Okay. As I understand it, the motion . . . okay, resuming, resuming . . . to be here . . . the motion be amended by striking out and . . . (inaudible interjection) . . . okay.

**Ms. Atkinson:** — I'd like to move an amendment to the amendment.

**The Chair:** — Perhaps actually, proper procedure, I believe, you can move an amendment to the amendment so that's entirely in order, Ms. Atkinson.

**Ms. Atkinson:** — Thank you, Mr. Chair. I think that members of government can certainly support this motion with an amendment. And the amendment would come after "various private operators in Saskatchewan" and we would amend their motion to read:

. . . and that the Standing Committee on Crown Corporations supports the continued operation of the Saskatchewan Transportation Company.

**The Chair:** — Okay.

**Mr. Yates:** — Mr. Chair, a procedural question.

**The Chair:** — Yes, Mr. Yates.

**Mr. Yates:** — This would be the final amendment allowable because you can only amend the amendment, correct?

**The Chair:** — That's correct. Okay. With the indulgence of the committee members perhaps we could dispense with sending Viktor out to get more copies of this as it's . . . everybody can write along where you sit. But the motion . . . the amendment proposed by Ms. Atkinson would present us with a motion that reads as follows:

The Standing Committee on Crown Corporations recognizes the importance of the public transportation service and parcel delivery service to the province of Saskatchewan currently offered by the Saskatchewan Transportation Corporation and various private operators in Saskatchewan and that the Standing Committee on Crown Corporations supports the continued operation of the Saskatchewan Transportation Company.

Is everybody up to scratch on that?

Okay. With that, given that the last amendment was moved by Ms. Atkinson, I'll give her the opportunity to speak at this time, or perhaps the amendment speaks for itself. Any other committee members wanting to speak on it?

**Mr. Wall:** — Thank you, Mr. Chairman. I have a concern, I think, that this second amendment changes the spirit of ours in that we wanted to focus on the service being provided to the parts of the province that are served by STC and private operators, and avoid this ideological statement that only — only — a Crown corporation in its current form can provide that service, when we know it to not be the case today; when we know that in fact other operators can provide the service. But we certainly believe that the public transportation service currently offered is very important, and we think that service is important enough that we moved the amendment that we moved.

We also believe that the amendment does speak to the intent, I think, of this subsequent amendment. Our amendment speaks to the intent of the subsequent amendment — in our opinion — made by Ms. Atkinson because we clearly indicate that the services currently offered by STC, they're mentioned in our amendment.

So it's not something that we can support, the current amendment. And we would hope that all members of the committee would recognize the importance of the service and also not downplay the importance of and the contribution of private operators currently providing this service in the province.

**The Chair:** — Mr. Yates, and I'll certainly entertain any other entrants to this debate.

**Mr. Yates:** — Thank you, Mr. Chair.

**The Chair:** — Mr. Yates, Mr. McMorris, and then Ms. Atkinson. So take it away, please.

**Mr. Yates:** — The reason that I was willing to support the amendment made by members of the opposition is we clearly do not want to minimize the important role that private carriers and private delivery services in the province play. And it was remiss on my part for not including it in my motion. But clearly my motion, the intent was to support the continuing operation of the Saskatchewan Transportation Company and that was omitted from your subsequent amendment.

Now I fully acknowledge that I support the concept that you're talking about — about private service delivery, people delivering freight, delivering connector bus lines, and all those things to rural Saskatchewan, but very clearly the original motion's intent was to support the continued operation of the Saskatchewan Transportation Company because today it delivers that very valuable service at a loss to many, many Saskatchewan residents. And without that, they lose a very, very valuable service. And there is no guarantee that that service would be picked up by any private service delivery. We don't know that; it's all speculation what the future holds.

So based on that, I think that the amendment made by Ms. Atkinson in fact takes us back to the intent of the original motion and includes the fact that there are private service delivery companies out there that deliver freight and parcels throughout rural Saskatchewan as well, in some cases, as connector lines to existing bus lines.

And I think it's very important to recognize those people who are delivering those services and connector lines and delivering freight, and it was not my intent in any way in the original motion to over . . . to in any way say that they weren't there or their importance to the province wasn't acknowledged.

So I think the amendment to the amendment brings us back to the spirit of the original motion and includes those private sector delivery agencies that help deliver service to rural Saskatchewan — in fact, all of Saskatchewan.

**The Chair:** — Okay, I've got on the speakers list Mr. McMorris, Ms. Atkinson, then Mr. Wall.

**Mr. McMorris:** — Thank you, Mr. Chair. I think we all . . . I mean, we can go around this and go around this. I think we all agree that the service provided by STC is very important. That was mentioned in the first motion. Our motion spoke to the private industry.

But the second amendment put forward by Ms. Atkinson really then single . . . singles out, and that's the whole intent of the motion put forward by the member from Swift Current is that it's not just one organization; it's just not one corporation that offers service throughout the province.

It's a number of organizations and it's shown right on the annual report for the last three years, all the different routes and runs, and spoken to by the CEO of the agreements both with STC and the private industry — not all private, but private industry — to service all of the province or as much of the province as possible.

A number of these runs, I think, probably at one time had been serviced by STC and private industry have picked it up. And you know, there's a couple of runs we could single out that have been running privately for 20 years offering service to people throughout the province.

I don't see how we can at any time make a motion — an amendment to the amendment, I guess — singling out one company over the other. I don't think that's a position of this . . . it shouldn't be the position of this committee. Because every organization, private or public, combined serve the province as well as possible.

So I mean I'd have a very hard time; in fact, I couldn't support the amendment to the amendment singling out one corporation over another.

**The Chair:** — Okay. Ms. Atkinson.

**Ms. Atkinson:** — Thank you very much, Mr. Chair.

Well I've listened intently to the arguments put forward by our colleagues in the official opposition, and I note that their argument for their original amendment is that it would be a non-ideological argument. And yet when they talk about the amendment to the amendment which refers to Saskatchewan Transportation Company, which is the very topic that we've been dealing with all morning, they believe that if we were to include reference to the standing committee's continued support of STC, that this in fact would make this resolution ideological.

And so I have to conclude from the remarks that have been made by the opposition that should they, should they become the administrators in this province at some stage, that we would . . . that STC would in fact be a candidate for privatization. So I think what we will need to do is, we will obviously clearly have the Saskatchewan Party's record put on the record in terms of their ideological position that STC could be a candidate for privatization.

I note that STC was established in 1946. I note that there have been governments elected by the people of this province from various political ideologies. At no time when Grant Devine's government was in power in the '80s, when Ross Thatcher's government was in power in the '60s and early '70s was STC a candidate for privatization. And there are reasons for that. And the reasons clearly show up in the annual report where there continues to be a public subsidy for a public transportation company in the province of Saskatchewan because it is a service.

And oftentimes governments provide service to their citizens through public grants to their . . . to that service in order that citizens can have access to service. And in this case it is the Saskatchewan Transportation Company which provides service, public transportation service, for over 300,000 riders each year.

So I think we now know clearly, it's been put on the public record with the comments that have been made by members of the opposition, that STC, should they ever receive government in the province of Saskatchewan, would clearly be a candidate for privatization. And so their ideology has been put on the record and for that, Mr. Chair, we should all be grateful.

**The Chair:** — I've got Mr. Wall, then Ms. Hamilton.

**Mr. Wall:** — Mr. Chairman, I guess a question; and if I can, a question to Ms. Atkinson on her amendment.

Does her amendment then contemplate that there would be no change in the service delivery afforded by STC if . . . Is that her intent? Could it be under her motion that if STC officials feel it necessary and make the appropriate recommendations to the government that certain routes be turned over to a private sector or a community-based business, that this motion precludes any of that from occurring?

Because what the member has tried to do . . . First of all, if I can, I'd like to have a comment. But maybe to be fair I'd like if the member could answer that question.

**Ms. Atkinson:** — Well it's obvious from the comments that we've heard this morning that there have been changes to the operations of STC in the three reporting years, that the operations of the company have changed and evolved. I'm not at all opposed to operations changing and evolving so that we can . . . in order to ensure that we can provide service and at the same time provide an operation that is cost-effective, given that there is a public grant that goes to the operations of STC for public transportation.

So this is not about saying STC should not ever change. It's about saying . . . and the resolution clearly says that; the amendment that this Standing Committee on Crown

Corporations supports the continued operation of STC. The intent is not to micromanage the operations of STC, but to support the continued operations of STC.

**Mr. Wall:** — Thank you, Mr. Chairman. I would then invite the member to confirm whether or not, for example, if STC in the ongoing course of its business decides that a certain route is just not feasible for them to continue with, and yet there is a private sector person or perhaps a community-based group that wishes to provide the service both on a parcel basis and passenger basis, if they do that then, some would characterize that as contracting out and then others would say, well that's privatization.

I wonder if the member would agree that if they choose to do that, because they are not being micromanaged, if the government then is basically supporting or endorsing the privatization of at least that route.

**Ms. Atkinson:** — Well I think in response to the member from Wood River's question about a situation in Willow Bunch, the officials from STC did indicate that that particular stop was stopped in 1993, and that the route was altered based on ridership. And obviously you have to look at all of the details of the company to ensure that you're providing service where service is in fact used.

And so when I say that we're not interested in micromanaging STC, STC, based on its parameters, has to make corporate decisions. All this resolution, the amendment does is say that this Standing Committee on Crown Corporations continues to support STC. It's a general statement.

**Mr. Wall:** — Thank you, Mr. Chairman. And would the member just again . . . maybe I'm just being a little slow about this, but would the member's motion then preclude STC from choosing to, if it decided, choosing to contract out with a private sector company or a community-based group who wish to provide the service that STC no longer, for whatever reason, wishes to provide?

**Ms. Atkinson:** — As I understand it, what STC does is form partnerships with private sector companies in order to have pickups and so on and so forth. That's what I understand that STC does. I think that was referred to this morning. So in order to provide service STC has entered into partnership arrangements with various companies to provide, I gather it's pickup service at certain points, and I'm not at all opposed to that. That is in fact what STC is doing at this stage. They do have partnerships with private sector companies.

They clearly said today that they are not in competition with the charter industry and in fact they enter into partnerships with the charter industry for overflow. They clearly said today that 20 years ago they used to have charter business of \$1.5 million, I believe. Today it's \$150,000. So clearly they have moved out of the market in order that the private sector can move into that market.

What I'm interested in is service to people, particularly in rural Saskatchewan. And that service comes in the form of public transportation, and it also comes in the form of effective parcel delivery. There's nothing worse than having your operation

break down in the fall, you have to get parts from all over the place now, and it is helpful to have STC, which runs daily into certain communities or maybe three or four times a week, to have those parts delivered in an effective, timely way.

I have picked up parts from the bus on many occasions and that has been a real help to our family's farming operation. So I think that all we are saying here, we recognize the importance of the private sector, it is in the resolution as amended, and we are saying that this Standing Committee on Crown Corporations supports the continued operation of STC.

**Mr. Wall:** — Thank you, Mr. Chairman. And I know Ms. Hamilton has a question or comment. I'll just have this one comment on this debate that we're having with Ms. Atkinson.

I guess what I'm hearing then is under Ms. Atkinson's amendment to the amendment and under a scenario that she supports as an MLA (Member of the Legislative Assembly), you could have a scenario where STC, because it isn't micromanaged, decides in the years to come that it's in its interest to perhaps only operate between itself — itself operate between . . . you know along the No. 1 Highway and maybe the 16 or maybe . . . let's just say the No. 1 Highway — and that all of its other routes that it currently serves would continue to be served but would be served by partners and private sector businesses, and what you want to characterize them as partnerships or joint ventures, however you want to characterize them is certainly fine by us.

But it strikes me that the scenario and the amendment to the amendment Ms. Atkinson has proposed contemplates that kind of a thing occurring and you have a much smaller STC basically just providing running rights and partnership arrangements for private sector businesses and community-based initiatives across the province.

**Ms. Atkinson:** — If I can just clarify my position once again . . .

**The Chair:** — Okay. Then we're moving on to Ms. Hamilton.

**Ms. Atkinson:** — I know. I would not support the notion of STC basically becoming the CPR (Canadian Pacific Railway) or the CNR (Canadian National Railway) of Saskatchewan where you basically have two main lines and they run through the province and then people have to get to that main line or enter into some other arrangement.

I see the Saskatchewan Transportation Company as . . . it provides two functions. It provides public transportation for our citizens, many of whom are older people and students or young people. It provides a parcel service to various parts of the province.

I can't imagine that STC would run along the No. 1 Highway and fully continue to be STC. I can't imagine that scenario. The parcel service is an important . . . It does make money, and from my point of view, it in a sense subsidizes public transportation for those older people and those students and other people who ride STC. So if you were to limit STC's capacity to only run up and down the No. 1, I think in essence what you're doing is getting rid of STC. So I would not support that kind of scenario.

**Ms. Hamilton:** — Thank you.

**Ms. Atkinson:** — By the way, the Greyhound has the No. 1, as I understand it.

**Ms. Hamilton:** — To me the importance of the amendment to the amendment I think somewhat speaks back to municipal experience as well because they have continual debates on how you provide a service to a community. And certainly municipal-wide or province-wide, this is a service that needs to be provided on that basis and still be subsidized.

So we're looking at a province-wide service that to some degree has a social policy mandate attached to it, because we're going to provide that program or service to people. You can put that at jeopardy if you believe that somehow you can take many of its parts and privatize them off at will and it won't affect the whole.

So we're talking about our review of a publicly funded transportation organization that we've heard today tries to, with great efficiency and effectiveness for people, operate its service to the best of the ability.

Now decisions have to be made in either a municipal level or a provincial level and changes are made according to people usage, according to the size of vehicle that would be needed based on the demand that happens there. And we all can agree that some of those kinds of decisions have to be made on an ongoing basis.

But it's the nature of continuing a publicly funded, publicly supported organization that has a board of directors that make decisions for the whole to be the most effective that it can be to continue that service for the whole province. And that's the importance to me of this committee saying we would support the continued operation of Saskatchewan Transportation Company. And it must be part of the motion before I could support it.

**Mr. Wall:** — Well, thank you, Mr. Chairman. I don't understand the arguments of Ms. Atkinson because, in one hand . . . in one response, she says she has certainly no problems with partners, with STC interlining and with other partners operating on certain routes and providing a service. And yet, if you take it to its logical extension — and my apologies for the misspeak with respect to the No. 1 — but if you take it to its logical extension, i.e., STC perhaps just administering running rights if it found itself in a position where that made a lot of sense; maybe that's not the right word either, but simply ensuring the services there are provided by whatever entity, be they community-based or be they private sector, that is the logical end to what Ms. Atkinson started out saying, I believe, because she clearly indicated she had no problem with partnering.

The position of the Saskatchewan Party is clear. We are not ideologically bound to how this service is provided. There may indeed be changes, but the changes would occur only after it was clear that a private sector or community-based service . . . community-based initiative could provide the required service.

And so, you can try to manipulate that or spin that in any way you want, but that's the fact of the matter. And from what I

heard Ms. Atkinson say, we're in agreement. I hear Ms. Atkinson say it's not an ideological question for members opposite, that she has no problem with partners, with other people providing the service, and certainly that is exactly what our position is with respect to STC.

The motion, however . . . the amendment — I beg your pardon — the amendment, Mr. Chairman, in our view, belies that. It doesn't support what her . . . the spirit of what I think she said. I think she said she believes in terms of who can provide the service. It does limit at the end . . . at the very end of the thing to simply say the continued operation of STC, I don't think it's fair to the private operators.

And frankly the continued operation of STC may be that it recommends soon to the government that it does . . . it's not interested in the following routes and has the following businesses who are prepared to tender for the service and replace it.

And then where does that leave the government with this motion? Does it leave it unable to act on that recommendation? Because in the last response that the member gave she said, well, she could never see a day where it only ran the major routes and contracted everything out. And yet that's the logical progression.

So who's micro-managing now? Where's . . . where do you draw the line between how much contracting out you can do and how much you have to do as a government Crown? That is micro-managing, and it's . . . frankly I don't understand how the . . . how members can jump around from point to point.

**The Chair:** — Okay. I would point out to the committee members that the opinion of this committee as represented by the motions that it passes and so on, is precisely that. This committee . . . pardon me. This committee operates in an advisory function — albeit a very esteemed and weighty advisory function — but an advisory function nonetheless.

This morning we heard in great detail the chain of command, or the decision-making processes that the corporation adheres to, and the ultimate responsibility of cabinets for the policy decisions relating to the corporation. So I would just urge the members to keep that in mind.

That said, I've got Mr. Yates for a second time on the speakers list and Ms. Atkinson for a second time. We are moving very quickly towards lunch, so we'll go to Mr. Yates.

**Mr. Yates:** — Thank you, Mr. Chair. I want to point out a number of reasons why the amendment made by Ms. Atkinson I think is very important.

STC performs a very important public policy endeavour for the people of Saskatchewan. And that's not just the opinion of the members of the government. It is also the opinion of many, many people in rural Saskatchewan. And I'd like to read into the record comments made by Sinclair Harrison as recorded in *The Leader-Post* of Regina, Friday, July 24, 1998. And if you'll just indulge me it says:

The Saskatchewan Party is on the wrong side of the road on

this one, says Saskatchewan Association of Rural Municipalities (SARM) president, Sinclair Harrison.

Keeping STC afloat is a matter of providing equal access to rural citizens who need to visit cities for services like medical specialists or diagnostic equipment in bigger hospitals, he said.

Rural Municipalities don't expect a hospital in every centre, but residents want to be able to get to a hospital by bus if they have no other means of transportation.

It goes on to say:

Traditionally, cities subsidize public transportation from the public purse. We expect STC to operate prudently, but to say that private operators could replace STC . . . that's not the case.

Now we are not only reflecting . . . (inaudible) . . . and it's very important that the government . . .

**The Chair:** — Perhaps the member could table that with the committee.

**Mr. Yates:** — Sure. And it's very important that the government reflect the views and needs of the people of Saskatchewan and that's what we're trying to do in supporting the continued operation of the Saskatchewan Transportation Company.

**The Chair:** — Okay. We've reached 12 o'clock which is the agreed upon hour of recess for lunch. Are members feeling like they need to come back after lunch or are we in a place where we could perhaps put the question and vote, and then perhaps . . .

**Mr. Wall:** — I don't think we want to leave Mr. Yates' comments out there without . . .

**The Chair:** — No, and again I'm . . .

**Mr. Wall:** — Yes, I understand.

**The Chair:** — . . . just seeking the opinion of the committee. Okay, well we'll extend to 12:10 and then we'll revisit this matter. So, Mr. Yates, you've concluded your comments. I've got Mr. Wall, then Ms. Atkinson.

**Mr. Wall:** — You know I certainly have a lot of respect for the gentleman that Mr. Yates was quoting and we also heard other people wade in with similar comments when this debate was framed — I can think of some labour leaders. And I think it does an injustice to those people that currently provide courier service and passenger service in my . . . In the southwest of Saskatchewan, for example, there's a small business that has been operating for some significant period of time and it's a private operator — notwithstanding arrangements it has had or may not have with STC — it is a private operator and it provides a passenger service and it provides a freight service.

And I think part of the problem is, is that for our province in many respects is that regardless of who the government is, and

Ms. Atkinson is right, we've had all three different parties — four if the CCF (Co-operative Commonwealth Federation) and the NDP (New Democratic Party) are different parties — three for certain who have been in power for these last six decades. And I'm not sure any of them, I'm not sure any of them have ever given much of a chance to the private sector, or even perhaps the non-profit community-based sector in terms of providing service — all of them. I'm not just critical of the party currently in government.

And I just think it's unfair for anybody, including Mr. Harrison or us if we were doing it, to just simply write off the potential for somebody to do the service as well as the Crown or the government. That may be exactly the case on certainly many routes. I mean I understand the testimony that we've had here about some routes that even STC has walked away from or changed substantially, and service has been cut because it just is too expensive.

So there's even that recognition on the part of the Crown corporation. But I do believe that to just leave those remarks out there without understanding that there are people doing it right now, small-business men and women doing this service right now and doing it very well, isn't a service to them.

And our position speaks to the provision of the service; it speaks to the provision of the service. Whether it is the government, the non-profit sector, or the for-profit sector that provides that service, we don't much care. And that's why we believe ours is a much more non-ideological position and why we wouldn't want to tie the service to any particular provider that we believe the amendment does — the amendment to the amendment.

**The Chair:** — Thank you, Mr. Wall. Ms. Atkinson, and then we'll entertain the question, I do believe.

**Ms. Atkinson:** — I don't want to belabour this point. But I think it's important to acknowledge that there have been instances where the private sector has not been able to provide a profit to its shareholders and that they have approached STC in the past for public subsidization or in fact to take over a route. So that has happened in the past.

I think what we need to acknowledge is that people, particularly in rural Saskatchewan, want bus service. And we heard from the people of Mistatim this morning when they called STC when STC was looking at discontinuing the stop in Mistatim. There was a group of people that wanted a bus service. This happens in various parts of Saskatchewan and more than we necessarily know about. People want to have access to that service.

The question is, can private operators return a profit to their shareholders? And I think the answer is that on many occasions it's very difficult. And we made a public policy decision after the Crown review, I think in 1996, that we would provide a subsidy — if you want to call it that — or a grant to STC in order that we could continue to provide transportation services to rural Saskatchewan in particular. And I think we also said at the time — and I'm going from memory — that the freight operation needed to be able to be profitable. Or it needed . . . we weren't going to subsidize that. And we heard this morning that

the freight operation is not subsidized, but the public transportation portion of the company is subsidized. And we made a public policy decision.

So my point is that there is this belief — and I seem to hear it from the opposition — that turn it over to the private sector and they'll run it and they'll make a profit. But we know that that's not necessarily the case.

And so this is not about, from my point of view, ideology. It is about providing a public service. We know that transportation in our larger centres is subsidized and we believe that rural Saskatchewan needs to be treated in a similar fashion. And that's why the public policy decision was taken.

**The Chair:** — We're going to put the question at this time. Those in favour of the motion . . . the amended . . . Okay, just to restate. The motion be amended by . . . Pardon me.

The Standing Committee on Crown Corporations recognizes the importance of the public transportation service and parcel delivery service to the province of Saskatchewan currently offered by Saskatchewan Transportation Company and various private operators in Saskatchewan, and that the Standing Committee on Crown Corporations supports the continued operation of the Saskatchewan Transportation Company.

That is the motion before you. Shall the amendment to the amendment carry? Those in favour? Those opposed? Mr. Prebble, you're not here in any kind of voting capacity, so please refrain.

So those in favour of the amendment to the amendment? Those opposed? The amendment to the amendment is carried.

Next question for the members of the committee. Shall the motion as amended . . . (inaudible interjection) . . . Shall the amendment as amended be carried? Those in favour? Those opposed?

Next up, shall the motion as amended be carried? In favour? Opposed?

The motion as amended is carried.

And with that I would once again thank the officials for their indulgence. And this committee now stands adjourned.

The committee adjourned at 12:06.