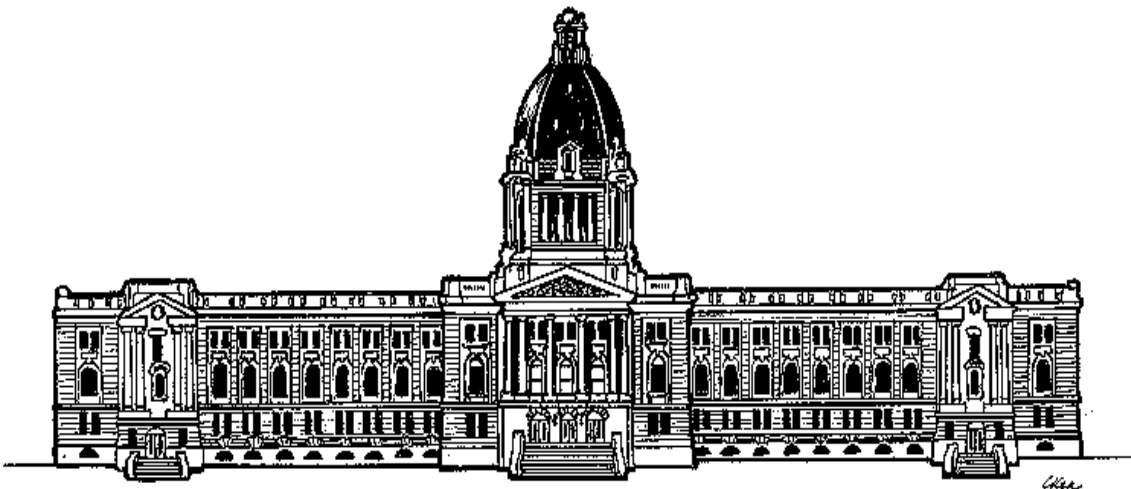




# **STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES**

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**Legislative Assembly of Saskatchewan**

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**STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES  
2006**

Ms. Sandra Morin, Chair  
Regina Walsh Acres

Mr. Dan D'Autremont, Deputy Chair  
Cannington

Hon. Graham Addley  
Saskatoon Sutherland

Mr. Dustin Duncan  
Weyburn-Big Muddy

Ms. Donna Harpauer  
Humboldt

Hon. Warren McCall  
Regina Elphinstone-Centre

Hon. Mark Wartman  
Regina Qu'Appelle Valley

[The committee met at 15:00.]

**The Chair:** — Good afternoon and welcome to this session of the Crown and Central Agencies Committee. With us today we have Joanne Crofford sitting in for Minister Graham Addley. We also have Minister McCall and Minister Wartman and as well as Mr. D'Autremont, Mr. Duncan — I apologize — and Ms. Harpauer.

And we have with us in front of us today the SaskTel. And the Minister for SaskTel is Debra Higgins, and perhaps you'd like to introduce your officials today.

**Hon. Ms. Higgins:** — Thank you very much, Madam Chair. With me today is Robert Watson, the president and chief executive officer; Mike Anderson, chief financial officer; John Meldrum, vice-president, corporate counsel and regulatory affairs, and chief privacy officer; Diana Milenkovic, senior vice-president, marketing and service development; Kym Wittal, chief technology officer; Dale Baron, controller; Darcee MacFarlane, general manager of corporate affairs; Bev Toderian, manager of finance. Those are the officials that are with me today, and we will look forward to answering questions from the committee.

**The Chair:** — Thank you very much, Minister Higgins. And with us today we also have our Provincial Auditor as well as some other guests, so perhaps you could introduce these officials as well.

**Mr. Wendel:** — Thank you, Madam Chair. With me today I have from my office Ed Montgomery in the front row, Mark Anderson in the front row. Behind me, Kelly Deis, and next to him, Andrew Martens. And from KPMG, Mark Lang.

### SaskTel

**The Chair:** — Thank you very much for being here today. Today we're doing the consideration of the Provincial Auditor's report for Saskatchewan Telecommunications Holding Corporation, chapter 5, 2004 report volume 1, chapter 13, 2005 report volume 1, chapter 10, 2006 report volume 1. We are also doing the consideration of 2004-2005 Saskatchewan Telecommunications Holding Corporation annual reports and related documents.

We are going to start off with the considerations of the Provincial Auditor's report. Are there any questions? Ms. Harpauer.

**Ms. Harpauer:** — Thank you, Madam Chair, and I want to welcome the minister and her officials as well as the Provincial Auditor and his officials here today.

The questions that I'll be addressing will be in the 2005 auditor's report, chapter 13. And in particular I'm looking at page no. 196. And the Provincial Auditor points out that:

The terms of reference for the boards of its companies do not deal extensively with the relationship between the companies and SaskTel.

The question would be that if the terms of reference are not extensive, then how does SaskTel communicate its goals and objectives to the subsidiary when we don't have extensive terms of reference?

**Mr. Meldrum:** — As a result of the Provincial Auditor's findings in 2004, we put in place extensive terms of reference for each of the subsidiary reports in question.

**Ms. Harpauer:** — So that identified problem has been corrected.

**Mr. Meldrum:** — Right.

**Ms. Harpauer:** — Okay. Another issue that the Provincial Auditor has identified is that there should be shareholder agreements. So the question would be, how many of SaskTel's investments are not subject to shareholder agreements?

**Mr. Meldrum:** — There have been shareholder agreements actually in place for each and every situation where there was another shareholder in the entity.

I think the finding of the Provincial Auditor was to the effect that they would like to have seen a checklist for the purposes of future reference. I think there's some discussion in the Provincial Auditor's report that to rely upon simply the experience of individual lawyers perhaps it could be a bit of a challenge. And instead they'd like to know that in addition to relying upon the experience of lawyers that you'd actually have a checklist and some guidelines in terms of what to put into a unanimous shareholders agreement.

**Ms. Harpauer:** — So you're suggesting that there are and always have been shareholder agreements in place?

**Mr. Meldrum:** — Yes, extensive shareholder agreements.

**Ms. Harpauer:** — And do they then reflect, sort of, the policy of the direction of SaskTel?

**Mr. Meldrum:** — Yes. I don't believe that the Provincial Auditor found any concerns with the shareholder agreements themselves, rather just with the idea that you should have sort of a master document to which one would refer when negotiating and drafting shareholders agreements.

**Ms. Harpauer:** — Could I direct that same question, maybe for clarification from the Provincial Auditor since he identified this as being a concern. What exactly was the concern with the shareholder agreements?

**Mr. Wendel:** — Thank you, Madam Chair. I'll have Mark Anderson respond to that.

**Mr. Anderson:** — Thank you. Yes, it was in the case of non-wholly-owned corporations, in which case the constitutional documents of the corporation were used to effect control. In that case some of the tools used include shareholder agreements. So there were always shareholder agreements in place. The important thing that had to be there that wasn't, in the case of a couple, was that the shareholder agreement should

make sure that the subsidiaries were subject to the same rules as SaskTel. And in the case of a couple of the subsidiaries they were not.

**Ms. Harpauer:** — The subsidiaries in question, were they more than 50 per cent owned by SaskTel or less?

**Mr. Anderson:** — The ownership levels changed, I believe, although I don't have those numbers with me. They changed over a period of years. I can't recall what the exact percentage was.

**Ms. Harpauer:** — Can we identify the subsidiaries that perhaps there were some concerns about?

**Mr. Anderson:** — Yes. Just a moment. Just for reference I would like to refer to our 2004 report volume 1, page 84 and . . . page 84 moving on to page 85. And it refers to, at the bottom of page 84, "SaskTel must ensure that the agreements and articles of incorporation are sufficiently robust to limit company activities to what SaskTel can do under law."

And it mentions that, "Due to confidentiality clauses in the shareholder agreements, two companies do not currently give their audited financial . . . [statements] to the Legislative Assembly even though SaskTel now owns over 90 per cent of each."

I don't know which two those are. But we can obtain that information for you.

**Ms. Harpauer:** — Can the SaskTel officials identify which two those would be?

**Mr. Watson:** — It's Robert Watson. We know that one of them was Hospitality Net. I'm not sure of the other one . . . [inaudible interjection] . . . Business Watch International.

**Ms. Harpauer:** — So now I would go back to, has this been rectified somewhat? I mean Hospitality Net has been profitable. I think it's been a good subsidiary for SaskTel. Business Watch has had some questions around it and some concerns with Business Watch so maybe that is, determining if the shareholder agreement doesn't reflect the governance of SaskTel, maybe that is a concern. Have you been able to rectify that in any manner?

**Mr. Meldrum:** — In terms of the specific issues that Mr. Anderson referred to — Mark Anderson — all, for the last two years, all arrangements with all third party investors have required that the financial statements will be public and published in the legislature. So we've got at it that way.

In terms of the Hospitality Network, we did eventually buy out the minority shareholder. So that solved that issue. And in terms of Business Watch International, we sold our interest to the minority shareholder. So I guess that solved that issue as well. So the subsidiaries in question, one's filing today and the other is no longer owned by SaskTel.

**Ms. Harpauer:** — So going forward, if you were to invest or partner with another company going forward, this would be something that you would be conscientious of, of having an

agreement that would comply with this recommendation?

**Mr. Meldrum:** — Sure. Yes.

**The Chair:** — Mr. D'Autremont.

**Mr. D'Autremont:** — Thank you, Madam Chairman. To the Provincial Auditor, your statement reads that the ". . . articles of incorporation are sufficiently robust to limit company activities to what SaskTel can do under law." Was there some concern that these two entities — one or either or both Hospitality Network and the Business Watch International — were doing something that SaskTel could not do, or could not do under the law?

**Mr. Anderson:** — No. Our concern was that they be held to the same constraints and rules that SaskTel as a governed Crown corporation would be held to.

**Mr. D'Autremont:** — So from your audit, you did not find any problems that they were doing something, those two entities were doing something that SaskTel could not have legally done?

**Mr. Anderson:** — No, just the issue that we mentioned in the report in terms of reporting.

**Mr. D'Autremont:** — What kind of information would those two entities not have been providing that SaskTel should have been providing or that SaskTel would have been required to provide to the legislature?

**Mr. Anderson:** — Again referring to page 84, it was due at the time to confidentiality clauses in the unanimous shareholder agreements that constrained the audited financial statements from being reported to the Legislative Assembly.

**Mr. D'Autremont:** — So it was only the audited financial statements that were not being made available to the legislature, which SaskTel does provide to us.

**Mr. Anderson:** — Correct.

**Mr. D'Autremont:** — Okay. Thank you. Donna?

**The Chair:** — Ms. Harpauer?

**Ms. Harpauer:** — All right. We can vote them off.

**The Chair:** — It appears that we are finished with the questions, so we'll go to a vote of chapter 5, 2004 report volume 1.

I would ask that someone move a motion to concur with the recommendation. Thank you, Minister McCall. Seconded? Ms. Harpauer.

Okay. So we are dealing with recommendation from the 2004 report volume 1, and the recommendation reads as such:

To improve its processes to communicate governance expectations to companies it owns and controls, we recommend that [the] Saskatchewan Telecommunications

Holding Corporation:

ensure that the board of each company has current written terms of reference;

highlight, for example in corporate policy, that the SaskTel Board has delegated to the President of SaskTel its authority to name the board members of SaskTel's companies; and

ensure that companies it controls, or plans to control, are subject to shareholder agreements and articles of incorporation that reflect the governance expectations placed on SaskTel.

Is that in agreement? Yes. Any opposed? No. Thank you.

Recommendation no. 2:

To improve how it assesses the effectiveness of the boards of companies it owns and controls, we recommend that Saskatchewan Telecommunications Holding Corporation:

document the governance risks and identify levels of governance risk that are acceptable for each company;

require each company board to evaluate its senior management at least annually; and

require each company to provide the SaskTel Board with its evaluation of its board.

All in concurrence? Opposed? Carried. Thank you very much.

Moving on to chapter 13, 2005 report volume 1. Any questions? Okay. Seeing none, we'll move on with the recommendations. Oh. Yes.

**Mr. Wendel:** — Recommendations in the 2005 report have been dealt with when you dealt with the 2004 report.

**The Chair:** — Okay. Thank you very much for that clarification. I appreciate that.

All right. So we'll be voting on the report, chapter 13, 2005 report volume 1. All of those in concurrence with voting off the report? Agreed? Opposed? Thank you. Carried.

Moving on to chapter 10 of the 2006 report volume 1. Any questions? Seeing none . . . The recommendation reads as such:

We recommend Navigata Communications Partnership follow its established procedures to check the completeness of revenue and the accuracy of its financial records.

All those in favour? All those opposed? Carried. Thank you very much.

Oh, my apologies. There's a second recommendation that I missed. Second recommendation is:

We recommend Navigata Communications Partnership

establish computer security policies and procedures.

All those in favour? Opposed? Carried. Thank you.

Recommendation no. 3:

We recommend Navigata Communications Partnership ensure the Pension Committee monitors the Navigata Communications Inc. Pension Plan in accordance with the Plan Text.

All those in agreement with the . . . concurrence with the recommendation? Any opposed? Carried. Thank you.

Recommendation no. 4:

We recommend Navigata Communications Partnership prepare and implement policies and procedures to monitor the administrative activities of the Navigata Communications Inc. Pension Plan.

All those in concurrence with the recommendation? Opposed? Carried. Thank you.

That concludes the auditor's reports. Thank you very much for being present here before the committee and answering any of the questions that have risen today. And I believe that we can now say that you are able to adjourn your portion of the proceedings today. So thank you very much. Thank you.

So moving on to the consideration of the 2004-2005 Saskatchewan Telecommunications Holding Corporation annual reports and related documents. Do we have any questions? Ms. Harpauer.

**Ms. Harpauer:** — Thank you. In the 2004 annual report — I'm going to refer to it although it's updated of course in the 2005 — but you sort of introduce the strategy of operational efficiencies to try to address the difficulty of the traditional . . . What's considered traditional phone services is becoming less and less, and technology is progressing extremely rapidly.

So you planned a strategy, obviously, to try to deal with this. And you had forecast that you need to eliminate \$87 million of annual costs by the end of 2007. So are you on track with that?

**Mr. Watson:** — Thank you very much for the question. We had looked at the long-term strategy for SaskTel in that the legacy services — as you are aware, the traditional wire line services which we are regulated under by federal CRTC [Canadian Radio-television and Telecommunications Commission] — are going to come under competitive pressures. And as you are aware, in the last couple weeks that has started in Saskatoon where Shaw has announced their competitive thing.

We have certain costs that we have to maintain in that part of the business, and we call it the wire line part of the business, the traditional. And those costs are costs where maintaining services across the whole province, particularly across the whole province where we charge the same price for the service, whereas our competitors coming in will only come in quite frankly and come into the main centres and compete in the main

centres. So we do have a particular competitive disadvantage, quite frankly, of doing that.

What we decided to do and to take a long-term strategic view is to . . . We have to continually look at not only making sure we're more efficient but cutting costs in the whole organization. And to answer your question specifically, we are on track. We monitor that every year, report to the board, and in fact we have had the internal audit come in and audit our results up until the end of '05. And we are on track. And we . . . [inaudible] . . . we are on track in '06 also.

**Ms. Harpauer:** — So one of the mechanisms that you have implemented to try and eliminate some of the costs is the introduction of the early retirement program. And so what is your savings to date on that program?

**Mr. Watson:** — I'll let Mike find the answer to that one while I explain what the program is. One of the aspects that we look at for cost reduction is, as you've said, the early retirement program. That essentially allows employees who have hit certain marks within the company — in other words, 30 years service within the company — to in fact retire early.

What that does is that affords the company two things. One part is a cost savings going forward of their salaries because we only do a 20 per cent backfill. We've limited the backfill to 20 per cent.

The second part that's good for the company is that it actually allows us first of all, to employees who have done a good service for the company, to retire early and go off and do second careers or actually retire. It also allows us to employ younger members to come into the company and . . . with new skills and new vigour. So in fact there's two reasons we did that.

I know we are coming to the end of phase 2, and then the consideration is whether we do phase 3 or not. We look at each phase to find out if the economics are what we're looking for. And the second part is whether the company can handle that many people coming out of the business at a single time. We do have a belief we should, because we have to believe that the company has to get more efficient in the future in order to continually give the returns to the shareholder. But we evaluate each one at the time.

Mike, do you have an answer?

**Mr. Anderson:** — I don't have the financial number. I think Dale's working on it. We can give you some indication of how we're doing here.

In 2007 there were . . . is a reduction of 173. Sorry, 2005. There was a reduction of 173 employees. And 2004 was 185 employees.

**Ms. Harpauer:** — That would be additional employees. I would add them together if I wanted a total, right?

**Mr. Anderson:** — Yes.

**Ms. Harpauer:** — Yes, okay. Also comparing the 2004 annual

report and the 2005, I noticed that in 2004 the debt ratio was 25.7 per cent; in 2005 that's risen to 28.3 per cent. Why the increase, and is that a concern? Well I mean it's going to be somewhat of a concern. But is it an alarming concern?

**Mr. Watson:** — Again we'll do this in two phases for you. I'll give you a general answer and Mike can give you the specifics. First of all, the debt ratio at 28 per cent . . . Industry standard, the industry standard is up around 45 per cent now, or above. So SaskTel as a corporation has a significant advantage on our debt ratio right now. We are, we do have lots of room.

We are investing in the network, as you're aware, right now. And the debt ratios, other corporations, comparable corporations, Manitoba Tel and other ones, are up around the 45 or higher and they're still quite sustainable. So we have lots of room to manoeuvre, to move on that debt ratio.

**Ms. Harpauer:** — So the 3 per cent increase, you're telling me, is not a concern at this point. It's not a trend that we're looking at. It's just happened this year.

**Mr. Anderson:** — We are expecting the debt ratio to continue to increase over the next few years as we invest more in the network. So it will be going up closer towards industry average.

**Ms. Harpauer:** — Do you have then a ceiling where you would say this is no longer tolerable, that we need to address . . .

**Mr. Watson:** — Yes. It's Robert again. We have a ceiling. In fact, the ceiling is dictated by CIC [Crown Investments Corporation of Saskatchewan] that we have to keep the debt ratios down to 45 per cent. If we ever do go above 45 per cent, we have to report on that and the reasons to be, to go above 45 per cent. But our mandate is to keep it below 45 per cent.

**Ms. Harpauer:** — I have one just small curiosity question before one of my colleagues has questions. But in reading, and I can't find it right now, but in reading through some of the SaskTel documents, I came across Hollywood At Home Inc. What is that?

**Mr. Watson:** — Before my time.

**Ms. Harpauer:** — What was that?

**Mr. Meldrum:** — It is an inoperative subsidiary, which we've actually kept simply because of the name. The name was registerable and may be a name some point at which we utilize in the future.

What Hollywood At Home was, we got involved with the principal of Acme Video, Cyril Steinberg, and had a trial that was offering . . . This would have been, oh 15 years ago?

**A Member:** — Yes. Early '90s.

**Mr. Meldrum:** — Early 1990s, where we offered an experimental video-on-demand service — I think it was in south Regina in a very small area — as we attempted to figure out the broadcast business and the video-on-demand business. And it was put to bed many years ago, but we've kept the name

alive because it is something that might be useful someday.

**Ms. Harpauer:** — Catchy name. Catchy name.

**Mr. Meldrum:** — Caught your eye.

**Ms. Harpauer:** — Okay then.

**The Chair:** — Ms. Draude.

**Ms. Draude:** — Madam Minister, and to your officials, thank you for the opportunity to ask questions. I had the chance to speak to the minister this week about cellular service in my area and I think if anybody. . . I come from the Kelvington-Wadena area.

And I think on the news this week you also heard about a couple of hunters who were stranded in my area and hadn't been able to get cellular service, and they were actually stuck for I think about eight hours. One of the men had diabetes, and he was just a few miles off No. 5 Highway. Also there was another hunter, again this week, who was about 7 miles on the other side of No. 5 Highway, and he also didn't have cellular service.

I'm really worried about the area. I know myself when I'm driving home from Fort Qu'Appelle to Kelvington I can bank on about an hour and 10 minutes of not having cell service. I choose my route to Regina. And I know many of my constituents choose their routes about the roads they'll take, depending on whether they have cell service or not. I'm worried about the school buses, and I'm worried about people like the hunters who maybe don't even know the area and have no idea of whether there's coverage or not.

Can you tell me when . . . I'll start with the area that I gave the minister the heads-up on earlier this week. It was around the Archerwill area. And there is a cell tower there, but I believe the minister had indicated that it was set up so that it really only worked north-south, not east-west. Can you tell me when that area will receive coverage? And then the area in the Wadena area that doesn't have coverage, that there's no . . .

**Mr. Watson:** — Thanks for the question. And I'll start by a general comment. First of all, we at SaskTel we do benchmark ourselves and all aspects of this company against our peers in the industry, being Manitoba Tel, Bell, TELUS, Rogers, Shaw, and even the US [United States] companies.

We in Saskatchewan, as you are aware, our cellular coverage is over 90 per cent of the population can get cell service, which is some of the best in North America if not the world. Manitoba Tel does claim the same amount of coverage; however they do have most of their population in one centre. So our extensive network is fine.

It will continually be a build-out of the network. It will continually be adding cell towers into the network to fill in spaces. It would be very problematic to try and say that we're going to get everywhere because cell service is cell service. It gets directional. However we are going to continue to do that. I can tell you that every cell tower that we put up now does not show a positive business model. We are going to continue to

put them up; however they do not show a positive business model. We are putting them up to fill in grey areas, to fill in for travel. And we will continue to do that but that's the situation as it is today.

**Ms. Milenkovic:** — My name is Diana Milenkovic. I don't have the specifics of your question with respect to Archerwill. But just to supplement what Mr. Watson has indicated, our strategy right now is to complete the \$28 million build that we announced two years ago. And we have some sites remaining. I think we have about . . . We did 18 sites in phase 1, we've got 31 sites completed in phase 2, and hopefully nine will be completed this year. So 28 sites remaining that . . . or 15 to 17 that we will carry over into 2007.

In concert with that, because the digital footprint is slightly smaller than the analogue footprint, we have been filling in spaces where there were . . . some of the coverage has shrunk just because the differences in technology. So we're trying to do that as well. And then the third phase of that or the third element of that is an absolutely new technology refresh. And so it's the next iteration of digital technology.

So that's the strategy. It's to keep investing in the new to keep current so that we can bring higher speeds to invest in the coverage, both where we need to do improvements where there is no coverage and to, actually to do improvements where there is currently coverage but it is marginal and also to provide coverage where there is no cell site today.

In the past, our strategy was more around to put coverage where people lived. Then we expanded it to where people lived and worked and that included travel. And now it's live, work, and play, and it's resorts as well. The difficulty becomes just trying to make a case for population distribution.

So the intent is to cover and to improve the major corridors to give recreational and now retirement home areas cellular coverage as well. It still is not a ubiquitous service. And yes, there are deficiencies in the service but some of that is due to terrain, some of that is due to tree coverage or interference. So along with the sort of par-for-the-course avenues of improvement in coverage we are also looking at newer technologies all the time so that the service can be improved. So it's not just a singular or linear approach to cell service, but we're trying to include all those components.

The other challenge that we do have is just getting this done in a timely fashion because there are many challenges with getting the work done because we've got major programs going in both infrastructure in wireless Internet and cellular. So they're big infrastructure programs.

**Ms. Draude:** — Thank you very much. I understand both of you indicated that 90 per cent of the population is covered by cellular service, but we all know it's not 90 per cent of the area of the province. And that makes a huge difference for . . . If it's the 10 per cent of us that don't live in an area where there's cell coverage still are trying to live out there. And we still have kids that are going to school, and we still have chances of emergencies.

We still have things like the fire in Archerwill. I guess it was

about four years ago now where, even fighting a major fire in the province, they didn't have cell service to be able to communicate from one side of the fire range to the other side. It didn't work. And that was within 10 miles of each other. That was one of the issues that allowed the fire to move as quickly as it did is because the people who were fighting the fire themselves couldn't communicate.

When the infrastructure . . . Wireless or cell phones is part of the infrastructure building this province. And I know that regardless of which side of the House we live on, we know that if we're going to build a province, it has to be the whole province, not just the cities, that what we need for economic development in the North and in rural areas where we talk about biofuels, the opportunities we have in rural Saskatchewan, that means we're going to have to be part of the economy.

A positive business model, we're talking about a chicken and an egg. In some areas, some ways — and I'm going to talk about places like Doepker Industries in Annaheim— it's difficult to carry on a business if you don't have what people consider a norm when it comes to business in the city. You should be able to take for granted that you can call somebody. And I'm going to comment on the fact that the wireless issue, we have businesses that we're still trying to use dial-up in rural Saskatchewan. It doesn't work.

The frustration that's coming because people are trying so hard to live in the real economy, the real world when they're still using antiquated services in many areas or no services when it comes to cell, is frustration beyond belief. But that is even for people who are going to work every day.

The other area is people like children on a school bus, ambulances, and seniors who won't have coverage and we're worried about their health.

So I know that on one hand it's wonderful to say that 90 per cent of the population has cell coverage — but not 90 per cent of the province. And I think that there are a lot of people who want to feel pretty comfortable sitting in downtown Regina or downtown Saskatoon thinking, you know, we've got it going for us. You don't have to go too far outside the area and you don't have it and it is making a huge difference to the growth of our province.

I understand from what the officials are saying is that you're working on it; it's a three-pronged issue. I do understand it. But the importance of it cannot be overstated, not . . . on every angle of our lives — on health issues, on business issues, and just plain, just plain living.

Tourism is important. We've got a number of regional parks who are forced to be able to, through the fire regulations, say that they've got to be able to contact the fire departments. They can't have it, they can't do it because there's no pay phone and there's no cell coverage. The issues are looming there.

We even have communities that feel like they're one against the other because some of them have coverage — a pay phone or something — in their area and the other one doesn't. And I know as individual MLAs, we write to different ministers and talk about the concerns. And it's real people we're talking

about.

So I'm just wanting to put on record that we are concerned about it. It's huge. It's having an impact. And while I want everybody in Regina and Saskatoon and the major centres to have the newest technology, I want some people in my area to have even the old technology so that they could feel like they're a part of the world, that they need to be when it comes to building this province. Thank you.

**Hon. Ms. Higgins:** — Madam Chair, I'd just want to make a couple of comments and I understand the frustration of the member in many cases. But here we sit in a committee with the Provincial Auditor, which brings into play, in absolutely every area that we deal with, accountability and the issues we deal with and expects and puts in place stringent controls. We also have a Crown corporation that as a Crown corporation has a social policy aspect to it which we all depend on here in Saskatchewan. So we try and do . . . Well, and a Crown corporation that has many requirements and expectations that are over and above what a private business is required to perform well under.

The reporting that's done is huge. The accountability to the people of Saskatchewan is huge. And that's fine. That's the way it's developed in the province of Saskatchewan and we expect it. So while I understand, I mean, you can look at the coverage maps — whether it's for digital, whether it's for the CommunityNet, whether it's for wireless — Saskatchewan has the best coverage. It does have the best coverage of anywhere in Canada. . . . [inaudible interjection] . . . It would. Now we could disagree on that but you also, as was previously explained that . . . I mean you also have to look at topography and what other physical boundaries are in place. And there also has to be a business case.

We expect SaskTel to operate in a very competitive market that is open to competition on every aspect of the business that SaskTel is involved in. And we expect them to be competitive and we demand competitive rates. Our customers and our citizens in Saskatchewan demand competitive rates. So it's a balance; it's a juggling act of all of these factors and many more when you get on to the technical side of it. And we have gone to great lengths to provide good service to the people of Saskatchewan.

Is there gaps in service? Yes, there is gaps in service. But there also has to be, I mean, there has to be the business case for it. I mean, quite bluntly, somebody has to pay for the service. And while we give competitive rates and we compete with other telecommunication companies, we provide the service and we will expand to areas that there may not be a hard and fast business case for to provide the service that's needed — whether to a business area or whether it's to a community that is there. But there are gaps. But I would still say that we have the best coverage for these kind of services in Canada.

**Ms. Draude:** — Thank you, Madam Minister. And I know that you have to take comfort in that, but I'm saying that not everybody has it. And you did indicate that there was a social aspect to the Crown corporations. And the reason why they're there is — I've heard it many times in this Assembly — is to make sure that people everywhere are treated the same.



The business case of a person sitting in Podunk, Saskatchewan and still has to fight with their banker to get their loan and pay their property tax and all the rest of it . . . They have to fight with SaskTel or Crown corporations in order to get the same infrastructure that you get in a downtown area. So to me I would hope that — and we're not going to agree on everything — but I would hope that the fact that you said there is a social aspect to it means that there is a requirement to ensure there is a level for everyone. We have to go with the greatest technology and improve where we can, but at the same time there has to be the same desire to ensure that people have the basic.

And by basic cellular service and what . . . And high-speed Internet is basic. It's basic to surviving in the world today. If I want my kids to be able to go to work anywhere in the world, they have to be able to get on high-speed Internet, whether they're sitting in Okla, Saskatchewan or downtown Regina. That is the social part of it. That's what supposedly we're priding ourselves on in being social democrats.

So I am going to put forward a strong . . . I'm trying to put forward a very strong case that we have the same rights and that we have to be seen as having . . . Okla, Saskatchewan does not have cell service. And I heard you say that tourism is important. So when somebody from living in the city that has cell service any time they turn around and has high-speed Internet and four different computers in their house, goes out to their cabin and expects the same thing . . . Sure. Why can't they expect it? But somebody living in Okla, Saskatchewan doesn't have it in their home. And they still have their kids to educate, and they still have to be able to call their 911. Or they still have to be able to live.

So there has to be a balance where we can't just . . . where we're looking at the whole province. We can take some solace from saying we've got 90 per cent of the population covered. Ten per cent aren't. Thank you.

**Hon. Ms. Higgins:** — Well I would just say to the member that the clearest, I think, most visible indication you will get of the social policy that the Crown corporation SaskTel has to the province and the people of Saskatchewan is to look at coverage maps from . . . No. Okay. No, just hear me out here.

Look at a Rogers map. Look at a TELUS map. Look at a Shaw map. Do you know what? They don't even come close to what SaskTel coverage offers in the province of Saskatchewan. They'll go to the big areas. Yes, they will. They'll go to the Saskatoons, and they'll go to the Regina and may come to Moose Jaw and may go to P.A. [Prince Albert]. But SaskTel is far and beyond the big centres.

I mean where the issue is, is what's basic services and what's the basic platform that everyone should be at. I mean, that's what we're looking at here, and that's what we're talking about.

**Ms. Draude:** — Madam Minister, but the point that I think that you're missing is that whether it's TELUS or whatever one — Rogers — they're not the Crown corporation in Saskatchewan. They're not the ones that are supposedly providing service to everybody because we're an owner. We're an owner of a Crown corporation. We don't own TELUS. We own SaskPower, SaskTel, SaskEnergy. So we have a right to be able

to expect it in that area because we're owners in that company. I don't care what TELUS has. I don't care what Shaw has. I don't have that coverage. That's not what I'm paying as a taxpayer.

And further, you can look at your map and say that SaskTel is covering this area, but you can take your cellphone out to some of those areas where you say there's coverage. There is none. There is none. It may say there is, but living out there, we know there isn't. And if people want to follow us around for a few days, you'll be able to erase some of the colour out of your maps because there's no coverage there.

So that's what I am asking, that you'll look at the big picture, that all of Saskatchewan citizens have a right to at least some kind of coverage. Thank you, Madam Minister.

**The Chair:** — Are there any further questions? Ms. Harpauer.

**Ms. Harpauer:** — Thank you. I just want to comment on some of the things that the minister has said, and agree with my colleague. The maps are useless. If you're actually out there, those maps are useless. They do not reflect the coverage that we're getting.

The other comment I wanted to make was, although you may say it again and you said at the last committee meeting that we have the best coverage in North America, I did some phoning around to trucking companies and they just laughed. They said it absolutely isn't so. The minister insinuated that I don't travel enough to be aware of it. So I took her word that . . . You know, the minister said that if I travelled more, perhaps I would know in other provinces and in the United States I would be without coverage far more often. So I thought truckers travel a lot in both stateside and interprovincially, and they consistently said no, we are lacking.

And I know some of the problem in some of the routes I take definitely is that the footprint when you go from the analogue to the digital, and I don't think you were quite prepared for that. My understanding from conversations with some officials was that you thought that it would overlap, and it didn't. And I do notice that on some of my routes.

But I got a phone call this morning from a truck driver who had come up from the States. He had travelled from Swift Current to Moose Jaw and said he had virtually no coverage the entire way. And he was livid. This is one of our main highways. This was one of our main highways. What was happening? Why are we not having better coverage? And I think it should be looked into.

To keep on consistently saying we have the best doesn't make it so. It doesn't, when the people that are actually out there are saying, no it's not true. So we can sit here and say we have the best, but if no one believes it, what are we accomplishing?

So I want . . . If I could go on to a totally different topic which is a constituency situation that I've run into and again has to do with coverage but for high-speed. And I know the community of Sunset Estates outside of Saskatoon has contacted SaskTel and I believe the minister's office as well. And they sent a petition — but it's not a petition that's in the format that we can read it in the House — with a number of signatures asking for

high-speed Internet. I'm not sure because I know the minister doesn't live around Saskatoon but what Sunset Estates is is a small . . . well not that small. There's about 190 mobile homes. It's a mobile home park very close to the east side of Saskatoon.

And I did some phoning and I talked to some officials in the department and I was told that they do have this service and it's from a tower at Saskatoon and that tower has a 30-kilometre radius. And Sunset Estates is by no means 30 kilometres from Saskatoon. But again, because we say it is, doesn't make it so. There's quite a number of signatures saying they don't. So why? If the tower is in Saskatoon and the range of that particular tower is a 30-kilometre radius, what's happening that Sunset Estates can't get high-speed Internet?

**Ms. Milenkovic:** — The technology that we are using for wireless Internet doesn't guarantee. On average it's a 30-kilometre range but there's lots of issues that happen and it's the interference that can be . . . It could be from an elevator, it could be from . . . There could be something blocking. Because the technology is line of sight so that you have to . . . The home has to be able to see, or the citizens have to be able to see the tower. So there's lots of issues with that technology in terms of . . . just because on average it's 30 kilometres does not mean that that footprint will be so. And as we invest more and more into high-speed coverage in CommunityNet II programs, we do advise customers that they may not be able to access high-speed because of these issues that are concurrent with the technology.

Now having said that, we are looking . . . We haven't finished that program yet. It doesn't mean that it's going to help that particular community. But now we are looking at some different technology and doing trials on newer technology that may help us solve some of these issues.

So it is wireless and with wireless comes problems of interference and blockage. So it's not going to satisfy everybody's concerns or the location. And they should have been advised, I guess, if they were subscribing to the service, whether or not there were some conditions with that.

**Ms. Harpauer:** — Then my suggestion to you is that you ask your . . . The people that are addressing this, ask them to give a more comprehensive answer to the people that contact you. Because I know the response that I got was, and I'll quote:

Sunset Estates has been receiving good wireless high speed internet service from a Saskatoon tower since August [of] 2005. The signal has the potential to reach a 30 km radius from a tower. If a customer in the area is not sure if the signal will reach their location, they can contact any of these Saskatoon dealers who should be able to tell - or at least do a site visit . . .

And they gave me a list of the dealers.

These are page after page of people that are saying that's not true.

**Ms. Milenkovic:** — In that community specifically?

**Ms. Harpauer:** — In that specific community. So you know, perhaps if you're getting that volume . . . And this is a letter that

went to somewhere within SaskTel or the minister's department — I'll have to look and see where it was actually sent — received all those signatures saying it's not true.

So the frustration, when that's the response that they get, is huge because they're saying you don't know what you're talking about. So if you could give a more comprehensive . . . And then give some hope; that hopefully the new technology will be able to address this; hopefully it'll be very soon.

Because you know, they can see Saskatoon. They can look out their window and see Saskatoon and think, we can't access this and the tower is supposedly there.

**Ms. Milenkovic:** — There are some sites that have caused us problems, significant problems, and this might be one of them that's on there, that we're going back trying to address in another way. So it's disappointing. They should not be getting that response.

If there's truly that number of households that are unable to access the Internet, then I will look into that.

**Ms. Harpauer:** — I would truly appreciate a more, a better explanation as to why a community that close to, well whatever main cities is having such difficulty because there is a lot of signatures on that list.

And I'd be more than happy to supply the information that I have to you. If we can get one of the Pages to photocopy my files, you're more than welcome to have that.

**Ms. Milenkovic:** — Thank you.

**Mr. Watson:** — Maybe just . . . sorry, if I could just comment. We obviously haven't seen that letter or we would deal with it. We do deal with that situation. We'd like to deal with it.

Just a word of caution that technically, just technically taking the issue a bit above just the province of Saskatchewan, is that wireless, the cellular coverage, I know of no company in the world — and I'm glad to investigate it — that will guarantee a cellular phone call to go through. It is wireless. The whole . . . It is wireless. The concept is wireless. Even if you say that SaskTel go build out the whole province for cellular coverage, there will be times when the weather will interfere; a hill will interfere. Something will interfere with your wireless mobility on the move.

So you just got to be cautious about that. And I give this story all the time is that I still have a place just north of Toronto — two and a half hours north of Toronto up the 400, one of the most busiest highways in Canada if not the world — and I lose coverage going up the 400 all the time.

If somebody comes into the province and they're using a Rogers-type network, in other words GSM [global system for mobile communications] type network, then they won't get service anywhere because Rogers is only really in Saskatoon and Regina. That's that practical side of it. So just a caution of, you know, you can put all this stuff anywhere but it is wireless. It doesn't work all the time as well as fibre or copper loop.

**Ms. Harpauer:** — It's interesting but again, I just, you know . . . And I want to stress, and I think you do understand, you have to be able to communicate better. Because an email . . . This is separate from the original correspondence that I got, but just quoting from an email that I got on this same issue from another resident in that area, and it said:

After conferring with SaskTel on numerous occasions in the past few months they have brought to our attention that if we want this matter resolved we should contact our . . . MLA."

I mean, that to me is not a response. And here I am, and I'm looking forward to your response. And I know you will do whatever you can to do just that.

**Hon. Ms. Higgins:** — Ms. Harpauer, if you can give me a copy or just let me know who the letter was addressed to, and then we can track it down. I don't recall seeing it just kind of from the glimpses I've got of it.

**Ms. Harpauer:** — They only provided me the one . . .

**Hon. Ms. Higgins:** — Okay, well if we could get a copy of what you have, and without a doubt we will look into it and get a better response than obviously what's been given so far.

**Ms. Harpauer:** — Yes. Thank you very much.

**The Chair:** — Thank you. Ms. Eagles.

**Ms. Eagles:** — Thank you, Madam Chair. And welcome, Madam Minister, and to your officials. I have a concern from a constituent of mine. As you are aware, Madam Minister, my constituency borders the United States. Hence I have many brokerage firms in small towns that are on the border or awfully close to the American border. I've received a call from a Saskatchewan company that did brokerage work for SaskTel for three years, and recently SaskTel had a request for proposals to do brokerage work and awarded this proposal to the firm Livingston. And I was just wondering if you could tell me why Livingston was chosen as the company, as a successful proposer in this situation.

**Mr. Watson:** — We'll have to look into that. I'm not sure of the situation. But I do, to answer the minister, I do know that we have some very strict rules on how we award contracts and verification of it. I know it's very detailed and very strict. We do have a policy when, quite frankly, when things not even all being equal that we pick a Saskatchewan company first. So we'll have to look into it because that is a policy within the firm, and we're glad to get the information from you and look at it for you.

**Ms. Eagles:** — Well I'm glad you mentioned about the Saskatchewan company being chosen first because the company that contacted me is a Saskatchewan company and, however, Livingston is headquartered in Toronto and Houston. The company that called me, they're very upset thinking perhaps they should move their company headquarters out of province or perhaps even out of country.

In your instructions for proposers, it does say about

Saskatchewan ownership. It says, Saskatchewan employment, manufacturing, distribution, and/or technical support of product or service. And we must keep in mind that this company had done brokerage work for SaskTel for three years prior.

Livingston at the time they were awarded this brokerage service had six employees in that area. The company that contacted me, the Saskatchewan-based company, had 24 employees, of which two thirds are women. And in the summer they hire an additional five employees, those five being summer students.

So I was just wondering if you would look into this situation and if you could contact me because this is a company that has been in Saskatchewan for many, many years. They've paid many, many thousands of dollars in taxes to the Saskatchewan government, and they are a real asset to the community down there. And they are certainly very frustrated that when the instruction for proposals come out and said this stuff and then it seemed like it was a complete about-turn when it wasn't . . . awarded to a company that is based out of the province and out of the country. So I would certainly appreciate it if you would look into this situation for me and provide me with some answers.

**Hon. Ms. Higgins:** — Ms. Eagles, if you've got any information you could pass along just with the company name, whatever on it, just please, if you could give us a copy and we can get back to you with an answer.

**Ms. Eagles:** — I will. I've got some additional stuff in my office, so I will get it photocopied and I'll see that you get it tomorrow. Thank you.

**Hon. Ms. Higgins:** — Thank you very much.

**The Chair:** — Thank you, Ms. Eagles. Ms. Harpauer.

**Ms. Harpauer:** — I was contacted actually some time ago about a, or by a previous employer of SaskTel. He worked for SaskTel for twelve and a half years and he took the voluntary severance package. And from my understanding, he left the company and he had done work . . . or left the country in fact and done . . . he had worked somewhere else and then he's come back and he was re-seeking employment with SaskTel. And the policy at the time is that; no, if an employee took that particular package, they could not be re-employed. Has that policy changed?

**Mr. Watson:** — Not that I'm aware of, no.

**Ms. Harpauer:** — So he still could not be employed by SaskTel.

**Mr. Watson:** — Yes, not that I'm aware of. I mean, you just think of the theory behind it and you could have somebody go away for a month and come back again. What's the time frame and everything? So we don't, no, not for the voluntary severance. No.

**Ms. Harpauer:** — Okay. So is there a time frame? If his severance, say, was for two year . . . would cover two years' wages, then after those two years could he come back?

**Mr. Watson:** — Well as John's mentioning . . . [inaudible] . . . a year. I mean, I suppose we could always consider it. I mean, a good person's a good person and if it's a long enough time frame. You just . . . Of course, you can't have what we refer to as double-dipping going on, where people go ahead and take cash and then come back a couple of years later or something like that. That's what you really want to try to avoid. But I mean, if it seems to be an extended length of time here it's worth looking at.

**Ms. Harpauer:** — You know, of course this guy thinks he did great service and I have no way of knowing if he did or didn't. So we will take him at his word and think that he did absolutely great service and I'll recommend that he just contact, you know, the appropriate office and see what they have to say.

**Mr. Watson:** — We at SaskTel, as you're probably aware, we have the distinct honour of never laying anybody off. And we never want to get there, quite frankly, as a corporation. That early severance was our ability to do that. The early retirements are our ability to do that.

We're a company that the big word for us in the future is going to be productivity. We have to get better at what we do, faster at what we do, better at what we do.

And then while we're being able to change out of this early retirement program — in other words out of every 100 people let go, we re-employ 20 . . . Unless there's a new project, we do of course. If there's something, a new initiative that we'll start on, then we will look to add in over and above the 20 backfill. But even that 20 backfill allows us to re-employ . . . well employ brand new people to a significant number.

And we actually do have . . . part of our representative workforce policy and strategy is to balance our workforce to the representation of the province and particularly pay attention to the youth in the province, is what we're particularly paying attention to right now. So it's a bit unfair for anybody a bit older, quite frankly. But that's what we're paying attention to as a corporation.

**Ms. Harpauer:** — Yes, I didn't ask him his age. But I'm assuming if he had twelve and a half years service with you and has worked elsewhere, that he's not a youth any longer.

I would like to get some just updates, more than anything, on CRTC and what's happening with different rulings they've made. And I know you've been very frustrated with some of their rulings.

My understanding, first of all, my understanding, in 2002, is that CRTC implemented a price cap formula on local residential phone rates which regulated the rates that SaskTel and other communication companies could charge their customers. And because that formula was . . . or implemented a floor as well as a ceiling, some if not all of the companies experienced a profit because their costs dropped.

The CRTC also ruled that the extra profits had to be held in a special deferral account. And since those deferral accounts have accumulated for four years, in the beginning of this year, 2006, CRTC is estimating that there is 650 million in the accounts,

and they now think the money should be spent. Did SaskTel have a deferral account, and if so, how much money did SaskTel accumulate in that account?

**Mr. Watson:** — It wasn't 650 million, I assure you.

**Ms. Harpauer:** — Yes, you don't get all of it, eh? Darn.

**Mr. Watson:** — Just before John will answer your question in detail, I just will give an updated highlight of what we feel is happening in Ottawa. As you're quite aware again, SaskTel's a unique Crown corporation in that we are federally regulated in our services that we provide.

Now we've been promoting for quite a while at SaskTel that we want open competition. In other words we're prepared to take on anybody, anywhere in the world, one-on-one with our competition. And we think that finally the new government in Ottawa is listening. In fact we're hearing that they are going to promote market force competition regulation in the future, and we're getting encouraging signs.

One of the recent ones is their decision to allow us to sell our VOIP [voice over Internet protocol] service, as I think I mentioned last time. And we are starting to promote that service directly to our consumers now. So that's one of the things.

I'll let John Meldrum continue.

**Mr. Meldrum:** — In terms of the deferral account itself, we had approximately \$1.5 million in the deferral account. We had a substantially reduced number because we only became federally regulated in 2000. And the other companies due to their own individual circumstances put substantially more money into their account.

What happened was some of the taxes were changing in some of the other areas of Canada. And when the tax changed, they should have lowered their rates. And what the CRTC said, well we don't want to see the rates go any lower, so instead rather than lower your rates, you put the money in a deferral account.

For ourselves it is 1.5 million. We have filed some materials with the CRTC proposing to actually spend our entire \$1.5 million on improving telecommunications for the disabled. The other companies, they had substantially larger sums of money but were mandated by the CRTC to spend 5 per cent of their deferral account dollars towards the disabled. So we would have sort of have almost a similar proportionate size of money to spend, spending all of it on the disabled.

This whole matter though is currently before the courts and will be for some period of time. The Consumers' Association of Canada would like to see the money refunded to consumers since it really was their money; the rates really should have gone lower. And the CRTC ruled that the majority of it should be spent on rural broadband in the absence of an acceptable program, than being refunded to the consumers. So that's all in front of the federal courts at the moment.

**Ms. Harpauer:** — You basically answered . . . I mean I typed this all up and you just answered numerous of my questions with that one answer.

Because I also . . . well obviously 1.5 million . . . One of the CRTC recommendations was to increase bandwidth. And you've already made that announcement that you're looking at a major increase and a major cost, and 1.5 million is not going to be a big contributor to that bill obviously. How soon do you have to make that decision? Or basically it's just on hold until the court case is settled.

**Mr. Meldrum:** — I'm surprised that the CRTC [Canadian Radio-television and Telecommunications Commission] would make any moves in the absence of the court's ruling. The leave to appeal was granted so it is going to the federal Court of Appeal. Leave isn't granted all that often, so it is yet another example of the CRTC getting in trouble now, it appears, with the courts.

**Ms. Harpauer:** — I've not seen, and I think it's already happened, and I must have missed it. What was the CRTC's ruling on your application for a channel, an offer of local expression channel? What happened with that?

**Mr. Watson:** — The community channel?

**Ms. Harpauer:** — The community channel.

**Mr. Watson:** — We were approved for the community channel application. And in fact we're going to come out with our first community channel programming next week.

**Ms. Harpauer:** — Okay, so . . .

**Mr. Watson:** — It's again unique in the world as it's community channel on demand. In other words, if you subscribe to Max, then if at some time in the future if you have a nephew playing hockey in Moose Jaw, then you'll be able to go on to get it and watch that game when you want to.

**Ms. Harpauer:** — Right.

**Mr. Watson:** — We've got to take the time to build up the content into it though, but it's going to be locally based content. There's an independent committee that looks after — independent from SaskTel — a committee that looks after the content of the programming. And we set that up. So it's good news.

**Ms. Harpauer:** — Okay. There's a couple questions on VOIP and where that's . . . since the CRTC ruling, how soon that will be happening. But I think Dan is far more knowledgeable than I am on VOIP to be able to address those questions.

**The Chair:** — Mr. D'Autremont.

**Mr. D'Autremont:** — Thank you, Madam Chairman. I had to be reminded what the issue was about. It's something that I had raised previously and is still an issue, especially now with the advent of your competitors coming into the VOIP business, and that is the availability of SaskTel numbers over VOIP. I'm assuming that under SaskTel's own program that the 3-0-6 numbers would be available. Will 3-0-6 be available through your competitors as well?

**Mr. Watson:** — Absolutely. To answer your question, number

portability means that a customer can take their number, existing number, wherever, to any person who's registered as a CLEC [competitive local exchange carrier] in the province and has proper interconnection with SaskTel.

As we've mentioned before, we've had our networks set up and ready to go for years waiting for this. So anybody who wants to, they go through a registered CLEC, can get the service. And there is . . . I can tell you there is no delays on our side at all. They can transfer their numbers. And we can take them back if you want to come back also, Mr. D'Autremont.

**Mr. D'Autremont:** — I still have my SaskTel.

**Mr. Watson:** — Okay, good.

**Mr. D'Autremont:** — But I also have VOIP under another company, which works out fine for me. For someone who. . . Your competitors, have they gone through the registration process?

**Mr. Watson:** — That's again a very formal process. There is one part of our company that looks after competitors coming into the province as CLECs. And in fact I don't even supposedly know the names of CLECs being registered in the province. We obviously know that Shaw is one of them. Quite frankly we know that MTS [Manitoba Telecom Services] Allstream is another one, because they've announced. And we suspect Primus, which is Globility, it's a third one. And they've registered as CLECs. And Shaw is set up. MTS is setting up now, and Globility will be setting up. And they will have full transparency of getting their numbers yet.

**Mr. D'Autremont:** — Traditionally SaskTel has controlled the 3-0-6 numbers. If somebody gets a phone number you give it to them and it's 3-0-6. And the local number has always been through SaskTel. So how is SaskTel's involvement continuing with that 3-0-6 registration? Are there blocks of numbers that are assigned to some other entity to be distributed? Or how does that actually work?

**Mr. Watson:** — Yes, there is a Canadian numbering administration that looks after the numbering for all of Canada, quite frankly. And 3-0-6 has. . . there are so many numbers within the 3-0-6 code. If you have your number you get to take it wherever you want now. If you want a new number, if Shaw wants to grab a new number, in other words they want a new number, then they'll go into the queue of getting a number and making the request like even like we would without going after the number. It would be the same.

**Mr. D'Autremont:** — So the actual distribution of numbers has not been SaskTel's. It's been another government agency or entity that's actually. . . that you've simply said the number 306-999-9999 we would like to apply that to person X and that gets assigned.

**Mr. Watson:** — And just to clarify, in the past it's been SaskTel who has assigned the numbers and reserved the numbers, right? In the future if somebody wants a new number that's not been assigned yet and they can apply for that new number and they can get it. If it's a number that's already been assigned or it's been reserved by a company or anybody, then

of course they can't.

**Mr. D'Autremont:** — So that's another agency though that's doing that or does SaskTel continue to do that application of that number to a new account?

**Mr. Meldrum:** — Those numbers that are allotted to SaskTel, it's our determination as to who gets what number. But we don't determine which blocks of numbers go to which companies. Once that block of numbers is assigned to, let's say MTS Allstream, those would be their numbers to administer after that.

**Mr. D'Autremont:** — Okay. Yes. That's what I was looking for. So a new prefix 7-8-7, so a new prefix outside of that 7-8-9 — and I know which is already allocated — but that prefix would now then be assigned to some other entity such as Shaw and they would distribute the thousand numbers that are associated with that. They would buy that kind of a block or a 500 phone number block or whatever the case might be. They would go to the regulator that assigns the numbers and they could reserve that kind of a block.

**Mr. Wittal:** — Kym Wittal, chief technology officer. Certainly, they are in thousand blocks and that's what a Shaw or any other competitor would secure. As Robert mentioned that they will administer that list at their own discretion. To create a new prefix again, they'll have to ask for that to be part of their blocks or their set.

So again, once the CNA, the Canadian Numbering Administration organization, agrees that that new prefix or new set of numbers is required, they become available for that organization and potentially for other organizations as well. Just because a prefix exists doesn't mean that it would be solely only for that one particular company.

**Mr. D'Autremont:** — So someone purchasing a block may not take the whole thousand. They may take a lesser number and then that same prefix could be applied to some other applicants.

**Mr. Wittal:** — Typically not. Typically, they're administered in 1,000-block units. So yes, you get the entire block. But all I'm suggesting is the first 1,000 block could be to company A, the second 1,000 block could be company B, the third 1,000 block could be company C.

**Mr. D'Autremont:** — Yes. So you could have 7-8-9, 7-9-0, 7-9-1 sort of prefixes, so they're 1,000-block prefixes.

**Mr. Wittal:** — I was thinking more along the lines of 789-1000 would be company A, 789-2000 would be company B, etc.

**Mr. D'Autremont:** — Yes. Yes. Okay. Thank you very much. I think that clarifies it for those people that are interested; that 3-0-6 is now available through whatever company that you want to deal with, including SaskTel.

Okay. I have some questions dealing with the cell coverage again, but not with the coverage itself but with — and I have no personal experience with this, but that roaming. Being able to dial up, say, in one of the major centres, if you're from outside of the centre, to directly access the cellular service in Regina,

without incurring a long-distance phone call, has been discontinued. Somebody mentioned they were having a problem with this and so that was the first I'd heard about it. So I'm just inquiring as, if that's the case.

**Mr. Wittal:** — I'm not familiar specifically but I understand that yes, that has been terminated.

**Mr. D'Autremont:** — And what would be the particular reason for terminating that? If someone is sitting in front of the building here and desires to phone in to the building and yet their telephone is registered someplace else in the province and they happen to know what the roaming number was to access the local service, why would that be discontinued?

**Ms. Milenkovic:** — Part of it has to do with . . . And I must admit that I can't remember all the details of it. It's complexities with assigning which carriers have which number, and it has to do with wireless number portability. And so across the country all the carriers were attempting to simplify how we would know whose carriers were roaming and which ones . . . like 3-0-6 numbers aren't just the purview of one carrier. And so it's difficult to know if you're giving . . . I think for the system to allocate the right number to the right person and the right carrier because you're using roaming numbers.

So my understanding was — and I stand to be corrected on this and I can get you further information — that in other jurisdictions this has already been stopped, and we're one of the few that haven't done this yet.

But it's got to do with the complexity and some of the issues related to wireless number portability, and that is to be implemented in March '07 across the country. The whole industry is doing that. But if you would like some specifics, I could get you . . . I shouldn't speak any further because I'm going to get myself in trouble here. I can defer to you for your . . .

**Mr. D'Autremont:** — Thank you. Yes, I would appreciate a more specific answer. My suspicious nature in dealing with telephone companies — and not just SaskTel — is that this seems to me like an avenue of generation for more long-distance charges. If I'm sitting in front of the building and my telephone is registered outside, then it becomes a charge from whatever tower I'm registered on into the local phone number, the local area that I'm actually sitting in front of. And it seems to me like a sneaky way to increase long-distance revenues.

**Ms. Milenkovic:** — It may be. I can't say. But on the other hand LD [long-distance] charges keep decreasing so, you know, you will get some lift in benefit from not incurring the same kind of charges. But I will get you more information.

**Mr. D'Autremont:** — Thank you very much on that. One of the other . . . And this is a technical thing that only I would be interested in likely. But on SaskTel's website there used to be a speed test that you could perform to test the speed of your Internet connection. That seems to have disappeared. Why is that?

**Ms. Milenkovic:** — Maybe it's just so fast you don't notice it

any more.

**Mr. D'Autremont:** — Oh no, I noticed.

**Hon. Ms. Higgins:** — Could be.

**Mr. D'Autremont:** — Okay. Well whenever I try to click on the site, it just comes back that that's no longer accessible. So then I had to use someone else other than SaskTel to check up on the speed of my SaskTel connection. So . . . [inaudible interjection] . . . At one time it was quite good and then it dropped off and then it came back again, so I'm . . .

**A Member:** — Good.

**Mr. Watson:** — We're still going to try and get you back as a VOIP customer.

**Mr. D'Autremont:** — You're going to have to work on that. I need access to more than just the eight cities that SaskTel was originally connected up to through their VOIP system. And I can't remember the name of the program that you had for that. I have the ad someplace. But at one point in time you had, through Navigata, that connection. You were connected up to eight cities. And we already had discussed this one, but your rate was not commensurate with the service provided compared to your competitors. And so hopefully that will change in the future.

**Mr. Watson:** — Well the new WebCall basic service, 15.95, I don't think you'll see anything better — 3-0-6 number.

**Mr. D'Autremont:** — Well actually my Alberta number works very well right now because that's where my son is at.

**Ms. Milenkovic:** — We actually launched that since we were last here.

**Mr. Watson:** — Yes.

**Mr. D'Autremont:** — Yes. It wasn't available before, the last time you were here. And that was part of the reason why.

One more question, and then I'll — maybe two — and I'll pass it on to one of my colleagues. Has SaskTel given any consideration to going to satellite service for those remote areas?

**Mr. Watson:** — Yes, we have looked at the satellite service for remote areas. It's very expensive for remote areas. And we can facilitate people, anybody in a remote area wanting to go satellite and help them out. But if they're going to go satellite, they should really go direct with the satellite companies, quite frankly. We can help them out to, you know, get the service and go contracted, but I mean we're not in the satellite business. So we can help them out and do that. And we do supply some satellite service, but, as I say, it's not our business so . . .

**Mr. D'Autremont:** — Okay. My colleague would like to . . .

**Ms. Harpauer:** — Just to follow up.

**The Chair:** — Ms. Harpauer?

**Ms. Harpauer:** — Sorry. I just wanted to follow up quickly on your answer because I have a case of a person in the North that's been asking. So you're saying that you could help them basically connect to a satellite company that will . . . but the cost is prohibitive in a lot of cases.

**Mr. Watson:** — It's . . . well prohibitive, it all depends. It's not prohibitive if you really need it, if you're in the middle of nowhere and you really need it. I guess it's whatever you want to pay for it. It would just be more expensive than a normal cell service or a normal data service. It's just . . . [inaudible] . . . expensive. It's got latency built into it. It's a different type of service.

And quite frankly, you know, if you're a hunter anywhere in this province and you're in a remote part of the province, you shouldn't be depending upon cell service anyway. You should have a GPS [Global Positioning System] device or something like that, you know.

So it's just a different type of service than what we offer, for different reasons, and it is more expensive.

**The Chair:** — Mr. D'Autremont.

**Mr. D'Autremont:** — My last question deals with the . . . Again it's a technical question. So one of the issues with the cellular service and SaskTel has been managing and keeping up with the new technologies, particularly with the new phones as they become available.

This is brand specific, but the Palm 600's and the Treos, and then it went to the 650's and now we've moved beyond that. And yet it seems for accessibility, they still may be able to access but they're not approved for SaskTel service. And I'm just wondering why there seems to be that latency in getting those kind of approvals. I've never used one to know whether or not say a new 700 would work on the SaskTel system, but they're not necessarily approved initially when they become available.

**Mr. Watson:** — Right. I can give you a general answer for that. Hopefully it works.

Essentially what we're finding out right now is that we . . . Sorry. SaskTel operates on a CDMA [code division multiple access] technology. GSM is the other worldwide technology that most, outside of North America, most other suppliers operate on. And we're finding out now that GSM, mostly those products come out first because the larger international companies order them first. We're finding that gap closed considerably now because we do most of our purchasing in co-operation with Bell Canada, quite frankly, so that's where we get our volume discounts through and everything. And we're trying to find that gap close right now. It's going to take a little while for it to close.

Just a last to finish off. What they're doing now is the purchasing people who buy these wireless devices are out now looking what they can buy for this time next year. So what you've seen on the shelves now was viewed this time last year, so they're a year ahead. The manufacturers are driving most of this, quite frankly. They're the ones driving it, the set

manufacturers. At some time in the future, they are the ones who will drive this single device to do everything, even watch TV. And if we're not following along with our network to supply that, then we'll be left out in the cold. So it's a matter of keeping up as fast as we possibly can. And we've got to really try and limit the number of devices that we have because then you get into all kinds of supply problems, maintenance problems — support problems particularly is a real issue — on a number of devices.

**The Chair:** — Mr. Brkich.

**Mr. Brkich:** — In my constituency there's a number of small towns and with small towns you have halls, rinks, and they're run by mostly service groups or the town will run the halls. I've had a couple of towns now have pulled their phones out of the halls. And one mayor from one small town gave the reason was they're charged business rates instead of residential and he said they just can't afford it. You know, they might use the hall maybe once a month. So he said, you know, if we were charged maybe the residential rate we probably maybe would have kept it in. But he said just that extra \$100 a year, just that added expense, that was the reason we've pulled it out. And I know I have some other towns that are thinking the same way unfortunately.

Why would you charge business rate on a small-town hall or a rink? Why not just the residential rate?

**Mr. Watson:** — I'll try and answer. I think my colleague, my regulatory colleague, is going to tell you it's regulated. We have to do it. If you're a business, we have to charge you business rates. If you're residential, we have to charge you residential rates.

**Mr. Brkich:** — My argument is . . . and they're not a business. They're not selling anything. Some of them are run by . . . The hall in my town is run by the Elks, a charity function. Single line coming in. They're not a business and I don't know who determined that a hall would be a business. There isn't a hall or a rink I think that makes money. They're all either subsidized either by volunteer labour or subsidized by a charity group or just a town that's putting it. I wish our halls and our rinks could be a business and could be making money because then maybe, maybe in rural Saskatchewan they would last and hang on. My question to you is, who determines that they're a business?

**Mr. Watson:** — Well it's the CRTC. We're regulated by the CRTC and we have to supply the service. I mean please, please tell the federal government to get rid of the CRTC and we'd be happy to help you out.

I mean I'm not trying to be flippant. But we can certainly try and see if we can do something because, I mean, particularly that type of case is something more than extenuating just a normal business. We can have a look at it. We certainly will. But the reason it is there now the way it is, is because we're regulated.

**Mr. Meldrum:** — It would actually be to our benefit, because then we'd be able to draw from the national subsidy fund because the national subsidy fund subsidizes residential services. So that probably lies at the heart of it, is they only

want residential services to be subsidized through the national subsidy fund, not anything that is not a residence.

**Mr. Brkich:** — Have you approached that body to get them basically to be put under a residential? Have you made a formal request with that argument? Considering that a lot of, throughout Saskatchewan and I would guess Manitoba and rural Alberta and even rural Ontario would be facing the same situation, have you talked . . . Two questions, I guess. Have you talked to other jurisdictions about this, other phone companies? And have you formally approached them, that they be taken and put under residential; that they not be classed as business?

**Mr. Meldrum:** — We have not made a formal application with the CRTC. In terms of other companies, we haven't looked at this issue for quite a few years. So I'm just not exactly sure where things are at with the other companies, other than that again we'd be back to the rules of the national fund, and that payers of the national fund would start to complain that they only want to put money into the national fund to subsidize residential services.

**Mr. Brkich:** — I guess my question to the minister, would you consider going that route on behalf of small towns in rural Saskatchewan?

**Hon. Ms. Higgins:** — We will actually take the question under consideration. I know there are a couple issues with the CRTC currently ongoing. But I would suggest to the member also that the federal cabinet has overruled a decision of the CRTC, and we are hoping . . . We'll be taking a closer look at it.

So when it is under the direction of the federal cabinet at the time, I would suggest to do a lobby to your local MP [Member of Parliament] would be very helpful at this point in time and to make these points.

There has been a number of issues that I know SaskTel has had with the CRTC, and it puts in place some well-defined restrictions on what we can and can't do. And some of it restricts the packaging or the bundling that we can do for Saskatchewan consumers. So there has been a review done not that long ago of the CRTC with some suggested changes.

I don't know whether we would be in agreement with all of it, but I know that there is some changes that SaskTel has been lobbying for that would see improved pricing, especially to Saskatchewan consumers. So not only lobbying me, lobbying your local MP [Member of Parliament] would be a huge help in this whole process for all of us. Thanks.

**The Chair:** — Ms. Harpauer.

**Ms. Harpauer:** — Thank you. I just had a follow-up question to my colleague's question as well. What if I applied for a phone in a small-town hall under Mr. T. Hall? Like what would happen?

**Mr. Watson:** — Well you shouldn't tell us you did that to begin with . . . [inaudible interjection] . . . Well I mean the . . . [inaudible] . . . you could do that, but the responsibility of every SaskTel employee is to do the right thing, right? And if they go there and they see the wrong type of line being installed, you



know we would not stop them from telling us.

**Hon. Ms. Higgins:** — Now that you've just put every Mr. T. Hall under a cloud of suspicion in the province of Saskatchewan, I hope that there's not too many out there.

**The Chair:** — Mr. Duncan.

**Mr. Duncan:** — Thank you, Madam Chair. And Madam Minister, good afternoon to you and to your officials. I'll apologize for not having as creative questions as the last one. I don't have too many questions today but just to get back to one point that you made earlier about the new community channel. I believe somebody mentioned that there is a separate committee or a board that will be in charge of content on that. Could you provide some information on when that board . . . Are they in place already? And how the makeup of the board is . . . how that's made up? Just in terms of who makes the decision of who is on the committee?

**Mr. Watson:** — Well I'll start. Yes we — part of the conditions of the licence to do this from the CRTC — we had to form a separate independent committee to look at the content. We also made sure quick frankly that we didn't butt up against SCN [Saskatchewan Communications Network] and their mandate, made sure that it was complementary to that. As for the makeup of the committee, I know it's from individuals from all the communities. I don't know the individuals' names, sorry.

**Ms. Milenkovic:** — The committee was . . . We engaged SaskCulture, not the department but the organization, to put forth names and help us seek out individuals in the community. So they came up with a short list from the communities, which were interviewed. And then according to . . . There was advertisements in each of the communities put out to talk about what the roles and the responsibilities and the terms of reference for this advisory committee would be, and SaskCulture qualified those names. All the names were submitted to them, and they came up with a short list. And the people were interviewed, and a selection was made from there.

The first meeting of the advisory committee will be next week, and the terms of reference will be discussed and presented. And the individual group of SaskTel employees that works with those are not very familiar with the individuals, just through the interview process. But it was a recommendation from SaskCulture.

**Mr. Duncan:** — Okay. Thank you. I would like to . . . And I will apologize if some of this has been discussed earlier, but I have a couple of questions on cell coverage.

**A Member:** — It's been discussed.

**Mr. Duncan:** — It's been discussed. I just . . .

**A Member:** — Go for it.

**Mr. Duncan:** — I have a letter that was received by the RM [rural municipality] of Surprise Valley in July of this year. In it, from the director of marketing mobility for SaskTel, there's a reference to the \$28 million program announced in February 2005 that involved 98 sites. And I could provide a copy if you

need to reference this. In the letter it stated that a review of the sites would be proceeding and that the review would be completed later this year, later in 2006. I hope somebody is knowledgeable of what I'm talking about. Is this review completed?

**Ms. Milenkovic:** — No it isn't. We're a little bit behind, as I've mentioned earlier, in terms of the construction of the sites. And so we still have about, I think it's approximately 15 that are yet to be built in 2007. At that point we will review, and actually sort of that . . . The evaluation and criteria process is already under way, but we have not completed it. And we look at, you know, where we're going to expand, where the coverage issues are, you know, in trying to prioritize it in some sort of sense around filling in the gaps as I stated earlier and providing new coverage to sites that don't have it. So it's still under way.

**Mr. Duncan:** — In the letter it talks about evaluating sites and evaluating the economic viability of the sites. Could you just go into a little more detail of what is, how is that evaluated. What are the criteria that's used?

**Ms. Milenkovic:** — We do several things. We look at our input costs, and the costs keep going down over time. They have gone down. We've been getting better pricing from our manufacturers, whether it's some of the equipment on the towers or tower construction. So we look at our input costs, and we look at the activity, the population, you know, highway traffic, any new industries that have come to light. And we look at them on an annual basis, and we like to get input if there's anything going on in a community that we're not aware of. So it's quite in depth in terms of the factors that go into it.

They also look at traffic at related sites to see what we put in our forecast for activity — what we thought was going to happen — and what actually did happen, so that it's a little bit of a bell whether to compare whether or not a new site could be a good performing site as well.

**Mr. Duncan:** — Okay. That's really all I had for this afternoon. Thank you for your answers. Thank you.

**The Chair:** — Ms. Harpauer.

**Ms. Harpauer:** — Thank you, Madam Chair. I have a few general questions on just the direction of SaskTel at this point. Is SaskTel right now actively looking for offshore acquisition opportunities?

**Mr. Watson:** — We're not specifically looking for offshore acquisition opportunities. We are continually looking for good acquisition opportunities to extend our services. We have a strict criteria now that we put in place.

First of all, any business that we want to acquire has to allow us to extend our existing services, in other words sell our services from Saskatchewan out. So it could be a network provider. It could be a wireless provider somewhere to invest in.

We also will not . . . We're being pretty particular of looking at companies. We will not pick a company that is presently losing money. Unique idea, I know. But we're not . . . I think we've already found out we're not very good at turning companies

around. So we're looking at companies . . . So because of that, the point of the reason I make that is if we do find a company that's worth purchasing, then it will be a premium to purchase them because you'll be somebody who's accretive to the business. But we are actively looking, yes, to expand the business.

**Ms. Harpauer:** — Thank you. And it's encouraging — your comments — because as you mentioned, your predecessor had made some interesting choices. Is there a size, like, you know, is there a ceiling to a size that you would look at, say an investment of no more than — I'm throwing a number out here — 5 million, 40 million? Would there be a criteria ceiling as to the company would be too big or the investment would be too big at this point?

**Mr. Watson:** — It's interesting you say that. There probably is a general size that's good for the company. The general size, you know, that you want to purchase a company that doesn't bet the whole farm per se is probably between quite frankly 50 to \$100 million acquisition, again premium because you're buying a company that's not in distress. You're buying a company to add on to the business.

Quite frankly, and I've said it before, if MTS was to sell their cellular business, that that would be one that should be seriously looked at. But that would be about a billion and a half dollar purchase.

**Ms. Harpauer:** — Is there a particular structure that SaskTel would prefer? For example, would you prefer a straight buyout? Would you prefer a partnership? Is there a preference, or no, it's case by case?

**Mr. Watson:** — Case by case pretty well. One thing that we're finding out though is partners . . . Usually if we start with a partner, it's very good. But usually partners get tired after awhile. And it's just a history if you see it, that they get tired and they want out. And that's fine. That works good for us because you get the partner in, enthusiastic, and then take over.

**Ms. Harpauer:** — Would it possible for us to access? Is it a written criteria? Is that something you would share, or no? Is it confidential as to what criteria you would . . .

**Mr. Watson:** — No, we don't share that quite frankly. And just to be very specific, is that usually unless it's a completely privately held company . . . In other words, if there's any shares out there at all operating in this company, then we don't even talk about the name because of shareholder value. You could influence. You could be deemed to be influencing the share price. You could be deemed to . . . up or down. So it is strictly confidential basis.

**Ms. Harpauer:** — I think what I had in mind more was a minimum of — I'm just giving examples — a minimum of 15 jobs in Saskatchewan or would be able to provide a minimum of 15 jobs in Saskatchewan, would have an office presence in Saskatchewan, or you know, things like that was more what I was looking at rather than the detailed finances of the company.

**Mr. Watson:** — Okay. No, quite frankly, they're general conditions that we have . . . Well basically quite specific to

conditions I have. In other words, don't bring me a company that unless, unless it's going to be creative to SaskTel. Job creation is a very good thing to bring forward for SaskTel. Is it a business that's going to extend our products and services that we will sell here now outside?

I mean, what we've been talking about since I arrived but we've been talking about before as well is what we want to do is exactly what Shaw is doing now. Shaw is selling their digital telephone service in Saskatoon, but it's completely supported out of Calgary. Right. That's exactly what we want to do in the future . . . is with our services, an extension of that is what we're looking at.

**Ms. Harpauer:** — Would any acquisitions that you consider be subject to a third party external review? I believe the Premier had promised that in 2004. So before you made the final decision, made the purchase or whatever, would there be an external review of that particular business that you were interested in?

**Mr. Watson:** — Yes, I've got to say that's policy. We have to have a third party review done. And in fact that's just good business, quite frankly, to have an independent person look at it.

**Ms. Harpauer:** — Thank you. Go for it.

**The Chair:** — Mr. D'Autremont.

**Hon. Ms. Higgins:** — Madam Chair.

**The Chair:** — Yes.

**Hon. Ms. Higgins:** — I know that the member from Cannington is a little worried ever since Mr. Watson told him that all of the gadgets he owns are actually a year old. So I'm sure . . . He's had that worried look on his face ever since he was told that. And I know it's going to be a problem for him but there's nothing we can do about it, Mr. D'Autremont.

**Mr. D'Autremont:** — I'm going to have to go looking and see what's out there. The last time we were up, there was some questions about some lawsuits that SaskTel was involved in that were still I believe ongoing at the time. I'm just wondering — and I'm not talking about the CRTC but some other lawsuits that were out there — I'm just wondering what their position is today, what's happened with them.

**Mr. Meldrum:** — The biggest lawsuit is the class action lawsuit that was launched by Mr. Merchant against all the cellphone companies in Canada. The first real step of that process is to have the lawsuit certified as a class action. They were not successful at first go in terms of getting it certified. And indications are that he will attempt to recertify it, and all of the cellular companies in Canada will continue to defend it because we do consider the claim to be without merit.

**Mr. D'Autremont:** — And that's the only current lawsuit that SaskTel is facing then.

**Mr. Meldrum:** — There are some other lawsuits that involve our insurance company. There's some small lawsuits that would involve various things, but that's the only one of any

significance.

**Mr. D'Autremont:** — Thank you. The bundle, the \$137 that was allocated for each telephone number . . . not telephone number, subscriber to lower the total package of utilities, how much money of that paid off delinquent accounts?

**Mr. Watson:** — I think we're just talking about . . . Our comments here is that we didn't really track that because it was meant to pay off all accounts. We didn't . . . It just went off the bill, whether it was delinquent or not. So what I can tell you is that SaskTel — that was the utility bundle — we offer the lowest rates in the country, so we were a good contributor to the lowest utility bundles.

**Mr. D'Autremont:** — That may well be the case, but there are . . . I know that SaskTel has a few delinquent customers that have failed to meet their commitments. And I wonder if you could look into this to find out how much of that \$137 in total — not per \$137 individual — how much of that in total paid off delinquent accounts for SaskTel.

**Hon. Ms. Higgins:** — We were just told that they do have a number for that, but we don't have it here. So that's not a problem. We can get the information for you.

**Mr. D'Autremont:** — Okay. Thank you very much. I think we're done for the day almost.

**The Chair:** — Not quite. Ms. Harpauer, you have some questions. Mr. Duncan, my apologies.

**Mr. Duncan:** — Yes, thank you. Just a quick question to follow up on one of your answers, Mr. Watson, on one of your answers. You mention that you have I guess a criteria for your executives in terms of bringing an opportunity, an acquisition opportunity. Just to follow up on that, how often does that happen, that an executive would come to you with an investment opportunity, an acquisition opportunity? Is that pretty common to come across your desk?

**Mr. Watson:** — Well first of all we look at it . . . The investment opportunities are looked at, quite frankly, by John, Mike, and I. We look at them together. We promote people bringing opportunities to us. We are actively looking to expand the business.

Every one that we've got so far, we've actually reviewed. Some of them we've made an attempt on. Some of them we weren't successful. But one of the things that we realize that we've got to be is very patient because you don't want to jump. You don't want to acquire for the sake of acquiring. And to answer last but not least is we've also prepared the business to grow it, that we're still quite fine, thank you very much, five years from now even if we don't get an acquisition.

So it's supposed to be . . . When you acquire a company, it's supposed to be good. It's supposed to be creative. It's supposed to be beneficial. It's not supposed to be something you have to do to survive. It's supposed to be something that's supposed to be good. So that's our general criteria we look at.

**Mr. Duncan:** — Thank you.

**The Chair:** — Ms. Harpauer.

**Ms. Harpauer:** — Thank you, Madam Chair. Considering the hour, any other questions I have is into a whole other category. So I would very much like to thank the minister and her officials for their time today. And I think we covered a lot of ground, although there is more to cover. So thank you very much.

**The Chair:** — Thank you and seeing that the hour has reached five o'clock, I will now adjourn this meeting of the Crown and Central Agencies and thank the minister and her officials for answering all the questions that have been posed to you today and thank the auditor's office for also staying and observing the proceedings. So I wish everyone a good evening and drive safely. Thank you.

[The committee adjourned at 17:03.]

**Corrigendum**

On page 689 of the November 14, 2006, verbatim report No. 37 for the Standing Committee on Crown and Central Agencies, the acronym expanded in the left-hand column, second-last paragraph reading:

TDM [Telecommunicacoes De Mozambique]

Should read:

TDM [tandem]

We apologize for this error.