



STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

Mr. Delbert Kirsch, Chair
Batoche

Mr. Buckley Belanger, Deputy Chair
Athabasca

Mr. Denis Allchurch
Rosthern-Shellbrook

Mr. Fred Bradshaw
Carrot River Valley

Mr. Dan D'Autremont
Cannington

Mr. Warren McCall
Regina Elphinstone-Centre

Mr. Randy Weekes
Biggar

[The committee met at 17:15.]

SaskEnergy Incorporated
Vote 150

The Chair: — Good evening, ladies and gentlemen. I now call this committee to order. We have no substitutions. So tonight the agenda is consideration of supplementary estimates.

General Revenue Fund
Supplementary Estimates — November
Lending and Investing Activities
Saskatchewan Water Corporation
Vote 140

Subvote (SW01)

The Chair: — First item on the agenda is the committee's consideration of vote 140, Saskatchewan Water Corporation.

Here tonight to answer questions are Minister Duncan and his officials. Mr. Minister, would you please introduce your officials and would you like to make any opening remarks?

Hon. Mr. Duncan: — Thank you, Mr. Chair, and good evening, committee members. I'm joined this evening by the president of SaskWater, Doug Matthies, to my left. And I just have a short statement and we would be pleased to answer any questions that you have.

SaskWater is seeking authority for a further \$100,000 in loans in order to support expanding infrastructure and a growing economy. At the time of the budget, the estimated loan requirements were \$17 million. The majority of the work is now complete and the revised estimate is 17.1 million.

SaskWater puts long-term financing in place on infrastructure projects in order to improve the stability of water rates into the future. The infrastructure projects supported by this long-term funding include upgrades and replacements to water systems serving the communities of White City and Emerald Park, Clavet, Bradwell, Allan and Elstow, Martensville, Warman, Osler, Hague, and Dalmeny.

This long-term funding also supports expansion and upgrades to systems serving a number of industrial businesses including PCS [Potash Corporation of Saskatchewan Inc.] Allan, PCS Cory, Cargill at Clavet; BizHub, the Saskatoon industrial park; and Mosaic Belle Plaine.

With that, Mr. Chair, I would be pleased to take any questions that the members have.

The Chair: — Thank you. Are there any questions?

If there are no questions, we will conclude consideration of vote 140, Saskatchewan Water Corporation, loans subvote (SW01) in the amount of 100,000. There is no vote to this estimate since it is a statutory amount.

[Vote 140 — Statutory.]

General Revenue Fund
Supplementary Estimates — November
Lending and Investing Activities

Subvote (SE01)

The Chair: — Second item on the agenda is consideration of vote 150, SaskEnergy Inc. Minister Duncan has other officials that he will be introducing, and if you have any remarks then, Mr. Minister.

Hon. Mr. Duncan: — Thank you, Mr. Chair. To my left is Dennis Terry, the vice-president finance and chief financial officer, and to my right is Ron Podbielski, the executive director of corporate affairs. And I have just a brief statement at this time.

Mr. Chair and committee members, the subvote before the committee today relates to SaskEnergy's lending and investment activity. SaskEnergy borrows for the purpose of financing its capital expenditure program each year. This includes customer connections, system improvements and expansions, and safety and system integrity projects.

Of particular note is that SaskEnergy's capital program sees the corporation invest in infrastructure to support the province's growing economy. Recently SaskEnergy connected its 350,000th customer and is on target to install more than 4,000 new services for homes, businesses, and industry in 2010. And with that, we would be pleased to answer any questions that the committee members have.

The Chair: — Are there any questions? Mr. Belanger.

Mr. Belanger: — Just in relation to the point that you raised and the extra 4,000 customers that you are anticipating hooking up, does that include monies above and beyond the ones that we have identified in this vote, or is that included as well?

Mr. Terry: — Yes. The 4,000 was the budget for this particular period. We see anticipated increased connections coming in by the end of the year closer to 5,000. So about a 25 per cent increase versus our original budget. And year over year, if you go back in time, a significant increase versus sort of the five-year average.

Mr. Belanger: — So this money is attached to that increase and the demand.

Mr. Terry: — Yes, very much so.

The Chair: — Mr. Trew has the floor.

Mr. McCall: — Try again, Mr. Chair.

The Chair: — I'm sorry. Mr. McCall. Sorry.

Mr. McCall: — Thank you very much, Mr. Chair . . .

An Hon. Member: — You look so similar.

Mr. McCall: — Well yes, some nameless, faceless NDPer, eh? Thank you very much, Mr. Chair. Mr. Minister and officials,

welcome. I guess just sort of a tangent question. In the spring we debated legislation concerning the loan limit with SaskEnergy. Where would this put the uptake of that borrowing capacity for SaskEnergy when this is said and done?

I would ask a member to adjourn. Mr. Bradshaw.

[The committee adjourned at 17:22.]

Mr. Terry: — I guess just to help put that in context, in the spring we came forward with a longer term plan that said we might need eventually, in the 10- to 20-year horizon — that was long-term planning — that ultimately the borrowing limits of SaskEnergy be raised from 1.3 billion to 1.7, all the while knowing our current debt levels are closer to 900 million. So that was truly a long-term game plan to raise the ultimate borrowing limit.

In terms of this particular vote of increasing the borrowing from 105 to 133 roughly, this will have a nominal impact on our overall debt levels. So \$28 million on a base of roughly 900 million is the context. It leaves our debt to equity ratio very much in line with the industry average of 65/35, so we're in good shape there even with the enhanced borrowing in this window.

The borrowing is very much, as we've talked about, aligned to capital spending. That capital spending drives more revenues in the future which we hope will be a good news story down the road.

Mr. McCall: — That's always the hope, Mr. Official. But I guess with that clarified, I have no further questions, Mr. Chair.

The Chair: — Are there any other questions? Seeing none, we will conclude consideration of vote 150, SaskEnergy Inc., loans subvote (SE01) in the amount of 28.9 million. There is no vote on this estimate since it is a statutory amount.

[Vote 150 — Statutory.]

The Chair: — Since this concludes our consideration of supplementary estimates, we are required to report to the Legislative Assembly. Committee members, you have before you a draft of the 11th report of the Standing Committee on Crown and Central Agencies. We require a member to move the following motion:

That the 11th report of the Standing Committee on Crown and Central Agencies be adopted and presented to the Assembly.

Mr. Weekes.

Mr. Weekes: — I move:

That the 11th report of the Standing Committee on Crown and Central Agencies be adopted and presented to the Assembly.

The Chair: — Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. That concludes our business here tonight, I believe, so the meeting is adjourned. Thank you.