



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

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

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Mr. Greg Lawrence  
Moose Jaw Wakamow

Mr. Dana Skoropad  
Arm River



[The committee met at 15:32.]

**The Chair:** — Welcome to the Standing Committee on Crown and Central Agencies. My name is Terry Dennis. I'm chairing the committee. Along with us today we have Aleana Young subbing in for Erika Ritchie. We have Alana Ross subbing in for Steve Bonk. Daryl Harrison, Terry Jenson, Greg Lawrence, and Dana Skoropad.

Today we will be considering the estimates for the Ministry of SaskBuilds and Procurement, SaskBuilds Corporation, and SaskWater Corporation.

**General Revenue Fund  
SaskBuilds and Procurement  
Vote 13**

**(Subvote SP01)**

**The Chair:** — We will begin with vote 13, SaskBuilds and Procurement, central management and services, subvote (SP01). Mr. Reiter is here with his officials. As a reminder to officials, please state your name for the record before speaking and please don't touch the microphones. The Hansard operator will turn on your microphone when you're to speak.

Minister, please introduce your officials and make your opening comments.

**Hon. Mr. Reiter:** — Thank you, Mr. Chair. Pleased to be here to discuss the estimates for the Ministry of SaskBuilds and Procurement. Joining with me today are my chief of staff, David Cooper; Deputy Minister Kyle Toffan; Jim Olson who is chief financial officer. We have assistant deputy ministers Miguel Morrissette, Jason Wall, and Kelley Moore. We also have Sheldon Brandt from the infrastructure planning and priorities unit; Andrea Mulholland from the enterprise business modernization project; and Fuad Iddrisu, executive director, and Cosanna Preston, director, from the IT [information technology] division.

The '22-23 provincial budget is investing in a strong and growing economy. The Ministry of SaskBuilds and Procurement plays a key role by coordinating record infrastructure investments, leveraging public procurement and supply chains to support and grow Saskatchewan supplier capacity, and protecting the safety and security of government systems and information.

As you will remember, SaskBuilds and Procurement was created in the fall of 2020 to oversee a new approach to the management of all infrastructure projects and assets, standardize government procurement and IT infrastructure, as well as supporting important *Saskatchewan's Growth Plan* commitments. SaskBuilds and Procurement also provides critical operating infrastructure services to government, working with client ministries to find the best solutions for their business.

One of the ways the '22-23 budget is getting Saskatchewan back on track is through a record of investment of nearly \$3.2 billion in capital projects to meet the needs of communities across the province. This includes 1.4 billion in capital projects across executive government and 1.8 billion in capital projects by

Saskatchewan's commercial Crown corporations. I'm happy to report to the committee that this year's capital investment of almost 3.2 billion, combined with close to 12 billion projected for the next four years, is a significant step toward meeting the growth plan commitment to invest \$30 billion in infrastructure by 2030.

This year's capital investment also brings the Government of Saskatchewan's infrastructure investment to almost \$40 billion since 2008-09 to deliver the education, health, transportation, and municipal infrastructure to support a growing province. The budget invests 156.6 million in health care capital. Our government has invested nearly 2.1 billion to support maintenance and construction of new health care facilities since 2008-09, and we plan to invest close to a billion more over the next four years.

This year's budget also provides 168.6 million in education capital. Since 2007 our government has committed approximately 2.3 billion toward school infrastructure projects, including 57 new or replacement schools and 30 renovation projects. The budget provides 31 million to support Saskatchewan's post-secondary infrastructure. Since 2008-09, our government has invested over 715 million in post-secondary infrastructure across Saskatchewan. And this year's budget invests nearly 291.8 million in government services infrastructure.

Of course budget '22-23 includes infrastructure investment in other sectors, but I wanted to highlight these specifically for the committee because these are sectors where SaskBuilds and Procurement plays the biggest role in planning, designing, and delivering infrastructure projects. That's because this year's budget also reflects the latest step in SaskBuilds' innovative approach to infrastructure design and delivery by better leveraging the expertise of government infrastructure professionals together under a single organization.

Last year infrastructure colleagues from the Ministries of Advanced Ed; Corrections, Policing and Public Safety; Health; Justice and Attorney General; and Parks and Culture and Sport joined SaskBuilds to create a dedicated team of experts supporting infrastructure investments across key sectors. We were also able to bring in resources from the Saskatchewan Health Authority to further enhance our ability to support health sector projects.

To put this in context, our infrastructure design and delivery division is currently leading 33 major infrastructure projects worth \$5 million or more — nine in health, 20 education projects, two post-secondary, and two government services sectors — as well as many projects that are below that threshold. While the capital funding for these projects rests with the ministries that will ultimately operate the facilities or assets once they're built, our ministry plays a vital role in delivering a final product that meets the programming needs of our partner ministries and the ultimate needs of the citizens and communities those projects will serve for years to come.

This year's budget continues to deliver on the Government of Saskatchewan's growth plan commitment to leverage public procurement and government supply chains to develop and grow

Saskatchewan businesses. This includes engaging with Saskatchewan industry sectors and suppliers to ensure alignment of procurement policies and identify opportunities to build Saskatchewan's supplier capacity.

Our government wants Saskatchewan companies to have every opportunity to succeed, both here at home and beyond our borders. It's in the best interests of companies, industry, free trade, and competitive pricing. Our procurement and Priority Saskatchewan teams will continue to ensure procurements consider the impact on the Saskatchewan economy by engaging with stakeholders like Saskatchewan industry associations and suppliers on upcoming procurements, and to ensure alignment of procurement policies in reviewing out-of-province awards to drive further accountability and identify opportunities to build Saskatchewan's supplier capacity.

Of course the phrase "supply chain" has become very well known these days. We've all heard about the impacts the pandemic has had on the supply chain globally, and Saskatchewan is not alone in continuing to deal with those challenges. At the same time that the global supply chain continues to be sporadic, demand for raw materials and manufactured products is on the rise. We see that here in Saskatchewan, where increased private sector investments and major infrastructure projects, like a new mine and also canola crushing plants, are coming during a time of increased public sector investment.

On one hand this is a good problem to have, but it does mean we need to be mindful as a government in how we roll out our projects to avoid creating even higher risks of labour and material shortages and to avoid driving project costs too high. Our infrastructure and procurement teams are working with industry to smooth or spread out timelines of which projects go to market, to try to create more of a flatter trend and avoid the sudden peaks and later drops that happen when too many projects enter the market and then finish off at the same time. Officials are also closely monitoring inflationary pressures and changes in costs of materials, and are working with our client and partner ministries as well as our industry stakeholders to identify options and opportunities for flexibility.

Another area where SaskBuilds and Procurement supports the day-to-day operations of government is through our information technology division. This includes everything from deploying and supporting desktops, laptops, tablets, and peripherals that civil servants use to deliver services, to the IT architecture and software that enables those services, to supporting citizens' ability to access government information and services online through Saskatchewan.ca.

It also includes an area that is top of mind for governments worldwide these days, cybersecurity. We've all seen examples of the impacts that cyberattacks can have on government systems, applications, processes, and even the personal information that citizens entrust to governments to keep safe. As part of our ongoing focus on IT security, our government invested ongoing funding of 3.2 million to continuously improve our cybersecurity. And that continuous improvement will be key to meeting new and emerging challenges in this area as the world continues to move online and as threats evolve. To put it bluntly, cyberattacks are becoming more frequent, more intense, and more sophisticated and that shows no signs of changing, which

means it's critical that we take all measures we can to protect government's IT systems and the data they hold.

Over the upcoming fiscal year, SaskBuilds will continue to provide the critical logistics and operating services that allow our client ministries to deliver their programs and services effectively and safely. This includes everything from managing, maintaining, and operating hundreds of buildings and properties around the province, to providing CVA [central vehicle agency] services that enable our colleagues to travel safely, to mail and telecommunication services and even the Saskatchewan Air Ambulance service.

One way or another, our ministry works with or supports each ministry across executive government. That's reflected in our ministry's estimates which include an expense budget of funding that is appropriated directly to our ministry, and recovery costs that are allocated to and recovered from the ministries and agencies we serve.

As outlined in our estimates, the amount SaskBuilds and Procurement is budgeted to spend comes to 478.5 million, and we'll recover 305.4 million of that from ministry clients for the operating services we provide them. 69.1 million is our ministry's own operating budget for '22-23. This year's ministry operating budget includes an increase of 11 million. The change in budget is primarily for the expense portion of the enterprise business modernization project to implement a new government-wide, cloud-based solution for an integrated financial, human resource, and procurement system; continued support for digital and online services; and infrastructure positions moved from the Saskatchewan Health Authority to support project management at SaskBuilds.

I would also note for committee members that those increases are partially offset by decreases from further efficiencies gained through last year's merger with SaskBuilds Corporation, a decrease related to prior years' stimulus project funding, and a decrease for the final year funding related to the former Saskatchewan Hospital North Battleford site demolition.

Capital funding for SaskBuilds and Procurement will be 103.5 million this year, an increase of 57.3 million. This is the result of a new accounting standard in place for recording liabilities in building, mostly asbestos, as well as 27.2 million increase for the capital portion of EBMP [enterprise business modernization project]. Further non-capital amount of 5.2 million is also included to record remediation of contaminated sites to meet accounting standards.

Before I wrap up my remarks, I'd also like to note that the Ministry of SaskBuilds and Procurement provides funding for the Provincial Archives of Saskatchewan. This takes the form of a grant totalling 4.36 million. This amount is consistent with funding for the organization in past years.

And now, Mr. Chair, I would turn it back to you and we'd be happy to entertain questions.

**The Chair:** — Thank you for your opening comments, Minister. We'll now open it up for questions. Ms. Young.

**Ms. A. Young:** — Thank you, Mr. Chair. And thank you,

Minister, and all your officials for being available to the committee and indulging my questions tonight, which will hopefully be somewhat calmer than experience last year in committee. And I'll thank you again for being so kind about that last year.

[15:45]

This is a ministry with just an astonishing amount of work that goes on within it and a huge number of responsibilities to the province, and I want to recognize and thank you for all the work that goes into that. And also profess to, of course, being overwhelmed at how to do justice to the amount of work and oversight, in the next two hours. So I'll beg your indulgence and appreciation if I'm asking any questions that, Minister, you covered in your extensive introductory remarks. I was taking notes but not nearly quickly enough.

I think maybe to begin just a couple of general funding questions, Minister. In votes in particular, there's a decrease under (SP02) for property management. And I'm just looking for some comment or explanation in regards to that decrease.

**Hon. Mr. Reiter:** — I'm going to start just briefly, and then I'm going to get Jim to walk through the details with you, because what it is . . . I think it's the \$218,000 decrease you're looking at. That's actually a compilation of a number of different areas, some increases, some decreases. So I'll just get Jim to walk through those points for you.

**Mr. Olson:** — Hi. My name is Jim Olson. I'm the chief financial officer for the Ministry of SaskBuilds and Procurement. So (SP02), what you're looking at is a net decrease of \$218,000 and this is the result of a lot of ins and outs. It's actually a really big subvote for us, and it is a recovered subvote as well.

Some of them that are of note are: we have a 1.4 million increase in operations and maintenance due to insurance rate increases that have occurred over the past five years and that have not been passed on to tenants, and so finally we came to a point where the ministry just couldn't absorb those anymore; 1.6 million increase in operations and maintenance for building costs; new buildings and cost increases resulted in an increase of 1.8 million, offset by a decrease of \$243,000 due to the disposal of a building and reduction in amortization expense; 503,000 increase in operations and maintenance due to the reduction in financing charges offset by an increase in lease costs; 882,000 increase for (SP02)'s share of the (SP01) allocation — so what that means is that's actually our ministry's central services, so we also have to pay just like all the other ministries — allocation increase, so that's for IT and accommodations; 494,000 increase in program delivery and client services as a result of increased guard service costs due to client demand and increased contract; and then 943,000 decrease in program delivery and client services due to building assessment work being moved to another subvote which is subvote (14), which is infrastructure and procurement services.

**Ms. A. Young:** — And sorry, those guard services you mentioned, that's like basic building security or commissionaires on . . .

**Mr. Olson:** — Correct.

**Ms. A. Young:** — And pardon me. What was that you said moved to subvote (14)?

**Mr. Olson:** — Yeah, 943,000 decrease in program delivery and client services due to building assessment work.

**Ms. A. Young:** — Okay, thank you. And I suppose same question for . . . Got a basically same question for a couple subvotes. Major capital asset acquisitions (07), where there's obviously that significant jump.

**Mr. Olson:** — Hi. Jim Olson again. So you know, great observation. Obviously it went up an awful lot, but most of that is actually due to non-cash items. So I will go through (SP07). In terms of the changes, we had a decrease in IT projects of \$1.9 million. And then this is where you're going to see the really big increases of increase in the EBMP capital portion of it. We also have an expense portion, but the capital side is \$52.7 million. So that's a real big chunk of this.

And then the others are non-cash as well. So this is the increase for asset retirement obligation. That's PSAB [Public Sector Accounting Board], so public sector accounting standards, so we had to put that in. That's \$31.4 million, so now we're up a lot. And then increase for remediation of contaminated sites, again another PSAB accounting standard that we had to apply in the current year for \$5.2 million. And then we also increased some funds to the Provincial Capital Commission for \$600,000.

**Ms. A. Young:** — And those funds to the Capital Commission, what were those for?

**Mr. Olson:** — Yeah, so the \$600,000 is actually for a number of items, but some of them include property security enhancements.

**Ms. A. Young:** — Any specific properties?

**Mr. Olson:** — I'm sorry.

**Hon. Mr. Reiter:** — It's the PCC [Provincial Capital Commission]. It could have been for PCC.

**Ms. A. Young:** — So . . .

**Mr. Olson:** — Provincial Capital Commission.

**Ms. A. Young:** — No, I understand. So like Wascana Centre Authority, would that include Centre of the Arts, the legislature? I'm not sure I understand. Sorry.

**Hon. Mr. Reiter:** — I was just checking. So I think it's fair to say I'm not sure if it all would be, if there's any for another area. But I think I understand the point of your question. The focus of it would be for the legislature and area.

**Ms. A. Young:** — Thank you. If you loved my sterling observations for the last question, you'll love this. Again I'm looking at the increase in IT for subvote (11).

**Hon. Mr. Reiter:** — So there's a couple smaller items in there as well, but the core amount of that, which is over \$17 million and it's a 17-plus-something increase, is for the enterprise business modernization project, the one I mentioned in the

opening comments. But officials are telling me that's expense side, not the capital side though.

[16:00]

**Ms. A. Young:** — Okay. Thank you very much. I'll have some more questions about that, but I think I'll keep them for that project proper. And I guess my last hard-hitting question in regards to general funding, the decrease in infrastructure and procurement on subvote . . . I believe it's (14). I think it's a decrease of about 17 and a half per cent.

**Mr. Olson:** — Hi. So with regards to subvote (14) and the decrease of approximately \$3.6 million, it's the netting of a number of items. Some of those do include internal from infrastructure to another subvote, so that is \$627,000. Infrastructure projects were down by 1.85 million. And then EBMP phase 2 was actually in that subvote last year, and then phase 3 was put into another subvote. So the change is . . . It goes down 2.3 million. So the cumulative effect is 3.682 million.

**Ms. A. Young:** — And I apologize. You keep using that acronym. Is that the enterprise business . . .

**Mr. Olson:** — Pardon me. Yeah.

**Ms. A. Young:** — Okay. Thank you. A question in regards to the contractual obligations. So I believe I know accurately, although I'm never sure with these numbers, but I believe there's about \$2 billion more in contracts year over year based on — what am I looking at? — page 60, the contractual obligations and notes of the financial statements.

And it appears again that most of the increase is in education. And I guess before I ask a question, I just want to confirm that my read on that is correct. Yeah. Page 60, notes of financial statements, contractual obligations under the summary financial statements.

**Hon. Mr. Reiter:** — Can I just get some clarification? We're trying to find that. So you're saying it was a year-end financial statements and it was a 2 million . . .

**Ms. A. Young:** — Billion.

**Hon. Mr. Reiter:** — Oh 2 billion, sorry, increase . . .

**Ms. A. Young:** — In contracts year over year. Yeah, it's in Public Accounts, the summary financial statements.

**Hon. Mr. Reiter:** — And it's an increase from '20-21 to '21-22?

**Ms. A. Young:** — 2020 over to 2021 in the most recent Government of Saskatchewan Public Accounts summary financial statements. We can make a copy and . . . Okay.

**Hon. Mr. Reiter:** — So sorry, I don't want to delay you unnecessarily. Our folks don't have the answer today. Can we follow up with Finance and we'll get back to you then?

**Ms. A. Young:** — Absolutely, yeah. And it's, I believe . . . And again I wanted to confirm with your officials who'd be the experts obviously, not myself, in establishing that. But yeah, my

interest was . . . Obviously that is for all of government, but the portion that SaskBuilds and Procurement would be privy to, especially that significant increase in education is what I'm interested in.

But maybe moving, Minister, and we'll . . . I think my staff is getting a copy of that, as I apologize. They just took the one page out of the report.

But some of this year's budget commitments that were spoken to, the 305.4 million for recovery expenses, the 180 million for operations and maintenance of property . . . I'm curious on that last one, the operations and maintenance of property under a regional service-delivery structure. What properties would be contained under the regional service-delivery structure? And what services would not be provided at cost recovery?

**Mr. Toffan:** — It's Kyle Toffan. So I'm going to give you just a little bit of an overview about which types of properties that we would provide building services on. So we have presence in 151 communities across Saskatchewan. We have 446 buildings, ranging from post-secondary institutions like polytech in Regina and Saskatoon, health facilities, courthouses, provincial office buildings, the real estate in Regina for instance, you know, museums, that type of thing. We also have leases in 254 privately owned properties across Saskatchewan. Total area of owned and leased is about 10 million square feet, with close to 4 million of that being office space; 1.8 million square feet makes up our leased space portfolio, so that's on leases.

We have also currently an office vacancy rate which is very low at about 3 per cent. The services that we provide are everything that's required just on a building, like minor maintenance, cleaning, that type of thing. It's nothing too much beyond that, and it's on a cost-recovery basis. We're not making profit on that or anything.

[16:15]

**Ms. A. Young:** — Perfect. So there is nothing that wouldn't be done on a cost-recovery basis.

**Mr. Toffan:** — Nothing that . . . No.

**Ms. A. Young:** — Okay, thank you. Moving on to the next budgetary commitment spoken of, the 50 million for transportation and other services, maybe just a general question that I've been curious on. I know, or I believe SaskBuilds and Procurement has worked on some bulk fuel purchasing for — pardon me, I'm not sure how you would refer to them — client ministries. Essentially when the government is bulk purchasing fuel, does it remit that fuel tax to itself?

**Mr. Toffan:** — Yes, we would pay the same fuel taxes as everyone else.

**Ms. A. Young:** — Perfect. Thank you. And then one further question on this and then I think I will move on to the enterprise business modernization project. In regards to that like \$29 million to operate the fleet of government vehicles, is this . . . These are just vehicles used for all ministries, also Crown corporations. Does executive government also use vehicles from this fleet?



**Mr. Toffan:** — So in regards to the CVA customer base, it includes ministries, health regions, education sector, partial Crown Investments Corporation, treasury board Crowns, government agencies, boards, and also commissions.

**Ms. A. Young:** — Okay, and thank you. So it wouldn't include executive government then?

**Mr. Toffan:** — And executive government, yeah.

**Ms. A. Young:** — And executive government. Okay.

**Mr. Toffan:** — Absolutely.

**Ms. A. Young:** — And that 29 million, is that a new cost or ongoing costs?

**Mr. Toffan:** — Yeah, the cost's the same as last year. These are ongoing costs, yeah.

**Ms. A. Young:** — Perfect. Just wanted to confirm. So the enterprise business modernization project. As I understand it, in 2020, \$5 million was allocated to manage the early phases of . . . Pardon me. How do you pronounce the acronym? How do you . . .

**Mr. Toffan:** — E-bump.

**Ms. A. Young:** — E-bump? Okay. So in 2020, 5 million was allocated to manage the early phases of EBMP. I'm curious, if you could detail how that money was spent and whether contractors were used to support that work. And if so, who?

**Hon. Mr. Reiter:** — Sure. As the staff look for that, I'll mention that was exactly my reaction when I heard the acronym the first time as well.

**Ms. Mulholland:** — Andrea Mulholland, executive sponsor for the enterprise business modernization project. And so that funding last year would have included the development of the business case as well as preliminary process review work of the current state and kind of looking at future state systems implementation. And yes, kind of early stage planning for the implementation phase would have been included in that.

**Ms. A. Young:** — Perfect. And apologies, was that work done in-house, or were there contractors used to support that work?

**Ms. Mulholland:** — There were contractors procured for that. And so a Saskatchewan-based team led by Deloitte was brought on board, also Paradigm Consulting, Solvera, PLATO Sask Testing. And I think that's . . . Yeah, that's the full work group.

**Ms. A. Young:** — And so then obviously based on this year's budget, there's \$72 million allocated. So I assume that business case was accepted. And the \$72 million or 72, \$73 million in the language that we have access to speaks to this being allocated for the development of a solution. So what is expected to be purchased with those funds? Is this a service contract?

**Ms. Mulholland:** — I'll go ahead. Andrea Mulholland again. So that breakdown, the 73 million for this year, includes the 20.5 expense cost, the 52.8 capital, and includes both services as well

as the costs required for system licensing, the services to implement it, so there's a combination there of the costs that are included. And so overall what it's looking to do is replace a number of the existing systems — procurement, financial, human resources — and yes, working to replace kind of over 80 existing applications with the new Oracle cloud-based system.

**Ms. A. Young:** — Thank you. I believe you referenced 50 million. Is that the 55 million reference for information technology costs? Like, is that capital?

**Ms. Mulholland:** — Yes.

[16:30]

**Ms. A. Young:** — And understanding there's an investment in tech, are these external contracts being utilized for this work? And if yes, who and for how much?

**Ms. Mulholland:** — So the cost breakdown here, we have both a combination of internal and external resources funded through this total project amount for this year. And so that includes almost 100 FTEs [full-time equivalent] that are fully funded by the project, so all internal resources. And then remaining funding for those five same team partners that we had mentioned previously — Deloitte, Solvera, Paradigm Consulting — for the external actual build work on the project.

**Ms. A. Young:** — Thank you. And are those 100 FTEs, are those Government of Saskatchewan employees? Are they subcontractors?

**Ms. Mulholland:** — They're Government of Saskatchewan employees, so seconded from other ministries. So we did a combination of expression of interests. People that had been dedicated to the first two phases of the projects or development of the business case remained on the project or did internal kind of expressions of interest to bring on the remaining FTEs.

**Ms. A. Young:** — And what's the class associated with those 100 FTEs versus those — pardon me, I believe you said five — partners working on the solution?

I'm also happy to move on to some maybe, like high-level questions about the project while the officials look for that information. They're just mostly clarification.

**Hon. Mr. Reiter:** — Sure, if you want to do that. And then when we get the answer, we'll just cut in.

**Ms. A. Young:** — Perfect. Yeah, that would be appreciated. Thank you. So I guess looking at the EBMP, I think in . . . Just to wrap my head around this, so last year in the annual report, it spoke to phase 1 being completed in, I think, October 2021. But then it also spoke to the business case being developed. So just to make sure I understand that, completion in October 2021 was not the business case. That was the initial undertaking of, I imagine, understanding the scope of the challenge and project?

**Mr. Toffan:** — Thanks for the question. So from October to December of 2020, we completed phase 1, and that was really that exploratory phase. From February to July of 2021, we completed the business case. So that was about a six-month

endeavour. And then we started the project, phase 3, which is really the implementation, just a few months ago in September, October 2021.

**Ms. A. Young:** — Perfect. Sorry. Yeah, that must be where I got that October 2021 number. So SaskBuilds and Procurement has, you know, committed to planning and implementing a new IT service delivery framework to support the Saskatchewan plan for growth, has the stated goal of developing an integrated, outcome-focused enterprise IT strategy supporting the Saskatchewan growth plan and citizen needs. Is this all the same project that we're talking about? Are these distinct?

**Mr. Toffan:** — So I'm not sure which . . . Are you reading the mandate, like sort of the mandate of SaskBuilds and Procurement?

**Ms. A. Young:** — Yeah. I believe that was from page 5 of the '20-21 annual report.

**Mr. Toffan:** — So what I would say is that that is really our broad mandate for our entire ministry. What EBMP is is really a government-wide enterprise solution for replacing all of our financial, procurement, and HR [human resources] systems that are quite aging.

**Ms. A. Young:** — And so are all ministries currently participating in this?

**Mr. Toffan:** — Just to respond to your question, it does impact and involve all ministries, but there are five leading ministries that sort of own the MIDAS [multi-informational database application system] financials and the procurement systems like SaskBuilds and Procurement, and that is Ministry of Highways; Ministry of Finance; Ministry of SaskBuilds and Procurement; Ministry of Corrections, Policing and Public Safety; and also the Public Service Commission.

**Ms. A. Young:** — So thank you. Sorry, I'm not trying to like belabour this point, just wrap my head around it. So when the mandate kind of talks about, you know, impacting the government's core financial, human resource, and procurement lines of business, those are the ministries that you've just referenced. Other ministries will have, at least at this point, their own financial and human resources practices, I understand.

Unifying things across as big an organization as government is challenging but certainly has some potential merits to it. I guess what I'm trying to figure out . . . I'm sorry if I'm being stupid on this, but are all ministries, all financial, human resource, all procurement then going to basically align with this project? Like I guess what I'm asking in a really inarticulate way is, you know, what is the expected deliverable of this significant project in terms of scope and budget, other than you know, saving time and modernizing and the cloud, which I say flippantly but I do appreciate the need for, you know, transitioning to new and modern 21st century technology.

**Ms. Mulholland:** — So I can walk through just to clarify just in terms of the scope to which ministries currently have or have different financial, procurement, HR systems. So in this case and in the current state we do have a number of systems that actually do support all government ministries. So that includes — and will

be replaced through this migration to the cloud — so MIDAS, Taleo, PSC Client, MarkView. These are all systems that are used right now across executive government.

And so intent in moving to this migration, there is some further kind of process alignment within that. But it's really kind of streamlining where we have duplicative effort across ministries. Whether it's entering information or otherwise, it's kind of repeated across a number of ministries. And so overall the commitments made were better decision-making; efficiencies, as I mentioned, through the reduction of kind of data entry into multiple system points when I list those; just a few of the 80 applications that are being replaced; also stronger security. There's a, you know, there was a major focus through the procurement phase was improving the privacy just existing within the current system environment, and also business transformation.

So there is that kind of lens of looking across the ministries to see where there can be some efficiencies in these back office functions primarily.

**Ms. A. Young:** — Thank you. And not having access to the business case, I imagine it was closely examined. Is there an estimated cost savings for this project?

**Hon. Mr. Reiter:** — Sorry, just because of time, we're trying to get the information. They don't have the business case here but we're trying to get officials to do it, and hopefully we'll have an answer before we wrap up.

**Ms. A. Young:** — I do appreciate it, Minister. Maybe just one last stupid question. For that 73 million — it's included in this budget as an investment — is that the total cost for the project? That's the cost this year?

**Mr. Toffan:** — This year's, yes.

**Ms. A. Young:** — This year's cost. Okay. And so the budget document I believe on page 51 talks about a \$20 million increase for the EBMP. That \$20 million is just a year-over-year increase then?

**Mr. Olson:** — Yeah, I think it's 23 million. And that actually represents the expense portion of phase 3 that is approved.

**Ms. A. Young:** — Okay. And then is there a total cost estimate for this project?

**Mr. Toffan:** — Yeah, so the total approved budget is 128 million. So we have \$28.8 million in '21-22; 73.3 million in '22-23; and '23-24, it's 25.4 million.

[16:45]

**Ms. A. Young:** — And so that's all phases? There's no like phase 5 or anything not contemplated?

**Mr. Toffan:** — No. Phase 3 is kind of where the implementation ends.

**Ms. A. Young:** — Okay. And currently on track, on budget?

**Mr. Toffan:** — That's what my note says, yeah.

**Ms. A. Young:** — Okay.

**Mr. Toffan:** — I have the answer to your other question too for internal resources. So of the 128, it's \$22 million for internal resources.

**Ms. A. Young:** — And then the remainder would be those external service contracts?

**Mr. Toffan:** — That's right.

**Hon. Mr. Reiter:** — That would be capital and expenditure.

**Mr. Toffan:** — Yeah, the remaining is split up between capital and expense.

**Ms. A. Young:** — Thank you very much. Now keeping an eye on the clock, because I do have a couple specific questions, but I was hoping to tenuously ask some questions about capital asset acquisitions. And please, Minister, to your officials, if I'm mistaken in any of this, please do correct me. But my read of the capital asset acquisitions has . . . I guess it's, you know, following the money in this ministry and associated Crown is a little bit difficult, a learning experience certainly.

And government-wide capital asset acquisition in 2020-2021, was just over half a billion dollars. And so looking at SaskBuilds and Procurement, my read is that the ministry was the flow-through for 31, just over \$31 million, or about 6 per cent. Is that correct? It's Public Accounts again. And then also Estimates from this year.

**Hon. Mr. Reiter:** — So for this year, are you talking (SP03)?

**Ms. A. Young:** — That I don't know, but from Public Accounts for 2020-2021 it has as paid, in Ministry of SaskBuilds and Procurement, just over \$31 million from Ministry of Ag; Energy and Resources; Environment; GR [Government Relations]; Health; Highways; ICT [Immigration and Career Training]; Integrated Justice; Parks, Culture and Sport; SaskBuilds and Procurement; and then Social Services. It's page 242 to 244 of Public Accounts volume 2.

So I guess where I'm going with that is last year it was just over 31, and then for 2022 to '23 the capital asset acquisition is 651 million, 16 per cent of which then flows through SaskBuilds, which is a significant increase.

**Hon. Mr. Reiter:** — So our folks have called up . . . [inaudible] . . . but they're just not getting the same numbers as you. Can you just clarify which page you're on in Public Accounts, so we can look?

**Ms. A. Young:** — Sure. So for this year's Estimates I believe it's page 105 has the capital asset acquisitions estimated, of course, for the Ministry of SaskBuilds and Procurement, a total of \$103.46 million, which I believe represents about 16 per cent of the government's capital assets or capital asset acquisitions.

**Mr. Olson:** — Hi. Yeah, so it definitely looks like a very large increase. So the variance is \$57 million, which you appropriately

identified. So the difference this year, a lot of it is actually non-cash entries because of the public sector accounting standards that we had to include this year. So 31.4 million of that is for asset retirement obligations. That's a new accounting standard this year. That's the capital portion. We had previously talked about the expense.

And then for base land, buildings, and improvements, that's that Provincial Capital Commission. So that goes up this year by 600, so that is 7.4 million. Transportation and operating equipment, central vehicle agency, and ambulance, that's the exact same as prior years at \$10.89 million. And then we go back to the EBMP, enterprise business modernization project, phase 3, so there's a large increase this year for phase 3. So that increases 27.243 million to 52.7 million.

And then we have base office equipment and information technology. This is DocShare and security card project decreases. And so that actually decreases this year from 2.8 million to 935,000 this year. So then when we add all that up, we get to the 103 million. But again, a lot of that is this non-cash stuff. We get the asset retirement obligation, 31 million, which is not cash.

**Ms. A. Young:** — And so, sorry, help this non-accountant understand. Just very much appreciating the explanation. I believe in 2021-2022 it was projected to be about 46 million. So this is still about twice as much, and then three and a half times, roughly, as much as was realized for 2020 and 2021.

**Mr. Olson:** — Sure. Yeah, when you look at the large increase, it's mainly comprised of that asset retirement obligation of 31 million. And then you add in the EBMP phase 3, which would not have been known last year, and so then that's that 27 million. So that's really where you get the doubling. That accounts for approximately, you know, almost \$60 million.

**Ms. A. Young:** — And so this accounting for the capital asset acquisitions, is this different from other ministries, or is this same across the board?

**Mr. Olson:** — Well other ministries would have it, but we would have a lot more because of the fact that we own the buildings. If you'd like, I can go into asset retirement obligations.

**Ms. A. Young:** — Briefly. I do have other questions.

**Mr. Olson:** — This speaks to me.

**Ms. A. Young:** — If you think it's a waste of committee resources, I'm happy to move on, but yeah.

**Mr. Olson:** — I'm at your service.

**Ms. A. Young:** — Okay.

**Mr. Olson:** — So the asset retirement obligation, it's a legal obligation to incur the costs associated with the retirement of a tangible capital asset. So in our case, this would be buildings in the future. So examples of asset retirement obligations would include the removal of asbestos from buildings, which is what we would be having to account for, and the disposal of underground fuel tanks.

So when we look at the \$31 million, we're debiting our capital assets. So we're actually increasing the cost of them because we know that there's this other liability that we have to set up, and that's this asset retirement obligation. So at a really high level, what we're doing is we're getting the legislative authority to incur a cost of \$31 million down the road, like in the future, for when we retire this asset.

**Ms. A. Young:** — Okay. And are there . . . So I think I understand that. Thank you very much. There would be other . . . Actually maybe I'll move on, just in light of the time.

Just one last question on this. Are there types or classes of capital assets in particular that the Government of Saskatchewan mandates, you know, must be acquired and managed through the Ministry of SaskBuilds?

**Mr. Toffan:** — So the majority of the government-owned real estate assets, vertical infrastructure that isn't health or isn't education or isn't universities or municipalities, would be owned by SaskBuilds and Procurement. We wouldn't own Highways assets, for instance. It would just be sort of those vertical assets.

And there's a couple exceptions to that. Like we do own, you know, a long-term care facility, for instance. Some of it's historical, and you know, it just happens to be owned by us. But the large majority of it would be in those categories that I mentioned earlier, the real estate side and all of those types of projects.

**Ms. A. Young:** — Thank you. I suppose similar question, but looking at the procurement of goods and service for the ministry, there's a number of, I suppose, client ministries listed in Public Accounts totalling I believe around \$250 million. And I guess the same question. Are there types or classes of goods and services that the Government of Saskatchewan would . . . I'm using the word "mandate," but rather carelessly, but that the Government of Saskatchewan mandate be procured and managed by the Ministry of SaskBuilds in particular?

**Mr. Toffan:** — So the past few years since 2019 when we created the single procurement service, SaskBuilds and Procurement would be responsible for the procurement of goods, services, and construction activities for executive government as a whole.

Now we wouldn't be responsible for the really small procurements like a thousand-dollar item or paper, that type of thing. The ministries would have purchase cards for those types of purchases because it's just more efficient. But anything, you know, once you start getting over \$10,000 for instance, we would be working with ministries closely to make sure they have the goods, services, and construction products that they need to do their work.

[17:00]

**Ms. A. Young:** — Thank you. Yeah, I suppose what I'm getting at is trying to just clarify if all tendered contracts for goods and services would be counted in some of the amounts listed in volume 2 of Public Accounts. You know, appreciate what you're saying about purchase cards. And looking at this, there's, you know, integrated justice services was \$61 million. Social

Services was just shy of \$40 million with the Ministry of SaskBuilds and Procurement as a payee. So some of these are, you know, significant amounts of money.

So I suppose what I'm trying to establish is, are all tendered contracts for any goods and services counted in these amounts? Or does the volume of money transferred from each ministry not necessarily reflect all the tendering done by SaskBuilds on behalf of each ministry?

**Hon. Mr. Reiter:** — Just to clarify. So is the question . . . I think what you're asking is, are there still tendering contracts issued in the ministries themselves aside from what SaskBuilds is doing? Is that . . .

**Ms. A. Young:** — Yeah. So would, you know, for example, the \$40 million in goods and services attributed to Social Services, is that a complete accounting of costs for all goods and services that would be going through Social Services because they're coming through SaskBuilds? Or are there additional costs above and beyond?

**Hon. Mr. Reiter:** — Okay.

**Mr. Toffan:** — So the amounts in each individual ministry for goods and services is a collection of things that we would do for them and a collection of things that they would do through their purchase cards and other smaller procurements. We have a situation here where we do the procurements on behalf of ministries, but they still own the contracts in most cases. The exceptions to that would be those big bulk purchases — I'll use toilet paper as an example. We buy it for all of government. But for the most part, those would be pretty comprehensive adjustments.

**Ms. A. Young:** — Okay. So there would be . . . So the numbers listed in Public Accounts for all of these ministries would be representative of all of the tendering done by SaskBuilds, but may not be representative of all of the tendering done by those ministries. Is that a . . .

**Mr. Toffan:** — Yeah. Except for the big ones, yeah. Except for the big, big projects. Yeah, exactly.

**Ms. A. Young:** — Big projects being, sorry, toilet paper? Or, like, bypass?

**Mr. Toffan:** — No, it's not like bypass. So the bypass would actually be a good example. So the amounts paid for the Regina bypass wouldn't have come out of SaskBuilds and Procurement, even though we did the procurement on their behalf. Those contracts reside in Highways.

**Ms. A. Young:** — Okay. A couple high-level questions . . .

**Hon. Mr. Reiter:** — We have another one of the answers with Jim.

**Ms. A. Young:** — Oh, excellent. Thank you.

**Hon. Mr. Reiter:** — Go ahead, Jim.

**Mr. Olson:** — Hi. With respect to the EBMP, enterprise business

modernization project — that is a bit of a mouthful — the internal resources are going to be 23 per cent of that phase 3 cost, and external will be 77 per cent if we are just looking at the resource side.

**Ms. A. Young:** — Okay. And sorry, pardon me, I blacked out. The dollar value associated with that?

**Mr. Toffan:** — The total amount is at 128, and 22.5 million would be the internal.

**Ms. A. Young:** — Thank you. Couple of questions, just looking for some updates as . . . at least I don't have access to the annual report yet. The facility capital index last year was 5.2 per cent. Is there a current number that could be provided?

**Mr. Morrisette:** — Hi, I'm Miguel Morrisette. The number hasn't changed since then. So it's 5.2 and it's still in the process of being updated this year as we complete facility assessments.

**Ms. A. Young:** — And as part of that facility assessment, understanding the number's not yet available for this year, is the ministry able to break that out by ministry or by building type, provide averages? For example, what's the average FCI [facility condition index] for a school in Saskatoon or for a health care facility. Is that tracked?

**Mr. Morrisette:** — So the 5.2 number I referenced earlier is just for our SaskBuilds and Procurement owned buildings, so that would be correctional facilities, justice facilities, commercial buildings, etc. While we have started to do assessments on Education and Health, that's going to take us several years to complete. So we've started doing that this year — actually last year for Education but this year for Ministry of Health. We only do about 20 to 25 per cent of all facilities every year so we cycle those through about four years, five years at times. So by 2025 we would expect to be done the Ministry of Education and Health in about 2024 actually. So we don't have the numbers right now for those facilities. That'll be with those ministries. But we are currently trying to consolidate the methodology so that we can have consistent numbers between those asset types.

**Ms. A. Young:** — So by 2025 it's anticipated that the Ministry of SaskBuilds and Procurement will have kind of a comprehensive understanding of what the facility condition is for all publicly owned, operated, funded buildings in the province.

**Mr. Morrisette:** — Yeah. We'll have government-owned assets, Ministry of Health, and Ministry of Education, yes.

**Ms. A. Young:** — Okay. And so hearing what you said about the facility capital index, is all capital planning now going through the integrated capital planning process?

**Mr. Morrisette:** — Yeah. So the integrated capital planning process is really the manner in which we collect and assess which capital investments will be made every year through the budget process. And so yes, we do take in all projects, large and small, from all executive government ministries and treasury board, Crown corporations for assessment every year going into the budget process.

**Ms. A. Young:** — And sorry, again, to be stupid. That would

exclude Health and Education?

**Mr. Morrisette:** — No, that would include.

**Ms. A. Young:** — I guess I'm trying to understand, lacking, you know, kind of a comprehensive facility condition index, how is the prioritization of those . . . the selection process for those projects and prioritization done?

**Mr. Morrisette:** — So the prioritization of investments every year in infrastructure is based on a number of different factors, including FCIs. FCI is one very important factor which speaks to the condition of the asset. The other things we look at though are the utilization of the asset — so whether something's highly utilized or low — also the functionality. Does it work for the program it's been intended for or does it need to be repurposed?

When we're looking at all these items, we're also looking at, do we need to repair, replace, or kind of realign within the building? So those are all being considered as well. Ultimately, you know, we're also driven by affordability and driven within the budget context that's set by the Ministry of Finance. So that's where the priorities are prioritized.

**Ms. A. Young:** — And so again not to really belabour the point, but understanding that there is not currently a centralized warehouse of all of that information, whether it's for FCI, space utilization, functionality . . . Recognizing, you know, the massive responsibility that comes with this work, how does that work?

**Mr. Morrisette:** — Sure. So on the FCI, every year, leading up to this year where we started to collect the data ourselves at SaskBuilds, we'd request the data from Ministry of Health, the Ministry of Education, and others. What are the condition of your assets? They would pull that from school divisions and from the Health Authority. The numbers aren't consistent, which is why we're consolidating them and rebasing them over these years to make sure they're all calculated the same way.

And in the absence of having that consistent data, what we've done is we've calculated in each unique sector of what's considered critical, poor, you know, bad and good, effectively. And that allows us to go critical hospital versus critical school, and for that sake, it's comparable. But the benefit of consolidation and the benefit of this new methodology will be to have like-for-like, comparable numbers by 2025.

**Ms. A. Young:** — Okay, so kind of to circle back to my initial question around whether you can break that out by facility class or type, currently you cannot. But there is kind of an interim process to be able to identify that by ministry.

**Mr. Morrisette:** — Yeah, that's right.

**Ms. A. Young:** — Okay. See what I can get through in the next like 12 minutes here. On . . . actually, I'll leave that one for SaskBuilds Corporation.

Cybersecurity is a huge issue. What's the uptake in adoption been of the security framework put forth by the information security branch? And how is the ministry monitoring its effectiveness and implementation?

[17:15]

**Mr. Iddrisu:** — I'm Fuad Iddrisu, executive director, government information security. So in government we've adopted a framework. We use industry best practice framework, ISO [International Organization for Standardization] 27002. And out of that framework, we've used that to identify what our gaps are in government. We've secured funding from cabinet of 3.2 million, and through that we're able to mature the cyber posture using that framework and the gaps that we've identified.

**Ms. A. Young:** — Thank you very much. So when you say with government, that's government as a whole, not just this ministry specifically?

**Mr. Iddrisu:** — Right. So executive government is limited to the executive government ministries. However through the IT renewal, we're collaborating with various agencies and some of the small Crowns as well. So there's a lot of collaboration work happening right now across government.

**Ms. A. Young:** — Okay, so thank you for that. In the annual reports, there's extensive discussion on — and I think in the business plan as well for the ministry — extensive discussion on the importance of, you know, modernizing response plans and standards, monitoring of Government of Saskatchewan data and systems, workstation prevention control. I understand, you know, cyber incidents are kind of business as usual this day. It's a real and significant risk.

But it's also clear at least from recent events that, you know, pop up in the media, that response and prevention in the government may not be up to that industry best practice standard. You know, SLGA [Saskatchewan Liquor and Gaming Authority] has been prominently in the media. And you know, I understand at Saskatchewan Research Council they had to actually remove workstations over the course of several weeks.

So I guess my question on this for SaskBuilds and Procurement: with such an important responsibility, how is your ministry prioritizing the ministries that it works with in terms of — you know, I understand you can't do enforcement — but implementing those standards and improving the cyber risk position of the government as a whole?

**Mr. Iddrisu:** — So the way we prioritize work in government is through a collaborative effort with the various ministries to come up with what we call crown jewels assessment. So we understand what's mission-critical across by working with all the stakeholders, and then we prioritize our efforts through a risk assessment. So everything that we do is risk based, with the ministries.

So based on the risk assessment, the likelihood of something happening, if we think it's significant enough, that's where the prioritization is. If we think the likelihood of something occurring is low, then we're not focused on that. So it's all based on likelihood and impact.

**Ms. A. Young:** — Okay, thank you. With the few minutes left I have a couple questions about the digital identity project, and I suspect that's all I'll have time for. So this was, I believe we discussed this last year in estimates, and it was certainly touted

as a budget highlight in 2021-2022.

So I guess, question likely for the minister. There was significant work undertaken to elevate this project to such a high level, and it's unusual to see something like that suddenly just go away. So I'm wondering if you could speak to what changed.

**Hon. Mr. Reiter:** — I think the decision . . . and I'll proceed at this time. There was a couple key issues, and you had touched on the one there — on both, I think you might have — in your question.

Cost was certainly a factor when we looked at that, and concerns raised about privacy, security, those sorts of things. You had mentioned in an earlier question when you talked about, you know . . . I'm sorry, I'm paraphrasing what you said, but I think you touched on that hacks, that cyber breaches are just getting more and more common. And they are, both in government and in private business.

So you know, there was concerns raised around that, so we thought, we're in a position right now where effectively it would make sense to — because there are some provinces that are, have moved ahead with this already, notably I'm told BC [British Columbia], Ontario, and Quebec — that we can essentially use them as pilot projects, if you will. Our folks are consulting with them, talking to them, monitoring what they're doing. And we'll see how that goes before we make a decision in the future.

**Ms. A. Young:** — Thank you, Minister. You reference, you know, kind of public sentiment and opinion on this. Was there an increase in communication from the public to the ministry or even to your office? I'm curious even if you would track how many, you know, pieces of communication would have been received in, say, 2020-2021 and then 2021-2022.

**Hon. Mr. Reiter:** — So emails that come to our office, we certainly could track those. We can get the number if you'd be interested. But the problem with that is that also doesn't account for, for example, emails that would go to Executive Council or emails that go to our MLA [Member of the Legislative Assembly] colleagues. There was significant numbers of those too, phone calls on top of that. I know in not just in my office here, but in my MLA office, I got emails about that. So I think it's fair to say just sort of timing I guess, the situation that we're in.

We talked earlier about, you know, cyber breaches. They're more front-of-mind it seems. You know, just off the top of my head, I was reading some kind of news from around the country this weekend and they were talking about cyber breaches — I think it was with the city of Ottawa. You know, it's just getting more and more common, more prevalent. People are more concerned about it. So I think the short answer to your question is kind of, level of public concern has increased quite a bit.

**Ms. A. Young:** — Thank you. And the Chair has told me I've got one last question. So on this piece again, understanding it was committed in previous years, is there a contract or, basically, is there money still being paid out now that this project has been . . . I don't know if cancelled is the right word. Put on the back burner, cancelled. Take your pick. But is there money still being paid out for the previous commitment to do this project? And if

yes, how much?

**Hon. Mr. Reiter:** — You say money being paid out. You mean for existing contracts, or what are you . . .

**Ms. A. Young:** — For the digital identity project that was, you know, previously a priority of the ministry.

[17:30]

**Hon. Mr. Reiter:** — So officials tell me that any of the contracts specific to this project are being closed out and the expense won't be ongoing. There is one contract, they said, that the work isn't specific only to this project. There was some work on this project but it's in other areas as well. So that will continue in those other areas, but contracts that are specific to this project are being closed out.

**Ms. A. Young:** — Thank you.

**The Chair:** — Having reached our agreed-upon time for consideration of these estimates, we'll adjourn the consideration of these estimates for SaskBuilds and Procurement. Minister, do you have any closing comments?

**Hon. Mr. Reiter:** — Yes, Mr. Chair. I'd like to thank you. I'd like to thank the hon. member for her questions. Our colleagues, committee members, and to all the staff. With the staff of SaskBuilds, I know two or three are going to be staying for the later estimates on the corporation, but most of them I believe will be leaving. So I want to thank them for their time tonight and their good work over the past year. And again to the staff, thank you.

**The Chair:** — Thank you, Minister. Ms. Young, do you have any closing comments?

**Ms. A. Young:** — Thank you to the Chair. Thank you to my colleagues on the other side. Thank you, Minister. And a special thanks to all the officials for making themselves available and tolerating the questions. It's a huge ministry and huge responsibility that you have to try and cover off in two hours, so I appreciate it very much.

**The Chair:** — Thank you. This committee stands recessed until 6 p.m.

[The committee recessed from 17:33 until 18:00.]

**General Revenue Fund  
SaskBuilds Corporation  
Vote 86**

**Subvote (SB01)**

**The Chair:** — Okay, I'd like to welcome everybody back. Next we will consider the estimates for vote 86, SaskBuilds Corporation, subvote (SB01). Mr. Reiter, please make your opening comments.

**Hon. Mr. Reiter:** — Thanks, Mr. Chair. I'd like to quickly introduce the officials that are here with me; most of the officials from the preceding estimates have left.

I have with me right now for the corporation, president and chief executive officer, Kyle Toffan; chief financial officer, Jim Olson; also ADM [assistant deputy minister] Miguel Morrisette; and my chief of staff, David Cooper here as well.

Our government created SaskBuilds Corporation in 2012 to lead the planning, design, funding, and implementation of significant infrastructure projects for the government. This work included overseeing the delivery some of Saskatchewan's most significant projects such as the Regina bypass, the largest transportation project in the history of the province, and the joint-use schools project that was the largest school-building project in Saskatchewan's history.

It also included developing our province's first-ever integrated capital planning process to put structure, rigour, and discipline to how infrastructure investment priorities are identified by ministries and to support the oversight of decision makers, reviewing them to determine which projects are funded through the budget each year.

Today the corporation and its board continue to provide that strategic oversight on the development and delivery of government's annual capital plan, supported by staff who are housed within the Ministry of SaskBuilds and Procurement.

Among its duties, SaskBuilds Corporation plays an important role in the delivery of federal-provincial infrastructure funding as a signatory organization to the Canada-Saskatchewan Integrated Bilateral Agreement for the Investing in Canada Infrastructure Program. Signed in October of 2018, this agreement secured more than \$890 million of federal funding over 10 years for projects that will improve community health and safety, economic growth and sustainability, environmental protection, and quality of life for Saskatchewan people and families across the province.

The original agreement included four funding streams: public transit, green, community culture and recreation, and rural and northern communities. More recently the federal government has added a fifth stream, COVID-19 resilience infrastructure, in 2020. While they did not provide any additional funding for these projects, they did allow provinces to move funding from other streams to meet this emerging need. In 2021 Ottawa added 6.2 million to this stream for ventilation projects, bringing total funding up to \$902.6 million. Ottawa has also announced that Saskatchewan will be allocated a further 4.7 million for more ventilation projects, and officials are working on an amending agreement to secure that funding.

Overall, approximately \$2 billion will be invested in Saskatchewan ICIP [Investing in Canada Infrastructure Program] projects by 2028, including more than \$700 million in provincial funding. While the majority of projects are municipal, administered by our colleagues at the Ministry of Government Relations, SaskBuilds Corporation coordinates provincial projects. These are projects put forward by Crown corporations, ministries, and some First Nations. SaskBuilds Corporation coordinates the submission of these projects for approval, administers the funding agreements for these projects, and is where the funding for these projects flows through.

SaskBuilds Corporation is currently managing 17 approved or

conditionally approved projects. These include several Indigenous renewable energy projects through the green infrastructure stream. Some examples include Meadow Lake Tribal Council bioenergy project to generate carbon-neutral green power from saw mill biomass residuals; and two solar projects, one with Cowessess First Nation and one with George Gordon First Nation, to add 20 megawatts of solar energy to Saskatchewan's power supply; two interconnection projects with SaskPower to connect these new solar plants to SaskPower's grid; and a battery energy storage system project with SaskPower to build the province's first utility-scale storage system that will help balance the power system during power demand spikes and support intermittent generation options such as wind and solar.

The corporation is also coordinating several green infrastructure projects to upgrade potable water supply, water and waste water treatment, and a lagoon at various provincial parks.

In addition, \$5.7 million has been allocated to the Ministry of Highways' northern airports projects through the rural and northern communities infrastructure stream to provide upgrades, rehabilitation, and lighting installations in communities like Patuanak, La Loche, Ile-a-la-Crosse, Pinehouse Lake, Sandy Bay, Cumberland House, and Wollaston Lake.

Under the newest funding stream, 6.3 million in federal COVID-19 resilience funding has been allocated to Saskatchewan Health Authority long-term care HVAC [heating, ventilating, and air conditioning] ventilation upgrades at 10 facilities. We hope to receive federal approval on these important projects from our colleagues in Ottawa soon.

Less than four years into the agreement, the Government of Saskatchewan has allocated approximately 69 per cent of ICIP funding to municipal, provincial, and third-party projects and programs. We will continue to work to allocate the remaining program funding over the coming years.

Before I wrap up, I would note that the '22-23 budget appropriation for SaskBuilds Corporation is 29.6 million to support infrastructure investments and economic development in Saskatchewan. And with that, Mr. Chair, I'd be happy to, myself or officials, take questions.

**The Chair:** — Thank you, Minister, for your opening comments. I would now open it up to questions. Ms. Young.

**Ms. A. Young:** — Thank you, Mr. Chair, and thank you, Minister. I will have some questions about the ICIP funding, but I guess maybe some higher level questions to start.

So in Estimates, the 29.6 transfers for public services, capital — and I know you referenced this in your opening comments — but can you or one of your officials go into greater detail in regards to what this is for? Like does it pay for those staff that you referenced who are part of the ministry? Is it operating?

**Mr. Toffan:** — Kyle Toffan. That \$29.6 million is to support economic development-type projects, private sector projects in particular. And it's to ensure that they have the proper access to utilities, transportation, like water for instance, access to water. We have some really great utility corridors, but some of them just lack that raw water capacity to make sure that we can sort of

increase private investment around Saskatchewan.

**Ms. A. Young:** — So forgive me. It's essentially servicing project or commercial sites that otherwise the municipalities would not be providing that servicing for?

**Mr. Toffan:** — So these are large raw water . . . Like it wouldn't be treated water. So municipalities would typically provide drinking water. So this isn't that. It's for industrial capacity.

**Ms. A. Young:** — Can you give me an example to help me understand?

**Mr. Toffan:** — So in and around Regina would be a good example where there's no capacity, at least in a big way, for raw water. So they would be pulling from wells, from the Condie Aquifer, for instance. What we're trying to do is ensure that they have a long-term, sustainable, raw water source.

In and around Regina would be the example. Like canola crushing facilities, for instance. Raw water's a very big part of their processing. There's been several of those investments recently around Regina area, around Saskatchewan really. So this is just funding to ensure that when capacity is required, that we're able to support that capacity.

**Ms. A. Young:** — Thank you, Deputy Minister. So I've learned something today. Just to make sure I understand, raw water will be non-potable water used in industrial and large commercial applications and — it's always up for debate, but if I'm understanding accurately — the \$29.6 million allocated in Estimates, all of that goes to securing raw water for potential or existing industrial projects.

**Mr. Toffan:** — So I used raw water as an example but really it could be transportation as well. These are heavy products, big, bulky-type products that need to get to market so that would be the other part of it.

**Ms. A. Young:** — So when you say transportation, does that relate to things like roads or the actual vehicles?

**Mr. Toffan:** — It would be the network, so roads, rail maybe, those types of things depending on the type of product, yeah.

**Ms. A. Young:** — And so SaskBuilds Corporation is potentially funding the construction of rail, roads, those things you've just cited?

**Hon. Mr. Reiter:** — So the corporation . . . Generally the kind of dollars you're talking about, the line item this year, is flow-through money. It will, you know, come from another source, GRF [General Revenue Fund] for example, and it'll be used for a specific project.

A good example of that is last year, I think it was \$50 million from the GRF was transferred to the corporation because it needed an avenue, and it was used for SaskPower, for like a bunch of infrastructure work that needed to be done around the province where there was frequent power outages, those kinds of things. So when there's that sort of a project, a capital project like that, the corporation will be I guess the vehicle, if you will, to fund it.



And then again another significant part of what the corporation does is all that federal-provincial, the projects that I talked about in the opening comments.

**Ms. A. Young:** — Okay. So then, thank you, I think I understand that. I guess for the 29 million in this year's allocation, are you able to speak specifically to what projects that is being flowed through to?

**Mr. Toffan:** — Yeah, so there's really no breakdown yet because reality is, we're working with private industry as they kind of make their investment so that we can make sure that the money is allocated to the appropriate infrastructure.

So the waterline, I use it as an example. The estimates aren't done yet. We don't have the work done. There's engineering that has to take place, some permitting that's required. We don't know how much water, for instance, because they're still working on their designs. So we just don't know yet how much these projects are going to cost. So it's a placeholder, is what I would say.

**Ms. A. Young:** — Okay, so then when these projects are hypothetically developed, built, do they remain . . . I guess I'm asking, do they remain like the property of SaskBuilds Corporation? Or are these essentially then the property of the municipality or the private corporation? And you know, I guess, as an additional question in the same line, who then owns the liability for them?

[18:15]

**Mr. Toffan:** — So I'm going to go back to the example on SaskPower from last year. So we don't own the SaskPower assets. We're just flowing money through to SaskPower Corporation to make sure that they can build the assets needed to help the network from outages. So a similar situation on the waterline. The waterline could be owned by SaskWater Corporation, for instance.

**Ms. A. Young:** — Okay, so could be or would be? I guess because, you know, SaskPower is a Crown corporation. Understanding you're talking about a connection to independent power producers, but I assume . . .

**Mr. Toffan:** — In the case of the waterline, it would be owned by SaskWater Corporation.

**Ms. A. Young:** — Okay, why . . . Like, not a trick or trap question. Why are these dollars flowing through . . . You know, let's take the SaskPower example that's being used because we know that's where those dollars went.

Help me understand why this money is flowing through SaskBuilds. Is it because it's a result of the ICIP program? Or I guess why is this money just not like in SaskPower for SaskPower?

**Mr. Olson:** — Hi. Jim Olson, chief financial officer. So yeah, we're simply a vehicle to flow these funds through. And in terms of the ownership, we would not retain ownership due to the fact that, you know, the asset would be in the entity that we'd flowed the funds through to.

**Mr. Toffan:** — A couple of more key points I would just raise. And accountability is important, right. And so this is GRF funding that is going through to a Crown corporation, and we want to make sure that those projects get completed. And so there's a little bit of an oversight mechanism as part of the capital planning process that we serve, and we did for SaskPower, and we flow the funds as the projects are completed. The Builds board, as well, SaskBuilds board has that accountability for government. And so the connection to the treasury board Crown makes sure that we're getting that information back to government.

**Ms. A. Young:** — Okay, great. So as I understand it, the board is, I think, five government ministers and two MLAs. So in terms of the . . . You know, I hear what you said, obviously, about ensuring that work gets done and that accountability piece is there for work being done by, you know, Crown corporations or other ministries. How and why then does the board select these projects to flow through SaskBuilds Corp. as opposed to . . . You know, SaskPower does significant — I'm somehow the critic for that as well — and SaskPower does significant other work in regards to building connections and tie-ins and all of these facilities. So why these specific dollars, looking at last year's estimates, going through SaskBuilds Corporation?

**Hon. Mr. Reiter:** — I think the best way I could describe that for Power, for instance, officials tell me . . . I think those projects were sort of on the SaskPower list anyway, but the areas that work was done, there had been a number of significant power outages, you know. I know some, just kind of off the top of my head, were lengthy power outages for several days in the middle of winter, right. You know, it was kind of dire, and SaskPower just didn't have the finances to do it. So it was a GRF injection in order to do that, in order to expedite those projects.

So I think, you know, the examples Kyle was talking about, I think you could look sort of similar that . . . You know, a non-potable water pipeline to help with economic development in the Regina area I think has been talked about on and off for a lot of years, and it's a way to expedite that project.

**Ms. A. Young:** — Okay, so then just trying to wrap my head around this then. So hearing what you've said — you know, taking the non-potable water example being necessary for industrial development and strategy in Regina, or SaskPower having issues with the reliability of power — am I to understand then that SaskBuilds Corp. is essentially like, its function is some sort of like GRF angel investor for projects in the province that would otherwise go unfunded due to, you know, competing interests?

**Hon. Mr. Reiter:** — No, I wouldn't describe it that way. It's more a flow-through vehicle for those funds, right. You know, generally come from the GRF to fund those projects and, for example, some Crowns. And then it sort of serves two purposes. It's the vehicle to flow through the money but then also, as Kyle had mentioned, it adds a level of oversight as well.

**Ms. A. Young:** — So then, Minister, can you speak to the prioritization of projects and what that governance process looks like? You know, we've been using the SaskPower example, I understand, because the 29 million in this year's allocation, the deputy minister can't speak to the projects specifically that it's

going to. What does the prioritization of those projects look like from a governance perspective? Essentially, you know, how does you as minister or the board or the deputy minister identify the projects to flow those dollars through to?

**Hon. Mr. Reiter:** — I would describe that process, the sort of job that the board does in this regard not so much in the project selection process, but more in the oversight. The selection process would be more through the budget process. Budget process where, you know, priorities are seen, are targeted, and then if there's not money through the normal course of events . . .

You know, again I keep coming back to the Power project. They were important projects to get done. SaskPower just simply didn't have the cash to do them, so they needed the GRF injection. So it would be those sorts of projects.

I guess the other thing I would add, this is very much in its infancy as well. You know, the Power project last year was the first one to flow through this way. Again, there's not a long history in this regard.

But to your point, I think I'm understanding your question as sort of, how is that selection done? And that's done through the budget process.

**Ms. A. Young:** — You know, having never been in government, the budget process, that would go through treasury board?

**Hon. Mr. Reiter:** — Yes, sorry. Yeah.

**Ms. A. Young:** — And then for this year's allocation of the 29 million, should for whatever reason, those industrial water sources not be needed, is that money returned to the GRF? Is there like a second tier of projects that are then considered that have . . .

**Hon. Mr. Reiter:** — The approach that's been taken so far . . . And again this process is in its infancy, but that hasn't been an issue. The projects have been targeted, have been approved, and the money flows through.

I should mention again, I don't want to make that sound like that's every project through. I want to jump back to . . . Earlier we had talked briefly about the ICIP projects which is a different matter in that case, right. There is funding; it's purely flow-through. That's why it's not listed in the 29 million, or sorry, 27 . . . 29.6 million. There's still a significant amount of money flowing through, but again it's flow-through money.

**Ms. A. Young:** — Okay. So then is that flow-through money . . . Sorry, not to belabour this point, but you know, recognizing this is a new process, I've gone back through past *Hansards* and SaskBuilds Corporation reports, and I hadn't seen discussion of this. This is why I'm kind of just a bit flummoxed and trying to wrap my head around this.

So are those dollars being flowed through then for the actual capital expenditures, or is it only for that project management, you know, kind of traditional oversight that we'd associate with the Ministry of SaskBuilds and Procurement?

**Mr. Toffan:** — For the Investing in Canada Infrastructure

Program, otherwise known as ICIP, the projects are prioritized through the provincial prioritization process through treasury board and then they have to proceed to the federal government.

We have a bilateral agreement signed with the federal government for the whole \$900 million. That's not the exact amount, but in that range. And we've actually funded numerous projects through the green infrastructure stream, in particular some through the Parks, Culture and Sport green infrastructure stream as well, and then also through Highways.

The process tends to take longer than we'd like. The federal government tends to also do a lot of due diligence in addition to the due diligence that we do on priorities. But to date they've never actually — in my mind — denied anything. So it's just taken a long time.

[18:30]

**Ms. A. Young:** — Thank you, Deputy Minister. So my question, which was probably unclear, was in regards to whether the allocations in this year's budget or last year's budget of the 50 or the 29 million for the project, SaskPower or the hypothetical water pipeline, is that for everything from capital to staffing those projects, all associated project costs? Or is it only oversight, project management?

**Hon. Mr. Reiter:** — So the officials are telling me to . . . First of all, to the main point of your question, it's for everything. It would be capital as well as sort of all associated costs. And they're telling me — because obviously it's a rough estimate, so they're not sure — if all the money isn't used in a given year, there's options. It can either be carried forward in the corporation or it can be returned to the GRF.

**Ms. A. Young:** — Thank you. So again, recognizing this is a little bit novel and we did canvass this a bit last year, is there a specific date when SaskBuilds Corporation as a treasury board Crown was created? It doesn't appear to mention it in the annual report, so I'm just curious about when that occurred and whether or not that was a cabinet decision.

**Hon. Mr. Reiter:** — So officials are guessing but they're also checking. So we'll get back to you, but they're thinking it was 2012.

**Ms. A. Young:** — 2012. Okay.

**Hon. Mr. Reiter:** — Actually we have that. Officials are telling me it's October 17th, 2012.

**Ms. A. Young:** — 2012. Okay. It probably didn't go that far back in the . . . I don't even know if it would be OCs [order in council] or what.

**Hon. Mr. Reiter:** — It would be order in council.

**Ms. A. Young:** — Okay, yeah. 2012 is a way back there, so okay. So then I promise this is probably my last question on this. So funding year over year, 50 million last year for SaskPower, 29.6 this year for raw water potentially. This is not necessarily a decrease in funding; this is just the cost associated with those projects. So going forward we could anticipate, you know,

fluctuations in the allocation in this subvote.

**Hon. Mr. Reiter:** — Yeah, that's exactly right. You know, conceivably it could be none or it could be significantly higher, but how you described it is exactly right.

**Ms. A. Young:** — Okay, thank you. And then this, I think, actually will be my last question on this. I know we've spoken a little bit around project selection and prioritization, and this isn't intended as a value judgment, but obviously there's some broad projects that could be contained within economic development for the province.

So recognizing again the significant infrastructure needs, is there any comment that can be offered on the prioritization process or project selection beyond, you know, just things that contribute to the economic development of the province? You know, is it focused exclusively on, say like an industrial strategy? Is there, you know, interest in health care infrastructure? I don't know. I don't want to speculate.

**Hon. Mr. Reiter:** — I think in this case, you know, we talked about the Power one quite a bit last year. For the ones for this year, you know, I think the decision was made, for example, it would make sense. It had been talked about for some time for Water Corporation to have that pipeline that we're talking about for economic development but in a situation where they just simply didn't have the financial resources to do it. It's been . . . That's what we've looked at so far.

As far as for me to speculate down the road, you know, I don't know. My thought is probably you'll see more of this type of activity, but it's certainly possible that it expands beyond that as well.

**Ms. A. Young:** — Okay. Thank you, Minister. Looking at that ICIP funding, and I stand to be corrected, but I think it was discussed that some of the COVID-19 resilience funding . . . or that funding was, pardon me, opened up to efforts made to address COVID-19 pandemic. And I'm wondering if there's a list of what projects were funded under that transfer — I'm not sure if that's the right word — and how much money was moved.

**Mr. Morrisette:** — Sure. So I can answer. So Miguel Morrisette, ADM. So the COVID stream of money that was topped up, the decision was made to use it for HVAC ventilation upgrades for long-term care facilities in Saskatchewan. So in total we spent 7.9 million, 6.3 of which comes from federal funding. The Ministry of Health makes up the difference there, the 1.6 million, with their preventative maintenance renewal funding that goes to the Saskatchewan Health Authority.

So we have upgraded systems in this coming year in Weyburn Special Care Home; Kindersley Hospital, or Kindersley & District Health Centre, sorry; Norquay health care; River Heights Lodge; Spiritwood and District Health Complex; Unity and District Health Centre. And so those are the 10 different locations we're doing those upgrades.

**Ms. A. Young:** — Thank you. And I believe it was also referenced in the minister's comments that there was \$17 million for SHA [Saskatchewan Health Authority]. Did I get that right? It's possible maybe I just missed a decimal point. Is it possible?

That could be 1.7 from the HVAC funding that was referenced, and I thought there was a discussion of, you know, an additional \$10 million from the feds for ventilation funding that was potentially flowing to Saskatchewan.

**Hon. Mr. Reiter:** — What that may have been was on the list of those projects that Miguel had ran through. They're telling me that the total project costs were 7.9 million. The federal funding was 6.3. So that might be what you're referring to.

**Ms. A. Young:** — Okay, so I guess maybe just to summarize then. Of all of the money available through the ICIP program, it was a total of 7.9 that went to COVID-specific projects, all for HVAC. One point six million of that came from the SHA through their PMR [preventative maintenance and renewal] funding.

**Mr. Toffan:** — Yeah, it came through the Ministry of Health. Yeah.

**Ms. A. Young:** — Ministry of Health, right?

**Mr. Toffan:** — Yeah, exactly.

**Ms. A. Young:** — Yeah.

**Hon. Mr. Reiter:** — Now that funding was specific to the HVAC projects. There was still, you know, for example, the green infrastructure stream. There was Meadow Lake Tribal Council. There was all those other projects that sort of that funding's in addition to.

**Ms. A. Young:** — Thank you. So just understanding that was . . . and forgive me if this is obvious to everyone but me, of the COVID-19 resilience money, all of that specifically had to be targeted for HVAC? Or was that just a strategic choice that was made?

**Mr. Morrisette:** — So on the COVID stream, so in total Saskatchewan's allocated 32.492 million for the COVID stream. Only 6.3 million of that was allocated to the SHA for COVID. The remainder is with municipalities through the Ministry of Government Relations, who prioritized and brought forward a number of projects. So we'd have to defer that list to them, but it's largely similar type of projects — either upgrades to facilities in different municipalities, whether it's air handling or other kind of servicing to the buildings.

**Ms. A. Young:** — Okay, thank you. That helps me understand the discrepancy.

Question, and this may not be appropriate for SaskBuilds Corporation; maybe it's GR; maybe it was Ministry of SaskBuilds, and I should have asked earlier. With Government Relations administering municipal projects, my understanding — and I do have a specific question if it is appropriate for this round of estimates — my understanding is that the memorial for residential school survivors planned for Government House was going through the SaskBuilds procurement process. Is that something that's housed within the ministry, or would that go through Government Relations?

**Mr. Toffan:** — So the procurement for that actual site is being managed through us, I believe. We're going to check and make

sure and confirm that. But I don't believe that it's being funded through ICIP or anything like that. But we are assisting with procurement.

**Ms. A. Young:** — Okay, so it would be, I suppose, either the ministry that would be facilitating the tendering process and selection of successful vendor for the completion of that memorial?

**Mr. Toffan:** — Yeah, exactly. That's my understanding, but we'll confirm that here. We're just waiting to get that confirmed.

**Ms. A. Young:** — Perfect. Yeah. And I, on that one in particular, having heard from some businesses in the province, specifically Indigenous-owned businesses, they're just curious if this project specifically went through the standard processes that other projects would be in regards to . . . I don't know. I assume they'd be posted on the SaskTenders.

Just had a couple of folks reach out with some concerns, and happy to discuss offline also or send some communication through the ministry. But just really curious to know if the process was standard.

[18:45]

**Hon. Mr. Reiter:** — They're checking, and we'll follow up.

**Ms. A. Young:** — Thank you very much, Minister.

Circling back to the Investing in Canada Infrastructure Program, and obviously not having this year's annual reports, I'm wondering if there's an update that can be provided in regards to dollars that have been spent, committed specifically in regards to the renewable projects?

My understanding was, I thought like 100 per cent of those projects had to be completed by the end of '21-22. So just looking for confirmation that that was the case, that was achieved.

**Mr. Morrisette:** — Regarding the Climate Action Incentive Fund dollars that were to be completed last year, Saskatchewan received \$11.838 million from Canada as the return of the climate tax dollars to Saskatchewan for the municipal, university, schools, and hospitals, or the MUSH sector. All of this was allocated to schools' projects. So the ratio, what we had to provide, was 60 per cent provincial with 40 per cent federal. We completed 140 projects in 27 school divisions, all of which were completed last fiscal year.

**Ms. A. Young:** — Thank you. So those are essentially the carbon tax dollars that are being levied on and then theoretically returned to that sector. And forgive me if I didn't understand that. Those dollars are contained within the \$896 million?

**Mr. Morrisette:** — No, those are over and above, a separate program.

**Ms. A. Young:** — Okay. So of the 896, which I thought was the Investing in Canada Infrastructure, of the available dollars with the federal commitment — I believe it's a three-year plan — how much money has been spent so far of the available funding?

**Mr. Morrisette:** — Sure. So of the \$196 million, we have \$514 million in federal fund-approved projects. Then another 114 million that we've allocated to projects, which means over the next few years you'll see more parks projects and things like that that we have allocations for that will be coming forward. And then there's still 274 million in federal unallocated dollars.

**Ms. A. Young:** — And forgive me, when is the deadline for when those dollars have to be committed?

**Mr. Morrisette:** — So this is something that's recently changed with recent announcements from Canada, just changes to the program. So originally we were to have all the projects allocated by March 31st, 2025. They've since accelerated that on us and said we have to have them allocated by March 31st, 2023, so two years earlier. If we don't, they'll reallocate the dollars to other priorities, perhaps in other provinces. They have also extended our completion date from 2027 to 2033. So they extended the program while accelerating the need to allocate the projects.

**Ms. A. Young:** — Thank you. And one follow-up question: those changes that you've spoken of, are those specific to Saskatchewan or are those Canada-wide? You know, you referenced potentially dollars going to other jurisdictions. Could the reverse also be true?

**Mr. Morrisette:** — Yeah, so this is a Canada-wide policy. Yeah.

**Ms. A. Young:** — And is there any risk of those funds not being accessed for provincial priorities by the new timeline?

**Mr. Morrisette:** — So of the available funds, there's \$70 million remaining in the green stream and very little left in the community, culture, and rec and rural and northern stream. We expect all that to be fully allocated. The biggest amount of money unallocated still is in the public transit stream. So that's restricted to the two big, major cities, actually four big cities, but the majority is going to Regina-Saskatoon.

That should be deferred probably to the Ministry of Government Relations, as they work with those municipalities on their priorities. So they'll bring forward those capital plans from those cities to bring forward transit opportunities or otherwise.

**Ms. A. Young:** — Thank you very much.

**Hon. Mr. Reiter:** — If I could just interject. Kyle has the answer on the memorial for you. We'll do that.

**Mr. Toffan:** — Yeah, so my staff did get back to me. We did assist with the procurement of the consultant back in 2021, and so now they're just working through their architectural design work with the community, making sure that it hits the right, important notes. And we have been working with PCC through the next stages of the project, but the contractor, I don't believe, has been hired yet. We haven't been assisting with the actual contractor.

**Ms. A. Young:** — Okay, interesting. Sorry, Deputy Minister, one follow-up question on that. With that going through PCC, would PCC then be responsible for selecting the contractor?

**Mr. Toffan:** — Yeah, so with the community and including the consultant, it was a PCC procurement that we actually helped with. So we just assist them more in an advisory capacity.

**Ms. A. Young:** — Okay. Recognizing the time, perhaps one last question on alternate financing. You know, and even on the SaskBuilds Corporation website there's the joint-use schools project, bypass, long-term care, and the hospital, I think, listed as the P3 [public-private partnership] models. There's no other projects. But recognizing, you know, part of your mandate is innovation and alternate financing, are there any other projects being considered, P3 projects being considered?

**Mr. Morrisette:** — So I can speak to that. So for every major infrastructure project, we do what's called a procurement options analysis on that. So we'll look at what the appropriate delivery model is for that project. As they get larger and larger and more complex, that's where the opportunity for P3 projects comes in. Typically over 100 million we typically look at for P3 projects. Right now we have none that are under way or that are approved and kind of in construction. But it's something that we're always looking at, so we always start at a full assessment of every tool in the tool box, try to see what fits best for it. But as of right now, no, there's nothing that's a P3.

**Ms. A. Young:** — Thank you.

**The Chair:** — Thank you. Having reached our agreed-upon time for consideration of these estimates today, we'll adjourn the consideration of the estimates for SaskBuilds Corporation. I'd ask the minister if he has any closing comments.

**Hon. Mr. Reiter:** — Thanks, Mr. Chair. I do. I'd like to thank you, sir. I'd like to thank the committee members. I'd like to thank the hon. member for her questions tonight. I'd also like to thank the staff of the Assembly and also the staff that are here with me tonight for their good work. So thank you, Mr. Chair.

**The Chair:** — Thank you, Minister. Any closing comments, Ms. Young?

**Ms. A. Young:** — Thank you, Mr. Chair. I'd also like to add my thanks to the minister, to yourself as Chair, my colleagues on this committee, especially the member from Arm River, who I appreciate most of all. But seriously, also I neglected to thank the good folks at Hansard for being here with us tonight, as well as of course the building staff and security and wonderful Officers of the Table and Clerks who make this all run so smoothly, in addition to, of course, the officials here tonight as well as your chief of staff.

Thank you.

**The Chair:** — Thank you. We'll now take a brief recess to switch out ministers and officials.

[The committee recessed for a period of time.]

**The Chair:** — Good evening. I'd like to welcome everybody back. Oh, okay. Good evening. I'd like to welcome everybody back for consideration of estimates for Saskatchewan Water Corporation. I'd like to welcome . . . Member Matt Love has joined us.

**General Revenue Fund  
Lending and Investing Activities  
Saskatchewan Water Corporation  
Vote 140**

**Subvote (SW01)**

**The Chair:** — We will now consider the estimates for the Saskatchewan Water Corporation, vote 140, loans subvote (SW01). Minister Morgan is here with his officials. As a reminder to officials, please state your name and for the record before speaking, and please don't touch the microphones. The Hansard operator will turn on your microphone when you're ready to speak.

Minister, please introduce your officials and make your opening comments.

**Hon. Mr. Morgan:** — Thank you, Mr. Chair. And good evening to you and to the members of the committee. I'm joined today by the following officials from SaskWater: Doug Matthies, president; Eric Light, vice-president, operations and engineering; Amanda Zarubin, director of corporate services; Danny Bollinger, director of financial services. I'm also joined in the Chamber by my chief of staff, Charles Reid, and Mike Aman, who is watching upstairs to make sure that I don't say anything that I shouldn't, and he will be down here with a note in the event that I do.

Mr. Chair, my opening remarks will be brief in order to allow the committee to do its work. However, they may be slightly longer than in the past as this is the first time since April 9th, 2019 that the committee has considered the appropriation for SaskWater. Perhaps that is one of the unexpected consequences of the COVID-19 pandemic.

For context, SaskWater is a commercial Crown under the Crown Investments Corporation. The only appropriation item in the Estimates document that specifically refers to SaskWater is vote 140, which is in regard to non-budgetary borrowing authorized by statute, and in various schedules summarizing borrowing and debt activities.

Vote 140 provides for the corporation to borrow 23.9 million in support of its capital plan for 2022 and '23. At December 31st, 2021, SaskWater's debt ratio was 47.9 per cent, which compares favourably against the 60 per cent ratio set as the maximum allowable without further scrutiny to ensure the company remains financially sustainable.

SaskWater is specifically referenced in the provincial budget document on page 84, where its budgeted earnings of \$7.4 million for the 2022-23 year are reported. The provincial budget notes on page 27 that SaskWater's capital expenditures are budgeted to be \$52.7 million. The corporation's capital expenditures are also included in the Saskatchewan capital plan on page 23 as part of the "others" amount in the Crowns section.

In keeping with the government's commitment to open and transparent government, I will also note that SaskWater is expecting to receive a grant from SaskBuilds this year of \$14.6 million to help finance one of its capital projects. I will have more to say about that in a few moments.

First however, a little bit about SaskWater's budgeted earnings and plans for the future. SaskWater generates its income predominantly from the sale of potable and non-potable water. Potable water is distributed mainly to municipalities on a wholesale arrangement, who then deliver it to their customers. The result is SaskWater services reach approximately 108,000 residents. Water volumes are budgeted based on five-year averages as the actual consumption can vary significantly in the spring and summer months, depending on whether it's a hot and dry year or a cool and wet year.

Non-potable water is primarily distributed to 15 industrial customers, many of whom compete in international markets and whose consumption may vary depending on global conditions. SaskWater typically receives input directly from these companies as to what their expected water use will be.

SaskWater has had a major focus on growing its business for several years. Since 2010, the company has almost tripled both its potable and non-potable revenues. This focus on growth will continue in the 2022 and '23 budget, and it's largely represented through the capital expenditure plan.

The major economic growth projects that have been announced in the Regina area over the past year are a huge opportunity for SaskWater as non-potable water to supply these industrial users is not currently available. Those major announcements include three new canola crush plants by Cargill, Viterra, and the partnership by Federated Co-operatives Ltd. and AGT Foods, plus FCL's [Federated Co-operatives Ltd.] plans for a new biodiesel facility and Red Leaf Pulp's plan for a new strawboard plant. These projects represent billions of dollars in private sector investment and thousands of jobs.

SaskWater is working to design and construct new potable-water supply system to serve all these projects and have capacity for future growth. This is being referred to as the Regina regional non-potable water supply system. SaskWater has hired engineering and consulting firms to work on the solution design including cost estimates, complete a technical project proposal as part of an environmental review, and is working with landowners to secure a new pipeline route with water sourced from Buffalo Pound Lake. Construction will not proceed until all regulatory approvals and required agreements are in place and will certainly require more than one construction season to complete.

We know that these multinational companies are serious about advancing their projects. We know that they had to make a choice to locate in Saskatchewan versus in other jurisdictions, and we want to ensure that they know that Saskatchewan is also serious in supporting them. Therefore SaskWater has included \$29.2 million in its capital plan with the expectation work will be moving forward this year. As this will be a multi-year project, more funds will also be committed in the future informed by the work that will be completed this year.

This takes me back to the SaskBuilds item that I referred to earlier. The government has confidence in SaskWater's track record to grow its business. To ensure we are planning not only for today's growth but also for tomorrow's opportunity, the province has budgeted to finance 50 per cent of SaskWater's 2022-23 expenditures for this project, with the expectation SaskWater will recover this through customer connection fees

and water charges supporting higher earnings and dividends in the future.

Therefore in the SaskBuilds Corporation estimates, vote 86, it includes \$14 million that will be advanced to SaskWater for this project. As the engineering on this project moves forward, SaskWater is committed to continuing its stakeholder and engagement activities, which will include public open houses to make information available and to answer questions.

This is an exciting project and a great opportunity for SaskWater in the province, but it is not the only item that SaskWater is working on. Other major capital expenditures for 2022-23 include: \$9 million to begin construction of a new regional water supply system from Lloydminster and heading down Highway 16 to serve Marshall and Lashburn; \$2.1 million to expand the supply of water to the White City water treatment plant to support community growth; \$1.3 million to expand the Meadow Lake water treatment plant and to add additional treatment capacity; \$6 million for a potential waste water project still going through a due diligence review; \$900,000 to develop the next phase of SaskWater's enterprise resource planning system; and finally \$4.2 million for numerous other smaller projects to keep SaskWater's infrastructure operating efficiently and effectively.

Mr. Chair, that includes my opening remarks, and both my officials and I would be pleased to answer questions the members of the committee might have. Thank you.

**The Chair:** — Thank you, Minister, for your opening comments. I will now open it up to questions. Mr. Love.

**Mr. Love:** — Yeah. Thanks, Minister. And just to state the obvious, I'm clearly here as a substitute tonight, so looking forward to just learning my way through this as we go and engaging conversation over the estimates that are before the committee. So thank you for your opening remarks. You answered a number of the questions that I had coming in, but I'll take some time tonight just to dig into those and get further clarification.

Perhaps we can start here. Looking through the annual report I noticed just some numbers that I wanted to inquire about. Noticing that SaskWater provides potable and non-potable water to 68 communities, 10 RMs [rural municipality], 79 rural pipeline groups, 15 industrial sites, 243 commercial and domestic, I think, sites. And there's also other services for training, for other communities, and First Nations.

Can you just let me know how have those numbers changed over the years? Are any of those new partners or clients this year? Have those numbers increased, decreased? When is the last time that we saw a significant change in those numbers?

**Mr. Matthies:** — Doug Matthies, president of SaskWater. So if you refer back to our annual reports, we will always put that information at the beginning of each of the annual reports. So the account numbers would indicate variances.

Over the last number of years, further to the messaging that the minister gave about our growth in the last number of years, we have been able to add a number of small cities. So Melville was added as a major new customer in the last number of years. We

were also able to add Meadow Lake. And we've added some smaller towns and villages along the way as well.

[19:15]

So for us in the infrastructure world, we try to find our niche by trying to focus on regional systems. And regional systems take a while to cobble everybody together because every community starts from a position of I might have water but it's in bad shape, or my infrastructure is not very good.

And so when we focus on a regional system, we try to get you and your neighbour and your neighbour's neighbour all together. But then you may not all necessarily be on the same page. So for us we find it usually takes, I'm going to say, about three years just to cobble folks' interests together so that they're ready to take a look at something seriously.

And then if you get a deal together, everybody's also looking for, is there grant money to help afford the infrastructure because they want to have an affordable rate for their customers. And so then you have to kind of work that into the timing. And then if there's a new build involved, and there often is, it may be two to three years.

So the numbers change slowly over time. And it's a function of the business that we're in.

**Mr. Love:** — Yeah, thanks for that. And actually these are questions that I wanted to jump into later on.

So one of the critic areas that I've served in is municipal affairs, and I had a chance . . . If we can, let's use Lloydminster as an example here because I heard that in the minister's opening remarks. I've had a chance to have a look at the new facility that was in construction when I was out there last summer meeting with Mayor Aalbers.

And that co-operation and partnerships concept that you brought up here, Doug, is significant. What work does SaskWater engage in with bringing those partners together? And what work would, say, the Ministry of Government Relations do?

I know that there's grants through the Ministry of Government Relations to encourage that type of collaboration, say, between RMs and cities and towns. How does SaskWater engage in that process?

**Mr. Matthies:** — So we have a Crown collaboration team, basically, that includes ourselves; it includes Government Relations, includes the Water Security Agency. And so we actually actively get together and discuss potential projects and various needs so that we can try and sort of match up needs with resources. Government Relations has had a focus on regional co-operation for a number of years and that's exactly the same focus that we have.

So when it came to the project around North Battleford, we did a lot of the door knocking with the communities to try and understand, you know, do they have a need? Would they be interested? And then we worked with the city of Lloydminster to put together a water purchase agreement, because the option was buy water from an existing facility that had lots of capacity or

build a new intake and pipeline, and it was far more economical to work out an arrangement with the city of Lloydminster.

And then we had discussions with a number of communities down the Highway 16 route to see who's interested, who's ready. Marshall and Lashburn are the two that have signed on now and will be the initial recipients of the water. But we've definitely had discussions with Maidstone and Paynton and hope to add them on to the regional system later. So for us, we're definitely having face-to-face conversations. We do actively collaborate with Government Relations and Water Security Agency, just to name a couple of the agencies, in a regional strategy.

**Hon. Mr. Morgan:** — They're sometimes spurred by developers that are developing acreages or wanting to promote a given area, and there's two of them around your constituency in Saskatoon. There's the Dundurn water utility, which services a large number of the people to the south. And then there's . . . I think it's Highway 41 utility, which goes from Saskatoon sort of north, northeast to Aberdeen area and it services a lot of the acreages in there.

They're sometimes described as a lower-volume system because they don't provide the same type of water capacity. It's a drip system, so you would have a cistern in your home. The water would be high-quality water but it would run continuously or more or less continuously till it filled up the cistern in your home so that you would have enough for high-period uses where you're washing or watering or doing whatever with it. And that seems to have worked out well when you talk to people that are using that. They're relatively happy with it, and it's a fair bit of work for the proponents to piece it all together because they know that they have to have a fairly significant sign-on from the users. They have to work through several municipalities. So I credit the good citizens of Saskatchewan for working together for those type of systems. And I think the people, the staff that work for SaskWater Corp. and for GR, do a good job of . . . [inaudible] . . . but very few problems with it.

**Mr. Love:** — Yeah. Thanks, Minister. I understand the challenges maybe when there's a smaller number of users in a geographical area that are looking to find, whether it's a different level of government or, you know, or whatever, to partner with. I guess one example of that might be, and I'm wondering, has SaskWater had any communication with the hamlet of Lone Rock? Lone Rock is in the RM of Wilton and they were in a bit of a dispute with having their water cut off and unable to access potable water services in their hamlet. And I know that they were in communication with other ministries, with the Health Authority, with Government Relations. Did SaskWater have any communication?

**Mr. Matthies:** — I'm familiar with the Lone Rock circumstance, but no they are not part of the regional system.

**Mr. Love:** — And so theoretically, does SaskWater get involved with a small community? I mean like a small number of users living in, you know, nearby acreages or maybe a hamlet. Does SaskWater engage with small users to find solutions? Or would you refer them to their RM and local elected folks?

**Mr. Matthies:** — So what we would try to do is we would . . . And as you said, part of the challenge becomes, when you have

a limited number of users, and especially if you've got a significant geographic distance, the span between the nearest connection point, you get the issue of, is the infrastructure affordable?

So for us, we find that to achieve that affordability objective that all the ratepayers are looking for, it works better if we can encourage the RM, for example, to put together a rural water utility and then try and sign up a number of different users such as the ones that the minister referenced, the Dundurn rural water utility or Highway 41. Because then they can try and cobble together a little better critical mass, and then we could perhaps attach that to an existing regional system that we have.

**Mr. Love:** — So when SaskWater . . . I believe the number is \$9 million, Minister Morgan, from your comments, for a new regional water facility in Lloydminster serving all the way down to Lashburn. Does that ever come with, say, strings attached? Say, that you need to serve these communities. Does that come with expectations from SaskWater, from the Government of Saskatchewan?

I guess one of the things I'm wondering about . . . And I'm just thinking this tonight as I hear, like \$9 million, that's a sizable investment. And there's a community not far from the new facility that had their water cut off.

So I'm just wondering, how do you . . . What do you say to those folks? I know there's very few of them, but very few people . . . [inaudible] . . . with their water cut off. What do you say to them when the province is investing \$9 million just a few kilometres away?

**Mr. Matthies:** — So SaskWater operates basically on the principle of willing buyer, willing seller. So there's no requirement that somebody joins us if they don't want to. So they have to be interested and able.

And specific to the Lloydminster project, just for transparency I guess, the whole project is about thirteen and a quarter million dollars. The \$9 million that the minister referenced is what we expect to be spending this year, because most of our projects tend to be multi-year. So 9 million is the portion for this year. It's about thirteen and a quarter in total.

And so we look to try and get that critical mass of communities together, because they're all focused on the affordable water rate. But it does mean that there are times where another option might be better, such as a well with a small can treatment plant or something as opposed to trying to extend the pipeline to another location.

**Mr. Love:** — Yeah, that sounds very, very reasonable. I was quickly writing down some of the projects that you announced, Minister. But if you can just return to that, I'm curious what are all of the major capital projects being undertaken this year, you know, that are with funds represented in these estimates.

**Mr. Matthies:** — Okay. I just believe the question was just recap the major capital investments. Is that . . .

**Mr. Love:** — Yeah, major capital investments for this year.

**Mr. Matthies:** — Okay. So there's five significant projects for us in terms of ones that are individually over \$1 million. The largest is the Regina industrial . . . Regina regional non-potable water supply system. That's \$29.2 million in our budget. We also have \$9 million, which both you and the minister referenced earlier, for our Prairie North system around Lloydminster. We have \$6 million for a waste water treatment plant that we're still doing due diligence on. We have about \$2.1 million to do a pipeline twinning project at White City, and then we have \$1.3 million to work on an expansion to the Meadow Lake water treatment plant. So those are the five large projects that are over \$1 million each.

**Mr. Love:** — Thanks for that. I got most of it initially, but that helped me out. The \$6 million for potential waste water treatment, where is that? Where will that be located?

**Mr. Matthies:** — So that one is in the Saskatoon area. We haven't put the name out there because we actually haven't signed the deal. So we're still working with the players on that, and until we actually come to terms and reach an agreement that works for both sides, then we're in negotiations.

**Mr. Love:** — Okay, thank you. So the \$6 million, how will this be allocated or spent? Is this planning? Design? What will it be designated for?

**Mr. Matthies:** — It would actually finance a significant portion of the facility itself.

**Mr. Love:** — And do you know when you expect that project, for construction to begin?

**Mr. Matthies:** — The proponent has actually been advancing construction themselves. They came to us after they had initially started. Part of the challenge that they were concerned about is they didn't have certified operators, and we have a number of certified operators. So they came to us initially to have a discussion around being able to operate the facility for them, and then conversations kind of moved into, well, would you be interested in playing a bigger role? And so that's the conversation that's moving on at this point. But in the meantime, they've actually moved forward to move forward construction on their own.

**Mr. Love:** — And which communities will this project be serving?

**Mr. Matthies:** — Well again, I don't want to be coy, but we don't have a deal. So if it's all the same I'd just as soon say that, you know, we'll announce it when we . . . if we have a deal, if that would be acceptable to the committee.

**Mr. Love:** — And if the deal falls through, will any of this investment be lost?

**Mr. Matthies:** — No. If we don't have a deal, then the money won't be expended.

**Mr. Love:** — So the last, the previous annual report to this one shows an increase in potable water usage and a decrease in non-potable, year over year. Do you have any insights into this? Is this a regular trend? I didn't look back any further than that. But



what insights can you offer to the committee to understand that change?

**Hon. Mr. Morgan:** — The large industrial users of non-potable water will be the potash mines. Over the last few years the international markets for potash have been slower and a number of the mines in our province had, during that time, reduced their output or their output capacity. In very recent months, as you'd be aware, the global demand for potash has grown so that all of the mines now appear to be working at or very near capacity. So the expectation would be that the consumption over the next number of months would be significantly higher than it was before as those mines continue to operate at that level.

[19:30]

**Mr. Love:** — And do you anticipate that with this increased potash production, will this lead to any increased revenue for SaskWater? And how much do you project it to be?

**Hon. Mr. Morgan:** — Yeah. The budget for the year is \$7.4 million. I don't think I would . . . I would want to be consistent with the Ministry of Finance and not speculate that these types of things, as a result of the international situations, would become permanent, although we certainly would like the consumption to be permanent but we'd certainly like the global situation to resolve itself.

So I think for the period of time that we do have extra revenue, it will be good for the bottom line of SaskWater Corporation, but I think as global citizens we'd like to see resolution to that and go back to more normal consumption and usage patterns.

**Mr. Love:** — Yeah, I can appreciate that, that what's good for our bottom line is obviously . . . it goes against our values as globally minded citizens. But just to be clear, there's no projection for any increased revenue as a result of increased potash production?

**Hon. Mr. Morgan:** — The projecting forward based on what sort of came about towards the end of last year, that that would likely continue through the year. But the significant increase that we might be seeing now, I'll let Mr. Matthies maybe speculate a little further.

**Mr. Matthies:** — So in terms of our budget for '22-23, we are actually anticipating to see about a million-dollar increase in our non-potable revenues from all customers, including the potash components.

**Mr. Love:** — And what's the biggest driver in increased revenue? Is it potable or non-potable water? Is it mostly those industrial clients for non-potable water? Is that the biggest driver for as far as a revenue generator?

**Mr. Matthies:** — So for us right now, in the last number of years in terms of revenues, we've been pushing a regional municipal growth strategy. So we used to be at a spot where potable and non-potable revenues were roughly the same, 50/50. Now we actually get more revenue from potable water because we've been able to sort of grow that side of the business. But as we move into the '22-23 fiscal year, we are anticipating that we will see growth stronger on the non-potable side, as the minister had

indicated, so it'll be about a million dollars. On the potable side we're also expecting growth, perhaps in about \$800,000.

**Mr. Love:** — And in the minister's opening comment — and you alluded to it right now, Mr. Matthies — that SaskWater has tripled income since 2010. That's awesome. That's good for the province. Where do you project we'll be? What's the projection for the next, you know, 10 years from now? Or the goal, I should maybe say.

**Mr. Matthies:** — So just to clarify, the minister's remarks were that revenue and volumes have almost tripled. Earnings have gone from . . . In 2010 we were I think maybe a million dollars in profit. If I go back to 2009-ish, I came to SaskWater in 2010. I think we were about break-even. And so now we're making about \$7 million in profit, so I guess that would be more than triple. But you know, it's been a result of a lot of work to try and grow the business.

So going forward, we find that when you serve municipal customers, a lot of your revenue growth is going to be tied to what's happening with population changes within the province and within your customer service area. So for us, for example, the Saskatoon area represents about 45, 46 per cent of all of our potable water sales. It's huge and we've definitely benefited from the growth that's gone on in the Warmans, the Martensvilles, the area around Saskatoon.

Similarly around Regina, White City has also been a very fast-growing community and that's another one of our customers, so they've seen fairly robust growth. Other parts of the province, you know, you might see a half per cent, 1 per cent, 2 per cent, depending on the year and what's going on. So population does drive some of the growth.

But also to speak to the minister's point, if it's hot and dry or cool and wet, we get way bigger fluctuations in terms of our potable water sales. Are people watering the grass or is mother nature doing it? And so that has a big impact for us.

**Mr. Love:** — And as far as projecting growth, and I know that this might be a tough question to answer further down the road but something I'm also aware of is the aging infrastructure around smaller urban municipalities and RMs, that a lot of our water infrastructure was built in decades past and it's coming up for renewal close to the same time. And the concern is that, you know, ICIP grants and municipal revenue sharing won't be able to meet the needs as it kind of like snowballs. So how does SaskWater engage in preparing for that aging infrastructure all coming due and coming up for renewal around the same time?

**Mr. Matthies:** — Yeah, so you're exactly right. That's been our observation as well. And so that's one of the reasons why we moved to this regional servicing strategy. There will never be enough grant money for every community to replace and maintain its own water supply system. So if we can get communities co-operating together and agreeing to share services, then we think that that will be a more sustainable solution for, you know, a good portion of the province.

So what we've done in the last year, for example, to help advance that and to try and make sure that we understand some of the conditions that you're describing with the state of infrastructure,

we actually hired a consultant to do a bit of an analysis of areas around the province where communities might be in a spot where they are, I'll say, more likely to consider regional co-operation for a water system sooner than other ones might. And some of those factors might include the state of their existing infrastructure. It might also be, are they incurring current problems with their water treatment plants? And so are there ways that we can find a solution?

And so if we can identify those communities, then we will actually go door knocking and introduce ourselves, have a conversation with councils and administrators in the area and try and figure out is there enough interest to sort of go the next step and figure out what might this look like.

And it becomes very much an iterative process because one of the first questions everybody says is, well how much? Well that depends on who's in and what can we use and are we able to use some of the infrastructure from this community so we don't have to build or replace all of it. So one community might have a water treatment plant, for example, that's got 20 more years left. And then if we can look at using that one, and then possibly connecting through a pipeline to neighbouring communities, that might provide a reasonable solution. So they become quite an iterative process of dialogue.

**Mr. Love:** — Great. Thank you for that. Can you inform the committee your observations on the impact of the pandemic? Have you seen any impact on service volumes or on capital projects that have been delayed or deferred or any problems? Along with the pandemic comes things like, you know, access to services or supply chain issues. Has there been any negative impact or any impact at all? What observations can you provide on the impact of the pandemic on SaskWater?

**Mr. Matthies:** — So I'll offer some comments in terms of the service aspects, and then I'll ask Eric Light to make some comments in terms of supply chains, if that's appropriate. So in terms of service, I think the first thing that we would say is as an essential service provider, we did not experience and our customers did not experience any service-related outages as a result of the pandemic.

So we took the appropriate precautions. We followed the directions of the province and the Saskatchewan Health Authority throughout the pandemic. We had people isolating in teams to make sure that we tried to reduce the risk of potential cross-contamination among certified operators and followed all of the protocols and, you know . . . fortunately.

We did have over the two-year period about 34 staff that did become infected with the virus, but we were able to manage it and it was spread out sufficiently during that period of time that we didn't have any service-related interruptions.

Specific to your question on supply chains, I'll maybe ask Eric Light, our VP [vice-president] of engineering operations to comment.

**Mr. Light:** — Okay, thank you. Eric Light. As far as supply chain issues, we definitely have been experiencing some delays in the supply of different types of materials for projects. We've been able to mitigate a lot of those by using existing inventory

that we might have. But we've definitely seen things that we normally order are taking much longer to arrive, and so we've been identifying those things and trying to make sure that we have appropriate inventories.

The other thing that we've been seeing is, we've been seeing some increased pricing on chemicals for our facilities. We haven't had any issues as far as supply goes, but they've been costing a bit more. And then we've been seeing recently in our tendered prices, especially for facilities like buildings, like pump stations and that sort of thing, we've been seeing some price increases there as well too. And so those are some of the things that we're experiencing.

**Mr. Love:** — So in general within SaskWater, what's been the impact of those increasing prices, inflationary prices, fuel costs, and how have you budgeted for that for the upcoming year?

**Mr. Matthies:** — So in terms of our budgets, we did not build in a 6.7 per cent inflation rate, which I think was the last one that was reported by Stats Canada. But we did anticipate that there would be some piece, so what we try to do is we're trying to find ways to manage the pressures, I guess is what I would say.

And one of the ways that we've been doing that is through Crown collaboration efforts. So we will actually partner with a number of CIC [Crown Investments Corporation of Saskatchewan] Crowns and other ministries to try and identify, are there ways where collectively — because we're all serving the same taxpayer — are there ways that we can find ways to have purchasing efficiencies, for example, to offset some of the price pressures?

Even when it comes to some of our travel pieces, what we learned through COVID is that there's certain things you've got to do in the shop or in the plant, and there's certain things that we can do through Teams for example. So we maybe can use a little less fuel because we'll have a little less travel time because we'll do more Teams meetings and things like that. So we're looking at innovative things like that to help manage the costs.

**Mr. Love:** — Great. So you mentioned, you know . . . [inaudible] . . . this together with other Crown investment corps. Are there any service arrangements with other Crowns? Let me put that a different way. Can you describe the range of shared services that SaskWater engages with with other CICs?

**Hon. Mr. Morgan:** — We have a Crown collaboration committee chaired by the SaskTel Chair that's been working for a number of years on trying to do common procurement, line locate services, accounting services, and a variety of other things that can be shared. And that's certainly a work-in-progress, and SaskWater Corp. has been one of the ones that's been aggressive at trying to work with the other Crowns to try and maximize efficiency wherever they can. I will let Mr. Matthies give some particular examples.

But that's something that we've been doing for a number of years across all of the Crowns, and want to continue doing that to try and find efficiencies wherever we can. Sometimes the efficiencies translate into savings of dollars, but oftentimes they translate into better service for our citizens. They only have to make one phone call or whatever else. But anyway I'll let . . .

**Mr. Matthies:** — Okay. So some other examples related to the minister's comments. We actually collaborate specifically with Crown Investments Corporation on a couple areas. Number one, they provide an internal audit service for us so that we don't have to have that resource ourselves. They provide the function to us. They also provide legal services for us as well. Our legal demands are sort of, you know, a little bit of hills and valleys. And so using CIC's folks to help with that, I think, is good use of their time and definitely a better approach for us.

[19:45]

We also use SaskEnergy. We work with them on our SCADA [supervisory control and data acquisition] service, which is basically a remote electronic monitoring of our facilities. They're monitoring their facilities and we were able to partner with them so that we can kind of use . . . We both use the same SCADA system. And so theirs is obviously doing different things than ours, but we actually are partnered in the same building as well, with the same technology.

We have worked with SaskPower on an advanced meter infrastructure arrangement, so this allows us to get water meter reads, for example, remotely through tower connections, as opposed to the old way of doing it, where we would put guys in a truck and they would drive around and go read meters. Working with SaskPower, that was a real benefit for us because we were able to leverage the existing towers they have, as opposed to putting up our own set of towers, which we had estimated could have been a \$5 million touch. So that was a great cost avoidance piece that we didn't have to incur.

We went to market for insurance services a number of years ago and were able to secure some better pricing through that arrangement as well. Even in our IT area we've been able to collaborate with other government agencies to get better prices on software licensing for Microsoft products and for Oracle software products. So sort of, you know, the bulk-buying power of the government, if you will, was able to get us better rates.

We also work with the Water Security Agency as another partner, where we will actually provide a service to them. So we can leverage some of our SCADA facilities, for example, to have a dial-in service for spill reports, or even we'll be starting another service this summer with them to monitor dams. And I think I'll probably stop there, but I probably could go on.

**Mr. Love:** — No, that was good. That's helpful for me to understand. I want to turn to a comment that struck me from a previous committee meeting. I think it was considering the auditor's report, so June or July perhaps. And, Mr. Matthies, you made a comment in there about the potential need for water rationing due to intense heat. And this is, you know, early in the summer.

So my question is, you know, given the drought conditions from last summer and the destruction that that brought, was water rationing necessary for any clients? And how are you . . . You know, with the experience that this province had through, you know, a really challenging drought, did that lead to any changes at SaskWater moving forward?

**Mr. Matthies:** — So I would observe that in different years in

different communities there's definitely been pressure on water supply. I believe the comments that you're referring to were related to service to the village of Edenwold. Edenwold is a small community that we serve. It had a stand-alone water treatment system and its source water was basically runoff into a dugout. So they had been challenged for many years and had been using rationing most summers, I would say, to manage issues. And with the heat in the last few years it was becoming, I would say, more dire.

We were able to work with Government Relations and put in a grant application for ICIP funding to actually build a more sustainable water supply system for them. So in the year just finishing, we put a pipeline connection back to Balgonie. And so that allowed us to decommission what was a near-end-of-life water treatment plant in the first place with a challenged water source and then connect them to a very sustainable, very high-quality water supply system and eliminate the risk to them, because the source water now is an aquifer which is in good shape. So that's one.

One other one that I would maybe reference would be White City. White City was also a community that had, in years gone by, been experiencing some water challenges. They had high growth. They were on sandy soil. And it was a situation where water rationing had been in place in some years as well. But we have been able to help alleviate that significantly through expanding the water treatment plant, expanding the water supply to the community. And the minister mentioned \$2.1 million as a project this year to further enhance the water supply to the community.

**Mr. Love:** — Thanks for that. It was a challenging summer but it's good to see, you know, moving folks away from a system that might have left them in the lurch otherwise. Can you walk me through any of the funds, although predominantly capital investment, that would be . . . Are any of these funds sourced from the federal government?

**Mr. Matthies:** — Sure. So SaskWater is an eligible recipient of funding under grant programs, and so we have to compete as every community does for those. But we have been able to secure funding over the years through various programs: the Clean Water and Wastewater Fund; the new building Canada infrastructure fund, which had both a small communities component and a provincial-territorial component; and then through the Investing in Canada Infrastructure Program, which is the recent program. So we have received funding . . . one, two, three, four, five, six, seven, eight, nine. I guess I've got nine projects that received federal-provincial funding over the last number of years through those programs.

**Mr. Love:** — So in the budget documents it says that the government is investing 52.7 million in '22-23 to support significant industrial growth in the Regina region. And as you discussed in opening remarks, hoping for a large chunk of that to be recouped through agreements to provide water and connections and such. Can you tell me how much of that investment or any of that investment of 52.7 million is federal dollars? And also what plans or agreements are in place to ensure that we're recouping this investment in the future?

**Mr. Matthies:** — So in terms of the 52.7, there is \$7.1 million

of that that will be funded through federal-provincial infrastructure programs. So the ICIP program, for example, would be 40 per cent federal of eligible costs and thirty-three and a third for provincial. And then the proponent, in this case SaskWater, would be responsible for the balance. So that is a portion of it.

The other portion, we've got \$14.6 million that we expect to receive funding through SaskBuilds Corporation, which will help finance the project that we're putting together to supply non-potable water to the industrial companies that the minister referenced in his remarks.

**Mr. Love:** — And, Minister, any sense of the timeline it is that we'll start to see a return on this investment in terms of I know that you talked in your opening remarks a lot of canola crushing, other big industrial projects. Any sense what the timeline is before we start seeing returns on that?

**Hon. Mr. Morgan:** — The different canola plants are at different stages of their advance. They've all been advanced, and so far as we know, all of them plan to go ahead. I'm assuming that the period of time that it will take to get their funding in place, their engineering work and everything else, and then actually complete construction, you'd be looking at two to four years is then probably a reasonable guesstimate.

So when those plants come online, then we start receiving payment from them virtually as soon as they start becoming operational. They, I'm sure, will not all become operational at the same time, but we have to have the water facility ready for them even when there's only one operational. So ideally they would all work fast, get ready, and be there. But it'll be over the next two to four or five years. At this point in time we're expecting that they're all going to go ahead as they made the announcements to. We have no reason to think that there's been any delay or any problems on them.

So at the end of the construction period, we expect them to come online. The pipeline will have a life cycle of 50 years, so it will be good for those existing or the ones that are coming on stream during that period of time, and should be large enough to have capacity for other businesses or other growths for that. Other projects use significant amounts of water other than the canola crush plants, but they're the significant, immediate ones.

**Mr. Love:** — So potentially if there were other large investments, new industrial projects coming to the Regina area, these investments could also service those future?

**Mr. Matthies:** — Yeah, that's correct. We're envisioning a system that would support the canola crush plants, Red Leaf, as the minister indicated, and beyond.

And basically the idea behind getting some funding from SaskBuilds is, typically when we design a rate structure, customers are saying, well I only want to pay for the capacity that I need. So if you want to have future growth opportunities, who's going to pay for it? And so the arrangement that we're working with SaskBuilds on is they will provide some of that growth capital, that capacity for future customers. And then when those customers come on, then we will recoup that money for the province through connection fees and water rates.

**Mr. Love:** — Great. I know we're getting close to the end of our time, so my last couple questions are about, I understand that SaskWater implemented an Indigenous procurement policy and that there was some indications of success from that in the annual report.

Can you report to the committee how much in dollars Indigenous content or services was procured in the last fiscal year? How much is forecasted for the upcoming year? And what other metrics do you use to track the success of this new policy?

**Mr. Light:** — As far as the question, as far as last fiscal year, we track the Indigenous procurement in two ways. One is whether a business declares themselves as Indigenous, meaning 51 per cent or more ownership, or if they declare a portion of their bid or the work that they're going to do for us as Indigenous content. And then we track that as the progress payments are made so that we can report on how much Indigenous procurement we do each year.

The other thing that we've done in the Indigenous procurement policy area is we have made a change where we have added into our evaluation criteria 10 points out of 100 for Indigenous procurement, that we have that rating in the evaluation criteria to try and increase the amount of Indigenous procurement that we're doing.

**Mr. Love:** — So is that a goal to reach 10 per cent? And I guess my question is, what percentage of overall procurement would you attribute to Indigenous procurement?

**Mr. Light:** — I think this year we're at around 4 per cent, if I'm not mistaken. Our goal is certainly . . . Like when I talk about the 10 out of 100, that's just the evaluation criteria. So we're evaluating different things as far as the company experience or the personnel that they bring, and then what is your Indigenous content in your bid. Like are you an Indigenous company, or do you have a significant Indigenous content to what you're doing? And then we would rate that in the evaluation criteria. So that would help as far as the score that they would get when we're doing the procurement.

[20:00]

I think I would say that we're still developing our goals as far as the Indigenous procurement. We've been kind of tracking and getting a history of kind of where we're at and then making some changes as I've described. And then we'll figure out kind of what our path forward is, based on kind of the measures that we're putting into place.

**Mr. Matthies:** — It's probably safe to say that the majority of the Indigenous procurement that we track comes from construction work that we do. And if the successful vendor on their contract or on the job has a significant First Nations element to his workforce, then our numbers go higher, and if they don't, then they fall lower. And so it's certainly been an area that's seen quite a bit of bounce, but not large numbers to this point as Eric's indicated.

**The Chair:** — Thank you. Having reached our agreed-upon time for consideration of these estimates today, we will now adjourn our consideration of these estimates. I'll ask Minister Morgan for

any closing comments.

**Hon. Mr. Morgan:** — Thank you, Mr. Chair. I'd like to thank you and your staff for their help and assistance this evening. I'd like to thank the members of the committee on both sides as well as the staff from Legislative Assembly Services, broadcast services, the security and building staff that I know are working tonight that may not ordinarily be working.

From SaskWater, I'd like to thank the officials that are here tonight as well as the SaskWater staff that work all year long to make sure that they're able to provide safe, reliable sources of drinking water and sewage removal, etc. They're civil servants that we probably don't see or think of very often, and the work that they do is absolutely essential. And we thank them very much on an ongoing basis.

**The Chair:** — Thank you, Minister. Mr. Love, do you have any closing comments?

**Mr. Love:** — Yeah, I just want to say thanks to all the committee members here, getting late on a Monday night. Thanks to the officials who answered my questions so well. I learned a lot and gained an appreciation for the work that you do and all the workers at SaskWater providing that safe and reliable water source for so many people and businesses in our province. Thanks to Hansard staff and everyone, and thanks for helping me to understand all of the decisions that go into preparing a budget like this this year.

**The Chair:** — Thank you. I too would like to thank the minister, the officials, my committee members here tonight, and also the workers that are here tonight as well as the security and Hansard too as well. Thank you for the time tonight.

I would now ask that a member move that this committee now do adjourn. Mr. Jenson moves. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. This committee stands adjourned until Tuesday, April 26th, 2022 at 3:15 p.m. Thank you.

[The committee adjourned at 20:03.]