



STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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Mr. Nathaniel Teed, Deputy Chair
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Mr. Steven Bonk
Moosomin

Mr. Ken Cheveldayoff
Saskatoon Willowgrove

Mr. Mark Docherty
Regina Coronation Park

Mr. Greg Lawrence
Moose Jaw Wakamow

Mr. Doug Steele
Cypress Hills

[The committee met at 13:15.]

The Chair: — Well welcome, everyone, to the Crown and Central Agencies meeting. I'm Fred Bradshaw, the Chair. With him we have Nathaniel Teed, Deputy Chair; Steven Bonk; Ken Cheveldayoff; Mark Docherty; Greg Lawrence; and Doug Steele.

Committee members, before you we have a copy of today's meeting notice which is on our agenda. Today we will be considering annual reports for Crown Investments Corporation of Saskatchewan, Provincial Auditor report chapters for the Standing Committee on Crown and Central Agencies and Saskatchewan Gaming Corporation, annual reports for Saskatchewan Gaming Corporation, and an annual report for SaskWater.

Crown Investments Corporation of Saskatchewan

The Chair: — First we will consider the Crown Investments Corporation of Saskatchewan 2021 to '22 annual report; the CIC Asset Management Inc. financial statements for the year ended March 31st, 2022; the Capital Pension Plan 2021-22 annual report; and the 2020-21 and 2021-22 Crown Investments Corporation and Crown subsidiaries payee disclosure reports.

Minister Morgan, would you please introduce your officials and make your opening comments. And I would like to remind the officials that when you go to speak, at the beginning could you please state your name for *Hansard*. Thank you.

Hon. Mr. Morgan: — Thank you, Mr. Chair. I am pleased to be here before the Standing Committee on Crown and Central Agencies to answer questions related to a few Crown Investments Corporation reports.

This is my first opportunity to have had the opportunity in *Hansard* to congratulate the new member for his success in the by-election. I know that he worked hard in the by-election. I did my best door-knocking to prevent him from being here, so it's only appropriate that I offer him congratulations and best wishes.

I do note that he is off to a great start. We had a standing vote in the House today, and I see that he is voting with the Saskatchewan Party 100 per cent of the time, and he's the only one on that side of the House that can claim that. And I want to thank him for his support on that. In any event, the bill was dealing with affordability and I want to thank him and all members for having supported that.

With me this afternoon are officials from CIC [Crown Investments Corporation of Saskatchewan]: Mr. Kent Campbell, president and CEO [chief executive officer]; Ms. Cindy Ogilvie, senior vice-president and CFO [chief financial officer]; Ms. Kyla Hillmer, vice-president, corporate services — and is very particular about keeping things square on her desk, and we will adjust those during the day — Mr. Tim Highmoor, vice-president, Crown sector initiatives; Mr. David Brock, vice-president, energy security; Ms. Joanne Johnson, executive director of communications; Ms. Melanie Guraluick, assistant controller; Mr. Chris Buchan, director of strategic policy and stakeholder engagement; Brad Hunt, senior analyst, finance and

administration; and my chief of staff, Charles Reid.

Items on the agenda for consideration today are the 2021-22 Crown Investment Corporation annual report, which includes the consolidated financial statements for the Crown sector and the separate statements for CIC; the CIC Asset Management Inc. financial statements for the year ended March 31st, 2022; the 2021-22 Capital Pension Plan annual report; the '20-21 and 2021-22 Crown Investments Corporation and subsidiary Crowns payee disclosure reports.

As the holding company for Saskatchewan's commercial Crowns, CIC provides leadership, guidance, and support to a resilient and responsive Crown sector. Year after year under the leadership of CIC, Crown corporations provide financial returns to the province to support government priorities in health care, education, highways, social services, and much more. The sector also delivers affordable, safe, and reliable services that benefit our people, communities, businesses, and industries and attract private sector investments.

Highlights of the Crown sector's 2021-22 financial results include, firstly, net earnings of \$361 million; \$327 million paid to the GRF [General Revenue Fund] in dividends and equity repayments, bringing the total paid to the GRF over the past five years to more than \$1.2 billion; capital spending of \$1.6 billion to upgrade technology and enhance system integrity and reliability as well as expand to accommodate new investments; Crown assets totalling \$21.6 billion with \$10.7 billion in debt at year-end; and a debt ratio of 60.4 per cent; and a return on equity of 5.7 per cent.

As publicly owned entities, the Crown corporations must strike a balance between commercial operations and delivery on public policy initiatives. SaskTel's rural broadband program, SaskPower's community rink program, and SaskEnergy's residential equipment replacement rebate are great examples of how the Crown corporations provide additional value to customers and enhance the quality of life in Saskatchewan.

Improving service reliability and accessibility across the province is top of mind for the Crown corporations. In '21-22 through capital spending, the Crown sector injected \$1.6 billion into the economy to enhance system integrity and expand capacity to support new investment and job creation. Projects such as the Great Plains power station in Moose Jaw, SaskTel's 5G network modernization project, and SaskEnergy's Rosetown-to-Vanscoy expansion project have supported local jobs, created economic spinoffs, and improved services for customers.

While maintaining and improving infrastructure and preparing for future growth, the Crown corporations work hard to keep utility costs affordable for the people of Saskatchewan. In 2021 the sector achieved the lowest-cost utility bundle in Canada.

The ongoing Ukraine-Russian conflict has highlighted the significance of energy security around the world. Meanwhile sustainability and energy transition to lower emitting generation remains a focus for our government and the Crown sector. Progress on the small-reactor technology for future clean power generation and incorporation of more renewable power sources in the grid are ways for Saskatchewan to continue enjoying

reliable electricity while continuing our commitment to a cleaner future.

There has been a strong focus to work as one team between the Crown sector, ministries, and agencies. Managing complex issues facing the Crowns, such as energy security and achieving Saskatchewan's Growth Plan targets, requires teamwork. I am pleased to report that various collaboration initiatives in '21-22 achieved cost savings of close to \$49 million for the Crown sector. In addition, these efforts have reduced red tape and streamlined service for our customers.

CIC and its subsidiary Crowns will keep up this great work. I thank the Crown sector for being an integral part of Saskatchewan's growth and supporting the high quality of life that many of us enjoy in the province.

Mr. Chair, with that, we'd certainly be prepared to take any questions from any members that are here.

The Chair: — Well thank you, Minister Morgan. Are there any questions? Seeing none . . . Okay, go ahead, Mr. Teed.

Mr. Teed: — I just was wondering if you could provide a little bit more colour to the equity advance and repayment guidelines. So this year we saw 177 million was taken by government from Crowns in equity to the GRF and none last year. Why did we see that?

Hon. Mr. Morgan: — There's different methods of accounting. I'm going to let Mr. Campbell advise, but there's different accounting methods that money can be taken by way of dividends or equity repayments, and the difference is really where it shows on the balance sheet. And I'll certainly let Mr. Campbell provide a bit more context than that.

Mr. Campbell: — Thank you, Minister. Yes, so equity repayments are made periodically, unlike dividends which are on a more regular basis. And the way we look at them is we look at, first of all, the Crowns' individual capital needs. Are they investing in the required capital to make the investments and to stay current on providing of the services?

Then we look at their debt levels, and we monitor all the debt levels across all of the Crowns. And then if there's, you know, surplus cash there, then equity repayments can be paid back to the Crown. And that's what happened in that case. You don't see it every year, but you see it . . . You know, we've probably seen it maybe a couple of times over the past five or six years.

Mr. Teed: — Are there any ratio measures that the CIC uses when it comes to those equity withdrawals?

Mr. Campbell: — So one of the main measures we would look at would be the debt ratios for each of the Crowns which is outlined in the annual report. You can see we track those. And we track those based upon what makes sense for comparable businesses in those industries. So your debt ratio might be different for a SaskTel than a SaskGaming than a SaskPower. So that's one of the primary metrics we use. And maybe I'll just have Cindy provide any further context around how we might assess that.

Ms. Ogilvie: — Good afternoon. Cindy Ogilvie, senior vice-president and chief financial officer. And I think Kent has answered appropriately the question. Yeah, nothing further to add.

Mr. Teed: — Are there, like, any worries with the market, you know, by having the varying levels of equity withdraw, do you find? Like do investors worry about that? Or would there be, like, a material difference in taking equity than taking dividends from Crown corporations?

Hon. Mr. Morgan: — I think the test that's used every year is maintaining the viability of the Crowns. The Crowns, as you're likely aware, do borrow money from private sector banks or commercial banks, and they would look at the overall debt equity and whether the debt equity shows this by way of unpaid shareholders' loans or whatever. They would look at the total debt equity, and I don't think a lending institution would make a distinction between them. The Crown, as Mr. Campbell said, they make the distinction, but I don't think a lender would make the distinction.

And I think for the benefit of the citizens of the province, the important thing is that we maintain the Crowns as being well capitalized and able to meet the requirements of providing continued service and making adequate plans for future capital and infrastructure expenditures. So I don't think it's a matter of saying, should we do this or should . . . It's a matter of, is there sufficient capital there or will there be sufficient capital over whatever the multi-year capital spend is.

And as you're likely aware, we're going through some significant expenditures right now at SaskTel with the rural broadband build-out. And then we have started to spend money and we'll spend more at SaskPower as we modernize the grid. And if we enter into some further development on a small modular reactor and it appears of significant interest and support, then that would certainly change the borrowing plans.

While I'm talking about small modular reactors, I'd like to thank the critic for her support and understanding, and it's appreciated because I think maintaining a secure electricity supply is critical for the citizens of the province. We want to do as much as we can for renewable, but having a strong, reliable baseload power is absolutely essential. Sorry I went on so long.

Mr. Teed: — No, that's a good question because one of my notes is to chat about what does the CIC . . . What's the role of the CIC in those SMRs [small modular reactor]? What role do you see that?

Hon. Mr. Morgan: — I'm going to let Mr. Campbell sort of give you a bit of the structural. We made a consolidation into a nuclear secretariat but it's spread across . . . The nuclear secretariat resides at CIC but it has got relationships with the Ministry of the Environment, and in fact has brought some people over from the Ministry of the Environment. And then there are a group of people right within SaskPower that are working on it as well. So it's a structure that they're working and trying to have the right balance of people to try and move things forward.

The process at this point in time is complex because they're going through the site selection process and the public

consultation, which means having an engagement with various public entities, municipalities, etc. of the two potential locations that have been identified, as well as laying the groundwork for the licensing and regulatory process with the federal government, and getting things arranged so that we have a good business structure for the entity to have within our province.

And I'll give you a quick example of who we might have for our partners. Somebody else involved would be First Nations Power Authority or a variety of other groups that might choose to. But FNPA [First Nations Power Authority] has expressed some significant interest, so we'd certainly have those as ongoing discussion points. I don't know whether you want to . . .

[13:30]

Mr. Campbell: — Thank you, Minister. Maybe I would just add a couple of points to that. And so you can think of SaskPower as the entity that is the project proponent. And in considering, I mean, they've selected a technology. They're currently looking at, you know, a couple of regions for sites. They'll be the ones that would be, you know, ultimately bringing a decision forward as to whether a government would proceed with an SMR or not and the licensing process and all that.

In the case of Crown Investments Corporation, we provide oversight for the corporation towards that. We also have a unit that we've established this year called the energy security unit, which the minister referenced. It includes nuclear secretariat responsibilities. And so sort of thinking about the broader things beyond a utility that you would consider in relation to SMRs, thinking about how do we support the education system, work with our education stakeholders to develop training programs that might then link in to the potential for SMRs; or what can we do in relation to supplier development to ensure that Saskatchewan companies are able to contribute to the supply chains, whether that be SMRs in Saskatchewan or elsewhere. So we kind of take a bit of that broader perspective and think about some of those economic development opportunities in association with government, other government agencies.

Mr. Teed: — I had a question of the background on the SIIF [Saskatchewan Immigrant Investor Fund Inc.]-CIC AMI [CIC Asset Management Inc.] amalgamation. Has the SIIF mandate ended or does it carry on through the CIC AMI?

Ms. Ogilvie: — SIIF, S-I-I-F, Saskatchewan Immigrant Investor Fund, its mandate has ended. It was wound up and all of the funds were repaid to the federal government at the end of last year.

Mr. Teed: — And the last question I had was just we have a hot topic on interest rates right now. Is interest rates any more concern for CIC now than it has been in the past? And what reasonable assurance can CIC provide that is being mitigated as necessary?

Hon. Mr. Morgan: — Is your question with regard to customers or with regard to CIC's borrowing itself? I can answer both if you want.

Mr. Teed: — Primarily with, like, probably CIC's borrowing itself.

Hon. Mr. Morgan: — Yeah. If you look at the balance sheets of each of the Crowns that lists what the bank debt would be, those debts are ongoing and may, over the next while, increase. So to answer the simple question, interest rates are a concern, will be a concern as something they want to closely monitor as part of the process that would go into place for CIC to make a decision whether a project should go ahead or should be scaled back or should be changed.

From a cash perspective, they're in a relatively good position right now, and in a good position with regard to the Ministry of Finance. But I think any time that there's a change in a cost by way of an interest change or whatever, it's of some significance as they plan to go forward because it's a cost. I don't know whether . . .

Mr. Campbell: — I think that's a good summary, Minister. When the Crowns do borrowing, they do it in collaboration and through the Ministry of Finance with the Government of Saskatchewan. And so the Government of Saskatchewan's credit rating is quite favourable and that helps too. But of course, you know, increases in interest rates will affect the cost of borrowing for the Crowns.

Hon. Mr. Morgan: — Earlier this year the three of us went to Toronto and met with the head offices of all of the Canadian banks to, one, get an understanding of what their assessment of their financial picture might be or their assessment of how Saskatchewan is, but to make sure there was good relationships there so that if longer term money was needed or money was needed for borrowing, that the Crowns would be in a position to work with CIC and the Ministry of Finance to secure the loans that are necessary.

Mr. Teed: — No further questions.

The Chair: — Okay. Are there any more questions out from the committee? Okay, seeing none, I will ask a member to move that we conclude consideration of the Crown Investments Corporation of Saskatchewan 2021-22 annual report; the CIC Asset Management Inc. financial statements for the year ended March 31st, 2022; the Capital Pension Plan 2021-22 annual report; and the 2020-21 and '21-22 Crown Investments Corporation and Crown subsidiaries payee disclosure reports.

I'm asking for a member to move that we conclude consideration.

Mr. Cheveldayoff: — Mr. Chair, I so shall move.

The Chair: — Mr. Cheveldayoff has moved that we conclude consideration. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. That concludes our business for Crown Investments Corporation of Saskatchewan. Minister Morgan, do you want to make any final comments?

Hon. Mr. Morgan: — Mr. Chair, I'd like to thank the officials that are here today, including the members. As well I'd like to include the people in our thanks in the Legislative Assembly Service, the security staff, building staff, and people that make this building function as it does every day, as well as the people

at CIC who have worked hard to prepare financial information as is required, not just for today but for a variety of other purposes. We don't thank our civil service nearly as often or as much as we do. They are people that are the ones that are responsible for keeping the lights on and the telephones working, and not to mention the folks in and outside of the Crown sector. So I want to use this as an opportunity to thank all of them for everything that they do.

The Chair: — Mr. Teed, do you want to make any comments?

Mr. Teed: — No, no additional comments.

The Chair: — Okay. Next we'll be moving into consideration for the Provincial Auditor's chapter relating to this committee. Minister, you're going to have to bear with us for a brief period. We will consider this item. We're going to have to sit back and wait for a little bit here while we have a quick recess to get the other officials in here. So thank you.

[The committee recessed for a period of time.]

Crown and Central Agencies

The Chair: — Well we welcome all the people back who are watching this on TV. I know that you've been waiting patiently to continue on with this. And we want to welcome the Provincial Auditor and officials from her office. Ms. Clemett, would you please introduce your officials and make your presentation on the 2021 report volume 2, chapter 39, Standing Committee on Crown and Central Agencies.

Ms. Clemett: — Thank you, Mr. Chair, and committee members. This afternoon I am joined by Ms. Kim Lowe. She's an audit principal in our office, and she is the office's liaison with the Clerk of this committee.

The first item on the agenda is chapter 39 from our 2021 report volume 2, which describes the work of this committee. The chapter summarizes the committee's work from October 2020 to September 2021. Overall, at September 2021 the committee was up to date in reviewing chapters from our reports on CIC and its subsidiaries, and the implementation of the committee's recommendations by CIC subsidiaries remained fairly strong.

I'll now turn it over to Kim, who will provide a brief overview of the chapter for the committee. Thank you.

Ms. Lowe: — Thank you. The chapter before you this afternoon does not contain any recommendations. Rather it provides your committee with an overview of the overall status of the committee's recommendations resulting from our office's work, the status of its consideration of our work, and the status of the committee's review of annual reports of CIC and its subsidiary corporations.

In your review of our work and recommendations, your committee makes recommendations. Your committee includes its recommendations in its reports to the Assembly. Our office assesses the government's compliance with its recommendations and reports on their status. We report the results of these assessments in either specific chapters or, if not discussed elsewhere in the report, in a table in the Crown and Central

Agencies chapter.

As set out in chapter 39 of our 2021 report volume 2, as of September 30th, 2021 the government implemented 70 per cent of the recommendations included in the committee's reports. As well, by this date the government partially implemented 33 per cent of the remaining recommendations. At September 30th, 2021 the committee was up to date in its review of our chapters.

In addition, the committee is responsible for examining annual reports of CIC and its subsidiary corporations. At September 30th, 2021 the committee was also up to date in its review of annual reports.

Our office encourages the committee to continue to review the relevant chapters in our reports and the annual reports of CIC and its subsidiaries in a timely way, in that review of these documents contributes to the committee fulfilling its important role, that is holding the government accountable in its management of CIC and its subsidiary corporations.

That concludes my overview.

The Chair: — Thanks, Ms. Lowe. Do any members have any questions?

Mr. Teed: — I have a quick question about the frequency of meetings. Noted here, we had eight times last year, seven in the period before. Are we finding that the committee is getting through work at a reasonable rate? Are there needs for more meetings? Less?

Ms. Clemett: — Yes, so I guess at the end of the day as indicated in the chapter, you know, by September the committee was up to date in its review of the chapters in our reports, was up to date in terms of the annual reports, as well of all the CIC subsidiaries in CIC. So obviously eight or seven times seems to be a number that is keeping you up to date.

I guess from our expectation, it's almost like an annual report should be reviewed probably within a year following sort of the end of that year-end. So again with March 31st year-ends, probably meeting in the fall of that following year to review annual reports makes sense, like the committee is doing right now. So the schedule that seems to be occurring is definitely working from a timely review perspective.

Mr. Teed: — And I'm just looking at the partially implemented. Are there any further steps that'll be taken to have those fully implemented? They're on schedule, or . . .

Ms. Clemett: — Yes. So often if you look at sort of figure 4, it outlines what would have been outstanding and what wasn't implemented at the time of, again, a certain point in time. What we do find is we undertake a follow-up audit after we've performed those performance audits in about a two- to three-year time frame. There is certain instances where we make recommendations and we do anticipate they are fairly complex and it may take the government up to sort of five years to implement them.

In terms of what you see outstanding, in terms of figure 4 there, SGI [Saskatchewan Government Insurance] had one that has

since been implemented and was publicly reported in 2022. So it's sometimes a timing thing.

SaskWater, we haven't since followed up and it's because they plan to implement a new purchasing IT [information technology] system. I think it makes sense. We are going in basically beginning of '23. We obviously want to see that implemented. We envision that that'll address those recommendations.

And SaskPower, it was timing. We hadn't done our follow-up. We since have and five out of those seven recommendations have been implemented. So we are pleased in terms of . . . We do find the CIC subsidiaries do, you know, take our recommendations seriously and do attempt to action them in a timely manner.

Mr. Teed: — Thank you.

The Chair: — Seeing no more questions, the Provincial Auditor's 2021 report volume 2, chapter 39, Standing Committee on Crown Central Agencies has no recommendations for the Committee to consider. I'll ask a member to move that we conclude consideration for this chapter.

Mr. Steele: — I'll move.

The Chair: — Mr. Steele has moved. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. And yeah, we'll just take a brief moment here for the SaskGaming officials to get themselves, yeah, in here, or in line. I guess they're already here, but just line them up.

[The committee recessed for a period of time.]

Saskatchewan Gaming Corporation

The Chair: — Well welcome, welcome back. That was as quick as pulling a roulette wheel, anyway. And welcome to the officials from Saskatchewan Gaming Corporation. Before we begin I'd like to table CCA 23-29, Saskatchewan Gaming Corporation: Status update, dated November the 8th, 2022.

I'd also like to take a moment to explain the process we will use for consideration of business today. First, I will ask the Provincial Auditor to provide her presentation on the Saskatchewan Gaming Corporation chapter under review. Then the minister may introduce his officials and respond to the chapter before we move on to questions and answers. At the conclusion of our consideration of the chapter, I'll excuse the auditor and move on to consideration of the annual reports.

Are there any questions? Seeing none, I will turn it over to Ms. Clemett to introduce any officials and make the presentation on the 2021 report volume 2, chapter 17, Saskatchewan Gaming Corporation, preventing cyberattacks.

Ms. Clemett: — Okay. Thank you, Mr. Chair, committee members, and officials. With me today is Ms. Charlene Drotar. So she's a principal in our office, and she was involved in the audit and the work that is before us today. She will be doing the presentation. Before I do turn it over to her, I do want to thank

management and the staff at the Saskatchewan Gaming Corporation for the co-operation that was extended to us during the course of our work. I'll now turn it over to Charlene.

Ms. Drotar: — Thank you, Tara. So chapter 17 of our 2021 report volume 2 provides the results of our audit of SaskGaming's processes to prevent cyberattacks from affecting IT systems and data that it uses to support and deliver casino games. Effective cybersecurity programs to prevent cyberattacks are more important than ever as criminals continue to exploit the world's increasing dependence on IT systems. Cyberattacks can be carried out from anywhere in the world using the internet and do not require physical access to the business. Cybercrime costs Canadians about \$3 billion in economic losses each year.

[14:15]

SaskGaming depends on many IT systems to operate its table games, slot machines, food and beverage services, show lounges, and related administrative and supportive functions. A breach or operational disruption of its IT systems could result in reputational damage or a significant monetary cost and losses for SaskGaming. This impacts profits available to support people, programs, and services in Saskatchewan.

We concluded for the 12-month period ended July 31st, 2021, Saskatchewan Gaming Corporation had effective processes except in certain areas to prevent cyberattacks from affecting IT systems and data it uses to deliver and support casino games. We found SaskGaming had some strong cybersecurity controls, but it could improve its processes in some areas.

SaskGaming tracks sufficient and up-to-date information about each of its IT assets, such as servers. Keeping this information helps promote timely maintenance and removal of unauthorized assets. It is difficult to protect what you don't know you have.

We found SaskGaming included some risks related to cybersecurity in its corporate-wide risk register, but it did not complete a sufficiently detailed risk analysis for all significant cybersecurity risks. It had an appropriate corporate-risk framework that assessed risk at a corporate level, however it did not apply this framework to complete an in-depth assessment to assess specific cybersecurity risks and set out well-defined action plans to reduce any significant gaps identified.

It used some processes to help manage cybersecurity risks, such as weekly IT meetings, a list of action items, and some technical plans. However these processes and plans did not clearly define all significant unmitigated cybersecurity risks, clearly link the risk to action plans expected to reduce those risks to acceptable levels, or include sufficient details about the scope of planned work.

Without detailed assessments to identify all significant cybersecurity risks and clear alignment to current well-defined action plans to address those risks, SaskGaming is at an increased risk from cyberattacks. This led to our first recommendation on page 134. We recommended SaskGaming Corporation maintain well-defined action plans, clearly addressing all significant risks of cyberattacks that may affect IT systems and data used to support and deliver casino games.

SaskGaming had a number of controls in place to prevent unauthorized access to its systems and data, but some access controls were not sufficiently robust. SaskGaming used network controls such as firewalls to restrict who could access its systems and data, especially to its gaming machines. Yet it did not sufficiently restrict access to limit movement in the network as well as limit access on workstations to the minimum level that employees needed to carry out their jobs. Further it did not use sufficient encryption to protect devices such as laptops and its backup copies of certain data.

Without adequate configuration of its network servers and workstations, SaskGaming increases its risk of unauthorized access to systems and data from cyberattacks. This resulted in our second recommendation on page 136. We recommended Saskatchewan Gaming Corporation adequately configure its network, servers, and workstations to better protect them from security threats and vulnerabilities.

SaskGaming followed established processes to grant and remove access to its systems and data but needs to strengthen its password requirements and include all privileged-user groups in its review of user access. We found SaskGaming regularly reviewed employee access to systems, and data remained appropriate over time. However the reviews did not include a group of privileged users that was expected. This resulted in our third recommendation on page 137. We recommended Saskatchewan Gaming Corporation include all privileged-user groups in its quarterly user-access reviews.

We found SaskGaming used a password standard that was consistent with accepted practice by the IT industry, but it did not require the password to be changed as often as required by its policy for certain sensitive accounts. It also did not require for all remote-access methods the use of multi-factor authentication, which is something that you know, like a password; something you have, like a texted code; and something you are, like a fingerprint. Multi-factor authentication is a stronger authentication method to help reduce the risk of unauthorized access.

Without sufficiently strong controls to manage who can access IT systems and data and how, SaskGaming may have increased risk of unauthorized access to its systems and data. These findings led to our fourth and fifth recommendations which are on page 137. We recommended Saskatchewan Gaming Corporation update all user account passwords as often as required by its password policy. In addition, we recommended Saskatchewan Gaming Corporation implement further use of multi-factor authentication to reduce, to an acceptable level, the risk of unauthorized access to its IT systems and data.

SaskGaming provided sufficient guidance and regular training to its employees about cybersecurity, and it periodically tested their understanding. It maintained appropriate IT security policies on its intranet. We found SaskGaming used various processes to assess its IT security effectiveness but needs to better analyze security information to support improved risk assessment. It also needs to update its security assessment plans to reflect current practice and IT industry standards, which will improve the quality of the information available to analyze.

SaskGaming used a number of security-monitoring processes

such as routine vulnerability assessments and penetration testing. We found it did not always follow the expected frequency for these processes, sometimes running the monitoring processes more often and other times less often than indicated by its plans. In some cases, such as penetration testing, it had not documented the frequency of the processes or the rationale for that frequency. This led to our sixth recommendation on page 140. We recommended Saskatchewan Gaming Corporation update its IT security assessment plan to reflect changes in its practice and to align with IT industry standards.

SaskGaming used a third-party service provider to help monitor security alerts and logs. We found SaskGaming tracked and remediated issues but needs to receive these issues quickly. In addition, SaskGaming did not holistically analyze data from its various security-monitoring processes to help it better identify and assess cybersecurity threats and risks. Without robust security assessments about the effectiveness of implemented IT security controls, SaskGaming increases the risk that it will not timely and adequately address new and evolving cybersecurity threats and vulnerabilities. This led to our seventh recommendation on page 140. We recommended Saskatchewan Gaming Corporation analyze information from security assessments and attempted cyberattacks to better identify and address cybersecurity risks.

Finally we found SaskGaming used weekly meetings and quarterly risk updates to report to management and its board about cybersecurity. Regular reporting on cybersecurity risks helps with allocating resources to manage these risks and monitoring the effectiveness of related risk strategies.

This concludes my overview of this chapter.

The Chair: — Well thank you. Minister Morgan, could you please introduce your officials, make your opening comments. I wanted to also let the officials know that when you're going to speak could you please state your name the first time you speak for Hansard.

Hon. Mr. Morgan: — Thank you, Mr. Chair. I'm going to ask one of the officials in a few moments to make a comment regarding the comments made by the official auditor, sort of give the update as to the progress they're making at addressing the concerns that are raised. And I want to thank the auditor for the work that they do in keeping the finances and the operations in our province safe and secure.

On my left is Susan Flett, president and CEO. On my right is Kama Leier, vice-president of finance and risk. Behind us today is Steve Tunison, senior vice-president of marketing and communications; Blaine Pilatzke, vice-president of corporate services; Rick Finnie, director of corporate systems and technology; Shanna Schulhauser, director of communications; my chief of staff Charles Reid; and one of my ministerial assistants who may be here or may have gone back to the office, Michael Aman.

The last time SaskGaming appeared before the committee was in April. Since that time, there have been numerous developments in the area of gaming in our province. Last week on November 3rd, SaskGaming, alongside SIGA [Saskatchewan Indian Gaming Authority Inc.], launched PlayNow.com, the province's

first legal regulated online gaming platform. The launch of this platform ushers in a new era of safe, secure online gaming, sports betting, and entertainment in Saskatchewan.

The site is managed by SaskGaming, operated by SIGA, regulated by SLGA [Saskatchewan Liquor and Gaming Authority], and utilizes the British Columbia Lottery Corporation's industry-leading PlayNow.com platform which also successfully operates in BC [British Columbia] and Manitoba. The site features 500 casino games and a full suite of sports betting options, with live dealer games expected to be added in December and poker to be added in 2023.

It also features the GameSense responsible gambling program. This program supports a robust and controlled responsible gambling environment with features such as pop-up reminders of time and money spent, problem gambling referral information, play breaks, and self-exclusions. GameSense advisors are also available 24 hours a day, seven days a week via live chat to support safer play online.

Mr. Chair, PlayNow generates profits in Saskatchewan that support Saskatchewan. It also demonstrates economic reconciliation in action. When we signed the historic agreement to establish this online gaming platform with SIGA, Chief Bobby Cameron called it reconciliation at its finest. A little over 13 months later, we now have an online product that is live in the Saskatchewan marketplace and helping to evolve our gaming industry, a product that meets the highest standards for safety, security, privacy, and responsible gambling, and will provide a legal regulated alternative to grey market and illegal gambling sites currently operating in the province.

Mr. Chair, PlayNow.com is a major achievement and one that should not be understated. I want to extend my appreciation to SaskGaming and our First Nations partners, particularly FSIN [Federation of Sovereign Indigenous Nations] Chief Bobby Cameron, SIGA president and CEO Zane Hansen, and SIGA board chair Reginald Bellerose for their leadership in making this project a reality.

Switching gears just slightly, I want to raise the recent changes that were announced to the structures of lottery and gaming in the province. On October 27th the government announced the creation of a new Crown corporation, Lotteries and Gaming Saskatchewan, or LGS. LGS will consolidate the management oversight for casinos, VLTs [video lottery terminal], the lotteries, and online gamings, with SaskGaming being reconfigured as a wholly-owned subsidiary of LGS. SaskGaming will continue to operate Casinos Regina and Moose Jaw and no jobs will be lost as a result of this change. It is business as usual at SaskGaming. Establishing LGS allows for an industry-wide perspective to gaming policy and management while separating regulatory functions from management functions. It further aligns the Government of Saskatchewan best practices in the gaming industry and ensures SLGA operates as an independent regulator of lotteries and gaming.

Mr. Chair, I want to highlight some of the other work SaskGaming has done around reconciliation and collaboration with First Nations and Métis people in Saskatchewan. Casino Regina is now the first provincial Crown building to have held a formal installation ceremony for the Treaty 4 and Métis Nation

flags, with a similar ceremony to be held at Casino Moose Jaw at a later date. Ensuring these flags are a lasting fixture at Casino Regina aligns with the Truth and Reconciliation Commission's Calls to Action.

It supports Saskatchewan growth plan initiatives relating to Indigenous engagement and participation in the labour force. It reflects SaskGaming's dedication to Indigenous employment, wellness, learning, engagement, procurement, and community investment opportunities, and it demonstrates the corporation's commitment to reconciliation while making a resounding statement that everyone is welcomed and supported there. This is especially notable considering the corporation has the highest rate of Indigenous employment in the Crown sector at approximately 40 per cent. This a measure that SaskGaming continues to place every effort on increasing with the gaming framework agreements, 50 per cent Indigenous employment rate firmly in sight.

Mr. Chair, I want to briefly touch on SaskGaming's financial results from 2021-22, the status of its renovations, and the work that they've completed relating to cybersecurity. Although Casinos Regina and Moose Jaw were temporarily closed for most of the first quarter of 2021-22, it marked a return to more normalized operations and a significant improvement in SaskGaming's financial position. Similar to 2020-21, the corporation did not make a dividend payment to CIC in the last reporting year. This was due to the pandemic and temporary closures of its casino properties. The corporation did, however, report net income of \$19.1 million for the year ended March 31st, 2022 and contributed \$9.6 million to the General Revenue Fund to support the First Nations Trust Community Initiative Fund and Clarence Campeau Development Fund.

[14:30]

Part of SaskGaming's mandate is to give back to the communities in which it operates. Through its community giving program, the corporation has invested nearly \$221,000 in organizations, projects, and events in 2021-22. Of that amount, 41 per cent of those dollars went toward assisting Indigenous people and programs. After 24 months of uncertainty due to the pandemic, it was encouraging to see the corporation bounce back in such a significant way.

It is also encouraging to see the many changes that have been made to Casino Regina since January 2020. In order to remain competitive and stay on the cutting edge of casino gaming, SaskGaming has been renovating Casino Regina. The property refresh has included sweeping upgrades to the interior of the casino and will end with some aesthetic changes to the Show Lounge. To date approximately 85 per cent of Casino Regina has been refreshed, with all renovations to be completed by the end of March. Following that, renovations will begin at Casino Moose Jaw.

Finally, Mr. Chair, I want to discuss cybersecurity. This is an area of particular interest for all government and one that SaskGaming continues to make positive headway. The corporation has developed action plans to mitigate and address the recommendations made by the Provincial Auditor of Saskatchewan in their 2021 volume 2 report. As part of its action plan, SaskGaming has also been improving its corporate IT

policies and systems and internal resources to augment its approach to cybersecurity. All reasonable efforts are being made to complete the majority of the work relating to these action plans in 2022-23 with any remaining work to be completed in 2023-24.

Mr. Chair, with that, I will conclude my opening remarks. I welcome questions from members of the committee. But before that, I will ask Ms. Leier to respond briefly to the report made by the Provincial Auditor.

Ms. Leier: — Thank you very much. Kama Leier. I'm happy to report that of the seven recommendations, five are fully completed and two are partially completed. We put this as top priority for the corporation. We have the appropriate resources in place both internally and externally, and we look to complete the remaining two recommendations that are partially complete either by the end of the fourth quarter or in the first quarter of '23-24. Thank you.

Hon. Mr. Morgan: — With that, Mr. Chair, I don't know if the auditor's staff would like to make a further comment or if that's a satisfactory interim response.

Ms. Clemett: — Yeah, you know, I mean it's positive from our perspective. I guess just for the committee members' insight, again what we do is we report back to this committee on a periodic basis, so we do follow up and obviously go . . . You know, management has indicated good progress. We go and provide you and do an audit to figure out whether what's been represented is accurate and true. In terms of that work, we do plan to start and go look at the progress that has been indicated by Gaming Corporation in the summer of 2023. So our report will come back to this committee in terms of these seven recommendations and outline the progress that has been made. And I am hopeful to some degree the next time we look, all seven recommendations will be addressed at that time.

Hon. Mr. Morgan: — Thank you.

The Chair: — Well thank you for that. Are there any questions? Mr. Teed.

Mr. Teed: — Yes, I just have a few questions. First, thank you so much for your reports and thanks so much to the folks from SaskGaming for coming out and sharing that with us. There's a lot of discussion about cybersecurity — we certainly live in a world where we're all interconnected. I'm wondering what kind of sensitive data that SaskGaming is currently holding for folks. I imagine now that we have an announcement of a new online platform that there might be a number of sensitive credit card information, personal information being held.

Hon. Mr. Morgan: — The e-gaming is operated by SIGA, and I don't believe we have any of that data at this particular Crown. But there certainly is, through the operation of the two casinos. The player's card information would contain customer data on it, and the data involving how the various machines and gaming devices work is certainly on and would be of some significant benefit if it was either hacked or manipulated.

So given the amount of dollars that flow through, it has to be an issue of ongoing concern. I don't know whether either . . .

Ms. Flett: — Susan Flett. The minister is absolutely correct, and maybe I could just add a few comments with respect to BCLC [British Columbia Lottery Corporation] who is the provider of the PlayNow platform.

So with respect to cybersecurity, we know that they provide regular audits covering the platform, as well as continuing monitoring of its controls. They also have a significantly large cybersecurity division housed at BC and we know that they perform regular testing and scanning.

Compared to some of the other online platforms, BC's controls and remediation approaches are, you know, very well established and you can consider them in a mature state. They use real-time detection controls. And our own provincial regulator, the SLGA, they have developed something called internet gaming system standards, or IGAMS [internet gaming advertising and marketing standards]. And both SaskGaming and our partner SIGA had an opportunity to take a look at this, and we have determined that PlayNow not only meets but it certainly exceeds the recommendations or any of the standards that are in place currently. So there should be a significant level of comfort in the cybersecurity controls that are in place.

Mr. Teed: — And do you provide that support to SIGA, then? If it's kind of a . . . Are they a little arm's-length or is support being given to SIGA to build a cybersecurity strategy on their end? I'm thinking if it's being operated by like a different entity, do we assist in that?

Hon. Mr. Morgan: — I don't think I would be fair to say that assistance is given. I think all of the entities, the BC operator, SIGA, and SaskGaming Corporation, all have to have good and adequate cybersecurity. I know there's probably consultation on an ongoing basis with them, but I wouldn't say it's a situation of one offering direction or control or assuming responsibility for the other. They would maintain their own. SIGA's been a good partner, a strong and mature partner, and we would be glad to share information one way or the other to make sure that both of them are able to maintain the highest levels of security.

Mr. Teed: — Thank you so much. I have one question. Just with the outstanding items is there any kind of reasonable assurance you can provide about that outstanding work here, in that when will it be implemented and any timelines you might have?

Ms. Leier: — Thank you very much for that question. So we do have two recommendations that are partially complete. We are working on them currently. We are hoping to have them done by fourth quarter year-end, March 31st, 2023, and if there are any . . . They're technical in nature. If there's any carry-over it would just be into the first quarter. So we are working on them currently and do plan to have them complete.

Mr. Teed: — It's interesting to hear about cybersecurity because we had a CBC [Canadian Broadcasting Corporation] article this morning talking about a takedown of an infamous ransomware attacker. So obviously there's some sensitivity around putting cybersecurity strategies on the public record. That being said, does SGC [Saskatchewan Gaming Corporation] and the auditor follow this type of thing? Have we been implicated by this hacker, or have there been any similar attempts?

Hon. Mr. Morgan: — It would be fair to say that every aspect of government is under continuous siege. They do penetration checks periodically, and there is continuous attempted hacks almost on a daily basis at one problem in the government. I know they've gone around, and part of the process is they check for frequently used passwords or recurring passwords on Wi-Fi and various other aspects of it. So I think the advice that we've been given is not to give particulars of the things that are being watched or monitored because I think that's how one of the earlier hacks started.

But I think it would be fair to say that for Sask Gaming Corporation and all aspects of government, cybersecurity is and should be one of the highest priorities. It's not cheap but it's something that's absolutely essential. The cost of a hack or a breach or a denial is something that we have to take every step to minimize or to avoid.

Mr. Teed: — Last, just a question is, there was a mention of this new Crown corporation. Is there a timeline on when the new Crown corporation will be actualized, timelines on that process?

Hon. Mr. Morgan: — I've got two ears, and I've got the same answer going into both of them: April 1st, 2023. It's an alignment and a separation of the operational side and the regulatory side which is done in virtually every province across Canada. So this is bringing our province into line with what's taking place in other jurisdictions. And I'm pleased that it's happening. And at the present time it's a work-in-progress, but that's the target date.

I'm told that ultimately no jobs will be lost, that people will be moved around. There'll be realignment of positions. So I've got enormous confidence in the workforce that's in that area, that they will be able to adapt and probably look forward to making the changes that this will occasion.

Mr. Teed: — Yeah, just as critic to this portfolio, I've certainly been getting some feedback around this transition, and it's nice to hear those timelines and assurances on jobs. And I think that's everything for me at this moment.

The Chair: — Well thank you. Any more questions from the committee? Chapter 7 had new recommendations. With respect to recommendation 1, what is the committee's wish? I recognize Mr. Steele.

Mr. Steele: — Mr. Chair, I move that the committee concur with the recommendations and concur with the recommendations and noted progress towards compliance . . . concur with the recommendations and note the compliance, disagree with the recommendations, or adopt the independent recommendations . . . concur and note compliance.

The Chair: — Okay, Mr. Steele has moved the committee concur with the recommendation and note compliance with the recommendation.

With respect to recommendation no. 2, what is the committee's wish? I recognize Mr. Steele.

Mr. Steele: — I concur and note progress.

The Chair: — That's okay. Does the committee agree?

Some Hon. Members: — Agreed.

The Chair: — I didn't ask that on the first one, did I? Sorry about that. Okay, on the first one, does the committee agree with the first one also?

Some Hon. Members: — Agreed.

The Chair: — Okay, okay, let's get this all straight here. With respect to recommendation no. 3, what is the committee's wish? I recognize Mr. Steele.

Mr. Steele: — Concur and comply.

The Chair: — So Mr. Steele has moved that the committee concur and note compliance with the recommendation. Does the committee agree?

Some Hon. Members: — Agreed.

The Chair: — With respect to recommendation no. 4, what is the committee's wish? I recognize Mr. Steele.

Mr. Steele: — Concur and note compliance.

The Chair: — Mr. Steele has moved that the committee concur and note compliance with the recommendation. Does the committee agree?

Some Hon. Members: — Agreed.

The Chair: — With respect to recommendation no. 5, what is the committee's wish? I recognize Mr. Steele.

Mr. Steele: — We concur and note progress.

The Chair: — Mr. Steele has moved that the committee concur and note progress towards compliance. Does the committee agree with that recommendation?

Some Hon. Members: — Agreed.

The Chair: — The committee agrees. With respect to recommendation no. 6, what is the committee's wish? I recognize Mr. Steele.

Mr. Steele: — I concur and note compliance.

The Chair: — Mr. Steele has moved that the committee concur with the recommendation and note compliance with the recommendation. Is the committee in agreement?

Some Hon. Members: — Agreed.

The Chair: — The committee agrees. With respect to recommendation 7, what is the committee's wish? I recognize Mr. Steele.

Mr. Steele: — Concur and note compliance.

[14:45]

The Chair: — Mr. Steele has moved that the committee concur

and note compliance with the recommendation. Is the committee in agreement?

Some Hon. Members: — Agreed.

The Chair: — The committee agrees. This concludes our business with the Provincial Auditor. Thank you very much for your attendance today, and appreciate you coming down here on short notice. Thank you.

We will now move on to the consideration of 2021-22 Saskatchewan Gaming Corporation annual report and the SGC Holdings Inc. financial statements for the year ending March 31st, 2022. Mr. Morgan, please make any comments that you have on these reports.

Hon. Mr. Morgan: — Mr. Chair, I made opening comments before the auditor started and have nothing further to add at this time. And we have the officials present, and we'd be prepared to answer whatever questions the members may have.

The Chair: — Well thank you, Minister. Are there any questions? Mr. Teed?

Mr. Teed: — No, none at this time.

The Chair: — Okay. Seeing none, I will now ask a member to move that we conclude consideration of 2021-22 Saskatchewan Gaming Corporation annual report and the SGC Holdings Inc. financial statements for the year ending March 31st, 2022. Mr. Lawrence has moved that we conclude consideration. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. This concludes our business with Saskatchewan Gaming Corporation. Minister, do you have any final comments?

Hon. Mr. Morgan: — Yes. Thank you, Mr. Chair. I'd like to thank you and the committee members, particularly the members from the government side for their very vigorous coaching as we went through. I always thank them for that. And, Mr. Speaker, I thank the new member opposite and want to thank him for his participation today, and welcome seeing him as we go further.

Mr. Chair, I want to use this as the opportunity to thank a variety of different people, and I'll be very brief on it: the Legislative Assembly staff, Hansard, this building security, Steve Bata and the building staff, broadcast services, and everybody that works in this building.

And then with today's proceedings, would like to thank the staff from Sask Gaming Corporation that are here today and thank them for the work they do, not just in preparing for today but throughout the year, and for the contributions and the financial input that comes from that entity. We are well served.

I would use this opportunity as well to thank the workers for all of our Crown corporations and the government sectors for keeping our communities strong, safe, and secure, and making Saskatchewan the best place to live and work.

The Chair: — Well thank you very much for that, Minister. And do you have any closing comments, Mr. Teed?

Mr. Teed: — No, just thank you so much to SaskGaming for coming out and presenting annual reports. I promise I'll have more questions next time. It was a very interesting report. And I'm excited to see the developments that are happening with the new app and the partnerships with SIGA and excited to hear that we will be continuing to employ many folks in our province and that those funds will go to support the province.

The Chair: — Well thank you. This concludes our business with the Saskatchewan Gaming Corporation. So we will now switch out and we will just take a little bit of a recess here to switch out to our Saskatchewan Water Corporation. So we'll take a . . . We're just going to check and see if they're here. We're just going to take a quick recess.

[The committee recessed for a period of time.]

Saskatchewan Water Corporation

The Chair: — Well we want to welcome everybody back, to those anxiously watching on television to see how things are going on Crown and Central Agencies. And we want to welcome the officials from the Saskatchewan Water Corporation. Under consideration by the committee today is Saskatchewan Water Corporation's 2021-22 annual report.

Minister Morgan, could you please introduce your officials and make your comments. And I want to remind the officials when they speak for the first time, could they please state their name so Hansard has it. Mr. Morgan.

Hon. Mr. Morgan: — Thank you, Mr. Chair. Thank you, committee members. I'm joined today by a number of officials from SaskWater: Doug Matthies, president; Eric Light, vice-president, operations and engineering; Jacquie Gibney, vice-president, corporate and customer service; Danny Bollinger, director of financial services. I'm also joined by my chief of staff, Charles Reid, who I like to refer to as Uncle Charles.

Mr. Chair, my opening remarks will be brief in order to allow the committee to do its work. SaskWater plays an important part in helping grow Saskatchewan and in ensuring Saskatchewan residents have access to safe, reliable water. In 2021-22 SaskWater delivered almost 40 million cubic metres of non-potable water and 8.5 million cubic metres of potable water, an increase of 11.6 per cent in total volume over the previous year.

SaskWater generated \$8 million in total comprehensive income for the year, an increase from \$6.9 million in the previous year. In the past decade, SaskWater has conducted five customer satisfaction surveys, which consistently indicated an overall satisfaction of 8.5 out of 10 or higher, with the 2021 results being the highest ever at 8.8 out of 10. In the year under review, SaskWater completed a major expansion of the water treatment plant at Melfort and continued work to replace an aging pipeline serving communities east of Saskatoon.

The committee is also looking to the future and important projects that were initiated in 2021. They include starting construction on a new regional potable water system to serve

communities in the Lloydminster area; forming community steering committees in two other parts of the province to explore interest and options in new regional potable water systems; and planning for a new non-potable water supply system to serve industrial growth in the Regina area.

Mr. Chair, I would, for the benefit of the committee members, point out that there are two distinct entities. This entity, the Saskatchewan Water Corporation, which is effectively the distributor and retailer of water, not to be confused with the Water Security Agency which is responsible for water levels and a myriad of other water control mechanisms throughout the province. This is the selling, retailing, and distributing arm, so its services are rather focused.

Mr. Chair, that concludes my remarks. We would be pleased to answer any questions from members that the committee have.

The Chair: — Well thank you, Minister. And thank you for the clarification on that because it does get mixed up at times. So thank you very much. Are there any questions? Mr. Teed.

Mr. Teed: — Yes, thank you so much. That was very helpful in clarifying that. As someone who's new to this file and filling in for the critic, I wanted to know, and being new to this, what role does SaskWater play in northern communities? You know, we hear a lot about, on the news and from folks, about drinking water in the North, specifically around Indigenous reserves. Like, what role does SaskWater play in that northern strategy? Is it a partnership with the federal government? Is that something that SaskWater is engaged in at all?

Hon. Mr. Morgan: — Yeah, I'm going to let Mr. Matthies make specific reference to that. A lot of the northern communities are on-reserve communities, so it falls within the purview of the federal government to ensure financing. And it's something that, through our ministries, that we call on them to make sure that they're doing what they're obliged to do. And it's an ongoing issue, but I'll certainly . . .

Mr. Matthies: — Doug Matthies, president of SaskWater. So we work really closely with the Ministry of Government Relations, and so we actually provide services in support of the work that GR [Government Relations] does up there. So we have folks based in our Prince Albert office, but they're basically serving northern communities as there are projects that they are successful in getting funding for. Our people will assist in doing analysis to put together a grant application, identify needs, come up with solutions, and then we will project manage at times the solutions that get implemented. So we don't actually own water treatment plants in the North, but we operate as a project management provider.

Mr. Teed: — Thank you. Were there any initiatives or key strategic areas that you wanted to highlight in your 2021-2022 report? Anything that's top of mind or any things that you're looking to the future? Projects? Plans?

Hon. Mr. Morgan: — I'm not sure whether you're referring to the North or just the province in general.

Mr. Teed: — So just then back to the SaskWater, where the purview of this corporation would be.

Hon. Mr. Morgan: — Yeah. There's a potable, which is drinking water, which are being under construction now for the area around Lloydminster. And I'm going to allow Mr. Matthies to make some specific comments on that. And then a lot of the work that's done is by allowing the formation of either co-operatives or small private providers that will provide water to small communities or people living on acreages.

[15:00]

And these people . . . I think it's commonly, frequently referred to as a drip system. And they would have approximately 500-gallon tank in their home. It would fill slowly during the day, so that during high usage it would be able to function.

And I know there's Highway 41 in the area east of Saskatoon, Dundurn water utility to the south. I know that serves Casa Rio. Casa Rio is now city, isn't it? . . . [inaudible interjection] . . . Okay. And then there's a number of those that are provided.

And then there's a major project that has not yet started construction which will provide non-potable water for the canola crush plants and the new industrial projects in around Regina. But I'll let . . .

Mr. Matthies: — Thanks, Minister. Yeah, so we have a major focus for municipal systems where we act as a wholesale provider. We will try to put several communities together to create a regional system so that we can get some economies of scale. All of the big cities within the province — Regina, Moose Jaw, Saskatoon, for example — they will provide their own services. We tend to work with the smaller cities, the towns, and villages. And if we can get them to work together so that we can put a regional service together, get those economies of scale, that's kind of the win-win that we're looking for for everyone.

And so as the minister identified, one of the projects that was referenced in the current annual report that we are just finishing this year is we're adding a brand new system up around Lloydminster this year. We have been working with a number of other communities to explore their readiness and interest in looking for other new systems.

I think I would offer the comment that usually these take some period of time to come together because not every community's infrastructure is at the same point in time. So some will be ready for a replacement or something new and some won't. So you have to try and line things up for the benefit of the group. And then usually municipalities are good stewards of their taxpayer money, and so they look for, is there grant money to help provide any financing that might be required.

So takes a while to line it up. The one that I just referred to around Lloydminster was a great example of communities coming together and co-operating and something being built. So that's what we're continuing to do in terms of the municipal expansion strategy.

As the minister also referenced, we also play a significant part, we think, in supporting industrial growth opportunities where there is a need for process water, so not treated for drinking consumption. And so he referenced the system to supply all of the canola crush plants. And so that's on the design drawing

board right now, and we hope to move that into construction in the coming year.

Mr. Teed: — A little bit I guess . . . It looks like there's some. I read in the . . . 79 rural pipeline groups. So would that be like continuous, like, non-drinkable water that would be going into industry?

Mr. Matthies: — Well, rural pipeline associations are typically, you know, further to what the minister was explaining, it would be a collection of primarily rural users. And so we would provide water to one or two or three points of delivery, and then they would run a much smaller pipeline to service farms, country residential, that sort of thing. And so it's a way for them to also try and share the cost of putting some infrastructure in. And so that's kind of what that group would be. So they would have, you know, they may have anywhere from a small handful, a half a dozen individual houses to, you could have some of the very larger systems where they actually have hundreds.

Mr. Teed: — Are there any challenges you anticipate in the next couple years, things that you're planning for down the road?

Mr. Matthies: — I would say that we are excited by the growth prospects the province has, but it does take time for deals to come together, and it does take time when you're dealing with communities who are at a different stage of readiness. And so that's kind of an exciting challenge for us.

We are definitely excited about, you know, as the minister referenced, the projects around Regina, a huge potential for us and I think for the province in terms of the, you know, the billions in private sector investment and the thousands of construction jobs and then hundreds of permanent jobs. So that's a really exciting piece for us.

Mr. Teed: — Thank you so much.

The Chair: — Has the committee, anyone on the committee got any more questions? Seeing none, I'll now ask a member to move that we conclude consideration of Saskatchewan Water Corporation 2021-22 annual report. Mr. Docherty has so moved. So we conclude consideration. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Minister, do you have any final comments?

Hon. Mr. Morgan: — Yes, Mr. Chair. I'll just be very brief and they're similar to the comments I made with the previous groups that were here, but I want to emphasize how important they are to everybody. I want to thank the committee members on both sides, the staff from the Legislative Assembly Service, Hansard, security, Steve Bata and the building crew, broadcast services, and the people that work in this building to ensure that the building continues to function.

I'd like to thank the staff for SaskWater who accommodated our shifting time change today and swiftly came in from Moose Jaw. And I trust that they drove carefully and in full compliance with the law just so I do not have to deal with SGI with their driver's licences. I'm glad that they came in today. I thank them for the

work that they did in preparing for today's meeting and for the work that they do each and every day throughout the year.

And I want to use this opportunity to thank all of the workers across the Crown sector and across government at large for the great work that they do. We are grateful as citizens and thank them for the work that they do every day in making Saskatchewan the best place to live, work, raise a family, and live and prosper.

The Chair: — Thank you, Minister. Mr. Teed, do you want to make any closing comments?

Mr. Teed: — No, just reiterate the thanks that Minister Morgan gave to the staff and to thank you so much for coming out and sharing your annual report with us. I'm always reminded about stories that you hear, you know, in Flint, in areas of the United States where they struggle to have this kind of water security that we have. So I'm always just appreciating the work that folks are doing with SaskWater.

As a Saskatoon resident, I'm quite an avid fan of the tap water in Saskatoon. So whatever you're doing there, you're doing great. You know, you always travel to different places and you taste tap water and you're like oh . . .

A Member: — Are you referring to Regina?

Mr. Teed: — I might be referring to Regina. I'll have to get that Brita filter.

But yeah, no, just a little levity there. But thank you so much for what you do, and thanks for presenting to us today.

The Chair: — Well thank you for that. And I also want to thank all the committee members, and I also would like to go along with both Mr. Teed's and Minister Morgan's comments on thanking everybody. I think they did a good job of thanking everyone. The one thing I want to do — this being the day before Remembrance Day — I also want to thank all of our veterans. We're lucky we can sit in here and do this in a democracy.

I will now ask a member to move a motion of adjournment. Mr. Bonk has so moved. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. This committee stands adjourned until Tuesday, December 13th, 2022 at 1 o'clock.

[The committee adjourned at 15:08.]