

Saskatchewan Telecommunications

The Chair: — It being 8 o'clock more or less, we will commence our review of SaskTel. We will be reviewing the two years concurrently, '94 annual report and the '95 annual report. Madam Minister, I would ask you to introduce your officials and make a brief overview comment. Then I will ask John Aitken from Deloitte Touche to make a comment on the annual reports and then ask the provincial auditors to also comment. After that, I will ask committee members to direct question to you or through you to your officials.

Will you please introduce your officials, Madam Minister.

Hon. Mrs. Teichrob: — Thank you, Madam Chair, and good morning, everyone. The people who are with me from SaskTel today are Don Ching, the president and CEO (chief executive officer); Dan Baldwin, the senior vice-president, strategic business development and administration; John Meldrum, vice president, corporate counsel and regulatory affairs; David Schultz, vice-president of finance; Byron Pointer, general manager of industrial relations; Dave Baron, manager of financial analysis, behind me; Dave Traynor, manager of public affairs; and Basil Pogue, manager of information resources.

I'd like to table, Madam Chairman, the information piece for the benefit of the members of the committee. If the Clerk would . . . Yes. And while those are being distributed, I could just make a few brief opening remarks, Madam Chairman, relating to the year 1995.

SaskTel achieved record earnings of 191.8 million. Although the sale of LCL (Leicester Communications Limited) Cable and ISM (Information Systems Management Corporation) shares contributed to the highest earnings in the company's history, an outstanding financial year does not happen by chance. It requires strategy and planning.

SaskTel is now in its third year of its strategic plan and has recently entered the era of long-distance competition. SaskTel's strategic plan has laid the groundwork for SaskTel to diversify, become financially stronger, and more customer focused. Despite downward trends in long-distance revenues, our bottom line is strong due in part to the corporation's aggressive pursuit of non-traditional markets, products, and services.

SaskTel International has become a primary source of revenue for the corporation. With a well-earned reputation worldwide for quality workmanship and expertise, SI's (SaskTel International) many achievements have helped to solidify SaskTel's objective of having 40 per cent of SaskTel's revenues come from non-traditional markets and products. As competition changes the framework in which SaskTel does business, the company's financial strength is tied to its capacity to expand in existing markets and move into new areas where its skills and assets can be applied.

SaskTel Mobility is a prime example of this. In 1995, SaskTel Mobility further expanded its cellular network inside Saskatchewan. Mobility was also the first carrier in North

America to remove national roaming charges. Having the benefit of a moratorium on federal CRTC (Canadian Radio-television and Telecommunications Commission) regulation enables SaskTel to offer customers new products and services without incurring the regulatory delays which other telcos experience.

For example, SaskTel was the first telecommunications company to introduce Real Plus long-distance plan, saving residential customers an average of 15 to 20 per cent. SaskTel was also the first company to introduce the Advantage Preferred long-distance plan to larger business customers.

SaskTel has also had significant product trials in the last two years. TalkMail, a new voice messaging service used for wide distribution of voice information was tested in 1994 and launched across the province in 1995. The video-on-demand trial continued during 1994.

In 1995, two television projects were significant: Hospitality Network and Hollywood at Home. SaskTel worked with the Hospitality Network to deliver on-demand services such as movies and Nintendo interactive video games to hotel guests in Regina and Saskatoon. The Hollywood at Home project involved more than 60 homes in a portion of south Regina testing a technology that gives homeowners more control over their entertainment alternatives.

In 1995, SaskTel's Always On program provided customers with access to last call return, busy call return, and three-way calling.

One of SaskTel's most successful diversification strategies has been in bringing call centres to Saskatchewan. In 1994 the Sears call centre was established in Regina. Co-operators Data Services Limited — CDSL — National Computer Help Line call centre, and a western Canada payroll call centre set up by the Royal Bank were also established.

One of SaskTel's big successes in 1995 was being awarded the call centre for the Canadian Imperial Bank of Commerce. SaskTel was also awarded the Canadian Cancer Society call centre in 1995.

To ensure our call centre customers received the best possible service, SaskTel has set up a division made up of a telemarketing group and a customer application team dedicated to attracting more call centre business and to supporting the infrastructure of the existing call centres.

Although SaskTel is expanding to non-traditional markets and moving into new areas, it remains committed to providing excellent service to all its customers. The digital network modernization program is now complete. This program included a \$29 million service upgrade for northern Saskatchewan, making Saskatchewan one of the few places in North America to be served by an all digital, all individual line service network. SaskTel's 450,000-plus customers now each have an individual line attached to a digital network.

In 1995, SaskTel launched a new six-year project — the core network evolution program — to continue upgrading and modernizing its switching and transmission systems. In contrast to earlier generations of communications technology, progress is now very rapid and we are faced with the necessity of upgrading equipment that is only a few years old in order to keep up. Under the core network evolution program, \$194 million will be invested in replacement of now outdated digital switches, fibre optic cable, and other equipment.

SaskTel's involvement in the province does not end with providing quality telecommunication. SaskTel is also a company that is strongly committed to its community.

In 1995, SaskTel purchased over \$275 million worth of supplies and services from Saskatchewan-based companies. SaskTel supported Saskatchewan communities by sharing approximately \$306,000 with 382 diverse groups around the province including recreational, educational, and cultural endeavours.

In 1995, the Saskatchewan chapter of the Telephone Pioneers of America contributed more than \$163,000 and over 40,000 volunteer hours in support of community service projects across the province. In 1995, the SaskTel telcare program contributed more than \$275,000 to 70 non-profit agencies, including the United Way, across the province.

SaskTel is a highly competitive business committed to delivering outstanding customer service and value while maintaining its commitment to social responsibility and good citizenship. As a leader in technology, SaskTel will continue striving to anticipate and fulfil its customers' needs for cost-effective communication solutions.

I want to thank you for your attention. At some point, Dan Baldwin has a summary that we wish to present of SaskTel's financial results, it's operating expenses and revenues, as well as some of the challenges outlined in our business plan for the future.

The Chair: — Thank you, Madam Minister. I will now ask Mr. Aitken from Deloitte Touche to comment on the '94 and '95 annual reports.

Mr. Aitken: — Thank you, Madam Chairman. I have given to the Clerk a little presentation, which I find with an accent like mine communication suffers, so I like to give people it in writing as well and then you can get a handle on what I'm saying.

I really just want to report on . . . I'm very pleased to be here this morning and to report on the audits of SaskTel, SaskTel Holding company, the pension plan for Saskatchewan Telecommunications, and on SaskTel International, a wholly owned subsidiary of SaskTel.

My presentation really just takes you through who are the people involved at Deloitte & Touche. I've provided in the second page an outline of a number of partners in our firm who are involved in this, albeit a major client of our firm, and myself

as lead client service partner to SaskTel, and then an indication of the people directly responsible for the audit part of our engagement.

I have with me, behind me, Carmela Haines, who is probably the person who does most of the work, our audit manager on that assignment.

For each of the audits we have rendered what we call a clean opinion. We have reported that the consolidated financial statements of SaskTel Holding company, and the statements of each of the other entities I just listed are presented fairly in accordance with generally accepted accounting principles. So I've put on the fourth page just a little excerpt of what that says. But it's fairly self-explanatory.

I have a little presentation, just very briefly connecting some numbers that are in the annual report, drawn primarily from the copy of the annual report that you've seen. But really it's just to, from an auditor's perspective, it is worthwhile just conveying what the financial position that we audited looked like.

And so there's a revenue and expense shifts in 1995 sheet which shows net income for the 1994 year, and I've rounded to million dollars here, \$88 million. And then compared that to the net income of SaskTel in 1995, of \$192 million. And really just taking the swings and shifts between the two years for comparison purposes.

And I think it provides you with a useful overview of the material that probably SaskTel is now going to provide, which is dealing with long-distance — \$19 million less in 1995 than it was in 1994. The reasons for that, there are two components of long-distance revenues. One is inter, which is revenues going outside of the province — that is being reduced, and we have a little chart a little later that talks about that — as well as the intra component, which is long-distance revenues within the province. And there, there was various discount plans offered to a SaskTel customer . . . or offered to all of us.

Local service revenues have increased by \$22 million. The primary component of that is a fairly significant increase in cellular business enjoyed by SaskTel. So there's a lot of increase in the cellular component there.

Other revenue of \$18 million of an increase compared to the previous year. SaskTel International had a record year. That was one of the audit components that we looked at. SaskTel International had a large . . . a record year for sales.

Depreciation, an increase in depreciation expense of \$7 million. A continuing trend of investment by SaskTel in its network shows up in increased depreciation charges.

And then we come to a line, I think, which is income on recurring; 1995 — \$76 million, which suggests, and this is reported in the annual report, that the recurring base of business continues to show downward pressure and that the record 1995 results were as a result of three non-recurring transactions.

One was sale of shares in ISM, which was the final sale of SaskTel's investment in ISM that it held for about 10 years — \$11 million. A gain on sale of Leicester of \$114 million, which has been well publicized. Foreign exchange loss on debt repaid as a result of the debt repayment, \$9 million repaid debt.

There are numerous charts in SaskTel's presentation, and this is by no means an attempt to emulate them, but I've got a couple of charts now which shows the net income as a percentage of sales for SaskTel. And showing that the net income was obviously significantly increased in 1995 as a result of the ISM transaction.

Just to give a handle on how does SaskTel compare to other telephone companies . . . this is not drawing on information that's not otherwise in the public domain . . . have SaskTel's 1994 income, which is a more normalized income because of the ISM shares, 14 per cent on sales. Stentor is listed there. That's a Stentor-wide average, all the Stentor companies on average in Canada — 11 per cent.

And then just comparing it to the two adjacent telephone companies, Telus at 16 per cent — and I believe Telus has a little less debt, and we'll come to that in a second — Manitoba Telephone System at 3 per cent. And in Saskatchewan I find we always compare ourselves to Nova Scotia because Nova Scotia has roughly the same population size, so that's Maritime Tel, which serves the province of Nova Scotia, at 10 per cent.

So by anyone's standards, SaskTel has been over the years a profitable telephone company in this country. Part of the reason for the continuing good results at SaskTel, and probably one of the most significant contributions to that, is the debt/equity ratio over the last four years, fairly significant reductions in the debt/equity ratio which is allowing SaskTel to pay less in the way of interest costs on its debt.

I referred to this one, the next sheet, earlier, long-distance revenues through Stentor settlements. I think it's important for me, as auditor, to convey to you my understanding of the fact that SaskTel's revenues from long-distance in this province are not generated solely from within this province. The arrangement with Stentor, which is the affiliation of Canadian telephone companies, is that a telephone call from Montreal to Nova Scotia, SaskTel gets a piece of that revenue. It's not dependent on the revenues that are generated so much within the province.

So what this four-line chart indicates is that the total Canadian pool that SaskTel shares in, dropped from 2.6 million to 2.5 million. What that's suggesting is that the long-distance revenues across Canada are declining in view of competition and the reduced rates being charged to customers, whereas SaskTel's share of the total pot is remaining at the same 6.3 per cent.

What SaskTel earned in way of revenues out of the total pot was \$159 million as opposed to the \$170 million. That's really just taking the 6.3 per cent of the total pot in each of the years, showing the decline. And SaskTel's own originated revenues — these are calls originated . . . going outside the province, but originating in Saskatchewan — declined from \$113 million to

\$108 million. So you see there the relationship between what SaskTel earns out of the pot at \$159 million versus the actual calls in Saskatchewan of \$108 million.

The last point I just want to cover is bottom-line summary of what our audit conclusions were on each of these entities that are listed. You would deserve to know . . . and we went to the audit committee at SaskTel and indicated on eight points, you know, what their conclusions were about audit in terms of illegal acts. And that's one of the reporting requirements under The Provincial Auditor Act, is that we report there. Nothing to report on that.

Significant transactions not in ordinary course of business: this is not really a . . . it's an insight rather than an audit point of controversy. But we did point out that when SaskTel generated the gain and sale of the Leicester investment, it had an opportunity therefore, with cash, to pay down debt, and that's what happened. In paying down debt, SaskTel had a choice between paying off debt that was associated with its known telephone operations or paying off debt that are associated with regular telephone operations. And we, as auditors, just pointed out that the choice was made to pay off the debt associated with the telephone operations. Now that, at this point SaskTel not being regulated, is . . . it doesn't have that much impact, but if SaskTel had been regulated, you would have . . . SaskTel decided to reduce the amount of costs that it could recover from the subscriber from a rate regulatory point of view. So I think it's an example where — rather than paying off what you would call provincial investment, the non-telephone company side of things — an advantage over the years was provided to the telephone subscriber in terms of the costs that have to be recovered from telephone subscribers. Hopefully I've explained that it gets . . . when one gets into the world of regulatory issues — and SaskTel is not regulated at the moment — it gets complicated.

The other matters to report. Did we identify any transactions that significantly increased risk that should be brought to anybody's attention? None breaches a corporate code of conduct. Did the auditors have any disagreements with management other than who buys the coffee? No, we did not have any major disagreements with management. Matters influenced in the audit appointment . . . Not aware of anything there of pressures or whatever. Any difficulties encountered during the audit: none. Significant weaknesses and internal controls, which is another matter that we have to bring before the Legislative Assembly, if we feel as auditors that there is that point — nothing to report.

So that I hope conveys the basis on which we've provided these opinions, Madam Chair.

The Chair: — Thank you, Mr. Aitken. I do appreciate this. I know it's highly unusual for us to get such an extended report from the auditors, but in point of fact that is what the function of this committee is, is to be looking at the annual reports and to be acting sort of as a double check, a secondary screening device past the private auditors, the provincial auditors, and then there's us. So I do appreciate it.

And quite frankly I like the last two pages that you've provided. I think that if we had a summary table like this for every Crown corporation, it could be quite useful for us.

And now I will turn it over to the provincial auditors and ask you to make brief comments.

Ms. Ferguson: — I will do that. Thank you, Madam Chair, members. I'd like to report that we concur with the opinions that were rendered by Deloitte & Touche. The only matter of interest that ourselves and Deloitte & Touche brought to the attention of the Assembly was with respect to the tabling of the subsidiaries which was brought to the attention of the members in the context of this Crown Investments Corporation chapter, which isn't a new point. I think your members are also aware of it.

I also would like to just make, really I think, one accolade to the corporation, and that's with respect to its annual report. I think they've done a good job in 1995 of setting out the challenges that the corporation is facing, and the key issues that the corporation is facing in that report and some future plans and directions that its going to . . . that I think they're hoping to pursue in that. And I think that I would like to expressively say that as an accolade given the work that our office has done on reviews of annual reports, and that is often an area that there is limited information, is in future directions and the key issues that corporations face. I trust the members will have a close look at the issues and that there will be discussion this morning on those issues. And that concludes my presentation.

The Chair: — Thank you. Do any members of the committee have questions of either auditors? If not, I will then first of all apologize to committee members for dragging you to this meeting so early in the morning, but as the session winds down the commitments seem to increase exponentially and this was the only opportunity that I could find to actually get ministers, members, and all the rest of the people together in one spot.

I do know that Mr. D'Autremont has a prior commitment at 9 o'clock, so, Mr. D'Autremont, I will recognize you first to put your questions to the minister and officials, and then I will recognize members from the official opposition.

Mr. D'Autremont: — Thank you, Madam Chairman. I'd like to welcome the minister and her officials here today. I know that there are a number of issues that everyone would like to know some answers to, so hopefully we can pursue some of those today.

We might as well start off with the issue that is on everyone's mind, and that is the new president. I'd like to welcome him here today . . . (inaudible) . . . that there are some questions we should ask in relationship to his relationship with SaskTel.

The Chair: — Mr. D'Autremont, you will recognize that we are reviewing '94 and '95 . . .

Mr. D'Autremont: — Yes, I wish to go back into '94 and '95 . . .

The Chair: — The new president was in a slightly different job at that point, so will you please couch your questions in terms of what might have been going on in '94-95 that would influence what's happening now in '96.

Mr. D'Autremont: — I most certainly will, Madam Chair.

The Chair: — Thank you.

Mr. D'Autremont: — I'd like to know, Madam Minister, what kind of contract or what contract was in place between the current president for SaskTel and LCL Communications?

Hon. Mrs. Teichrob: — Well the situation would have been . . . there was not an executed contract. But what would have happened in the normal course, and as the relationship affects other employees of SaskTel who are engaged in doing work with LCL, is that they would be employees of SaskTel who would be seconded to Leicester for a term.

Mr. D'Autremont: — Did SaskTel then have a contract with Mr. Ching at that time?

Hon. Mrs. Teichrob: — I think as the circumstances unfolded that an actual contract was never executed. The intent was there, and I think the members of the committee will be aware from a briefing that was held, I believe in late 1995, and information that was provided to the opposition on a chronology of events relating to this matter where it was known that the then — I don't know whether the term was president, but the person who was heading up LCL . . .

A Member: — Managing director.

Hon. Mrs. Teichrob: — Managing director had a term that was expiring in the fall of 1995. And all the principals of all the companies that were involved were aware of that and were aware that they did not want to renew the contract and to extend it, and Mr. Ching was introduced, I believe, even at a meeting of Leicester as the person who would be assuming that role upon the expiration of the contract of the existing managing director then in 1995.

Then of course the sale was finalized prior to the expiration of that contract, and as a consequence, the services of Mr. Ching in that role were not required.

I'd like to ask Dan Baldwin to provide further clarification.

Mr. Baldwin: — Maybe just to provide some certainty with respect to the relationship between SaskTel and Don Ching in 1995 relative to LCL, certainly all of the key conditions and terms that would have pertained to a normal employment agreement had been finalized, and that there was a verbal commitment and some documentation exchanged between Mr. Ching and SaskTel.

On July 17 the board of directors for LCL confirmed the future appointment of Don Ching as managing director to take effect on the expiration of the term of the incumbent managing director, which was approximately about September 30. So the

documentation was in process of being finalized when we headed off down another track in a relatively quick way.

Mr. D'Autremont: — Thank you. The verbal commitment and written documentation, was that between SaskTel and Mr. Ching or was that between LCL and Mr. Ching?

Mr. Baldwin: — It was between SaskTel and Mr. Ching. And all of our employees . . . And we still have six employees in LCL; they're coming home in a month. The arrangement for all of our employees in LCL was that they were on a seconded basis. The reason for that was to ensure that there was continuity and consistency of employment benefits, health packages, pension packages, etc.

Mr. D'Autremont: — What was involved in the verbal commitments that were made to Mr. Ching at that time?

Hon. Mrs. Teichrob: — Well I think I would defer to Mr. Baldwin in that particular question because I wasn't the minister responsible during that period; not until the end of November of 1995. Events prior to that I wouldn't have personal knowledge of.

Mr. Baldwin: — Generally speaking I think the agreement contemplated a wage package, a bonus package if certain performance criteria were met. I think there was a housing allowance because . . . or an adjustment because the housing in the U.K. (United Kingdom) is several times higher than here. I think there were the normal accoutrements that go with being a managing director in the U.K. such as, I think, there was an allowance for a vehicle.

Mr. D'Autremont: — What written documentations were available?

Mr. Baldwin: — I think there was a number of, for lack of a better word, term sheets, going back and forth relative to what the key terms of the agreement would be.

Mr. D'Autremont: — Was there any contract prepared but not finalized in relationship to this relationship between Mr. Ching and SaskTel?

Mr. Baldwin: — No. I think that's about when we started to take a possibility of a sale very seriously. About late . . . around late July.

Mr. D'Autremont: — What kind of commitments were made? You've mentioned in the verbal commitment, wages, bonuses, housing allowance, and vehicles. What kinds of numbers were associated with that?

Mr. Baldwin: — My recollection is that I think the base wage package was in the order of approximately 80,000 pounds, and I believe the bonus package provided the opportunity to earn up to another 20,000 pounds, I believe.

Mr. D'Autremont: — And what was the housing allowances and the vehicles?

Mr. Baldwin: — Well I think the vehicle, the company I think, I believe LCL provided a vehicle. It's just a leased vehicle. And so there was . . . The vehicles there are handled a little differently than they're handled in Saskatchewan, I believe. There was no cash paid per month to provide for a vehicle. So it would have been a vehicle relative to what that position would have required in the U.K.

And I'll tell you, just as an anecdote, over in the U.K., level of vehicle and status of vehicle is very important to getting business done. They're very class-conscious and perk-conscious.

Mr. D'Autremont: — And how about the housing allowance?

Mr. Baldwin: — I believe the housing allowance was to be in the form of essentially, I guess, a loan. It was a 100,000 pound interest-free loan repayable at the expiration of the employment contract. And I think that was our best guess of what would make things relatively equal.

Mr. D'Autremont: — LCL was going to — had the contract been consummated — was going to pick up these costs. Is that correct?

Mr. Baldwin: — The business arrangement is that Mr. Ching would have been seconded by SaskTel to LCL, and LCL would reimburse SaskTel periodically for all the expenses pertaining to provision of Mr. Ching as managing director. That's the normal situation with all our employees there.

Mr. D'Autremont: — Okay, thank you. I may come back to this later.

The Chair: — You will have the opportunity when we deal with the '96 annual report as well, Mr. D'Autremont.

Mr. D'Autremont: — Well I may likely have the opportunity when we're still dealing with the '95 report.

I'd like to move on then to Crown Tendering Agreement. Does SaskTel fall within the Crown Tendering Agreement?

Mr. Baldwin: — Short answer is yes.

Mr. D'Autremont: — I like short answers. I wonder if the minister could outline to us what she sees the purpose of this Crown tendering policy as it affects SaskTel.

Hon. Mrs. Teichrob: — Well I guess the purpose of the Crown tendering clause as it affects SaskTel would have the same principles as affecting all of the Crowns and has the same rationale for being in place. And essentially it was to provide a way for Saskatchewan . . . provide employment for Saskatchewan companies and Saskatchewan workers. And to try to make sure . . . to try to provide more of a level playing-field between union and non-union contractors.

Mr. D'Autremont: — What dollar volume of contracts has SaskTel let under the CCTA (Crown Construction Tendering Agreement) since its implementation on March 3, 1995?

Hon. Mrs. Teichrob: — During 1995, there were eight projects for a total value of 1.28 million.

Mr. Baldwin: — I just might add at this point that with respect to the CCTA and SaskTel, a significant amount of our capital and other work is exempted from the CCTA, such as ploughing fibre, building towers, underground ducting, pole line work, and provisioning of small, remotely built switch centres.

Mr. D'Autremont: — Okay, how many of the eight projects that SaskTel was involved with the CCTA were in the urban areas.

Hon. Mrs. Teichrob: — Well actually there was five in Saskatoon, two in Regina, and one in Prince Albert.

Mr. D'Autremont: — On each of those projects, on the tendering side of things, how many companies tendered for those projects, and can you indicate whether they were union or non-union — whether they met the requirements of the CCTA.

Hon. Mrs. Teichrob: — I'm not sure whether we have the detail on each and every one of them here, but I could give you as an example one that has been cited, if you like, being the fire-alarm system at the head office in Regina where three tenders were submitted.

One of them had the CCTA section of the tender documents crossed out. In other words the contractor knew that he was not meeting the requirements of the CCTA. And the other two tenders were . . . That tender, obviously not, and the contractor being aware, was \$241,000. There was a Regina tender for 310 and a tender from Winnipeg for 299.

So the two valid tenders were approximately \$10,000 apart, so it was awarded to the lowest bidder — the bidder from Manitoba — and they have assured us or guaranteed that most of the work, the majority of the contract value, would be supplied and performed locally by a local contractor as a subcontractor for the bidder.

Mr. D'Autremont: — Okay, thank you. How many of the contracts, of those eight contracts, were performed in rural Saskatchewan, outside of the major metropolitan areas? None of them were?

Hon. Mrs. Teichrob: — None of them were, no. These were all urban. And as Mr. Baldwin has pointed out, a lot of the work that's done in rural areas, the line construction and so forth, is not subject to the CCTA.

Mr. D'Autremont: — Okay. What percentage of all of your man-hour construction then falls under the CCTA, since a large number of it doesn't fall under it? What percentage would fall under?

Mr. Baldwin: — I don't have it here. I'd guess it's less than 10 per cent.

With respect to our total capital budget, the amount that was subject to the CCTA in 1995 was less than 1 per cent. With

respect to . . . you know, if we strip out the network components and look solely at what might have fallen under the CCTA if the contract amounts had been large enough, it probably was less than 10 per cent.

Hon. Mrs. Teichrob: — I could provide numbers, like the total capital expenditures were 184.5 million, and the agreements subject to the CCTA were 1.28 million. A very small percentage.

Mr. D'Autremont: — Okay. One of the stated purposes, according to the minister, for the CCTA within SaskTel's realm, is to provide employment opportunities for Saskatchewan companies and Saskatchewan workers. Dealing with the workers, what method does SaskTel have of tracking to ensure that it is Saskatchewan employees that are receiving the contracts under the CCTA?

Under the one project you have a contractor out of Manitoba; he has given you assurances, but what means or method do you have to ensure that those jobs are going to Saskatchewan people?

Mr. Baldwin: — We have a fairly disciplined supply and services department which really does aggressively focus on ensuring that the amount of our expenditures in the province are maximized. We monitor the contracts; we monitor the subtrades on a very disciplined basis.

In 1994 SaskTel paid, for all services required within the province, \$197 million. In 1995 we paid 275 million. We tracked who we purchased supplies from, and we also encourage, on a proactive basis, Saskatchewan businesses to develop expertise or products and services that we maybe acquire.

Mr. D'Autremont: — I believe that's a good program, the Buy Saskatchewan program that has been in place for a number of years, going back to 1988.

But that still doesn't answer the question though of the employees as whether or not they are Saskatchewan employees. Are you tracking individual employees under the CCTA to determine whether or not those employees are indeed Saskatchewan employees or are they coming from some other jurisdiction?

Hon. Mrs. Teichrob: — Well in the example that I gave, where the fire alarm system installation was awarded to the Winnipeg bidder, there's documentation. I mean this is not just verbal, but they have provided documentation to assure that the majority of the contract value will be supplied and performed locally by Globe electrical contractors as a subcontractor to them.

So it would be a relatively easy matter to check on the job site and, using the procedures that Mr. Baldwin has outlined, to monitor whether in fact that's happening.

Mr. D'Autremont: — Is SaskTel going to do that monitor?

Mr. Baldwin: — In the past we have.

Mr. D'Autremont: — Okay. How about the other contracts. You've outlined one contract in Regina. There are seven other contracts. Can you provide similar information for them as to the number of tenders, who received the tender, are they a unionized contractor or not?

Hon. Mrs. Teichrob: — We wouldn't have that detail here today.

Mr. Baldwin: — We don't have it with us, but we can provide it.

Mr. D'Autremont: — Okay. Thank you. When a contractor is hiring under the CCTA with SaskTel, do they hire, name hire, out of the union halls for the CCTA?

Mr. Baldwin: — I believe that's a requirement under the CCTA, is that the hiring has to occur through the union hall.

Mr. D'Autremont: — That's right. But do they name hire? Do they say, I want Joe Blow? Or when the Manitoba contractor comes in, does he simply have to go to the union hall and say, send me 10 employees.

Mr. Baldwin: — I think he goes to the union hall and says, I have a need for five employees or whatever it is.

Mr. D'Autremont: — Some of the contractors within Saskatchewan have the ability to go in and say, I want X, Y, and Z, rather than simply a number.

Mr. Baldwin: — Well I think the local contractors probably have an advantage and they probably recognize and know which employees they want to hire because of past experience or personal knowledge.

Mr. D'Autremont: — Does SaskTel believe it's proper though that within the CCTA agreement, local contractors have the ability to name, whereas out-of-province contractors do not . . . or non-unionized contractors do not have that opportunity.

Mr. Baldwin: — To the best of my knowledge, I don't think there's a formal differentiation within the contract with respect to how local contractors or out-of-province contractors hire. I believe that the requirement is that the employees have to be hired from the union hall. And I think that's the extent of what the provisions of the contract provide.

How practices develop, I think, is outside our control.

Mr. D'Autremont: — With the hiring of employees under a CCTA, how many of those employees that you are tracking them or going to track them are from Regina and Saskatoon? How many are from outside of the two major centres?

When you look at the one contract in P.A. (Prince Albert), where did those employees come from? Are they local employees from the P.A. area or they out of Regina and Saskatoon or from some other location?

Mr. Baldwin: — We don't have that information today, but we can provide the information we have.

The Chair: — Mr. Baldwin, I think it's fairly clear that the CCTA holds some degree of interest to members of the legislature. And so when you come back next before this committee to deal with, hopefully the 1996 report, perhaps we can then have those kinds of statistics.

Mr. D'Autremont: — One of the other portions of the CCTA is the payment of 21 cents an hour of extra fees under that system. Does SaskTel monitor the monies being paid out under its contracts to the various groups under this arrangement? Does SaskTel have a number of how much money they have spent? This 21 cents an hour per worker.

Mr. Baldwin: — I think we'll have to come back with you on that. I'm not sure if we specifically monitor how and where the money is spent.

Mr. D'Autremont: — Obviously under the CCTA contract, SaskTel is obviously going to be paying a minimum of 21 cents an hour in labour costs to support this program. So I think it's very important that SaskTel know how much it's spending on that and where that money is going to. Which one of the organizations is receiving it — the CLR (Construction Labour Relations Association), the SBPCTA or the CODC (Construction Opportunities Development Council)? So if you could provide that information please.

Mr. Baldwin: — We'll see if we have that.

Mr. D'Autremont: — Okay, another issue that I contacted the minister on dealing with cellular telephones . . . I know that you have a significant number of pages within your annual report dealing with cellular. One of the problems that has arisen in my area in particular, and it may be affecting other areas is cross-border — what I call — stealing of customers because if you jack up the strength of your tower, you can receive the signals from further away, and that routes them through your tower, and you can charge then more fees.

In particular, this is happening from U.S. (United States) companies along the border that seem to be running a higher power. In particular in the town of Oxbow and area, customers can be sitting almost under the SaskTel tower and are still being connected up through North Dakota because of the strength of their systems. What is happening in that area, and what is SaskTel doing about it?

Hon. Mrs. Teichrob: — I recall receiving that correspondence, and to tell you the truth, after the reply I haven't checked to see whether the communications with that company that we undertook to make in an effort to solve this problem had been successful or not. Whether you can report on that?

Mr. Baldwin: — No, I think we're still looking for the problem.

Mr. D'Autremont: — What is the SaskTel policy in dealing with cross-border arrangements in that sense, when it comes to

charging customers, when it comes to who the coverage is provided by the various telephone systems in the border areas?

Mr. Baldwin: — Generally speaking, we have roaming arrangements and with the companies directly below Saskatchewan, and it's that the billing arrangements are essentially whose switch does the originating call go through. And that's, you know, it's a fairly mechanical, computerized process.

Mr. D'Autremont: — The problem that arises with that though is if one tower is running higher strength receivers, that they pick up the billing charges then and significantly different from your local charge versus going through a foreign country. I think it's a problem that needs to be looked at. I know I get calls on it fairly regularly. It's slightly different when you're along the provincial borders. The charges aren't that much different. But when you go national, international with it, the charges increase very dramatically.

Hon. Mrs. Teichrob: — I am aware, and I did make a referral on it. There's situations for example where — at least it's alleged — that some of the American towers are very high, perhaps overpowered. That's the suspicion anyway. Where a farmer is near the border in Saskatchewan will be sitting in his yard right beside his house and make a call from his vehicle on his cellular phone and it'll be picked up by the American tower, and he gets a long distance bill.

As you can appreciate, there's technical and probably the legal matters involved when it's over an international border. So it's likely not an easy problem to solve, but we are looking at it.

Mr. D'Autremont: — Jack up the power.

The Chair: — Then we might get charged in reverse because we would be nabbing the American customers.

Mr. D'Autremont: — But then we'd have their money to argue with.

The Chair: — I think therein lies a slight difference of political philosophy in approach to the world, Mr. D'Autremont.

Mr. D'Autremont: — Okay, one other issue before I leave is exchange areas, a great deal of concern about the very small sizes. I bring this issue up every year to SaskTel. What is SaskTel doing to enhance the exchange areas? We have exchanges in this province that have as small as 75 people on the exchange, virtually no business within their areas to telephone. Everything has long distance. What is SaskTel doing to alleviate some of these disparities?

Hon. Mrs. Teichrob: — Well it's fair to say that this matter has been under study for a long time. A number of models have been worked on.

As you know, the reason for it is that the way the network was developed was the system was built by small local telephone companies, starting right after the turn of the century. And essentially the size of the current exchanges represents the size

of the area served by those individual telephone companies — cooperatives, farmer associations, whatever they were — until they became part of the network, probably the last ones as late as in the 1980s, early 1980s . . . (inaudible interjection) . . . There's still a few out there.

Yes, I know. I was the secretary treasurer of the Moon Lake rural telephone company until about 1976, I think, until our assets were turned over to SaskTel and became part of the network.

But it's not easy or cheap to make the changes in switching system that are required to make the exchanges bigger. So lately our most recent studies have focused on, instead, adjustments to the long distance tolls which would at least reduce the costs when you go over exchange area boundaries. And this is not finalized. This is the nature of the work that's going on now which would provide at least a partial solution.

Mr. D'Autremont: — What kind of mechanical switching changes would be needed? I was told a number of years ago that once the digital system was in place, it was simply a matter of throwing a switch or telling the computer to bill things somewhat differently to more equalize the access available to the telephone customers within an area. Is there some other thing needed other than doing that?

Hon. Mrs. Teichrob: — You know I guess the problem is where does it stop because we do generate \$170 million in in-province long distance. And there are some pie-in-the-sky solutions around, like well maybe every call within 60 kilometres should be free no matter where you are and this kind of thing. Well this has an impact then on the cost of local service because if you're going to do that or something like that, you have to increase the cost of the local service, the line charge, in order to cover off the losses that you would have from long distance.

So one of the options that we have looked at is . . . I think there is about 29 or 30 what you would describe as very small, smaller than average exchanges that have this problem. Now there would be a capital cost in consolidating them with a nearby exchange, make the exchange larger and reduce the tolls. But then everybody wants that. You know then the next smallest ones want it.

And the calling patterns . . . this is why it's so complex because we have done detailed studies in some of the smaller exchanges to analyse the calling patterns of the subscribers in that area to determine which exchange they could be consolidated with to be to their best advantage. And the calling patterns are so diverse that there just isn't any one-size-fits-all solution. So I think we're coming to the conclusion that rather than tinker with, at least in a big way, with the exchange area boundaries, everybody would be better served if we could make an adjustment to short-haul long distance calls so that subscribers in those very small exchanges . . .

Because I agree with you. There are some now, with the shifts of population in rural Saskatchewan, the changes in the demographics where basically every call that some of those

people have to make is into another exchange. And if we could rationalize the long distance rates somehow so that those people could at least have a much reduced long distance charge, then it wouldn't represent a significant cost run going over an exchange boundary.

So that's the kind of work that's going on now. And believe me; it is under active consideration, but it is a very complex problem.

Mr. D'Autremont: — It's been on active consideration for about five years or better so . . . But I'd like to thank the minister and turn over my opportunities to ask questions on '94-95, but I will be asking more questions on '95. Thank you.

The Chair: — Thank you, Mr. D'Autremont. I will now recognize the two members from the official opposition. Mr. Bjornerud and Mr. Aldridge, if you would direct your questions to the minister.

Mr. Bjornerud: — Thank you, Madam Chairman. I'd just like to elaborate a little bit on what Mr. D'Autremont has said here, and I agree with him very much on the regional telephone exchange sizes.

The one thing I'd like to touch on is . . . We have the 40/40 program out there. Can you give us a list of the other programs that are available now to the people that we're talking about out in rural Saskatchewan? Like, what are all the programs that are out there?

I think the thing that I'm getting at is . . . what is the cost to SaskTel of providing the 40/40, real savings, and all this? Is there a way we can put a finger on what that actually costs SaskTel, or what is the savings to the customer out there?

Am I getting my message across . . .

Mr. Baldwin: — We actually have done some fairly detailed cost analysis in what it would cost us to do a number of different types of plans relative to rural Saskatchewan. I believe that free calling, for instance, free calling within a 40-mile radius would cost SaskTel in the order of 25 to I think \$30 million per annum.

Mr. Bjornerud: — That's the total of the program together?

Mr. Schultz: — Oh, yes. If we just look at 40/40, the cost today is around \$12 million a year.

Mr. Bjornerud: — Just for that one program.

Mr. Schultz: — Just for that one program. And then there's the Real Plus program. I don't have those numbers here, but if desired, we can certainly file them with the committee.

Mr. Bjornerud: — Okay, if we can get a copy of that, please.

Mr. Schultz: — And . . . (inaudible interjection) . . . Go ahead.

Mr. Meldrum: — I guess the issue with the real savings of

course would be that it's going to be competitive this following . . . (inaudible) . . . facilities based carriers and certainly is competitive today in relation to rebillers. So I think the information that we would provide would have to be fairly limited and generic because our competitors would be very anxious to get that sort of information.

Mr. Bjornerud: — I think where I'm coming from, Madam Minister, is that the people that we have talked to out there now and the inconvenience that is caused by all the small exchanges . . . And as I've mentioned to you before just from the RM (rural municipality) alone that I was reeve of, I think there was six exchanges through the seven of us that were on council. It's not only the money, but it's the inconvenience of always being long distance.

One of the things that has been suggested to us, maybe out there, if a lot of these programs were taken away . . . And even I know, people we've talked to are willing to pay a little more. Could there not be a way that this could counteract the cost or the money that it would cost SaskTel to make bigger exchanges? Is there not a trade-off there somehow that we can have?

Hon. Mrs. Teichrob: — Well we do have some numbers. I don't have them with me. Say for instance if you had 25 exchanges. This is in the province. If you reduce the number of exchanges from 345 to 25, long distance revenue to SaskTel would be reduced by about \$75 million a year. And there would be well as yet undetermined capital investment required in order to effect that, to change the boundaries. And so the estimate is that each local bill for basic service would have to rise by \$34 . . . (inaudible interjection) . . . Yes, per month.

I mean I would kind of suggest that the people who are saying that we would like to pay a little more in order to have this convenience are maybe thinking about a dollar or two or five. They're not thinking of something in the magnitude of \$34 a month. I mean, this is the difficulty.

Mr. Bjornerud: — They're definitely not thinking \$34; I can tell you that.

Hon. Mrs. Teichrob: — No. So you might pass that on to them.

Mr. Bjornerud: — Yes. To come back to where we were before here then, I think what a lot of the people are saying, and I think where we have problems out there is with the seniors who maybe aren't just as quick to jump into this program as the people that are in business and the younger people. But I think what I'm saying is if some were to go maybe up to, say, \$5 or something like that, and I think a lot of these people would forego all these other programs if we could get just the convenience for this. I'm thinking of business really, too, out there to help promote business in small town, rural Saskatchewan.

I'm getting back to this again, but there's no way that this can be looked at to reduce the programs or eliminate the programs and come up with a system like that, and also . . . but not have a

\$34 . . . you know, has it been weighed that way? Like you're saying, Madam Minister, \$34, but has that taken into effect the 40/40 and all that too then?

Hon. Mrs. Teichrob: — Yes. It's comparing, like the current revenues with all the existing plans and so forth and what the loss would be. And then the capital cost is just an estimate at this point, but there would be that to take into account as well.

Mr. Bjornerud: — Some of this cost, the \$75 million you're talking about, is this technical cost that would be involved of making these regional telephone exchanges bigger?

Hon. Mrs. Teichrob: — No. The capital cost hasn't been quantified. The \$75 million estimate is the loss of long distance toll revenue that would occur by reducing the number of exchanges to 25.

Mr. Bjornerud: — The technical side of it, and I don't understand what would be involved there, but is it not a possibility that . . . can we come to some arrangement in the years to come that rather than doing a bunch of technical work to change this, that it could not be just done through the billing end of it?

Like I'll give you an example. We're very close to Yorkton in our area. We have Saltcoats, Bredenbury. I could name you 15 exchanges within a 10-minute, 15-minute drive of Yorkton. Could it not be done that you could keep your same number and just be done through the billing end of it?

Mr. Schultz: — There is the ability to use the billing system to do that. What can happen is that its call volumes increase or shift, then we would have to install trunking transmission facilities between centres as calling volumes expanded. So even if the switching side of our plant stayed relatively stable, there would very likely be upgrades in the transmission side which would work back into the front end of the switching.

But in essence, you're correct. We can use the billing system to highly facilitate it and reduce the cost, but there would still likely be a capital into the network in order to make it happen.

Mr. Baldwin: — Yes, I think the — just to add to that, Dave — I think when we look at change in exchange area boundaries, it's not mechanically throwing a switch. It's essentially changing the software. Switches are essentially just giant computers so that when we look at changing exchange area boundaries, there's certainly some electronic equipment required in the field. But a lot of it is just the reprogramming in the switch or in the billing system. So either way, it's a software problem, significant software problem.

Mr. Bjornerud: — Okay, thank you. Madam Minister, you maybe touched on this, and I'll get off the subject right away, but are we still looking at this? You know, are we working on to find a way of making them bigger within . . .

Mr. Baldwin: — It's our number one problem, I would say.

Mr. Bjornerud: — Good, because it's our number one

concern, I think, as a rural resident and also as a representative of rural people.

Hon. Mrs. Teichrob: — Yes. And as one of the committee members observed earlier that it's been under active consideration for a long time, but it is very complex. And I guess the good news is that we're still working on it. We haven't given up.

Mr. Bjornerud: — Maybe while we're on regional telephones, and 911 is very closely associated with that, where are we with the 911 right now? Can you give me a . . . you know, like how far along are we with that? Again, we're just talking basic 911, right?

Hon. Mrs. Teichrob: — Well as you know, the Bill, the legislation to establish the framework for the provincial 911 is somewhere stalled in Committee of the Whole.

But essentially the work is going on at SaskTel in developing the system. And the system . . . the municipalities that went together, a large number of municipalities in the south-west who went together to establish 911 for their area, that is up and running now. I was out there on some municipal matters in that corner of the province about 10 days or two weeks ago, and it's just beginning to be implemented. I talked some of the emergency providers, service providers there, and apparently the implementation of it is going very smoothly.

So eventually if we can have that same result across the province, that serves as a very good example because it is a relatively sparsely populated, essentially rural area of the province. And if it can be successful there through the cooperation of all of those municipalities, then surely that can become a model for the rest of the province, and we can . . . We've said the estimate is a three- to five-year time frame, but as we get large areas like that with municipalities and emergency service providers, you know, fully cooperating, it's possible we may be able to complete it even sooner than that.

Mr. Bjornerud: — So what you're saying . . . I'd to reiterate it and be on the record again that we would much rather see an enhanced 911. And I realize it's a more expensive system. But I think in rural Saskatchewan especially, the difference between basic and enhanced is no comparison, and the value for people out there in towns and on farms for that matter, with all the emergency systems of policing and fire and ambulance and stuff, I think the follow-up of a person on the other end of a line that's qualified is of much more value than just a person that's switching you from one spot to another.

Hon. Mrs. Teichrob: — Well see, I mean, that point is well taken. But as you know and as we've said, the objective is to have fully enhanced 911 throughout the province. But the enhancement . . . the response of qualified people at the other end of the line would not be the responsibility of SaskTel. That's where the community and the other players come in. SaskTel could have the capability of having the software to have an answer, you know, a response of some sort at the end of a 911 call throughout the province without a lot of problems. But the enhancement is the key, having somebody qualified

when they pick up the phone. But that wouldn't be SaskTel's responsibility.

Mr. Bjornerud: — No, I realize that, and I think another problem is who pays for the enhancement. Okay, thank you, Madam Minister.

I'd like to get into another area that Mr. D'Autremont touched on partly, but I'd like to go back to the past president of SaskTel, Fred Van Parys. And can you maybe give us the reasons for why this Mr. Van Parys is not with SaskTel at this time, or what the reasons for his leaving were?

Hon. Mrs. Teichrob: — Well, I mean, I can't presume to ascribe motives to another individual. But Mr. Van Parys had approximately a three-year tenure as the president and CEO of SaskTel. He was engaged in late '92 or early '93, I believe. And he was a native and long-time resident of Ontario, and most of his business experience was there. He had family there. He did nominally move to Regina, but he retained his home base in Ontario. And for whatever reasons, he made a decision to resign and return to Ontario in about the year end 1995.

So we accepted his resignation and entered into a contract for personal services with him in order to provide some continuity in the Stentor relationship because you may realize that the Stentor alliance is sort of held together through, if you like, a club of CEOs. And it's highly personal, and the CEOs of the members of the alliance — the telco (telephone companies) members — meet on a personal basis fairly regularly. And there are contracts for services and other formal developments that come out of that, but a lot of it is really sort of . . . it's a bit old-fashioned in a way, but it works. It's kind of a gentlemen's agreement sort of thing. So the personal relationships are very important.

So we had an acting CEO at the time, but we felt that it was important from Mr. Van Parys' three-year relationship as part of that Stentor group to maintain that continuity for a time. So we entered into a personal services contract with him that will . . . the term of it is through to the end 1996. It was a one year arrangement, and that's not unusual at all to engage that kind of consulting service in the practices widely used in the telecommunications industry. And we felt that it was a benefit to the operations of the company.

Mr. Bjornerud: — So what you're saying, Madam Minister, there's nothing to the rumour that Mr. Van Parys was fired and that the money we seem to have an obligation to him yet is just the remainder of his contract?

Hon. Mrs. Teichrob: — The termination of Mr. Van Parys service was by resignation, and the contract that was entered into for personal services was by mutual agreement.

Mr. Bjornerud: — Could you tell me what obligations we actually have with Mr. Van Parys then? Like how long do we have and how much? How many . . .

Hon. Mrs. Teichrob: — The term of the contract is for a year. I'm not . . . because it's a contract for personal services rather

than an employment engagement, the terms of the contract are not subject to The Crown Employment Contracts Act. And when we did receive a request to divulge the terms of the consulting contract under a freedom of information request, we contacted Mr. Van Parys and asked for his permission to divulge the terms of the contract, and he for obvious personal reasons doesn't want that to be made public knowledge.

So under the terms of freedom of information or The Crown Employment Contracts Act, we are unable to provide that information. But let me assure you that there is value for our money for the people of Saskatchewan and for SaskTel and that the terms of the agreement, as we saw it as one of the parties to the agreement, think that the terms are normal in the course of business.

Mr. Bjornerud: — At the end of that agreement with Mr. Van Parys, will this information then be available or not? Like will we be able to go back then and find out what these numbers . . .

Hon. Mrs. Teichrob: — No. It will not be available.

Mr. Bjornerud: — At no point?

Hon. Mrs. Teichrob: — At no point.

Mr. Bjornerud: — Okay, Madam Minister, I'd like to touch on . . .

Hon. Mrs. Teichrob: — I should qualify that. Unless the circumstances should change and Mr. Van Parys would give his consent. We would never divulge the details of a contract for personal services unless the person gave their consent.

Mr. Bjornerud: — Okay. Thank you, Madam Minister. I'd like to touch on a different area now, and this is with the SaskTel strike. I guess I'll start with, we've never really come . . .

The Chair: — Mr. Bjornerud, you realize of course we're dealing with '94 and '95 and the work stoppage occurred in '96. So if you can, try to frame your questions in terms of what might have happened within the organization in '94 and '95 or what might be reported in the annual reports that would have led up to it. Otherwise, as I say, we will be calling . . . the '96 report will come fairly soon, and we'll have an opportunity to do it then.

Mr. Bjornerud: — Okay, I'm going to start at a different end then. I'm going to build around . . .

The Chair: — Sure. However you want to weave the case is fine but . . .

Mr. Bjornerud: — So we can do it whichever way we want. It really doesn't matter to me, but I'm going to get there one way or another.

The Chair: — Good.

Mr. Bjornerud: — I want to go back to what was called

process re-engineering and could you maybe, Madam Minister, give me an overview of what process re-engineering was. And this, Madam Chairman, does go back to '94, '93, '92, so I'm on par here.

Hon. Mrs. Teichrob: — In the new business and fiscal and global trading environment that we live in, I think it's a rare organization that is not doing a number of things internally to examine the way they operate and to try to change and adapt to the new business environment. SaskTel, like every other . . . well this is not confined to commercial companies. I mean we're living in a changing world. I can hardly even think of even the smallest NGO (non-governmental organization) that hasn't engaged some facilitator to do some self-examination and mission statements and clarify their role in the new business environment.

SaskTel, like all companies, is constantly doing work internally sometimes, sometimes with the aid of consultants or facilitators, to examine their processes and the way they're organized, the way they relate to their clients and suppliers. And this particular one that I know that you're referring to is just one of many. And there were some very positive results that came out of it in terms of identifying the costs and certain procedures. And all in all, it had some successes attached to it too.

Mr. Bjornerud: — Okay, thank you, Madam Minister.

I'd like to get into now . . . it was Symmetrix, I believe, that was hired — right? — from Boston . . . was the company that was hired to oversee the re-engineering. Is that right?

Hon. Mrs. Teichrob: — In the case that you're talking about, it's one of many processes.

Mr. Bjornerud: — Okay. Maybe in that respect then is there other companies that were hired to also do other avenues of this, to do different types of . . .

Hon. Mrs. Teichrob: — Well there were people who were engaged — I don't even remember the names of the consultants now — to assist in the facilitation of the development of the strategic plan. There were others from time to time. But in the particular case that I know you happen to be referring to, Symmetrix was engaged.

Mr. Bjornerud: — Madam Minister, is it possible that we could get a list of all the companies that have received contracts or money from SaskTel for such of these types of projects?

Hon. Mrs. Teichrob: — Well I guess you know we engage a range of consultants. You'd have to define the area.

Mr. Meldrum: — There is a freedom of information request that is in the process of being answered that's going through the third party process at the moment, and I believe that that sort of information is going to be released pursuant to that within the next couple of weeks.

Mr. Bjornerud: — Okay. Can you tell me — and there's been all kinds of numbers thrown around — what Symmetrix was

actually paid? What was the total amount of money that Symmetrix received for — I don't know how to word this — for what they provided for SaskTel, I guess? We have a different view of what actually they provided and what the results were.

Hon. Mrs. Teichrob: — Well actually I'm told that that information is going to be part of the freedom of information response that will be released within the next couple of weeks. There will be a list of the names of firms and the amounts that they were paid and the contracts.

Mr. Bjornerud: — That amount will be part of what is released, because I believe there's only part of it being released through the freedom of information. Is that right? The whole request is not being. . .

Mr. Meldrum: — The amounts will be there. The amounts though do include the work that was done by Cambridge Strategic Management Group which were doing the strategic plan because it is one contract in which both Symmetrix and Cambridge Strategic Management performed both the strategic plan work as well as process re-engineering. So it'd be one lump sum figure.

Mr. Bjornerud: — When Symmetrix was hired what was the plan? What was the accomplishments that were supposed to have come out of what Symmetrix was doing with the re-engineering process? What were we hoping to arrive at when they were finished? How were we going to be better when they left than we were before they came?

Hon. Mrs. Teichrob: — I'd ask Mr. Schultz to respond to that.

Mr. Schultz: — The original objective, the present one, it was to look at some particular processes and try to streamline them.

Mr. Bjornerud: — Really just a streamlining that we were looking at to get more efficient. How many employees were involved within the Symmetrix re-engineering process?

Mr. Schultz: — I wouldn't have that number off the top. I think it was 15 or so.

Mr. Bjornerud: — Okay, that was the total number?

Mr. Schultz: — No, over time it would have been larger than that. It would have been maybe 20, 25 over time.

Mr. Bjornerud: — If my information is right, I believe the original program, when it started, there was 11 middle management people. Does that sound possible, in the first . . .

Mr. Schultz: — That would sound like about the right number.

Mr. Bjornerud: — Okay. I'd like to, if I could, just maybe take a minute here and read a letter. And I believe Mr. Schultz had a copy of this letter at the time and I'd just like your comment on it. And this letter is from a Mr. Beckman, and it says:

I really enjoyed the focus section at Cypress Hills. I think that the wisdoms that I acquired are useful and applicable to my work situation. (I believe he's talking about a re-engineering thing). However, I do have some personal and corporate concerns about the course. The course seemed designated to place people into a high-stress environment and maintain those elevated stress levels. I observed the physical and emotional effects of this stress on a number of individuals.

In addition, upon my return to work, I've been approached by a number of people confirming the observations I have made. I am concerned that the stress levels of the session might produce ongoing physical or mental effects in our employees.

I think that to protect ourselves as a corporation we should be advising future participants that the session may be extremely stressful, both physically and emotionally, and that persons are advised to assess their own ability to withstand such stress prior to attending this session. It may be also worthwhile considering obtaining a consent and release form in order to underscore the stressful nature of the course.

Having said all this, I do believe that the course was very valuable and would have no qualms about recommending that the course be conducted again with proper and adequate disclosure.

Can you comment on that?

Hon. Mrs. Teichrob: — Can you provide me with the date of that letter?

Mr. Bjornerud: — July 5, 1989, this goes all the way back to.

Hon. Mrs. Teichrob: — This is much prior to the particular project, the Symmetrix project, that you referred to before.

Mr. Bjornerud: — I think that's the point, Madam Minister, I'm getting at here, that SaskTel knew well in advance the problems that re-engineering could cause, and I think that's why I wanted this letter to be on record here. Because I think what this man has said — and he's not the only person that has commented on this, but this is the one that I know people within SaskTel have had access to — is that he did have concerns with the stress that was caused by re-engineering.

Hon. Mrs. Teichrob: — Well I'd just like to make some comments, Mr. Bjornerud. For instance, like that's one person's opinion. It's in 1989. I fail to see the connection between the process re-engineering project, so-called, that took place in the middle '90s with a workshop that was held at Cypress Hills in 1989. So like I don't think it's fair to try to tie these two things together.

And as I say, this is one person's opinion. And we don't know how qualified — with respect to the writer of the letter — he is to make those observations. And further, participation in the process engineering project that took place in 1994-95 was

voluntary. So you know the procedures referred to there, in terms of release forms and so on, certainly shouldn't have to be required in a voluntary situation. If someone felt stressed they could end the relationship.

Mr. Bjornerud: — Well, Madam Minister, do you not admit there was problems caused by the re-engineering in '93-94 within SaskTel?

Hon. Mrs. Teichrob: — I think, like any new . . . and any change environment, there is always stress. To say that there were particular outstanding problems with this, I wouldn't say so.

Mr. Bjornerud: — Did I hear you right? Did you say you would not say so? I'd like to bring the one case in point, and I believe it's a Katherine Markus who has been off work ever since then. Would you care to comment on that?

Hon. Mrs. Teichrob: — I would not. I don't think it's fair to talk about the individual circumstances of employees, particularly by name. Personnel files, whether people are availing themselves for instance of the counselling services available within the company, whether they're on sick leave or stress leave or their personal circumstances, is something that I think should remain personal. And we do not make public personnel files in any other circumstances, and I wouldn't want to make an exception here.

Mr. Bjornerud: — Okay, I agree with that, and that's fine. Then I would ask you, are there people that are not returned to their original job now because of the re-engineering?

Hon. Mrs. Teichrob: — I don't want to comment on that because it is in a relatively small group of people, as Mr. Schultz has said, probably at one time 15 in total, maybe 25 people out of some 4,000. And so if we make comments even generally, people might be able to draw conclusions as to individual persons. And with respect to personnel files being confidential I wouldn't want to stray into that territory.

Mr. Bjornerud: — So I would imagine, Madam Minister, you're not going to answer my next question. I was going to ask how many of these people have had stress counselling.

Hon. Mrs. Teichrob: — No, I don't want to get into that area. And not because it's something that we wouldn't want to talk about, but because of the connections that could be made to individuals, and I don't think that's fair in this board.

Mr. Bjornerud: — Mind you, you realize, Madam Minister, I'm not asking for names. And what I'm just saying, you can't give us a broad view of how many of, say the original 11, that have had some form of stress counselling since the project?

Hon. Mrs. Teichrob: — Actually that information would not be available because the confidentiality is such that when employees avail themselves of the counselling program, the STEPPP (SaskTel employees personal problem program) program that operates within the company, even their accessing the program is confidential. The management would not be

aware of which employees or how many had availed themselves of those services.

Mr. Bjornerud: — You talked before, Madam Minister, about streamlining. Can you elaborate on that, like what you were talking about when you were talking about streamlining? What processes?

Mr. Schultz: — Well it was not just . . . (inaudible) . . . to develop a template that could be used to work in many areas of the company and not just look at efficiency but effectiveness of how we were working with customers. It began focusing on the larger medium business market and on voice services. So it looked at a particular part of SaskTel's operation rather than the company as a whole with the idea that it would train the people involved in the project. They would gain some personal skill and they would then be able to apply this to other, more extended, larger areas of the company as they went through.

It was focused very much on delivering service to the customer and improving the process flow from the customer right through into the organization so that services and products that went to customers had a more effective and efficient flow from the organization out into the market-place.

Mr. Aldridge: — Madam Chair, Madam Minister, and welcome to the officials here this morning. Just a little bit further on this particular process that Mr. Bjornerud's been speaking of. Would you be able to present to us some sort of written evaluation. Like I'm assuming the project's now concluded. Is there something in the way of an internal evaluation that we may be able to have a copy of to determine whether or not there has been any degree of success?. I noted the minister suggests that there wasn't anything in the way of ill-effect as a result. But was there anything positive that came forward as a result of this? Like we want to be able to quantify some streamlining that you had referred to in terms of process. We want to be able to quantify . . . Has there been an increase or improvement in the delivery of customer services that you suggested?

Mr. Baldwin: — Yes, I think maybe to address that, the issue of re-engineering from a more global perspective . . . because I think there has been some focus on this particular project involving Symmetrix. SaskTel since 1988 has been involved and been encouraging managers throughout the company to look at all of their operations with the idea of continuously and incrementally improving their operating and processing systems. In 1994 and 1995 SaskTel had in excess of 200 projects on the go relative to improving our system's software and the way we deliver service to our customers. The Symmetrix re-engineering project was merely one of those initiatives.

I think that if I was looking at a major success in 1994 and 1995 relative to process improvement, it would be with respect to our networking across the province of our business offices. What that involved was purchase of hardware, development of software, and a system where all of our eight offices with business representatives throughout the province were networked together into a common queue. So that if I phoned a

business office at SaskTel, the next available business rep may actually be in North Battleford. This project I think was a critical success for us. It both optimized resources and dramatically improved our level of customer service.

And that's probably . . . when I look at the '94-95 time period, I would say that was probably our biggest, single success in improving not only the use of our resources but customer service.

Mr. Schultz: — I would add to Mr. Baldwin's remarks that team members from the process re-engineering project who had acquired the skills that they had learned on that project actually worked on the office networking and used those skills to help as they went through the process and networked the business offices together and managed to apply those skills in this project.

And there were a number of areas that were looked at, redesign trouble recording systems for example. So we did data and voice together instead of separately. That came out of this, directly out of the process re-engineering recommendations, and that allowed us to reallocate one middle manager and combine some groups.

So there were a number of those sorts of things came out of the project and the people that acquired those skills also went and worked on other projects, other improvement projects we have ongoing in the company. As Mr. Baldwin says, we have a couple of hundred ongoing just all the time in the company of various kinds. And their skill sets and ideas they took out of that project then were applied in many different improvement projects ongoing.

Mr. Baldwin: — I think one of the issues is that process re-engineering seems to have a number of different definitions and connotations, depending on where you are and how it's being used. With respect to SaskTel, process re-engineering was not about turning the whole company upside down and totally reorganizing it within a period of six months or a year. The exercise was not about mindless corporate downsizing or blood-letting.

What we were hoping to develop was a set of tools, some experience, and some skills that would enhance and enable our employees to go out and continuously improve our processes. As we move into competition, we need to continuously improve all of our processes to lower our costs.

Mr. Aldridge: — So the improvements that you've just outlined, those trace their origins directly back to the Symmetrix project specifically then, or are you referring to other re-engineering processes that we have . . . occurred? I wanted to quantify what value did we get from that project specifically, I guess.

Mr. Baldwin: — I think with respect to the corporate re-engineering project with Symmetrix, I think there was some value obtained relative to experience which was used on some other projects. I believe that the networking in the business offices had its genesis around the same time as the Symmetrix

project was kicked off.

I'm not sure you could sort of directly relate to . . . as I say, we have several hundred projects on the go at any point in time. Process re-engineering with Symmetrix was merely one of many projects. We learned a lot both positive and negative.

Mr. Aldridge: — But, Madam Chair, and Madam Minister, our worry would be though in terms of trying to tie some value for money with respect to specific projects you're undertaking. If you're not able to provide anything in terms of, like a little bit more quantitative, then this is rather like a broad comment that we're hearing here this morning. And as you've mentioned there's many — was it several hundred projects on the go did you say? — at any given point in time. Is the taxpayer getting value for their money out of this. I think it worthy of some comment.

Hon. Mrs. Teichrob: — Well you know, obviously our rates are competitive. The information that was given to you earlier, by Mr. Aitken actually, in terms of the comparisons of the results, financial results, of SaskTel in this highly competitive environment, as compared to other commercial companies of approximately the same size, would indicate that they're doing something right.

Mr. Aldridge: — Who, or what group of people, would make the decision to hire any individual firm here, for example the one that Mr. Bjornerud had been referring to earlier. Who makes those decisions and what leads to them making that decision? What process do you go through to determine, are these the correct people to be hiring, so to speak, in any project?

Hon. Mrs. Teichrob: — . . . any firm where someone would identify a need, be it someone in management who would make a recommendation probably to the board — depending on the level — it might be a management decision; it might be a board decision. But a need is identified. If it's a need that can't be filled from within the company a decision is made to engage outside expertise in whatever area it might be. And as I say, depending on the nature of it and the scope of it, it could be a management decision, it could be a board decision. That would be normal in any company.

Mr. Aldridge: — So more specific to the Symmetrix project itself, was it a management decision or was it like some individual's decision, like . . .

Hon. Mrs. Teichrob: — I'll ask Mr. Schultz to comment on that.

Mr. Schultz: — My recollection is that the previous president, Mr. Van Parys, interviewed several firms and chose Symmetrix to process for engineering. And I believe Mr. Meldrum earlier also indicated that there was another firm, Cambridge Strategic Management Group, that was also involved in a strategic planning endeavour around the same time, and that they were interviewed by Mr. Van Parys. And he had some of his senior managers also involved when he did the interviews and looked at the firms and made his selection based on what he thought

was best, I presume, at the time.

Mr. Aldridge: — Had this particular firm had any past experience with respect to projects of this nature with any others of these, let's say, of this Stentor group? Would that have been the reason why Mr. Van Parys may have chosen the firm? It would have seemed more practical, if not perhaps more prudent, to have chosen some firm that had had some prior work specifically in the telecommunications field working with telecommunications firms.

Mr. Schultz: — Right. This is . . . my memory's not totally solid on this but my recollection is, is that he was impressed because they had had a track record of being successful, and he felt that they were a firm that had actually been successful with other companies. And therefore he felt that that increased the probability of success with SaskTel. That's my recollection of one of the things that was key in his mind, but beyond that I couldn't comment.

Mr. Aldridge: — Fair comment. But it would have seemed more prudent to have chosen some sort of a firm that may have had some prior work experience directly in with working with telecommunications firms rather than perhaps just the general corporate world. Where perhaps the processes that this particular firm wished to institute with employees of our communications company, perhaps they just weren't that well suited to the telecommunications environment. And hence some of the stress that has been put upon some of the employees of the company as a result. I would just leave it at that for now.

Mr. Bjornerud: — Madam Minister, I'd like to get into just one other area, and I realize we're just about out of time, but when SaskTel makes an investment overseas, an international project or something, is there a maximum amount of money that SaskTel can invest? Like is there a limit? Could SaskTel go out and invest a billion dollars — borrow it — overseas?

Mr. Baldwin: — Maybe to just generally answer that, when we look at investments and diversification outside the province, our objective is to try and enter into a very high-growth area with a lot of potential, with an investment level that does not dramatically increase the overall business risk to SaskTel. We're in a risky business as it is. The telecommunications business has turned from being the choice of widows and children into a little bit more of a high risk business.

Generally speaking, we have an internal cap that, in terms of our planning process, it's nothing official either legislatively or it's something which has been generically approved by our board. And you know when we look at it, we probably would limit our investment of capital in any one project at about \$50 million max. That would be the single most largest investment we would make.

Hon. Mrs. Teichrob: — And I'd like to expand on that a little bit because as I said in my opening remarks, there is a goal within the strategic planning, within the annual budgeting processes at the moment, the goal being 40 per cent of revenue coming from non-traditional sources. So in order to build on that, people at SaskTel and SaskTel International would be

always looking for promising opportunities to invest or to be partner or, you know, to . . . as part of reaching that goal. And these would be within the context of for instance, SaskTel International, Holdco telco. They all have their separate . . . they're all part of the business plan but they all provide separate budgets which are approved by the board. And any equity position that's taken must be through order in council.

So if SaskTel or one of its entities decides to take an equity position in a new business, then that has to be the subject of an order in council which then becomes a public document. So the press, the public, the shareholders, the people of Saskatchewan, would be made aware through the order in council process that an investment is being . . . an equity is being taken by SaskTel in a new business. Or an additional equity position in something that's, you know, that they're already engaged in. But that is one of the safeguards, like if you're looking for checks and balances in that, that has to be a public process.

Mr. Bjornerud: — Would it be possible to get a list of the SaskTel International, all the holdings and companies that we have joint ventures with around the world?

Hon. Mrs. Teichrob: — Well we could undertake to provide any information that, that being made public, wouldn't be a detriment in a competitive sense. In that sense, there are no secrets.

The Chair: — Madam Minister, when you have the list compiled, would you table it with the Clerk please, provide 15 copies, and then she will circulate it to all members of the committee.

Mr. Bjornerud: — I think my line of questioning here, Madam Minister, is because I think the final backer of everything for SaskTel actually ends up with the taxpayers of Saskatchewan. Am I right? And I think what I'm saying here is that should a giant deal, one of the bigger deals that SaskTel may get into somewhere along the way, goes bad, I think the taxpayers of Saskatchewan are probably the people that are going to have to pick up the tab. Like LCL ended up being a good deal; it was profitable; that's fine. What if a big deal like that goes bad? Who is the final people that are going to be caught holding the bag?

Hon. Mrs. Teichrob: — Well that's exactly why, as has been said here earlier, that you know we are in a risky business, and it's becoming more risky as the climate changes and as the competition is stiffer, and as you move into the global kind of technology when you're talking about communication satellites now instead of wires that used to be buried in the ground, you know, and every province having a monopoly. We're operating in an entirely different atmosphere, and there is more risk. And that's why. And so far SaskTel's goal and the way the strategic plan sets out targets to replace the income lost through reduced long-distance tolls by other means, there are risks.

So far they've been very successful, and none of the so-called deals has gone bad. But that's why there are the checks and balances of taking it to the board, having equity positions, for instance, subject to order in council so that everyone — the

shareholders being the people of Saskatchewan — would be aware, and SaskTel then, it would be incumbent upon them to explain the rationale, to be accountable for the decision to take that risk on behalf of the shareholders, the people of Saskatchewan.

And yes, it's risky. And yes, you're right. If some large investment failed, it would impact on the whole financial situation of the company and may have to be reflected in increased long-distance tolls, increased charges for basic service. And that's why, you know, we have to be really, very careful.

Mr. Baldwin: — Yes, I think just to add to that point, as was stated earlier by Mr. Aitken, SaskTel has dramatically improved its balance sheet. Our debt/equity ratio has fallen from over 68 per cent in 1991 to less than 45 per cent today. The advantage of that balance sheet strength is two-fold — one, it enables us to take advantage of opportunities as they arise; it also enables us to withstand a little bad weather if we run into it.

Hon. Mrs. Teichrob: — And you see, like there are . . . acknowledge, you know, some philosophical difficulties with this. And I recall one of them was when you went with an order in council for an additional top-up to the investment in LCL in 1992 — I think it was \$5 million — and it was about the time of the province's budget, the 1992-93 budget, which was a very tough budget; involved some very hard decisions. And at the same time there was an order in council saying that SaskTel, a Saskatchewan Crown, is investing \$5 million additional into a company in the U.K.

And so, you know, you can ask the philosophical questions, well why wouldn't you keep that? Why would you make that investment offshore? Why wouldn't you keep the money at home and put it into education or health care or whatever?

And I guess that's because of the environment that we're operating in at the moment and what we're moving to, is that our market, with a million people in Saskatchewan, is too small to generate non-traditional revenue and to replace what's happening in long-distance, and we have to look offshore.

We have to look at selling the expertise, especially in developing rural infrastructure, that SaskTel has done so successfully. We have to market that expertise around the world in order to, you know, back-fill the losses in long-distance revenue, to keep the company whole and keep the costs for basic service as affordable as possible for people. And in order to do that, risks have to be taken. And I guess the watch word is, with great caution.

Mr. Aldridge: — Madam Minister, just one further question though in this respect, because I think this is not just a philosophical argument. I think some of what you're presenting to us here in terms of response may be flawed. Because you're suggesting we have to undertake risky business all over the world to offset losses in long-distance revenues, when we see by evidence of these figures before us today that local service revenues have more than offset the losses in long-distance revenues, the period '94-95.

So this something I think that we will be questioning further in future sessions, because for lack of time today, but we will have further questions about the international operations.

Hon. Mrs. Teichrob: — I would like to clarify though that that additional revenue raised locally is not through increased rates, it's through increased services provided. For example, the individual line service — the digital connection now to every subscriber in the province — allows us to market other products like MessageManager, like Maestro, like Call Return, and those features that have been introduced recently. Without the individual line service, those products can't be used.

So we've been very successful in building on the individual line service and the digital network to market additional services, enhanced services, to the basic, which are optional to the customer. But we're able to provide . . . to generate revenue through the addition of enhanced services to the basic network rather than just overall increased rates.

Mr. Aldridge: — But none the less, Madam Minister, with respect to those revenues, regardless of how they're raised, they were more than enough to offset the loss in the long-distance . . .

Mr. Baldwin: — There's two issues you have to look at. One, on a consolidated Holdco basis, I think when you look at the annual report you'll see that total revenues have increased by approximately, about \$20 million a year.

When you strip out the plain old telephone company, the telco, and you look at its total revenues, the revenues in the plain old telephone company, which serves the province quite well, the revenues are falling. And they're falling because long-distance revenues are falling. And they're falling for two reasons. One, we've been subjected since 1992 to indirect competition through the Stentor settlement plan. If Bell Canada has a hiccup, we have a hiccup. And secondly, our average revenue per minute on long-distance has fallen from about 40 cents in 1991 to 24 cents in 1995. And although we see the decline in average revenue per minute slowing down, we don't think we've hit bottom yet.

So when we look at our overall business plan, we recognized in 1993-94 that long-distance revenues were going to fall no matter how successful we were. —that was the trend worldwide — and that we needed to try and offset that, both by selling new products within the province and by diversifying into potentially high-margin, high-growth projects outside the province.

The Chair: — Thank you, Mr. Baldwin. Do any other members of the committee have any questions of the minister or her officials at this time? If there are no other questions, then I would thank you, Madam Minister, and your officials. And we will then move on to our next item on the agenda.

And the next item on the agenda is consideration of a report to go to the legislature regarding the work that we have done this session. Committee members will note that we've met, I believe it's nine times in this session, and we have reviewed almost

every Crown Corporation Committee annual report that was before us and is outstanding.

I think the only Crown corporation that we have not called before this committee to date is Saskatchewan Transportation Company. But I do think that time is now becoming of the essence, so rather than calling another meeting next week, it would be my suggestion that we hold off dealing with Saskatchewan Transportation Company until this fall.

As well, committee members will note that we have been dealing with both '94 and '95 reports concurrently. Of course we couldn't have meetings last fall because of the election and because technically this committee did not exist until the legislature was called back into session in '96. I do think though that we've had fairly clear ability to ask some questions on all reports.

And so I do have a draft report before you and it consists of three pages. The first page deals with the annual reports that we have actually voted off to date. Then there is a motion that we had in our first or second meeting — I'm not sure which — where we dealt with a lot of outstanding items but decided that it was not necessary to actually review the reports.

On the final page of the draft report are the Crown corporations that we have initiated but not completed. Then there is a second page that stands alone, a separate page that stands alone where we have indicated all the '94 reports.

And it would be my suggestion now, if committee members concur, that we would vote those off so that when we come back to complete the review this fall we will be dealing with the '95 reports only. If committee members agree to that then we can do that.

Mr. Trew: — Thank you, Madam Chair. I move:

That the Crown Corporation Committee has concluded its review of the following annual reports: Agricultural Credit Corporation of Saskatchewan, 1993-94; Saskatchewan Auto Fund, 1994; Saskatchewan Crop Insurance Program, 1993-94; Saskatchewan Government Insurance, 1994; Saskatchewan Power Corporation, 1994; Saskatchewan Water Corporation, 1994; Saskatchewan Energy Incorporated, 1994; SaskTel, 1994; SGI CANADA Insurance Services Ltd., 1994.

The Chair: — Thank you, Mr. Trew. Do any committee members have any comments about that.

Mr. D'Autremont: — Thank you, Madam Chairman. I agree that we can vote off the '93-94 Crown reports. We still have the ability to go back and ask the ministers and the officials questions related to any of the previous years, so I have no problem at all with voting those off.

Mr. Bjornerud: — That was our same question. We have a right to go back and . . .

The Chair: — Yes. Of course you do have the right to go back.

You can go back 10 years if you want but . . .

Mr. Bjornerud: — I'm not that old so I don't . . .

The Chair: — Okay. Yes. Under the new operating procedures of the committee, you're not confined to asking questions only for the year under review. It can be retrospective and prospective both.

So Mr. Trew has moved the motion. All those in favour please indicate. Opposed. No one is opposed. That is passed unanimously. I will then work with the Clerk, and we will present the actual report to the Legislative Assembly as soon as possible.

Committee now . . . Just to make sure we don't have to come back for another meeting, could we please have a motion that we now agree to the report as drafted with the changes incorporated in Mr. Trew's motion. That's moved by Mr. D'Autremont. Any comments? All those in favour, please indicate. Hands down. Opposed. That is carried unanimously.

Thank you very much, committee members. You've worked really hard this session, and I look forward to working even harder with you this fall. Thank you.

The committee adjourned at 10 a.m.