Crown Investments Corporation

2017-18 ANNUAL REPORT

CIC

"As a partner of Worksafe Saskatchewan, and a supporter of Mission Zero, CIC is committed to supporting efforts that will achieve the goal of zero harm in our province, as well as ensuring there is access to emergency assistance throughout Saskatchewan. This is the reason STARS is a major focus for our corporate support. We don't stop there. CIC is also committed to supporting access to education and business and entrepreneurship training for youth and under-represented groups in Saskatchewan."

Honourable Joe Hargrave, Chair, Board of Directors, Crown Investments Corporation (CIC)

CIC is a proud supporter of the JDC West Competition. The above photo features some of the participants from this year's event. Photo credit: On Campus News, University of Saskatchewan.

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Letter of Transmittal

Government
of
Saskatchewan

Regina, Saskatchewan
July 13, 2018

His Honour
The Honourable W. Thomas Molloy, O.C., S.O.M.
Lieutenant Governor of Saskatchewan

Your Honour:

I have the honour to submit herewith the fortieth annual report of the Crown Investments Corporation of Saskatchewan for the twelve months ended March 31, 2018, in accordance with *The Crown Corporations Act, 1993*. The Consolidated and Separate Financial Statements included in this annual report are in the form approved by the Treasury Board and have been reported on by the auditors.

Respectfully submitted,

Joe Hargrave
Minister of Crown Investments

Minister’s Message

The dedication and resilience of Saskatchewan continues to produce results in 2017-18, and nowhere is this more evident than in the Crown sector.

Aligning with the government’s vision and goals, the Crown sector’s strategic priorities continue to focus on providing reliable, high quality products and services; ensuring financial sustainability through collaboration and efficiency; providing targeted investment in infrastructure renewal; encouraging economic growth through private sector engagement; and encouraging innovation and continuous improvement through a resourceful and dedicated labour force.

The Crown sector continued to produce strong results. CIC recorded $503 million in earnings and contributed dividends of $205 million to the General Revenue Fund (GRF) in 2017-18. Over the past five years, the sector has recorded $2.0 billion in earnings and contributed $1.3 billion in dividends to the GRF. Crown corporations are powerful economic engines that provide high quality products and first class customer service to Saskatchewan residents, while contributing millions of dollars to the provincial economy. These contributions are instrumental in achieving our goal of bringing the Province’s budget back to balance in 2019-20.

The Crowns are dedicated to meeting the challenge to keep Saskatchewan strong and growing. Safe and affordable utilities, excellent customer service, and technological advancements are what the Saskatchewan people have come to expect and demand from the sector.

We look forward to another strong year, and I have no doubt the dedication and work ethic Saskatchewan is so well known for will serve us well as we move ahead in 2018-19.

Joe Hargrave
Minister of Crown Investments

President's Message

The 2017-18 Crown Investments Corporation annual report presents another successful year for the Crown sector. However routine that sounds, it's safe to say that the challenges throughout the year were anything but routine. The successes and achievements were celebrated alongside the challenges and situations in this ever-changing economy. The sector was successful largely due to the expertise and dedication of the professionals delivering the services we have come to expect from the Crown corporations.

Guided by the Crown Sector Strategic Priorities, Crown corporations are committed to meeting the challenges of a growing Saskatchewan by focusing on delivering to the customer efficiently and effectively; working to engage the private sector to promote economic growth; focusing on financial sustainability while ensuring infrastructure investments continue; all supported by a labour force delivering innovative and continuous improvement solutions.

On behalf of the Crown sector, CIC contributed a dividend of $205 million to the General Revenue Fund (GRF), surpassing the budgeted goal of $180 million. Over the last five years, the sector has provided dividends of $1.3 billion to the GRF in support of government's priorities.

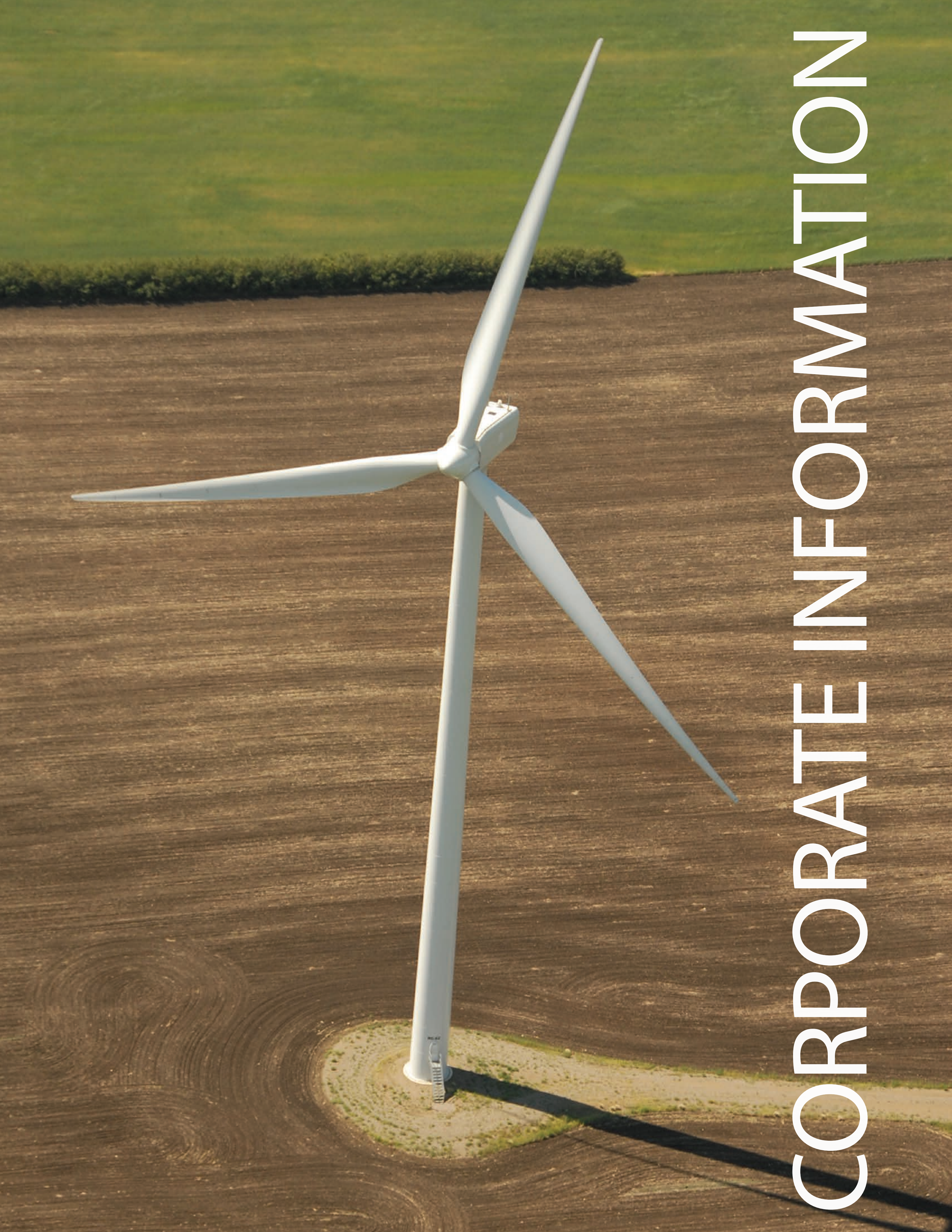
Crown sector net earnings totalled $503 million for the fiscal year – $104 million higher than 2016-17 results. This increase is attributable to continued customer growth across the sector and the sale of STC assets. The sector continues to be dedicated to providing high quality products and services while meeting their respective business challenges.

The Crowns invested $1.6 billion in capital to ensure Saskatchewan people received safe and reliable services. Over the next five years, the Crowns will continue to invest an average $1.4 billion annually on infrastructure renewal, technology advancement and expansion, and ensuring excellent service while Saskatchewan experiences continued growth.

The sector experienced some unique challenges and changes in 2017-18 that presented opportunities for innovative thinking and creative solutions. Saskatchewan's climate change strategy, *Prairie Resilience: A Made-In-Saskatchewan Climate Change Strategy*, actively involves Crown corporations in contributing to the province's solution to this important challenge. These challenges will continue to be met and addressed with the Saskatchewan resilience and innovation we are so well known for.

Finally, this report provides insight into the Crown sector's dedication to being responsible corporate partners in Saskatchewan. In addition to providing high quality products and services, the Crowns are part of the communities we serve. We are dedicated to ensuring a high quality of life is achievable for all Saskatchewan people and we are proud of the contributions we make in this province.

Blair Swystun, CFA
President & CEO



CORPORATE INFORMATION

Corporate Overview

Crown Investments Corporation (CIC) is the financially self-sufficient holding company for eight subsidiary commercial Crown corporations and five wholly-owned subsidiaries. In its oversight role of the Crown sector, CIC is responsible for the development and oversight of broad policy initiatives, directing investment and providing dividends to the provincial government's General Revenue Fund (GRF).

CIC oversees and manages a comprehensive framework designed to strengthen governance, performance and accountability of subsidiary Crowns. It also assists subsidiary Crown boards to carry out their responsibilities of directing and overseeing the management of the Crowns.

The corporation implements governance, enterprise risk and opportunities management, and reporting and disclosure practices consistent with those of publicly-traded companies, where such practices can reasonably be applied to the public sector. Specifically, CIC provides oversight on behalf of the government by:

- providing strategic Shareholder direction and managing Crown sector performance;
- promoting best practices in Crown sector governance and disclosure; and
- developing broad policy initiatives and administering select government programs.

Holdings

CIC exercises supervisory responsibilities over its subsidiary Crown corporations in addition to operating as a Crown corporation itself. As of March 31, 2018, the subsidiary Crown corporations and wholly-owned subsidiaries included:

Utilities
Saskatchewan Power Corporation (SaskPower)
Saskatchewan Telecommunications (SaskTel)
SaskEnergy Inc. (SaskEnergy)
Saskatchewan Water Corporation (SaskWater)

Transportation
Saskatchewan Transportation Company (STC)[2]

Entertainment
Saskatchewan Gaming Corporation (SGC)

Investment & Economic Growth
Saskatchewan Opportunities Corporation (SOCO)
CIC Asset Management Inc. (CIC AMI)
Saskatchewan Immigrant Investor Fund Inc. (SIIF)

Insurance
Saskatchewan Government Insurance (SGI CANADA)[1]

Other
Gradworks Inc.[3]
First Nations & Métis Fund Inc. (FNMF)
CIC Economic Holdco Ltd. (Saskatchewan Entrepreneurial Fund)

[1] SGI CANADA administers the Saskatchewan Auto Fund, which is not a subsidiary Crown corporation; however, summarized operating results are provided in CIC's Consolidated Management Discussion & Analysis.

[2] On March 22, 2017, it was announced that STC would be wound up. Vehicular operations ceased on May 31, 2017.

[3] Gradworks Inc. was wound down in 2017-18. As interns completed their terms, no additional internships were filled. Gradworks Inc. was legally dissolved March 31, 2018.

Corporate Mandate

CIC's governing legislation and mandate are defined by *The Crown Corporations Act, 1993*:

- It is the holding company for all subsidiary Crown corporations, exercising supervisory powers granted in the interest of all Saskatchewan residents; and
- It is the agency responsible for making and administering investments on behalf of the Government of Saskatchewan.

Vision, Mission & Values

In 2017-18, the CIC team focused on the Shareholder's vision of "Meeting the Challenge" which emphasized prudent financial management and meeting customer needs to ensure a sustainable future for Saskatchewan Crown corporations.

Our VISION

To develop a more efficient, responsive and financially sustainable Crown sector that addresses the challenges of a growing Saskatchewan.

Our MISSION

As the holding company, we provide leadership and support that enables our Crown corporations to contribute to Saskatchewan's economic success and improved quality of life.

Our VALUES

INTEGRITY: We are trustworthy, respectful of others, and hold each other accountable. We honour our commitments and conduct our business in the most ethical manner.

EXCELLENCE: We continuously challenge ourselves to improve and innovate, striving to achieve our highest potential in all areas of our business. Our stakeholders should expect only the highest business standards.

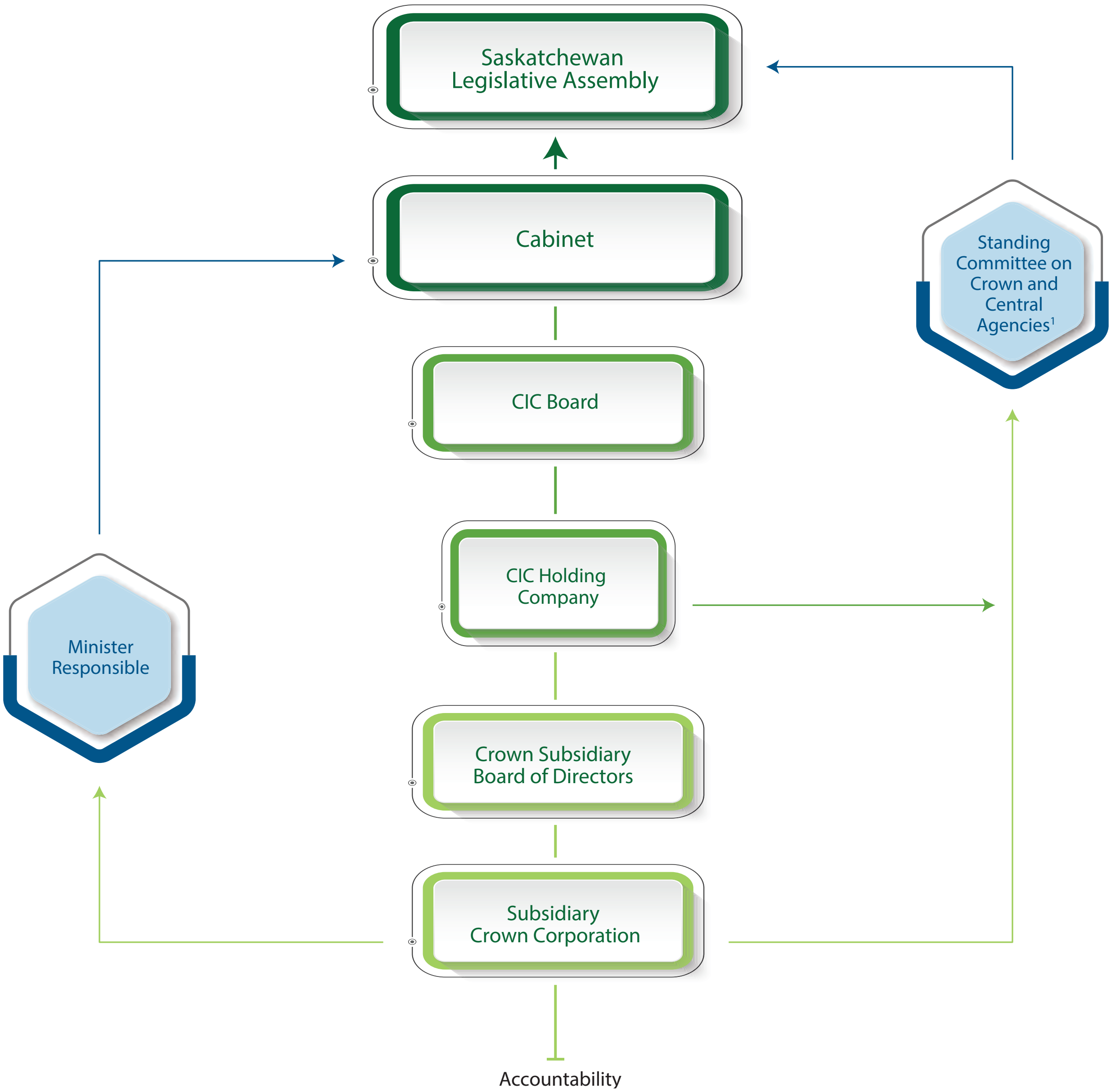
LEADERSHIP: We provide guidance and inspiration for the Crown sector to effectively and efficiently fulfill its mandate. We develop leaders at all levels and value the commitment and contributions of our employees and partners.

TEAMWORK: We work as a team, and collaborate with the government, our Board, Crown corporations and our partners. We all play a vital role in achieving our common objectives.

Financial & Public Accountability

The following chart depicts the accountability structure of CIC Crown corporations to both the government and the Standing Committee on Crown and Central Agencies, an all-party committee of the legislative assembly. It illustrates the flow of the reporting structure for decision items and performance management as well as the oversight responsibilities of:

- the government (as the Shareholder and mandating body for the Crown corporations);
- the CIC Board (as the representative of the Shareholder to ensure mandates and activities are consistent with the interest and intent of government); and
- each Crown corporation's board of directors (as the stewardship body with fiduciary duty for the Crown's operations).



[1] The Standing Committee on Crown and Central Agencies considers matters related to CIC and its subsidiaries. Reports of the Provincial Auditor, as they relate to CIC and its subsidiaries, are permanently referred to the Standing Committee on Crown and Central Agencies.

Crown Sector Alignment

Government's Vision and Goals

The CIC Crown sector plays an important role in achieving government's direction for the province. The government's vision and goals are the foundation for the Crown Sector Strategic Priorities that serves as the road map to achieve government's direction. These four goals are:

1. Sustaining growth and opportunities for Saskatchewan people.
2. Meeting the challenges of growth.
3. Securing a better quality of life for all Saskatchewan people.
4. Delivering responsive and responsible government.

Crown Sector Strategic Priorities (CSSP)

Consistent with the government's direction and 2017-18 Budget focused on "Meeting the Challenge", the CSSP balanced addressing the deficit with ensuring Saskatchewan people continue to have the services and infrastructure they need. The CSSP are structured to support the Province in meeting its financial objectives while continuing to deliver sustainable Crown services at the lowest possible cost.

Included below are the focus areas in the CSSP:

Customer Focus

- Continue to provide timely, reliable, high quality products and services to the people of Saskatchewan.
- Through continuous improvement, identify innovative ways to deliver services more efficiently and effectively in order to keep service levels high and rates as low as possible.
- Contribute to improving the quality of life in Saskatchewan by supporting the Province's environmental commitments.

Financial Sustainability

- Crowns will maintain strong financial health and operational outcomes consistent with industry standards.
- Through innovative approaches to conducting business, with emphasis on collaboration and efficiency, the Crown sector will enhance the value of Saskatchewan's Crowns and provide sustainable earnings and dividends to the Shareholder.
- Focus Crown operations and investments within Saskatchewan.

Infrastructure Investment

- Targeted investments in infrastructure focused on ensuring the sustainability of high quality services and Crown earnings.
- Strategic execution of capital plans to support economic growth and enhance the quality of life for Saskatchewan people.

Private Sector Engagement

- Pursue a greater role for the private sector by leveraging skills, expertise and innovation to promote economic growth, reduce costs and improve service delivery.
- Through strategic procurement practices and an enhanced focus on supplier development, Crowns will support economic growth in Saskatchewan.
- Form partnerships and joint ventures using private sector expertise and investment capital.

Labour Force

- Promote a culture of innovation and continuous improvement by challenging all levels of the organization to identify process improvements that reduce cost and realize productivity gains.
- Align human and capital resources to priority areas by attracting, retaining and developing the appropriate people.

Meeting the Challenge

Occasionally, the Government of Saskatchewan provides additional Shareholder direction to ensure the Crown sector is meeting the needs of the Shareholder and the people of Saskatchewan. In 2017-18, strong earnings, transformational change, and prioritizing investments were three government directives set to achieve increased efficiencies and improve the Province's financial position. The Crown sector is committed to meeting the challenge and contributing to balancing the budget in 2019-20.

Strong Earnings

- Balancing revenue growth and improved earnings with controlling spending; ensuring strong returns to the Shareholder in the form of earnings and dividends.
- Developing and implementing a plan to achieve total compensation cost savings.

Transformational Change

- Continued commitment to government-wide efforts to consider new ways of doing business in order to provide sustainable, high quality services in the most effective and efficient way possible. This requires:
  - Critical review of Crown operations to be more streamlined, efficient and customer-focused.
  - Identifying innovative opportunities that strengthen the value of Crown corporations and provides economic benefit to the Province.
  - Identify opportunities to improve service, enhance revenue or save costs through innovation and change.
  - Enhanced collaboration amongst Crown corporations, ministries and the private sector to optimize service delivery and reduce costs.

Prioritized Investment

- To ensure the best allocation of limited capital resources, Crown capital planning frameworks prioritize expenditures to recognize them as strategic, essential or discretionary. Execute capital infrastructure projects to achieve best value and stimulate economic activity in the province.

Throughout 2017-18, CIC has challenged the Crown sector to redefine how services are delivered to the people of Saskatchewan. Through continued leadership in the Crown sector, CIC prioritized collaboration, innovation and fiscal responsibility. Going forward, the CIC Crown sector will remain committed to the government's vision of a more responsive and efficient public sector, and ultimately, providing better outcomes for customers.

Operating Context

Providing Shareholder Direction & Performance Management

CIC communicates Shareholder direction to its subsidiary Crown corporations and monitors their performance against targets and measures approved by the CIC Board. The strategic and performance management framework ("the framework") demonstrates how strategic direction is relayed and performance is managed in the Crown sector.

Strategic Shareholder Direction

The first stage in the framework is the development of the CSSP, led by CIC and validated by the CIC Board. The CSSP articulates Shareholder expectations and provides medium to long-term direction to the Crown sector. CIC ensures that the Crowns are working towards achieving the CSSP outlined on page 8.

Subsidiary Crown Corporation Plans

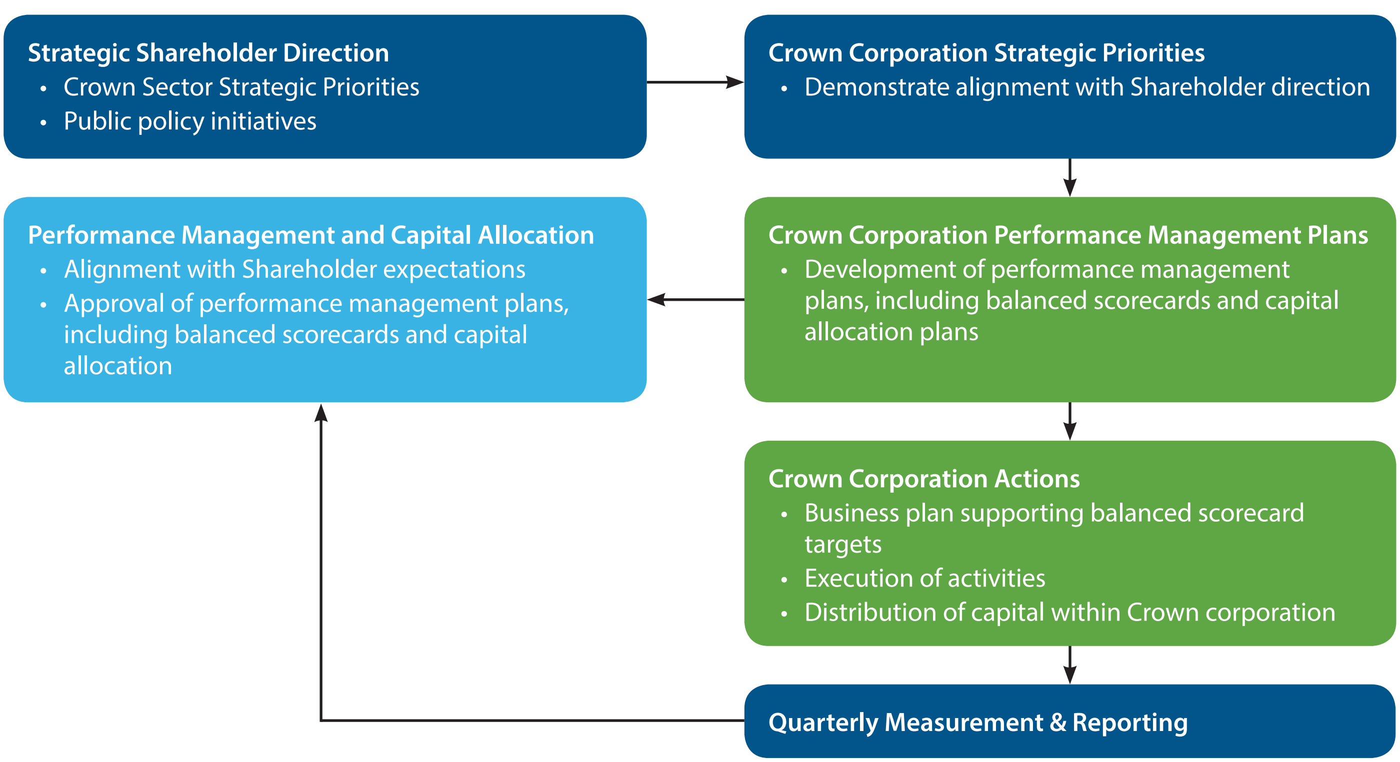
The second stage is the development of the subsidiary Crowns' corporate strategic plans, demonstrating alignment to Shareholder direction contained within the CSSP. Each subsidiary Crown prepares a comprehensive performance management plan that includes a balanced scorecard with measures and targets that link to the broad strategic directions established in the CSSP and its corporate strategic plan. Performance management plans are prepared by Crown management and reviewed by subsidiary Crown boards.

Performance Management Approval & Reporting

The third stage is approval of subsidiary Crown performance management plans by the CIC Board. Every year, the CIC Board evaluates each Crown's performance management plan for the upcoming year. In addition to approving the performance objectives and targets, the CIC Board also determines the capital allocation among Crown corporations for reinvestment, debt management and dividends. The CIC Board may provide further direction to a Crown prior to approving the final plan. Throughout the year, CIC monitors progress toward achieving each Crown's goals, with quarterly reviews and reports submitted to the CIC Board.

CIC's Strategic & Performance Management Framework

CIC Board Oversight | **Subsidiary Crown Board Oversight**



Promoting Best Practices in Crown Sector Governance

CIC assists its subsidiary Crown corporation boards of directors in adapting and implementing leading corporate governance practices and standards as applicable to a public enterprise. Related to this, CIC:

- delivers centralized corporate secretary and governance advisory services to the Crown boards;
- supports boards in identifying director skill sets required to function effectively and assess and improve performance; and
- sponsors a professional development training program leading to a director designation to enhance overall board skills.

Communication of Shareholder Expectations

Open, timely and reliable communication between the Shareholder and each Crown board is essential to a successful governance framework. CIC and its subsidiary Crown corporations have initiated several effective communication channels, including:

- regular meetings between the chairs of the Crown boards and senior CIC officials to discuss Shareholder priorities and share information regarding matters of mutual interest;
- meetings with the chairs of committees of the Crown boards, as required, to discuss initiatives and emerging trends that will impact the committee's area of responsibility;
- regular reports from the Crown board chairs to the CIC Board highlighting items of significance considered at the board level, major Crown initiatives and significant corporate risks; and
- meetings of the CIC President & CEO with the presidents of subsidiary Crown corporations.

Management Certification of Financial Statements

CIC and its subsidiary Crown corporations complete the CEO/CFO certification of financial statements. Crown sector CEO/CFO certification is similar to the certification policies implemented by the Canadian Securities Administrators on publicly listed companies. CIC is continuing to ensure that the Crown sector follows best practice for publicly accountable companies.

Accountability & Transparency

CIC has developed a comprehensive performance evaluation system applicable to each of its subsidiary Crown boards. Evaluations are conducted on a two-year cycle, with some aspects of performance evaluated annually. In 2017-18, all operational Crown boards administered performance evaluations of the board chair and the board as a whole. Evaluations are conducted by survey, and follow-up interviews are done with individual directors where necessary to clarify responses. Each Crown board is responsible for developing a plan to act on the results of the performance evaluations. A summary of the evaluation results is shared with CIC.

Board Professional Development

CIC is committed to providing the members of its subsidiary Crown boards with the education necessary to effectively discharge their responsibilities. CIC has sponsored governance training programs for members of the subsidiary Crown boards beginning in 1998. From 2009-2016, CIC offered The Directors College Chartered Director Certification Program to directors, which led to designation as a chartered director for those who completed all of the modules and passed the qualifying exam. In 2017, CIC partnered with the Institute of Corporate Directors (ICD) to enable eligible directors to take the ICD's Director Education Program and receive an ICD.D designation. No professional director education will be offered in 2018-19, as there are too few new directors to meet the minimum participation requirements of The Directors College, and the ICD Directors Education Program is not being offered in Saskatchewan in 2018. CIC will develop two governance sessions to be delivered in 2018, which will be available to all directors and will satisfy the continuing education requirements of those directors who have achieved a professional designation.

Diversity and Subsidiary Crown Corporation Board Appointments

The government remains committed to enhancing diversity and achieving gender equity on CIC subsidiary Crown boards of directors. Currently, Crown boards are comprised of 53 per cent overall female representation, with all but one board having 50 per cent or more women. There are three female chairs and four female vice chairs, including the first Aboriginal female appointed to a vice chair position. Overall Aboriginal representation has doubled from 5 per cent to 10 per cent, with the Shareholder appointing, in 2016-17, the first Aboriginal person to serve as chair of a CIC subsidiary Crown board. Although the representation of visible minorities on Crown boards doubled from 5 per cent to 10 per cent in 2016-17, there was a slight decline to 8 per cent in 2017-18.

"Diversity strengthens decision-making at all levels of SaskEnergy, including at the Boardroom table. Having a breadth of perspective results in a more thoughtful decision-making process, creates a better understanding of increasingly complex markets and encourages consideration of different perspectives when developing alternatives."

Susan Barber, Q.C., Chair, SaskEnergy Board of Directors

Enterprise Risk & Opportunities Management (EROM)

CIC and all of its subsidiary Crown corporations follow the Enterprise Risk and Opportunities Management (EROM) Minimum Standards Policy. EROM involves:

- identifying risks and opportunities;
- analyzing and quantifying risk impact;
- assessing and prioritizing risks;
- establishing strategies for controlling risk and/or capitalizing on opportunities; and
- monitoring and reporting.

The EROM process focuses attention on the risks that are most important to the achievement of Crown sector objectives. It also identifies opportunities and innovations leading to redundancy eliminations, internal control framework and operational process efficiency improvements, and the effective use of limited human and financial resources.

In compliance with the sector-wide minimum standards policy, the management and board of directors of each subsidiary Crown corporation, together with CIC, are independently responsible for EROM processes specific to their operations.

Risk tolerance is determined independently by Crown management and approved by the board of each Crown corporation. In assessing risk tolerance, consideration is mainly given to mandate, financial, legal/regulatory, reputational and operational impacts and likelihoods. An attempt is made to address overall risk tolerance limits by establishing a risk assessment rating above which specific actions are required to be taken, thereby ensuring that the highest-ranked risks are sufficiently managed.

Each subsidiary Crown corporation demonstrates alignment of EROM results to strategic business planning through the annual performance management process. Performance management plans are approved by both the subsidiary Crown corporation board and the CIC Board. Progress against plan is reviewed and approved by the subsidiary Crown corporation board and the CIC Board through quarterly reporting.

A detailed discussion of EROM results specific to each subsidiary Crown corporation is included in the respective Crown annual report that is released to the public. Summarized results are included in the subsidiary profiles on pages 52 to 71 in the Consolidated MD&A section of this report.

CIC's Risk Assessment Strategy

Successful execution of CIC's corporate strategy and achievement of the business plan requires an understanding of the associated risks within the environment in which the corporation operates. In order to understand risks associated with the corporation, CIC risk management staff interview all senior management. The interviews identify business risks inherent to the corporation and establish what, if any, mitigating processes and controls exist to reduce the inherent risk.

After identification of risks and establishment of the controls and mitigating factors, risk registers are updated. The registers rank risks based on likelihood of occurrence and severity of the occurrence once mitigating controls or processes are taken into account. Once established, the executive and CIC Board determine the risk tolerance and decide whether to accept, further mitigate, transfer, or avoid the risk. This can lead to identification of opportunities and strategies to either close gaps or to reallocate resources from areas that are considered over mitigated. CIC reports annually to the Board on its EROM.

Risk Overview

CIC ranks the ten most significant risks on its risk register and has determined the following three risks are the most significant:

1. **Operational delays or loss of information as a result of cyber security breaches or failure of outdated and insufficient IT infrastructure.**
   CIC's network contains electronic records in all areas of business. This risk is mitigated through processes and controls that strengthen security on CIC's network and monitoring. CIC continually reviews its processes and controls for improvements. CIC also mitigates this risk by ensuring all workstations and mobile devices are password protected, securing access to its server room and by providing training on cyber security threats to all staff members. In 2017-18, CIC completed the process of migrating its server infrastructure to a secure data centre.
2. **Inability of the Crown sector and CIC to achieve financial stability, sustainability and provide sufficient returns.**
   CIC provides dividends to the GRF. There is a risk that exists from policy and financial decisions made by CIC and/or its subsidiary corporations which could impact CIC's ability to provide dividends to the GRF. This risk is mitigated through the approval of subsidiary performance management and capital allocation plans, regular quarterly reporting, forecasting, policies over investing activities and oversight of subsidiary corporations by highly qualified, independent boards.
3. **Changes in the external environment (political, weather, economic) result in financial or human capacity issues, ineffective sector communications, and ineffective advice to the CIC Board.**
   The Crowns incorporate Shareholder priorities in each individual performance management and capital allocation plan. Changes in the external environment and government direction could result in insufficient financial and human capacity. This risk is mitigated by incorporating the CSSP into annual performance management and capital allocation plans, which are approved by the CIC Board. CIC officials meet regularly with government, Crown board chairs and Crown officials to ensure direction from government is well understood and implemented.

SGI CANADA's sponsorship with Football Saskatchewan provides assistance to minor football associations province-wide.

"As part of its commitment to care, cover and connect, SGI sponsors events and programs in communities across Saskatchewan. Last year, as part of its strategy to reduce the number of people killed and injured due to impaired driving, SGI's award-winning multi-media 'Be a Good Wingman' campaign reminded people to look out for friends and family and ensure they always have a safe ride home. A number of wingman products were provided by SGI and insurance brokers at ball tournaments, homecomings and other community events to help reinforce this important message."

Arlene Wiks, Chair, Board of Directors, SGI

Promoting Best Practices in Crown Sector Disclosure

Conference Board of Canada – Governance Index Survey

The Conference Board of Canada (CBoC) maintains a 30-year database that allows boards to benchmark their performance and governance practices against those of selected leading comparator boards in the public and private sectors in Canada (Governance Index). CIC has used the CBoC Governance Index to gain an external perspective on the governance practices of its subsidiary Crown boards. In previous surveys, the ratings achieved by CIC's Crown boards have surpassed those of all other boards in the public and private sector whose ratings were recorded in the CBoC's database. CIC will initiate the next Governance Index survey in 2018-19.

Conference Board of Canada – Reporting & Disclosure Review

CIC engages the CBoC to conduct reviews of the reporting and disclosure practices of CIC and its subsidiary Crown corporations. These reviews:

- update a best practices matrix to reflect the latest standards of reporting, accountability and governance of corporations in both the private and public sectors;
- evaluate the reporting and disclosure practices of Saskatchewan's Crown corporations through a review of their annual reports against the best practices matrix; and
- provide CIC with performance reports of each Crown corporation in comparison to the best practices matrix and relative to benchmarked comparable private companies and Crown corporations.

The most recent CBoC review was conducted in the fall of 2015 on CIC's and the subsidiary Crown corporations' 2014 annual reports. This review resulted in the Crown sector receiving a rating of "A" which was above its target of "B+".

The CBoC will conduct its next review on CIC and the subsidiary Crown corporations' 2017-18 annual reports, and the results will be reflected in CIC's 2018-19 balanced scorecard.

Policy & Programming on Behalf of the Shareholder

CIC's role includes centralized administration of select government initiatives and programs, including:

- Saskatchewan Immigrant Investor Fund Inc. (SIIF), a corporation established to participate in the Government of Canada's Immigrant Investor Program (IIP). SIIF used IIP funds to deliver the HeadStart on a Home program that assists municipalities, builders and developers in building affordable entry-level housing in Saskatchewan communities. The Government of Canada announced it will no longer be accepting IIP funds. Therefore, Headstart is in a wind-down phase.
- First Nations and Métis Fund Inc. (FNMF), a venture capital fund focusing on Aboriginal businesses;
- First Nations Business Development Program (FNBDP), a program that provides repayable loans to First Nations businesses to facilitate capital investment and job opportunities for Aboriginal people;
- Gradworks Inc., an internship program for CIC Crown corporations;[1]
- Aboriginal Bursary Program, provides financial assistance to Aboriginal post-secondary students; and
- CIC is the plan sponsor of the Capital Pension Plan.

[1] Gradworks Inc. was wound down in 2017-18.

Saskatchewan Rate Review Panel

The Saskatchewan Rate Review Panel (Panel) advises the Government of Saskatchewan on rate applications proposed by SaskEnergy, SaskPower and the Saskatchewan Auto Fund. The Panel reviews each rate application and provides an independent public report on its assessment about the fairness and reasonableness of the rate change, while balancing the interests of the customer, the Crown corporation and the public. The provincial Cabinet makes the final decision on rate change requests. CIC acts as a liaison between the Panel and the government as required. In this role, CIC may provide the Panel with assistance, guidance and oversight to fulfill its mandate. The members of the Panel during 2017-18 included:

- Albert Johnston, Chair
- Delaine Barber, Vice Chair
- Burl Adams, Member
- Daryl Hasein, Member
- Duane Hayunga, Member
- Steve Kemp, Member
- Lyle Walsh, Member

For more information, visit the Panel's website at www.saskratereview.ca.

Achieving a Balanced Approach to Shareholder Return

CIC is focused on providing a reasonable return to the Province. This priority must be balanced with its public policy initiatives, reinvestment in sustaining infrastructure, and providing high quality public services for the lowest possible cost.

CIC monitors the financial performance of the CIC Crown sector to ensure that financial targets are achieved in the current year and that the financial sustainability of the CIC Crown sector is maintained for the future. This includes important functions such as:

- providing analysis and recommendations on Crown sector earnings;
- ensuring CIC Crown corporations have sufficient capital available to maintain and/or expand existing infrastructure;
- examining capital structures of CIC Crown corporations (generally consisting of debt and equity) to maintain financial health; and
- forecasting available cash flows over the planning horizon to analyze and advise on future dividend payments to the General Revenue Fund (GRF).

$1.3 BILLION

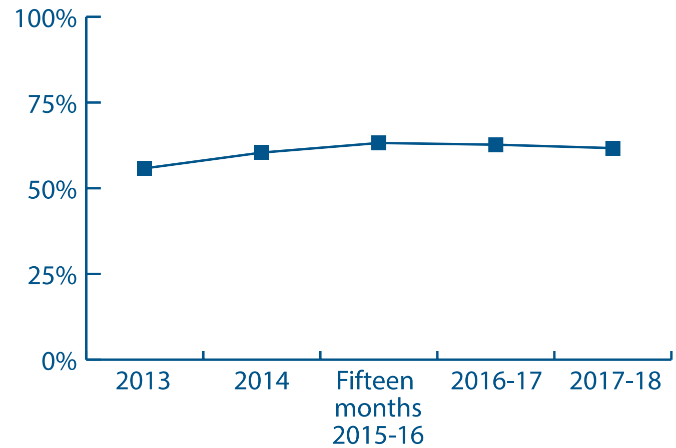
Declared dividends to Saskatchewan's General Revenue Fund over five years

All decisions that impact financial resources, such as dividends from the CIC Crown sector, dividends to the GRF, or funding of a public policy initiative, are assessed within the context of financial self-sufficiency, while contributing to the government's priorities for the CIC Crown sector.

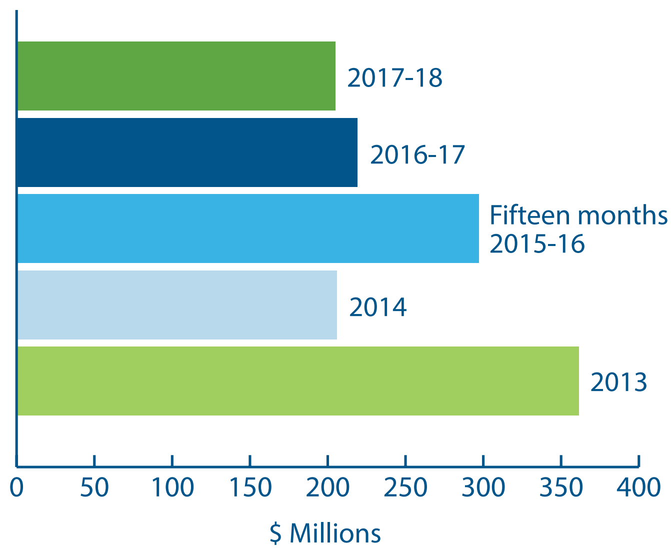
CIC continues to prioritize maintaining sustainable debt levels while re-investing in infrastructure, as well as providing a return to the Shareholder. During 2017-18, CIC's allocation of financial resources included the following:

- support of public policy initiatives;
- declaration and payment of dividends to the GRF of $205 million; and
- authorizing capital spending plans of subsidiary Crown corporations that resulted in capital expenditures of $1.6 billion to meet the reinvestment requirements of a growing province.

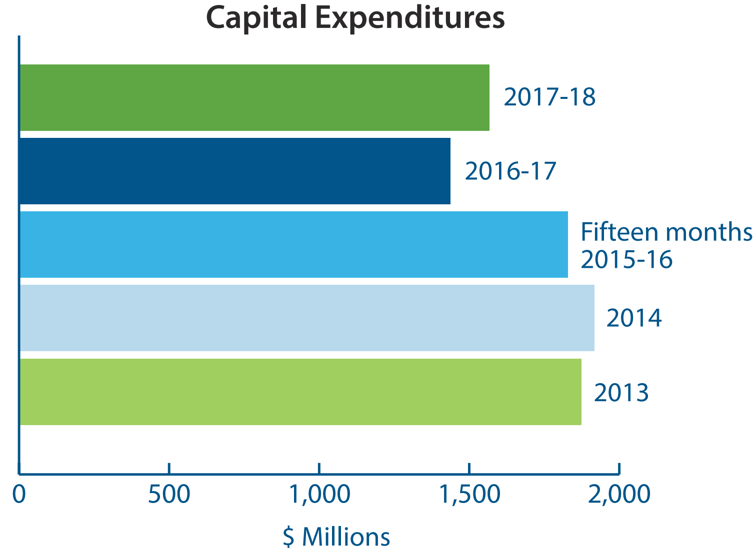
Consolidated Debt Ratio



Dividends to the GRF



Capital Expenditures



Managing Capital Resources

CIC has a diverse range of holdings. A key priority for CIC is to manage the capital resources employed within the consolidated group of entities to optimize value in the Crown sector and also provide a return to the Province's GRF.

CIC manages this priority through its capital allocation framework, which is based on two integrated policies: the CIC Subsidiary Dividend Policy and the CIC Dividend Policy. These policies are based on the principle that there are three potential uses for cash flows:

- **Reinvestment** – to sustain infrastructure and operations, to grow and diversify revenues, and support public policy initiatives and economic development;
- **Debt reduction** – to support financial flexibility; and
- **Dividends to the holding company** – to be used in accordance with the CIC Subsidiary Dividend Policy.

CIC Subsidiary Dividend Policy

The CIC Subsidiary Dividend Policy focuses on managing capital resources to support the investment needs and business viability of the various business segments over the medium term. The policy ensures that the investments provide a return to Saskatchewan residents in support of programs paid for from the GRF. Each commercial Crown's ability to pay dividends is determined after the CIC Board allocates a portion of cash profits to reinvestment and debt reduction, if required. The CIC Board has approved debt and capital structure targets for CIC's subsidiaries based on industry benchmarks. Therefore, for subsidiaries that pay dividends, the amount paid is determined in relation to the target capital structure compared to the actual capital structure.

$205.0 MILLION

Dividend to Saskatchewan's General Revenue Fund in 2017-18

Capital Structures of Subsidiary Corporations

The following table summarizes the target capital structure of CIC's subsidiary corporations that declared dividends to CIC in 2017-18. Capital structure targets are based on industry benchmarks where possible and are approved by the CIC Board.

	Capital Structure Measure	Capital Structure Target	2017-18 Actual Capital Structure	2017-18 Dividend Payout Rate[3]
SaskPower	Debt Ratio	60.0% - 75.0%	74.9%	0%
SaskTel	Debt Ratio	<55.0%	46.2%	90%
SaskEnergy	Debt Ratio	58.0% - 63.0%	56.1%	35%
SGI CANADA[1]	Minimum Capital Test	242.0%	242.0%	N/A
SGC	Debt Ratio	TBD%[2]	11.9%	80%
SOCO	Debt Ratio	60.0%	23.3%	90%
SaskWater	Debt Ratio	60.0%	46.6%	25%

[1] Minimum Capital Test (MCT) is an indicator of financial flexibility used in the insurance industry.

[2] Previous to 2017-18, SGC's capital structure target was a Debt to EBITDA of 25 per cent. In line with other subsidiary Crown corporations, this will be changed to a debt ratio with the long-term target to be determined (TBD) and approved by the CIC Board in 2018-19.

[3] Dividend payout rates are approved by the CIC Board annually. While payout rates are typically based on a percentage of earnings from operations, various factors may lead to an amount being set on an alternative basis. Where a percentage payout has not been established ("N/A"), the CIC Board has approved a specific dollar amount. In 2017-18, the SGI CANADA dividend was set at a minimum $25 million, subject to alignment with the target minimum capital test (MCT) target.

CIC Dividend Policy

In a similar way, cash paid by subsidiary Crown corporations is used by CIC for reinvestment and dividends to the GRF. CIC, as the holding company, does not have any debt. As well, CIC uses funds to support public policy initiatives. In 2017-18, CIC allocated $216.8 million of capital as follows:

Reinvestment and Public Policy Expenditures:

- $11.5 million in grant funding to STC;
- $40,000 to INROADS; and
- $281,619 to the Aboriginal Bursary Program.

Debt Reduction:

- No funds were used for debt repayment. CIC (separate) does not carry debt.

Dividend:

- GRF dividend of $205 million.

$281,619

In support of the Aboriginal Bursary Program

CIC's ability to pay dividends to the GRF depends mainly on the level of Crown dividends paid to CIC, less CIC's grants for public policy programs and operating costs (see page 144 in the CIC Separate MD&A section of this report for more detail on CIC operating costs). Crown dividend levels depend on earnings and capital structure. In addition to cash constraints, CIC's ability to declare dividends to the GRF depends on its retained earnings (a company's retained earnings are the aggregate amount of undistributed earnings since its inception). CIC's earnings and hence, dividend capacity outlook, are sensitive to adverse developments in its operating expenditures and Crown earnings forecasts.

Liquidity

CIC and its subsidiary Crown corporations borrow from the GRF, which in turn, borrows in the capital markets. With strong credit ratings, the GRF has ample access to capital for anticipated borrowing requirements.

Province of Saskatchewan Credit Ratings (as at March 31, 2018)

Moody's Investor Service (Moody's)	Aaa
Standard & Poor's (S&P)	AA
Dominion Bond Rating Service (DBRS)	AA

There are three credit rating agencies in Canada that evaluate and rate the credit worthiness of the Province's sovereign debt. Credit worthiness affects the interest rate at which the Province, including the CIC Crown sector, can borrow. As the credit ratings improve, the interest rates at which the Province can borrow decrease thereby reducing the cost of borrowing.

Enhancing Accountability

CIC continues to advance its financial reporting practices in support of transparency and accountability. Examples of current practices to facilitate accountability include:

- quarterly reports for CIC (Consolidated and Separate) and its subsidiary Crown corporations, available to the public via CIC and Crown corporation websites;
- quarterly reporting on CIC and subsidiary Crown corporation performance, provided to the CIC Board;
- disclosure of budget information in the government's Summary Financial Plan;
- detailed disclosure of CIC and its subsidiary Crowns' payments via Payee Disclosure Reports on CIC's website;
- within the annual reports, comparisons of CIC's subsidiary corporations' results to business plan targets;
- providing internal audit services to certain CIC subsidiary Crown corporations;
- requiring CEO/CFO certification of internal controls over financial reporting; and,
- ensuring appropriate and consistent risk management frameworks for all CIC subsidiary Crown corporations.

CIC continuously evaluates new standards and leading practices for financial reporting and corporate governance.

CIC has long been committed to **GIVING BACK** *to the community and the people of Saskatchewan.*

© On Campus News, University of Saskatchewan

United Way
Regina

$20 MILLION

Over 10 years in support of STARS Saskatchewan

© STARS Saskatchewan

≈$18K

Contributed by CIC in 2017-18 to support various organizations across Saskatchewan.

Corporate Social Responsibility

CIC has long been committed to giving back to the community and the people of Saskatchewan. Our Corporate Sponsorship Policy supports organizations, events, programs, activities and projects across Saskatchewan that:

- align with our business, policies, programs and/or services;
- support education, emerging health or social needs, or culture and recreation; and/or
- benefit disadvantaged people, children and youth, Aboriginal people, or women in non-traditional roles.

Although cost restraint reduced CIC's ability to provide sponsorships in 2017-18, the Corporation provided approximately $18,000 in direct sponsorship to support organizations across the province. In addition to sponsorships, CIC continues to fund the Aboriginal Bursary Program and also oversees SIIF, which finances the HeadStart on a Home program that provides low-cost loans to municipalities and investors to develop entry-level housing in our province. CIC remains committed to our community; we will continue to support and value the needs of Saskatchewan people. In 2017, CIC and the four large Crowns renewed their commitment to STARS Saskatchewan for $10 million over the next five years. This follows the original commitment made in 2012 for $10 million.

Crown Social Responsibility

In our role of oversight of the Saskatchewan Crown corporations, we monitor Crown spending in the area of sponsorships and donations to ensure that all monies distributed by the Crowns are being used wisely and in a coordinated and provincially distributed fashion. While CIC operations have minimal impact on the environment, we encourage and support Crown prioritization of research and development related to innovative and renewable technologies to help protect the environment, and monitor achievement of regulatory standards.

SaskTel

"Corporate social responsibility is an important part of the culture and operating framework at SaskTel. We recognize that providing our customers with Saskatchewan's most efficient and effective communications network also means carrying on business in an open and responsible way while preserving our roots in the communities we serve. That is why SaskTel works closely and collaboratively with municipal partners, employees, external stakeholders, as well as charitable and non-profit organizations that improve quality of life in the communities where we do business."

Grant Kook, Chair, Board of Directors, SaskTel

Corporate Performance

2017-18 Balanced Scorecard & Performance Discussion

CIC uses a widely accepted performance measurement system known as the balanced scorecard. This system is used to establish, communicate and report on key corporate performance targets in a standardized and concise format. The CIC Board is provided with quarterly progress reports on the corporation's performance relative to targets. CIC's 2017-18 scorecard contains four perspectives: Shareholder, Leadership & Policy, Financial, and Internal Operations. Through the performance management system, CIC monitors its success in achieving its strategic objectives and implementation of the Crown Sector Strategic Priorities (discussed on pages 8 and 9) throughout the Crown sector. Performance results for 2017-18 are for the twelve-month period ended March 31, 2018.

Balanced Scorecard Perspectives

Shareholder	• To ensure the subsidiary Crowns' strategic plans reflect the priorities and policies of the Shareholder. • To ensure the Shareholder is provided with quality information and analysis to make decisions affecting the Crown sector.
Leadership & Policy	• To provide high quality advice to the Crown sector. • To identify, develop and promote best practices in management of the Crown sector. • To implement and manage programs to align with Shareholder priorities.
Financial	• To monitor the financial performance of the Crown sector. • To balance the relative priorities of investing in infrastructure, providing an appropriate return to the people of Saskatchewan, and protecting the financial flexibility of CIC and the Crown sector.
Internal Operations	• To ensure CIC is effectively structured to support the achievement of CIC's corporate priorities. • To achieve an engaged and enabled workforce. • To demonstrate accountability and strong leadership throughout CIC.

Statement of Reliability

I, Blair Swystun, President and Chief Executive Officer of Crown Investments Corporation of Saskatchewan, and I, Cindy Ogilvie, Vice President and Chief Financial Officer of Crown Investments Corporation of Saskatchewan, certify that we have reviewed the balanced scorecard performance results included in the annual report of Crown Investments Corporation of Saskatchewan. Based on our knowledge, having exercised reasonable diligence, the performance results included in the annual report, fairly represent, in all material respects, CIC's performance results as of March 31, 2018.

Blair Swystun, CFA
President & CEO

Cindy Ogilvie

Cindy Ogilvie, CPA, CA
Vice President & CFO

Shareholder

Balanced Scorecard

Strategic Objective	Performance Measure		2016-17 Results	2017-18 Target	2017-18 Results	2018-19 Target
Provide expertise and guidance to support the Shareholder	S1	Performance assessment by CIC Board[1]	● 4.9	≥4.0	● 4.0	≥4.0
Effectively provide Shareholder direction to the Crown sector	S2	Performance assessment by CIC Board[1]	● 4.8	≥4.0	● 3.6	≥4.0
	S3	Performance assessment by Crown Boards[1]	● 4.3	Establish new benchmark (ENB)	● Complete	≥4.3

[1] Based on a five-point rating scale.

Performance Indicator Key:

● Exceeds Target >120% | ● On Target 95% - 120% | ● Slightly Off Target <95% | ● Below Target <80% | ● Not Reported This Period

2017-18 Performance Discussion

CIC's balanced scorecard includes a performance assessment by the CIC Board, which is conducted through a survey. For 2017-18, the survey was distributed to all Board members instead of only the Chairperson (on behalf of the Board) as had been done in prior years. The results indicate that CIC continues to rate highly in providing expertise and guidance to support the Shareholder. The average rating on the provision of Shareholder direction to the Crown sector was not as high as the result in past years. No specific changes were made in 2017-18 that were expected to lower the result; however, the CIC Board membership changed in 2017-18 and the survey distribution was expanded. CIC will continue to work with its Board to ensure CIC is meeting the Board's expectations and needs such that the Board can effectively execute its role in overseeing the Crown sector.

The performance assessment by Crown corporation boards is typically conducted through an annual survey. In 2017-18, CIC did not execute the survey. Instead, CIC completed the process of establishing new benchmarks (ENB) following the survey refresh and redesign that took place in 2016-17 to enhance the quality of information received. Establishing new benchmarks required CIC to:

- evaluate results and feedback from the 2016-17 and previous surveys;
- identify possible areas for improvement to proactively improve performance; and,
- implement process improvements.

The new benchmark of ≥ 4.3 (previous benchmark was ≥ 4.0) seeks to maintain strong performance during challenging economic and fiscal times. During the year, CIC established an Innovation and Creativity Committee to help with identifying and implementing process improvements. This Committee has initiated several projects to support CIC's focus on continuous improvement. The Crown corporation board survey will return to an annual cycle in 2018-19.

Leadership and Policy

Balanced Scorecard

Strategic Objective	Performance Measure		2016-17 Results	2017-18 Target	2017-18 Results	2018-19 Target
Implement key strategic public policy and programs aligning with Shareholder priorities	LP1	Crown sector efficiency initiatives – EBITDA/ Revenue[1]	● 31.6%	33.7%	● 33.6%	33.9%
	LP2	Oversight of public policy programs and initiatives	● 99%[2]	Achieve 100% of program deliverables	● 83%	Achieve 100% of program deliverables
Provide an effective performance management process to the Crown sector	LP3	Performance assessment by Crown Executives[3]	● 3.5	ENB	● Complete	≥3.6
Effectively provide policy and procedural advice and support to the Crown sector	LP4	Performance assessment by Crown Executives[3]	● 3.8	ENB	● Complete	≥3.9
Advance best practice standards within the Crown sector	LP5	Governance Rating: Benchmarking by the Conference Board of Canada (CBoC)	● Non-reporting year	Deferred due to fiscal restraint	● Deferred due to fiscal restraint	79
	LP6	Reporting and Disclosure Rating of Crown sector Annual Reports – Benchmarking by the CBoC	● Non-reporting year	Deferred due to fiscal restraint	● Deferred due to fiscal restraint	Sector rating of "A-" on 2017-18 Annual Reports

[1] EBITDA/Revenue=earnings before interest, taxes, depreciation, and amortization/total revenue.
[2] Result has been restated from 96% due to a calculation error in 2016-17.
[3] Based on a five-point rating scale.
[4] Based on a 100-point rating scale.

Performance Indicator Key:

● Exceeds Target >120% | ● On Target 95% - 120% | ● Slightly Off Target <95% | ● Below Target <80% | ● Not Reported This Period

2017-18 Performance Discussion

CIC Crown corporations continue to operate in a challenging environment that includes economic and competitive pressures. This has contributed to an enhanced focus on efficiency and collaboration in the Crown sector. Efforts on cost restraint were focused on controllable spending while ensuring resources remained available for continued investment in growth opportunities. These efforts contributed to Crown sector EBITDA remaining on target in 2017-18, indicating that the Crown sector has reduced the amount of operating expenses required to generate revenue. A detailed discussion of consolidated financial performance is provided in the Consolidated Management Discussion and Analysis (MD&A) beginning on page 39.

Public policy programs and initiatives fell slightly below target due to HeadStart on a Home having 38 of the targeted 150 homes under construction or completed in 2017-18. The low completion rate was driven by soft economic factors negatively impacting home sales. Notable success was achieved with the Aboriginal Cultural Awareness Program, as well as the Aboriginal Bursary Program that awarded 80 bursaries, exceeding the target of 65.

Similar to the performance assessment by Crown corporation boards (discussed on page 22), the assessment by Crown corporation executive members was deferred in 2017-18 while CIC established new benchmarks in response to the survey refresh and redesign. The Crown corporation executive survey will return to an annual cycle in 2018-19.

CIC uses benchmarking to gain expertise and an external perspective on its application of best practice standards in governance, reporting and accountability. The CBoC Governance Index survey and the reporting and disclosure review on the Crown sector annual reports was deferred in 2017-18 due to fiscal restraint. Although restraint efforts will continue in the coming year, CIC remains committed to alignment with best practices in both the private and public sector to maintain high standards on governance and disclosure; therefore, benchmarking in governance, as well as reporting and disclosure, will proceed in 2018-19.

Financial

Balanced Scorecard

Strategic Objective	Performance Measure		2016-17 Results	2017-18 Target	2017-18 Results	2018-19 Target
Ensure that the Crown sector is financially sustainable and provides an appropriate return to the people of Saskatchewan	F1	CIC dividend and equity repayments to the General Revenue Fund	$219.0M	$180.0M	$205.0M	$206.0M
	F2	Consolidated return on equity (ROE) target	8.3%	8.7%	9.9%	8.7%
	F3	Consolidated debt ratio	62.6%	62.8%	61.7%	62.1%

Performance Indicator Key:

Exceeds Target >120% | On Target 95% - 120% | Slightly Off Target <95% | Below Target <80% | Not Reported This Period

2017-18 Performance Discussion

CIC measures and monitors the Crown sector's financial health to ensure sufficient financial capacity to provide the infrastructure and high quality services that Saskatchewan people demand. These elements are present in the Crown Sector Strategic Priorities. A detailed discussion of consolidated financial performance is provided in the MD&A beginning on page 39, with a summary overview provided below.

In 2017-18, CIC provided $205.0 million in dividends to the government, $25.0 million higher than budget due to the sale of STC assets. Dividends from CIC directly contribute to government priorities such as health care, education and provincial infrastructure.

Crown sector consolidated earnings were $503.0 million, $68.6 million higher than budget, and resulted in an ROE of 9.9 per cent. The increase from budget was largely due to strong earnings at SaskEnergy, SGI CANADA and STC. These were partially offset by lower than expected earnings at SaskPower.

Despite the softened economy, the continued demand for Crown services, combined with rapidly changing technology and aging infrastructure, required borrowing to fund the Crown corporations' capital programs. The consolidated debt ratio finished the year slightly better than target. Subsidiary Crown debt ratios are comparable to industry levels and are monitored to ensure sustainability.

Internal Operations

Balanced Scorecard

Strategic Objective	Performance Measure		2016-17 Results	2017-18 Target	2017-18 Results	2018-19 Target
Advance best practices in CIC's reporting and disclosure	IO1	Meet financial and performance reporting requirements	● Achieved	Quarterly and annual reports released on time	● Achieved	Quarterly and annual reports released on time
	IO2	Reporting and Disclosure Rating of CIC's Annual Report: Benchmarking by the CBoC	● Non-reporting year of two-year cycle	Deferred due to fiscal restraint	● Deferred due to fiscal restraint	"A-" rating on CIC 2017-18 Annual Report
Prudent management of corporate resources	IO3	CIC Operating Expenditures	● 13.7% below budget	Within budget	● 7.3% below budget	Within budget
Promote employee effectiveness and corporate success	IO4	Employee Engagement	● 93.1% Hay Group Norm	Non-reporting year of two-year cycle	● Non-reporting year of two-year cycle	Deferred due to fiscal restraint
	IO5	Employee Enablement	● 115.8% Hay Group Norm	Non-reporting year of two-year cycle	● Non-reporting year of two-year cycle	Deferred due to fiscal restraint

Performance Indicator Key:

● Exceeds Target >120% | ● On Target 95% - 120% | ● Slightly Off Target <95% | ● Below Target <80% | ● Not Reported This Period

2017-18 Performance Discussion

CIC continues to work to achieve best practice in financial reporting. Through the CBoC's review of the 2014 annual report, CIC received a rating of "A-" reflecting strength in public reporting. Though recent reviews have been deferred due to restraint, CIC continues to prioritize the implementation of areas identified for improvement in the previous review. The CBoC will conduct its next review on CIC's 2017-18 annual report with results reflected in the 2018-19 balanced scorecard. Due to evolving and increasing disclosure standards, maintaining an "A-" rating in the upcoming review will continue to demonstrate CIC's strength.

CIC operating expenditures were 7.3% below budget in 2017-18, consistent with government priorities on efficiency and cost management. Operating expenditures for 2017-18 were $11.3 million, $0.9 million below budget. This was primarily due to cost restraint activities and timing of staff vacancies.

In 2017-18, CIC's employee survey was in a non-reporting year of a two year cycle. Non-reporting years allow for evaluation of previous results and feedback, and implementation of action plans to address issues and support continued success. In 2017-18 Human Resources performed several follow-up exercises to further understand the survey results. CIC will be deferring the survey in 2018-19 due to fiscal restraint; however, during the year, CIC will continue to focus on the identified areas for improvement, implementing new strategies where appropriate to support strong employee engagement and enablement.

Rationale for Selection of Performance Measures

Strategic Objective	PM Code	Rationale for Selection of Performance Measures (PM)
Provide expertise and guidance to support the Shareholder	S1	Provides for direct assessment by the CIC Board on the relative performance of the holding company in providing expertise and guidance to support the Shareholder.
Effectively provide Shareholder direction to the Crown sector	S2	Provides for direct assessment by the CIC Board on the relative performance of the holding company in providing Shareholder direction to the Crown sector.
	S3	Provides for direct assessment by Crown boards on the relative performance of the holding company in providing Shareholder direction to the Crown sector.
Implement key strategic public policy and programs aligning with Shareholder priorities	LP1	To monitor Crown progress towards achieving government's priority on efficiency. Measures the efficiency of revenues in generating profit in the Crown sector.
	LP2	Focuses on CIC's role in the leadership and oversight of public policy programs and initiatives, aligning with Shareholder priorities.
Provide an effective performance management process to the Crown sector	LP3	Provides for direct assessment by Crown sector executives on the relative performance of the holding company in providing an effective performance management system.
Effectively provide policy and procedural advice and support to the Crown sector	LP4	Provides for direct assessment by Crown sector executives on the relative performance of the holding company in providing effective policy and procedural advice and support to the Crown sector.
Advance best practice standards within the Crown sector	LP5	Benchmarking governance to industry standards or best practices by an independent 3rd party.
	LP6	Benchmarking financial reporting and disclosure to industry standards or best practices by an independent 3rd party.
Ensure that the Crown sector is financially sustainable and provides an appropriate return to the people of Saskatchewan	F1	Provide an appropriate return to the Shareholder in an amount directed by the Shareholder.
	F2	Indicates the level of profitability across the Crown sector by measuring Crown sector returns as a percentage of the average equity in the Crown sector. Although the measure cannot be benchmarked to industry on a consolidated basis, results can be compared year over year.
	F3	Indicates the level of financial flexibility in the Crown sector by measuring Crown sector debt as a percentage of capital (debt plus equity) in the Crown sector. Higher ratios indicate increased debt burden which may impair the Crown sector's ability to withstand downturns in revenues and still meet fixed payment obligations. Although the measure cannot be benchmarked to industry on a consolidated basis, results can be compared year over year.
Advance best practices in CIC's reporting and disclosure	IO1	Release of financial and performance reporting is governed by policy, and in some cases, such as CIC's Annual Report, by legislation.
	IO2	Benchmarking to industry standards or best practices by an independent 3rd party.
Prudent management of corporate resources	IO3	CIC is given the authority to make expenditures within budget as approved annually by the CIC Board of Directors.
Promote employee effectiveness and corporate success	IO4	CIC employee engagement is benchmarked against other corporate entities and is monitored through surveys conducted semi-annually by an independent 3rd party.
	IO5	CIC employee enablement is benchmarked against other corporate entities and is monitored through surveys conducted semi-annually by an independent 3rd party.

Stakeholder Feedback Process

To maintain and improve the value it provides its stakeholders, CIC undertakes a stakeholder feedback process. Each stakeholder group is surveyed regarding the value of the functions performed by CIC. The key strategic stakeholder groups for CIC include:

- CIC Board of Directors (as the representative of the Shareholder to ensure mandates and activities are consistent with the interest and intent of government);
- subsidiary Crown boards of directors (as the stewardship body with fiduciary duty to the Crowns' operations); and
- subsidiary Crown executives (as the corporations' management bodies to conduct operations under the boards' stewardship and direction).

The subsidiary Crown board and Crown executive surveys are administered by an independent agency to ensure confidential disclosure and unbiased interpretation of results. In the case of the CIC Board, to which CIC has direct responsibility, CIC utilizes an online survey provider which allows the CIC Board to respond to the survey anonymously. Each stakeholder group is surveyed on the following criteria:

Assessed Criteria	CIC Board of Directors	Crown Subsidiary Board of Directors	Crown Subsidiary Executives
Fulfilling its Mission	✓		
Direct Board Services & Support	✓		
Governance & Strategic Direction	✓[1]	✓	✓
Performance Management	✓[1]	✓	✓
Capital Allocation	✓[1]	✓	✓
Preparation of Board / Cabinet Materials	✓	✓	✓
Strategic Human Resources	✓[1]	✓	✓
Information Sharing		✓	✓
Corporate Secretariat Services		✓	
Financial & Reporting Policies			✓
Communications Coordination & Strategy	✓[1]		✓
Legal, Procedural & Legislative Advice	✓	✓	✓
Financial Management	✓		
Oversight of Government Initiatives	✓		
CIC's Operations & Administration	✓		

[1] Oversight on a Crown sector-wide basis.

ORGANIZATIONAL OVERVIEW

Governance

Board of Directors

The CIC Board of Directors consists of elected government officials appointed by the Lieutenant Governor in Council pursuant to *The Crown Corporations Act, 1993*. The Board makes decisions in its own right, provides advice and recommendations to the provincial Cabinet, and functions as a key committee to Cabinet.

The CIC Board oversees the strategic direction and risk management of the CIC Crown sector. The Board is guided in this role by overall government direction provided in the annual provincial budget. In 2017-18, the government's strategic vision, "Meeting the Challenge," is focused on maximizing earnings, while maintaining high quality service in the most cost effective way. The Board's key responsibility is to ensure that all direction provided to the Crown sector is aligned with the government's vision.

Board Responsibilities

The CIC Board is committed to the government's vision and to ensuring alignment of the CIC Crown sector through the following activities:

- setting strategic priorities for the Crown sector;
- overseeing and ensuring that risks are properly managed and appropriate authorities and controls are in place;
- providing strategic oversight to subsidiary Crown corporations by reviewing annual business plans, setting performance expectations, allocating capital within the sector, as well as monitoring and evaluating performance; and
- providing strategic oversight to CIC management by setting corporate strategic direction, identifying risks and opportunities, approving CIC's business plans and budgets, and monitoring and evaluating corporate performance.

Board Committees

The CIC Board does not have separate nominating, compensation or audit and finance committees.

- CIC Board members are appointed by the Lieutenant Governor in Council; therefore, there is no nominating committee.
- The CIC Board acts as a compensation committee by approving an executive compensation framework (pg. 36) that applies to the executives of CIC and all subsidiary Crown corporations. The Board Chair provides oversight of and evaluates the annual performance of the CIC CEO.
- The CIC Board acts as an audit and finance committee by approving CIC's financial statements and by meeting with external auditors and the Provincial Auditor without management present.

Board Appointments & Renewal

The appointment and removal of members of the CIC Board, as well as the designation of the Chair and Vice Chair, are the prerogative of the Lieutenant Governor in Council. The Minister of Crown Investments must be a member of the CIC Board and is appointed as the CIC Board Chair. Pursuant to *The Crown Corporations Act, 1993*, members hold office for a term not greater than three years or until a successor is appointed. Member appointments can be renewed at expiry. There are seven members on the CIC Board as at March 31, 2018. The Board members are non-independent directors.

CIC Board Members

Honourable Joe Hargrave, Chairperson

Minister of Crown Investments (CIC)
Minister Responsible for Saskatchewan Government Insurance (SGI)
Minister Responsible for Saskatchewan Opportunities Corporation (SOCO)
Minister Responsible for Saskatchewan Transportation Company (STC)

Mr. Hargrave was originally elected to the Saskatchewan Legislature in 2016 in the constituency of Prince Albert Carlton.

In August 2016, Mr. Hargrave was appointed Minister of Crown Investments and Minister Responsible for SGI, SOCO and STC. He is currently the Vice Chair for the Sub-Committee on Public Sector Bargaining. He has previously served as Minister Responsible for SaskEnergy, SaskTel, and Vice Chair of the SaskBuilds Corporation Board of Directors.

Mr. Hargrave was an owner/operator of Riverside Auto Group for 14 years. He was also a manager with the Bank of Montreal for over 20 years. His community involvement has included the Rotary Club, Board of Police Commissioners for Prince Albert and Community Futures.

Honourable Dustin Duncan, Vice Chair

Minister of Environment
Minister Responsible for Saskatchewan Power Corporation (SaskPower)
Minister Responsible for Saskatchewan Water Security Agency

Mr. Duncan was first elected as the MLA for Weyburn-Big Muddy constituency in a by-election in June 2006. He was re-elected in the 2007, 2011 and 2016 provincial elections.

In August 2017, Mr. Duncan was appointed Minister of Environment, Minister Responsible for SaskPower, and the Saskatchewan Water Security Agency, and member of SaskBuilds Corporation Board of Directors.

He previously served as Minister of Health, Minister of Energy and Resources, and Minister Responsible for SaskEnergy, SaskTel, SaskWater, and the Global Transportation Hub.

Honourable Don Morgan, Q.C.

Minister of Justice and Attorney General
Minister of Labour Relations and Workplace Safety
Minister Responsible for Saskatchewan Telecommunications (SaskTel)
Minister Responsible for Saskatchewan Workers' Compensation Board
Minister Responsible for the Global Transportation Hub

Mr. Morgan was first elected in 2003 as the MLA for Saskatoon Southeast constituency. He was re-elected in the 2007, 2011 and 2016 provincial elections.

In August 2017, Mr. Morgan was appointed Minister of Justice and Attorney General; he also serves as Minister of Labour Relations and Workplace Safety, Minister Responsible for the Worker's Compensation Board, the Global Transportation Hub, and SaskTel. The former Deputy Premier has also served as Minister of Education, and Minister of Advanced Education, and Chair of the Caucus Legislation and Regulation Review Committee.

Mr. Morgan practiced law in Saskatoon from 1979 to 1988, and 1992 until 2007. From 1988 to 1992 he was Chair of the Saskatchewan Legal Aid Commission and was appointed Queen's Counsel in 1990. Mr. Morgan served on the Saskatoon Public School Board from 1999 to 2003, including a term as Board Chair. He was Board Chair of the Mendel Art Gallery, as well as volunteering with numerous other charitable organizations.

Honourable David Marit

Minister of Highways and Infrastructure
Minister Responsible for SaskBuilds
Minister Responsible for Priority Saskatchewan

Mr. Marit was elected MLA for Wood River in the 2016 provincial election.

Mr. Marit currently serves as Minister of Highways and Infrastructure, Minister Responsible for SaskBuilds and Priority Saskatchewan. He was previously a member of the Standing Committee on Intergovernmental Affairs and Justice.

In 1999, Mr. Marit was elected to the Saskatchewan Association of Rural Municipalities (SARM) Board of Directors for Division 2, and from 2006 to 2014 served as President of SARM. He has volunteered as a board member of the Heart and Stroke Foundation of Saskatchewan, and previously served for several years on the R.M. Council of Willow Bunch.

Honourable Bronwyn Eyre

Minister of Energy and Resources
Minister Responsible for SaskEnergy Inc. (SaskEnergy)
Minister Responsible for Saskatchewan Water Corporation (SaskWater)

Ms. Eyre was elected MLA for Saskatoon Stonebridge-Dakota in the 2016 provincial election.

A former radio broadcaster and columnist, she also served as a Saskatoon public school board trustee. Previously, she was a senior writer/editor for UK-based legal publications Commercial Lawyer and European Lawyer. She attended McGill University and the University of Saskatchewan, where she graduated in Law in 1996, and speaks French, German and Italian.

Ms. Eyre has served Saskatchewan as Minister of Education, Minister of Advanced Education, Minister Responsible for the Status of Women and Vice-Chair of Treasury Board.

On February 2, 2018, she was appointed Minister of Energy and Resources and Minister Responsible for SaskWater and SaskEnergy.

Muhammad Fiaz

Mr. Fiaz was elected MLA for Regina Pasqua in the 2016 provincial election.

Mr. Fiaz currently serves as a member of the Standing Committee on Human Services.

An active participant in the Regina community, Mr. Fiaz volunteers for Humanity First. He has been a successful business owner for over ten years and has previously worked as a road safety consultant for SGI.

Don McMorris

Mr. McMorris was first elected in 1999, and was re-elected in the 2003, 2007, 2011 and 2016 provincial elections as the MLA for Indian Head-Milestone.

Mr. McMorris has served as Minister of Health, Minister of Highways and Infrastructure, Minister of Crown Investments, Minister Responsible for SGI, Saskatchewan Liquor and Gaming Authority, the Public Service Commission, and the Lean Initiative. He also served as Deputy Premier.

Mr. McMorris has previously worked for the Saskatchewan Safety Council, the Prairie View School Division, and managed the family farm.

Board Tenure

During 2017-18, a total of 15 meetings were held by the CIC Board. For most meetings, the Board members were provided with meeting material in advance. As a standing agenda item, the Board has the option to hold in-camera sessions without management present where all CIC Board members can participate. Board members did not receive remuneration (retainers or per diems) for their participation on the CIC Board.

Board Member	Position	Term on the CIC Board
Honourable Joe Hargrave	Chair	August 23, 2016 to March 31, 2018[1]
Honourable Dustin Duncan	Vice Chair	August 23, 2016 to March 31, 2018[1]
Honourable Don Morgan, Q.C.	Member	February 2, 2018 to March 31, 2018[1]
Honourable David Marit	Member	August 30, 2017 to March 31, 2018[1]
Honourable Bronwyn Eyre	Member	February 2, 2018 to March 31, 2018[1]
Muhammad Fiaz	Member	August 23, 2016 to March 31, 2018[1]
Don McMorris	Member	August 30, 2017 to March 31, 2018[1]
Honourable Kevin Doherty	Member	August 20, 2015 to August 30, 2017
Honourable Christine Tell	Member	August 30, 2017 to February 2, 2018
Colleen Young	Member	August 30, 2017 to February 2, 2018
Steven Bonk	Member	March 2, 2017 to August 30, 2017
Larry Doke	Member	May 21, 2015 to August 30, 2017
Nancy Heppner	Member	August 23, 2016 to August 30, 2017
Laura Ross	Member	August 23, 2016 to August 30, 2017

[1] To the end of the reporting period.

CIC Executive

Cindy Ogilvie is a Chartered Professional Accountant, and Chartered Accountant. She has over 24 years of service with the Government of Saskatchewan, joining CIC in 2001. Cindy became the Vice President and Chief Financial Officer, CIC in 2015. She is a member of the CIC AMI Board on behalf of CIC.

Blair Swystun is a Chartered Financial Analyst charter holder and has a Masters in Business Administration. He has more than 36 years of government experience and has been at CIC since 1996, most recently in the position of Senior Vice President and Chief Financial Officer before assuming the role of President & CEO in 2014. Blair's public service career also includes various positions at Saskatchewan Finance. Blair is a member of numerous boards and investment funds.

Doug Kosloski is a lawyer and has degrees in Finance and Economics. He has over 22 years of service with the Government of Saskatchewan, joining CIC in 1998. Doug is a member of a number of boards and investment funds on behalf of CIC. In 2014, Doug was appointed Queen's Counsel.

Organizational Structure

Operating Divisions

CIC's team was made up of 46 positions as at March 31, 2018 within three divisions. Each division's responsibilities are summarized below:

President's Office • President • Communications • Human Resources	The President's Office is responsible for the overall direction of CIC. It also includes the Communications and Human Resources units. The division: • provides support and leadership in Crown communications through delivering policy advice and information sharing; • facilitates internal communications at CIC; • supports a high functioning organization by delivering human resource support and leadership; and • undertakes strategic initiatives related to the Crown sector.
Finance & Administration • Accounting • Internal Audit • Performance Management & Financial Analysis	The Finance & Administration division provides financial reporting and analysis and recommendations to the CIC Board on a wide range of Crown sector business issues. Specifically, the division provides support through: • strategic Shareholder direction to the Crown sector; • internal corporate planning; • oversight of Crown corporation performance management and capital allocation plans; • sector-wide financial reporting and forecasting; • management of CIC's budget and financial transactions; • internal audit services to CIC and the smaller subsidiary Crown corporations; • corporate administration services and information management; and • management and divestment of existing CIC AMI investments.
Human Resource Policy, Governance & Legal • Legal • Corporate Secretariat • Crown Sector Human Resources	The Human Resource Policy, Governance & Legal division provides advice and guidance to CIC, the CIC Board and the Crown corporations and their boards on a wide range of policy issues. Specifically, the division provides support through: • legal advisory services to CIC and the CIC Board; • oversight of Crown sector human resource policies and programs; • development and management of leading practices in corporate governance, including corporate secretarial services and procedural advisory services to the Crown corporation boards, and director training and development; and • oversight of public policy initiatives, including Saskatchewan Immigrant Investor Fund and the Saskatchewan Rate Review Panel.

Management Organization

President's Division

- Blair Swystun, President & CEO
- Joanne Johnson, Executive Director, Communications

Human Resource Policy, Governance & Legal Division

- Doug Kosloski, Senior Vice President & General Counsel
- Brian Gyoerick, Executive Director, Crown Sector & CIC Human Resources
- Wendy Dean, Director, Corporate Secretariat

Finance & Administration Division

- Cindy Ogilvie, Vice President & Chief Financial Officer
- Travis Massier, Corporate Controller
- Kyla Hillmer, Executive Director, Performance Management & Financial Analysis
- Bina Bilkhu, Director, Internal Audit
- Michael McClare, Director, Performance Management & Financial Analysis

SaskEnergy

"As Board Chair over the last five years, I have consistently noted the desire to increase the safety of Saskatchewan communities as a motivating factor for projects and recommendations brought before the SaskEnergy Board of Directors, and we are proud to support these efforts."

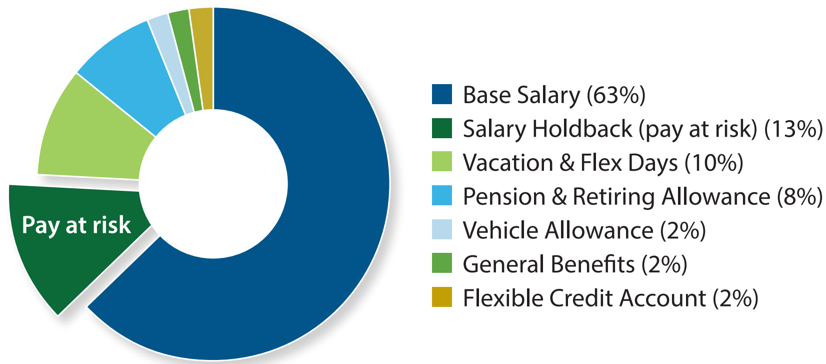
Susan Barber, Q.C., Chair, Board of Directors, SaskEnergy

Executive Compensation

Independent & Objective

A Crown sector executive compensation framework (the "framework") was implemented in 2006 at the direction of the CIC Board. To maintain competitiveness with the external market, the CIC Board occasionally undertakes reviews of the framework. External consultants are engaged to conduct these reviews to assess the degree to which Crown executive compensation aligns with the framework's stated philosophy and the external market.

2017-18 Executive Compensation



Framework

CIC has designed and administers executive compensation consistent with the CIC Board and Cabinet's Crown sector executive compensation framework and is committed to a "total compensation" (e.g. base salary, pay at risk/salary holdback, benefits and pension) perspective. Crown sector compensation maintains a meaningful degree of competitiveness with the relevant external labour markets, targeting to achieve +/- 10 per cent of the 50^{th} percentile of market comparators (i.e. the middle of the market).

Corporate Policies

CIC strives to maintain the highest legal and ethical standards in all its business practices. Each employee is expected to act responsibly, with integrity and honesty, and to comply with CIC's code of conduct and its underlying policies and objectives. CIC operates under a complete, regularly updated and approved set of corporate policies and procedures. CIC requires all employees, including new employees at time of hire, to annually confirm in writing that they have read, understand, and agree to comply with the policies relating to employee conduct:

- Employee Conduct Policy
- Personal Information Privacy Policy
- Acceptable Use of Computing Resources Policy
- Anti-Harassment Policy

Succession Planning

CIC provides opportunities for professional development at all levels. CIC's corporate programs, policies and practices form a solid foundation for ensuring the corporation is well positioned to retain the knowledge and competencies required to carry out its mandated responsibilities. They include:

- leadership development for executive and management team members;
- budgeted resources for employee development;
- the requirement for a training and development objective in the annual work plan of all team members as well as documentation of career goals and objectives; and
- a Phased Retirement Policy to facilitate knowledge transfer from senior employees planning to retire to those employees who will take on their responsibilities.

Compensation

Each of CIC's senior executives receives a comprehensive group benefits package and a salary that consists of two main components: base salary and salary holdback. As required by *The Crown Employment Contracts Act*, the CEO and direct reports of the CEO, including all executive members, report the details of their compensation and benefits to the clerk of Executive Council. These filings are available for public review.

Consistent with CIC Board and Cabinet-approved ranges, the CIC senior executive base salary ranges for 2017-18 were:

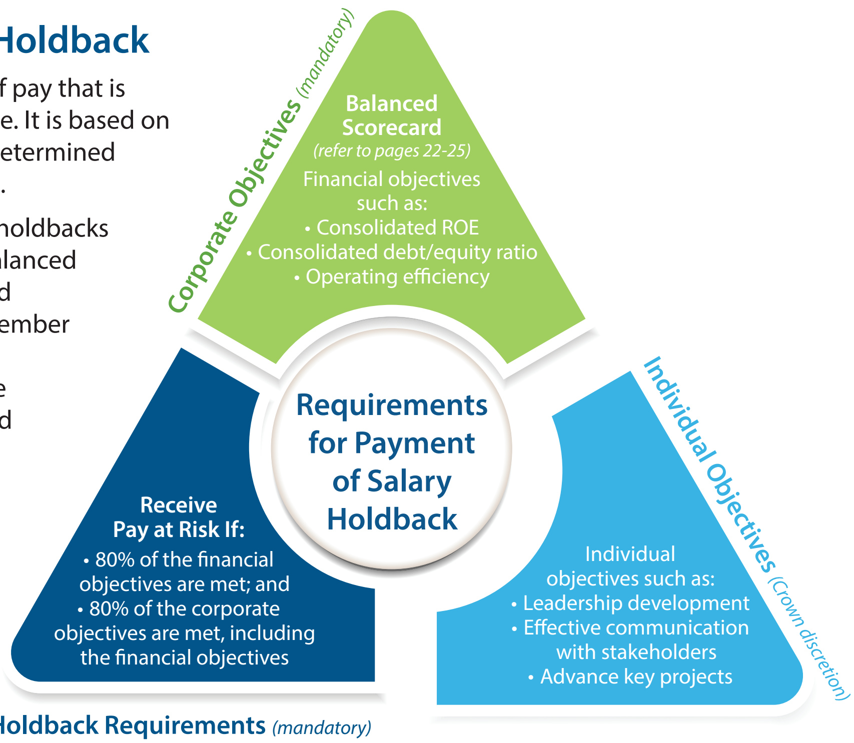
Position	Base Salary Range
CEO	$346,440 - $433,049
Senior Executive 1	$238,918 - $298,648
Senior Executive 2	$199,070 - $248,838

The Standing Committee on Crown and Central Agencies requires all Crown corporations to file an annual payee list, which includes remuneration information for the executive members. Payee Disclosure Reports are available on CIC's website at www.cicorp.sk.ca. The CIC Board reviews the details of these expenditure reports annually.

Eligibility for Payment of Salary Holdback

Senior executive salary holdbacks are a portion of pay that is withheld, or placed at risk, subject to performance. It is based on both corporate and individual objectives and is determined by demonstrated results against those objectives.

CIC's corporate targets for the payment of salary holdbacks are directly linked to all, versus a subset of, CIC balanced scorecard targets. Key areas of balanced scorecard responsibility specific to each senior executive member are weighted more heavily than other areas for determining the amount of pay at risk that will be paid. Linking each senior executive to all balanced scorecard targets incents a collaborative team approach to achieving corporate targets. The financial component is separately measured to focus CIC senior executive on protecting CIC and Crown sector financial sustainability and on providing an appropriate return to the people of Saskatchewan.



The CIC Board receives quarterly progress reports regarding performance against balanced scorecard targets. The targets established for payment of salary holdbacks are directly linked to stretch goals that are objective, quantifiable and within the span of control and/or influence of management. For the corporate component, the measures and targets are established equivalent to the annual balanced scorecard measures and targets. For payment of salary holdbacks to occur, targets may be more challenging than balanced scorecard targets, but cannot be less challenging than the balanced scorecard targets.

Following the end of the fiscal year, each senior executive summarizes his/her performance for the year against the pre-set objectives and targets. A discussion between the CEO and each senior vice president/vice president occurs regarding demonstrated results on both a corporate and individual basis. The CEO determines a final performance score for each senior vice president/vice president. Similarly, the CIC Board chair reviews and discusses the CEO's annual performance results. The CIC Board annually reviews and approves CIC's executive performance, including targets for the payment of salary holdbacks.

The weighting ranges for each component are:

Position	Corporate Weighting	Individual Weighting
CEO	90 – 80%	10 – 20%
Executive 1 and Executive 2	85 – 70%	15 – 30%

CIC Consolidated Management Discussion & Analysis

Preface

The purpose of the following discussion is to provide the users of CIC's financial statements with an overview of the corporation's financial performance and the various measures CIC uses to evaluate its financial health. The following analysis of CIC's consolidated 2017-18 financial results should be read in conjunction with the audited consolidated financial statements. While this Management Discussion & Analysis (MD&A) is as complete as possible, CIC is bound by confidentiality agreements with its investment partners. In some cases, these agreements limit the information that CIC can release. For purposes of CIC's consolidated MD&A, "CIC" and "Corporation" refer to the consolidated entity. The Corporation's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and, as such, consolidate the results of all of the Corporation's subsidiary corporations.

Producing two different views of CIC's operations and results, with consolidated and separate financial statements, is the cornerstone of our commitment to accountability and transparency. Explanations of the differing purposes of these statements are provided in the following pages.

In addition to the information on CIC's 2017-18 results, the following discussion also provides detailed information regarding performance relative to the business plan, and how it affects the CIC Crown sector in the future.

In 2015, the Corporation was directed by the provincial government to change its fiscal year end from December 31 to March 31 to coincide with that of the Province of Saskatchewan. Therefore, 2015-16 information included in the consolidated MD&A is for the fifteen months ended March 31, 2016.

Forward-Looking Information

Throughout the annual report, and particularly in the following discussion, forward-looking statements are made. These statements can be recognized by terms such as "outlook," "expect," "anticipate," "project," "continue," or other expressions that relate to estimations or future events. By their nature, forward-looking statements require assumptions based on current information, management experience and historical performance. Forward-looking information is subject to uncertainties, and, as a result, forward-looking statements are not a guarantee about the future performance of CIC and its subsidiary Crown corporations.

Readers should not place undue reliance on forward-looking statements, as a number of factors could cause actual results to differ materially from estimates, predictions and assumptions. Factors that can influence performance include, but are not limited to: weather conditions, commodity markets, general economic and political conditions, interest and exchange rates, performance, competition and regulatory environment. Given these uncertainties, assumptions contained in the forward-looking statements may or may not occur.

SaskGaming

"Social responsibility guides everything we do at SaskGaming. Central to this is giving back to the communities in which we live and work. By supporting projects, programs and initiatives that reflect our diverse province, we are ensuring the success of the corporation is shared right across Saskatchewan."

Blair Ross, Chair, Board of Directors, SaskGaming

A Closer View of CIC's Holdings

The Corporation is involved in a broad array of industries through various forms of investment. A number of investments are held as wholly-owned subsidiaries, while others are joint ventures and partnerships held through CIC's wholly-owned subsidiaries.

Investment	Major Business Line
	Utilities:
Saskatchewan Power Corporation (SaskPower)	Electricity
Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications (collectively SaskTel)	Information and communications technology
SaskEnergy Incorporated (SaskEnergy)	Natural gas storage and delivery
Saskatchewan Water Corporation (SaskWater)	Water and wastewater management
	Insurance:
Saskatchewan Government Insurance (SGI CANADA)	Property and casualty
	Entertainment:
Saskatchewan Gaming Corporation (SGC)	Gaming
	Investment and Economic Growth:
CIC Asset Management Inc. (CIC AMI)	Investments
Saskatchewan Opportunities Corporation (SOCO)	Research Parks
Saskatchewan Immigrant Investor Fund (SIIF)	Construction loans
	Transportation:
Saskatchewan Transportation Company (STC)[1]	Passenger and freight transportation

[1] STC operations ceased in 2017-18. See Note 10 of the consolidated financial statements.

Profiles of material subsidiary corporations are included in this section. Each subsidiary Crown corporation prepares an annual report, which is tabled in the legislative assembly. These annual reports can be found through CIC's website at www.cicorp.sk.ca.

The data on the following page illustrates the importance of the utility and insurance business segments to the financial results of the Corporation. Of these corporations, SaskPower, SaskTel, SaskEnergy and SGI CANADA are the most significant in terms of assets, liabilities, and operating earnings generated.

Players at the Quinn Stevenson Memorial Ball Tournament in Saskatoon in June received **Be a Good Wingman** backpacks, a reminder to look out for friends and family and never let them drive impaired.

Quinn was killed by an impaired driver August 3, 2013 and was featured in **SGI's** award-winning **"People Shouldn't Disappear"** awareness campaign.

Festival goers at YQR Beer Fest in July enjoyed playing an oversized version of Kerplunk. For every right answer about safe driving behaviours, players could carefully pull a stick . . . and hopefully avoid the marbles tumbling down!

Understanding CIC's Financial Statements

CIC prepares two sets of financial statements: consolidated financial statements and separate financial statements.

CIC Consolidated Financial Statements

These statements illustrate CIC's results consolidated with the results of its subsidiary corporations. The financial statements are prepared in accordance with IFRS and include:

- financial results of subsidiary Crown corporations (SaskPower, SaskTel, SaskEnergy, SGI CANADA, SGC, STC, SaskWater, and SOCO);
- financial results for CIC's wholly-owned subsidiaries (SIIF, CIC AMI, First Nations and Métis Fund Inc., Gradworks Inc., and CIC Economic Holdco Ltd.);
- dividends paid by CIC to the General Revenue Fund (GRF); and
- CIC's operating results and public policy expenditures.

Consolidated earnings represent the total earnings in the Crown sector, taking into consideration the elimination of all inter-entity transactions (i.e. revenues and expenses between Crown corporations and dividends paid by Crown corporations to CIC).

CIC Separate Financial Statements

Separate earnings represent CIC's earnings as the shareholder of the Saskatchewan commercial Crown sector. These statements assist CIC in determining its capacity to pay dividends to the GRF. The separate statements have been prepared in accordance with IFRS other than consolidating the activities of its subsidiaries. These statements are intended to isolate the holding company's cash flow, capital support for certain subsidiary corporations, and certain public policy expenditures. These financial statements include:

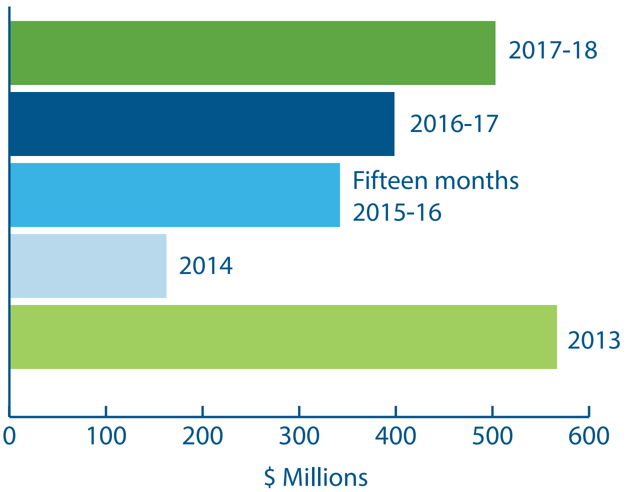
- dividends from subsidiary corporations and investments;
- dividends paid by CIC to the GRF;
- grants by CIC to subsidiaries; and
- CIC's operating results and public policy expenditures.

CIC's 2017-18 Financial Highlights

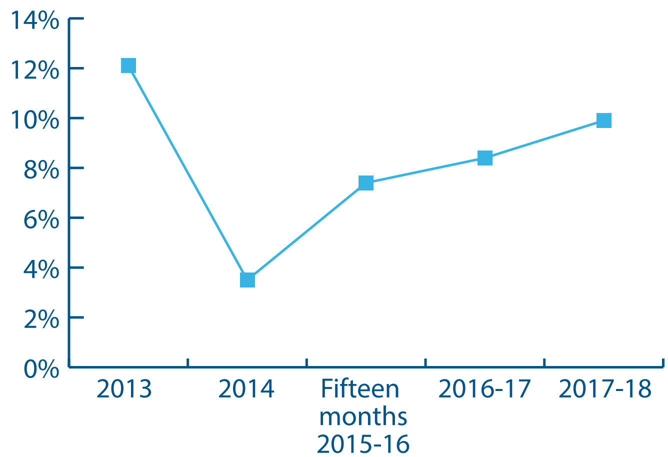
(millions of dollars)	2017-18	2016-17	Fifteen months 2015-16	2014	2013
CIC Consolidated					
Earnings	**$ 503.0**	$ 398.6	$ 342.0	$ 162.7	$ 566.9
Assets	**18,965.4**	18,065.3	17,402.4	16,542.3	15,136.8
Debt[1]	**9,416.8**	9,037.5	8,671.3	7,716.1	6,624.0
Dividend to the GRF	**205.0**	219.0	297.2	206.0	361.4
Debt Ratio[2]	**61.7%**	62.7%	63.2%	60.4%	55.8%
Return on Equity[2]	**9.9%**	8.4%	7.4%	3.5%	12.1%
CIC Separate					
Dividend Revenue	**$ 233.5**	$ 157.4	$ 184.4	$ 173.6	$ 202.5
Earnings	**213.1**	132.1	153.5	149.7	330.4
Cash Return on Equity	**15.8%**	16.4%	20.5%	13.3%	21.7%

[1] Consolidated debt includes long-term debt, long-term debt due within one year, and notes payable.
[2] Prior year debt and return on equity ratios have been restated to include accumulated other comprehensive income as a component of equity.

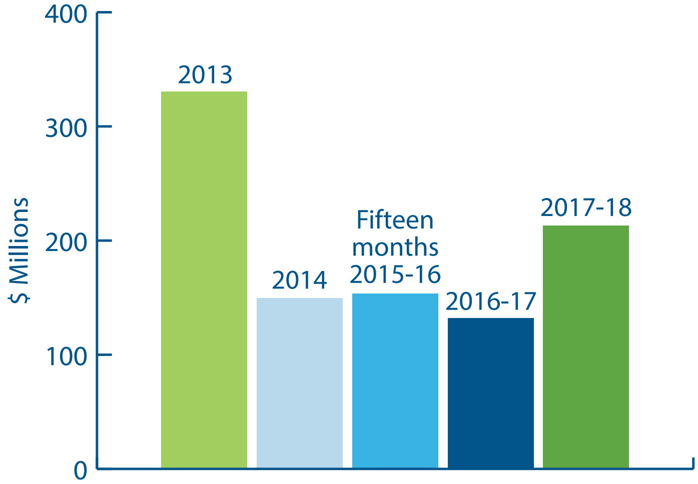
Consolidated Earnings



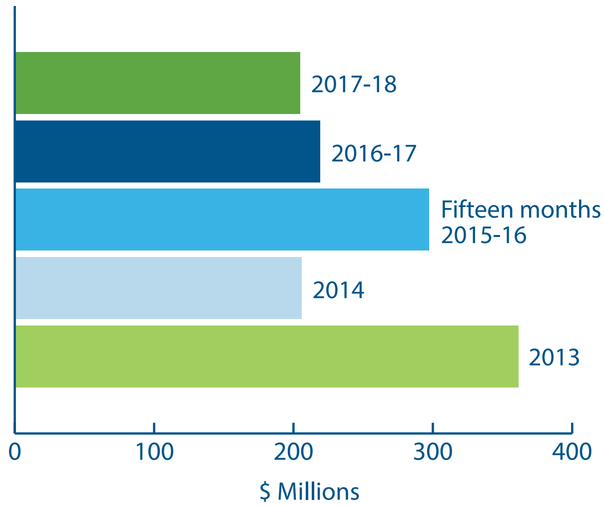
Consolidated Return on Equity



Separate Earnings



Dividends to the GRF



CIC CONSOLIDATED

SaskTel Acting President and CEO, Doug Burnett along with VP's Darcee MacFarlane and Katrine White present the cheque to Jan and Luke Lawrence from Teddy Bear's Anonymous.

From September 29, 2017 to October 19, 2017, **SaskTel employees** participated in the **Comfort for Kids Challenge** which focused on helping children in Saskatchewan hospitals. Employees participated through monetary donations, donation of new toys, games, crafts, as well as volunteering at an event that supports children. Two corporate teams vied to win the challenge trophy, with the focus firmly fixed on helping children accessing hospitals in our province. **Employees donated $27,000**, logged an impressive **2,800 plus volunteer hours** and **collected over 3,500 new items**. All money and items were donated to the Children's Hospitals of Saskatchewan and Teddy Bears Anonymous.

Significant Events Impacting 2017-18 Consolidated Results

During 2017-18, the following significant events impacted the Corporation's consolidated results:

1. **Wind up of STC**
   On March 22, 2017, the Government of Saskatchewan announced that operating and capital subsidies to STC would cease in the upcoming fiscal year resulting in the wind up of the corporation. Passenger and freight vehicular operations ceased May 31, 2017. CIC and the Government of Saskatchewan are committed to a plan to liquidate the assets of STC. Property and equipment that are expected to be disposed of by sale within the next twelve month period have been classified as assets held-for-sale on the consolidated statement of financial position. Current and prior period earnings from the Corporation's transportation segment have been classified as discontinued operations on the consolidated statement of comprehensive income. Assets sold during the year resulted in gains of $11.1 million (see Note 10 of the consolidated financial statements).

2. **Capital Expenditures**
   During 2017-18, the Corporation spent $1,566.5 million on capital expenditures related to investing in aging infrastructure and capital projects to meet the demand for growth. Additional debt of $379.3 million was incurred in 2017-18 primarily to fund a portion of the capital expenditures.

Accounting Policy Developments Impacting Future Consolidated Results

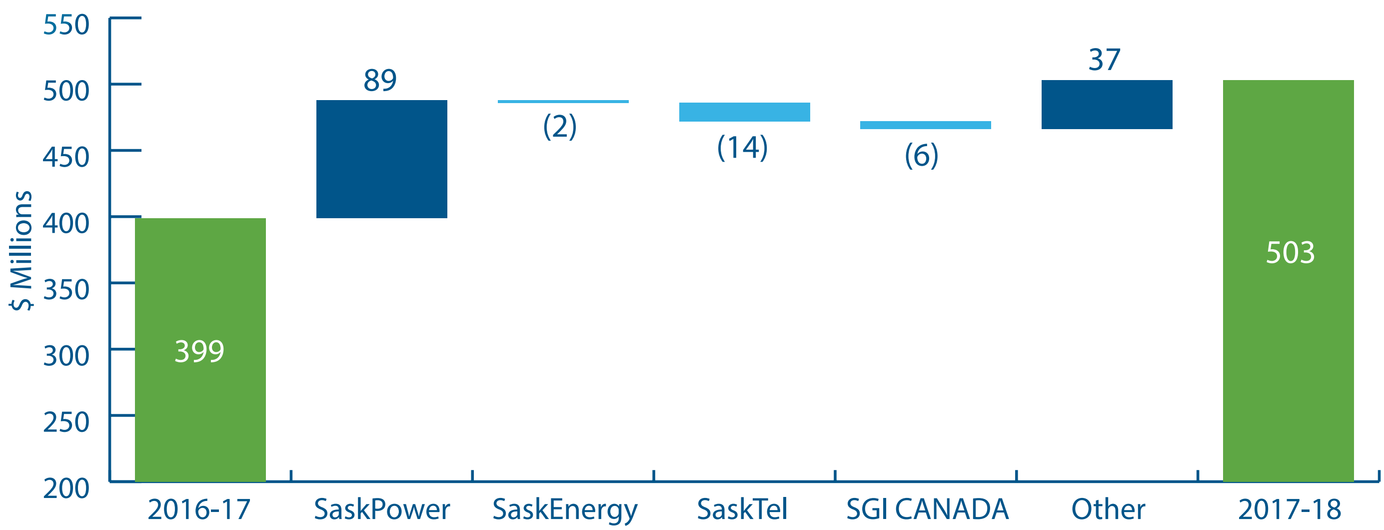
As disclosed in Note 4(t) in the consolidated financial statements, a number of new accounting standards and amendments to standards and interpretations are not yet effective for the period ended March 31, 2018, and have not been applied in preparing the consolidated financial statements. Note 4(t) includes management's assessment of the potential impacts on the consolidated financial statements known at this time.

Analysis of Financial Results

(millions of dollars)	2017-18	2016-17	Fifteen months 2015-16	2014	2013
SaskPower	**$ 145.5**	$ 56.3	$ 25.9	$ 59.6	$ 113.8
SaskEnergy	**143.5**	145.6	110.9	(33.0)	78.9
SaskTel	**121.0**	134.8	126.7	76.4	90.8
SGI CANADA	**59.4**	65.2	84.5	40.7	39.2
STC	**26.6**	(5.3)	0.3	(0.4)	(0.1)
SGC	**23.2**	24.4	32.7	24.9	20.5
SaskWater	**8.1**	6.5	7.3	5.5	3.5
SOCO	**5.6**	0.5	1.6	2.3	2.4
ISC	**-**	-	-	-	9.7
SIIF	**(1.1)**	(1.4)	(2.4)	(4.0)	1.2
CIC AMI	**(2.6)**	(3.0)	4.6	13.0	4.7
CIC (separate)	**213.1**	132.1	153.5	149.7	330.4
Other[1]	**(239.3)**	(157.1)	(203.6)	(172.0)	(128.1)
Consolidated Earnings	**$ 503.0**	$ 398.6	$ 342.0	$ 162.7	$ 566.9

[1] Includes First Nations and Métis Fund, Gradworks Inc., CIC Economic Holdco Ltd., and consolidation adjustments. Consolidation adjustments reflect the elimination of all inter-entity transactions, such as grants from CIC to Crown corporations, revenues and expenses between Crown corporations, and dividends paid by Crown corporations to CIC.

Changes in Consolidated Earnings



Consolidated CIC net earnings for 2017-18 were $503.0 million (2016-17 - $398.6 million) or $104.4 million higher than the same period in 2016-17. The increase was primarily related to increased earnings at SaskPower and the wind up of STC operations (reflected in "Other").

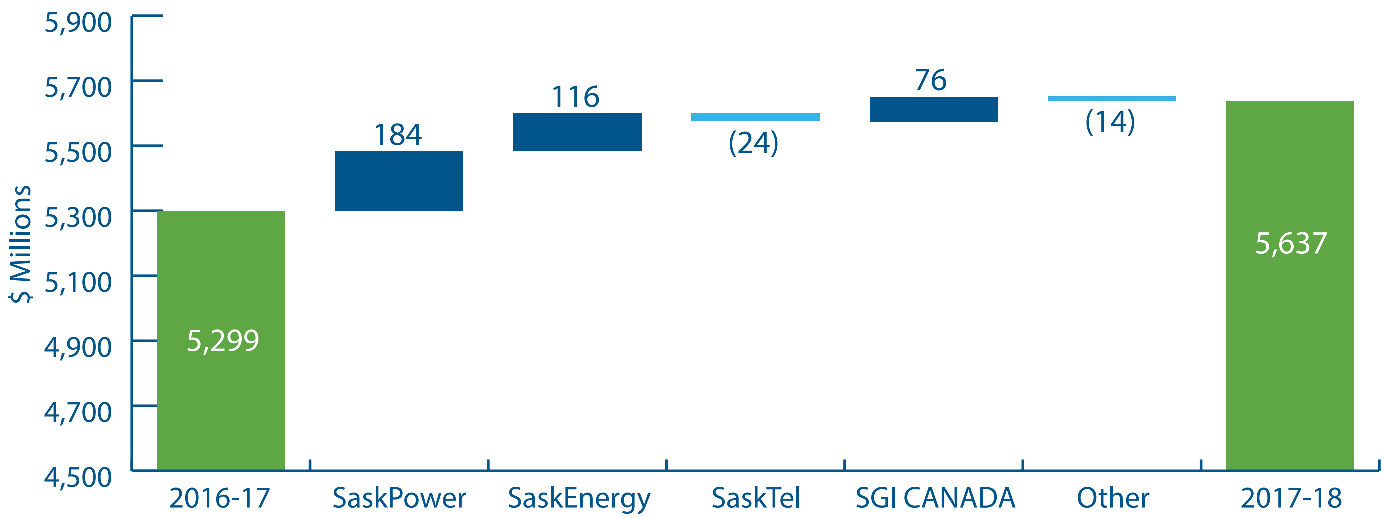
CIC CONSOLIDATED

Analysis of Consolidated Revenues and Expenses

Revenue

Revenue (including discontinued operations) was $5,637.2 million for 2017-18 (2016-17 - $5,298.9 million), an increase of $338.3 million. This was primarily a result of increased revenues at SaskPower, SaskEnergy and SGI CANADA, partially offset by decreased revenues at SaskTel.

Changes in Revenue



SaskPower revenue increased by $183.6 million primarily due to increased Saskatchewan electricity sales due to system wide rate increases of 5.0 per cent effective July 1, 2016, 3.5 per cent effective January 1, 2017, and 3.5 per cent effective March 1, 2018. Higher sales volumes primarily from power and oilfield customers also contributed to the additional revenue. The increase in electricity sales was partially offset by lower revenue from customer contributions, a decrease in Shand Carbon Capture Test Facility rental fees, as well as a decline in CO_2 sales.

SaskEnergy revenue increased by $115.8 million primarily due to increased gas marketing sales. Fluctuating natural gas prices during 2017-18 allowed for advantageous short-term pricing differentials resulting in increased gas marketing activity.

SGI CANADA revenue increased by $76.4 million primarily due to increased premiums in Saskatchewan, Alberta and Ontario. Saskatchewan premiums increased due to the introduction of flood coverage as well as inflation and rate increases in personal lines and agriculture. Alberta experienced customer growth in personal lines as well as personal and commercial auto insurance. Ontario premiums increased due to customer growth in personal lines and personal auto insurance.

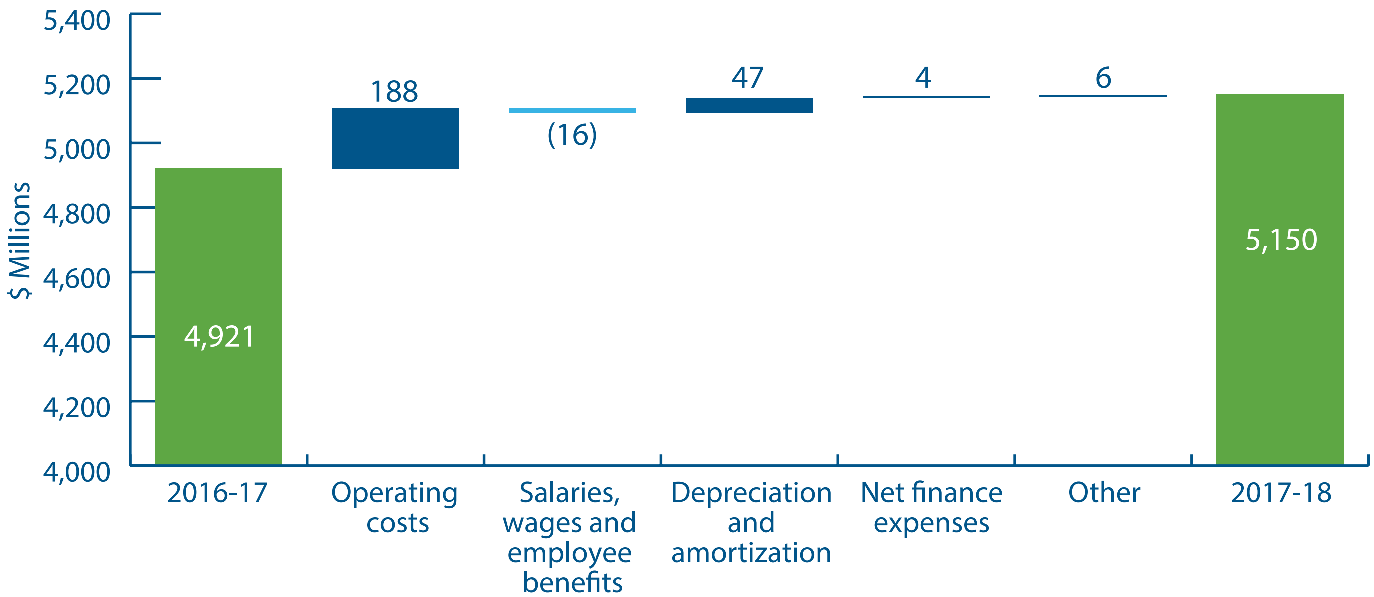
SaskTel revenue was $24.0 million lower than the prior year primarily due to higher wireless revenue in 2016-17 from a one-time negotiation of a wireless wholesale contract as well as decreases in equipment sales and legacy services, including local access, enhanced services, and long distance. These decreases were partially offset by increases in Internet, *maxTV*™, retail wireless, data and managed and emerging revenues.

Analysis of Consolidated Revenues and Expenses *(continued)*

Operating and Net Finance Expenses

Total operating and net finance expenses (including discontinued operations) for 2017-18 were $5,149.9 million (2016-17 - $4,920.9 million), an increase of $229.0 million from the same period in 2016-17. This was primarily due to increased operating costs and depreciation and amortization partially offset by decreased salaries, wages and employee benefits.

Changes in Total Operating and Net Finance Expenses



Operating Costs

Operating costs increased by $187.5 million to $2,641.9 million for 2017-18 (2016-17 - $2,454.4 million) primarily due to increases at SaskEnergy and SGI CANADA.

SaskEnergy operating costs increased primarily due to increased gas marketing activity in response to natural gas price volatility and a decrease in favourable non-cash market value adjustments on natural gas purchase contracts compared to the prior period.

SGI CANADA operating costs increased primarily due to increased claims in Saskatchewan, Manitoba, and British Columbia. Saskatchewan claims increased primarily due to higher storm claims. Manitoba claims increased primarily due to large losses in personal lines and British Columbia claims increased primarily due to wildfire claims. Commissions and premium taxes also increased due to premium growth.

Salaries, Wages and Employee benefits

Salaries, wages and employee benefits decreased by $15.9 million to $937.5 million for 2017-18 (2016-17 - $953.4 million). The decrease is primarily due to the wind up of STC during 2017-18.

Depreciation and Amortization

Depreciation and amortization increased $47.1 million to $870.1 million for 2017-18 (2016-17 - $823.0 million) primarily due to an increase at SaskPower attributable to ongoing transmission, distribution, and generation capital expenditures. In addition, following the completion of a depreciation study at SaskPower in 2016-17, the estimated useful lives of certain asset components were changed. The changes in estimates were applied prospectively effective April 1, 2017, and resulted in an increase to depreciation expense for 2017-18.

Analysis of Consolidated Capital Resources

Consolidated Debt

The Corporation closely monitors the debt levels of its subsidiaries, utilizing the debt ratio as a primary indicator of financial health. The debt ratio measures the amount of debt in a corporation's capital structure. Too high a ratio relative to target, which is determined according to industry standards, indicates a debt burden that may impair a corporation's ability to withstand downturns in revenues and still meet fixed payment obligations. The ratio is calculated as net debt divided by capitalization at the end of the period.

The Corporation reviews the debt ratio targets of all its subsidiary Crown corporations on an annual basis to ensure comparability with industry standards. This review includes subsidiary Crown corporations' plans for capital spending over the medium term. The target debt ratios for subsidiary Crown corporations are benchmarked to industry and reviewed and approved by the CIC Board of Directors. The Corporation uses targeted debt ratios to compile a weighted average debt ratio for the Crown sector. The target ratio for 2017-18 was 62.8 per cent.

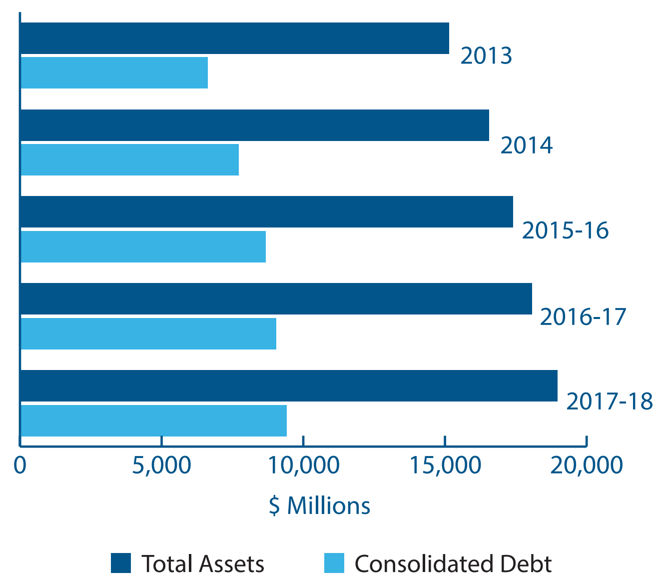
For further information on the Corporation's approach to capital management, refer to Note 22 of the audited consolidated financial statements.

The following table shows the Corporation's consolidated debt level and debt ratio:

	2017-18	2016-17	2015-16	2014	2013
Consolidated debt	**$9,416.8M**	$9,037.5M	$8,671.3M	$7,716.1M	$6,624.0M
Consolidated debt ratio	**61.7%**	62.7%	63.2%	60.4%	55.8%
Consolidated debt ratio target	**62.8%**	62.7%	61.6%	57.1%	57.9%

Debt on a consolidated basis was $9,416.8 million at March 31, 2018 (2016-17 - $9,037.5 million) or an increase of $379.3 million from March 31, 2017. The increase is primarily attributed to higher debt at SaskPower ($302.6 million), SaskTel ($67.5 million), SaskEnergy ($23.1 million), and SOCO ($15.0 million). The increase in debt was primarily required to fund a portion of the $1,566.5 million in 2017-18 capital expenditures needed to sustain infrastructure and meet the demand for growth. Debt decreased by $34.2 million at SIIF due to principal loan repayments to the Government of Canada pursuant to the Immigrant Investor Program (IIP).

Over the last five periods, consolidated debt has increased $2,792.8 million in support of increased assets of $3,828.6 million.



Capital Spending

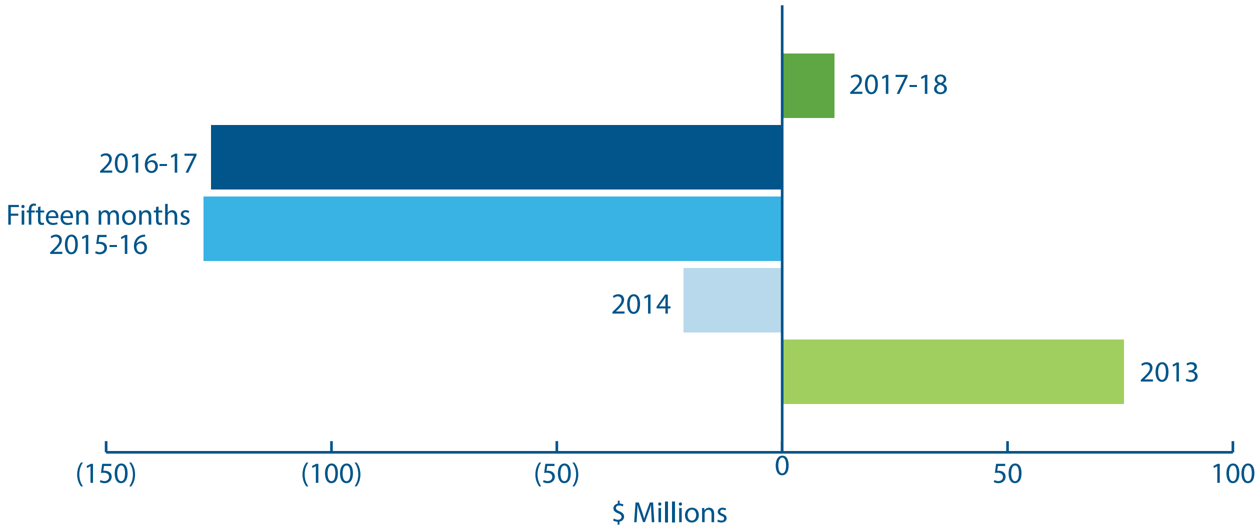
Capital spending (property, plant and equipment, investment property and intangible asset purchases) increased $129.2 million to $1,566.5 million for 2017-18 (2016-17 - $1,437.3 million). Major capital expenditures included:

- $965.2 million at SaskPower related to new generation assets, including the Chinook Power Station, connecting customers to the electric system, generation asset sustainment activities, increasing capacity and sustaining transmission and distribution infrastructure;
- $296.1 million at SaskTel on Fibre to the Premises, wireless network enhancements, basic network growth and enhancements, renovating SaskTel's facilities, and customer support and inventory management systems;
- $254.0 million at SaskEnergy primarily related to customer connections, system expansions to meet residential and industrial customer growth and spending to ensure the safety and integrity of its extensive distribution and transmission systems; and
- $24.1 million at SaskWater primarily related to system upgrades, infrastructure management of existing assets, and system expansions to supply new customers and existing customers with growing demands.

Operating, Investing and Financing Activities

Cash and cash equivalents for 2017-18 increased $11.6 million (2016-17 - decreased $126.7 million) primarily due to increased operating earnings and cash from financing activities, partially offset by increased capital expenditures. A more detailed discussion of cash flows from operating, investing and financing activities is included on the pages following.

Net Change in Cash and Cash Equivalents



Cash Flow Highlights (millions of dollars)		**2017-18**		**2016-17**
Net cash from operations	**$**	**1,390.4**	$	1,181.9
Net cash used in investing activities		**(1,499.3)**		(1,383.5)
Net cash from financing activities		**120.5**		74.9
Change in cash and cash equivalents	**$**	**11.6**	$	(126.7)

Operating Activities

Cash from operations increased by $208.5 million to $1,390.4 million for 2017-18 (2016-17 - $1,181.9 million). The increase is primarily a result of increased operating earnings, partially offset by higher interest paid due to an increase in debt used to fund a portion of capital expenditures.

Investing Activities

Cash used in investing activities increased $115.8 million to $1,499.3 million for 2017-18 (2016-17 - $1,383.5 million) primarily due to an increase in capital expenditures.

Financing Activities

Net cash from financing activities increased $45.6 million to $120.5 million for 2017-18 (2016-17 - $74.9 million). The increase was primarily due to increased notes payable proceeds, decreased debt repayments to the GRF and other lenders, and decreased dividends paid to the GRF. These cash increases were partially offset by decreased long-term debt proceeds from the GRF.

CIC CONSOLIDATED

Comparison of Results with Budget

(millions of dollars)	2017-18 Earnings		2017-18 CIC Dividends	
	Budget	**Actual**	**Budget**	**Actual**
SaskPower	**$ 179.5**	**$ 145.5**	**$ -**	**$ -**
SaskTel	**122.1**	**121.0**	**109.9**	**108.9**
SaskEnergy	**90.6**	**143.5**	**31.7**	**38.8**
SGI CANADA	**37.2**	**59.4**	**25.0**	**35.8**
SGC	**23.5**	**23.2**	**18.8**	**18.6**
SaskWater	**5.8**	**8.1**	**1.5**	**2.0**
SOCO	**3.7**	**5.6**	**1.3**	**3.1**
CIC AMI	**0.8**	**(2.6)**	**-**	**-**
STC	**(0.3)**	**26.6**	**-**	**22.0**
SIIF	**(0.6)**	**(1.1)**	**-**	**-**
CIC (separate)	**164.3**	**213.1**	**-**	**-**
Other[1]	**(192.2)**	**(239.3)**	**4.3**	**4.3**
Totals	**$ 434.4**	**$ 503.0**	**$ 192.5**	**$ 233.5**

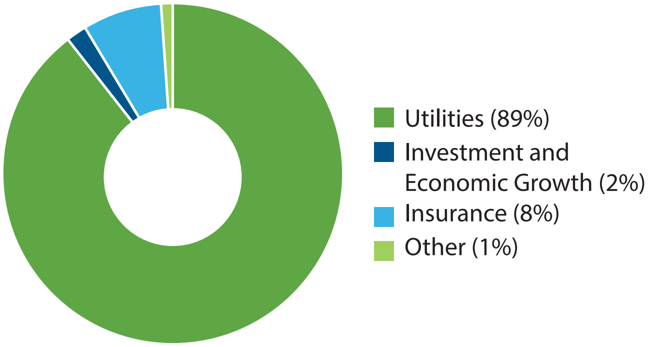
[1] Includes First Nations and Métis Fund, Gradworks Inc., CIC Economic Holdco Ltd., and consolidation adjustments. Consolidation adjustments reflect the elimination of all inter-entity transactions, such as grants from CIC to Crown corporations, revenues and expenses between Crown corporations, and dividends paid by Crown corporations to CIC.

The preceding table shows results for the commercial Crown corporations in 2017-18 in comparison to performance and resource management plan targets. Consolidated earnings for 2017-18 of $503.0 million were $68.6 million higher than budgeted earnings of $434.4 million. Dividends to CIC in 2017-18 of $233.5 million were $41.0 million above budgeted dividends of $192.5 million. Dividend revenue is either proportionate to the operating earnings of the dividend paying Crown corporations or set on an alternative basis such as cash availability. Accordingly, the dividend variances reported for all subsidiaries primarily relate to favourable or unfavourable actual versus budgeted earnings impacts. Significant earnings variances are explained as follows:

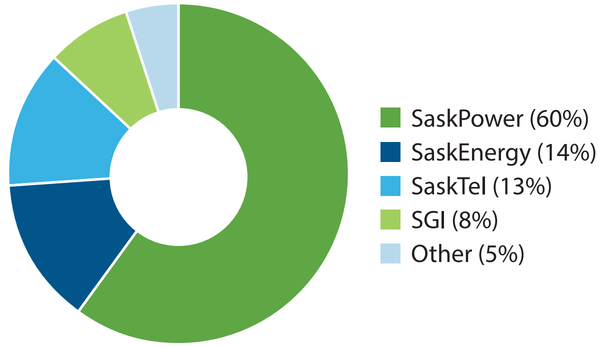
- SaskPower earnings were $34.0 million lower than budget primarily due to losses associated with the deferral of the Tazi Twé Hydroelectric Project.
- SaskEnergy earnings were $52.9 million higher than budget primarily due to gas marketing sales being contracted at higher volumes and deal prices than forecasted and favourable non-cash market value adjustments. This was partially offset by higher volumes and deal prices for gas purchases and impairment losses on the Kisbey and Coleville facilities.
- SGI CANADA earnings were $22.2 million higher than budget primarily due to strong investment earnings from foreign equities and real estate.
- STC earnings were $26.9 million higher than budget primarily due to the wind up of STC's operations and gains on the sale of its property, plant and equipment.
- CIC Separate earnings were $48.8 million higher than budget due to higher than expected dividend revenue from subsidiary corporations and lower expenses due to cost restraint initiatives.

Segmented Information

Total Assets by Business Segment



Total Assets by Corporation



(millions of dollars)	Utilities		Entertainment		Insurance		Transportation[1]		Investment & Economic		Other[2]		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Statement of Income														
Total revenue	4,814	4,543	119	124	776	700	26	43	41	42	(134)	(140)	5,642	5,312
Operating expenses	(3,896)	(3,699)	(96)	(99)	(759)	(690)	-	(48)	(41)	(41)	100	111	(4,692)	(4,466)
Net finance (expenses) income	(502)	(502)	(1)	(1)	43	55	-	-	1	(6)	1	1	(458)	(453)
Earnings (loss) from operations	416	342	22	24	60	65	26	(5)	1	(5)	(33)	(28)	492	393
Share of net earnings from equity accounted investees	2	1	-	-	-	-	-	-	-	-	9	5	11	6
Net earnings (loss)	418	343	22	24	60	65	26	(5)	1	(5)	(24)	(23)	503	399
Statement of Financial Position														
Current assets	1,284	1,179	17	23	610	566	11	5	105	187	45	41	2,072	2,001
Investments & other	989	890	-	-	822	762	-	-	75	33	99	95	1,985	1,780
Capital assets[2]	14,714	14,077	57	57	18	22	-	20	176	165	(57)	(57)	14,908	14,284
	16,987	16,146	74	80	1,450	1,350	11	25	356	385	87	79	18,965	18,065
Current liabilities	2,896	2,645	21	30	746	692	3	9	112	63	(100)	(83)	3,678	3,356
Long-term debt	7,666	7,318	-	-	-	-	-	-	61	129	-	-	7,727	7,447
Finance lease obligations	1,105	1,117	5	6	-	-	-	-	-	-	-	-	1,110	1,123
Other	836	952	-	-	315	295	2	14	53	53	(20)	(38)	1,186	1,276
	12,503	12,032	26	36	1,061	987	5	23	226	245	(120)	(121)	13,701	13,202
Province's equity	4,484	4,114	48	44	389	363	6	2	130	140	207	200	5,264	4,863
	16,987	16,146	74	80	1,450	1,350	11	25	356	385	87	79	18,965	18,065
Statement of Cash Flows														
Operating activities	1,313	1,092	29	29	59	65	8	1	11	13	(30)	(18)	1,390	1,182
Investing activities														
Capital asset purchases[3]	(1,539)	(1,416)	(5)	(4)	(3)	(4)	-	(1)	(19)	(12)	-	-	(1,566)	(1,437)
Other	7	9	-	-	(17)	(20)	28	-	49	64	-	-	67	53
	(1,532)	(1,407)	(5)	(4)	(20)	(24)	28	(1)	30	52	-	-	(1,499)	(1,384)
Financing activities														
Debt proceeds	411	768	-	-	-	-	-	-	-	-	-	-	411	768
Debt repayments	(185)	(216)	-	(2)	-	-	-	-	(37)	(58)	-	-	(222)	(276)
Dividends paid	(122)	(67)	(28)	(19)	(43)	(41)	(22)	-	(2)	(20)	12	(72)	(205)	(219)
Equity (repaid) received	-	-	-	-	-	-	-	-	(9)	(10)	9	10	-	-
Other	122	(203)	(1)	-	-	-	(13)	1	13	5	16	(1)	137	(198)
	226	282	(29)	(21)	(43)	(41)	(35)	1	(35)	(83)	37	(63)	121	75
Change in Cash	7	(33)	(5)	4	(4)	-	1	1	6	(18)	7	(81)	12	(127)

[1] CIC's transportation segment is classified as discontinued operations on the Consolidated Statement of Operations (see Note 10 of the consolidated financial statements).

[2] Other includes the operations of CIC (separate) and consolidation adjustments.

[3] Capital assets include property, plant and equipment, investment property and intangible assets.

2017-18 Financial Results

Earnings of $145.5 million (2016-17 - $56.3 million) increased primarily due to higher Saskatchewan electricity sales. Revenue of $2,590.6 million (2016-17 - $2,406.9 million) increased largely due to higher Saskatchewan electricity sales resulting from the system-wide average rate increases of 5.0 per cent that became effective July 1, 2016; 3.5 per cent effective January 1, 2017; and 3.5 per cent effective March 1, 2018. Electricity sales volumes to Saskatchewan customers were 23,282 GWh, up 1,202 GWh or 5.4 per cent compared to the prior year. Other revenue decreased as a result of lower customer contributions; a decrease in Carbon Capture Test Facility rental fees; as well as a decline in net CO_2 sales.

Expenses of $2,447.2 million (2016-17 - $2,351.7 million) increased mainly due to capital-related expenses, including depreciation, finance charges and taxes as a result of SaskPower's capital program. Other expenses increased as a result of a $30.0 million impairment loss recognized as a result of a decision to defer development of the Tazi Twé Hydroelectric Project. Operating costs increased compared to 2016-17 as a result of increased maintenance at generation, transmission and distribution facilities. Fuel and purchased power costs decreased slightly as a result of lower natural gas prices.

Gross long-term debt, short-term debt, and finance leases of $7,875.1 million (2016-17 - $7,584.6 million) increased due to additional borrowings during the year to finance capital expenditures. SaskPower invested $965.2 million (2016-17 - $885.9 million) in various capital projects, including new generation, customer connects, and sustaining transmission and distribution infrastructure.

During 2017-18, SaskPower invested **$996 million** in the province's electricity system to ensure reliable, sustainable and cost-effective power for the customers and communities it serves.

2018-19 Outlook

Operating earnings are expected to increase in 2018-19 to $176.7 million largely as a result of higher revenues. Saskatchewan electricity sales are expected to increase due to the full year impact of the rate increase of 3.5 per cent implemented on March 1, 2018. This increase in revenues is expected to be partially offset by higher expenses, mainly as a result of increased depreciation expense due to significant capital investments made in recent years as well as higher fuel and purchased power costs due to rising fuel prices and an unfavorable change in the fuel mix. The fuel mix is the relative proportion that each fuel source contributes to our total fuel supply. The more energy that is generated from lower incremental cost units such as coal and hydro, the more favourable the impact on fuel and purchased power costs.

SaskPower plans to continue making significant investments in its generation, transmission and distribution infrastructure, with anticipated capital expenditures of approximately $933.5 million in 2018-19.

Key Enterprise Risks, Mitigations and Action Plans

The industry is challenged by changing regulations resulting in the phase-out of conventional coal generation, increasing performance requirements for natural gas generation and the potential implementation of a price on carbon. SaskPower has developed a supply plan that would increase generating capacity from renewable sources. SaskPower is also continuing to work with the Saskatchewan Ministry of Environment and Environment and Climate Change Canada to finalize an equivalency agreement, under the *Canadian Environmental Protection Act, 1999*, between the provincial and federal governments. An equivalency agreement would give SaskPower the flexibility to meet prescribed targets on a system-wide rather than unit-by-unit basis.

SaskPower's financial flexibility and capability is challenged by current economic conditions, growing capital requirements and increasing debt. SaskPower can improve financial performance by effectively implementing business optimization initiatives, using scenario-based budgeting and forecasting for business planning, prioritizing capital spending, diversifying the fuel mix, and performing value for money analysis for selected supply options.

Significant financial and other resources are required to monitor and properly sustain the existing asset base. By performing long-term system planning, implementing a risk-based asset management strategy, and effectively prioritizing and allocating capital spending, SaskPower can optimize capital spending and manage its assets efficiently and effectively.

Corporate Social Responsibility

In 2017-18, SaskPower reached a milestone of capturing over two million tonnes of carbon dioxide at the Boundary Dam Integrated Carbon Capture and Storage Demonstration Project since start-up.

During the year, SaskPower was again recognized as one of Canada's Best Diversity Employers, highlighting SaskPower's commitment to employing a representative workforce. To recruit the next generation of employees, SaskPower continues to explore and build partnerships with post-secondary institutions across Saskatchewan.

In 2017-18, SaskPower again undertook a wide-reaching public safety campaign to increase awareness about electrical safety. The campaign was awarded a Utility Communicators International Award and an International Association of Business Communicators Silver Leaf Award.

SaskPower's community investments align with its strategic priorities: workforce excellence; safety; and conservation and efficiency. In 2017-18, SaskPower invested just over $1.7 million towards educational and community programming throughout the province.

In 2017-18, the Canadian Council for Aboriginal Business certified SaskPower with Progressive Aboriginal Relations Gold status. SaskPower was evaluated on its performance in four key areas: Aboriginal business development, employment, community engagement and community investment.

Key Financial Data

	2017-18	2016-17	Fifteen months 2015-16	2014	2013
Net earnings	**$ 145.5M**	$ 56.3M	$ 25.9M	$ 59.6M	$ 113.8M
Operating earnings	**$ 146.5M**	$ 46.2M	$ 123.4M	$ 43.2M	$ 167.2M
Total assets	**$ 11,456.2M**	$ 10,908.4M	$ 10,433.8M	$ 9,674.5M	$ 8,604.4M
ROE*	**6.2%**	2.5%	1.2%	2.8%	5.5%
Debt ratio*	**74.9%**	75.5%	75.2%	73.1%	70.8%

* Prior years' ROE and debt ratios have been restated to conform with the current fiscal year's presentation.

Key Operational Data

	2017-18	2016-17	Fifteen months 2015-16	2014	2013
Total customer accounts	**532,719**	528,059	521,745	511,941	500,879
Gross electricity supplied (gigawatt hours)	**25,317**	24,374	30,174	23,424	23,155
Available generating capacity (net megawatts)	**4,492**	4,491	4,437	4,181	4,281
Annual peak load (net megawatts)	**3,792**	3,747	3,640	3,561	3,543
Power lines (kilometres)	**157,562**	158,723	156,984	155,808	152,642
Full-time equivalents	**3,608**	3,643	3,777	3,829	3,627

Utilities

Key Financial Data

	2017-18	2016-17	Fifteen months 2015-16	2014	2013
Net earnings	**$ 121.0M**	$ 134.8M	$ 126.7M	$ 76.4M	$ 90.7M
Operating revenue*	**$ 1,253.2M**	$ 1,282.8M	$ 1,569.6M	$ 1,231.0M	$ 1,205.7M
Dividend declared to CIC	**$ 108.9M**	$ 30.0M	$ 37.5M	$ 53.3M	$ 81.1M
Total assets	**$ 2,489.9M**	$ 2,394.5M	$ 2,253.1M	$ 2,068.9M	$ 1,993.7M
ROE	**11.9%**	15.4%	16.8%	10.5%	14.0%
Debt ratio	**46.2%**	47.9%	51.9%	52.8%	49.1%

* 2016-17 operating revenue has been restated to conform with the current fiscal year's presentation.

2017-18 Financial Results

Earnings were $121.0 million (2016-17 - $134.8 million), down $13.8 million from 2016-17. Total operating revenues decreased to $1,253.2 million (2016-17 - $1,282.8 million), down $29.6 million or 2.3 per cent from 2016-17, primarily due to decreased wholesale revenue from the one-time negotiation of a wholesale contract with other carriers in 2016-17, decreased equipment sales related to economic conditions in the province and decreased legacy services due to wireless replacement. These decreases were moderated by continued growth in the average revenue per unit and accesses for wireless, Internet and data services, growth in accesses for *maxTV*, increased wireless retail revenue and growth of the managed and emerging services portfolio.

Continuous improvement is engrained in SaskTel's culture, and is a part of every project. In 2017-18, **SaskTel invested $302 million** to improve customer experience across its wireless, TV and high speed internet services. One thing that will never change about SaskTel is its unwavering commitment to providing world-class communications products and services to ensure Saskatchewan remains one of the best places in the country to live and work.

Total operating expenses were $1,099.0 million (2016-17 - $1,123.5 million), down $24.5 million from 2016-17 primarily due to management's focus on continuous improvement activities such as Crown collaboration, business simplification and operational improvements, and controlled spending throughout the year. Net financing expense was $34.6 million (2016-17 - $34.6 million) with no change from 2016-17.

Capital expenditures for the fiscal year were $296.1 million (2016-17 - $316.1 million), down $20.0 million from 2016-17. SaskTel's capital spending was related to: Fiber to the Premises; capacity improvements to wireline and wireless networks; improvements to rural transport infrastructure to accommodate rural growth of fixed and mobile voice, video and data services; expansion of northern fibre facilities which will bring high speed bandwidth services to northern residents and businesses; access infrastructure expansion for new neighbourhoods and enhancements for existing neighbourhoods; and significant facilities upgrades to ensure continued functionality of core facilities.

Debt increased to $1,096.6 million (2016-17 - $1,029.1 million) due to the issuance of long-term debt during the year partially offset by reduced short-term borrowings. The overall level of debt increased to support SaskTel's capital program. The debt ratio of 46.2 per cent (2016-17 - 47.9 per cent) decreased as a result of higher equity from increased other comprehensive income, partially offset by an increase in net debt.

Return on equity decreased to 11.9 per cent (2016-17 - 15.4 per cent). While earnings were relatively flat year over year, the accumulated other comprehensive income component of equity increased significantly from 2016-17 due to changes in actuarial assumptions related to the defined benefit pension plans. Dividends of $108.9 million were declared in 2017-18 (2016-17 - $30.0 million).

Key Operational Data

	2017-18	2016-17	Fifteen months 2015-16	2014	2013
Full-time equivalents	**3,880**	3,916	3,956	3,999	4,079
Wireless accesses	**607,448**	615,882	614,221	618,083	615,694
Wireline accesses	**361,350**	388,519	413,052	442,471	466,639
Internet (includes *maxTV*)	**279,031**	275,381	264,196	258,705	253,256
maxTV subscribers	**110,881**	110,591	107,321	103,716	101,147

2018-19 Outlook

SaskTel is targeting earnings of $133.0 million in 2018-19. SaskTel is experiencing changes in customer demand, rapidly evolving technology, increasing competition, and regulatory instability that are contributing to pressures on revenues, costs, and profit margins. SaskTel plans significant investment in new network technologies, network infrastructure, systems, processes and workforce skills that will ensure SaskTel is well positioned for these challenges. SaskTel is also focused on the customer experience including the Customer Experience First program and investment in customer self-serve capabilities.

Throughout 2018-19, SaskTel will be focusing on revenues from the business market including managed and emerging services. An additional focus will be the provision of converged services for both consumers and businesses. Revenues from growth initiatives including cellular, Internet and *maxTV* services are also projected to increase, while revenues from local and long-distance services are projected to decline.

Expenses are expected to increase approximately 4.7 per cent for 2018-19. Management's focus on controlled spending in 2017-18 resulted in significant operating expense savings. Planned spending in certain discretionary areas is anticipated to increase in 2018-19, however, spending in these areas will be tightly managed. SaskTel has budgeted $301.0 million on capital expenditures during 2018-19.

Key Enterprise Risks, Mitigations and Action Plans

SaskTel actively manages risk exposures in relation to business priorities and risk tolerance. A review of key risks is performed annually considering both strategic and operational risks that could have a material effect on SaskTel's business. Once key risks are identified, they are evaluated using the Corporate Risk Matrix, considering the risk's likelihood and consequence of both inherent and residual risk. Mitigation activities that are in place or planned are identified. This information is maintained in the Corporate Risk Register which is reviewed regularly with SaskTel's Executive and Board of Directors. The top three risks to SaskTel relate to: competition; regulatory reform; and loss of systems, network or facilities. Activities identified within SaskTel's strategic plan further mitigate these risks.

Corporate Social Responsibility

From SaskTel's employees to its contractors and even its suppliers, SaskTel is committed to creating a respectful workplace that reflects the people of this province. By constantly working towards this goal, SaskTel continues to be one of the most desirable and diverse places to work in Saskatchewan.

Starting with how SaskTel designs, builds, and manages its world class network, the careful consideration given to the products and services it offers, and a commitment from contractors and employees and at every level to provide amazing customer service, SaskTel spent the last year implementing many improvements to its network and processes that make sure every customer experience is an outstanding one.

As an active member of its community, SaskTel continued its long tradition of investing in groups, activities, and causes that make Saskatchewan such a special place to live. Throughout 2017-18, SaskTel was heavily involved in the community at both a corporate and individual level as both the corporation and its employees engaged in a wide breadth of community initiatives including sponsorships, donations, in-kind support, and volunteering.

Maintaining a healthy environment is important to everyone at SaskTel. With policies encouraging conservation, recycling and protecting nature, and the EnviroCare employee group and its engaged base of SaskTel employees, SaskTel is making sure it is doing its part.

SaskEnergy's core priorities remain unchanged – safe, reliable and affordable service. Safety-related public awareness efforts in 2017-18 achieved a 37% reduction in third-party line contacts since 2013, and the service connection upgrade program has seen continued success in key areas of the province.

Utilities

SaskEnergy

Key Financial Data

	2017-18	2016-17	Fifteen months 2015-16	2014	2013
Net earnings (loss)	**$ 143.5M**	$ 145.6M	$ 110.9M	$ (33.0M)	$ 78.9M
Operating earnings	**$ 110.9M**	$ 69.9M	$ 134.7M	$ 47.0M	$ 79.0M
Dividend declared to CIC	**$ 38.8M**	$ 28.9M	$ 64.7M	$ 17.5M	$ 30.4M
Total assets	**$ 2,687.6M**	$ 2,505.4M	$ 2,450.6M	$ 2,379.6M	$ 2,207.6M
Operating ROE	**12.2%**	8.8%	18.8%	6.5%	11.0%
Debt ratio	**56.1%**	58.6%	61.0%	62.6%	58.8%

2017-18 Financial Results

Net earnings before market value adjustments and impairment of assets were $113.7 million (2016-17- $103.2 million). Continued provincial load growth, together with colder winter weather, increased commodity and gas marketing margins and a distribution delivery rate increase, contributed to stronger financial results. In addition, aggressive management of vacancies and overtime resulted in lower employee benefits costs and efficiency and cost management initiatives resulted in a reduction in operating costs relative to the previous year.

Near term natural gas prices experienced increased volatility in 2017-18 compared to the prior year. At the end of the year, forward gas prices were relatively flat compared to near term natural gas prices. A relatively flat curve limits SaskEnergy's ability to generate favourable margins in its non-core storage arbitrage business. As a result, net impairments have been taken on non-core storage assets of $15.7 million. In the past, forward differentials in natural gas prices have exceeded $2.00/gigajoule (GJ). If forward prices should recover, SaskEnergy will be able to reduce the impairment taken. Over the last five years, SaskEnergy's storage arbitrage activities have generated considerable profit margins.

In 2017-18, revenues were $912.1 million (2016-17 - $796.3 million) and operating expenses were $720.0 million (2016-17 - $604.3 million) reflecting colder than normal weather resulting in higher delivery revenue, combined with higher commodity and gas marketing revenue. Higher commodity and gas marketing cost of gas sold resulted in higher expenses in 2017-18. Net finance expenses increased by $2.1 million to $48.5 million primarily due to increased capital investment resulting in higher long-term and short-term debt.

Capital investments totalled $254.0 million (2016-17 - $197.9 million). Strong customer growth, increased system expansion projects, and increased expenditures on system integrity and reliability have increased the level of capital expenditures from the prior year. Expenditures on system integrity and reliability have slightly increased compared to the prior year.

Cash from operations of $312.0 million, up from 2016-17, continues to be a major source of funding for SaskEnergy. Increased commodity, gas marketing and delivery revenue contributed to the increase. Capital investment levels increased in 2017-18 due to higher system growth and customer connection spending requirements. SaskEnergy used $47.9 million for interest payments, $30.4 million for dividends, and $99.9 million to pay debt and debt retirement fund obligations. To cover its financing activities, SaskEnergy required an additional $120.5 million in long-term debt, resulting in the debt ratio improving to 56.1 per cent (2016-17 - 58.6 per cent).

2018-19 Outlook

Provincial demand for natural gas continues to grow as major customers in potash production, enhanced oil recovery and natural gas power generation expand operations. The continued growth in natural gas demand combined with declining conventional gas production means that more gas will be imported or acquired from gas production associated with oil production. This shift in source of supply, together with an aging pipeline system, will require incremental investments in pipeline facilities.

Key Operational Data

	2017-18	2016-17	Fifteen months 2015-16	2014	2013
Total distribution customers	**394,592**	390,886	386,886	380,768	373,436
Residential average usage (m^3)	**2,736**	2,543	3,579	3,006	3,020
Distribution pipelines (km)*	**70,180**	69,870	69,547	69,015	68,612
Transmission pipelines (km)	**15,127**	15,228	15,156	15,174	15,042
Compressor horsepower (HP)	**89,141**	86,065	82,615	95,660	94,020
Peak day gas flows (petajoules)	**1.50**	1.36	1.35	1.42	1.26
Full-time equivalents	**1,028**	1,059	1,138	1,167	1,146

SaskEnergy is projecting to invest $755.4 million over the next three years. The additional load growth will generate more revenue for SaskEnergy; however, the investment in infrastructure will also increase operating costs and put pressure on delivery and transportation rates. SaskEnergy continues to work with other Crown corporations, and other business enterprises, to investigate technological solutions to more efficiently serve customers and maintain facilities.

SaskEnergy's financial performance is expected to remain strong as load growth drives additional revenue. A low natural gas price environment will create challenges, but will also benefit customers with the opportunity for SaskEnergy to offer lower commodity rates. SaskEnergy will focus on providing safe and reliable service to its customers by continued investment in the integrity and reliability of its pipeline systems.

Key Enterprise Risks, Mitigations and Action Plans

Public objection to industry infrastructure development from a cultural, safety, environmental, or societal perspective exposes SaskEnergy to the risk of higher costs, delays or even project cancellations. SaskEnergy works with landowners and other interest groups to identify and develop appropriate responses to concerns regarding expansion and development of infrastructure.

Pipeline, facility and operational failure could disrupt SaskEnergy's natural gas storage, distribution and transmission infrastructure, negatively impacting public safety, the environment and customers. Some of the primary processes to mitigate this risk include system integrity programs, public awareness and safety programs, employee and operator training, and environmental policies and procedures. The financial impact of this risk is mitigated, where possible and appropriate, through insurance.

SaskEnergy's relationship with its employees is important to the continued safe operation of its transmission, storage and distribution systems. Possible consequences of a deteriorating relationship with employees include loss of productivity and labour disruption. SaskEnergy maintains open dialogue with its union through joint union-management committees, the collective bargaining process, a focus on safety and providing an environment that offers employees a healthy work/life balance.

Corporate Social Responsibility

SaskEnergy is aligned with the Truth & Reconciliation Calls to Action for the corporate sector, ensuring Aboriginal peoples have access to jobs, training and education opportunities, and that First Nations communities gain long-term benefits from projects related to economic development. In addition to its continued commitment to longstanding First Nation, Metis and Tribal Council Partnerships, SaskEnergy achieved 16.0 per cent Aboriginal labour content across the service contracts it managed in 2017-18.

SaskEnergy's environmental efforts are designed to reduce the impact of its daily operations on the environment, in recognition of the role the company can play in the stewardship of non-renewable resources. In 2017-18, SaskEnergy continued to focus on environmental sustainability throughout its operations, measuring results through the intensity of its greenhouse gas emissions, relative to the amount of compression used to transport natural gas.

As part of Saskatchewan's 'Champion of Volunteers', SaskEnergy has long supported the behind-the-scenes men and women who stage countless provincial events and programs each year. In keeping with its focus on safety, SaskEnergy has also developed a strong focus on supporting Saskatchewan First Responders, from volunteer firefighters and chiefs to the STARS Air Ambulance program.

Utilities

SaskWater

2017-18 Financial Results

SaskWater generated earnings of $8.1 million in 2017-18 (2016-17 - $6.5 million). Revenues increased 6.1 per cent over the previous year. Potable water sales were bolstered by a hot summer and continued customer community growth around major cities. Non-potable water sales improved as the K+S Potash mine continued to ramp up production and an industrial agricultural customer continued elevated levels of consumption over historical volumes. SaskWater was also able to renegotiate its customer contracts on a former legacy system to improve the financial sustainability of the system, thereby allowing a reversal of $0.9 million in onerous contracts and asset impairment charges. Project management services for pre-construction engineering work related to customer feasibility studies declined from 2016-17 as projects were being completed.

Expenses increased by 4.5 per cent from 2016-17, largely in support of the increased revenues. Salaries increased primarily reflecting the full year of new staff brought on to support the addition of the Melville area customers, a new staff member in support of SaskWater's information technology strategy, and assuming responsibility for certain payroll and accounting services that were previously provided by another government entity. Operations and maintenance expenses decreased, largely reflecting the reduction in project management work and general expenditure restraint.

In 2017-18, SaskWater celebrated the completion of two regional municipal infrastructure projects supported by the Clean Water and Wastewater Fund, **securing a reliable water supply** for those customers now and into the future.

Total capital spending was $24.1 million (2016-17 - $24.1 million). SaskWater's investment in capital spending, net of customer contributions, was $11.0 million, a decrease of $4.4 million from 2016-17. Debt at March 31, 2018 was $71.4 million (2016-17 - $66.2 million), an increase of $5.2 million. The increase in debt was used to fund a portion of SaskWater's capital spending during the year. The combined effects of continued improved earnings and a low overall increase in debt resulted in a debt ratio of 46.6 per cent (2016-17 - 44.7 per cent). SaskWater declared dividends of $2.0 million to CIC in 2017-18 (2016-17 - $1.6 million).

2018-19 Outlook

SaskWater continues to focus its efforts on growth of core lines of business, cost efficiencies and renegotiating legacy agreements to achieve cost of service pricing. SaskWater plans to invest in new and existing customer infrastructure as well as explore opportunities with respect to remote monitoring services for communities who own and operate their own infrastructure.

SaskWater anticipates revenues to stay fairly consistent moving to $54.0 million (a decrease of 5.4 per cent). Following the hot, dry summer experienced in 2017-18 it is anticipated that potable and non-potable revenues will return to more normal levels. Another factor will be the continued decline of project management revenues as projects have concluded. Net of project management related expenses decreasing in line with reduced revenues, total operating expenses and net finance expense are expected to increase in conjunction with service offerings and capital requirements.

For 2018-19, SaskWater anticipates to invest $34.0 million in water and wastewater infrastructure projects in the province. The profitability level from operations is expected to achieve a return on equity of approximately 9.0 per cent for 2018-19. SaskWater also expects to declare dividends to CIC based on those earnings in 2018-19.

Key Enterprise Risks, Mitigations and Action Plans

SaskWater's customer base is concentrated primarily in the industrial sector. Changes in market demand can lead to revenue instability. Mitigation strategies in place include minimum purchase requirements, efficiency programs, and cost of service rates. Future action plans include renegotiating legacy contracts and continuing to grow the business.

The supply of water for human consumption carries a risk of contamination if mitigation strategies are not in place. SaskWater's current mitigation strategies include meeting or exceeding regulatory requirements, undergoing extensive testing, public reporting of water quality, and utilizing remote monitoring 24 hours per day, 365 days per year.

Mechanical failures, accidents, storms and power failures can result in service interruptions. SaskWater's current mitigation strategies include increased asset refurbishment, emergency response plans, and vulnerability assessments for facilities.

Corporate Social Responsibility

During the 2017-18 fiscal year, SaskWater's social responsibility and sustainability initiatives included:

- Sponsoring and/or providing promotional items to 88 events and fundraisers in 42 communities;
- Organizing and delivering community open houses and information meetings in Melville and Elbow regarding infrastructure upgrades on those systems;
- Delivering customer engagement sessions to five customer groups;
- Promoting of the value of water and World Water Day 2018;
- Installing 75 solar panels at the Wakaw-Humboldt water treatment plant to increase use of renewable energy and lower GHG emissions; and,
- Providing corporate and employee support for events and charity fundraisers and support for employees who volunteer their own time for external philanthropic activities.


Workers install the Wakaw-Humboldt water treatment plant's 75 new solar panels.

Key Financial Data

	2017-18	2016-17	Fifteen months 2015-16	2014	2013
Net earnings	**$ 8.1M**	$ 6.5M	$ 7.3M	$ 5.5M	$ 3.5M
Total assets	**$ 351.9M**	$ 388.1M	$ 328.9M	$ 316.4M	$ 223.9M
ROE	**12.5%**	11.0%	13.7%	11.3%	8.0%
Debt ratio	**46.6%**	44.7%	45.7%	45.0%	52.9%

Key Operational Data

	2017-18	2016-17	Fifteen months 2015-16	2014	2013
Total customer accounts	**414**	414	411	407	406
Total sales volumes (cubic metres)	**44.7M**	43.9M	57.4M	38.0M	40.1M
Kilometres of potable and non-potable pipeline	**964**	935	935	865	876
Full-time equivalents*	**127**	124	120	116	112

* 2015-16 full-time equivalents have been restated to conform with the current fiscal year's presentation.

Insurance

Key Financial Data

	2017-18	2016-17	Fifteen months 2015-16	2014	2013
Net earnings	**$ 59.4M**	$ 65.2M	$ 84.5M	$ 40.7M	$ 39.2M
Dividend declared to CIC	**$ 35.8M**	$ 43.0M	$ 47.3M	$ 31.6M	$ 25.6M
Total assets	**$ 1,438.4M**	$ 1,335.6M	$ 1,213.2M	$ 1,175.3M	$ 1,120.8M
ROE	**15.8%**	18.5%	21.0%	13.5%	13.5%
Minimum Capital Test[1]	**242%**	243%	249%	227%	231%

[1] The Minimum Capital Test (MCT) is a capital adequacy test widely used in the insurance industry and indicates capital available to pay claims compared to capital required.

2017-18 Financial Results

SGI CANADA generated $59.4 million in earnings compared to $65.2 million in 2016-17. This resulted in a strong after-tax return on equity of 15.8 per cent (2016-17 - 18.5 per cent). The solid financial results were due largely to investment earnings driven by strong equity returns.

SGI CANADA continues to experience strong growth, with gross premiums written of $802.8 million representing growth of 8.7 per cent over 2016-17. All jurisdictions saw growth, with the strongest from Alberta and British Columbia operations.

SGI CANADA experienced strong growth in 2017-18, with a year-over-year increase of 9.2 per cent, resulting in **$810.9 million** in direct premium written.

Claims incurred increased to $447.8 million (2016-17 - $396.7 million), due primarily to higher claim costs due to increased exposure in all jurisdictions. The overall loss ratio (claims incurred net of reinsurance as a percentage of net premiums earned) remained stable at 61.7 per cent (2016-17 - 60.4 per cent) due to strong premium growth and favourable Saskatchewan results.

Investment earnings were $43.5 million (2016-17 - $56.0 million), with a year-to-date market value return of 4.1 per cent (2016-17 - 6.0 per cent), led by strong foreign equity returns.

SGI CANADA's consolidated Minimum Capital Test of 242.0 per cent (2016-17 - 243.0 per cent) is consistent with the 2017-18 target and long-term goal of 242.0 per cent.

Key Operational Data

	2017-18	2016-17	Fifteen months 2015-16	2014	2013
Net premiums written	**$ 745.2M**	$ 693.6M	$ 730.0M	$ 549.9M	$ 493.5M
Number of policies in force	**696,635**	671,119	639,486	607,916	576,190
Number of claims	**116,301**	108,122	122,028	102,066	98,786
Full-time equivalents*	**1,904**	1,912	1,874	1,892	1,871

* 2015-16 full-time equivalents have been restated to conform with the current fiscal year's presentation.

2018-19 Outlook

The Canadian property and casualty industry is highly competitive and continues to experience rapid change driven by technology and other innovations. The industry is being challenged by industry disruptors and restrained by regulatory and compliance burdens. SGI CANADA must achieve aggressive growth to capitalize on the opportunities in this ever-changing market.

SGI CANADA aims to accelerate growth through great customer experiences. The company's long-term goal is to achieve $1.0 billion in direct premiums written by 2020 with customer-centricity serving as the primary strategy for achieving growth over the longer term. SGI CANADA is focused on strategies for growth in the Ontario, Manitoba and British Columbia markets, working closely with brokers that support strong customer experiences, omni-channel delivery and eServices.

Customer-centricity remains a strategic area of focus for SGI CANADA and is the primary strategy for achieving long-term growth. A review of the claim process is ongoing, with a focus on enhancing the overall experience being provided to customers. As well, SGI CANADA is developing application programming interfaces (APIs), providing direct connection into the broker's management system and enabling the digital consumer.

Key Enterprise Risks, Mitigations and Action Plans

On an annual basis, management reviews the key risks faced by SGI CANADA by identifying specific risk events and their potential impact on its operations, finances and reputation. Each risk event is rated based on the likelihood of the event occurring and severity of the consequences if it did occur, both before and after the application of potential mitigations. This process results in a risk profile for SGI CANADA, which is reviewed by the risk committee of the board of directors annually. SGI's audit services department also uses the risk profile in developing its annual work plan, providing an assurance component to SGI's risk management process.

The top five risks identified relate to: increased competition, distribution channels, responsiveness to business needs, catastrophic claim losses and acquisition and development of expertise. These risks represent key areas in SGI's strategic plan and, as such, SGI CANADA has prioritized resources towards key business processes and corporate projects which will mitigate these risks.

Corporate Social Responsibility

SGI CANADA supports communities, clubs and associations across Saskatchewan, leveraging the resources and relationships of an independent broker network. SGI CANADA is proud to help efforts in the communities where it does business, whether that's by responding to hundreds of requests for promotional give-away items for community events or raffles, or through more than $300,000 in formal sponsorships.

In 2017-18 SGI CANADA again partnered with the Saskatchewan Hockey Association, sponsoring provincial playoffs for every division and age group across the province. As well, SGI CANADA's sponsorship with Football Saskatchewan provides financial assistance to minor football associations province-wide.

SGI CANADA is also pleased to pitch in where there are urgent requests for assistance in the aftermath of an emergency such as the northern Saskatchewan fires in August, where SGI CANADA provided the Red Cross with play pens, toiletry items, kids' games, colouring books and crayons for those evacuated to relief shelters.

Other philanthropic efforts included SGI's participation in a National Cupcake Day fundraiser to support local animal shelters, the annual Z99 Radiothon where the company matched funds raised by employees for the Regina Neonatal Intensive Care Unit, and making a corporate as well as employee donation to the Saskatchewan Cancer Agency as part of our Christmas act of giving.

Insurance

The Saskatchewan Auto Fund (the Auto Fund) is not a subsidiary Crown corporation. Its results are included in this report because of SGI's administration of the Auto Fund. The results of the Auto Fund are not included in CIC's or SGI CANADA's consolidated financial statements.

2017-18 Financial Results

The Auto Fund experienced an increase to the Rate Stabilization Reserve (RSR) of $210.1 million, compared to $188.7 million in 2016-17 due to greater than anticipated investment returns and improved underwriting results.

Net premiums written totaled $927.6 million representing an increase of 0.3 per cent over the prior year. The slight increase is due to customers moving to vehicles with higher premiums and exposure growth.

Overall claims costs decreased $10.1 million or 1.2 per cent from the prior year. Contributing to the decrease was a prior year redundancy on the injury claims due to improving loss experience and lower indexing of long term benefits than originally anticipated.

In 2017, the Auto Fund recorded the **lowest number of traffic fatalities in six decades**. This is a testament to the significant traffic safety initiatives implemented over the past few years including strengthened penalties for impaired and distracted driving that took effect Jan. 1, 2017.

Investment earnings were $162.8 million, an $11.0 million decrease from 2016-17. The total portfolio's market-based return was 7.2 per cent, compared to an 8.3 per cent return in 2016-17, led by strong foreign equity returns and positive fixed income results.

2018-19 Outlook

The Auto Fund aims to help reduce injuries and fatalities occurring on Saskatchewan roads, maintain Saskatchewan's position as having among the lowest personal auto insurance rates in Canada, and provide quality service to customers. To achieve this, the Auto Fund is focused on three key areas: traffic safety, customer-centricity, and operational excellence.

Key Financial Data

	2017-18	2016-17	Fifteen months 2015-16	2014	2013
Net earnings	**$ 210.1M**	$ **188.7**M	$ 159.1M	$ 53.8M	$ 32.3M
Total assets	**$ 2,865.0M**	$ 2,627.4M	$ 2,369.6M	$ 2,191.1M	$ 1,985.0M
Minimum Capital Test[1]	**141%**	108%	95%	69%	58%
Rate Stabilization Reserve	**$ 776.0M**	$ 565.9M	$ 377.2M	$ 218.1M	$ 162.8M

[1] The Minimum Capital Test (MCT) is a capital adequacy test widely used in the insurance industry and indicates capital available to pay claims compared to capital required. The Auto Fund target MCT is 100%.

Key Operational Data

	2017-18	2016-17	Fifteen months 2015-16	2014	2013
Net premiums written	**$ 927.6M**	$ 925.0M	$ 1,111.3M	$ 886.4M	$ 824.5M
Number of licensed drivers	**812,000**	806,000	799,000	789,596	778,221
Number of claims	**126,316**	118,060	137,044	108,688	119,425

Key Enterprise Risks, Mitigations and Action Plans

On an annual basis, management reviews the key risks faced by the Auto Fund by identifying specific risk events and their potential impact on its operations, finances and reputation. Each risk event is rated based on the likelihood of the event occurring and severity of the consequences if it did occur, both before and after the application of potential mitigations. This process results in a risk profile for the Auto Fund, which is reviewed by the risk committee of the board of directors annually. SGI's audit services department also uses the risk profile in developing its annual work plan, providing an assurance component to SGI's risk management process.

The top five risks identified relate to: market value changes, responsiveness to business needs, catastrophic claim losses, acquisition and development of expertise, and strategy. These risks represent key areas in SGI's strategic plan and, as such, the corporation has prioritized resources towards key business processes and corporate projects which will mitigate these risks.

Corporate Social Responsibility

With a vision to achieve the safest roads in Canada while caring for customers, corporate social responsibility for the Auto Fund comes in the form of numerous awareness campaigns and other undertakings to encourage safe, responsible driving behaviours. Last year saw the launch of two multi-media and multi-award winning awareness campaigns with the goal of reducing the number of people killed and injured due to impaired driving. The "People Shouldn't Disappear" campaign showed the images of real Saskatchewan people in everyday scenarios – at a birthday party, posing for grad photos with a group of friends, taking a selfie – with the person killed by an impaired driver slowly fading out of the image. The "Be a Good Wingman" campaign was a call to action to look out for friends and family in social situations, and never let them drive impaired. Preliminary traffic safety statistics indicate the successfulness of these campaigns with injuries and fatalities experiencing a significant reduction year over year.

SGI provided more than $300,000 in sponsorships last year, including numerous safe ride opportunities and services across Saskatchewan, safe transit to and from festivals and events around Saskatchewan, such as the Ness Creek Music Festival and Craven Country Thunder, as well as safe ride promotion around Saskatchewan Roughrider games and gatherings. Support for Ding in the New Year (free New Year's Eve bus service in Regina, Saskatoon, Moose Jaw and Prince Albert) and Operation Red Nose (free rides with volunteers during the Christmas season) also tie in with SGI's commitment to reduce incidents of impaired driving.

The SGI Safety Squad attended many festivals and events throughout the province, with interactive displays and outreach promoting safe driving tips and behaviours. SGI's Car Seat Grant and Community Grant Programs also support individuals and communities in their efforts to ensure safety on our roads and highways.

Entertainment

SaskGaming

2017-18 Financial Results

Earnings were $23.2 million (2016-17 - $24.4 million), a decrease of $1.2 million from 2016-17. Revenues were $119.4 million (2016-17 - $124.2 million), a decrease of $4.8 million from 2016-17. This was largely as a result of decreased gaming revenue, consistent with the ongoing maturation of the Canadian gaming market.

Operating expenses were $96.2 million (2016-17 - $99.2 million), a decrease of $3.0 million from 2016-17. This was primarily as a result of lower payments to the GRF and lower overall expenditures due to cost containment strategies.

SaskGaming paid $23.2 million (2016-17 - $24.4 million) to the GRF to meet the provincial government's obligations under *The Saskatchewan Gaming Corporation Act* to the First Nations Trust, the Community Initiatives Fund, and the Métis Development Fund.

Debt (consisting of finance leases) was $5.8 million (2016-17 - $6.1 million). As a result of a decrease in debt, SaskGaming's debt to equity ratio declined to 11.9 per cent (2016-17 - 14.0 per cent) indicating lower debt required to fund capital requirements.

Capital expenditures were $5.5 million (2016-17 - $4.0 million), a $1.5 million increase from 2016-17. This increase was related to slot machine renewal, equipment purchases and renovation projects.

Casinos Regina and Moose Jaw:
Always Entertaining

Providing an 'Always Entertaining' experience to guests is paramount. This year, Casinos Regina and Moose Jaw entertained **over 3.5 million visitors**, and SaskGaming was named one of MediaCorp Canada's Top Saskatchewan Employers for 2017.

2018-19 Outlook

SaskGaming continues to operate in a mature gaming market with declining revenue projections. SaskGaming is forecasting earnings of $23.0 million in 2018-19 and number of guest visits and spend per guest are expected to remain steady in 2018-19.

SaskGaming will continue the gaming modernization trend in 2018-19 to enhance the guest experience. A customer experience strategy and improved employee customer experience training will ensure guests are engaged and entertained.

Key Enterprise Risks, Mitigations and Action Plans

SaskGaming has developed a comprehensive plan regarding the modernization of its business model, product offerings and facilities in support of long-term sustainability. The corporation continues to review and evolve its Players Club program to ensure its competitive advantage and invest in its properties and products, including a high-speed gaming floor and new food and beverage options.

If SaskGaming is unable to provide services due to a business interruption due to accident, work stoppages or technology failure it would result in loss of revenue and dissatisfied guests. A business continuity plan (BCP) covering both Casinos Regina and Moose Jaw exists and includes business impact assessments, critical suppliers, departmental action plans and checklists. The BCP is reviewed annually and updated as required. Other key risk mitigations include a cyclical refresh of critical network equipment, annual testing to identify potential security risks, and a monitoring process to identify and investigate suspicious activity. A comprehensive resource plan is in place to capture the requirements to sustain SaskGaming's IT environment.

Key Financial Data

	2017-18	2016-17	Fifteen months 2015-16	2014	2013
Net earnings	**$ 23.2M**	$ 24.4M	$ 32.7M	$ 24.9M	$ 20.5M
Dividends declared to CIC	**$ 18.6M**	$ 29.5M	$ 26.1M	$ 19.9M	$ 16.4M
Total assets	**$ 74.8M**	$ 79.5M	$ 77.7M	$ 73.0M	$ 78.9M
Debt ratio*	**11.9%**	14.0%	15.7%	23.7%	50.1%

* Prior years' debt ratios have been restated to conform with the current fiscal year's presentation.

Key Operational Data

	2017-18	2016-17	Fifteen months 2015-16	2014	2013
Guest count (thousands)	**3,513**	3,502	4,394	3,540	3,603
Full-time equivalents	**583**	606	599	627	690

SaskGaming has one of the most diverse workforces in Saskatchewan with over 42 per cent of staff being of Indigenous descent and 17 per cent being visible minorities. This is a point of strength for the corporation and greatly enriches the working environment. The corporation also prides itself on being a developmental employer where careers can begin and grow. The opportunities that exist within the corporation range from entry-level positions to more senior level positions requiring undergraduate degrees, as well as a unique shift-work environment for those staff who work on the gaming floors. In order to maintain these strengths, the corporation will continue to identify interjurisdictional training opportunities for staff, including those opportunities where staff may be able to lead the delivery of training to others in the industry; centralize and deliver training in-house; build on the "Engage and Entertain" portion of the GameOn customer service strategy by implementing new customer experience training; and create opportunities for skills development to ensure staff fit into the corporation's succession plan.

Corporate Social Responsibility

SaskGaming remains committed to being a socially responsible corporation by supporting guests in making informed gambling decisions, providing a safe environment for staff and guests, and through its dedication to a number of charitable initiatives across the province.

- The 2017-18 Charity Championship, SaskGaming's flagship fundraising event, took place on August 11, 2017 at Casino Regina. The event welcomed 31 teams and resulted in $70,081 in donations to 24 charities and non-profit organizations in Saskatchewan.
- Donation boxes on the gaming floors at Casinos Regina and Moose Jaw were introduced for guests to donate unwanted cash-out vouchers to charity with SaskGaming matching all funds donated.
- SaskGaming made significant progress in the replacement of surveillance cameras, moving from analog to digital. This advanced technology improves SaskGaming's ability to ensure the safety of staff and guests and meet regulatory obligations.
- Casinos Regina and Moose Jaw are proud to have completed the Responsible Gambling Council of Canada's Responsible Gambling (RG) Check annual update in 2017-18. The RG Check program is part of the corporation's ongoing commitment to responsible gambling programming that ensures players are making healthy and informed decisions about their play.

Transportation

STC The Bus Company

Key Financial Data

	2017-18	2016-17	Fifteen months 2015-16	2014	2013
Net earnings (loss)	**$ 26.6M**	$ (5.3M)	$ 0.3M	$ (0.4M)	$ (0.1M)
Operating earnings (loss)	**$ 2.8M**	$ (34.2M)	$ (16.7M)	$ (13.6M)	$ (13.3M)
Operating grant from CIC	**$ 11.5M**	$ 12.4M	$ 13.3M	$ 10.3M	$ 10.5M
Capital grant from CIC	**Nil**	$ 1.2M	$ 0.5M	$ 3.3M	$ 3.5M
Capital grant – Regina Maintenance Facility	**Nil**	Nil	$ 2.9M	$ 0.5M	Nil
Passenger loss per mile	**N/A**	$ 3.35	$ 2.97	$ 2.96	$ 2.73

2017-18 Financial Results

On March 22, 2017, the Government of Saskatchewan announced that operating and capital subsidies to the Saskatchewan Transportation Company (STC) would cease in the 2017-18 fiscal year, resulting in the wind up of STC. As a result, parcel express services ceased on May 19, 2017 and passenger services ceased on May 31, 2017. To fulfil its contractual obligations to Greyhound, certain depot locations remained open in limited operation until September 29, 2017.

With the conclusion of vehicular operations effective May 31, 2017, the majority of property and equipment was classified as assets held-for-sale on that date. As of March 31, 2018, an $11.1 million gain (2016-17 - Nil) was recorded on disposal of property, equipment and assets held-for-sale with one property remaining to be sold.

Key Operational Data	2017-18	2016-17	Fifteen months 2015-16	2014	2013
Communities served	**253**	253	253	253	284
Miles travelled	**0.5M**	2.8M	3.6M	2.9M	3.1M
Ridership	**25,197**	185,678	244,785	261,531	276,113
Full-time equivalents	**Nil**	204	208	225	225

The cessation of operations had a significant impact on revenues and expenses. Operating revenues were $2.5 million (2016-17 - $14.9 million). The decrease in operating revenues was reflective of only two months of vehicular operations in 2017-18. Operating expenses of $10.7 million (2016-17 - $49.1 million) decreased primarily due to only two months of vehicular operations. Staffing levels were reduced and asset depreciation ceased May 31, 2017 due to wind up requirements. The 2016-17 year included amounts for employee severance expenses and impairment losses on property, plant and equipment ($6.2 million and $14.7 million respectively) related to the wind up. Overall, operating income before grant funding was $2.8 million (2016-17 - $34.2 million operating loss).

STC received an operating grant of $11.5 million (2016-17 - $12.4 million) from CIC to support the final two months of operations and the wind up. The depreciation, impairment, and disposal of STC's property, equipment and assets held-for-sale also resulted in the recognition of $12.2 million (2016-17 - $16.5 million) in previously deferred capital grant revenue.

Capital spending for 2017-18 was $0.1 million (2016-17 - $1.4 million) and primarily related to maintaining building and fleet equipment until operations ceased. Unused capital grant funding of $0.6 million received during 2016-17 was returned to CIC in 2017-18.

2018-19 Outlook

STC will continue wind up efforts to dispose of its remaining asset, liabilities and obligations. Legal dissolution is expected to occur on March 31, 2019.

Key Enterprise Risks, Mitigations and Action Plans

STC identified, evaluated, prioritized and managed risks to support the wind up of operations. It undertook reviews of the enterprise risk management system to identify the top risks, mitigation strategies and action plans.

The top risks identified by STC were meeting customer needs until the cessation of services; being fiscally responsible and accountable; continuing as a high quality employer; and, completing wind up activities in a timely and effective manner. At the conclusion of 2017-18, STC had been successful in addressing these risks.

Investment & Economic Growth

Key Financial Data

	2017-18	2016-17	Fifteen months 2015-16	2014	2013
Net earnings	**$ 5.6M**	$ 0.5M	$ 1.6M	$ 2.3M	$ 2.4M
Dividends declared to CIC	**$ 3.1M**	Nil	$ 1.5M	$ 2.0M	$ 1.7M
Total assets	**$ 199.0M**	$ 188.0M	$ 188.9M	$ 191.1M	$ 193.7M
Capital spending	**$ 18.8M**	$ 12.0M	$ 5.1M	$ 6.2M	$ 5.5M
Debt ratio	**23.3%**	18.7%	14.0%	15.4%	15.0%

2017-18 Financial Results

Net earnings of $5.6 were $5.1 million higher than the prior fiscal year. Overall revenue of $41.3 million (2016-17 - $38.8 million) increased $2.5 million, primarily the result of the realized gain from the sale of the Prince Albert Forest Centre of $2.2 million. Overall vacancy at March 31, 2018 was 9.7 per cent reflecting an increase of 2.1 per cent when compared to the prior year. Although the vacancy rate is higher than SOCO's historical experience of 3.0 to 5.0 per cent, it is still below the Regina and Saskatoon office market vacancy rates, currently estimated at 11.0 and 15.0 per cent respectively.

Expenses of $34.2 million (2016-17 - $36.7 million) decreased $2.5 million. Bad debt expense decreased by $1.7 million as the prior year included a write-off of a significant accounts receivable balance. The continued focus on efficiency improvements and reducing total compensation costs resulted in a $0.5 million decrease in salaries and benefits. Total amortization expense decreased $0.6 million due to the prior year adjustments related to the replacement of significant end of life assets in three buildings in Saskatoon. The impacts of these reductions were partially offset by increases in grants in lieu of property taxes and inflationary increases to other expenses.

Investment in capital assets was $18.8 million (2016-17 - $12.0 million), an increase of $6.8 million primarily due to the renovation project for the Saskatchewan Research Council (SRC). Construction commenced in 2016-17 with substantial completion in March 2018. Total debt at March 31, 2018 was $57.7 million, $15.0 million higher than at March 31, 2017. The increase is due to the SRC renovation project being entirely debt funded. Debt incurred on the SRC project will be repaid through additional lease revenue from SRC in future years.

Helping Grow Saskatchewan's Technology Sector

Of the 161 new technology companies that began at Innovation Place, 117 (73%) are still operational today – more than twice the five-year survival rate for new businesses in Canada. Of those, 111 (69%) are still operating in Saskatchewan, with 54 at Innovation Place and 57 at other locations in the province.

Key Operational Data

	2017-18	2016-17	Fifteen months 2015-16	2014	2013
Vacancy rates	**9.7%**	7.6%	10.0%	7.7%	4.4%
Full-time equivalents	**93**	100	99	106	115
Number of new startup technology companies locating at Innovation Place	**10**	10	10	6	10

2018-19 Outlook

Budgeted net earnings for the year ended March 31, 2019 are $3.4 million, reflecting a decrease of $2.2 million when compared to the net earnings of $5.6 million realized for the year ended March 31, 2018. Although the sale of the Prince Albert Forest Centre aligns well with SOCO's efforts to focus on core business activities, the sale will have a negative impact on net earnings going forward.

The completion of the SRC project will have a favourable impact on net earnings. Although not reflected in vacancy in 2017-18 due to the space not being available for leasing, no revenue was being realized during the construction period. A full year of revenue and operating expenses is budgeted for 2018-19.

The 2018-19 budget was based on a projected vacancy rate at March 31, 2018 of 9.1 per cent, which was then assumed to remain relatively unchanged throughout the year, ending at 9.3 per cent at March 31, 2019. The increased vacancy is anticipated due to a continued contraction of the mining technology sector in Saskatoon (driven by commodity prices); space re-entering SOCO's inventory as a result of SRC's re-location; and a substantial contraction of a Regina tenant.

The capital budget for 2018-19 reflects a total investment of $16.5 million. The projects planned for the year either address revenue generating opportunities associated with filling vacant space or capital reinvestments required to ensure infrastructure is maintained in a way that supports the long-term sustainability of the corporation.

Key Enterprise Risks, Mitigations and Action Plans

The primary risk for SOCO is being unable, with a finite amount of space, to support the growth of existing tenants and the establishment of new tenants. Management has addressed this risk by reviewing all tenants from the perspective of their strategic relevance to the core technology clusters in order to determine whether any space can be made available through the relocation of non-core tenants to other space within the cities. Management and the Management Advisory Committees also evaluate potential new tenants according to their strategic fit in core technology clusters.

Closely associated with the primary risk is the risk of losing a significant tenant or several tenants in one industry. This would negatively impact financial results, the industry cluster, and/or the value for remaining tenants. As the likelihood and impact of this risk increases, it directly affects SOCO's ability to fulfill its mission and potentially decreases the value of the research parks by eroding existing clusters. Management continues to make special efforts to retain key strategic tenants.

Corporate Social Responsibility

SOCO uses its resources, through transparent and ethical behavior, to maximize the positive impact made while achieving its strategic objectives. SOCO recognizes that the corporation and its employees are an integral part of the communities in which it operates. Business practices and activities include the development of partnerships and/or the allocation of dollars and in-kind contributions to partnerships, sponsorships, and donations. SOCO provides numerous tenant focused programming/education events during the year, in order to help develop and increasing the economic success for tenants.

SOCO has a long history of promoting environmental sustainability in all aspects of its business. The result is exceptional building design and progressive work environments. All multi-tenant buildings in Saskatoon and Regina have achieved BOMA BEST certification, recognizing excellence in energy and environmental performance. Buildings are recertified every three years and audited by a third party. SOCO also has 2 LEED Gold certified buildings. This certification is an internationally accepted benchmark for high performance green buildings providing SOCO's tenants with superior air quality, low levels of off-gassing from building materials, enhanced access to daylight, and eco-friendly landscaping.

The HeadStart on A Home program committed capital to create an estimated economic output in Saskatchewan of $686 million.

Investment & Economic Growth

$480 million was made available in financing to construct entry-level housing in Saskatchewan.

Constructed **2,224 new homes** for Saskatchewan families.

HeadStart was a unique partnership between public and private groups that approved **74 projects** with **38 builders in 19 communities** across the Province.

HeadStart's partnership included Municipalities, builders, industry organizations, Saskatchewan Credit Unions and the Province of Saskatchewan.

It is estimated that the equivalent of **2,104 full-time jobs** have been created by the HeadStart program.

Purchaser demographics:

- 91% of purchasers were first time home buyers,
- 89% had been previously renting,
- 84% had household income of less than $70,000

HeadStart Homeowner
First Time Buyer: Lynn Laird
Lynn works in the children's education and foster system and, as a single parent to a teenage son, could identify with the financial struggle of attaining home ownership. Through HeadStart on a Home and the builder's downpayment assistance she was finally able to purchase her own home – a new condo that suited her lifestyle and price range. She loves her very own walk-in closet and ensuite bathroom!

To date **1,975 HeadStart units have been SOLD** and over 99% have been sold to Owner-Occupiers.

Key Financial Data

	2017-18		2016-17		Fifteen months 2015-16		2014		2013
Net (loss) earnings	**$**	**(1.1M)**	$	(1.4M)	$	(2.4M)	$	(4.0M)	$	1.2M
Loans receivable	**$**	**32.7M**	$	58.4M	$	83.0M	$	58.8M	$	43.8M
Efficiency ratio[1]		**244.8%**		237.9%		222.8%		192.2%		135.6%
Dollars repaid by developers	**$**	**37.6M**	$	71.1M	$	87.0M	$	59.5M	$	65.4M

[1] Efficiency ratio is defined as approved project amounts divided by funds available for investment since inception of the HeadStart on a Home program.

Key Operational Data

	2017-18	2016-17	Fifteen months 2015-16	2014	2013
Housing starts	**38**	196	428	586	566
Units sold to home buyers	**196**	331	326	420	449

2017-18 Financial Results

Saskatchewan Immigrant Investor Fund Inc. (SIIF) was established to participate in the Government of Canada's Immigrant Investor Program (IIP). SIIF uses IIP funds to deliver the Government of Saskatchewan's HeadStart on a Home program that assists developers in building affordable housing in Saskatchewan.

Net earnings increased by $0.3 million to a loss of $1.1 million in 2017-18 (2016-17 - $1.4 million loss). Net finance income decreased by $0.4 million from the prior year to $1.0 million. Interest income decreased by $1.3 million as a result of the reduced loans receivable balance, while interest expense decreased by $0.9 million due to the declining balance of debt due to the Government of Canada. The decline in finance income was offset by a decrease of $0.2 million in the provision for credit losses and a decrease of $0.6 million in management fees. Management fees are based on a percentage of outstanding loans receivable.

At March 31, 2018, SIIF had $29.7 million (2016-17 - $38.8 million) in cash and cash equivalents restricted for use in the HeadStart on a Home program. Loans receivable declined to $32.7 million at March 31, 2018 (2016-17 - $58.4 million) as SIIF's focus has now shifted to monitoring and managing its loan portfolio to facilitate the repayment of IIP funds to the Government of Canada.

At March 31, 2018, SIIF had $94.3 million (2016-17 - $128.6 million) in debt, including accrued interest, due to the Government of Canada pursuant to the IIP. SIIF repaid $36.6 million (2016-17 - $58.2 million) to the Government of Canada's IIP, issued $13.3 million (2016-17 - $47.7 million) in new loans to builders and developers, and received $37.6 million (2016-17 - $71.1 million) in loan principal repayments for the year ended March 31, 2018.

2018-19 Outlook

There will be no further funds advanced to builders for construction under the HeadStart on a Home program. Loan balances are expected to continue to decline as SIIF maintains its focus on managing and monitoring its loan portfolio as the program winds down. SIIF will continue to repay funds to the Government of Canada for the balance of its mandate.

Key Enterprise Risks, Mitigations and Action Plans

Concentration of credit risk relates to groups of counterparties that are engaged in similar activities, are in the same geographic area, or have comparable economic characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. SIIF has material concentrations of credit risk on its loan receivables which are due from builders and developers located in Saskatchewan, and therefore could be similarly impacted by changes in the Saskatchewan economy. However, the loans are diversified with companies and in communities throughout Saskatchewan, and therefore may not be identically impacted by changes in the overall Saskatchewan economy. SIIF performs due diligence and maintains credit policies and limits in respect to potential loans. Credit risk is also mitigated through SIIF holding a security interest in the units constructed, and the land upon which the units are constructed, which are in various communities throughout Saskatchewan.

Responsibility for Financial Statements

The accompanying consolidated financial statements have been prepared by management of Crown Investments Corporation of Saskatchewan. They have been prepared in accordance with International Financial Reporting Standards, consistently applied, using management's best estimates and judgements where appropriate. Management is responsible for the reliability and integrity of the consolidated financial statements and other information contained in this annual report.

CIC's Board of Directors is responsible for overseeing the business affairs of the corporation and also has the responsibility for approving the financial statements. The Board of Directors is responsible for reviewing the annual financial statements and meeting with management, the corporation's external auditors KPMG LLP, and the Provincial Auditor of Saskatchewan on matters relating to the financial process.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the financial statements. Management's attestation on the adequacy of financial controls appears opposite. The Provincial Auditor of Saskatchewan has reported to the legislative assembly that financial controls are adequately functioning.

KPMG LLP has audited the consolidated financial statements. Their report to the members of the legislative assembly, stating the scope of their examination and opinion on the consolidated financial statements, appears on the following page.

Blair Swystun, CFA
President & CEO

Cindy Ogilvie, CPA, CA
Vice President & CFO

June 27, 2018

Annual Statement of Management Responsibility

I, Blair Swystun, President and Chief Executive Officer of Crown Investments Corporation of Saskatchewan, and I, Cindy Ogilvie, Vice President and Chief Financial Officer of Crown Investments Corporation of Saskatchewan, certify the following:

That we have reviewed the consolidated financial statements included in the Annual Report of Crown Investments Corporation of Saskatchewan. Based on our knowledge, having exercised reasonable diligence, the consolidated financial statements included in the annual report, fairly present, in all material respects the financial condition, results of operations, and cash flows, as of March 31, 2018.

That based on our knowledge, having exercised reasonable diligence, the consolidated financial statements included in the Annual Report of Crown Investments Corporation of Saskatchewan do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

That Crown Investments Corporation of Saskatchewan is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and Crown Investments Corporation of Saskatchewan has designed internal controls over financial reporting that are appropriate to the circumstances of Crown Investments Corporation of Saskatchewan.

That Crown Investments Corporation of Saskatchewan conducted its assessment of the effectiveness of the Corporation's internal controls over financial reporting and, based on the results of this assessment, Crown Investments Corporation of Saskatchewan can provide reasonable assurance that internal controls over financial reporting as of March 31, 2018 were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

On behalf of management:

Blair Swystun, CFA
President & CEO

Cindy Ogilvie, CPA, CA
Vice President & CFO

June 27, 2018

Independent Auditors' Report

To the Members of the Legislative Assembly of Saskatchewan

We have audited the accompanying consolidated financial statements of **Crown Investments Corporation of Saskatchewan**, which comprise the consolidated statement of financial position as at March 31, 2018 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Crown Investments Corporation of Saskatchewan as at March 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants
June 27, 2018
Regina, Saskatchewan

Crown Investments Corporation of Saskatchewan
Consolidated Statement of Financial Position
As at March 31
(thousands of dollars)

	Note	2018	2017
ASSETS			
Current			
Cash and cash equivalents	6	**$ 170,616**	$ 158,184
Short-term investments	7	**165,953**	240,532
Short-term investments under securities lending program	7	**58,200**	61,595
Accounts receivable	8(d)	**1,073,333**	952,161
Derivative financial assets	8	**70,196**	16,348
Restricted cash and cash equivalents		**30,068**	43,340
Inventories	9	**275,203**	326,183
Prepaid expenses		**218,482**	197,306
Assets held-for-sale	10	**10,022**	5,637
		2,072,073	2,001,286
Restricted cash and cash equivalents		**4,663**	4,668
Investments	7	**1,621,896**	1,467,933
Investments under securities lending program	7	**198,912**	161,361
Investments in equity accounted investees	11	**140,959**	133,970
Property, plant and equipment	12	**14,276,125**	13,693,154
Investment property	13	**174,637**	163,872
Intangible assets	14	**457,531**	427,047
Other assets		**18,629**	12,033
		$ 18,965,425	$ 18,065,324
LIABILITIES AND PROVINCE'S EQUITY			
Current			
Bank indebtedness		**$ 15,218**	$ 14,381
Trade and other payables		**919,293**	810,367
Derivative financial liabilities	8	**216,786**	181,592
Notes payable	15	**1,563,495**	1,382,678
Deferred revenue	16	**572,589**	524,299
Provisions	17	**245,109**	221,152
Finance lease obligations	18	**20,167**	14,225
Long-term debt due within one year	19	**125,412**	207,833
		3,678,069	3,356,527
Provisions	17	**713,366**	671,680
Finance lease obligations	18	**1,110,260**	1,122,626
Long-term debt	19	**7,727,862**	7,446,988
Employee future benefits	20	**248,588**	384,765
Other liabilities	21	**223,656**	220,298
		13,701,801	13,202,884
Province of Saskatchewan's Equity			
Equity advances		**908,889**	908,889
Contributed surplus		**85**	85
Retained earnings		**4,303,094**	3,983,870
Accumulated other comprehensive income (loss)	23	**51,556**	(30,404)
		5,263,624	4,862,440
		$ 18,965,425	$ 18,065,324

Commitments and contingencies 24

(See accompanying notes)

On behalf of the Board:

Director Director

Crown Investments Corporation of Saskatchewan
Consolidated Statement of Comprehensive Income
For the Year Ended March 31
(thousands of dollars)

	Note	2018	2017
INCOME FROM OPERATIONS	25		
Revenue		**$ 5,635,144**	$ 5,285,921
Other income		**3,974**	12,237
		5,639,118	5,298,158
EXPENSES			
Operating		**2,638,349**	2,445,227
Salaries, wages and short-term employee benefits		**863,019**	862,513
Employee future benefits	20	**69,121**	68,999
Depreciation and amortization	26	**869,652**	820,285
Loss on disposal of property, plant and equipment		**53,584**	38,404
Impairment losses	27	**20,274**	17,660
Research and development		**167**	186
Provision for (recovery of) decommissioning and environmental remediation liabilities	17	**10,816**	(213)
Saskatchewan taxes and fees	28	**167,820**	165,127
		4,692,802	4,418,188
RESULTS FROM OPERATING ACTIVITIES		**946,316**	879,970
Finance income	29	**140,070**	154,207
Finance expenses	29	**(597,576)**	(607,848)
NET FINANCE EXPENSES		**(457,506)**	(453,641)
Share of net earnings from equity accounted investees	11	**11,330**	6,276
Net gain on sale of equity accounted investees		**21**	234
EARNINGS FROM CONTINUING OPERATIONS		**500,161**	432,839
Earnings (loss) from discontinued operations	10	**2,828**	(34,197)
NET EARNINGS		**502,989**	398,642
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to net earnings:			
Unrealized (losses) gains on cash flow hedges		**(54,726)**	14,534
Unrealized gains on sinking funds	7(b)	**4,488**	-
Realized gains (losses) on cash flow hedges		**10,421**	(10,557)
Amounts amortized to net earnings and included in finance income		**566**	558
Items that will not be reclassified to net earnings:			
Impact of changes in actuarial assumptions on defined benefit pension plans	20	**74,982**	(22,318)
Impact of changes in actuarial assumptions on other defined benefit plans	20	**1,769**	(201)
Return on pension plan assets (excluding interest income)	20	**64,755**	111,477
OTHER COMPREHENSIVE INCOME		**102,255**	93,493
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN		**$ 605,244**	$ 492,135

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Consolidated Statement of Changes in Equity
For the Year Ended March 31
(thousands of dollars)

	Attributable to the Province of Saskatchewan				
	Equity Advances	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive (Loss) Income (Note 23)	Total Equity
Balance at April 1, 2016	$ 908,889	$ 85	$ 3,804,178	$ (123,897)	**$ 4,589,255**
Total comprehensive income	-	-	398,642	93,493	**492,135**
Dividends to General Revenue Fund (GRF)	-	-	(218,950)	-	**(218,950)**
Balance at March 31, 2017	**908,889**	**85**	**3,983,870**	**(30,404)**	**4,862,440**
Impact of adoption of IFRS 9 (Note 3)	-	-	21,235	(20,295)	**940**
Balance at April 1, 2017 as restated	**908,889**	**85**	**4,005,105**	**(50,699)**	**4,863,380**
Total comprehensive income	**-**	-	502,989	102,255	**605,244**
Dividends to GRF	**-**	**-**	(205,000)	-	**(205,000)**
Balance at March 31, 2018	**$ 908,889**	**$ 85**	**$ 4,303,094**	**$ 51,556**	**$ 5,263,624**

(See accompanying notes)

CIC CONSOLIDATED

Crown Investments Corporation of Saskatchewan
Consolidated Statement of Cash Flows
For the Year Ended March 31
(thousands of dollars)

	Note	2018	2017
OPERATING ACTIVITIES			
Net earnings		**$ 502,989**	$ 398,642
Adjustments to reconcile net earnings to cash from operating activities	30(a)	**1,328,227**	1,251,382
		1,831,216	1,650,024
Net change in non-cash working capital balances related to operations		**90,437**	47,548
Interest paid		**(531,233)**	(515,652)
Net cash from operating activities		**1,390,420**	1,181,920
INVESTING ACTIVITIES			
Interest received		**46,659**	36,479
Dividends received		**904**	2,304
Purchase of investments		**(967,785)**	(960,997)
Proceeds from sale and collection of investments		**943,696**	947,033
Purchase of property, plant and equipment		**(1,447,168)**	(1,331,607)
Proceeds (costs) from sale of property, plant and equipment		**22,604**	(5,651)
Purchase of intangible assets		**(100,767)**	(94,293)
Purchase of investment property		**(18,533)**	(11,448)
Proceeds from sale of investment property		**7,822**	-
Decrease in restricted cash and cash equivalents		**13,347**	27,986
(Increase) decrease in other assets		**(124)**	6,683
Net cash used in investing activities		**(1,499,345)**	(1,383,511)
FINANCING ACTIVITIES	30(b)		
Increase (decrease) in notes payable		**180,817**	(140,405)
Increase (decrease) in other liabilities		**16,479**	(1,288)
Debt proceeds from GRF		**404,770**	768,300
Debt repayments to GRF		**(166,591)**	(200,221)
Debt proceeds from other lenders		**6,456**	482
Debt repayments to other lenders		**(55,510)**	(75,662)
Sinking fund installments		**(74,281)**	(68,828)
Sinking fund redemptions		**13,380**	11,475
Dividend paid to GRF		**(205,000)**	(218,950)
Net cash from financing activities		**120,520**	74,903
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR		**11,595**	(126,688)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		**143,803**	270,491
CASH AND CASH EQUIVALENTS, END OF YEAR		**$ 155,398**	$ 143,803
Cash and cash equivalents consists of:			
Cash and cash equivalents	6	**$ 170,616**	$ 158,184
Bank indebtedness		**(15,218)**	(14,381)
		$ 155,398	$ 143,803

(See accompanying notes)

1. General information

Crown Investments Corporation of Saskatchewan (CIC) is a corporation domiciled and incorporated in Canada. The address of CIC's registered office and principal place of business is 400 - 2400 College Avenue, Regina, SK, S4P 1C8. The consolidated financial statements of CIC comprise CIC and its subsidiaries (collectively referred to as "CIC" or "the Corporation") and the Corporation's interest in associates, joint ventures and joint operations with principal activities as described in Note 4(a).

2. Basis of preparation

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements were authorized for issue by the Board of Directors on June 27, 2018.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- Inventory at lower of cost and net realizable value (Note 4(c)).
- Financial instruments that are accounted for according to the categories defined in Note 4(i).
- Certain prepaid expenses for property and casualty insurance are discounted at expected future cash flows (Note 4(l)).
- Provisions discounted at expected future cash flows (Note 17).
- Employee future benefits are recognized at the fair value of plan assets less the present value of the accrued benefit obligation (Note 20).

c) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

d) Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant items subject to estimates and assumptions include the carrying amounts of property, plant and equipment (Note 12, 26, and 27), intangible assets (Note 14 and 26), investment property (Note 13 and 26), provisions (Note 17), accounts receivable (Note 8(d)), inventories (Note 9), investments (Note 7 and 27), and investments in equity accounted investees (Note 11), the underlying estimations of useful lives of depreciable assets (Note 26), the fair value of financial instruments (Note 8), the carrying amounts of employee future benefits including underlying actuarial assumptions (Note 20), and the measurement of commitments and contingencies (Note 24).

2. Basis of preparation *(continued)*

e) Use of judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements that affect the application of accounting policies.

Significant items subject to judgement are included in the accounting policies listed in Note 4.

3. Application of revised accounting standards

The following new standards and amendments to standards, effective for annual periods beginning on or after January 1, 2017, have been applied in preparing these consolidated financial statements:

IAS 7, *Statement of Cash Flows*

Effective April 1, 2017, the Corporation has adopted the disclosure requirements in *Disclosure Initiative* (amendments to IAS 7) in accordance with the provisions of the standard. Consequently, the Corporation has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended March 31, 2018. Comparative information has not been presented (see Note 30(b)).

IFRS 9, *Financial Instruments*

Effective April 1, 2017, the Corporation has early adopted IFRS 9, *Financial Instruments*. The Corporation has elected to adopt the standard retrospectively with impacts recorded in retained earnings as of April 1, 2017. The requirements of IFRS 9 represent a significant change from IAS 39, *Financial Instruments: Recognition and Measurement*.

The key changes to the Corporation's accounting policies resulting from its adoption of IFRS 9 are summarized below.

a) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed as well as by its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

Sinking funds were classified as fair value through profit or loss under IAS 39. The sinking funds are administered and managed by the Ministry of Finance. The business model objective is to both hold underlying investments in the sinking funds to collect contractual cash flows and to sell. The contractual terms of sinking funds give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. As a result, these financial assets have been classified as debt instruments designated as FVOCI under IFRS 9.

The adoption of IFRS 9 has not had a significant effect on the Corporation's accounting policies for financial liabilities.

3. Application of revised accounting standards *(continued)*

IFRS 9, *Financial Instruments* *(continued)*

b) Hedge accounting

IFRS 9 requires the Corporation to ensure that hedge accounting relationships are aligned with risk management objectives and strategies and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

The Corporation is exposed to natural gas price risk from natural gas purchased for the production of electricity through certain power purchase agreements that have a cost component based on the market price of natural gas. To manage this price risk, the Corporation enters into derivative swap instruments. The Corporation elected to apply hedge accounting under IFRS 9 to the majority of its natural gas hedges. As a result, the effective portion of the changes in fair value related to these derivative financial instruments will be recognized in other comprehensive income (OCI).

c) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost and debt instruments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

d) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

- Comparative periods have not been restated for retrospective application. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings as at April 1, 2017.
- Changes to hedge accounting policies have been applied prospectively to hedging relationships that existed on or after April 1, 2017.
- All hedging relationships designated under IAS 39 at March 31, 2017, met the criteria for hedge accounting under IFRS 9 at April 1, 2017, and are therefore regarded as continuing hedging relationships.

The following table summarizes the impact of transition to IFRS 9 on retained earnings at April 1, 2017:

Retained earnings	
Closing balance under IAS 39 as at March 31, 2017	**$ 3,983,870**
Reclassification of market value losses on sinking funds under IFRS 9	**20,295**
Recognition of expected credit losses under IFRS 9	**940**
Opening balance under IFRS 9 as at April 1, 2017	**$ 4,005,105**
Accumulated other comprehensive loss	
Closing balance under IAS 39 as at March 31, 2017	**$ (30,404)**
Reclassification of market value losses on sinking funds under IFRS 9	**(20,295)**
Opening balance under IFRS 9 as at April 1, 2017	**$ (50,699)**

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3. Application of revised accounting standards *(continued)*

IFRS 9, *Financial Instruments* *(continued)*

e) Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

Each class of the Corporation's financial assets and financial liabilities has maintained the same measurement category under IFRS 9 as its original measurement category under IAS 39, with the exception of the following:

- All financial assets previously classified as loans and receivables under IAS 39 are now classified as amortized cost under IFRS 9; and
- Sinking funds classified as FVTPL are now classified as FVOCI.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The accounting policies have been consistently applied by CIC's subsidiaries.

a) Basis of consolidation

Subsidiaries

Saskatchewan provincial Crown corporations are either designated as subsidiary Crown corporations of CIC or created as CIC Crown corporations under *The Crown Corporations Act, 1993* (the Act). The Act assigns specific financial and other responsibilities regarding these corporations to CIC.

In addition to the Crown corporations listed below, the Corporation also consolidates the accounts of Gradworks Inc., a wholly-owned non-profit subsidiary, and the following wholly-owned share capital subsidiaries: CIC Asset Management Inc.; First Nations and Métis Fund Inc.; CIC Economic Holdco Ltd.; and Saskatchewan Immigrant Investor Fund Inc. (SIIF), all of which are domiciled in Canada. As at March 31, 2018, Gradworks Inc. was dissolved.

Separate audited financial statements for CIC have been prepared to show the financial position and results of operations of the corporate entity. In addition, audited financial statements for each of the undernoted Crown corporations, which are consolidated in these financial statements, are prepared and released publicly:

Wholly-owned subsidiaries domiciled in Canada	**Principal Activity**
SaskEnergy Incorporated (SaskEnergy)	Natural gas storage and delivery
Saskatchewan Gaming Corporation (SGC)	Entertainment
Saskatchewan Government Insurance (SGI CANADA)	Property and casualty insurance
Saskatchewan Opportunities Corporation (SOCO)	Research parks
Saskatchewan Power Corporation (SaskPower)	Electricity
Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications (collectively SaskTel)	Information and communications technology
Saskatchewan Transportation Company (STC) (Note 10)	Passenger and freight transportation
Saskatchewan Water Corporation (SaskWater)	Water and wastewater management

4. Significant accounting policies *(continued)*

a) Basis of consolidation *(continued)*

Associates and joint ventures (investments in equity accounted investees)

Associates are those entities in which the Corporation has significant influence, but not control over strategic financial and operating decisions. Significant influence is presumed to exist when the Corporation holds between 20.0 and 50.0 per cent of the voting power of another entity.

Joint ventures are those entities over whose activities the Corporation has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions, and provide the Corporation with rights to the net assets of the arrangement.

Associates and joint ventures are accounted for using the equity method and are recognized initially at cost. The Corporation's investment includes any goodwill identified at acquisition, net of accumulated impairment losses. The consolidated financial statements include the Corporation's share of the total comprehensive income and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Corporation, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Corporation's share of losses exceeds its interest in equity accounted investees, the carrying amount of that interest is reduced to Nil and the recognition of further losses is discontinued except to the extent that the Corporation has an obligation or has made payments on behalf of the investee.

Joint operations

Joint operations are those entities over whose activities the Corporation has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions; and provide the Corporation with rights to the assets, and obligations for the liabilities, related to the arrangement. The consolidated financial statements include the Corporation's proportionate share of joint operation assets, incurred liabilities, income and expenses. The Corporation has classified the following as joint operations:

i) Kisbey Gas Gathering and Processing Facility (Kisbey)

The Corporation has a 50.0 per cent interest in Kisbey, which operates natural gas processing facilities in Saskatchewan.

ii) Totnes Natural Gas Storage Facility (Totnes)

The Corporation has a 50.0 per cent interest in Totnes, which operates natural gas storage facilities in Saskatchewan.

iii) Cory Cogeneration Station (Cory)

The Corporation has a 50.0 per cent interest in an unincorporated joint venture with ATCO Power Canada Ltd. The joint venture owns and operates a 249 megawatt (MW) natural gas-fired, cogeneration power plant (Cory Cogeneration Station) in Saskatchewan. The electricity generated by the facility is sold to the Corporation under the terms of a 25 year power purchase agreement.

4. Significant accounting policies *(continued)*

a) Basis of consolidation *(continued)*

Joint operations *(continued)*

iv) International CCS Knowledge Centre

The Corporation has a 50.0 per cent interest in the International CCS Knowledge Centre. This not-for-profit corporation was established to advance the understanding and use of carbon capture and storage as a means of managing greenhouse gas emissions and to further research projects related thereto as agreed upon by its members from time to time.

Special purpose entities

The Corporation has established certain special purpose entities (SPEs) for trading and investment purposes. The Corporation does not have any direct or indirect shareholdings in these entities. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Corporation and the SPE's risks and rewards, the Corporation concludes that it controls the SPE. SPEs controlled by the Corporation were established under terms that impose strict limitations on the decision-making powers of the SPE's management and that result in the Corporation receiving the majority of the benefits related to the SPE's operations and net assets, being exposed to risks incident to the SPE's activities, and retaining the majority of the residual or ownership risks related to the SPE or its assets. There are no SPEs that are material to the Corporation's consolidated results.

Transactions eliminated on consolidation

Inter-group balances and transactions, and any unrealized income and expenses arising from inter-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with investments in equity accounted investees are eliminated against the investment to the extent of the Corporation's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b) Cash and cash equivalents

Cash and cash equivalents include short-term investments that have a maturity date of ninety days or less. The Corporation classifies cash and cash equivalents as financial instruments at fair value through profit or loss.

c) Inventories

Inventories for resale, including natural gas in storage held-for-resale, are valued at the lower of weighted average cost and net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale. Net realizable value for natural gas inventory is determined using natural gas market prices based on anticipated delivery dates. Natural gas in storage held-for-resale is charged to inventory when purchased and expensed as sold.

Other supplies inventories are valued at the lower of weighted average cost and net realizable value. Replacement cost is used as management's best estimate of the net realizable value for other supplies inventory. In establishing the appropriate provision for supplies inventory obsolescence, management estimates the likelihood that supplies inventory on hand will become obsolete due to changes in technology. Other supplies are charged to inventory when purchased and expensed or capitalized when used.

4. Significant accounting policies *(continued)*

d) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition or construction of the asset. The cost of self-constructed assets includes materials, services, direct labour, directly attributable overheads, and other costs directly attributable to preparing the asset for its intended use. Interest costs associated with major capital and development projects are capitalized during the construction period at the weighted average cost of long-term borrowings. Assets under construction are recorded as in progress until operational and available for use, at which time they are transferred to property, plant and equipment.

Costs are recognized as an asset if it is probable that economic benefits associated with the item will flow to the Corporation and the cost can be reliably measured. Significant renewals and enhancements to existing assets are capitalized only if the useful life of the asset is increased, physical output, service capacity or quality is improved above original design standards, or operating costs are reduced by a substantial and quantifiable amount that can be reliably measured. The cost of maintenance, repairs, renewals or replacements which do not provide benefits into the future are charged to operating expense as incurred.

Significant parts of an item of property, plant and equipment that have different useful lives are accounted for as separate items of property, plant and equipment.

When property, plant and equipment is disposed of or retired, the related costs less accumulated depreciation and impairment losses are eliminated from the accounts. Any resulting gains or losses are reflected in net earnings in the period of disposal.

e) Depreciation of property, plant and equipment

Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual amount. Depreciation is recorded primarily on the straight-line basis over the useful life of each asset as follows:

Machinery and equipment	3 - 100 years
Buildings and improvements	5 - 100 years
Coal properties and rights	21 years

The useful life and depreciation method are reviewed periodically to ensure consistency with the expected pattern of economic benefits from these assets.

Assets held under finance leases are depreciated over the expected useful economic life of each asset on the same basis as for owned assets, or where shorter, the lease term.

f) Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

The Corporation measures goodwill as the fair value of the consideration transferred less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in net earnings.

4. Significant accounting policies *(continued)*

f) Intangible assets *(continued)*

Goodwill *(continued)*

Subsequent to acquisition, goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

On disposal of a subsidiary or a joint operation, the attributed amount of goodwill is included in the determination of the gain or loss on disposal.

Research and development

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in net earnings when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if the amount can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Corporation intends to and has sufficient resources to complete development and to use or sell the asset. Expenditures capitalized include the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Interest costs related to the development of qualifying assets are capitalized. Other development expenditures are recognized in net earnings as incurred.

Capitalized development expenditures are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in the Consolidated Statement of Comprehensive Income on a straight-line basis over the estimated useful life of 1 to 7 years.

Finite-life intangibles

Finite-life intangible assets, acquired individually, with a group of other assets, or through the Corporation's authorized dealers are measured at cost of acquisition or development less accumulated amortization and accumulated impairment losses and may include direct development costs and overhead costs directly attributable to the development activity. Customer accounts acquired are measured at cost less accumulated amortization and any accumulated impairment losses, and are amortized on a straight-line basis over an estimated useful life of 2 to 13 years from the date of acquisition.

Capitalized software includes externally purchased software packages as well as external and internal direct labour costs related to internally developed programs. Software development costs are capitalized if it is probable that the asset developed will generate future economic benefits. Software is amortized on a straight-line basis over an estimated useful life of 1 to 10 years from the date of acquisition. Maintenance of existing software programs is expensed as incurred.

Estimated useful lives of finite-life intangible assets are reviewed annually with any changes applied prospectively.

4. Significant accounting policies *(continued)*

f) Intangible assets *(continued)*

Indefinite-life intangibles

Spectrum licences, for wireless telecommunication services, have been classified as indefinite-life intangible assets due to the current licensing terms, the most significant of which are minimal renewal fees and no regulatory precedent of material licence revocation. Should these factors change, the classification as indefinite life will be reassessed. The licences are not subject to amortization and are carried at cost less accumulated impairment losses.

g) Investment property

Properties held for rental purposes are classified as investment properties and are measured at cost less accumulated amortization and impairment losses. Amortization is recorded on investment property on the straight-line basis over the estimated life of each asset as follows:

Buildings	20 - 80 years
Infrastructure	25 - 60 years
Leasehold improvements	Lease term

Depreciation commences when the asset is ready for its intended use. The useful life and depreciation method are reviewed periodically to ensure consistency with the expected pattern of economic benefits from these assets.

h) Deferred supply agreements

Deferred supply agreements include payments made in accordance with long-term coal supply agreements. The Corporation is amortizing the deferred assets over the remaining life of the long-term coal supply agreements.

i) Financial instruments

The Corporation classifies its financial instruments into one of the following categories: fair value through profit or loss; amortized cost; fair value through other comprehensive income; and other liabilities at amortized cost.

Financial assets and liabilities are offset and the net amount reported on the Consolidated Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

4. Significant accounting policies *(continued)*

i) Financial instruments *(continued)*

Classification and measurement

All financial instruments are measured at fair value on initial recognition. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments at fair value through profit or loss in which case the transaction costs are expensed as incurred. Measurement in subsequent periods depends on the classification of the financial instrument (Note 8).

i) Financial instruments at fair value through profit or loss

The Corporation classifies cash and cash equivalents, derivative financial assets and liabilities that do not qualify as a hedge and are not designated as a hedge, restricted cash and cash equivalents, certain investments, and bank indebtedness as financial instruments at fair value through profit or loss. Financial instruments classified as fair value through profit or loss are subsequently measured at fair value with changes in fair value recognized in net earnings.

ii) Financial assets at amortized cost

The Corporation classifies accounts receivable and certain investments as amortized cost. Amortized cost financial instruments are subsequently measured at amortized cost using the effective interest method, less any provision for impairment losses.

iii) Financial instruments at fair value through other comprehensive income

The Corporation classifies sinking funds as fair value through other comprehensive income. Financial instruments classified as fair value through other comprehensive income are subsequently measured at fair value with changes in fair value recognized in other comprehensive income.

iv) Other liabilities at amortized cost

The Corporation classifies trade and other payables, notes payable, and long-term debt as other liabilities. Other liabilities are non-derivative financial liabilities that are not designated as fair value through profit or loss. Subsequent to initial recognition, these non-derivative financial liabilities are accounted for at amortized cost using the effective interest method.

Investments under securities lending program

Securities lending transactions are entered into on a collateralized basis. The securities lent are not derecognized on the Consolidated Statement of Financial Position given that the risks and rewards of ownership are not transferred from the Corporation to the counterparties in the course of such transactions. The securities are included in the Consolidated Statement of Financial Position on the basis that the counterparties may resell or re-pledge the securities during the time that the securities are in their possession.

Securities received from counterparties as collateral are not included in the Consolidated Statement of Financial Position given that the risks and rewards of ownership are not transferred from the counterparties to the Corporation in the course of such transactions.

4. Significant accounting policies *(continued)*

i) Financial instruments *(continued)*

Structured settlements

In the normal course of insurance claim adjudication, the Corporation settles certain long-term claims losses through the purchase of annuities under structured settlement arrangements with life insurance companies. As the Corporation does not retain any interest in the related insurance contract and obtains a legal release from the claimant, any gain or loss on the purchase of the annuity is recognized in the Consolidated Statement of Comprehensive Income at the date of the purchase and the related claims liabilities are derecognized.

However, the Corporation remains exposed to the credit risk that the life insurance companies may fail to fulfill their obligations (Note 8(f)(iii)).

Derivative instruments

The Corporation utilizes a variety of derivative instruments to manage its exposure to interest rate, electricity and natural gas price risk. The terms and conditions of certain derivative financial instrument contracts require the Corporation to provide collateral when the fair value of the obligation pursuant to these contracts is in excess of exposure limits granted. When posted, these collateral amounts are recognized as margin deposits on derivative financial instruments and are included with accounts receivable.

In order to qualify for hedge accounting, the Corporation designates derivatives as hedges through formal documentation of all relationships between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking the hedge transaction. This process includes linking derivatives to specific assets and liabilities or to specific firm commitments or forecast transactions. The Corporation formally assesses both at the hedge's inception and on an ongoing basis, whether the derivatives used are highly effective in offsetting changes in cash flows of the hedged item and the timing of the cash flows is similar.

The Corporation may enter into forward contracts to hedge exposures to anticipated changes in commodity prices on forecasted natural gas purchases and bond forward agreements to hedge exposures to anticipated changes in interest rates on certain forecasted issuances of long-term debt. The Corporation has chosen to designate these contracts as cash flow hedges. The Corporation assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method. The Corporation applies a hedge ratio of 1:1. As such, the effective portion of the changes in fair value related to the derivative financial instruments have been recognized in other comprehensive income, with the fair value being recognized as derivative financial assets or liabilities on the Consolidated Statement of Financial Position. Ineffective portions of hedges are recorded in profit or loss immediately. When the natural gas forward agreements are settled, the resulting gain or loss recorded in accumulated other comprehensive income is recognized in net earnings immediately. When the bond forward agreements expire upon the issuance of long-term debt, the resulting gain or loss recorded in accumulated other comprehensive loss is amortized to net earnings over the term of the debt. If no debt is issued, the gain or loss is recognized in net earnings immediately.

Derivative instruments not designated as a hedge are classified as fair value through profit or loss and are recorded at fair value in the Consolidated Statement of Financial Position in current assets or current liabilities, as described in Note 8, commencing on the trade date. The change in the fair value is recorded in net earnings and classified within the revenue or expense category to which it relates. The revenue and expense categories impacted are described in Note 8(b).

4. Significant accounting policies *(continued)*

i) Financial instruments *(continued)*

Derivative instruments *(continued)*

Certain commodity contracts for the physical purchase of natural gas qualify as own-use contracts. The Corporation entered into these contracts for the purpose of physical receipt of the natural gas in accordance with its own expected usage requirements for the generation of electricity and sales requirements for commodity customers. As such, these non-financial derivative contracts are not recorded at fair value on the Consolidated Statement of Financial Position; rather, the contracts are accounted for as a purchase at the time of delivery.

Derivatives may be embedded in hybrid contracts that also include a non-derivative host. If a hybrid contract contains a host that is a financial asset within the scope of IFRS 9, the entire contract is classified as a financial asset. If a hybrid contract contains a host that is not an asset with the scope of IFRS 9, an embedded derivative is treated as separate derivative when the economic characteristics and risks are not clearly and closely related to those of the host instrument, when the embedded derivative has the same terms as those of a stand-alone derivative, and the combined contract is not measured at fair value with changes in fair value recognized in profit or loss. These embedded derivatives are typically measured at fair value with subsequent changes recognized in net earnings.

The Corporation utilizes natural gas sales contracts with embedded derivatives for non-regulated contract sales to large end-use customers.

j) Impairments

Financial assets

The Corporation recognizes loss allowances for ECLs on financial assets measured at amortized cost and debt instruments designated as FVOCI. The Corporation measures loss allowances for accounts receivables at an amount equal to lifetime ECL. Debt instruments and other receivables that are determined to have low credit risk at the reporting date are measured at 12-month ECL. The Corporation considers a debt instrument to have low credit risk when its credit risk rating is A or higher (investment grade).

When determining whether the credit risk of a financial asset has increased, the Corporation performs a quantitative and qualitative analysis based on the Corporation's historical experience and forward-looking information. The Corporation assumes that the credit risk on a financial asset has increased significantly if it is more than 30-120 days past due. The Corporation considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Corporation in full, without recourse by the Corporation to actions such as realizing security.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets and recognized in net earnings. For debt instruments at FVOCI, the loss allowance is charged to net earnings and is recognized in OCI. The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery.

4. Significant accounting policies *(continued)*

j) Impairments *(continued)*

Non-financial assets

The carrying amounts of non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net earnings. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

k) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the obligation or at the best estimate to settle the obligation at the end of the reporting period. The unwinding of the discount on provisions is recognized as finance expenses.

4. Significant accounting policies *(continued)*

k) Provisions *(continued)*

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Decommissioning provisions

A decommissioning provision is a legal or constructive obligation associated with the decommissioning of a long-lived asset. The Corporation recognizes decommissioning provisions in the period incurred if a reasonable estimate of fair value (net present value) can be determined. The Corporation recognizes provisions to decommission coal, natural gas, cogeneration and wind generation facilities in the period in which the facility is commissioned.

The fair value of estimated decommissioning costs is recorded as a provision with an offsetting amount capitalized and included as part of property, plant and equipment. Decommissioning provisions are increased periodically for the passage of time by calculating accretion expense on the provision. The offsetting capitalized costs are depreciated over the estimated useful life of the related asset.

The calculations of fair value are based on detailed studies that take into account various assumptions regarding the anticipated future cash flows including the method and timing of decommissioning and an estimate of future inflation. Decommissioning provisions are periodically reviewed and any changes in the estimated timing and amount of future cash flows, as well as changes in the discount rate, are recognized as an increase or decrease in the carrying amount of the liability and the related asset. If the asset is fully depreciated, the changes are recognized in net earnings immediately.

Environmental remediation

A provision for environmental remediation is accrued when the occurrence of an environmental expenditure, related to present or past activities of the Corporation, is considered probable and the costs of remedial activities can be reasonably estimated. These estimates include costs for investigations and remediation at identified sites. These provisions are based on management's best estimate considering current environmental laws and regulations and are recorded at fair value. The Corporation reviews its estimates of future environmental expenditures on an ongoing basis. Changes in the estimated timing and amount of future cash flows, as well as changes in the discount rate, are recognized in net earnings immediately.

Unpaid insurance claims

The provision for unpaid claims represents an estimate of the total cost of outstanding claims. The estimate includes the cost of reported claims, claims incurred but not reported, an estimate of adjustment expenses to be incurred on these claims and a provision for adverse deviation in accordance with Canadian Institute of Actuaries' Standards. The estimates are necessarily subject to uncertainty and are selected from a range of possible outcomes. During the life of the claim, adjustments to the estimates are made as additional information becomes available. The change in outstanding losses plus paid losses is reported as claims incurred in the current period and is included in net earnings.

4. Significant accounting policies *(continued)*

l) Revenue

Natural gas sales and delivery

Revenue is recognized when natural gas is delivered to customers. An estimate of natural gas delivered, but not billed, is included in net earnings.

Natural gas transportation and storage

Revenue is recognized when transportation, storage and related services are provided to the customer. An estimate of transportation, storage and related services rendered but not billed is included in net earnings.

Electricity

Saskatchewan electricity sales and exports are recognized upon delivery to the customer and include an estimate of electricity deliveries not yet billed at period-end. The estimated unbilled revenue is based on several factors, including estimated consumption by customer, applicable customer rates and the number of days between the last billing date and the end of the period. Electricity trading contracts are recorded at fair value.

Telecommunications

Telecommunications revenue represents the fair value of the consideration received or receivable for the services provided and equipment sales, net of discounts, volume rebates and sales taxes. Revenue from the sale of equipment and rendering of services is recognized in the period the services are provided or the equipment is sold, when there is persuasive evidence that an arrangement exists, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Corporation and, in the case of equipment sales, when the significant risks and rewards of ownership of the goods are transferred to the buyer. Where the Corporation acts as an agent in a transaction, amounts collected on behalf of the principal are excluded from revenue.

Revenues from telecommunications, data, internet, and entertainment are recognized based on access to the Corporation's network and facilities at the rate plans in effect during the period the service is provided. Certain service connection charges and activation fees, along with corresponding direct costs are deferred and recognized over the average expected term of the customer relationship. Revenues from long distance and wireless airtime are recognized based on the usage or rate plans in the period service is provided.

Revenues for longer term contracts are recognized in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed. Payments received in advance are recorded as deferred revenue until the product or service is delivered.

Customer solutions may involve the delivery of multiple services and products that occur at different points and over different periods of time. The multiple services are separated into respective accounting units and consideration is allocated among the accounting units. The relevant revenue recognition policies are applied to each accounting unit. When an amount allocated to a delivered item is contingent upon the delivery of additional items or meeting specified performance conditions, the amount allocated to that delivered item is limited to the non-contingent amount.

4. Significant accounting policies *(continued)*

l) Revenue *(continued)*

Telecommunications *(continued)*

When the Corporation receives no identifiable separate benefit for consideration given to a customer (discounts and rebates), the consideration is recorded as a reduction of revenue rather than as an expense.

The Canadian Radio-television and Telecommunications Commission (CRTC) has established a National Subsidy Fund to subsidize Local Exchange Carriers (LECs), like the Corporation, that provide service to residential customers located in high cost service areas (HCSAs). The CRTC has set the rate per line and band for all LECs. The Corporation recognizes the revenue on an accrual basis by applying the rate to the number of residential network access lines served during the period in HCSAs.

Property and casualty insurance

The Corporation's property and casualty insurance policies have all been classified upon inception as insurance contracts. An insurance contract is a contract that transfers significant insurance risk and, upon the occurrence of the insured event, causes the insurer to make a benefit payment to the insured party. The sale of policies generates premiums written and are recorded in revenue over the terms of the related policies, no longer than twelve months. The portion of the policy premiums relating to the unexpired term of each policy is recorded as an unearned insurance premium (Note 16).

At the end of each period, a liability adequacy test is performed to validate the adequacy of unearned insurance premiums (Note 16) and deferred policy acquisition costs (included in prepaid expenses on the Consolidated Statement of Financial Position). A premium deficiency would exist if unearned insurance premiums are deemed insufficient to cover the estimated future costs associated with the unexpired portion of written insurance policies. A premium deficiency would be recognized immediately as a reduction of prepaid expenses to the extent that unearned insurance premiums plus anticipated finance income is not considered adequate to cover all deferred policy acquisition costs and related insurance claims and expenses. If the premium deficiency is greater than the unamortized deferred policy acquisition costs, an unearned insurance premium liability is accrued for the excess deficiency.

Gaming

Gaming revenue (table and slot revenues) represents the net win from gaming activities, which is the difference between the amounts wagered and the payouts by the casino. Gaming revenues are net of accruals for anticipated payouts of progressive jackpots.

Customer contributions

The Corporation obtains customer contributions related to the construction of new natural gas, electricity, water and wastewater service connections.

Customer contributions for natural gas and electricity service are recognized initially as deferred revenue and are recognized into net earnings once the related property, plant and equipment is available for use. These customer contributions are often subject to refunds over a specified period. An estimate of these refunds remains in deferred revenue until the eligible refund period expires.

4. Significant accounting policies *(continued)*

l) Revenue *(continued)*

Customer contributions *(continued)*

Customer contributions received from water and wastewater customers are recognized initially as other liabilities when there is reasonable assurance that they will be received and the Corporation will comply with the conditions associated with the customer contract. The contributions are then recognized into net earnings on a systematic basis over the life of the related customer contract. If there is no customer contract in place, the contributions are recognized into revenue on a systematic basis over the life of the related assets.

Other

Revenue from sales of other products is recognized when goods are shipped and title has passed to the customer or based on the right to revenue pursuant to contracts with customers, tenants and clients.

m) Government grants

Conditional government grants are initially measured at fair value and recognized as other liabilities provided that there is reasonable assurance that the grant will be received and the Corporation will comply with the conditions associated with the grant. Grants that compensate the Corporation for expenses incurred are recognized in net earnings in the same period in which the expenses are recognized. Grants that compensate the Corporation for the cost of an asset are capitalized and recognized in net earnings over the useful life of the asset.

n) Foreign currency transactions

Transactions in foreign currencies are translated to Canadian dollars at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Canadian dollars at the exchange rate at that date. Non-monetary assets and liabilities are translated using the exchange rates on the date of the transactions. Foreign currency differences arising on translation are recognized in net earnings.

o) Employee future benefits

The Corporation has three defined benefit pension plans, a defined contribution pension plan, and other plans that provide post-retirement benefits for its employees.

Defined contribution pension plan

A defined contribution plan is a post-employment benefit under which the Corporation pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan are recognized as an employee future benefit expense in net earnings in the period during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

4. Significant accounting policies *(continued)*

o) Employee future benefits *(continued)*

Defined benefit pension plans

A defined benefit pension plan is a post-employment benefit plan in which the Corporation's net obligation is calculated by estimating the discounted amount of future benefit that employees have earned in return for service in the current and prior periods and deducting the fair value of plan assets.

The calculation of the net defined benefit pension obligation or asset is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the defined benefit pension plans or reductions in future contributions to the pension plans. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit pension obligation or asset are comprised of actuarial gains and losses, the return on plan assets (excluding interest), and the effect of the asset ceiling (if any, excluding interest), and are recognized immediately in OCI. The net interest expense (income) on the net defined benefit pension plan obligation or asset is determined by applying the discount rate used to measure the defined benefit pension plan obligation or asset at the beginning of the period, to the net defined benefit pension plan obligation or asset, taking into account any changes in the net defined pension plan obligation or asset during the period as a result of contributions and benefit payments. Net interest expense related to the defined benefit pension plans is recognized immediately in net earnings as part of finance expenses.

When the benefits of the defined benefit pension plans are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in net earnings. The Corporation recognizes gains and losses on the settlement of defined benefit pension plans when the settlement occurs.

The discount rate used to determine the benefit obligation and the fair value of plan assets is determined by reference to market interest rates of high-quality debt instruments at the measurement date, with cash flows that match the timing and amount of expected benefit payments.

Other defined benefit plans

The Corporation's obligation in respect of employee future benefits other than pension plans is the discounted estimated amount of future benefit that employees have earned in return for service in the current and prior periods. The discount rate used to determine the benefit obligation is determined by reference to market interest rates at the measurement date of high-quality debt instruments, with cash flows that match the timing and amount of expected benefit payments. The calculation is performed by a qualified actuary using the projected unit credit method. Remeasurements, consisting of actuarial gains and losses, are recognized immediately in OCI. Net interest expense on the other defined benefit obligation is recognized immediately in net earnings as part of finance expenses.

The Corporation has not established a trust nor does it hold property for the specific purpose of providing benefits to the participants of these plans. Benefits are funded by the current operations of the Corporation.

p) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided.

4. Significant accounting policies *(continued)*

q) Assets held-for-sale and discontinued operations

Assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than continuing use are classified as held-for-sale. Immediately before classification as held-for-sale, the assets (or components of a disposal group) are re-measured in accordance with the Corporation's accounting policies. Thereafter, generally the assets (or disposal group) are measured at the lower of the carrying amount and the fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, employee future benefit assets, or investment property, which continue to be measured in accordance with the Corporation's accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognized in net earnings. Gains are not recognized in excess of cumulative impairment losses.

A discontinued operation is a component of the Corporation's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held-for-sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale if earlier. When an operation is classified as a discontinued operation, the comparative Consolidated Statement of Comprehensive Income is reclassified as if the operation had been discontinued from the start of the comparative year (Note 10).

r) Finance income and expenses

Finance income comprises sinking fund earnings, interest income on investments at fair value through profit or loss, gains on sale of investments at fair value through profit or loss, changes in fair value of financial assets at fair value through profit or loss, and interest income from defined benefit pension plans.

Finance expenses comprise interest expense on financial liabilities measured at amortized cost, changes in the fair value of financial assets at fair value through profit or loss, accretion expense on provisions less interest capitalized, interest costs on defined benefit pension plans and other defined benefit plans, and amounts amortized to net earnings from accumulated other comprehensive loss. Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset form part of the cost of that asset, with a corresponding decrease in financing expenses.

On the Consolidated Statement of Cash Flows, interest paid is classified as an operating activity, interest received is classified as an investing activity, dividends received are classified as an investing activity and dividends paid are classified as a financing activity.

s) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the Corporation. The Corporation has assessed its arrangements to determine whether or not leases exist. Certain take-or-pay power purchase agreements which, in management's judgement, give the Corporation the exclusive right to use specific production assets, meet the definition of a lease. These arrangements are classified as finance leases.

Assets held under finance leases are initially recognized at the lower of fair value at the inception of the lease or the present value of the minimum lease payments. The corresponding liability is recorded as a finance lease obligation. Each lease payment is allocated between the liability and interest so as to achieve a constant rate on the finance balance outstanding. The interest component is included in finance expense.

4. Significant accounting policies *(continued)*

s) Leases *(continued)*

All other transactions in which the Corporation is the lessee are classified as operating leases. Payments made under operating leases are expensed over the term of the lease.

t) New accounting standards and interpretations not yet adopted

Certain new standards, interpretations and amendments to existing standards were issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee that are not yet effective for the year ended March 31, 2018. These include:

IFRS 15, *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers.* The new standard establishes principles to record revenues from contracts for the sale of goods or services, unless the contracts are in the scope of other IFRS standards. Under IFRS 15, revenue is recognized at an amount that reflects the expected consideration receivable in exchange for transferring goods or services to a customer, applying the following five steps:

1. Identify the contract with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The new standard also provides guidance relating to contract costs and for the measurement and recognition of gains and losses on the sale of certain non-financial assets such as property and equipment. Additional disclosures will also be required under the new standard. IFRS 15 must be adopted for annual periods beginning on or after January 1, 2018 using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach. Early adoption is permitted.

IFRS 15 will affect how the Corporation accounts for revenues and contract costs for certain operations and segments. The Corporation anticipates that the timing of telecommunications revenue will be significantly affected. The Corporation is in the process of assessing the impact of the adoption of the standard on the consolidated financial statements.

IFRS 16, *Leases*

In January 2016, IFRS 16, *Leases* was issued. IFRS 16 replaces IAS 17, *Leases*. Under the new standard, all leases will be brought onto companies' balance sheets. IFRS 16 also removes the classification of leases as either operating leases or finance leases (for the lessee - the lease customer), treating all leases as finance leases. IFRS 16 must be adopted for annual periods beginning on or after January 1, 2019 and applied retrospectively with certain practical expedients available. Early adoption is permitted.

IFRS 16 will affect the classification, measurement and valuation of leases. The Corporation is currently assessing the impact of the standard on the consolidated financial statements.

4. Significant accounting policies *(continued)*

t) New accounting standards and interpretations not yet adopted *(continued)*

IFRS 17, *Insurance Contracts*

IFRS 17*, Insurance Contracts* was issued in May 2017 and will replace IFRS 4. The intent of the standard is to establish consistent recognition, measurement, presentation and disclosure principles to provide relevant and comparable reporting of insurance contracts across jurisdictions.

The standard requires entities to measure insurance contract liabilities as the risk-adjusted present value of the cash flows plus the contractual service margin, which represents the unearned profit the entity will recognize as future service is provided. This is referred to as the general model. Expedients are specified, provided the insurance contracts meet certain conditions. If, at initial recognition or subsequently, the contractual service margin becomes negative, the contract is considered onerous and the excess is recognized immediately in net earnings. The standard also includes significant changes to the presentation and disclosure of insurance contracts within entities' financial statements.

IFRS 17 applies to annual periods beginning on or after January 1, 2021, with earlier application permitted if IFRS 15 and IFRS 9 are also adopted. The standard is to be applied retrospectively unless impracticable, in which case a modified retrospective approach or fair value approach is to be used for transition. While early adoption is permitted under the standard, the Office of the Superintendent of Financial Institutions (OSFI) has indicated that early adoption is not allowed. While the Corporation is not federally regulated, it generally follows OSFI's guidance in such matters. The standard represents a comprehensive IFRS accounting model for insurance contracts and is expected to have a significant impact on financial reporting on the Corporation's property and casualty insurance segment. The Corporation is evaluating the impact this standard will have on the consolidated financial statements.

5. Status of CIC

CIC was established by Order in Council 535/47 dated April 2, 1947, and is continued under the provisions of *The Crown Corporations Act, 1993*. CIC is an agent of Her Majesty in Right of the Province of Saskatchewan and as a provincial Crown corporation is not subject to federal and provincial income taxes. Certain associates, joint ventures, joint operations and subsidiaries are not provincial Crown corporations and are subject to federal and provincial income taxes.

6. Cash and cash equivalents

(thousands of dollars)

	2018	2017
Cash	**$ 134,803**	$ 110,180
Short-term investments	**35,813**	48,004
	$ 170,616	$ 158,184

The weighted average interest rate for short-term investments included in cash and cash equivalents at March 31, 2018 was 1.3 per cent (2017 - 0.6 per cent).

7. Investments

(thousands of dollars)

	2018	2017
Short-term investments		
Short-term investments - at fair value through profit or loss	$ 117,564	$ 112,054
Loans receivable - amortized cost (a)	48,389	67,822
Bonds and debentures - amortized cost	-	53,935
Sinking funds - at fair value through other comprehensive income (b)	-	6,721
	$ 165,953	$ 240,532
Portfolio investments		
Portfolio investments - at fair value through profit or loss	$ 371,966	$ 369,378
Bonds, debentures and loans receivable		
Bonds and debentures - at fair value through profit or loss	245,914	235,377
Bonds and debentures- amortized cost	53,329	-
Loans receivable - amortized cost (a)	15,100	18,535
	314,343	253,912
Sinking funds - at fair value through other comprehensive income (b)	935,587	844,643
	$ 1,621,896	$ 1,467,933
Securities lending program (c)		
Short-term investments		
Short-term investments - at fair value through profit or loss	$ 58,200	$ 61,595
Portfolio investments		
Portfolio investments - at fair value through profit or loss	$ 11,343	$ 11,779
Bonds and debentures		
Bonds and debentures - at fair value through profit or loss	187,569	149,582
	$ 198,912	$ 161,361

a) Included in loans receivable is $23.4 million (2017 - $42.8 million) of current loans and $9.3 million (2017 - $15.5 million) of non-current loans with various builders and developers which are used to construct housing units for subsequent sale to eligible parties pursuant to the HeadStart on a Home program. Principal is repayable on demand. In the absence of a demand for principal repayment, principal is repayable upon the sale of individual units and no later than loan maturity which is defined as 18 - 24 months from the date the loan is advanced.

7. Investments *(continued)*

(thousands of dollars)

Accrued interest is receivable on demand. In the absence of such demand, interest is payable monthly. Interest is subject to the following terms:

i) At a fixed rate of 4.0 per cent calculated daily and payable monthly in arrears during construction;
ii) In the event of default, the borrower pays interest at a fixed rate of 4.0 per cent with interest on overdue interest at the same rate, compounded monthly; and
iii) Upon demand being made, interest is payable both before and after maturity or default at the rate of the Bank of Canada prime rate plus 5.0 per cent with interest on overdue interest at the same rate, compounded monthly.

b) Changes in the carrying amount of sinking funds are as follows (thousands of dollars):

	2018	2017
Sinking funds, beginning of year	**$ 851,364**	$ 780,762
Net installments	**60,810**	57,353
Earnings	**18,925**	18,726
Valuation adjustment	**4,488**	(5,477)
Sinking funds, end of year	**935,587**	851,364
Less current portion	**-**	(6,721)
	$ 935,587	$ 844,643

Sinking fund installments due in each of the next five years are as follows (thousands of dollars):

2019	$ 79,674
2020	79,078
2021	78,748
2022	72,815
2023	60,834

c) Through its custodian, the Corporation participates in an investment securities lending program for the purpose of generating fee income. When securities are loaned, the Corporation is exposed to counterparty risk, which is the risk that the borrower will not return the loaned securities, or if the collateral is liquidated, it may be for less than the value of the loan. The Corporation mitigates this risk through non-cash collateral and a guarantee provided by its custodian. Non-cash collateral of at least 105.0 per cent of the market value of the loaned securities is retained by the Corporation until the loaned securities have been returned. The market value of the loaned securities is monitored on a daily basis with additional collateral obtained or refunded as the market value of the loaned securities fluctuates. In addition, the custodian provides indemnification against any potential losses in the securities lending program. While in the possession of counterparties, the loaned securities may be resold or repledged by such counterparties.

At March 31, 2018, the Corporation held collateral of $270.0 million (2017 - $234.1 million) for the loaned securities.

8. Financial and insurance risk management

Financial risk management

The Corporation is exposed to market risk (power generation, natural gas sales, equity prices, sinking funds, foreign exchange rates, and interest rates), credit risk, and liquidity risk. The Corporation utilizes a number of financial instruments to manage market risk. The Corporation mitigates these risks through policies, limits on use and amount of exposure, internal monitoring, and compliance reporting to senior management and the Board.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are estimates using present value and other valuation techniques which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates that reflect varying degrees of risk. Therefore, due to the use of judgement and future-oriented information, aggregate fair value amounts should not be interpreted as being realizable in an immediate settlement of the instruments.

(thousands of dollars)

		2018		2017	
Financial Instruments	**Classification**	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Financial Assets					
Cash and cash equivalents	FVTPL	**$ 170,616**	**$ 170,616**	$ 158,184	$ 158,184
Accounts receivable	AC	**1,073,333**	**1,073,333**	952,161	952,161
Derivative financial assets	FVTPL	**70,196**	**70,196**	16,348	16,348
Restricted cash and cash equivalents	FVTPL	**34,731**	**34,731**	48,008	48,008
Investments - amortized cost	AC	**116,818**	**116,448**	140,292	139,863
Investments - sinking funds	FVOCI	**935,587**	**935,587**	851,364	851,364
Investments - fair value	FVTPL	**992,556**	**992,556**	939,765	939,765
Financial Liabilities					
Bank indebtedness	FVTPL	**15,218**	**15,218**	14,381	14,381
Trade and other payables	OL	**919,293**	**919,293**	810,367	810,367
Derivative financial liabilities	FVTPL	**216,786**	**216,786**	181,592	181,592
Notes payable	OL	**1,563,495**	**1,563,495**	1,382,678	1,382,678
Long-term debt	OL	**7,853,274**	**9,027,902**	7,654,821	8,776,919

		2018		2017	
Derivative Instruments	**Classification**	**Asset**	**(Liability)**	Asset	(Liability)
Physical natural gas contracts	FVTPL	**$ 61,402**	**$ (51,220)**	$ 5,065	$ (34,701)
Natural gas price swaps	FVTPL	**320**	**(165,294)**	-	(146,716)
Electricity contracts for differences	FVTPL	**10**	**(225)**	14	(12)
Physical electricity forwards	FVTPL	**8,464**	**-**	-	(99)
Foreign exchange forwards	FVTPL	**-**	**(47)**	-	(64)
Bond forward agreements	FVTPL	**-**	**-**	11,269	-
		$ 70,196	**(216,786)**	$ 16,348	$ (181,592)

Classification details are:

FVTPL - measured mandatorily at fair value through profit or loss
AC - amortized cost
FVOCI - fair value through other comprehensive income
OL - other liabilities at amortized cost

8. Financial and insurance risk management *(continued)*

Financial risk management *(continued)*

a) Fair value hierarchy

Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of inputs used in the valuation.

Level 1 - Unadjusted quoted prices for identical assets or liabilities are readily available from an active market. The Corporation defines an active market based on the frequency of valuation, any restrictions or illiquidity on disposition of the underlying asset or liability, and trading volumes.
Level 2 - Inputs, other than quoted prices included in level 1, that are observable either directly or indirectly.
Level 3 - Inputs are not based on observable market data.

The Corporation's financial instruments are categorized within this hierarchy as follows (thousands of dollars):

	2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	**$ 170,616**	**$ -**	**$ -**	**$ 170,616**
Restricted cash and cash equivalents	**34,731**	**-**	**-**	**34,731**
Bank indebtedness	**15,218**	**-**	**-**	**15,218**
Notes payable	**1,563,495**	**-**	**-**	**1,563,495**
Investments - FVTPL	**387,719**	**431,926**	**172,911**	**992,556**
Investments - FVOCI	**-**	**935,587**	**-**	**935,587**
Investments - AC	**-**	**116,448**	**-**	**116,448**
Long-term debt	**-**	**9,027,902**	**-**	**9,027,902**
Physical natural gas contracts - net	**-**	**10,182**	**-**	**10,182**
Natural gas price swaps - net	**-**	**(164,974)**	**-**	**(164,974)**
Electricity contracts for differences - net	**-**	**(215)**	**-**	**(215)**
Physical electricity forwards - net	**-**	**8,464**	**-**	**8,464**
Foreign exchange forwards - net	**-**	**(47)**	**-**	**(47)**

	2017			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 158,184	$ -	$ -	$ 158,184
Restricted cash and cash equivalents	48,008	-	-	48,008
Bank indebtedness	14,381	-	-	14,381
Notes payable	1,382,678	-	-	1,382,678
Investments - FVTPL	383,976	393,054	162,735	939,765
Investments - FVOCI	-	851,364	-	851,364
Investments - AC	-	139,863	-	139,863
Long-term debt	-	8,776,919	-	8,776,919
Physical natural gas contracts - net	-	(29,636)	-	(29,636)
Natural gas price swaps - net	-	(146,716)	-	(146,716)
Electricity contracts for differences - net	-	2	-	2
Physical electricity forwards - net	-	(99)	-	(99)
Foreign exchange forwards - net	-	(64)	-	(64)
Bond forwards - net	-	11,269	-	11,269

8. Financial and insurance risk management *(continued)*

Financial risk management *(continued)*

a) Fair value hierarchy *(continued)*

The changes in level 3 investments carried at fair value are as follows (thousands of dollars):

		2018		2017
Balance, beginning of year	$	162,735	$	142,375
Unrealized gains attributable to assets held at the end of the year included in impairment losses		475		1,271
Purchases		11,251		21,574
Sales		-		(300)
Other		(1,550)		(2,185)
Balance, end of year	$	172,911	$	162,735

During the year, no investments were transferred between levels.

Investments carried at fair value through profit or loss

i) Categorized as level 2

Investments carried at fair value through profit and loss and categorized as level 2 in the hierarchy include sinking funds, bonds, and debentures.

The fair value of sinking funds is determined by the Saskatchewan Ministry of Finance, using a market approach, with information provided by investment dealers. To the extent possible, valuations reflect indicative secondary pricing for these securities. In all other circumstances, valuations are determined with reference to similar actively traded instruments.

The fair value of bonds and debentures is derived from market price data for same or similar instruments obtained from the investment custodian, investment managers or dealer markets.

ii) Categorized as level 3

Determining fair value for the Corporation's level 3 investments, which are not publicly traded and recorded at fair value through profit or loss, requires application of professional judgement and use of estimates. Significant assumptions used by the Corporation to estimate include the timing and amount of future cash flows, anticipated economic outlook for the investee's industry, impact of pending or potential regulation or legislation, forecast consumer tastes, emergence of substitute products, anticipated fluctuations in commodities prices, and macro-economic demand.

Significant aspects of professional judgement include selecting an appropriate valuation approach, determining a range of appropriate risk-adjusted rates of return for a series of cash flows, and assessing the risk inherent in cash flows, the probabilities of micro and macro-economic variables occurring, and probabilities of potentially significant company, industry, or economic factors occurring or failing to occur as the case may be.

Level 3 includes a pooled mortgage fund and a real estate fund. The fair value of these investments is based on the Corporation's share of the net asset value of the respective fund, as determined by its investment

8. Financial and insurance risk management *(continued)*

Financial risk management *(continued)*

a) Fair value hierarchy *(continued)*

ii) Categorized as level 3 *(continued)*

manager, and used to value purchases and sales of units in the investments. The fair value for the pooled mortgage fund is determined based on market values of the underlying mortgage investments, calculated by discounting scheduled cash flows through to the estimated maturity of the mortgages (using spread-based pricing over Government of Canada bonds with a similar term to maturity), subject to adjustments for liquidity and credit risk. The fair value of the pooled real estate fund is determined based on the most recent appraisals of the underlying properties. Real estate properties are appraised semi-annually by external, independent professional real estate appraisers who are accredited through the Appraisals Institute of Canada. Real estate appraisals are performed in accordance with generally accepted appraisal standards and procedures, and are based primarily on the discounted cash flow and income capitalization methods.

Where evidence of a recent arm's length transaction has occurred in the shares of an unlisted equity position held by the Corporation, the Corporation considers such a transaction to generally provide a good indication of fair value. Where a recent arm's length transaction has not occurred, or secondary indicators exist which would question the applicability of a recent transaction, the Corporation considers alternative valuation methodologies. These methods are primarily focused on the projected earnings or cash flows of the business, discounted to present value by applying a discount rate which appropriately reflects industry and company specific risk factors.

In circumstances where fair value cannot be estimated reliably, a level 3 investment is reported at the carrying value at the previous reporting date unless there is evidence that the investment has since been impaired. All recorded values of investments are reviewed at each reporting date for any indication of impairment and adjusted accordingly.

Long-term debt

The fair value of long-term debt is determined using an income approach. Fair values are estimated using the present value of future cash flows, discounted at the market rate of interest for the equivalent Province of Saskatchewan debt instruments.

Derivative financial assets and liabilities

The fair value of electricity-related derivatives, physical natural gas contracts and natural gas price swaps is determined using a market approach. The Corporation obtains quoted market prices from sources such as the New York Mercantile Exchange, the Natural Gas Exchange, independent price publications, and over-the-counter broker quotes. The fair value of natural gas price options is determined using an industry-standard valuation model which requires the use of various assumptions, including quoted market values, interest rates, and volatility estimates for forward natural gas prices that are based on external market sources. Where contract prices are referenced to an index price that has been fixed, the market price has been used to estimate the contract price.

Bond forward fair values are determined using internal discounted cash flow models that rely on Government of Canada bond yields provided by independent reference dealers. The contracted cash flows are discounted using observable yield curves.

8. Financial and insurance risk management *(continued)*

Financial risk management *(continued)*

a) Fair value hierarchy *(continued)*

Derivative financial assets and liabilities *(continued)*

Foreign exchange forward fair values are determined using quoted market prices in active markets for similar financial instruments or current rates offered for financial instruments of similar maturity, as well as discounted future cash flows determined using current rates for similar financial instruments of similar maturities subject to similar risks.

Other financial assets and liabilities

Other financial assets and liabilities including accounts receivable and trade and other payables have not been classified in the fair value hierarchy given that carrying value approximates fair value due to immediate or short-term maturity.

b) Unrealized gains (losses) on financial instruments

Depending on the nature of the derivative instrument and market conditions, the change in fair value of derivative financial assets and derivative financial liabilities is recorded in net earnings as either revenue or operating expenses. The impact of unrealized gains (losses) on net earnings is as follows (thousands of dollars):

	2018	2017
Revenue	**$ 2,374**	$ (7,502)
Operating expenses	**44,694**	82,770
Increase in net earnings	**$ 47,068**	$ 75,268

c) Market risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing return. The Corporation manages the following market risks:

Power generation

The Corporation is exposed to natural gas price risk through natural gas purchased for its natural gas-fired power plants and through certain power purchase agreements that have a cost component based on the market price of natural gas. As at March 31, 2018, the Corporation had entered into financial and physical natural gas contracts to price manage the following approximate percentages of its budgeted power generations natural gas purchases:

2019	55.0%	2024	25.0%
2020	50.0%	2025	19.0%
2021	39.0%	2026	12.0%
2022	35.0%	2027	5.0%
2023	30.0%	2028	2.0%

8. Financial and insurance risk management *(continued)*

Financial risk management *(continued)*

c) Market risk *(continued)*

Power generation *(continued)*

As at March 31, 2018, the Corporation held the following instruments to hedge exposures to changes in natural gas price risk:

	1 year	1-5 years	More than 5 years
Natural gas hedges			
Net exposure (thousands)	$ (43,813)	$ (100,667)	$ (20,494)
Total outstanding gigajoules (thousands)	19,625	45,695	14,640
Weighted average hedged price per gigajoule	$ 3.71	$ 4.03	$ 3.84
Weighted average forward market price per gigajoule	$ 1.46	$ 1.71	$ 2.21

Based on the Corporation's March 31, 2018 closing positions on its financial natural gas hedges, a $1 per gigajoule (GJ) increase in the price of natural gas would have resulted in an $74.0 million (2017 - $88.0 million) improvement in unrealized market value adjustments recognized in net earnings in the year. This sensitivity analysis does not represent the underlying exposure to changes in the price of natural gas on the remaining forecasted power generation natural gas purchases which are unhedged as at March 31, 2018.

The Corporation is exposed to electricity price risk on its electricity trading activities. Electricity trading risks are managed through limits on the size and duration of transactions and open positions, including Value at Risk (VaR) limits. VaR is the most commonly used metric employed to track and manage the market risk associated with trading positions. A VaR measure gives, for a specific confidence level, an estimated potential loss that could be incurred over a specified period of time. VaR is used to measure the potential change in value for the proprietary trading portfolio, over a 10 day period with a 95.0 per cent confidence level, resulting from normal market fluctuations. VaR is estimated using the historical variance/co-variance approach.

VaR has certain inherent limitations. The use of historical information in the estimate assumes that price movements in the past will be indicative of future market risk. As such, it may be only meaningful under normal market conditions. Extreme market events are not addressed by this risk measure. In addition, the use of a 10 day measurement period implies that positions can be unwound or hedged within that period; however, this may not be possible if the market becomes illiquid. The Corporation recognizes the limitations of VaR and actively uses other controls, including restrictions on authorized instruments, volumetric and term limits, stress-testing of individual portfolios and of the total proprietary trading portfolio, and management review. As at March 31, 2018, the VaR associated with electricity trading activities was approximately $1.0 million (2017 - Nil).

Natural gas sales

The Corporation purchases natural gas for resale to its customers. While natural gas is purchased at fluctuating market prices, the Corporation sells natural gas to customers at a fixed commodity rate that is reviewed semi-annually. As part of its natural gas price risk management, the Corporation uses derivative instruments to manage the price of the natural gas it buys. The Corporation's objective is to reduce the volatility of natural gas prices and to have natural gas rates that are competitive to other utilities. The Corporation also purchases and sells natural gas in the open market to generate incremental net earnings through its natural gas marketing activities.

8. Financial and insurance risk management *(continued)*

Financial risk management *(continued)*

c) Market risk *(continued)*

Natural gas sales *(continued)*

The purchase or sale price of natural gas may be fixed within the contract or referenced to a floating index price. When the price is referenced to a floating index price, natural gas derivative instruments may be used to fix the settlement amount. The types of natural gas derivative instruments the Corporation may use for price risk management include natural gas price swaps, options, swaptions and forward contracts.

The Corporation's commodity price risk management strategy establishes specific hedging targets, which may differ depending on current market conditions, to guide natural gas risk management activities. Additionally, the Corporation uses mark-to-market value, VaR and net exposure to monitor natural gas price risk.

Based on the Corporation's year-end closing positions, a $1 per GJ increase in natural gas prices would have increased net earnings, through an increase in the fair value of natural gas derivative instruments, by $29.0 million (2017 - $19.0 million). Conversely, a $1 per GJ decrease would have decreased net earnings, through a decrease in the fair value of natural gas derivative instruments, by $30.0 million (2016 - $20.0 million).

Equity price risk

Equity price risk represents the potential for loss from changes in the value of equity investments.

The Corporation is exposed to changes in equity prices in Canadian and global markets. The fair value of these equities at March 31, 2018 was $212.0 million (2017 - $210.3 million). Individual stock holdings are diversified by geography, industry type, and corporate entity. No one investee or related group of investees represents greater than 10.0 per cent of the market value of the Corporation's common share portfolio. As well, no one holding represents more than 10.0 per cent of the voting shares of any corporation.

The Corporation's equity price risk is assessed using VaR to measure the potential change in the value of an asset class. The VaR has been calculated based on volatility over a four-year period, using a 95.0 per cent confidence level. As such, it is expected that the annual change in the portfolio market value will fall within the range outlined in the following table 95.0 per cent of the time (19 times out of 20 years).

			2018			2017
Asset Class						
(thousands of dollars)						
Canadian equities	**+/-**	**$**	**8,477**	+/-	$	10,207
Global equities	**+/-**		**25,218**	+/-		29,007
Global small cap equities	**+/-**		**6,391**	+/-		5,386

Interest rate risk

The Corporation is exposed to interest rate risk arising from fluctuations in interest rates on short-term and long-term debt. Interest rate risk is managed by having an appropriate mix of fixed and floating rate debt. When deemed appropriate, the Corporation may use derivative financial instruments to manage interest rate risk. A change in interest rates of 1.0 per cent would result in an increase or decrease in net earnings of approximately $4.9 million at March 31, 2018 (2017 - $4.4 million).

8. Financial and insurance risk management *(continued)*

Financial risk management *(continued)*

c) Market risk *(continued)*

Interest rate risk *(continued)*

The Corporation has on deposit with the GRF, under the administration of the Saskatchewan Ministry of Finance, $935.6 million (2017 - $851.4 million) in sinking funds required for certain long-term debt issues. At March 31, 2018, the GRF has invested these funds primarily in Provincial and Federal government bonds with varying maturities to coincide with related debt maturities and are managed based on this maturity profile and market conditions. The Corporation is exposed to interest rate risk on the sinking funds. Assuming all other variables remain constant at March 31, 2018, a change in interest rates of 1.0 per cent would have a $72.4 million impact on net earnings (2017 - $70.6 million).

The Corporation is exposed to changes in interest rates in its fixed income investments, including short-term investments, bonds, debentures, and pooled mortgage investments. It is estimated that a change in investment interest rates of 1.0 per cent would decrease or increase net earnings by $15.5 million at March 31, 2018 (2017 - $15.0 million). The impact that a change in interest rates has on investment income would be partially offset by the impact the change in interest rates has on discounting of insurance claims incurred. It is estimated that a change in discounting interest rates of 1.0 per cent would increase or decrease net earnings by $12.7 million (2017 - $11.9 million).

Foreign currency risk

The Corporation is exposed to currency risk, primarily U.S. dollars, through transactions with foreign suppliers and short-term foreign commitments. The Corporation may use a combination of derivative financial instruments to manage these exposures when deemed appropriate. However, the Corporation has no material financial contracts in place to manage foreign currency risk as of March 31, 2018. A 10.0 per cent weakening in the Canadian dollar versus the U.S. dollar exchange rate would have a $5.6 million (2017 - $5.7 million) favourable impact on net earnings while a 10.0 per cent strengthening would have a $5.6 million (2017 - $5.7 million) unfavourable impact on net earnings.

d) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk relates to groups of customers or counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Corporation does not have material concentrations of credit risk given that the majority of accounts receivable is diversified among many residential, farm and commercial customers primarily throughout Saskatchewan.

The Corporation has concentrations of credit risk on its loans receivable which are due from builders and developers located in Saskatchewan and therefore could be similarly impacted by changes in the Saskatchewan economy. However, the loans are diversified with companies and in communities throughout Saskatchewan and therefore may not be identically impacted by changes in the overall Saskatchewan economy. Credit risk on these loans is mitigated through the Corporation holding a security interest in the units financed and constructed with loan proceeds and the land upon which the units are constructed.

8. Financial and insurance risk management *(continued)*

Financial risk management *(continued)*

d) Credit risk *(continued)*

In addition, the Corporation maintains credit policies and limits to mitigate credit risk related to short-term investments, bonds, debentures, loans, notes receivable, leases receivable and counterparties to derivative instruments.

The carrying amount of financial assets represents the maximum credit exposure as follows (thousands of dollars):

	2018	2017
Cash and cash equivalents	$ 170,616	$ 158,184
Short-term investments	224,153	302,127
Accounts receivable	1,073,333	952,161
Derivative financial assets	70,196	16,348
Restricted cash and cash equivalents	34,731	48,008
Investments - AC	68,429	18,535
Investments - FVTPL	816,792	766,116
Investments - FVOCI	935,587	844,643
	$ 3,393,837	$ 3,106,122

The allowance for doubtful accounts, which provides an indication of potential impairment losses, is reviewed quarterly based on an analysis of the aging of accounts receivable and an estimate of outstanding amounts that are considered to be uncollectible. Historically, the Corporation has not written off a significant portion of its accounts receivable balances.

The allowance for doubtful accounts and the aging of accounts receivable are detailed as follows (thousands of dollars):

	2018	2017
Allowance for doubtful accounts		
Opening balance	$ 34,843	$ 32,361
Less: Accounts written off and other	(20,933)	(26,113)
Recoveries	3,571	7,236
Provision for losses	18,309	21,359
Ending balance	$ 35,790	$ 34,843

Accounts receivable	2018	2017
Current	$ 1,026,274	$ 906,320
30-59 Days	30,215	25,438
60-89 Days	8,869	11,807
Greater than 90 Days	43,765	43,439
Gross accounts receivable	1,109,123	987,004
Allowance for doubtful accounts	(35,790)	(34,843)
Net accounts receivable	$ 1,073,333	$ 952,161

8. Financial and insurance risk management *(continued)*

Financial risk management *(continued)*

e) Liquidity risk

Liquidity risk is the risk that the Corporation is unable to meet its financial commitments as they become due. CIC is a provincial Crown corporation and as such has access to capital markets through the GRF. The Corporation, through its diversified holdings and capital allocation and dividend policies, can allocate resources to ensure that all financial commitments made are met.

Where necessary, the Corporation can borrow funds from the GRF, adjust dividend rates, obtain or make grants, or be provided with or provide equity injections to manage liquidity issues.

The following summarizes the contractual maturities of the Corporation's financial liabilities at March 31, 2018 (thousands of dollars):

	Carrying Amount	Total	0-6 Months	7-12 Months	1-2 Years	3-5 Years	More than 5 Years
Long-term debt[1]	**$ 7,853,274**	**$ 14,234,895**	**$ 170,237**	**$ 264,680**	**$ 433,371**	**$ 1,933,208**	**$ 11,433,399**
Trade and other payables	**919,293**	**919,293**	**919,293**	**-**	**-**	**-**	**-**
Derivative financial liabilities[2]	**216,786**	**299,837**	**197,247**	**34,486**	**36,210**	**31,894**	**-**
Other liabilities[3]	**2,164,797**	**2,167,953**	**1,784,626**	**84,825**	**81,910**	**121,436**	**95,156**
	$ 11,154,150	**$ 17,621,978**	**$ 3,071,403**	**$ 383,991**	**$ 551,491**	**$ 2,086,538**	**$ 11,528,555**

The Corporation anticipates generating sufficient cash flows through operations or credit facilities to support these contractual cash flows.

The following summarizes the contractual maturities of the Corporation's financial liabilities at March 31, 2017 (thousands of dollars):

	Carrying Amount	Total	0-6 Months	7-12 Months	1-2 Years	3-5 Years	More than 5 Years
Long-term debt[1]	$ 7,654,821	$ 14,029,005	$ 304,114	$ 202,586	$ 478,709	$ 1,772,713	$ 11,270,883
Trade and other payables	810,367	810,367	809,866	501	-	-	-
Derivative financial liabilities[2]	181,592	294,396	216,157	33,114	33,810	11,315	-
Other liabilities[3]	1,926,186	1,927,023	1,575,580	78,308	76,518	109,918	86,699
	$ 10,572,966	$ 17,060,791	$ 2,905,717	$ 314,509	$ 589,037	$ 1,893,946	$ 11,357,582

[1] Contractual cash flows for long-term debt include principal and interest payments, but exclude sinking fund installments.

[2] The terms and conditions of certain derivative financial instrument contracts require the Corporation to provide collateral when the fair value of the obligation pursuant to these contracts is in excess of credit limits granted. As at March 31, 2018 and March 31, 2017, the Corporation has provided no collateral for these contracts.

[3] Other liabilities include: bank indebtedness, notes payable, provision for unpaid insurance claims (Note 17), amounts due to reinsurers (Note 16) and premium taxes payable (Note 16).

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8. Financial and insurance risk management *(continued)*

Insurance risk management

Insurance risk arises with respect to the adequacy of the Corporation's insurance premium rates and provision for unpaid claims (consisting of underwriting and actuarial risks).

f) Underwriting risk

The Corporation manages its insurance risk through its underwriting and reinsurance strategies within an overall strategic planning process. Pricing is based on assumptions with regard to past experiences and trends. Exposures are managed by having documented underwriting limits and criteria, product and geographic diversification and reinsurance.

i) Diversification

The Corporation writes property, liability and motor risks over a twelve month period. The most significant risks arise from weather-related events such as severe storms. The Corporation attempts to mitigate risk by conducting business in a number of provinces across Canada and by offering different lines of insurance products. The concentration of insurance risk by line of business and region is summarized below by reference to the provision for unpaid insurance claim liabilities (Note 17) (thousands of dollars):

	Gross		Reinsurance Recoverable		Net	
	2018	2017	**2018**	2017	**2018**	2017
Automobile	**$ 273,501**	$ 232,637	**$ 20,274**	$ 16,116	**$ 253,227**	$ 216,521
Property	**167,890**	156,927	**22,878**	22,989	**145,012**	133,938
Liability	**72,800**	69,563	**667**	2,516	**72,133**	67,047
Assumed	**4,214**	4,033	**-**	-	**4,214**	4,033
Discount	**17,038**	24,329	**1,670**	1,699	**15,368**	22,630
Other	**7,978**	6,556	**-**	-	**7,978**	6,556
	$ 543,421	$ 494,045	**$ 45,489**	$ 43,320	**$ 497,932**	$ 450,725

	Gross		Reinsurance Recoverable		Net	
	2018	2017	**2018**	2017	**2018**	2017
Saskatchewan	**$ 249,315**	$ 241,941	**$ 21,619**	$ 24,988	**$ 227,696**	$ 216,953
Ontario	**155,440**	144,277	**18,326**	14,678	**137,114**	129,599
Alberta	**112,558**	94,370	**2,481**	3,535	**110,077**	90,835
Manitoba	**13,850**	9,303	**28**	99	**13,822**	9,204
British Columbia	**10,180**	2,251	**3,035**	20	**7,145**	2,231
Maritimes	**2,078**	1,903	**-**	-	**2,078**	1,903
	$ 543,421	$ 494,045	**$ 45,489**	$ 43,320	**$ 497,932**	$ 450,725

8. Financial and insurance risk management *(continued)*

Insurance risk management *(continued)*

f) Underwriting risk *(continued)*

i) Diversification *(continued)*

The concentration of insurance risk by region and line of business is summarized below by reference to gross premiums written (thousands of dollars):

2018	Automobile	Personal Property	Commercial Property	Liability	Total
Saskatchewan	**$ 162,328**	**$ 270,905**	**$ 54,152**	**$ 37,980**	**$ 525,365**
Ontario	**58,247**	**8,966**	**7,386**	**4,275**	**78,874**
Alberta	**84,063**	**50,471**	**12,951**	**9,980**	**157,465**
Manitoba	**-**	**17,835**	**7,652**	**4,012**	**29,499**
British Columbia	**-**	**5,206**	**4,368**	**2,009**	**11,583**
	$ 304,638	**$ 353,383**	**$ 86,509**	**$ 58,256**	**$ 802,786**

2017	Automobile	Personal Property	Commercial Property	Liability	Total
Saskatchewan	$ 159,150	$ 250,058	$ 54,090	$ 36,899	$ 500,197
Ontario	54,741	8,055	7,341	4,125	74,262
Alberta	71,075	41,671	11,005	8,853	132,604
Manitoba	-	14,552	7,219	3,718	25,489
British Columbia	-	1,846	3,205	1,259	6,310
	$ 284,966	$ 316,182	$ 82,860	$ 54,854	$ 738,862

ii) Reinsurance

The Corporation seeks to reduce losses that may arise from catastrophes or other events that cause unfavourable underwriting results by reinsuring certain levels of risk with other insurers. While the Corporation utilizes reinsurance, it is still exposed to reinsurance risk. Reinsurance risk is the risk of financial loss due to inadequacies in reinsurance coverage or the default of a reinsurer. The Corporation evaluates and monitors the financial condition of its reinsurers to minimize its exposure to significant losses from reinsurer insolvency. The policy of underwriting and reinsuring insurance contracts limits the liability of the Corporation to a maximum amount for any one loss as follows (thousands of dollars):

	2018	2017
Dwelling and farm property	**$ 1,250**	$ 1,000
Unlicenced vehicles	**1,250**	1,000
Commercial property	**1,250**	1,000
Automobile and general liability	**1,500**	1,500

8. Financial and insurance risk management *(continued)*

Insurance risk management *(continued)*

f) Underwriting risk *(continued)*

ii) Reinsurance *(continued)*

In addition, the Corporation carries property and auto physical damage catastrophe reinsurance limiting combined exposure to $15.0 million per event (2017 - $15.0 million) subject to an annual aggregate deductible of $15.0 million (2017 - $15.0 million).

iii) Structured settlements

The Corporation settles some long-term disability claims by purchasing annuities from various financial institutions. The settlements legally release the Corporation from its obligations to the claimants. Consequently, neither the annuities purchased nor the claim liabilities are recognized on the Consolidated Statement of Financial Position. However, as part of the settlement, the Corporation provides a financial guarantee to the claimants in the event the life insurers default on the scheduled payments and is thus exposed to credit risk to the extent any of the life insurers fail to fulfill their obligations. As at March 31, 2018, no information has come to the Corporation's attention that would suggest any weakness or failure in the life insurers from which it has purchased annuities. The net present value of the scheduled payments at March 31, 2018 is $61.5 million (2017 - $61.4 million). The net risk to the Corporation is the credit risk related to the life insurance companies that the annuities are purchased from. No defaults have occurred and the Corporation considers the possibility of default to be remote.

g) Actuarial risk

The establishment of the provision for unpaid insurance claims (Note 17) is based on known facts and an interpretation of circumstances and is therefore a complex process influenced by a variety of factors. Measurement of the provision is uncertain due to claims that are not reported to the Corporation at year-end and therefore estimates are made as to the value of these claims. As well, uncertainty exists regarding the cost of reported claims that have not been settled, as all the necessary information may not be available at year-end.

The significant assumptions used to estimate the provision include: the Corporation's experience with similar cases, historical claim payment trends and claim development patterns, the characteristics of each class of business, claim severity and claim frequency, the effect of inflation on future claim settlement costs, court decisions and economic conditions. Time is also a critical factor in determining the provision, since the longer it takes to settle and pay a claim, the more variable the ultimate settlement amount will be. Accordingly, short-term claims such as physical damage or collision claims tend to be more reasonably predictable than long-term claims such as liability claims.

As a result, the establishment of the provision for unpaid claims relies on a number of factors, which necessarily involves risk that the actual results may differ materially from the estimates.

8. Financial and insurance risk management *(continued)*

Insurance risk management *(continued)*

g) Actuarial risk *(continued)*

The following summarizes the Corporation's sensitivity to changes in best estimate assumptions on the provision for unpaid claims and net earnings (thousands of dollars):

		Change to Net Provision for Unpaid Claims		Change to Net Earnings	
Assumption	**Sensitivity**	**2018**	2017	**2018**	2017
Discount rate	1.0 per cent increase	**$ (12,704)**	$ (11,928)	**$ (2,808)**	$ (2,846)
Discount rate	1.0 per cent decrease	**12,704**	11,928	**2,808**	2,846
Net loss ratio	10.0 per cent increase	**75,444**	68,424	**(75,444)**	(68,424)
Misestimate	1.0 per cent deficiency	**4,673**	4,290	**(4,673)**	(4,290)

The net provision for unpaid insurance claims refers to the provision for unpaid insurance claims net of unpaid insurance claims recoverable from reinsurers. The method used for deriving this sensitivity information did not change from the prior period.

9. Inventories

(thousands of dollars)

	2018	2017
Raw materials	**$ 209,653**	$ 207,863
Natural gas in storage held-for-resale	**41,246**	92,197
Finished goods	**22,841**	24,889
Work-in-progress	**1,463**	1,234
	$ 275,203	$ 326,183

For the year ended March 31, 2018, $569.9 million (2017 - $466.1 million) of natural gas in storage held-for-resale, and $479.7 million (2017 - $477.6 million) of raw materials inventory and other inventory were consumed. The Corporation incurred a $15.8 million write-down of natural gas in storage held-for-resale, raw materials and other inventory (2017 - $1.0 million). There were no reversals (2017 - $15.4 million) of prior period write-downs of natural gas in storage held-for-resale, raw materials or other inventory.

10. Discontinued operations and assets held-for-sale

During the prior year, the Corporation received multiple offers for the sale of a building in Prince Albert. Although a sale was not finalized by March 31, 2017, the building was expected to be sold within twelve months. Accordingly, the assets were classified as held-for sale at March 31, 2017 and measured at carrying value, which was lower than the various conditional sale prices less costs to sell. Amortization of those assets ceased on December 1, 2016. On March 15, 2018, the building was sold to the University of Saskatchewan, a related party. The gain on the sale of $2.2 million has been included in net earnings.

10. Discontinued operations and assets held-for-sale *(continued)*

During the year, the Corporation committed to a plan to sell a natural gas processing plant within the next twelve month period. The assets are measured at carrying amount, which is also equal to their value less costs to sell and are no longer depreciated.

On March 22, 2017, the Government of Saskatchewan announced that operating and capital subsidies to the Corporation's passenger and freight transportation segment would cease in the upcoming fiscal year resulting in the wind up of the segment. Passenger and freight vehicular operations ceased May 31, 2017. The Corporation and the Government of Saskatchewan are committed to a plan to liquidate the segment. Property and equipment expected to be disposed of by sale within the next twelve month period have been classified as assets held for sale on the Consolidated Statement of Financial Position. Depreciation of these assets ceased May 31, 2017. The carrying amount of these assets approximates fair value. Current and prior period earnings from the Corporation's passenger and freight transportation segment have been classified as discontinued operations on the Consolidated Statement of Comprehensive Income.

Assets classified as held-for-sale are comprised of the following (thousands of dollars):

	2018	2017
Property, plant and equipment	**$ 10,022**	$ 4
Investment property	**-**	5,633
	$ 10,022	$ 5,637

The impact of discontinued operations on net earnings was comprised of the following (thousands of dollars):

	2018	2017
Revenue	**$ 2,061**	$ 13,016
Other income	**405**	1,839
	2,466	14,855
Operating expenses	**3,536**	9,148
Salaries, wages and short-term employee benefits	**5,027**	21,058
Employee future benefits	**306**	853
Depreciation and amortization	**441**	2,754
Gain on disposal of property, plant and equipment	**(11,093)**	-
Impairment losses	**924**	14,660
Saskatchewan taxes and fees	**497**	579
	(362)	49,052
Net earnings (loss) from discontinued operations	**$ 2,828**	$ (34,197)

The impact of discontinued operations on cash flows was comprised of the following (thousands of dollars):

Cash used in operating activities	**(15,744)**	(11,000)
Cash from (used in) investing activities	**27,536**	(1,362)
Net change in cash and cash equivalents	**$ 11,792**	$ (12,362)

11. Investments in equity accounted investees

(thousands of dollars)

Associates and Joint Ventures

	Principal Place of Business	Reporting Date	Ownership Interest 2018	Ownership Interest 2017	Carrying Value 2018	Carrying Value 2017
ISC (a)	Canada	December 31	**31.0%**	31.0%	**$ 99,789**	$ 94,937
MRM Cogeneration Station (b)	Canada	December 31	**30.0%**	30.0%	**39,967**	37,836
Saskatchewan Entrepreneurial Fund Joint Venture	Canada	December 31	**45.5%**	45.5%	**1,203**	1,197
					$ 140,959	$ 133,970

	2018	2017
Current assets	**$ 71,264**	$ 62,921
Non-current assets	**352,790**	346,670
Current liabilities	**(43,852)**	(50,197)
Non-current liabilities	**(73,117)**	(74,825)
Net assets	**307,085**	284,569
Interest owned by other entities	**(166,126)**	(150,599)
Share of net assets	**$ 140,959**	$ 133,970

	2018	2017
Revenue	**$ 159,325**	$ 125,084
Expenses	**(123,984)**	(104,985)
Net earnings	**35,341**	20,099
Other comprehensive income (loss)	**823**	(96)
Total comprehensive income	**36,164**	20,003
Interest owned by other entities	**(24,834)**	(13,727)
Share of results	**$ 11,330**	$ 6,276

a) The Corporation is associated with ISC, which provides registry and information services in Saskatchewan. The fair value of ISC shares was $93.7 million at March 31, 2018 (2017 - $105.8 million). The shares are publicly traded under the Toronto Stock Exchange under the symbol ISV.

b) The MRM Cogeneration Station is a 172 MW natural gas-fired cogeneration facility located at the Athabasca Oil Sands Project's Muskeg River Mine, north of Fort McMurray, Alberta.

12. Property, plant and equipment

(thousands of dollars)

	Machinery and Equipment	Buildings and Improvements	Plant Under Construction	Land, Coal Properties and Rights	Finance Leases	Total
Cost						
Balance at April 1, 2016	$ 17,968,571	$ 1,898,540	$ 776,936	$ 273,061	$ 1,247,799	**$ 22,164,907**
Additions	1,078,746	280,756	1,272,252	12,424	230	**2,644,408**
Disposals	(182,074)	(13,081)	(2,858)	(4,174)	-	**(202,187)**
Transfers to assets held-for-sale	(111)	-	-	-	-	**(111)**
Transfers from plant under construction	-	-	(1,290,292)	-	-	**(1,290,292)**
Balance at March 31, 2017	**$ 18,865,132**	**$ 2,166,215**	**$ 756,038**	**$ 281,311**	**$ 1,248,029**	**$ 23,316,725**
Additions	1,020,201	72,968	1,423,818	13,812	28,330	**2,559,129**
Disposals	(462,931)	(6,468)	-	(1,718)	-	**(471,117)**
Transfers to assets held-for-sale	(35,286)	(38,044)	-	(4,654)	-	**(77,984)**
Transfers from plant under construction	-	-	(1,033,559)	-	-	**(1,033,559)**
Transfers to investment property	(23)	-	-	-	-	**(23)**
Balance at March 31, 2018	**$ 19,387,093**	**$ 2,194,671**	**$ 1,146,297**	**$ 288,751**	**$ 1,276,359**	**$ 24,293,171**
Accumulated Depreciation						
Balance at April 1, 2016	$ 7,896,759	$ 715,598	$ -	$ 36,331	$ 353,340	**$ 9,002,028**
Depreciation expense	638,331	47,205	-	2,426	56,899	**744,861**
Disposals	(157,609)	(8,398)	-	(1,375)	-	**(167,382)**
Impairment losses	33,184	10,987	-	-	-	**44,171**
Transfers to assets held-for-sale	(107)	-	-	-	-	**(107)**
Balance at March 31, 2017	**$ 8,410,558**	**$ 765,392**	**$ -**	**$ 37,382**	**$ 410,239**	**$ 9,623,571**
Depreciation expense	677,677	53,357	-	2,904	58,378	**792,316**
Disposals	(359,278)	(3,926)	-	(330)	-	**(363,534)**
Impairment losses	15,741	(480)	-	-	-	**15,261**
Transfers to assets held-for-sale	(24,167)	(26,391)	-	-	-	**(50,558)**
Transfers to investment property	(10)	-	-	-	-	**(10)**
Balance at March 31, 2018	**$ 8,720,521**	**$ 787,952**	**$ -**	**$ 39,956**	**$ 468,617**	**$ 10,017,046**
Carrying Amounts						
At March 31, 2017	$ 10,454,574	$ 1,400,823	$ 756,038	$ 243,929	$ 837,790	$ 13,693,154
At March 31, 2018	**$ 10,666,572**	**$ 1,406,719**	**$ 1,146,297**	**$ 248,795**	**$ 807,742**	**$ 14,276,125**

13. Investment property

(thousands of dollars)

	Buildings	Infrastructure	Leasehold Improvements	Property Under Construction	Total
Cost					
Balance at April 1, 2016	$ 183,181	$ 64,182	$ 12,025	$ 3,671	**$ 263,059**
Additions	3,952	100	1,913	5,487	**11,452**
Transfers to assets held-for-sale	(6,913)	(1,648)	(392)	-	**(8,953)**
Balance at March 31, 2017	**$ 180,220**	**$ 62,634**	**$ 13,546**	**$ 9,158**	**$ 265,558**
Additions	3,109	141	447	14,857	**18,554**
Disposals	(46)	-	-	-	**(46)**
Transfers from property plant, and equipment	23	-	-	-	**23**
Balance at March 31, 2018	**$ 183,306**	**$ 62,775**	**$ 13,993**	**$ 24,015**	**$ 284,089**
Accumulated Depreciation					
Balance at April 1, 2016	$ 66,932	$ 19,859	$ 9,153	$ 691	**$ 96,635**
Depreciation expense	5,424	1,713	1,230	-	**8,367**
Transfers to assets held-for-sale	(2,840)	(157)	(319)	-	**(3,316)**
Balance at March 31, 2017	**$ 69,516**	**$ 21,415**	**$ 10,064**	**$ 691**	**$ 101,686**
Depreciation expense	5,029	1,705	1,003	21	**7,758**
Disposals	(2)	-	-	-	**(2)**
Transfers from property plant, and equipment	10	-	-	-	**10**
Balance at March 31, 2018	**$ 74,553**	**$ 23,120**	**$ 11,067**	**$ 712**	**$ 109,452**
Carrying Amounts					
At March 31, 2017	$ 110,704	$ 41,219	$ 3,482	$ 8,467	$ 163,872
At March 31, 2018	**$ 108,753**	**$ 39,655**	**$ 2,926**	**$ 23,303**	**$ 174,637**

The aggregate market value of investment properties at March 31, 2018 was $282.9 million (2017 - $279.2 million). The market value is based on internally-generated estimates of cash flows of individual properties using capitalization rates in the range of 7.0 per cent to 10.0 per cent, applied based on property type and market characteristics, which resulted in an overall weighted average capitalization rate of 9.6 per cent (2017 - 9.6 per cent).

The market estimate is considered level 3 within the fair value hierarchy (Note 8(a)) as the majority of inputs are not based on observable market data.

13. Investment property *(continued)*

(thousands of dollars)

Amounts recognized within earnings

	2018	2017
Rental income from investment properties	**$ 39,024**	$ 38,611
Direct operating expenses from property that generated rental income during the year	**(30,188)**	(32,411)
	$ 8,836	$ 6,200

14. Intangible assets

(thousands of dollars)

	Goodwill	Software and Development Costs	Customer Accounts	Indefinite Life (a)	Other	Total
Cost						
Balance at April 1, 2016	$ 5,976	$ 686,832	$ 92,035	$ 108,738	$ 1,500	**$ 895,081**
Acquisitions - internally developed	-	27,144	-	-	-	**27,144**
Disposals	-	(11,421)	-	-	-	**(11,421)**
Transfers	-	(18,674)	-	-	-	**(18,674)**
Acquisitions - other	-	71,916	16,136	-	-	**88,052**
Balance at March 31, 2017	**$ 5,976**	**$ 755,797**	**$ 108,171**	**$ 108,738**	**$ 1,500**	**$ 980,182**
Acquisitions - internally developed	-	14,238	-	-	-	**14,238**
Disposals	-	(8,727)	-	-	-	**(8,727)**
Transfers	-	-	-	-	-	**-**
Acquisitions - other	-	72,845	13,826	-	-	**86,671**
Balance at March 31, 2018	**$ 5,976**	**$ 834,153**	**$ 121,997**	**$ 108,738**	**$ 1,500**	**$1,072,364**
Accumulated Amortization						
Balance at April 1, 2016	$ -	$ 423,886	$ 60,231	$ -	$ 1,500	**$ 485,617**
Amortization expense	-	63,248	6,563	-	-	**69,811**
Disposals	-	(2,293)	-	-	-	**(2,293)**
Balance at March 31, 2017	$ -	$ 484,841	$ 66,794	$ -	$ 1,500	**$ 553,135**
Amortization expense	-	62,186	7,833	-	-	**70,019**
Disposals	-	(8,321)	-	-	-	**(8,321)**
Balance at March 31, 2018	**$ -**	**$ 538,706**	**$ 74,627**	**$ -**	**$ 1,500**	**$ 614,833**
Carrying Amounts						
At March 31, 2017	$ 5,976	$ 270,956	$ 41,377	$ 108,738	$ -	$ 427,047
At March 31, 2018	**$ 5,976**	**$ 295,447**	**$ 47,370**	**$ 108,738**	**$ -**	**$ 457,531**

14. Intangible assets *(continued)*

a) For the purpose of impairment testing, indefinite-life intangible assets (spectrum licences) are allocated to SaskTel. This is the lowest level within the Corporation at which indefinite-life intangible assets are monitored for internal management purposes, which is not higher than the Corporation's operating segments. The Corporation's CGU impairment tests were based on fair value less costs to sell using comparable companies that are listed on exchanges and are actively traded. Share prices for these companies were used to derive an Enterprise Value (EV) to earnings before interest, taxes, depreciation, and amortization (EBITDA) ratio that was applied to the EBITDA of the unit to determine the recoverable amount. The Corporation applied an industry average EV to EBITDA ratio for minority discounts associated with publicly traded shares to the EBITDA of the unit to estimate the recoverable amount of the unit. Impairment tests indicated no impairment at March 31, 2018 or March 31, 2017.

15. Notes payable

Notes payable are due to the GRF. These notes are due on demand and have an effective interest rate of 1.2 per cent (2017 - 0.6 per cent).

16. Deferred revenue

(thousands of dollars)

	2018	2017
Unearned insurance premiums	**$ 385,948**	$ 359,178
Customer contributions	**67,184**	55,288
Services billed in advance	**55,958**	54,622
Premium taxes payable	**7,278**	6,706
Amounts due to reinsurers	**35,385**	28,376
Other	**20,836**	20,129
	$ 572,589	$ 524,299

17. Provisions

(thousands of dollars)

	Decommissioning Provisions (a)	Environmental Remediation (b)	Unpaid Insurance Claims (c) and Note 8(f)	Other Provisions	Total
Balance at April 1, 2017	**$ 304,625**	**$ 92,908**	**$ 494,045**	**$ 1,254**	**$ 892,832**
Provision for (recovery of) decommissioning and environmental remediation liabilities	10,783	33	-	-	**10,816**
Other provisions made	11,170	-	469,127	46	**480,343**
Provisions used	(10,175)	(407)	(419,751)	(196)	**(430,529)**
Provisions reversed	(2,812)	-	-	(360)	**(3,172)**
Accretion expense	8,121	-	-	64	**8,185**
Balance at March 31, 2018	**$ 321,712**	**$ 92,534**	**$ 543,421**	**$ 808**	**$ 958,745**
Current	**$ -**	**$ -**	**$ 244,919**	**$ 190**	**$ 245,109**
Non-current	**$ 321,712**	**$ 92,534**	**$ 298,502**	**$ 618**	**$ 713,366**

17. Provisions *(continued)*

(thousands of dollars)

	Decommissioning Provisions (a)	Environmental Remediation (b)	Insurance Claims (c) and Note 8(f)	Other Provisions	Total
Balance at April 1, 2016	$ 289,001	$ 89,365	$ 440,754	$ 1,516	$ 820,636
Provision for (recovery of) decommissioning and environmental remediation liabilities	1,415	(1,628)	-	-	(213)
Other provisions made	26,027	-	418,575	46	444,648
Provisions used	(11,653)	(1,547)	(365,284)	(250)	(378,734)
Provisions reversed	(7,132)	-	-	(143)	(7,275)
Accretion expense	6,967	6,718	-	85	13,770
Balance at March 31, 2017	$ 304,625	$ 92,908	$ 494,045	$ 1,254	$ 892,832
Current	$ -	$ -	$ 220,910	$ 242	$ 221,152
Non-current	$ 304,625	$ 92,908	$ 273,135	$ 1,012	$ 671,680

a) Decommissioning provisions

The Corporation has estimated the future cost of decommissioning certain electrical and natural gas facilities. For the purposes of estimating the fair value of these obligations, it is assumed that these costs will be incurred between 2018 and 2109 for natural gas facilities and 2019 and 2069 for electrical facilities. The undiscounted cash flows required to settle the obligations total $702.1 million (2017 - $668.0 million). Risk-free rates between 1.3 per cent and 3.1 per cent were used to calculate the discounted carrying value of the obligation. During the year, the Corporation recorded an additional $10.8 million provision (2017 - $1.4 million) for decommissioning and environmental remediation to settle this liability. No funds have been set aside by the Corporation to settle this liability.

The following summarizes the Corporation's sensitivity to changes in best estimate assumptions on the March 31, 2018 decommissioning provision (thousands of dollars):

	Undiscounted cash flows	Discounted cash flows	Discount rate + 0. 5%	Discount rate - 0. 5%	Inflation rate + 0. 5%	Inflation rate - 0. 5%
Decommissioning	**$ 702,107**	**$ 321,712**	**$ (33,997)**	**$ 44,812**	**$ 40,302**	**$ (44,878)**

b) Environmental remediation

The following are included in the provision for environmental remediation:

i) The Corporation is committed to undertake necessary environmental clean-up activities on certain properties. The Corporation has accrued $30.6 million (2017 - $30.6 million) to carry out clean-up activities and associated costs related to an indemnity provided by Prince Albert Pulp Company Ltd. (PAPCO) and Her Majesty in Right of the Province of Saskatchewan for environmental liabilities predating 1986 related to the Prince Albert pulp mill site. The Corporation is a successor corporation to PAPCO and therefore has recorded the estimated cost of its assumed obligations related to the PAPCO site. The timing to complete this remediation is indeterminable at this time.

17. Provisions *(continued)*

b) Environmental remediation *(continued)*

ii) The Corporation has accrued $21.9 million (2017 - $21.9 million) to carry out the clean-up activities related to an indemnity provided by PAPCO and Her Majesty in Right of the Province of Saskatchewan for environmental liabilities predating 1986 relating to the ERCO Worldwide chemical plant in Saskatoon. The timing to complete the remaining remediation is indeterminable at this time.

iii) The Corporation recorded a recovery of $0.4 million (2017 - $1.4 million) related to estimated environmental remediation for its electrical generation assets and other properties. The total provision for these facilities at March 31, 2018 is $39.8 million (2017 - $40.2 million). The timing to complete this remediation is indeterminable at this time.

c) Unpaid insurance claims

The provision for unpaid insurance claims has been calculated using a discount rate of 2.2 per cent (2017 - 1.5 per cent).

18. Finance and operating leases

(thousands of dollars)

Finance leases

	2018	2017
Total future minimum lease payments	**$ 2,828,470**	$ 2,999,037
Less: future finance charges on finance leases	**(1,698,043)**	(1,862,186)
Present value of finance lease obligations	**1,130,427**	1,136,851
Less: current portion of finance lease obligations	**(20,167)**	(14,225)
Finance lease obligations	**$ 1,110,260**	$ 1,122,626

As at March 31, 2018, scheduled future minimum lease payments and the present value of finance lease obligations are as follows:

	1 year	**1-5 years**	**More than 5 years**
Future minimum lease payments	$ 182,916	$ 767,977	$ 1,877,577
Present value of finance lease obligations	20,167	156,580	953,680

Operating leases

Future minimum lease payments for operating leases entered into by the Corporation, as lessee, are as follows:

	1 year	**1-5 years**	**More than 5 years**
Future minimum lease payments	$ 16,388	$ 35,768	$ 12,192

19. Long-term debt

(thousands of dollars)

	2018 Principal Outstanding	**2018** Effective Interest Rate	2017 Principal Outstanding	2017 Effective Interest Rate
General Revenue Fund (years to maturity)				
1-5 years	**$ 1,032,181**	**8.4**	$ 942,452	6.9
6-10 years	**450,359**	**5.4**	651,679	7.5
11-15 years	**529,000**	**6.1**	533,575	6.1
16-20 years	**1,001,335**	**5.2**	972,369	5.2
21-25 years	**1,477,002**	**4.0**	1,472,402	4.0
26-30 years	**2,350,000**	**3.4**	2,350,000	3.4
Beyond 30 years	**850,000**	**3.4**	550,000	3.5
Total due to GRF	**7,689,877**		7,472,477	
Other long-term debt (due 2019 to 2048)	**142,743**	**4.1**	182,526	3.7
Unamortized debt premium net of issue costs	**20,654**		(182)	
	7,853,274		7,654,821	
Due within one year	**(125,412)**		(207,833)	
Total long-term debt	**$ 7,727,862**		$ 7,446,988	

Principal repayments due in each of the next five years are as follows:

2019	$ 125,639
2020	68,904
2021	446,485
2022	249,650
2023	262,145

There is a requirement attached to certain interest-bearing issues from the GRF to make annual payments into sinking funds in amounts representing a minimum of 1.0 per cent of the original issue. The cumulative annual payments plus interest earned are used for the retirement of debt issues, upon maturity, with the GRF.

20. Employee future benefits

Defined benefit pension plans

The Corporation has three defined benefit pension plans, for certain of its employees, that have been closed to new membership. Annual audited financial statements for each plan are prepared and released publicly.

The actuarial valuations include a provision for uncommitted and ad hoc benefit increases, and are measured using management's best estimates based on assumptions that reflect the most probable set of economic circumstances and planned courses of action. There is a risk that the actual amount may differ materially from the estimate. The major assumptions used in the valuation of the defined benefit pension plans are as follows:

		2018	
	SaskTel	**SGI CANADA**	**SaskPower**
Discount rate - end of year	**3.4%**	**3.4%**	**3.4%**
Inflation rate	**2.3%**	**2.3%**	**2.0%**
Duration (years)	**11**	**9**	**11**
Post-retirement index	**1.6%**	**0%**	**70% of CPI**
Last actuarial valuation	**3/31/17**	**12/31/16**	**9/30/17**

		2017	
	SaskTel	SGI CANADA	SaskPower
Discount rate - end of year	3.5%	3.3%	3.5%
Inflation rate	2.5%	2.0%	2.0%
Duration (years)	12	9	11
Post-retirement index	100% of CPI up to 2%	0%	70% of CPI
Last actuarial valuation	12/31/13	12/31/13	9/30/15

Mortality rates were applied utilizing the Canadian Pensioner 2014 Private Sector Mortality Table with 95.0 - 100.0 per cent scaling factor for males, 100.0 - 110.0 per cent scaling factor for females and projected generationally with Canadian Pensioners' Mortality Improvement Scale B.

The actuarial assumptions are based on management's expectations, independent actuarial advice and guidance provided by IFRS. The most significant assumption for each plan is the discount rate, which is the yield at the reporting date of high-quality debt instruments that have maturity dates approximating the terms of the plan obligations.

Sensitivity analysis on defined benefit pension plan assumptions

The following illustrates the impact on the March 31, 2018 defined benefit pension obligation from a change in an actuarial assumption while holding all other assumptions constant (thousands of dollars):

	SaskTel		**SGI CANADA**		**SaskPower**	
	Increase	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**
Discount rate (1.0 per cent)	**$(105,310)**	**$ 126,772**	**$ (2,594)**	**$ 3,066**	**$ (90,620)**	**$ 111,092**
Inflation rate (1.0 per cent)	**(61,828)**	**110**	**N/A[1]**	**N/A[1]**	**(28,873)**	**33,179**
Post-retirement index (1.0 per cent)	**52,275**	**(115,789)**	**626**	**N/A[1]**	**108,602**	**(90,078)**
Mortality (1 year)	**N/A[1]**	**N/A[1]**	**N/A[1]**	**N/A[1]**	**(33,369)**	**35,786**

[1]Impact to the March 31, 2018 defined benefit pension obligation from a change in assumption is not considered significant.

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20. Employee future benefits *(continued)*

Defined benefit pension plans *(continued)*

Information about the Corporation's defined benefit pension plans is as follows (thousands of dollars):

	2018			
	SaskTel	**SGI CANADA**	**SaskPower**	**Total**
Defined benefit pension plan obligation				
Defined benefit pension plan obligation, beginning of year	**$ 1,133,095**	**$ 32,569**	**$ 939,589**	**$ 2,105,253**
Included in net earnings:				
Current service cost	383	2	-	**385**
Interest cost	38,423	1,052	31,570	**71,045**
	38,806	1,054	31,570	**71,430**
Included in OCI:				
Actuarial (gain) loss arising from:				
Financial assumptions	(39,810)	(1,458)	7,557	**(33,711)**
Experience adjustments	(26,457)	-	(14,814)	**(41,271)**
	(66,267)	(1,458)	(7,257)	**(74,982)**
Benefits paid	(66,897)	(2,535)	(62,088)	**(131,520)**
Defined benefit pension plan obligation, end of year	**$ 1,038,737**	**$ 29,630**	**$ 901,814**	**$ 1,970,181**

	2017			
	SaskTel	SGI CANADA	SaskPower	Total
Defined benefit pension plan obligation				
Defined benefit pension plan obligation, beginning of year	$ 1,147,369	$ 34,313	$ 958,671	$ 2,140,353
Included in net earnings:				
Current service cost	360	2	-	362
Interest cost	40,035	1,142	33,383	74,560
	40,395	1,144	33,383	74,922
Included in OCI:				
Actuarial (gain) loss arising from:				
Financial assumptions	-	(214)	10,262	10,048
Experience adjustments	12,919	-	-	12,919
	12,919	(214)	10,262	22,967
Benefits paid	(67,588)	(2,674)	(62,727)	(132,989)
Defined benefit pension plan obligation, end of year	$ 1,133,095	$ 32,569	$ 939,589	$ 2,105,253

20. Employee future benefits *(continued)*

Defined benefit pension plans *(continued)*

	2018			
	SaskTel	**SGI CANADA**	**SaskPower**	**Total**
Defined benefit pension plan assets				
Fair value of defined benefit pension plan assets, beginning of year	**$ 1,032,097**	**$ 31,588**	**$ 751,858**	**$ 1,815,543**
Included in net earnings:				
Interest income	34,888	945	24,999	**60,832**
Included in OCI:				
Return on plan assets excluding interest income	45,695	875	25,230	**71,800**
Effect of asset ceiling limit	(7,045)	-	-	**(7,045)**
	38,650	875	25,230	**64,755**
Cash impacts:				
Employee funding contributions	-	2	-	**2**
Benefits paid	(66,898)	(2,535)	(62,088)	**(131,521)**
	(66,898)	(2,533)	(62,088)	**(131,519)**
Fair value of defined benefit pension plan assets, end of year	**$ 1,038,737**	**$ 30,875**	**$ 739,999**	**$ 1,809,611**
Funded status - plan deficit and net defined benefit pension obligation	**$ -**	**$ 1,245**	**$ (161,815)**	**$ (160,570)**

	2017			
	SaskTel	SGI CANADA	SaskPower	Total
Defined benefit pension plan assets				
Fair value of defined benefit pension plan assets, beginning of year	$ 998,811	$ 32,218	$ 743,960	$ 1,774,989
Included in net earnings:				
Interest income	34,687	1,074	25,653	61,414
Included in OCI:				
Return on plan assets excluding interest income	66,186	968	44,972	112,126
Cash impacts:				
Employee funding contributions	-	2	-	2
Benefits paid	(67,587)	(2,674)	(62,727)	(132,988)
	(67,587)	(2,672)	(62,727)	(132,986)
Fair value of defined benefit pension plan assets, end of year	$ 1,032,097	$ 31,588	$ 751,858	$ 1,815,543
Funded status - plan deficit and net defined benefit pension obligation	$ (100,998)	$ (981)	$ (187,731)	$ (289,710)

20. Employee future benefits *(continued)*

Defined benefit pension plans *(continued)*

The asset allocation of the defined benefit pension plans are as follows:

	2018		
	SaskTel	**SGI CANADA**	**SaskPower**
Asset category			
Short-term investments	**0.8%**	**3.0%**	**0.7%**
Bond and debentures	**43.5%**	**66.0%**	**34.8%**
Equity securities - Canadian	**10.7%**	**12.0%**	**8.9%**
Equity securities - US	**10.8%**	**9.0%**	**0.0%**
Equity securities - Non-North American	**17.8%**	**10.0%**	**38.4%**
Real estate	**16.4%**	**0.0%**	**17.2%**

	2017		
	SaskTel	SGI CANADA	SaskPower
Asset category			
Short-term investments	1.5%	2.0%	0.7%
Bond and debentures	38.3%	56.0%	33.9%
Equity securities - Canadian	12.2%	20.0%	11.3%
Equity securities - US	12.6%	11.0%	-
Equity securities - Non-North American	20.6%	11.0%	37.9%
Real estate	14.8%	-	16.2%

Other defined benefit plans

Other benefit plans include a defined benefit and a defined contribution severance plan, a supplementary superannuation plan, two defined benefit service recognition plans, a defined benefit retiring allowance plan and a voluntary early retirement plan. All other defined benefit plans are unfunded.

20. Employee future benefits *(continued)*

Other defined benefit plans *(continued)*

Information about the Corporation's other defined benefit plans is as follows (thousands of dollars):

	2018					
	SaskTel	**SGI CANADA**	**SaskPower**	**SaskEnergy**	**SaskWater**	**Total**
Other defined benefit plan obligation						
Other defined benefit plan obligation, beginning of year	**$ 18,341**	**$ 19,415**	**$ 49,579**	**$ 7,241**	**$ 479**	**$ 95,055**
Included in net earnings:						
Current service cost	-	172	7,533	29	34	**7,768**
Interest cost	545	593	3,691	199	17	**5,045**
	545	765	11,224	228	51	**12,813**
Included in OCI:						
Actuarial (gain) loss arising from:						
Financial assumptions	(1,044)	-	(299)	(19)	28	**(1,334)**
Experience adjustments	(228)	(353)	48	75	23	**(435)**
	(1,272)	(353)	(251)	56	51	**(1,769)**
Benefits paid	(1,496)	(3,087)	(12,051)	(1,390)	(57)	**(18,081)**
Other defined benefit plan obligation, end of year	**$ 16,118**	**$ 16,740**	**$ 48,501**	**$ 6,135**	**$ 524**	**$ 88,018**

	2017					
	SaskTel	SGI CANADA	SaskPower	SaskEnergy	SaskWater	Total
Other defined benefit plan obligation						
Other defined benefit plan obligation, beginning of year	$ 19,322	$ 20,641	$ 49,580	$ 8,708	$ 470	$ 98,721
Included in net earnings:						
Current service cost	-	160	7,579	33	33	7,805
Interest cost	597	664	2,641	196	18	4,116
	597	824	10,220	229	51	11,921
Included in OCI:						
Actuarial (gain) loss arising from:						
Financial assumptions	(222)	-	93	(74)	(9)	(212)
Experience adjustments	-	264	178	(32)	3	413
	(222)	264	271	(106)	(6)	201
Benefits paid	(1,356)	(2,314)	(10,492)	(1,590)	(36)	(15,788)
Other defined benefit plan obligation, end of year	$ 18,341	$ 19,415	$ 49,579	$ 7,241	$ 479	$ 95,055

20. Employee future benefits *(continued)*

Other defined benefit plans *(continued)*

The significant actuarial assumptions used in the valuation of other defined benefit plans are as follows:

	2018				
	SaskTel	**SGI CANADA**	**SaskPower**	**SaskEnergy**	**SaskWater**
Discount rate	**3.2%**	**3.2-3.3%**	**3.1-3.2%**	**2.6%**	**2.9%**
Inflation rate	**-**	**2.3%**	**2.0%**	**1.7%**	**2.3%**
Long-term rate of compensation increases	**2.5%**	**2.1-2.2%**	**2.0%**	**3.0%**	**2.8%**
Remaining service life (years)	**9**	**10**	**7**	**4**	**12**
Last actuarial valuation	**3/31/18**	**12/31/16**	**9/30/17**	**12/31/17**	**12/31/17**

	2017				
	SaskTel	SGI CANADA	SaskPower	SaskEnergy	SaskWater
Discount rate	3.1%	3.0-3.2%	2.8-3.3%	2.8%	3.6%
Inflation rate	-	2.3%	2.0%	2.5%	2.3%
Long-term rate of compensation increases	3.0%	2.3-2.8%	2.0%	3.0%	2.8%
Remaining service life (years)	10	10-11	7	4	12
Last actuarial valuation	3/31/17	12/31/16	9/30/16	12/31/16	12/31/16

The actuarial assumptions are based on management's expectations, independent actuarial advice and guidance provided by IFRS. The most significant assumption for each plan is the discount rate, which is the yield at the reporting date of high-quality debt instruments that have maturity dates approximating the terms of the plan obligations.

A 1.0 per cent change in the actuarial assumptions would not have a material effect on the March 31, 2018 other defined benefit obligation.

Employee future benefit liability

The employee future benefit liability on the Consolidated Statement of Financial Position represents the funded status of the Corporation's defined benefit pension plans and other defined benefit plans. On a combined basis, at March 31, 2018, these liabilities totaled $248.6 million (2017 - $384.8 million).

Defined contribution pension plans

The Corporation also has employees who are members of defined contribution pension plans. The Corporation's financial obligation is limited to contractual contributions to the plan. On a combined basis, the Corporation paid $61.3 million (2017 - $61.7 million) into these plans.

Employee future benefits expense

Employee future benefits expense on the Consolidated Statement of Comprehensive Income includes contributions to the defined contribution pension plans and current service costs for the defined benefit pension plans and other defined benefit plans. On a combined basis, employee future benefits expense totaled $69.4 million (2017 - $69.9 million).

21. Other liabilities

(thousands of dollars)

	2018	2017
Customer contributions	$ 190,382	$ 183,001
Government grants	25,977	28,527
Other liabilities	7,297	8,770
	$ 223,656	$ 220,298

22. Equity advances and capital disclosures

The Corporation does not have share capital. However, the Corporation has received advances from the GRF to form its equity capitalization. The advances are an equity investment in the Corporation by the GRF.

Due to its ownership structure, the Corporation has no access to capital markets for equity. Equity advances in the Corporation are determined by the shareholder on an annual basis. Dividends to the GRF are determined through the Saskatchewan provincial budget process on an annual basis.

The Corporation closely monitors its debt level utilizing the debt ratio as a primary indicator of financial health. The debt ratio measures the amount of debt in the Corporation's capital structure. The Corporation uses this measure in assessing the extent of financial leverage and, in turn, its financial flexibility.

Too high a ratio relative to target indicates an excessive debt burden that may impair the Corporation's ability to withstand downturns in revenues and still meet fixed payment obligations. The ratio is calculated as net debt divided by capitalization at the end of the year.

CIC reviews the debt ratio targets of all its subsidiary Crown corporations on an annual basis to ensure consistency with industry standards. This review includes subsidiary Crown corporations' plans for capital spending. The target debt ratios for subsidiary Crown corporations are approved by the CIC Board. The Corporation uses targeted debt ratios to compile a weighted average debt ratio for the CIC Crown sector.

The Corporation raises most of its capital requirements through internal operating activities and notes payable and long-term debt through the GRF. This type of borrowing allows the Corporation to take advantage of the Province of Saskatchewan's strong credit rating and receive financing at attractive interest rates.

The Corporation made no changes to its approach to capital management during the year and complied with all externally imposed capital requirements.

The debt ratio is as follows (thousands of dollars):

	Note	2018	2017
Total debt (a)		$ 9,416,769	$ 9,037,499
Less: Sinking funds	7(b)	(935,587)	(851,364)
Net debt		8,481,182	8,186,135
Equity		5,263,624	4,862,440
Capitalization		$ 13,744,806	$ 13,048,575
Debt ratio		61.7%	62.7%

a) Total debt includes long-term debt, long-term debt due within one year and notes payable.

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23. Accumulated other comprehensive income (loss)

(thousands of dollars)

	2018	2017
Items that may be subsequently reclassified to net earnings:		
Unrealized losses on sinking funds	$ (15,806)	$ -
Unrealized (losses) gains on cash flow hedges	(43,457)	11,269
Realized losses on cash flow hedges	(12,154)	(23,141)
	(71,417)	(11,872)
Items that will not be reclassified to net earnings:		
Impact of changes in defined benefit plan actuarial assumptions	122,973	(18,532)
	$ 51,556	$ (30,404)

24. Commitments and contingencies

The following significant commitments and contingencies exist at March 31, 2018:

a) At 2018 prices, the Corporation has forward commitments of $1,656.2 million (2017 - $1,736.3 million) extending until 2029 for future minimum coal deliveries.

b) As at March 31, 2018, the Corporation has committed to spend $1,253.8 million (2017 - $1,454.0 million) on capital projects.

c) The Corporation has issued letters of credit in the amount of $17.8 million (2017 - $16.1 million).

d) The Corporation has entered into contracts to purchase natural gas expected to cost $559.6 million (2017 - $589.8 million) based on forward market prices until 2028. This includes fixed price forward contracts with a notional value of $555.6 million (2017 - $582.0 million) which apply for the own-use scope exception.

e) As at March 31, 2018, the Corporation has committed to transmission purchases of $18.8 million (2017 - $24.6 million).

f) The Corporation has entered into power purchase agreements (PPAs) that provide over 1,200 MW of generating capacity. The payments related to these PPAs are expected to be $8,342.5 million (2017 - $9,178.3 million) until 2046, which includes finance leases of $2,807.2 million (2017 - $2,982.7 million).

g) During the year, the Corporation entered into commodity contracts for the physical purchase of natural gas that qualify as own-use contracts. As at March 31, 2018, own-use natural gas derivative instruments had the following notional values and maturities for the next five fiscal years (thousands of dollars):

2019	$ 46,825
2020	62,583
2021	67,742
2022	64,191
2023	54,113

h) During the year, the Corporation entered into foreign exchange forward contracts with a notional value of $17.4 million (2017 - $34.2 million).

24. Commitments and contingencies *(continued)*

i) Subject to certain conditions, the Corporation has agreed to make annual payments of $2.6 million to the Regina Exhibition Association until 2027 and $0.4 million to the Moose Jaw Exhibition Company Ltd. until 2028, as compensation for the loss of gaming income caused by the operation of Casino Regina and Casino Moose Jaw respectively.

j) The Corporation has outstanding service contract commitments of $160.6 million (2017 - $138.0 million).

k) On August 9, 2004, a proceeding under *The Class Actions Act (Saskatchewan)* was brought against several Canadian wireless and cellular service providers, including the Corporation. The Plaintiffs seek unquantified damages from the defendant wireless communications service providers. Similar proceedings have been filed by, or on behalf of, Plaintiffs' counsel in other provincial jurisdictions. On September 17, 2007, the Saskatchewan court certified the Plaintiff's proceeding as a class action with respect to an allegation of unjust enrichment only for wireless customers during the period of April 1, 1987 and the date of the certification order being February 13, 2008. The class action period has now been extended to March 31, 2014. The matter will now proceed in the usual fashion of finalized pleadings, document and oral discovery to trial. The Corporation continues to believe that it has strong defenses to the allegations as certified in the 2004 action.

l) On February 6, 2013, the Corporation was served with a claim out of the Supreme Court of British Columbia. The Plaintiffs seek unquantified damages from the defendant wireless communications service providers and most known wireless device manufacturers. The claim is primarily one of product liability involving allegations by wireless customers who have had cancer or other afflictions allegedly caused by cell phone use. This claim is being defended by external legal counsel retained by the Corporation's liability insurer. The Corporation believes there is no merit to the claim and is defending it.

m) The Corporation has various legal matters pending which, in the opinion of management, will not have a material effect on the Corporation's consolidated financial position or results of operations. Should the ultimate resolution of actions differ from management's assessments and assumptions, a material adjustment to the Corporation's financial position or results of operations could result.

25. Revenue and other income

(thousands of dollars)

	Note	2018	2017
Utilities		**$ 4,813,985**	$ 4,543,550
Entertainment		**119,464**	124,213
Insurance		**776,015**	699,665
Investment and economic growth		**41,424**	42,304
Transportation	10	**2,466**	14,855
Other and consolidation adjustments		**(111,770)**	(111,574)
		5,641,584	5,313,013
Discontinued operations	10	**(2,466)**	(14,855)
		$ 5,639,118	$ 5,298,158

26. Depreciation and amortization

(thousands of dollars)

	Note	2018	2017
Property, plant and equipment	12	**$ 792,316**	$ 744,861
Investment property	13	**7,758**	8,367
Intangible assets	14	**70,019**	69,811
		870,093	823,039
Discontinued operations	10	**(441)**	(2,754)
		$ 869,652	$ 820,285

27. Impairment losses

(thousands of dollars)

	Note	2018	2017
Impairment losses (reversals) on investments		**$ 5,054**	$ (11,851)
Impairment losses on property, plant and equipment	12	**15,261**	44,171
Impairment losses on assets held for sale		**883**	-
		21,198	32,320
Discontinued operations	10	**(924)**	(14,660)
		$ 20,274	$ 17,660

28. Saskatchewan taxes and fees

(thousands of dollars)

	Note	2018	2017
Saskatchewan capital tax		$ 75,550	$ 74,586
Grants in lieu of taxes to municipalities		40,521	39,638
Gaming fees		23,241	24,375
Insurance premium tax		25,125	23,628
Other		3,880	3,479
		168,317	165,706
Discontinued operations	10	(497)	(579)
		$ 167,820	$ 165,127

29. Finance income and expenses

(thousands of dollars)

	Note	2018	2017
Recognized in consolidated net earnings			
Sinking fund earnings	7(b)	$ 18,925	$ 18,726
Gain on sale of investments at fair value through profit or loss		4,088	4,548
Change in fair value of financial assets at fair value through profit or loss		9,275	30,416
Interest and other income from investments at fair value through profit or loss		13,601	12,784
Interest and other income from investments at amortized cost		6,479	5,579
Interest income from defined benefit pension plans	20	60,832	61,414
Other		26,870	20,740
Finance income		140,070	154,207
Interest expense on financial liabilities measured at amortized cost		538,845	525,444
Change in fair value of financial assets at fair value through profit or loss		731	7,799
Accretion expense on provisions	17	8,185	13,770
Interest cost on defined benefit pension plans	20	71,045	74,560
Interest cost on other defined benefit plans	20	5,045	4,116
Interest capitalized[1]		(28,656)	(21,370)
Other		2,381	3,529
Finance expenses		597,576	607,848
Net finance expenses		$ 457,506	$ 453,641

[1] The weighted average interest rate used to capitalize interest was 4.1 per cent at March 31, 2018 (2017 - 4.1 per cent).

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30. Consolidated statement of cash flows

a) Non-cash working capital changes

(thousands of dollars)

	Note	2018	2017
Adjustments to reconcile net earnings to cash from operating activities			
Depreciation and amortization	26	**$ 870,093**	$ 823,039
Share of net earnings from equity accounted investees	11	**(11,330)**	(6,276)
Net gain on sale of equity accounted investees		**(21)**	(234)
Defined benefit plan current service costs	20	**8,153**	8,167
Provision for (recovery of) decommissioning environmental remediation liabilities	17	**10,816**	(213)
Unrealized gains on derivative financial instruments	8(b)	**(47,068)**	(75,268)
Inventory write-downs (recoveries)		**15,834**	(14,446)
Loss on disposal of property, plant and equipment		**42,491**	38,404
Impairment losses	27	**21,198**	32,320
Net finance expenses	29	**457,506**	453,641
Reclassification of natural gas hedge transitional market value losses		**(17,831)**	-
Other non-cash items		**(21,614)**	(7,752)
		$ 1,328,227	$ 1,251,382

b) Reconciliation of changes in liabilities to cash flows arising from financing activities

(thousands of dollars)

	Sinking funds	Notes payable	Long-term debt	Finance lease obligations	Other[1]	Total
Balance as of April 1, 2017	**$ 851,364**	**$ (1,382,678)**	**$ (7,654,821)**	**$ (1,136,851)**	**$ (209,029)**	**$ (9,532,015)**
Changes from financing cash flows:						
Decrease in notes payable	-	(180,817)	-	-	-	(180,817)
Decrease in other liabilities	-	-	-	(1,520)	(14,959)	(16,479)
Debt proceeds from the GRF	-	-	(404,770)	-	-	(404,770)
Debt repayments to the GRF	-	-	166,591	-	-	166,591
Debt proceeds from other lenders	-	-	(414)	(6,042)	-	(6,456)
Debt repayments to other lenders	-	-	41,524	13,986	-	55,510
Sinking fund installments	74,281	-	-	-	-	74,281
Sinking fund redemptions	(13,380)	-	-	-	-	(13,380)
Total changes from financing cash flows	**$ 60,901**	**$ (180,817)**	**$ (197,069)**	**$ 6,424**	**$ (14,959)**	**$ (325,520)**
Other changes:						
Changes in fair value	4,488	-	-	-	(11,269)	(6,781)
Realized gains on derivatives	-	-	-	-	10,421	10,421
Interest income (expense)	16,857	(8,696)	(270,741)	(159,829)	-	(422,409)
Interest paid	-	7,257	268,420	159,829	-	435,506
Other	1,977	1,439	937	-	1,180	5,533
Total other changes	**$ 23,322**	**$ -**	**$ (1,384)**	**$ -**	**$ 332**	**$ 22,270**
Balance as of March 31, 2018	**$ 935,587**	**$ (1,563,495)**	**$ (7,853,274)**	**$ (1,130,427)**	**$ (223,656)**	**$ (9,835,265)**

[1]Other includes other liabilities and bond forward agreements.

31. Related party transactions

Included in these consolidated financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as “related parties”). The Corporation has elected to take a partial exemption under IAS 24*, Related Party Disclosures* which allows government-related entities to limit the extent of disclosures about related party transactions with government or other government-related entities.

These transactions are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

In addition, the Corporation pays Saskatchewan provincial sales tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these consolidated financial statements and the notes thereto.

Key management personnel compensation

In addition to salaries, the Corporation provides non-cash benefits to key management personnel, defined as the Board of Directors of each of its subsidiaries, as well as the President and Vice Presidents of CIC and each of its subsidiaries.

Key management personnel compensation consists of (thousands of dollars):

	2018	2017
Salaries, wages and short-term employee benefits	**$ 22,997**	$ 22,534
Employee future benefits	**1,271**	1,502
Termination benefits	**1,627**	-
Other	**6**	6
	$ 25,901	$ 24,042

32. Comparative information

Certain of the March 31, 2017 information has been reclassified to conform to the current year’s presentation.

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SaskPower
Powering the future

"As SaskPower looks to help our province build a cleaner and sustainable energy future, we'll continue to rely on a legacy of innovation and dedication to continue serving Saskatchewan's families, farms and businesses."

Chief Darcy Bear, Chair, Board of Directors, SaskPower


POWER TO KNOW

CIC Separate Management Discussion & Analysis

Analysis of Financial Results

CIC's separate financial statements are used to determine the Corporation's capacity to pay dividends to the Province's General Revenue Fund (GRF). These separate financial statements isolate CIC's cash flow, capital and operating support for certain subsidiary Crown corporations. Inclusion of these financial statements in the annual report enhances accountability and the transparency of CIC's operations.

This narrative on CIC's separate 2017-18 financial results should be read in conjunction with the audited separate financial statements. For the purposes of this narrative on CIC's separate financial results, "CIC" refers to the holding company.

Comparison of 2017-18 Results with 2016-17 Results

Earnings

(millions of dollars)	2017-18	2016-17	Fifteen months 2015-16	2014	2013
Dividend revenue from subsidiary corporations	**$ 233.5**	$ 157.4	$ 184.4	$ 173.6	$ 202.5
Add: Finance and other revenue	**1.4**	1.4	3.5	3.9	3.2
Gain on sale of Information Services Corp. (ISC) shares	**-**	-	-	-	156.2
Less: Operating, salaries and other expenses	**(11.5)**	(12.8)	(17.4)	(12.2)	(12.9)
Grants to subsidiary corporations	**(10.3)**	(13.9)	(17.0)	(15.6)	(18.6)
Total Separate Earnings	**$ 213.1**	$ 132.1	$ 153.5	$ 149.7	$ 330.4

Net earnings for 2017-18 were $213.1 million, an increase of $81.0 million from the same period in 2016-17. The increase in earnings is primarily due to an increase in dividend revenue from subsidiary corporations of $76.1 million; a decrease in operating, salaries and other expenses of $1.3 million; and a decrease in grant funding to subsidiary corporations of $3.6 million.

A more detailed discussion of 2017-18 compared to 2016-17 financial results is included on the following pages.

Dividend Revenue

CIC's revenue is comprised of dividends from subsidiary Crown corporations and revenue from investments. Dividends from subsidiary Crown corporations are the primary determinant in CIC's ability to pay regular dividends to the GRF.

Revenues are influenced by weather, commodity prices, environmental regulations and technology changes such as:

- Demand for electricity and natural gas increases during cold weather which impacts earnings at Saskatchewan Power Corporation (SaskPower) and SaskEnergy Incorporated (SaskEnergy).
- Accident and other insurance claims at Saskatchewan Government Insurance (SGI CANADA) are impacted by winter driving conditions and the summer storm season.
- Water run-off levels impact SaskPower's capacity to generate hydro-electricity at a much lower cost compared to natural gas and coal generation.
- Environmental regulations on power generating sources impact earnings at SaskPower.
- Technology and regulatory changes impact earnings at SaskTel.

Dividend Revenue *(continued)*

The dividend is calculated in accordance with CIC's dividend policy and typically based on a percentage of earnings from operations; however, various factors may lead to an amount being set on an alternate basis. Dividend targets are based on the overall financial health of the subsidiary Crown and its need for capital investment. These targets are subject to change during the year if there is a significant change in circumstances. The 2017-18 budgeted dividend and per cent of operating earnings (loss) is as follows:

CIC Crown Corporations 2017-18 Earnings & Dividend Budget (millions of dollars)	**Budgeted Earnings (Loss)**	**Budgeted Dividend to CIC**	**Budgeted Dividend % of Operating Earnings**
SaskPower	$ **179.5**	$ **-**	-
SaskTel	**122.1**	**109.9**	90%
SaskEnergy	**90.6**	**31.7**	35%
SGI CANADA[1]	**37.2**	**25.0**	N/A
SGC	**23.5**	**18.8**	80%
SaskWater	**5.8**	**1.5**	25%
SOCO[2]	**3.7**	**1.3**	90%
CIC Asset Management Inc. (CIC AMI)[3]	**0.8**	**-**	-
SIIF	**(0.6)**	**-**	-
STC	**(0.3)**	**-**	-
CIC Separate and Other[4]	**(27.9)**	**4.3**	-
Consolidated Totals	$ **434.4**	$ **192.5**	

[1] SGI CANADA's dividend payout is a set dollar amount with a minimum payout of $25.0M based on alignment with the Minimum Capital Test (MCT) target. An MCT higher than target will result in a higher dividend payout, which then will effectively result in the MCT to revert toward the target.

[2] SOCO's dividend is based on earnings, excluding a gain on sale of its building located in Prince Albert, SK.

[3] CIC AMI's dividend is based on cash availability.

[4] CIC Separate and Other earnings include First Nations and Métis Fund Inc., Gradworks Inc., CIC Economic Holdco Ltd., and the dividend to CIC based on CIC's 31.0 per cent ownership of Information Services Corporation.

A five-year history of dividend revenue by contribution source is as follows:

Dividend Revenue (millions of dollars)	**2017-18**	**2016-17**	**Fifteen months 2015-16**	**2014**	**2013**
SaskTel	$ **108.9**	$ 30.0	$ 37.5	$ 53.3	$ 81.1
SaskEnergy	**38.8**	28.9	64.7	17.5	30.4
SGI CANADA	**35.8**	43.0	47.3	31.6	25.6
STC	**22.0**	-	-	-	-
SGC	**18.6**	29.5	26.1	19.9	16.4
ISC	**4.3**	4.3	5.4	4.3	12.3
SOCO	**3.1**	-	1.5	2.0	1.7
SaskWater	**2.0**	1.7	1.9	-	-
CIC AMI	**-**	20.0	-	45.0	35.0
Total Dividend Revenue	$ **233.5**	$ 157.4	$ 184.4	$ 173.6	$ 202.5

In November 2017, **SaskTel** held its first **Phones for a Fresh Start** province-wide cell phone drive asking people to drop off their used devices. SaskTel and its dealer network **collected over 5,000 cellphones and accessories**. SaskTel used the proceeds generated from the recycled cellphones to purchase pre-paid phone cards and new cellphones to distribute to those fleeing domestic violence through the Provincial Association of Transition Houses and Services of Saskatchewan (PATHS). 5,000 fewer devices were also discarded into Saskatchewan landfills.

Comparison of 2017-18 Results with 2016-17 Results *(continued)*

Dividend Revenue *(continued)*

Dividend revenue for 2017-18 increased $76.1 million to $233.5 million from 2016-17. The increase is primarily due to the following:

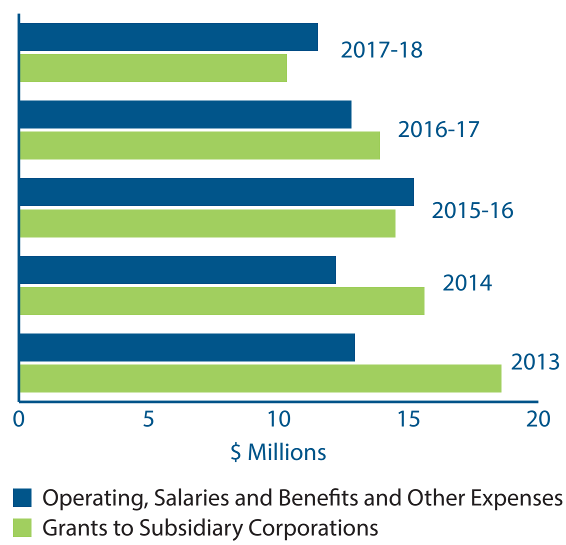
- SaskTel's dividend of $108.9 million for 2017-18 increased by $78.9 million from 2016-17 due to stronger financial performance and more capacity to pay a higher dividend. In 2017-18, SaskTel's dividend payout rate changed to 90 per cent of earnings whereas in 2016-17, the dividend was set at $30.0 million for the year.
- SaskEnergy's dividend of $38.8 million for 2017-18 increased $9.9 million from $28.9 million in 2016-17. The increase in dividend is primarily due to higher operating earnings resulting from increased gas marketing activity and delivery rate increases during the year.
- On March 22, 2017, the Government of Saskatchewan announced that STC would cease operations, resulting in the wind up of the company. In March 2018, STC paid a dividend to CIC of $22.0 million from proceeds on the sale of property, plant and equipment.

The increases in CIC's dividend revenue were partially offset by:

- SGI CANADA's dividend of $35.8 million for 2017-18 decreased $7.2 million from the $43.0 million dividend in 2016-17. The decrease in dividends is primarily due to higher expenses resulting from increased storm claims in Saskatchewan and increased wildfire claims in British Columbia.
- SGC's dividend of $18.6 million for 2017-18 decreased $10.9 million from $29.5 million in the same period of 2016-17. At year-end 2016-17, SGC declared an additional dividend of $10.0 million due to cash availability and to meet CIC's cash flow requirements.
- CIC AMI paid a dividend of Nil for 2017-18 compared to $20.0 million in 2016-17. CIC AMI's dividend is based on cash flow availability.

Total Expenses and Grants to Subsidiary Corporations

CIC's expenses are divided into two main categories: operating, salaries and benefits and other expenses; and grants to subsidiary corporations. The adjacent chart shows CIC's expenses by category. Total expenses and grants to subsidiary corporations for 2017-18 of $21.8 million were $4.9 million lower than the 2016-17 expenses of $26.7 million.



Operating, Salaries and Benefits and Other Expenses

Operating, salaries and benefits and other expenses decreased by $1.3 million during 2017-18 to $11.5 million as compared to $12.8 million in 2016-17. The decrease in expenses is primarily due to CIC recording a $0.2 million impairment loss on its investment in First Nations and Métis Fund Inc. in 2017-18 as compared to $1.7 million in 2016-17.

Grants to Subsidiary Corporations

CIC's grants to subsidiary corporations for 2017-18 of $10.3 million (2016-17 - $13.9 million) decreased by $3.6 million over the same period in 2016-17. In 2017-18, CIC provided grant funding to STC consisting of $11.5 million (2016-17 - $12.4 million) to support operations and wind up activities and Nil (2016-17 - $1.2 million) for capital expenditures. In March 2017, the Government of Saskatchewan announced that STC would wind up and all vehicular operations cease on May 31, 2017. At year-end 2017-18, STC repaid CIC $0.6 million of capital grant funding received in 2016-17.

Gradworks Inc. (Gradworks) received Nil in grants for 2017-18 (2016-17 - $0.3 million) to fund its Intern Development Program. On November 28, 2016, it was announced that Gradworks would be wound down and that operations would conclude in 2017-18. Gradworks used cash on hand to fund operations during 2017-18. Gradworks dissolved on March 31, 2018 and issued CIC a grant repayment of $0.6 million.

$213.1 MILLION

Net earnings, up $81 million from 2016-17

Comparison of 2017-18 Results with 2016-17 Results *(continued)*

Operating, Investing and Financing Activities

Cash Flow Highlights (millions of dollars)		**2017-18**		**2016-17**
Cash from operations	**$**	**199.9**	$	127.3
Cash provided by investing activities		**12.1**		11.4
Cash used in financing activities		**(205.0)**		(219.0)
Change in Cash	**$**	**7.0**	$	(80.3)

Net cash from operations of $199.9 million, for 2017-18, increased $72.6 million from the same period in 2016-17. This increase is primarily the result of an increase in net earnings of $81.0 million. This is mainly due to higher dividend revenue from Crown corporations for 2017-18, offset by an increase of $7.0 million in the net change in non-cash working capital balances related to operations as a result of higher dividends receivable.

Net cash provided by investing activities for 2017-18 was $12.1 million (2016-17 - $11.4 million), resulting in an increase in cash of $0.7 million. The increase in cash flows is primarily related to a repayment of investments by First Nations and Métis Fund Inc. of $1.9 million offset by a $1.2 million decrease year-over-year in the proceeds from the retraction of equity advances. There were no reclassifications of cash between cash and cash equivalents and short-term investments in 2017-18 as was the case in 2016-17. Short-term investments that have a maturity date of 90 days or less are classified as cash and cash equivalents.

Net cash used in financing activities for 2017-18 was $205.0 million as compared to $219.0 million in 2016-17. In 2017-18, CIC declared and paid a dividend to the GRF of $205.0 million on March 29, 2018.

Public Policy Initiatives

First Nations and Métis Fund Inc. (FNMF)

FNMF was established to provide venture capital to qualifying First Nations and Métis businesses in Saskatchewan. In 2011, FNMF began funding the government's First Nations Business Development Program (FNBDP). FNBDP provides repayable loans to First Nations businesses that create both investment and job opportunities.

At March 31, 2018, CIC had invested $9.5 million in FNMF to fund qualifying investments. Any further commitment from CIC is restricted to administration of FNMF.

Saskatchewan Immigrant Investor Fund Inc. (SIIF)

SIIF was established to participate in the Government of Canada's Immigrant Investor Program (IIP). SIIF uses IIP funds to deliver the Government of Saskatchewan's HeadStart on a Home program that assists developers in building affordable entry-level housing in Saskatchewan. As at March 31, 2018, SIIF disbursed loans of $368.6 million in support of 2,224 new homes which are completed or currently under construction.

The Government of Canada has announced that it will no longer accept funds into the IIP. SIIF will complete its mandate five years after the last Government of Canada IIP allocation. At this point, it is unknown when the last allocation will be received from the Government of Canada.

Gradworks Inc.

The Gradworks Intern Development Program provided recent post-secondary graduates with internships in CIC Crown corporations, providing the graduates job opportunities and valuable work experience that intended to lead to permanent jobs in the Crowns or other Saskatchewan employers. For 2017-18, CIC did not provide grant funding (2016-17 - $0.3 million) for the administration of Gradworks. On November 28, 2016, it was announced that Gradworks would be wound down and current interns would complete their terms of service according to program parameters. Gradworks dissolved on March 31, 2018, and Gradworks repaid $0.6 million of operating grant to CIC.

Comparison of 2017-18 Results with Budget

CIC Crown Corporations Dividend Revenue (millions of dollars)	**2017-18 Dividend Revenue[1]** Budget	Actual	**Budgeted Dividend % of Operating Earnings**
Dividends to CIC			
SaskTel	$ 109.9	$ 108.9	90%
SaskEnergy	31.7	38.8	35%
SGI CANADA	25.0	35.8	N/A
SGC	18.8	18.6	80%
ISC	4.3	4.3	N/A
SaskWater	1.5	2.0	25%
SOCO	1.3	3.1	90%
STC	-	22.0	N/A
SaskPower	-	-	N/A
CIC AMI	-	-	N/A
Total Dividend Revenue	192.5	233.5	
Grants to subsidiary corporations	(17.2)	(10.3)	
Operating and net finance expenses (net of other (expense) income)	(11.2)	(10.1)	
Separate Earnings	$ 164.1	$ 213.1	
Dividend to the GRF	$ 180.0	$ 205.0	

[1] Crown corporations' dividends are typically based on earnings from operations however various factors may lead to an amount being set on an alternate basis.

Comparison of 2017-18 Results with Budget *(continued)*

Earnings

Separate earnings for 2017-18 of $213.1 million were $49.0 million higher than budget. The earnings exceeded budget primarily due to higher than expected dividend revenue from subsidiary corporations of $41.0 million. Grant funding was $6.9 million lower than budget and operating and net finance expenses (net of other (expense) income) were $1.1 million lower than budget. A more detailed discussion of 2017-18 actual results compared to budget results is included on the following pages.

Dividend Revenue

Dividend revenue was $233.5 million, an increase of $41.0 million from budget. This was primarily due to the following:

- STC paid a dividend of $22.0 million from the sale of property, plant and equipment due to wind up activities.
- SaskEnergy dividends were $7.1 million higher than budget due to higher earnings from gas marketing activities and weather being 5 per cent colder than normal.
- SGI CANADA's dividend of $35.8 million is $10.8 million higher than the budgeted dividend of $25.0 million, due to an increase in earnings from improved investment earnings and favourable underwriting claim costs in Saskatchewan.

Grants to Subsidiary Corporations

CIC's grants to subsidiary Crown corporations of $10.3 million were lower than budget by $6.9 million. This decrease from budget is primarily the result of STC requiring less operating grants during the company's wind up period than expected.

Dividend to the GRF

For 2017-18, CIC declared and paid dividends to the GRF of $205.0 million compared to a budgeted dividend of $180.0 million, an increase of $25.0 million. CIC had financial capacity to pay a higher dividend with proceeds from the sale of STC's property, plant and equipment. The $205.0 million dividend was paid to the GRF on March 29, 2018.

Operating and Net Finance Expenses

Operating and net finance expenses (net of other (expense) income) were $10.1 million, $1.1 million lower than budget of $11.2 million. CIC's operating expenditures were below budget due mainly to cost restraint initiatives in 2017-18.

Key Factors Affecting Financial Performance

Earnings of Crown Corporations

- The key factor affecting CIC's earnings is the level of dividends from commercial subsidiary Crown corporations which are impacted by weather, commodity prices, environmental regulations and technology changes.
- Factors affecting the level of dividends from subsidiary Crowns include the level of profits and the application of CIC's Subsidiary Dividend Policy. The CIC Board determines dividends from a subsidiary Crown corporation after allocating cash for reinvestment in infrastructure and consideration of the Crown's financial sustainability over the medium term.

Investment Values

- CIC regularly assesses the appropriateness of the carrying value of its investments, and writes down an investment if it judges the investment to have other than a temporary decline in carrying value.
- There is a mandate to divest CIC's investments in CIC AMI, CIC Economic Holdco, and FNMF.

Looking Ahead to 2018-19

CIC's key financial initiatives for 2018-19 include:

- Provide a reasonable return to the Shareholder (Province of Saskatchewan);
- Focus on cost management and maximizing earnings to support the government's goal to balance the budget by 2019-20;
- Maintain and improve Saskatchewan's Crown corporation infrastructure to meet the needs of both residents and businesses;
- Support public policy directives including:
  - completing the wind up of STC operations and sale of assets; and
  - providing capital investments that improve the quality of life of Saskatchewan residents;
- Orderly liquidation of CIC AMI's investments;
- Enhance governance and accountability through a sector-wide Enterprise Risk and Opportunities Management (EROM) framework;
- Monitor new developments in financial reporting and governance, ensuring that CIC continues to be a leader in its reporting and accountability practices;
- Challenge its Crown corporations to identify innovative solutions that ensure high quality services, while focusing on the most effective and efficient ways possible to deliver those services;
- Continue to implement the Government of Saskatchewan's Procurement Transformation Action Plan, which was developed to ensure there is an open, fair and transparent bidding environment for Saskatchewan businesses, and that taxpayers receive best value; and
- Continue to improve collaboration among Crown corporations, ministries and the private sector to increase customer value and to support continuous improvement.

CIC Crown Corporations
2018-19 Earnings (Loss) and Dividend Budget
(millions of dollars)

	Earnings (Loss)	Dividend to CIC	Dividend % of Crown Operating Earnings[1]
SaskPower	$ **176.7**	$ -	-
SaskTel	**133.0**	119.7	90%
SaskEnergy	**68.4**	23.9	35%
SGI CANADA[2]	**60.7**	39.0	N/A
SGC	**23.0**	18.4	80%
SaskWater	**6.2**	1.6	25%
SOCO	**3.4**	3.0	90%
CIC AMI	**7.6**	-	-
SIIF	**0.1**	-	-
STC[3]	**(0.5)**	6.4	N/A
CIC Separate and Other[4]	**(9.1)**	4.3	N/A
Consolidated Totals	**$ 469.5**	**$ 216.3**	
Dividend to the GRF	**$ 206.0**		

[1] Dividends paid to CIC are typically based on a percentage of operating earnings; however, various factors may lead to a dividend amount being set on an alternate basis.

[2] SGI CANADA's dividend payout has been set at an amount in alignment with achieving the company's minimum capital test target of 242 per cent.

[3] Due to wind up of STC, the dividend will include all remaining cash at year end estimated at $6.4 million.

[4] Includes FNMF, CIC Economic Holdco Ltd., other interagency adjustments and dividend for CIC's 31.0 per cent ownership of ISC.

"Water is integral to quality of life and the success of our province. SaskWater is committed to creating collaborative, meaningful and trusted long-term relationships with its customers and the communities they live in. Engagement through community forums and consultations, collaborative initiatives and our Community Investment program contribute to this success. We are both encouraged and excited about our quality partnerships, and our positive contributions to our customers and the province."

Sylvia Martini, Chair, Board of Directors, SaskWater

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Responsibility for Financial Statements

The accompanying separate financial statements have been prepared by management of Crown Investments Corporation of Saskatchewan to illustrate the financial position and results of operations and cash flows of the corporate entity only. They have been prepared, without consolidation, in accordance with the basis of accounting described in Note 2 and Note 4 to the separate financial statements, and consistently applied, using management's best estimates and judgements where appropriate. Management is responsible for the reliability and integrity of the separate financial statements, the notes to the separate financial statements and other information contained in this annual report.

CIC's Board of Directors is responsible for overseeing the business affairs of the corporation and also has the responsibility for approving the separate financial statements. The Board of Directors is responsible for reviewing the separate financial statements and meeting with management, KPMG LLP and the Provincial Auditor of Saskatchewan on matters relating to the financial process.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the separate financial statements. The internal controls provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly guarded against unauthorized use and that reliable records are maintained. The Provincial Auditor of Saskatchewan has reported to the Legislative Assembly that these controls are adequately functioning.

KPMG LLP has audited the separate financial statements. Their report to the Members of the Legislative Assembly, stating the scope of their examination and opinion on the separate financial statements, appears on the following page.

Blair Swystun, CFA
President & CEO

Cindy Ogilvie, CPA, CA
Vice President & CFO

June 27, 2018

CIC SEPARATE

Independent Auditors' Report

To the Members of the Legislative Assembly of Saskatchewan

We have audited the accompanying separate financial statements of **Crown Investments Corporation of Saskatchewan**, which comprise the separate statement of financial position as at March 31, 2018, the separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. These separate financial statements have been prepared at the request of the Legislative Assembly of Saskatchewan.

Management's Responsibility for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Crown Investments Corporation of Saskatchewan as at March 31, 2018, its separate financial performance and its separate cash flows for the year then ended in accordance with the basis of accounting described in Note 2 and Note 4 to the separate financial statements.

Basis for Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 2 and Note 4 to the separate financial statements which describe the basis of accounting. The separate financial statements are prepared for the purpose of tabling with the Legislative Assembly of Saskatchewan. As a result, the separate financial statements may not be suitable for another purpose. Our report is intended solely for the Legislative Assembly of Saskatchewan and Crown Investments Corporation of Saskatchewan and should not be used by parties other than the Legislative Assembly of Saskatchewan and Crown Investments Corporation of Saskatchewan.

KPMG LLP

Chartered Professional Accountants
June 27, 2018
Regina, Saskatchewan

Crown Investments Corporation of Saskatchewan
Separate Statement of Financial Position
As at March 31
(thousands of dollars)

	Note	2018	2017
ASSETS			
Current			
Cash and cash equivalents	6	**$ 59,586**	$ 52,628
Interest and accounts receivable		**36**	110
Dividends receivable		**73,521**	61,426
		133,143	114,164
Equity advances to Crown corporations	7	**1,168,074**	1,176,918
Investments in share capital corporations	8	**2,428**	4,579
Equipment		**248**	162
		$ 1,303,893	$ 1,295,823
LIABILITIES AND PROVINCE'S EQUITY			
Current			
Interest and accounts payable		**$ 2,344**	$ 2,439
Province of Saskatchewan's Equity			
Equity advances	9	**908,889**	908,889
Retained earnings		**392,660**	384,495
		1,301,549	1,293,384
		$ 1,303,893	$ 1,295,823

Commitments and contingencies 10

(See accompanying notes)

On behalf of the Board:

Director

Director

Crown Investments Corporation of Saskatchewan
Separate Statement of Comprehensive Income
For the Year Ended March 31
(thousands of dollars)

	Note	2018	2017
INCOME FROM OPERATIONS			
Dividend revenue	11	**$ 233,560**	$ 157,352
Other (expenses) income		**(7)**	9
		233,553	157,361
EXPENSES			
Operating		**4,724**	4,974
Salaries and short-term employee benefits		**6,042**	5,655
Employee future benefits		**451**	418
Impairment loss	8(b)	**201**	1,727
Depreciation		**70**	32
Loss on disposal of equipment		**-**	4
		11,488	12,810
EARNINGS FROM OPERATIONS		**222,065**	144,551
Finance income	12	**1,428**	1,404
Finance expenses	12	**(8)**	(9)
NET FINANCE INCOME		**1,420**	1,395
EARNINGS BEFORE PUBLIC POLICY INITIATIVES		**223,485**	145,946
Grants to subsidiary corporations	13	**(10,320)**	(13,882)
NET EARNINGS		**213,165**	132,064
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN		**$ 213,165**	$ 132,064

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Separate Statement of Changes in Equity
For the Year Ended March 31
(thousands of dollars)

		Attributable to the Province of Saskatchewan		
	Note	Equity Advances	Retained Earnings	Total Equity
Balance at April 1, 2016		$ 908,889	$ 471,381	$ 1,380,270
Total comprehensive income		-	132,064	132,064
Dividends to the General Revenue Fund (GRF)	9	-	(218,950)	(218,950)
Balance at March 31, 2017		908,889	384,495	1,293,384
Total comprehensive income		**-**	**213,165**	**213,165**
Dividends to the GRF	9	**-**	**(205,000)**	**(205,000)**
Balance at March 31, 2018		**$ 908,889**	**$ 392,660**	**$ 1,301,549**

(See accompanying notes)

CIC SEPARATE

Crown Investments Corporation of Saskatchewan
Separate Statement of Cash Flows
For the Year Ended March 31
(thousands of dollars)

	Note	2018	2017
OPERATING ACTIVITIES			
Net earnings		$ 213,165	$ 132,064
Adjustments to reconcile net earnings to cash from operating activities:			
Depreciation		70	32
Loss on disposal of equipment		-	4
Impairment loss	8(b)	201	1,727
Net finance income	12	(1,420)	(1,395)
		212,016	132,432
Net change in non-cash working capital balances related to operations	14	(12,116)	(5,079)
Interest paid		(8)	(9)
Net cash from operating activities		199,892	127,344
INVESTING ACTIVITIES			
Interest received		1,428	1,404
Decrease in equity advances to Crown corporations	7	8,844	10,000
Repayment of due from First Nations & Métis Fund Inc.	8(b)	1,950	-
Purchase of equipment		(156)	(50)
Net cash from investing activities		12,066	11,354
FINANCING ACTIVITIES			
Dividend paid to GRF	9	(205,000)	(218,950)
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR		6,958	(80,252)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		52,628	132,880
CASH AND CASH EQUIVALENTS, END OF YEAR		$ 59,586	$ 52,628

(See accompanying notes)

1. General information

Crown Investments Corporation of Saskatchewan (CIC) is a corporation domiciled in Canada. The address of CIC's registered office and principal place of business is 400 - 2400 College Avenue, Regina, SK, S4P 1C8. CIC was established to act as a holding corporation for the Province's commercial Crown sector. CIC develops broad corporate policy, directs investments for its subsidiaries and provides dividends to the province's General Revenue Fund (GRF). A list of CIC's subsidiaries with principal activities is contained in Note 5.

2. Basis of preparation

a) Statement of compliance

The separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The separate financial statements were authorized for issue by the Board of Directors on June 27, 2018.

b) Basis of measurement

The separate financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss.

c) Functional and presentation currency

The separate financial statements are presented in Canadian dollars, which is CIC's functional currency.

d) Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant items subject to estimates and assumptions include the carrying amounts of investments. These significant areas are further described in Notes 7 and 8.

e) Use of judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements that affect the application of accounting policies.

Significant items subject to judgement are included in the accounting policies listed in Note 4.

3. Application of revised accounting standards

The following new standards and amendments to standards, effective for annual periods beginning on or after January 1, 2017, have been applied in preparing these separate financial statements:

IAS 7, *Statement of Cash Flows*

Effective April 1, 2017, CIC has adopted the disclosure requirements in *Disclosure Initiative* (amendments to IAS 7) in accordance with the provisions of the standard. The amendments require a reconciliation of the opening and closing liabilities that form part of an entity's financing activities, including both changes arising from cash flows and non-cash changes. The standard does not have a material impact on the separate financial statements.

IFRS 9, *Financial Instruments*

Effective April 1, 2017, CIC has early adopted IFRS 9, *Financial Instruments*. CIC has elected to adopt the standard retrospectively with impacts recorded in retained earnings as of April 1, 2017. The requirements of IFRS 9 represent a significant change from IAS 39, *Financial Instruments: Recognition and Measurement*.

The key changes to CIC's accounting policies resulting from its adoption of IFRS 9 are summarized below.

a) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed as well as contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. The adoption of IFRS 9 has not had a significant effect on CIC's accounting policies for financial liabilities.

b) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost and debt instruments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

c) Transition

The adoption of IFRS 9 has not resulted in differences to the carrying amounts of financial assets and financial liabilities or any adjustment to retained earnings as at April 1, 2017.

d) Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

Each class of CIC's financial assets and financial liabilities has maintained the same measurement under IFRS 9 as its original measurement category under IAS 39, with the exception of the following:

- All financial assets previously classified as loans and receivables under IAS 39 are now classified as amortized cost under IFRS 9.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these separate financial statements.

CIC's separate financial statements do not consolidate the activities of its subsidiaries. Other than this exception, the accounting policies have been consistently applied by CIC's subsidiary corporations.

CIC prepares audited consolidated financial statements in accordance with IFRS 10, *Consolidated Financial Statements*. The audited consolidated financial statements were authorized by the CIC Board of Directors on June 27, 2018. CIC's audited consolidated financial statements should be referenced for further information.

a) Cash and cash equivalents

Cash and cash equivalents include short-term investments that have a maturity date of ninety days or less. Cash and cash equivalents are measured at fair value through profit and loss, and changes therein are recognized through net earnings.

b) Equity advances to Crown corporations

Crown corporations do not have share capital. However, six Crown corporations have equity advances from CIC to form their equity capitalization. The equity advances are accounted for at cost and dividends from these corporations are recognized as income when declared.

c) Investments in share capital corporations

Investments in shares of corporations are accounted for at cost. Dividends from these investments are recognized as income when declared.

d) Impairment of equity in Crown corporations and share capital corporations

Investments in Crown corporations and share capital corporations are assessed at each reporting date to determine whether there is objective evidence that the investment is impaired. An investment is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the investment, and that the loss event had a negative effect on the estimated future cash flows of that investment that can be estimated reliably. An impairment loss is recognized through net earnings if the carrying amount of the investment exceeds its recoverable amount.

If, in a subsequent period, the fair value of an impaired investment increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in net earnings, then the impairment loss is reversed, with the amount of the reversal recognized through net earnings.

e) Equipment

Equipment is recorded at cost less accumulated depreciation and any accumulated impairment losses. When these assets are disposed of or retired, the related costs less accumulated depreciation and any accumulated impairment losses are eliminated from the accounts. Any resulting gains or losses are reflected in the Separate Statement of Comprehensive Income.

Equipment is depreciated using the following methods:

Computer equipment	3 years straight-line
Furniture and equipment	20 per cent declining balance

4. Significant accounting policies *(continued)*

f) Financial instruments

Classification and measurement

All financial instruments are measured at fair value on initial recognition. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments at fair value through profit or loss in which case the transaction costs are expensed as incurred. Measurement in subsequent periods depends on the classification of the financial instrument.

i) Financial instruments at fair value through profit or loss

The Corporation classifies cash and cash equivalents and certain investments as financial instruments at fair value through profit or loss. Financial instruments classified as fair value through profit or loss are subsequently measured at fair value with changes in fair value recognized in net earnings.

ii) Financial assets at amortized cost

The Corporation classifies interest and accounts receivable and dividends receivable as amortized cost. Amortized cost financial instruments are subsequently measured at amortized cost using the effective interest method, less any provision for impairment losses.

iii) Other liabilities at amortized cost

The Corporation classifies interest and accounts payables as other liabilities. Other liabilities are non-derivative financial liabilities that are not designated as fair value through profit or loss. Subsequent to initial recognition, these non-derivative financial liabilities are accounted for at amortized cost using the effective interest method.

g) Equity advances

CIC periodically receives funding from the Government of Saskatchewan through the GRF. Funding can be provided for one of two purposes, the funding of government policy initiatives for which no return is expected or required, or for long-term investment which is expected to provide a return to the GRF. Funding provided for government policy initiatives is recorded as revenue in the period spending occurs. Funding provided for long-term investment is recorded as an equity advance (Note 9).

h) Revenue recognition

CIC's revenue is derived from the ownership of its subsidiary corporations. Dividend revenue from subsidiary corporations is recorded as income in the Separate Statement of Comprehensive Income when declared. Dividends received are classified as operating activities in accordance with IAS 7, *Statement of Cash Flows*.

i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

4. Significant accounting policies *(continued)*

j) Employee future benefits

Defined contribution plan

CIC is a member of the Public Employees' Pension Plan (PEPP), a defined contribution pension plan. PEPP is administered by the Public Employees Benefits Agency (PEBA), which is an agency of the Saskatchewan Ministry of Finance.

A defined contribution plan is a post-employment benefit under which CIC pays fixed contributions to PEPP and has no legal or constructive obligation to pay further amounts. Obligations for contributions to PEPP are recognized as an employee future benefit expense in the Separate Statement of Comprehensive Income in the period during which services are rendered by employees.

k) Finance income and expenses

Finance income is comprised of interest income from short-term investment holdings. Interest income is recognized as it accrues in the Separate Statement of Comprehensive Income, using the effective interest method. On the Separate Statement of Cash Flows, interest income is recorded as an investing activity. Finance expenses are comprised of bank and service charges. On the Separate Statement of Cash Flows interest expense is recorded as an operating activity.

l) New accounting standards and interpretations not yet adopted

Certain new standards, interpretations and amendments to existing standards were issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee that are not yet effective for the year ended March 31, 2018. These include:

IFRS 16, *Leases*

In January 2016, IFRS 16, *Leases* was issued. IFRS 16 replaces IAS 17, *Leases*. Under the new standard all leases will be brought onto companies' balance sheets. IFRS 16 also removes the classification of leases as either operating leases or finance leases (for the lessee - the lease customer), treating all leases as finance leases. IFRS 16 must be adopted for annual periods beginning on or after January 1, 2019. IFRS 16 will affect the classification, measurement and valuation of leases. CIC is currently assessing the impact of the standard on the separate financial statements.

5. Status of Crown Investments Corporation of Saskatchewan

CIC was established by Order in Council 535/47 dated April 2, 1947, and is continued under the provisions of *The Crown Corporations Act, 1993* (the Act). CIC is an agent of Her Majesty in Right of the Province of Saskatchewan and as a provincial Crown corporation is not subject to federal and provincial income taxes. Certain jointly controlled enterprises and subsidiaries are not provincial Crown corporations and are subject to federal and provincial income taxes.

The Act assigns specific financial and other responsibilities to CIC regarding Crown corporations designated or created as subsidiary Crown corporations of CIC under the Act. The following wholly-owned Crown corporations have been designated or created by Order in Council:

Wholly-owned subsidiaries domiciled in Canada	**Principal Activity**
SaskEnergy Incorporated (SaskEnergy)	Natural gas storage and delivery
Saskatchewan Gaming Corporation (SGC)	Entertainment
Saskatchewan Government Insurance (SGI)	Property and casualty insurance
Saskatchewan Opportunities Corporation (SOCO)	Research parks
Saskatchewan Power Corporation (SaskPower)	Electricity
Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications (collectively SaskTel)	Information and communications technology
Saskatchewan Transportation Company (STC)	Passenger and freight transportation
Saskatchewan Water Corporation (SaskWater)	Water and wastewater management

In addition to the above Crown corporations, CIC is the sole member of Gradworks Inc., a wholly-owned non-profit subsidiary and the sole shareholder of the following wholly-owned share capital subsidiaries: CIC Asset Management Inc. (CIC AMI); First Nations and Métis Fund Inc. (FNMF); Saskatchewan Immigrant Investor Fund Inc. (SIIF); and CIC Economic Holdco Ltd., all of which are domiciled in Canada. As at March 31, 2018, Gradworks Inc. was dissolved.

6. Cash and cash equivalents

Included in cash and cash equivalents are Nil (2017 - $7.3 million) of short-term investments with an effective interest rate of Nil per cent (2017 - 1.08 per cent).

7. Equity advances to Crown corporations

Equity advances to Crown corporations are as follows (thousands of dollars):

	2018	2017
Saskatchewan Power Corporation	**$ 659,993**	$ 660,000
Saskatchewan Telecommunications Holding Corporation	**250,000**	250,000
Saskatchewan Opportunities Corporation (a)	**97,850**	106,687
Saskatchewan Government Insurance	**80,000**	80,000
SaskEnergy Incorporated	**71,531**	71,531
Saskatchewan Water Corporation	**8,700**	8,700
	$ 1,168,074	$ 1,176,918

a) During the year ended March 31, 2018, CIC retracted $8.8 million (2017 - $10.0 million) in equity advances from Saskatchewan Opportunities Corporation.

8. Investments in share capital corporations

(thousands of dollars)

	Voting Percentage	**2018**	2017
CIC Asset Management Inc. (a):			
1 (2017 - 1) Class A common share	100%	**$ -**	$ -
First Nations and Métis Fund Inc. (b):			
100 (2017 - 100) Class A common shares	100%		-
Due from FNMF		**9,477**	11,427
Impairment in value of FNMF		**(7,928)**	(7,727)
		1,549	3,700
CIC Economic Holdco Ltd. (c):			
100 (2017 - 100) Class A common shares	100%	**-**	-
Due from CIC Economic Holdco Ltd.		**879**	879
		879	879
Saskatchewan Immigrant Investor Fund Inc. (d):			
1 (2017 - 1) Class A common share	100%	**-**	-
Information Services Corporation (e):			
5,425,000 (2017 - 5,425,000) Class A Limited Voting shares	31%	**-**	-
		$ 2,428	$ 4,579

a) CIC AMI was established on November 14, 1979 under *The Business Corporations Act (Saskatchewan)*. CIC AMI has a mandate to prudently manage and divest of its portfolio of investments.

b) FNMF was established on May 9, 2006 to provide venture capital to qualifying First Nations and Métis businesses in Saskatchewan. Due to losses accumulated from investments made by FNMF, CIC has recorded a $7.9 million (2017 - $7.7 million) provision against amounts due from FNMF, which reflects CIC's current expectations of recovery of these amounts. During the year ended March 31, 2018, FNMF repaid $2.0 million (2017 - Nil) of its loan from CIC.

c) CIC, through its wholly-owned subsidiary, CIC Economic Holdco Ltd., entered into a joint venture agreement with Saskatchewan Entrepreneurial Fund Joint Venture (SEFJV). The SEFJV was established on April 24, 2006 to operate as an institutional investment fund focusing primarily on investment in Saskatchewan and the creation of employment and economic growth and expansion of the small business sector in Saskatchewan. CIC Economic Holdco Ltd. holds a 45.5 per cent (2017 - 45.5 per cent) joint venture interest in SEFJV.

At March 31, 2018, CIC Economic Holdco Ltd. had total assets of $1.2 million (2017 - $1.2 million) and recorded earnings of Nil (2017 - $0.3 million). CIC has invested $0.9 million (2017 - $0.9 million) in capital in SEFJV through CIC Economic Holdco Ltd.

8. Investments in share capital corporations *(continued)*

d) SIIF was established on October 6, 2010 under *The Business Corporations Act (Saskatchewan)*. SIIF was established to participate in the Government of Canada's Immigrant Investor Program (IIP). SIIF uses the IIP funds to deliver the Government of Saskatchewan's HeadStart on a Home program that assists municipalities, builders and developers in building affordable entry-level housing. On February 11, 2014, the Government of Canada announced that it would no longer accept funds into the IIP. SIIF will complete its mandate five years after the last Government of Canada IIP allocation.

e) The Corporation owns 5,425,000 Class A Limited Voting shares representing a 31.0 per cent ownership interest of ISC. At March 31, 2018, the fair value of these shares was $93.7 million (2017 - $105.8 million).

9. Equity advances and capital disclosures

CIC does not have issued or outstanding share capital. However, CIC has received advances from the GRF to form its equity capitalization. The advances are an equity investment in CIC by the GRF. During the year ended March 31, 2018, CIC did not repay equity advances to the GRF. Equity advances from the GRF have been invested in subsidiary Crown corporations. CIC, as a holding corporation for the Saskatchewan commercial Crown sector, does not carry any debt.

CIC's ability to pay regular dividends to the GRF depends mainly on the level of Crown corporation dividends to CIC, less CIC's operating costs. These operating costs include support to non-dividend paying Crown corporations, public policy expenditures and CIC's administrative expenses. Crown corporation dividend levels depend on their net earnings and capital structure. In addition to cash constraints, CIC's ability to declare dividends to the GRF depends on its retained earnings. CIC's earnings and hence, dividend capacity outlook, are sensitive to adverse developments in its operating expenditures and Crown corporation earnings.

For the year ending March 31, 2018, CIC declared and paid $205.0 million (2017 - $219.0 million) in dividends to the GRF. This is the only component of financing activities on the separate statement of cash flows.

10. Commitments and contingencies

CIC, as plan sponsor of Capital Pension Plan (CPP), has guaranteed the annuities for the Retirement Annuity Fund. PEBA administers CPP. An actuarial valuation of the Fund is performed annually. The assets of the Fund at March 31, 2018 exceed the actuarially determined net present value of retirement annuities payable. CIC does not expect any exposure under this guarantee in 2018-19.

11. Dividend revenue

(thousands of dollars)

	2018	2017
Saskatchewan Telecommunications Holding Corporation	**$ 108,931**	$ 30,000
SaskEnergy Incorporated	**38,835**	28,866
Saskatchewan Government Insurance	**35,750**	43,000
Saskatchewan Transportation Company	**22,000**	-
Saskatchewan Gaming Corporation	**18,593**	29,500
Information Services Corporation	**4,340**	4,340
Saskatchewan Opportunities Corporation	**3,092**	-
Saskatchewan Water Corporation	**2,019**	1,646
CIC Asset Management Inc.	**-**	20,000
	$ 233,560	$ 157,352

12. Finance income and expenses

(thousands of dollars)

	2018	2017
Interest income from short-term investment holdings	$ 1,428	$ 1,404
Bank and service charges	(8)	(9)
	$ 1,420	$ 1,395

13. Grants to subsidiary corporations

(thousands of dollars)

	2018	2017
Saskatchewan Transportation Company (a)	$ 10,905	$ 13,578
Gradworks Inc. (b)	(585)	304
	$ 10,320	$ 13,882

a) On March 22, 2017, the Government of Saskatchewan announced that STC would be wound-up and STC vehicular operations would cease May 31, 2017. In 2017-18, STC received $11.5 million in grants to support operations and wind up activities. On March 28, 2018, STC repaid $0.6 million of capital grant funding received in 2016-17.

b) Gradworks was dissolved on March 31, 2018 and CIC received a grant repayment of $0.6 million.

14. Net change in non-cash working capital balances related to operations

(thousands of dollars)

	2018	2017
Decrease in interest and accounts receivable	$ 74	$ 630
Increase in dividends receivable	(12,095)	(5,772)
(Decrease) increase in interest and accounts payable	(95)	63
	$ (12,116)	$ (5,079)

15. Financial instruments

a) Market risk

Interest rate price risk reflects the risk that CIC's earnings will fluctuate due to changes in interest rates. CIC's cash and cash equivalents are held in short-term money market instruments and will therefore adjust to fluctuations in the interest rate environment. CIC does not believe that the impact of fluctuations in interest rates will be significant and therefore has not provided a sensitivity analysis of the impact on net earnings.

Cash and cash equivalents are measured at fair value based on an active market.

b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk relates to groups of customers or counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. CIC's interest and accounts receivable consist

15. Financial instruments *(continued)*

b) Credit risk **(continued)**

mostly of interest due on money market investments. CIC has recorded no allowance on its interest and accounts receivable balance. Dividends receivable are due from CIC's subsidiaries within 90 days of period end. CIC has recorded no allowances on its dividends receivable.

c) Liquidity risk

Liquidity risk is the risk that CIC is unable to meet its financial commitments as they become due. CIC is a Saskatchewan Provincial Crown corporation and as such has access to capital markets through the GRF. All interest and accounts payable are current and due within six months of period end. Currently, CIC has sufficient resources to discharge all liabilities.

16. Related party transactions

Included in these separate financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to CIC by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). CIC has elected to take a partial exemption under IAS 24 - *Related Party Disclosures* which allows government-related entities to limit the extent of disclosures about related party transactions with government and other government-related entities.

These transactions are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

In addition, CIC pays Saskatchewan provincial sales tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases. CIC provides management services to CIC AMI, FNMF, Gradworks Inc., SIIF, and CIC Economic Holdco Ltd. without charge.

These separate financial statements and the notes thereto separately describe other transactions and amounts due to and from related parties and the terms of settlement.

Key management personnel compensation

In addition to salaries, CIC also provides non-cash benefits to the President and Vice Presidents and contributes to a post-employment defined contribution plan on their behalf. A retirement allowance is provided to executive officers and accumulates at a rate of 1.92 per cent of their respective gross salary per year (2017 - 1.92 per cent).

Key management personnel compensation is comprised of:
(thousands of dollars)

		2018		2017
Salaries and short-term employee benefits	**$**	**1,164**	$	1,060
Employee future benefits		**77**		76
Other		**6**		6
	$	**1,247**	$	1,142

17. Pension plan

CIC is a member of the Public Employees' Pension Plan (PEPP), a defined contribution pension plan. CIC's contributions to PEPP include making regular payments to match the required amounts contributed by employees for current service. The total amount paid to PEPP for the year ended March 31, 2018 was $0.7 million (2017 - $0.7 million).

Glossary of Terms

Accumulated Other Comprehensive Income (Loss)
Comprises the accumulated balance of all components of other compressive income, being revenues, expenses, gains and losses that, in accordance with primary sources of International Financial Reporting Standards, are recognized in comprehensive income (loss), but excluded from net earnings.

Capital Resources
The funds that have been invested in and loaned to the corporation to allow it to carry out its operations and investment activities. A corporation's capital consists of its debt and equity.

Capital Structure
The relative percentage or weighing of debt compared to equity for a corporation. The ideal capital structure for a corporation is usually specific to its industry and depends on factors such as the level of capital assets required to maintain operations, the cost of borrowing, the risk association with the industry, and shareholder exceptions.

Cash Flow Return on Equity
A measure of profitability used to evaluate the Province's investment in CIC. It is based on the cash return (e.g. dividend) provided the owner is calculated as dividends paid to the GRF divided by the province's equity.

Comprehensive Income (Loss)
The change in equity (net assets) of an enterprise during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners.

Debt Ratio
Measures the per cent of debt in the overall capital structure of an organization and is used to evaluate its financial flexibility. It is calculated as total debt from ongoing operations (long-term debt plus long-term debt due within one year plus notes payable) less sinking funds divided by the corporation's capital (debt plus equity).

Derivative
A contract or security that obtains its value from price movements in a related or underlying security, future of other instrument or index.

Dividend Capacity
The financial ability that a firm has to pay dividends. Dividends capacity is determined by identifying cash sources from operations, analyzing reinvestment needs and the target capital structure, and then determining surplus cash.

Dividend Payout Rate
Crown corporations' dividends are typically based on earnings from operations; however, various factors may lead to an amount being set on an alternate basis.

EBITDA
Earnings before interest, taxes, depreciation and amortization.

Forward Contract
A contractual commitment to buy or sell a specified currency at a specific price and rate in the future.

General Revenue Fund (GRF)
The GRF is a special purpose fund that the government uses to pay for most of the programs it provides. It is the Government of Saskatchewan's central accounting entity where all public monies are deposited to and disbursed from, as authorized by the legislative assembly.

Minimum Capital Test (MCT)
The minimum capital test is a capital adequacy test widely used in the insurance industry and indicates capital available to pay claims compared to capital required.

Option
A contract that grants the right, but not the obligation, to buy or sell a commodity or financial instrument at a specific price at a point in time during a defined period.

Other Comprehensive Income (Loss)
Comprises revenue, expenses, gains and losses that, in accordance with primary sources of International Financial Reporting Standards, are recognized in comprehensive income (loss), but excluded from net income.

Performance Management Plans
Plans that are developed by each Crown corporation detailing key strategic priorities, measures and targets for a given year. They are also referred to as business plans, and typically include the corporation's budget for the year.

Return on Equity
A measure of profitability that relates a company's earnings to the investment by its owners. It is calculated as net earnings divided by the average shareholder's equity.

Significant Transaction
Significant transactions are those judged by a Crown corporation to be sensitive and likely of interest to legislators and the public or where the transaction is both material and outside the organization's course of business and involves:

- the acquisition of a major investment or asset, or the assumption of a major liability;
- a change in the terms and conditions governing an existing investment or asset; or
- the divestiture of a major asset or investment.

Sinking Fund
An account held for the specific purpose of paying down an existing debt instrument (e.g. loan) that has a maturity date in the future. Money is placed in the fund over the period which the debt is held and then used to pay off the debt at its maturity. Sinking funds are recorded as investments for financial reporting purposes.

SWAP
A contractual agreement to exchange a stream of periodic payments with a counterparty.

SOCO

"At the Innovation Place research and technology parks, SOCO has created an environment that encourages and supports collaboration and entrepreneurship. A programming series has been developed which assists our tenant entrepreneurs and their staff to increase their capacities and build their businesses. In 2017-18, between Saskatoon and Regina, we hosted a total of 156 programs, most of which are delivered in conjunction with private sector expertise."

Mark Regier, Chair, Board of Directors, Saskatchewan Opportunities Corporation

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[1] Doug Burnett was appointed Acting President of SaskTel effective July 1, 2017 upon Ron Styles' retirement.

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