Crown Investments Corporation

2018-19 ANNUAL REPORT

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2018-19 Highlights

$256 MILLION
Dividends to the GRF

$540.6 MILLION
Consolidated Earnings

$1.4 BILLION
Capital Expenditures

$235.3 MILLION
Separate Earnings

60.6%
Consolidated Debt Ratio

9.9%
Consolidated Return on Equity

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Addendum

This report, including the transmittal letter, was prepared before the recent decease of His Honour, the Honourable Thomas Molloy, OC, QC, on July 2, 2019. As the office of the Lieutenant Governor is vacant at the time of transmittal, no change has been made to the transmittal letter.

Letter of Transmittal

Government
of
Saskatchewan

Regina, Saskatchewan
July 10, 2019

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 forty-first annual report of the Crown Investments Corporation of Saskatchewan for the twelve months ended March 31, 2019, 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 Crown Investments Corporation of Saskatchewan as required by *The Financial Administration Act, 1993* and have been reported on by the auditors.

Respectfully submitted,

Joe Hargrave
Minister of Crown Investments

Minister's Message

Saskatchewan's success can be attributed, in part, to living our motto – from many peoples strength. This is how a province with 1.15 million people and a wide-ranging geographic distribution continues to achieve remarkable results. Our history is full of examples where success is the result of people joining forces to beat the odds. It should be no surprise then that through partnerships and collaboration, Saskatchewan's Crown sector contributes to those remarkable results. The most recent example of this is the joint effort that will return Saskatchewan to a balanced budget in 2019-20 and eliminate the deficit. The Crown sector has been integral in that effort.

In 2018-19, CIC provided returns to the Shareholder that benefit residents and support government's public policy priorities. Earnings totalling $540.6 million and dividends of $256 million to the General Revenue Fund (GRF) underscore the financial strength of the sector. Since 2014, the Crown sector has recorded $1.9 billion in earnings and contributed $1.2 billion in dividends to the Province.

Strength, however, requires more than just dollars and cents, and together the Crowns have achieved more than just a solid bottom line. These efforts have created synergies between business streams that save time, realize savings, and help the environment. By contributing to priorities such as *Prairie Resilience: A Made-in-Saskatchewan Climate Change Strategy* and efforts focused on greenhouse gas reductions through renewable power generation, environmental conservation practises, and day to day operating efficiencies, Saskatchewan is positioned to achieve its environmental goals.

Across Canada, Saskatchewan's Crown sector has no equal. The sector produces results year after year that deliver, not just financially, but with excellent customer service, providing affordable and safe utilities, cost-effective insurance programs, support for innovative tech start-ups, and first-class entertainment opportunities. Because the sector is financially sound, it plays an important role in achieving the government's public policy programming. Whether it's ensuring wireless connectivity across the province, increasing the use of wind and solar power, or providing bursaries for Indigenous students, the success of the sector supports the government's priorities. These priorities also include working with Saskatchewan's private sector to encourage economic growth and help develop global competitiveness; encouraging and supporting innovation and continuous improvement through knowledgeable, resourceful and dedicated teamwork. As long as we work together, our potential for success is unlimited.

I want to thank the employees – from the front line through to the leadership – for another strong year. They meet every challenge with dedication and resolve to ensure Saskatchewan people receive the safe, reliable service they expect in the most efficient way possible, often in pressing or emergency situations. This was evident during the largest power outage in decades in December 2018 brought on by rime ice. SaskPower employees at every level responded, joined by teams from other Crowns, government ministries and emergency organizations, to ensure the well-being of Saskatchewan residents and to get the power and heat back on.

This is the dedication that makes the Crowns an integral part of government's commitment to keeping Saskatchewan on track.

Joe Hargrave
Minister of Crown Investments

President's Message

Saskatchewan's Crown sector is unique in Canada. CIC's oversight of the Crowns delivers positive value to the Shareholder and the Saskatchewan people, supporting government's priorities and public policy initiatives. Maintaining excellent customer service and high-quality products, improving infrastructure and meeting the needs of Saskatchewan's continued growth is made possible by achieving solid financial results.

In 2018-19 the Crown sector delivered $256 million in dividends to the General Revenue Fund (GRF), $50 million more than budgeted. Since 2014, the sector has contributed $1.2 billion in dividends to the GRF. Earnings for 2018-19 totalled $540.6 million - $37.6 million higher than 2017-18 primarily attributable to increased earnings at SaskPower and SaskEnergy. The sector continues to address aging infrastructure with $1.4 billion invested in capital ensuring Saskatchewan maintains safe and reliable utility services, supports a developing provincial tech sector, and offers quality entertainment options. Infrastructure renewal and technology advancement and expansion will continue to be a major focus for the Crowns with an average capital investment of $1.7 billion annually over the next five years.

The sector successfully managed significant challenges in 2018-19. Saskatchewan experienced the biggest power outage in decades in December due to extended periods of rime ice. SaskPower and SaskEnergy, supported by the Crown sector, government ministries and emergency organizations, safely restored power and heat to Saskatchewan residents. This was an all-hands-on-deck effort ensuring emergency services such as phone and internet, hospital and rescue services, and emergency cold respite efforts were maintained.

Crown corporation plans are guided by the Crown Sector Strategic Priorities, which are informed by government's priorities. It is important that the sector contributes to and supports public policy initiatives and provides public utility services to the people of Saskatchewan. This includes engaging the private sector to assist with procurement and support and promote economic growth to ensure Saskatchewan is globally competitive. This also includes working to support communities such as Estevan and Coronach as we work to meet federal regulatory requirements around conventional coal.

The sector moved forward on climate change initiatives, actively engaging in *Prairie Resilience: A Made-in-Saskatchewan Climate Change Strategy*. This includes such initiatives as SaskPower's commitment to increase the use of renewable energy using wind, solar and natural-gas fired power generation sources, while meeting its goal of reducing greenhouse gas emissions by 40 per cent from 2005 levels by 2030. For example, SaskPower has recently announced the province's first utility-scale solar project will be located near Swift Current.

SaskTel has moved forward with the government's multi-phase initiative to provide rural communities with enhanced access to reliable cellular and highspeed internet services. Forward progress has been challenged by the recent federal government examination of Huawei equipment. However, 91 small cellular sites have been announced and SaskTel is committed to providing enhanced access to rural Saskatchewan residents.

This is not by any means an exhaustive list of challenges or accomplishments. It does provide a glimpse into what has been achieved as well as what is planned for the future. Thank you to all Crown sector staff as none of this could be accomplished without an expert, innovative and dedicated labour force.

Blair Swystun, CFA
President & CEO

CORPORATE INFORMATION

SOCO works with tenants in providing flexible and supportive business arrangements. In 2018-19, 43 of SOCO's 142 tenants benefitted from these arrangements. This initiative contributes to the success of SOCO's tenants and includes modified lease rates, specialized lease terms, accounts receivable tolerance, other financial considerations and space sponsorship.

Corporate Overview

Crown Investments Corporation (CIC) is the financially self-sufficient holding company for seven[1] subsidiary commercial Crown corporations and four 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, 2019, the subsidiary Crown corporations and wholly-owned subsidiaries included:

Insurance
Saskatchewan Government Insurance (SGI CANADA)[2]

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

Entertainment
Saskatchewan Gaming Corporation (SGC)

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

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

[1] STC was legally dissolved March 31, 2019, thereby reducing the number of commercial Crown corporations from eight to seven.

[2] 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.

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 2018-19, the CIC team focused on the Shareholder's vision of keeping Saskatchewan "On Track" which emphasized returning the Province to financial balance in 2019-20 through controlling spending, strong earnings and growth 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.

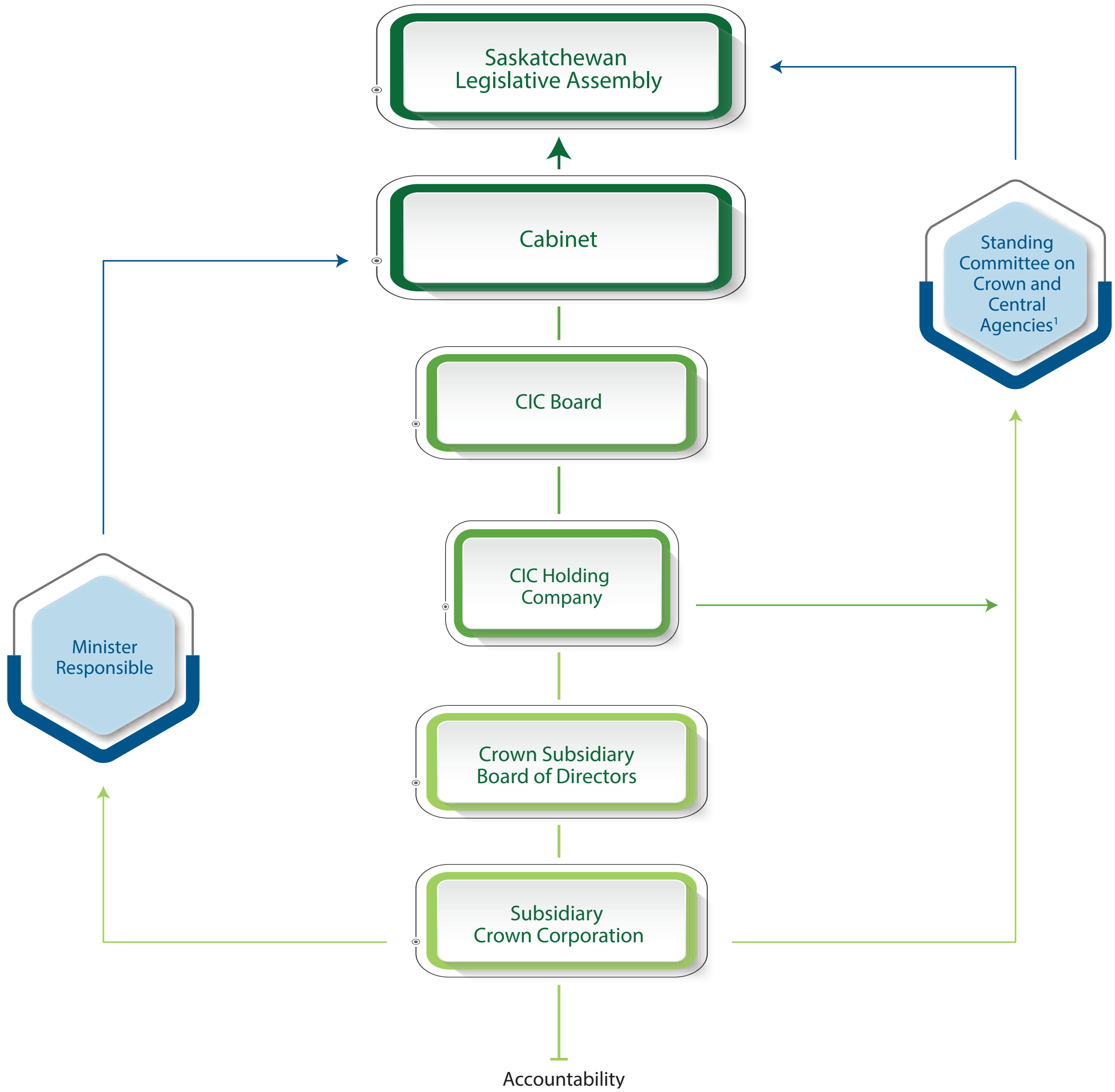
LEADERSHIP: We provide guidance and inspiration for the Crown sector to effectively and efficiently fulfill its mandate. We develop leaders at all levels and value the commitment and contributions of our employees and partners.

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

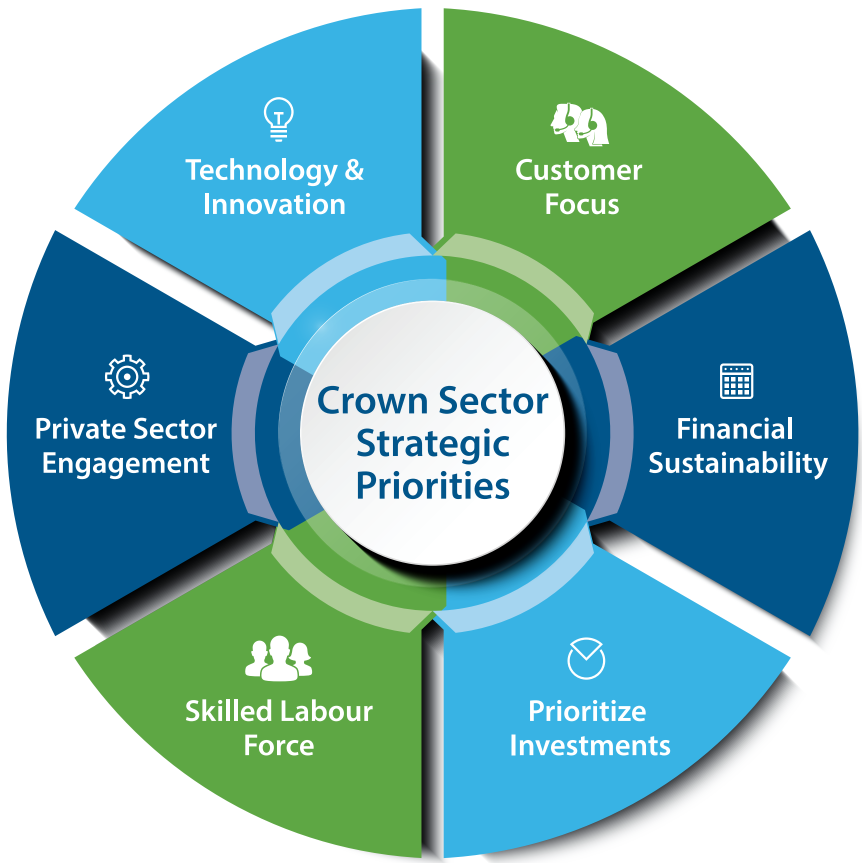
Government's Vision and Goals

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 the 2018-19 Budget focused on keeping Saskatchewan "On Track", the CSSP balanced addressing the deficit with ensuring Saskatchewan people continue to have the high quality 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. The system through which CIC provides this direction and monitors performance is discussed on page 10.



Included below are the focus areas in the CSSP:

Customer Focus

- Remain committed to providing timely, safe and reliable high quality products and services to the people of Saskatchewan.
- Through continuous improvement and collaborative opportunities, identify innovative ways to deliver services more efficiently in order to meet increasing customer expectations and keep rates as low as possible.

Skilled Labour Force

- Build an inclusive workforce that promotes a culture of creativity, innovation and continuous improvement by attracting, retaining and developing skilled employees.
- Apply best practices in human resource strategies that reduce costs, promote collaboration and achieve effective performance at all levels within the organization.
- Promote a one-team approach within the Crown sector and among executive government with the goal of improving communication, encouraging the sharing of information and building stronger working relationships in a team-oriented atmosphere.

Financial Sustainability

- Continue to seek out and implement effective cost management opportunities while maintaining revenue growth and strong earnings to ensure reasonable returns to the Shareholder in the form of earnings and dividends.
- Maintain sustainable financial health, achieve operational outcomes and continue to implement strategies that achieve total compensation cost savings, consistent with government direction.
- Focus Crown operations and investments within Saskatchewan.

Prioritize Investments

- Target investments in infrastructure to address the needs of customer service, safety and reliability while stimulating economic growth and enhancing the quality of life for the people of Saskatchewan.
- Prudently manage infrastructure spending by prioritizing capital plans to ensure financial flexibility and sustainability.

Private Sector Engagement

- Continue to form partnerships and joint ventures with the private sector by leveraging its expertise, innovation and investment capital to promote economic growth and strengthen the quality of life for Saskatchewan people.
- Through best value procurement practices, focus on supplier development and vendor performance to support strong Crown earnings and enhance service delivery.

Technology & Innovation

- Continue to focus on Saskatchewan's environmental commitments by preparing and planning to reduce emissions and climate change effects through the use of innovative strategies that strengthen the resilience of the Province.
- Implement technological and innovative solutions that result in reducing costs, providing better and more accessible services and security enhancements (e.g. cyber, physical and personnel) to protect the integrity of Crown operations while meeting the growing demands of customers.

On Track

Throughout 2018-19, CIC has continued to challenge the Crown sector to redefine how services are delivered to the people of Saskatchewan. Through prudent fiscal management, prioritizing investments and implementing the Government's attrition strategy, the Crown sector supported the Province in returning to balance. Through targeted infrastructure investments that ensure safe, sustainable, high-quality services, the Crown sector continued to focus on meeting the needs of Saskatchewan people. Going forward, the 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

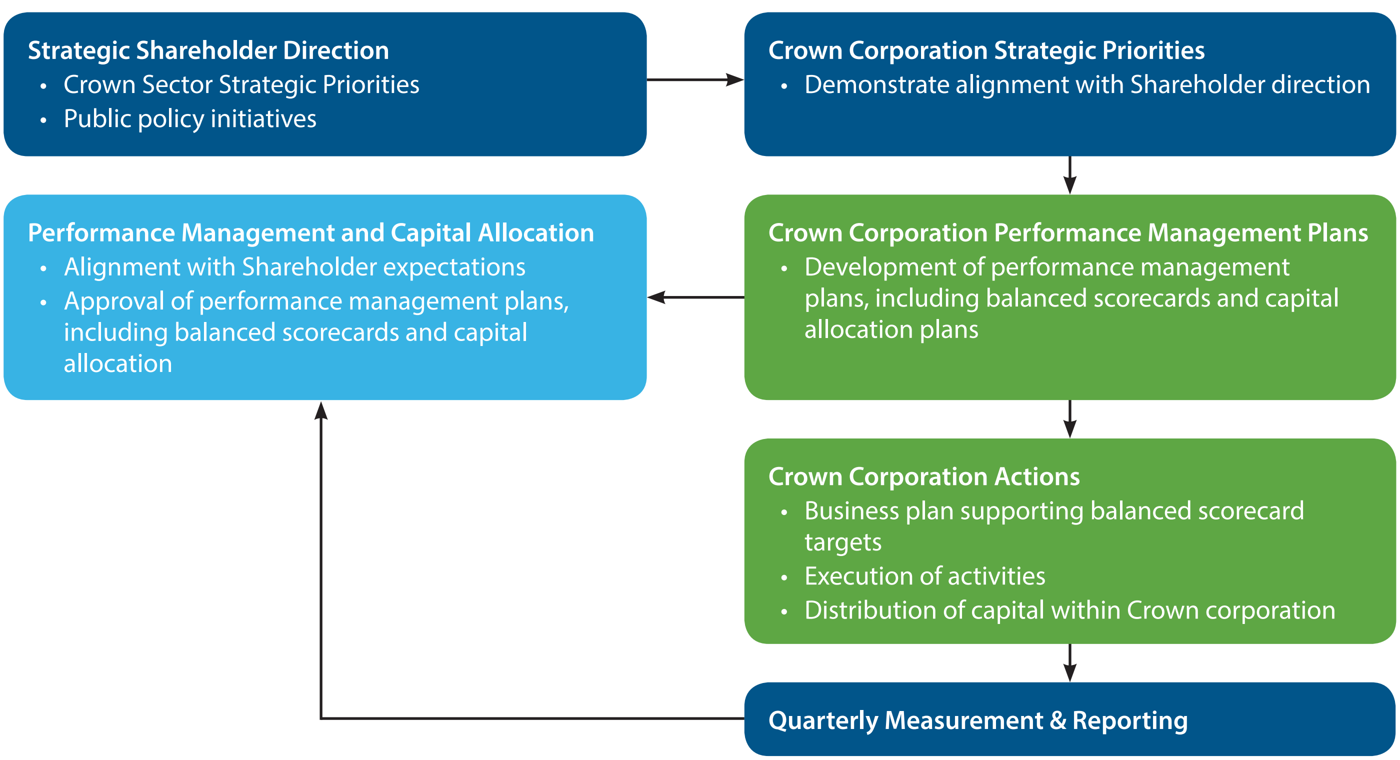
The second stage is the development of the subsidiary Crowns' corporate strategic plans, demonstrating alignment with Shareholder direction contained within the CSSP. Each subsidiary Crown prepares a comprehensive performance management plan that includes a balanced scorecard with measures and targets 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 consideration and 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. In doing so, CIC:

- delivers centralized corporate secretarial and governance advisory services to the Crown boards;
- supports boards in identifying director skill sets required to function effectively;
- develops and implements assessment tools to assist Crown boards to improve performance; and
- sponsors a professional development training program leading to a director designation and general governance training 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 and sound decision-making. 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;
- annual meetings with the chairs of committees of the Crown boards 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;
- meetings between the CIC President & CEO and the board chairs and presidents of subsidiary Crown corporations; and
- on request, attendance by CIC senior officials at Crown board meetings to discuss matters of mutual interest.

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 for publicly listed companies. CIC works to ensure that the Crown sector follows best practices for publicly accountable companies.

Accountability & Transparency

CIC has developed a comprehensive performance assessment system applicable to each of its subsidiary Crown boards. Evaluations are conducted on a three-year cycle, with some aspects of performance evaluated annually. In 2018-19, all operational Crown boards administered peer evaluations of their directors. Evaluations are conducted by online surveys, and follow-up interviews are done with individual directors where necessary to clarify responses. Each Crown board is responsible for developing an action plan to address the results of the performance evaluations. The evaluation results are maintained at CIC.

Conference Board of Canada Governance Rating

The Conference Board of Canada (CBoC) maintains a 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 (the "Index"). The Index rates organizations on a scale of 1 to 100, where an organization scoring 75 or above is considered to have a high level of governance performance. CIC has used the Index to gain an external perspective on the governance practices of its subsidiary Crown boards.

In 2018-19, CIC Crown boards achieved a ranking of 76, which is slightly below the scores of 78 received in the 2014 and 2011 surveys. While the Crown boards have consistently scored as high performing organizations over the 20 years that these assessments have been undertaken, this is the first year that the rating has declined. The CBoC attributes the decline to changes in the survey questions that focus on directors' opinions about the effectiveness of, rather than solely adherence to, standard governance practices adopted by their board. The next survey will be conducted in 2021-22.

First responders, police and emergency response personnel, as well as families who lost loved ones in impaired driving collisions, joined Minister Responsible for SGI Joe Hargrave (back, fourth from left) to launch the impactful "Knock on the Door" impaired driving awareness campaign.

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 to 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. As the ICD program was not offered in Saskatchewan in 2018, CIC sponsored two governance opportunities available to all directors: Integrity of the Board – Raising the Level of Leadership in Your Boardroom; and *Game of Threats*™, a cybersecurity workshop. The ICD program will be offered again in 2019-20, as will additional governance sessions to assist directors who have obtained a professional designation, in satisfying their continuing education requirements.

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. As at March 31, 2019, Crown boards are comprised of 49 per cent female representation, with four boards having 50 per cent or more women. There are three female chairs and three female vice chairs, including the first Indigenous female appointed to a vice chair position. Indigenous representation has doubled from 5 per cent to 10 per cent, and, in 2016-17, the Shareholder appointed the first Indigenous person to serve as chair of a CIC subsidiary Crown board. The representation of visible minorities on Crown boards doubled from 5 per cent to 10 per cent in 2016-17, saw a slight decline to 8 per cent in 2017-18, and a return to 10 per cent in 2018-19.

Enterprise Risk & Opportunities Management (EROM)

CIC and its subsidiary Crown corporations follow the Enterprise Risk and Opportunities Management (EROM) Minimum Standards Policy that meets or exceeds corporate governance best practices and public sector accountability and transparency requirements. 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 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. In order to address overall risk tolerance limits, a risk assessment rating is established 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 with 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 54 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. **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.
2. **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 resource management 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.
3. **Crown sector strategies to improve infrastructure and services do not satisfy public expectations.**
   Investment in infrastructure and service improvement to meet the public's expectations is a priority of the Shareholder that is included in each Crown's performance and resource management plan. These plans are approved by the CIC Board annually and monitored by CIC throughout the year with quarterly reporting to the CIC Board. CIC closely monitors debt ratios and other financial indicators for the Crown sector to gauge the ability of the sector to undertake significant projects.

Promoting Best Practices in Crown Sector Disclosure

Conference Board of Canada Reporting & Disclosure Review

A-
CBoC's rating of Crown sector annual reports

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 model 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 model; and
- provide CIC with performance reports of each Crown corporation in comparison to the best practices model and relative to benchmarked comparable private companies and Crown corporations.

The most recent CBoC review was conducted in the fall of 2018 on CIC's and the subsidiary Crown corporations' 2017-18 annual reports. This review resulted in the Crown sector receiving a rating of "A-".

The CBoC will conduct its next review on CIC and the subsidiary Crown corporations' 2019-20 annual reports, and the results will be reflected in CIC's 2020-21 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 assisted 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, the HeadStart on a Home program is in a wind-down phase;
- First Nations and Métis Fund Inc. (FNMF), a venture capital fund focusing on Indigenous businesses;[1]
- First Nations Business Development Program (FNBDP), a program that provides repayable loans to First Nation businesses to facilitate capital investment and job opportunities for Indigenous people;[1]
- Indigenous Bursary Program, provides financial assistance to Indigenous post-secondary students to support building a skilled and inclusive labour force;
- Indigenous Cultural Awareness Program, provides training for Crown employees covering Indigenous history, reconciliation and relationship building techniques; and
- CIC is the plan sponsor of the Capital Pension Plan, a registered pension plan that includes private and public representation.

[1] These programs are in a wind-down phase.

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 2018-19 included:

- Albert Johnston, Chair
- Delaine Barber, Vice Chair
- Glenn Dutchak, Member (term began January 1, 2019)
- Daryl Hasein, Member
- Kim Hartl, Member (term began January 1, 2019)
- Duane Hayunga, Member
- Steve Kemp, Member
- Burl Adams (term expired December 31, 2018)
- Lyle Walsh (term expired December 31, 2018)

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

SOCO

Helping grow Saskatchewan's tech sector and home to the province's two incubators, Innovation Place provides integrated programming, promotional assistance and financial support to Co.Labs in Saskatoon and Cultivator in Regina. Co.Labs, Saskatchewan's first technology incubator, has successfully incubated 71 startups since launching in 2017. Cultivator, Canada's first credit-union-led business incubator, is currently supporting 11 local startups in their beta program launched in 2019.

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.

$1.2 BILLION
Dividends paid to the GRF over five years

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:

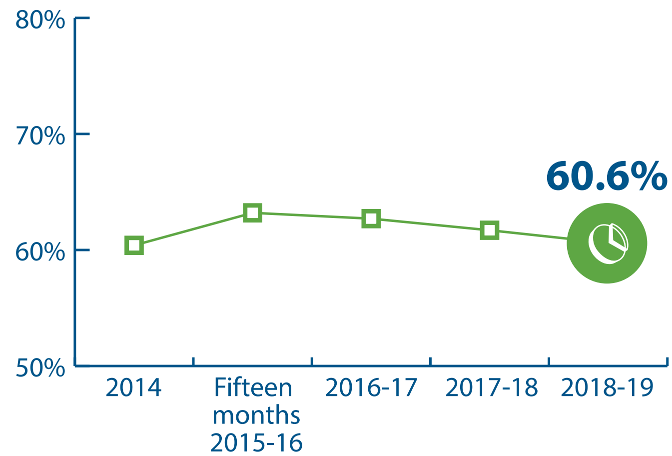
- providing analysis and recommendations on Crown sector earnings;
- ensuring CIC Crown corporations have sufficient capital available to maintain and/or expand existing infrastructure;
- examining capital structures of CIC Crown corporations (generally consisting of debt and equity) to maintain financial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

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.

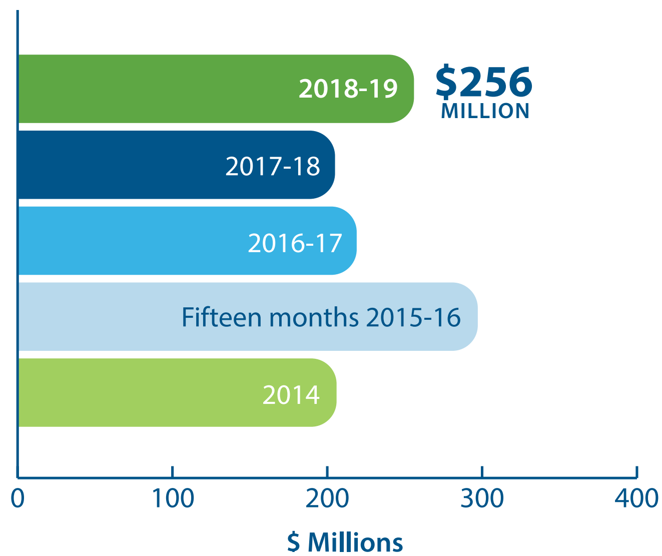
CIC continues to prioritize maintaining sustainable debt levels while re-investing in infrastructure, as well as providing a return to the Shareholder. During 2018-19, CIC's allocation of financial resources included the following:

- support of public policy initiatives;
- declaration and payment of dividends to the GRF of $256 million; and
- authorizing capital spending plans of subsidiary Crown corporations that resulted in capital expenditures of $1.4 billion to meet the reinvestment requirements of a growing province.

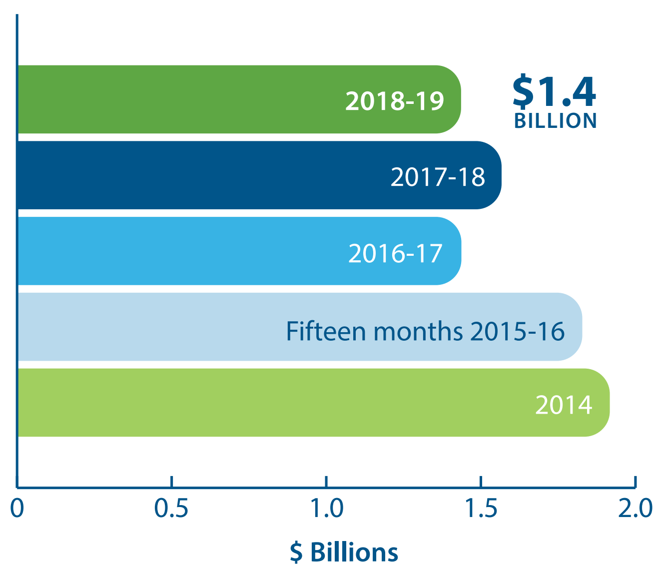
Consolidated Debt Ratio



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 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

$256 MILLION
2018-19 dividend to the GRF

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.

Capital Structures of Subsidiary Corporations

The following table summarizes the target capital structure of CIC's subsidiary corporations that declared dividends to CIC in 2018-19. Capital structure targets are based on industry benchmarks where possible and are approved by the CIC Board.

	Capital Structure Measure	Capital Structure Target	2018-19 Actual Capital Structure	2018-19 Dividend Payout Rate[1]
SaskPower	Debt Ratio	60.0% - 75.0%	74.1%	10%
SaskTel	Debt Ratio	<55.0%	46.6%	90%
SaskEnergy	Debt Ratio	58.0% - 63.0%	54.5%	45%
SGI CANADA[2]	Minimum Capital Test	242.0%	240.0%	N/A
SGC	Debt Ratio	TBD%[3]	10.2%	80%
SOCO	Debt Ratio	60.0%	25.2%	90%
SaskWater	Debt Ratio	60.0%	46.1%	50%

[1] 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 2018-19, the SGI CANADA dividend was set at $39 million, subject to alignment with the minimum capital test (MCT) target.

[2] MCT is an indicator of financial flexibility used in the insurance industry.

[3] 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 2019-20.

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 2018-19, CIC allocated $258.2 million of capital as follows:

Reinvestment and Public Policy Expenditures:

- $40,000 to INROADS;
- $457,500 to the Indigenous Bursary Program; and
- $1.7 million to SIIF.

Debt Reduction:

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

Dividend:

- GRF dividend of $256.0 million.

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 148 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, 2019)

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 subsidiary Crown corporation results to business plan targets;
- providing internal audit services to certain 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.

"As a University student, balancing studies, bills, and everyday life expectations can be strenuous. Being a recipient of the CIC Indigenous Bursary Program assured I was on the right journey. Now that I am the Chief of Cowessess First Nation as well sit on the SaskGaming Board of Directors and other boards, giving back to supporters provides fulfillment; this is one of many reasons I wanted to sit on a CIC Board and help Cowessess First Nation lift to levels we know we are capable of achieving."

- Cadmus Delorme, Chief, Cowessess First Nation

"When I received the CIC Indigenous Bursary, I was very thankful as I was in financial need as a single mother pursuing my post-secondary education. Today, I am in a position, working for a Crown corporation, where I get to give back to our communities."

- Kristin Francis, Manager of Community Relations, SaskGaming

The Indigenous Bursary Program is offered to eligible students from the U of R, U of S, Saskatchewan Polytechnic, Saskatchewan Indian Institute of Technologies and Lakeland College. Students receive bursaries of $2,500 per semester, or $5,000 per academic year for a full year bursary. CIC annually supports up to 85 full year bursaries. Since 2009, 1,448 bursaries have been awarded for a total investment of $3.6M.

Corporate Social Responsibility

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

- align with CIC's 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, Indigenous people, visible minority or women in non-traditional roles.

Although cost restraint reduced CIC's ability to provide sponsorships in 2018-19, the Corporation provided approximately $37,000 in direct sponsorship to support organizations across the province. In addition to sponsorships, CIC continues to fund the Indigenous Bursary Program. CIC remains committed to its community and will continue to support and value the needs of Saskatchewan people. In 2017, CIC and the four large subsidiary Crowns renewed their commitment to STARS Saskatchewan for $10 million over five years. This follows the original commitment made in 2012 for $10 million.

Crown Social Responsibility

In CIC's role of oversight of the Saskatchewan Crown corporations, it monitors subsidiary Crown spending in the area of sponsorships and donations to ensure that all monies distributed by the subsidiary Crowns are being used wisely and in a coordinated and provincially distributed fashion.

Environmental Sustainability

The Crown sector is committed to the Government's environmental goals as outlined in *Prairie Resilience: A Made-in-Saskatchewan Climate Change Strategy.* This priority is included in the CSSP. While CIC operations have minimal impact on the environment, CIC encourages and supports Crown sector prioritization of research and development related to innovative and renewable technologies to help protect the environment and monitors achievement of regulatory standards. Where subsidiary Crown corporation operations have a large impact on the environment, particularly through greenhouse gas emissions, CIC Board approved targets for emissions reductions are included on balanced scorecards.

Through SGI CANADA's partnership with the Red Cross, SGI volunteers help out with relief efforts when communities are in crisis. Below left, volunteer Doug Leask joined SGI volunteers Janelle Schwartz, Marie Halbgewachs and Brett Leibel to deliver emergency water and clean-up kit supplies to the Ceg-A-Kin (Carry the Kettle) Nakoda Nation in response to a fire destroying the water treatment plant there in February 2019.

As part of SGI CANADA's sponsorship of Canadian Western Agribition, pick-up men sported the "Be a Good Wingman" logo on their gear to remind attendees to always ensure friends and family have a safe ride home.

SGI's Safety Squad visited events and venues across Saskatchewan, including Country Thunder in Craven, reminding everyone to "Be a Good Wingman."

Minister Responsible for SGI Joe Hargrave (top, second from the left) stands with Regina Mayor Michael Fougere (far left), Michelle O'Keere (MADD), and Supt. Darcy Koch with the Regina Police Service, launching the 2019 Wing in the New Year event at Victoria's Tavern in Regina. Wingman-wrapped buses reminded New Year's Eve party-goers of a free safe-ride option to usher in 2019.

Corporate Performance

2018-19 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 2018-19 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 2018-19 are for the twelve-month period ended March 31, 2019.

Balanced Scorecard Perspectives

Shareholder	• Ensure the subsidiary Crowns' strategic plans reflect the priorities and policies of the Shareholder. • Ensure the Shareholder is provided with quality information and analysis to make decisions affecting the Crown sector.
Leadership & Policy	• Provide high quality advice to the Crown sector. • Identify, develop and promote best practices in management of the Crown sector. • Implement and manage programs to align with Shareholder priorities.
Financial	• Monitor the financial performance of the Crown sector. • 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	• Ensure CIC is effectively structured to support the achievement of CIC's corporate priorities. • Achieve an engaged and enabled workforce. • 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, 2019.

Blair Swystun, CFA
President & CEO

Cindy Ogilvie, CPA, CA
Vice President & CFO

Shareholder

Balanced Scorecard

Strategic Objective	Performance Measure		2017-18 Results	2018-19 Target	2018-19 Results	2019-20 Target
Provide expertise and guidance to support the Shareholder	S1	Performance assessment by CIC Board[1]	4.0	≥4.0	4.0	≥4.2
Effectively provide Shareholder direction to the Crown sector	S2	Performance assessment by CIC Board[1]	3.6	≥4.0	3.7	≥4.0
	S3	Performance assessment by Crown Boards[1]	Benchmark established[2]	Non-reporting year (NRY)	NRY	≥4.3

[1] Based on a five-point rating scale.
[2] Due to a refresh of the survey questions, CIC established a new benchmark for the Crown board survey in 2017-18, which is the basis for the 2019-20 target.

Performance Indicator Key:

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

2018-19 Performance Discussion

CIC's balanced scorecard includes a performance assessment by the CIC Board, which is conducted through a survey of all Board members. The survey provides important feedback to CIC on the quality and effectiveness of CIC's services to the CIC Board. The results indicate that CIC continues to rate highly in providing expertise and guidance to support the Shareholder. 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.

CIC provides strategic Shareholder direction to the Crowns primarily through the CSSP which are incorporated into strategic and operational plans. This is further enhanced by regular communication with Crown boards and management groups. The performance assessment by Crown corporation boards is typically conducted through an annual survey. The survey provides confirmation where CIC is performing well and identifies opportunities where improvements can be made. Following a refresh of the survey questions and establishment of new benchmarks in 2017-18, CIC also sought a new survey administrator in 2018-19. A public request for proposals (RFP) was issued and a new vendor will administer the survey in 2019-20. The target of ≥ 4.3 (previous benchmark was ≥ 4.0) seeks to maintain strong performance during challenging economic and fiscal times.

Leadership and Policy

Balanced Scorecard

Strategic Objective	Performance Measure		2017-18 Results	2018-19 Target	2018-19 Results	2019-20 Target
Implement key strategic public policy and programs aligning with Shareholder priorities	LP1	Crown sector efficiency initiatives – EBITDA/ Revenue[1]	● 33.6%	33.9%	● 32.7%	35.1%
	LP2	Oversight of public policy programs and initiatives	● 83%	Achieve 100% of program deliverables	● 80%	Achieve 100% of program deliverables
Provide an effective performance management process to the Crown sector	LP3	Performance assessment by Crown executives[2]	● Benchmark established[3]	NRY	● NRY	≥3.8
Effectively provide policy and procedural advice and support to the Crown sector	LP4	Performance assessment by Crown executives[2]	● Benchmark established[3]	NRY	● NRY	≥4.0
Advance best practice standards within the Crown sector	LP5	Governance rating: Benchmarking by the Conference Board of Canada (CBoC)[4]	● Deferred due to fiscal restraint	79	● 76	NRY
	LP6	Reporting and disclosure rating of Crown sector Annual Reports – Benchmarking by the CBoC	● Deferred due to fiscal restraint	Sector rating of "A-" on 2017-18 Annual Reports	● A-	NRY

[1] EBITDA/Revenue=earnings before interest, taxes, depreciation, and amortization/total revenue.
[2] Based on a five-point rating scale.
[3] Due to a refresh of the survey questions, CIC established new benchmarks for the Crown executive survey in 2017-18, which are the basis for the 2019-20 targets.
[4] Based on a 100-point rating scale.

Performance Indicator Key:

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

2018-19 Performance Discussion

CIC Crown corporations continue to operate in a challenging environment that includes economic and competitive pressures. This has contributed to an ongoing focus on efficiency and collaboration in the Crown sector. Efforts on cost restraint continue to focus on controllable spending while ensuring resources remain available for continued investment in growth opportunities. Significant effort is also being put into identifying and acting on opportunities for Crown corporations to collaborate and work with executive government to enhance processes and services across government. These efforts contribute to Crown sector EBITDA/revenue remaining in line with target in 2018-19, indicating that the Crown sector is continuing to manage 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 below target as only three INROADS placements were made of the 20 targeted in 2018-19. The number of interns enrolled in this program has declined in recent years as fewer summer students are employed in the Crown sector due to cost management efforts. Notable success was achieved with the Indigenous Cultural Awareness Program, as well as the Indigenous Bursary Program that awarded 82 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 in a non-reporting year in 2018-19 due to the RFP process to secure a new survey administrator. The Crown corporation executive survey will return to an annual cycle in 2019-20.

Leadership and Policy *(continued)*

CIC uses benchmarking to gain expertise and an external perspective on its application of best practice standards in governance, reporting and accountability. Results of the CBoC governance review gave CIC and its subsidiary Crown corporations a better understanding of the governance performance of Saskatchewan Crowns against recognized leading governance practices and the performance of other private sector and Crown corporations in Canada. The 2018-19 rating of 76 out of 100 or "high governance performance" was slightly below target; however, remains a strong governance score for the Crown sector as a whole. The CBoC rating of "A-" on Crown sector 2017-18 Annual Reports indicated strength in the sector's reporting and disclosure practices relative to industry peers and comparable entities in areas such as corporate operations, corporate social responsibility, performance indicators and management of people. This high score demonstrated strong accountability and transparency.

Financial

Balanced Scorecard

Strategic Objective	Performance Measure		2017-18 Results	2018-19 Target	2018-19 Results	2019-20 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	● (On Target) $205.0M	$206.0M	● (Exceeds Target) $256.0M	$350.0M
	F2	Consolidated return on equity (ROE) target	● (On Target) 9.9%	8.7%	● (On Target) 9.9%	9.5%
	F3	Consolidated debt ratio	● (On Target) 61.7%	62.1%	● (On Target) 60.6%	61.8%

Performance Indicator Key:

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

2018-19 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 CSSP. A detailed discussion of consolidated financial performance is provided in the MD&A beginning on page 39, with a summary overview provided below.

In 2018-19, CIC provided $256.0 million in dividends to the Shareholder, $50.0 million higher than budget due to CIC's financial capacity from higher Crown dividends, supported by strong Crown corporation earnings, and 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 $540.6 million, $71.1 million higher than budget, resulting in an ROE of 9.9 per cent. The increase from budget was primarily due to strong earnings at SaskEnergy, driven in large part by colder than normal weather, and at SaskPower due to increased Saskatchewan sales and exports to Alberta. This was partially offset by lower than expected earnings at SGI CANADA, driven by higher commercial claims costs and unfavourable auto results in jurisdictions outside of Saskatchewan.

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		2017-18 Results	2018-19 Target	2018-19 Results	2019-20 Target
Advance best practices in CIC's reporting and disclosure	IO1	Meet financial and performance reporting requirements	● Quarterly and annual reports released on time	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	● Deferred due to fiscal restraint	"A-" rating on CIC 2017-18 Annual Report	● A	NRY
Prudent management of corporate resources	IO3	CIC operating expenditures	● 7.3% below budget	Within budget	● 15.1% below budget	Within budget
Promote employee effectiveness and corporate success	IO4	Employee engagement	● NRY	Deferred due to fiscal restraint	● Deferred due to fiscal restraint	NRY
	IO5	Employee enablement	● NRY	Deferred due to fiscal restraint	● Deferred due to fiscal restraint	NRY

Performance Indicator Key:

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

2018-19 Performance Discussion

CIC continues to work to achieve best practice in financial reporting. Through the CBoC's review of the 2017-18 Annual Report, CIC received a rating of "A" reflecting strong public reporting that upholds the principles of accountability and transparency to the public. 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 2019-20 annual report with results reflected in the 2020-21 balanced scorecard.

CIC operating expenditures were 15.1% below budget in 2018-19, consistent with government priorities on efficiency and cost management. Operating expenditures for 2018-19 were $12.2 million, $1.8 million below budget. This was primarily due to cost restraint activities and timing of staff vacancies.

In 2018-19, CIC's employee survey was deferred due to fiscal restraint. 2019-20 will be a non-reporting year of a two-year cycle; however, during the year, CIC will continue to focus on the areas identified through prior year results and feedback 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 the 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 Crown sector governance to industry standards or best practices by an independent 3rd party.
	LP6	Benchmarking Crown sector 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 CIC reporting and disclosure to industry standards or best practices by an independent 3rd party.
Prudent management and control of corporate resources	IO3	CIC is given the authority to make expenditures within the operating budget as approved annually by the CIC Board.
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 administers the survey. 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		✓	✓
Governance Advisory / Corporate Secretariat		✓	
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.

SaskPower collaborates with Crown committees that meet regularly to discuss learning and development opportunities and customer benefit improvements. The committees reduce the need to fully develop these skills within each Crown corporation or procure the skill sets through external consultants.

SaskPower

Powering the future

In 2018-19, SaskPower realized savings of approximately $19 million through Crown corporation collaboration. Most of the savings came from three keystone activities: joint infrastructure installation; fibre sharing; and line locating. SaskPower also participates in Global Information Service Crown Collaboration with SaskEnergy, TransGas, SaskTel, SaskWater and CIC. The committee works with other Crown corporations to identify opportunities to share data and applications, which reduces the need to develop in-house solutions.

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 2018-19, the government's strategic vision, "On Track", is focused on returning Saskatchewan to financial balance in 2019-20, while at the same time making important new investments targeted in health, education and social services to improve the quality of life for Saskatchewan people. 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. 34) 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, 2019. The Board members are non-independent directors.

CIC Board Members

(Left to right) Honourable Joe Hargrave, Chair; Honourable Dustin Duncan, Vice Chair; Honourable Gordon Wyant, Q.C.; Honourable Don Morgan, Q.C.; Honourable Bronwyn Eyre; Muhammad Fiaz; and Don McMorris.

Honourable Joe Hargrave, Chair

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)[1]

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 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 was first appointed to Cabinet in May 2009 as Minister of Tourism, Parks, Culture and Sport.

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

Honourable Gordon Wyant, Q.C.

Deputy Premier
Minister of Education
Minister Responsible for SaskBuilds
Minister Responsible for Priority Saskatchewan

Mr. Wyant was first elected as MLA for Saskatoon Northwest in a 2010 by-election. He was re-elected in the 2011 and 2016 provincial elections.

In February 2018, Mr. Wyant was appointed Deputy Premier and Minister of Education, Minister Responsible for SaskBuilds and Minister Responsible for Priority Saskatchewan. He previously served as Minister of Justice and Attorney General, Minister Responsible for SaskPower, and the Deputy Government House Leader.

Mr. Wyant practiced law with the firm of McKercher LLP as a partner until his appointment to Attorney General. He received his Queen's Counsel designation in 2009. He was elected trustee for the Saskatoon Public School Board in 2000 and served as chair for two years. He was elected to Saskatoon City Council in 2003 and was re-elected in 2006 and 2009. He is also a recipient of the Sterling Writing Award for non-fiction, awarded in 1999.

[1] STC was legally dissolved March 31, 2019

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 Workers' Compensation Board, the Global Transportation Hub, and SaskTel. The former Deputy Premier has also served as Minister of Education, 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 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, Ms. Eyre 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 2018-19, a total of 15 meetings were held by the CIC Board. For most meetings, the Board members are 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 do 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, 2019[1]
Honourable Dustin Duncan	Vice Chair	August 23, 2016 to March 31, 2019[1]
Honourable Gordon Wyant, Q.C.	Member	August 15, 2018 to March 31, 2019[1]
Honourable Don Morgan, Q.C.	Member	February 2, 2018 to March 31, 2019[1]
Honourable Bronwyn Eyre	Member	February 2, 2018 to March 31, 2019[1]
Muhammad Fiaz	Member	August 23, 2016 to March 31, 2019[1]
Don McMorris	Member	August 30, 2017 to March 31, 2019[1]
Honourable David Marit	Member	August 30, 2017 to August 15, 2018

[1] To the end of the reporting period.

CIC Executive

Brian Gyoerick has a B.A. Advanced in Public Administration. He has 21 years of public and private sector human resource experience, joining CIC in 2011. Brian serves as member of the Conference Board of Canada's Compensation Research Centre. Brian's public sector experience includes various positions with CIC, Public Service Commission, Ministry of Finance and Farm Credit Canada.

Doug Kosloski is a lawyer and has degrees in Finance and Economics. He has over 23 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.

Cindy Ogilvie is a Chartered Professional Accountant and Chartered Accountant. She has over 25 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.

Joanne Johnson has a Masters of Administration Leadership and two certificates in Business Administration. She has over 34 years of service with the Government of Saskatchewan in both executive government and the Crown sector. Joanne joined CIC in 2016 and is a member of the SIIF 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 37 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 Ministry of Finance. Blair is a member of numerous boards and investment funds.

Organizational Structure

Operating Divisions

CIC's team was made up of 44 positions as at March 31, 2019 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; • management and divestment of existing CIC AMI investments; and • oversight of SaskBuilds Investing in Canada Infrastructure Plan.
Crown Services • Legal • Crown Governance • Crown Sector Human Resources • Strategic Policy & Stakeholder Engagement	The Crown Services 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 and governance advisory services to the Crown corporation boards, and professional director development opportunities; • oversight of public policy initiatives, including SIIF and the Saskatchewan Rate Review Panel; and • leadership, engagement and support of strategic policies, programs and Indigenous initiatives.

Management Organization

President's Division

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

Crown Services

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

Finance & Administration Division

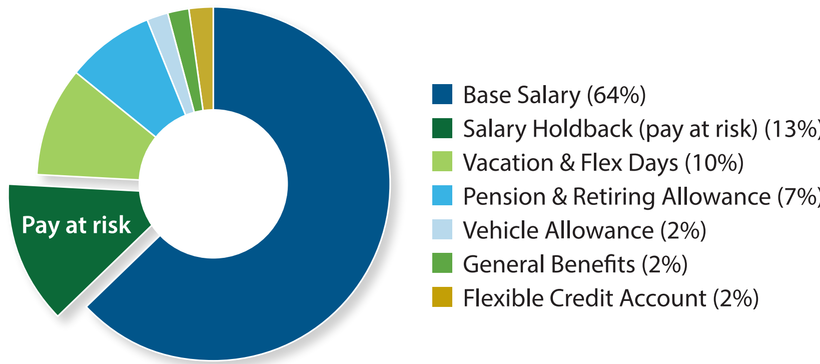
- Cindy Ogilvie, Vice President & Chief Financial Officer
- Travis Massier, Corporate Controller
- Kyla Hillmer, Executive Director, Performance Management & Financial Analysis
- Bina Bilkhu, Director, Internal Audit
- Michael McClare, Director, Performance Management & Financial Analysis

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.

2018-19 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 50th percentile of market comparators (i.e. the middle of the market).

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 2018-19 were:

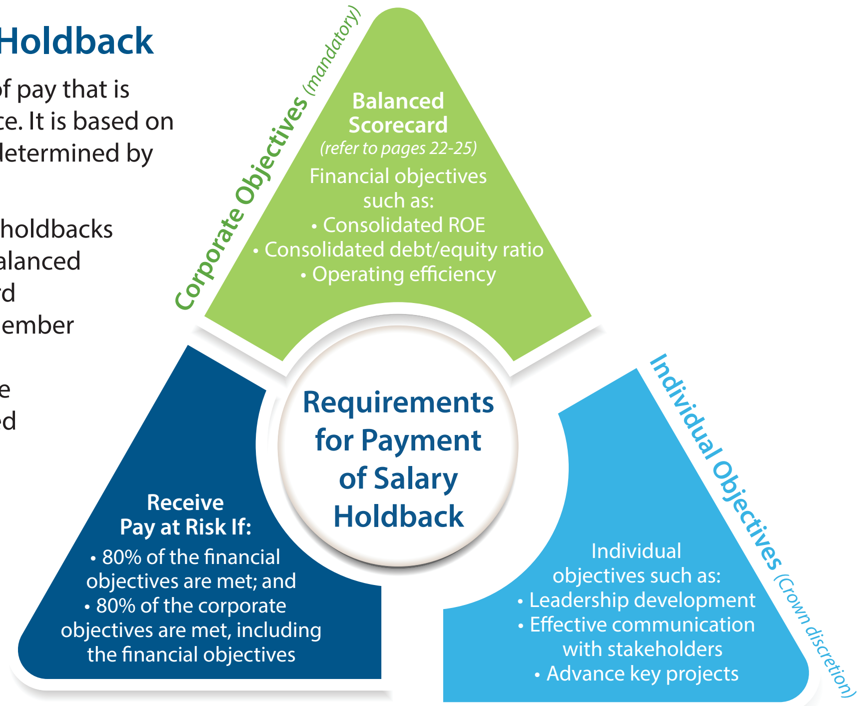
Position	Base Salary Range
CEO	$346,440 - $433,049
Senior Executive 1	$238,918 - $298,648
Senior Executive 2	$199,070 - $248,838

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.



Salary Holdback Requirements *(mandatory)*

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 the CIC Board approved balanced scorecard targets, but cannot be less challenging than those 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%

Employee Conduct and Development

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

In September of 2018, CIC implemented a new Drug & Alcohol policy, in part driven by the legalization of recreational cannabis in October 2018. From an occupational health and safety perspective, it is a standard practice for public sector employers to have a policy in place to address impairment on the job, regardless of the source/substance (legal or illegal; prescribed or not). Information from various sources (e.g. legal counsel, the Conference Board of Canada and other public sector employers) was considered in the development of CIC's policy. To assist with employee understanding of the policy, as well as drug and alcohol use and responsibilities, the policy roll out included in-person and mandatory online training.

Professional Development

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;
- a formal succession plan, updated annually, to manage the risk associated with the departure of employees in positions critical to CIC from a strategic and operational perspective; and
- a Phased Retirement Policy to facilitate knowledge transfer from senior employees planning to retire to those employees who will take on their responsibilities.

SaskWater President Doug Matthies, centre, discusses the new water treatment plant construction with Mayor of Melville Walter Streelasky, left, and Honourable Warren Kaeding, Minister of Government Relations, at a project event.

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 2018-19 financial results should be read in conjunction with the audited consolidated financial statements. 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 2018-19 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.

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 and the corporation was dissolved on March 31, 2019. 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.

Over the last several years, SaskEnergy, SaskPower and SaskTel have refined a joint approach to the design and installation of utility services in new subdivisions. This saves time for developers and allows Crown utility providers to concentrate resources on other key safety, reliability and infrastructure work.

Through a strong focus on continuous improvement and identifying innovative ways to deliver services more efficiently and effectively, SaskEnergy is able to keep service levels high and rates as low as possible. Technology adoption (Advanced Metering Infrastructure) and collaboration continue to support SaskEnergy's successful efforts in meeting growing customer requirements while providing competitive rates to both distribution and transmission customers.

Crown collaboration activities represent a $0.6 million segment of SaskEnergy's planned 2018-19 operating efficiency savings. These include joint Crown line locating and servicing to new residential areas, shared billing with SaskPower, and collaboration on projects such as flare gas strategies and other shared common costs.

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

These statements represent CIC's earnings as the shareholder of the Saskatchewan commercial Crown sector. They assist CIC in determining its capacity to pay dividends to the GRF. The separate statements have been prepared in accordance with IFRS. 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.

Throughout 2018-19, SaskTel continued its tradition of giving back, providing support to nearly 1,000 non-profit and charitable organizations across the province while also updating I Am Stronger, SaskTel's Bullying Prevention Program, as Be Kind Online, so it can continue to help the next generation navigate an ever more challenging online world.

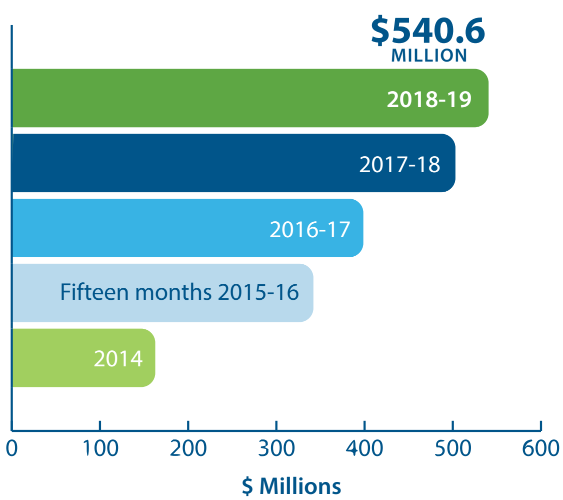
SGI ran a "Stop the GOAT" contest on social media to engage young drivers during National Teen Driver Safety Week in October. The contest highlighted risky driving behaviours.

CIC's 2018-19 Financial Highlights

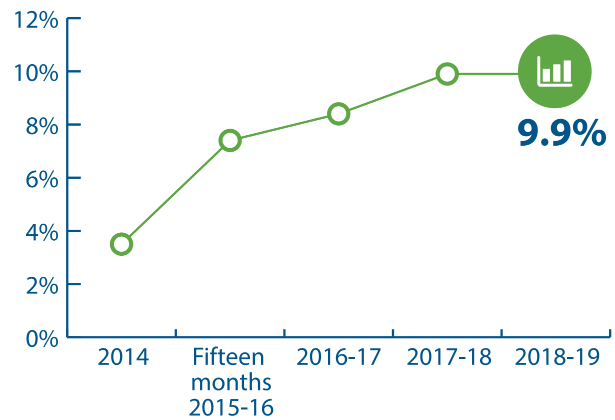
(millions of dollars)	2018-19	2017-18	2016-17	Fifteen months 2015-16	2014
CIC Consolidated					
Net earnings	**$ 540.6**	$ 503.0	$ 398.6	$ 342.0	$ 162.7
Assets	**19,812.8**	18,965.4	18,065.3	17,402.4	16,542.3
Debt[1]	**9,795.3**	9,416.8	9,037.5	8,671.3	7,716.1
Dividend to the GRF	**256.0**	205.0	219.0	297.2	206.0
Debt ratio	**60.6%**	61.7%	62.7%	63.2%	60.4%
Return on equity	**9.9%**	9.9%	8.4%	7.4%	3.5%
CIC Separate					
Dividend revenue	**$ 243.1**	$ 233.5	$ 157.4	$ 184.4	$ 173.6
Net earnings	**235.3**	213.1	132.1	153.5	149.7
Cash return on equity	**19.8%**	15.8%	16.4%	20.5%	13.3%

[1] Consolidated debt includes long-term debt, long-term debt due within one year, and notes payable.

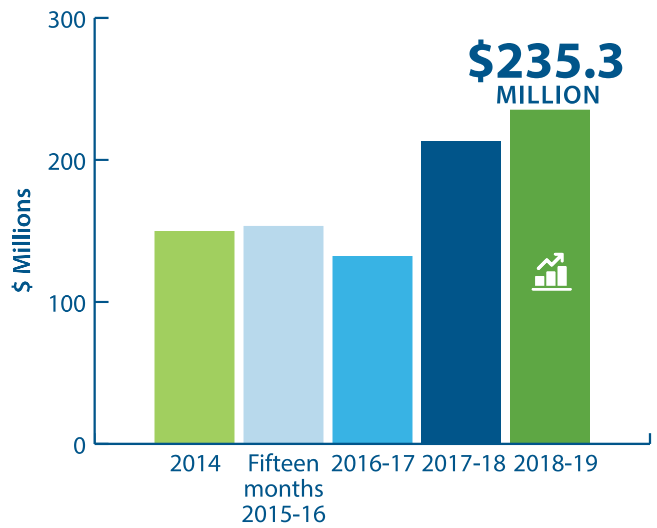
Consolidated Net Earnings



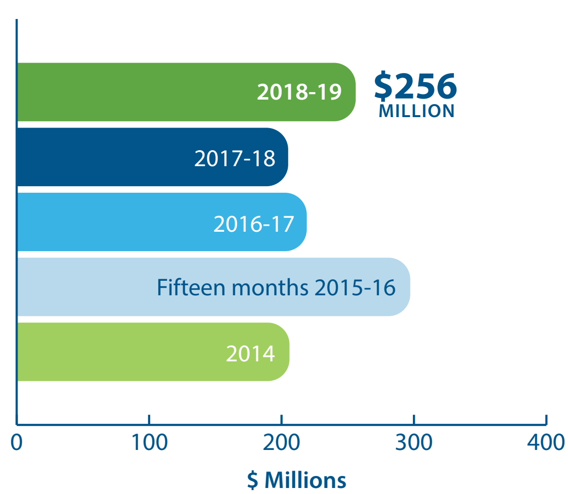
Consolidated Return on Equity



Separate Net Earnings



Dividends to the GRF



CIC CONSOLIDATED

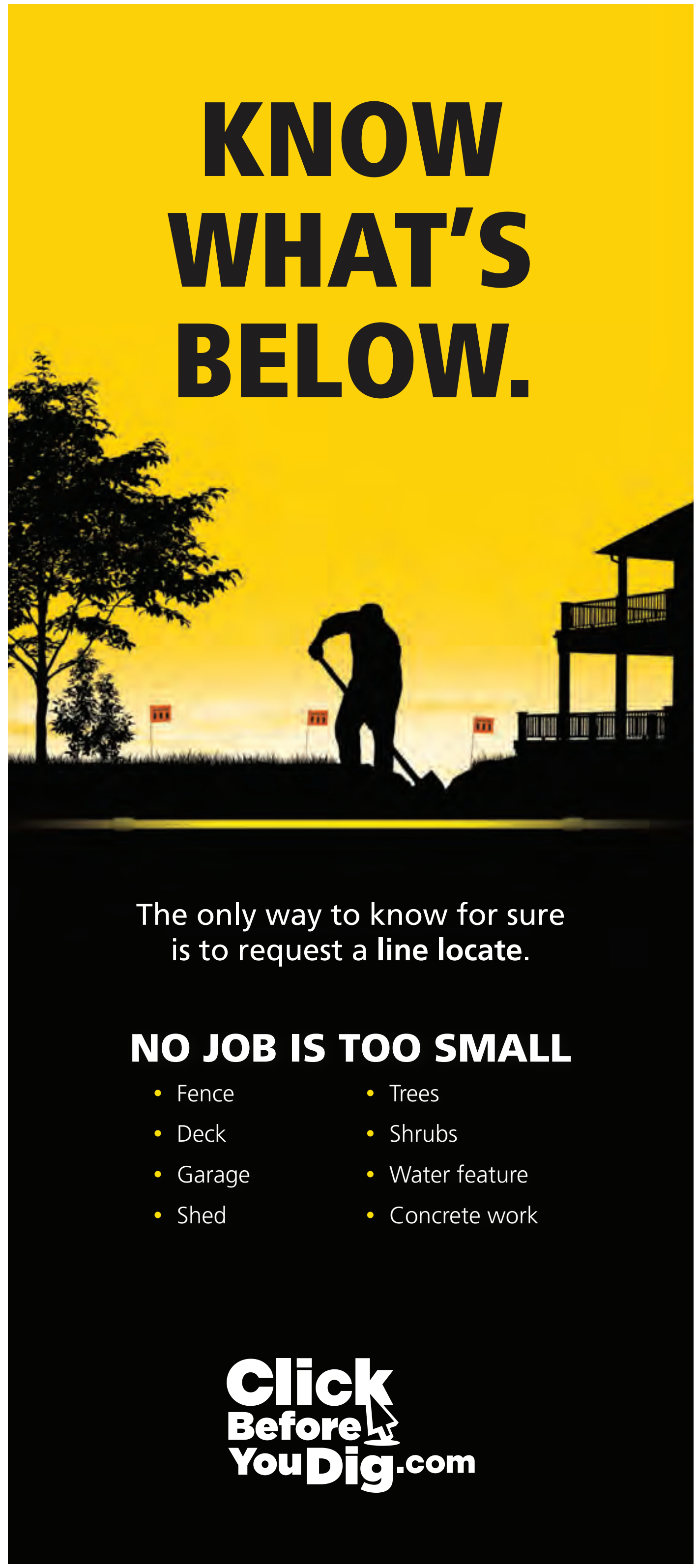
Significant Events Impacting 2018-19 Consolidated Results

During 2018-19, the following significant events impacted the Corporation's consolidated results:

- **Adoption of IFRS 15, *Revenue from Contracts with Customers***
  The Corporation adopted IFRS 15, *Revenue from Contracts with Customers*, effective April 1, 2018. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and has an impact on the timing of revenue recognition (primarily telecommunications revenue). The Corporation applied IFRS 15 using the cumulative effect method (i.e. by recognizing the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings at April 1, 2018) resulting in an $111.2 million increase to retained earnings at April 1, 2018. The adoption of the standard also resulted in a $9.2 million decrease in 2018-19 net earnings. The adoption of the standard affects the timing of revenues and expenses associated with customer contracts but does not affect the total amounts recognized over the term of the contract.
- **Capital Expenditures**
  During 2018-19, the Corporation spent $1,435.9 million on capital expenditures related to investing in aging infrastructure and meeting the demand for growth. Additional debt of $378.5 million was incurred in 2018-19 primarily to fund a portion of the capital expenditures. The remainder of capital expenditures are funded primarily through cash from operations.

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, 2019 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.



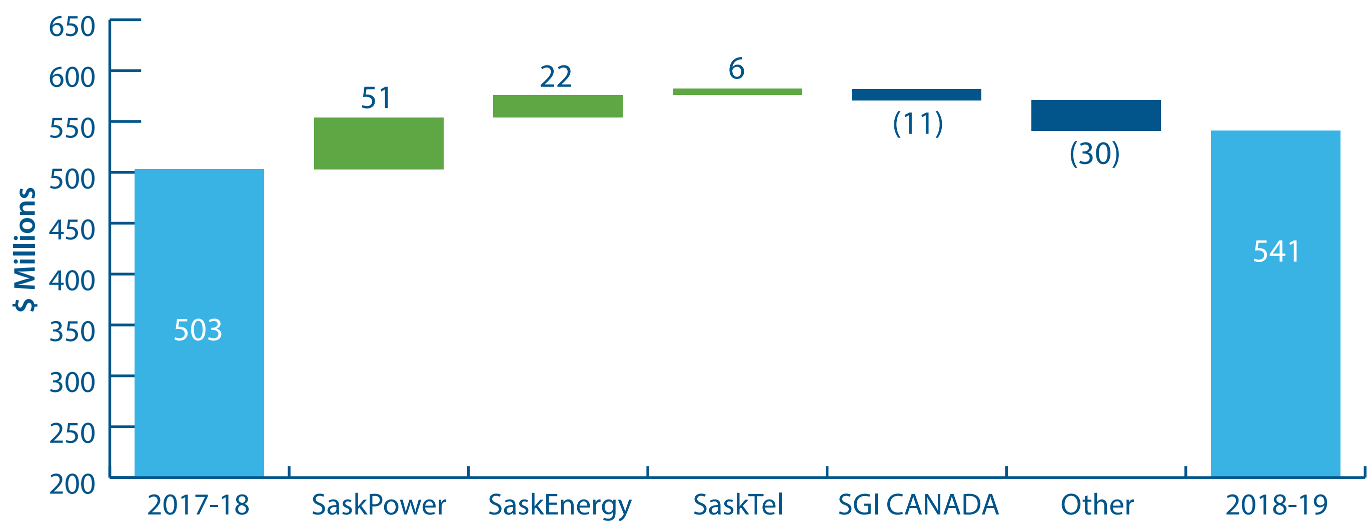
Sask 1st Call – a non-profit SaskEnergy subsidiary – is a "Click Before You Dig" communication service between the digging community in Saskatchewan and the owners of underground facilities, including SaskPower and SaskTel. In 2018-19, Sask 1st Call processed 146,878 line locate requests and gained nine new member companies, bringing the total to 92.

Analysis of Financial Results

(millions of dollars)	2018-19	2017-18	2016-17	Fifteen months 2015-16	2014
SaskPower	**$ 197.0**	$ 145.5	$ 56.3	$ 25.9	$ 59.6
SaskEnergy	**165.7**	143.5	145.6	110.9	(33.0)
SaskTel	**127.4**	121.0	134.8	126.7	76.4
SGI CANADA	**48.0**	59.4	65.2	84.5	40.7
SGC	**22.5**	23.2	24.4	32.7	24.9
SaskWater	**7.5**	8.1	6.5	7.3	5.5
SOCO	**3.5**	5.6	0.5	1.6	2.3
STC	**-**	26.6	(5.3)	0.3	(0.4)
SIIF	**(2.2)**	(1.1)	(1.4)	(2.4)	(4.0)
CIC AMI	**(6.0)**	(2.6)	(3.0)	4.6	13.0
CIC (Separate)	**235.3**	213.1	132.1	153.5	149.7
Other[1]	**(258.1)**	(239.3)	(157.1)	(203.6)	(172.0)
Consolidated net earnings	**$ 540.6**	$ 503.0	$ 398.6	$ 342.0	$ 162.7

[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 Net Earnings



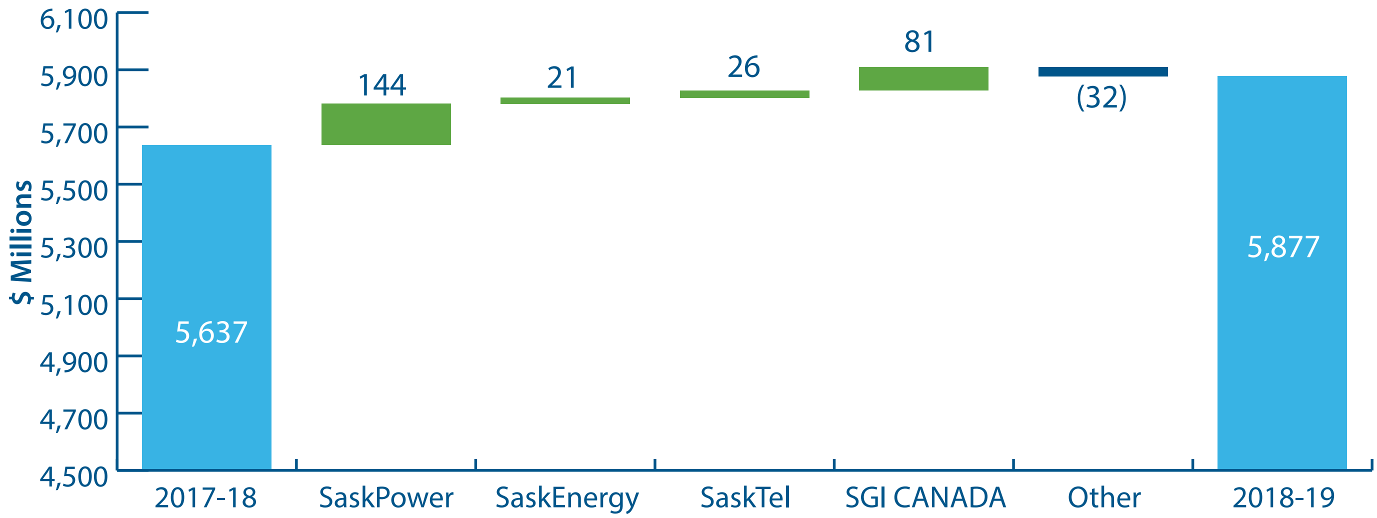
Consolidated net earnings for 2018-19 were $540.6 million (2017-18 - $503.0 million) or $37.6 million higher than the same period in 2017-18. The increase was primarily related to increased earnings at SaskPower and SaskEnergy, partially offset by an impairment of CIC's investment in Information Services Corporation (reflected in "Other").

Analysis of Consolidated Revenues and Expenses

Revenue

Revenue (including discontinued operations) was $5,877.3 million for 2018-19 (2017-18 - $5,637.2 million), an increase of $240.1 million. This was primarily a result of increased revenues at SaskPower, SaskEnergy, SaskTel and SGI CANADA partially offset by increased inter-entity transactions (reflected in "Other").

Changes in Revenue



SaskPower revenue increased by $143.5 million primarily due to a system-wide average rate increase of 3.5 per cent effective March 1, 2018, as well as higher sales volumes due to growth in all customer classes except reseller and commercial. SaskPower also experienced increased export sales due to increased opportunities to sell into Alberta at higher prices.

SaskEnergy revenue increased by $20.7 million primarily due to increased delivery and transportation revenue as a result of colder weather, increased customers, and customer load growth. This was partially offset by decreased gas marketing sales as a result of lower natural gas prices during the year.

SaskTel revenue increased $26.4 million primarily due to the adoption of IFRS 15, *Revenue from Contracts with Customers*, which positively impacted the timing of wireless services and equipment sales revenue.

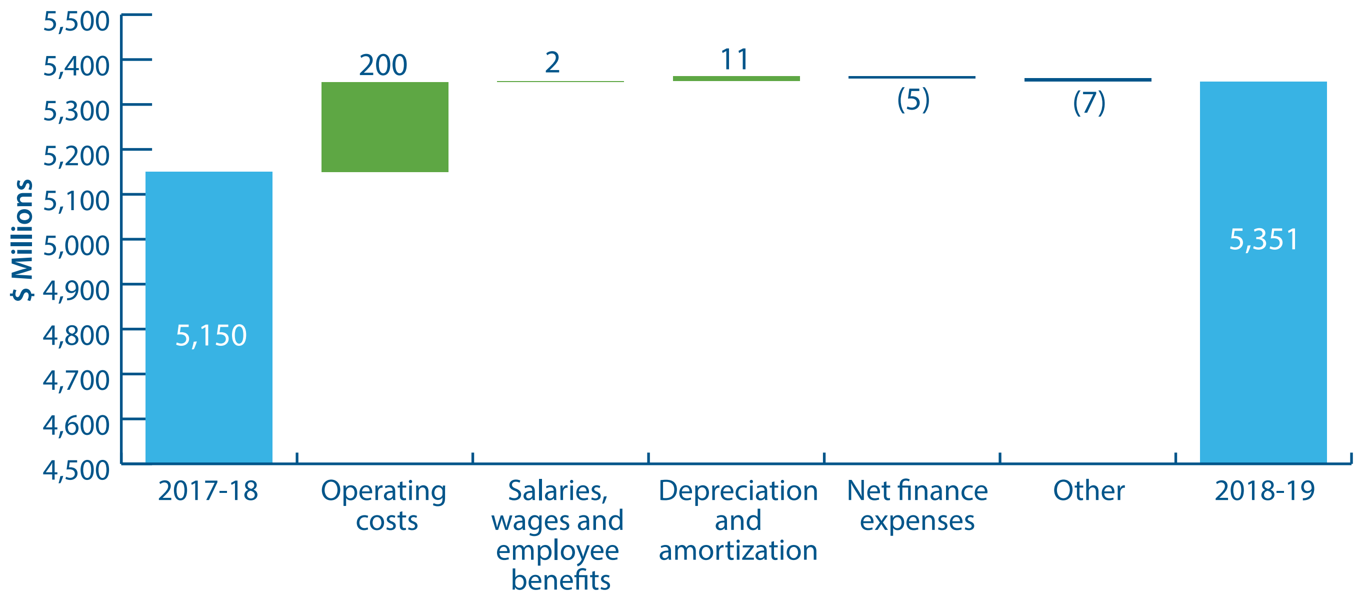
SGI CANADA revenue increased by $81.1 million primarily due to increased premiums in Saskatchewan, Alberta, Ontario, and British Columbia. Saskatchewan and Alberta premiums increased due to customer growth in all business lines. Ontario experienced customer growth in personal lines and personal auto. British Columbia premiums increased due to additional broker partnerships in 2018-19.

Analysis of Consolidated Revenues and Expenses *(continued)*

Operating and Net Finance Expenses

Total operating and net finance expenses (including discontinued operations) for 2018-19 were $5,351.3 million (2017-18 - $5,149.9 million), an increase of $201.4 million from the same period in 2017-18. This was primarily due to increased operating costs.

Changes in Total Operating and Net Finance Expenses



Operating Costs

Operating costs increased by $200.0 million to $2,841.9 million for 2018-19 (2017-18 - $2,641.9 million) primarily due to increases at SaskPower, SGI CANADA, SaskEnergy, and SaskTel.

SaskPower operating costs increased primarily due to increased fuel prices and higher generation volumes due to increased demand and exports. Operating costs were further increased by higher repairs and maintenance costs at generation facilities and higher emergency and corrective maintenance costs on transmission and distribution infrastructure due to storm and frost damage.

SGI CANADA operating costs increased primarily due to increased claims. SGI CANADA experienced increased claims primarily due to customer growth in all jurisdictions as well as large losses and poor auto results in jurisdictions outside of Saskatchewan.

SaskEnergy operating costs increased primarily due to increased demand for imported natural gas from Alberta resulting in higher transportation expenses. Rate increases on third-party transportation systems also contributed to the increase.

SaskTel operating costs increased primarily due to the adoption of IFRS 15, *Revenue from Contracts with Customers*, which negatively impacted the timing of costs associated with wireless services and equipment sales.

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 2018-19 was 62.1 per cent.

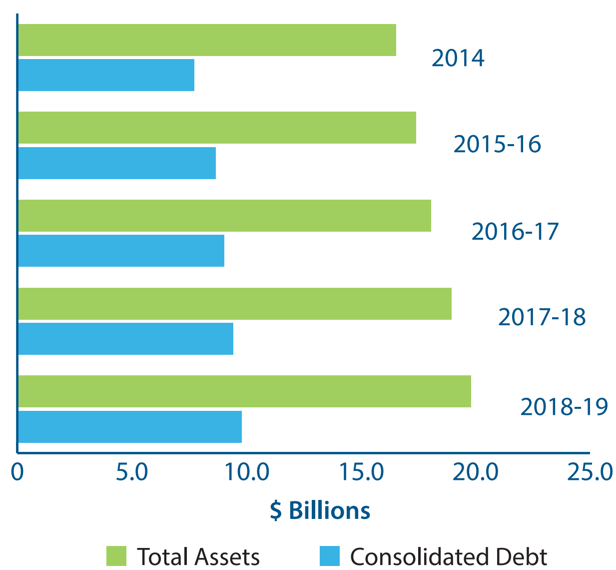
For further information on the Corporation's approach to capital management, refer to Note 24 of the audited consolidated financial statements.

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

	2018-19	2017-18	2016-17	2015-16	2014
Consolidated debt	**$9,795.3M**	$9,416.8M	$9,037.5M	$8,671.3M	$7,716.1M
Consolidated debt ratio	**60.6%**	61.7%	62.7%	63.2%	60.4%
Consolidated debt ratio target	**62.1%**	62.8%	62.7%	61.6%	57.1%

Debt on a consolidated basis was $9,795.3 million at March 31, 2019 (2017-18 - $9,416.8 million) or an increase of $378.5 million from March 31, 2018. The increase is primarily attributed to higher debt at SaskPower ($238.8 million), SaskTel ($100.0 million), and SaskEnergy ($105.0 million). The increase in debt was primarily required to fund a portion of the $1,435.9 million in 2018-19 capital expenditures needed to sustain infrastructure and meet the demand for growth. Debt decreased by $70.0 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 $2,079.2 million in support of increased assets of $3,270.5 million.



Capital Spending

Capital spending (property, plant and equipment, investment property and intangible asset purchases) decreased $130.6 million to $1,435.9 million for 2018-19 (2017-18- $1,566.5 million). Major capital expenditures included:

- $825.6 million at SaskPower related to new generation assets, including the Chinook Power Station, increasing grid capacity, connecting customers to the electric system, and sustaining infrastructure;
- $262.3 million at SaskTel for Fibre to the Premises, wireless network enhancements, basic network growth and enhancements, and renovating SaskTel's facilities;
- $299.7 million at SaskEnergy primarily related to customer growth and system expansion projects and safety and system integrity programming; and
- $24.2 million at SaskWater primarily related to infrastructure management of existing assets and system expansions to supply new customers, including the Melville Water Treatment Plant.

SaskTel

In 2018-19, SaskTel launched 50 new small cellular sites in rural Saskatchewan as part of the Government of Saskatchewan's Wireless Saskatchewan initiative.

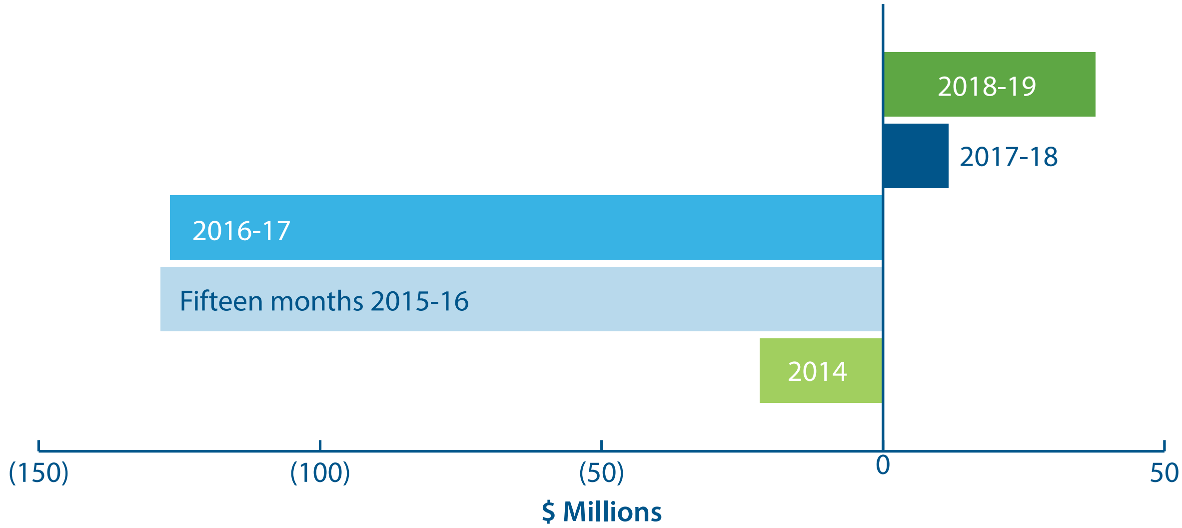
"I am happy to report that we have had so much positive feedback from community members on their improved cell coverage; we no longer have issues of dropped calls or the inability to use their wireless devices," said Joan Carriere, Village of Paddockwood.

In 2018-19, SaskGaming supported 80 organizations with over $400,000 in cash sponsorships. Nearly 30 per cent of those funds were directed at Indigenous projects, programs and events. Above: Casino Regina staff volunteer at the Kitchener Community School Holiday Dinner in 2018.

Operating, Investing and Financing Activities

Cash and cash equivalents for 2018-19 increased $37.7 million (2017-18 - $11.6 million) primarily due to decreased cash used in investing activities partially offset by decreased cash from financing and operating activities. A more detailed discussion of cash flows from operating, investing and financing activities is included below.

Net Change in Cash and Cash Equivalents



Cash Flow Highlights (millions of dollars)		**2018-19**		**2017-18**
Net cash from operations	**$**	**1,334.4**	$	1,390.4
Net cash used in investing activities		**(1,316.2)**		(1,499.3)
Net cash from financing activities		**19.5**		120.5
Change in cash and cash equivalents	**$**	**37.7**	$	11.6

Operating Activities

Cash from operations decreased by $56.0 million to $1,334.4 million for 2018-19 (2017-18 - $1,390.4 million). The decrease is a result of higher interest paid due to increased debt balances used to fund a portion of capital expenditures and decreased operating earnings excluding non-cash items.

Investing Activities

Cash used in investing activities decreased $183.1 million to $1,316.2 million for 2018-19 (2017-18 - $1,499.3 million) primarily due to a decrease in capital expenditures.

Financing Activities

Net cash from financing activities decreased $101.0 million to $19.5 million for 2018-19 (2017-18 - $120.5 million). The decrease was primarily due to decreased notes payable proceeds and increased dividends paid to the GRF. This was partially offset by decreased long-term debt repayments and increased long-term debt proceeds. The decrease in notes payable and increase in long-term debt proceeds is primarily due to the Crown Sector taking advantage of low interest rates on provincial long-term debt.

SaskTel and SaskPower have implemented a multi-million-dollar joint use fibre program. The program identifies existing and proposed fibre routes where joint use results in optimizing both corporations' network facilities and reducing overall network costs.

Comparison of Results with Budget

(millions of dollars)	2018-19 Earnings		2018-19 CIC Dividends	
	Budget	Actual	Budget	Actual
SaskPower	$ 176.7	$ 197.0	$ -	$ 19.7
SaskTel	133.0	127.4	119.7	114.7
SaskEnergy	68.4	165.7	23.9	60.0
SGI CANADA	60.7	48.0	39.0	12.5
SGC	23.0	22.5	18.4	18.0
CIC AMI	7.6	(6.0)	-	1.0
SaskWater	6.2	7.5	1.6	3.7
SOCO	3.4	3.5	3.0	3.1
SIIF	0.1	(2.2)	-	-
STC	(0.5)	-	6.4	6.1
CIC (separate)	206.0	235.3	-	-
Other[1]	(215.1)	(258.1)	4.3	4.3
Totals	**$ 469.5**	**$ 540.6**	**$ 216.3**	**$ 243.1**

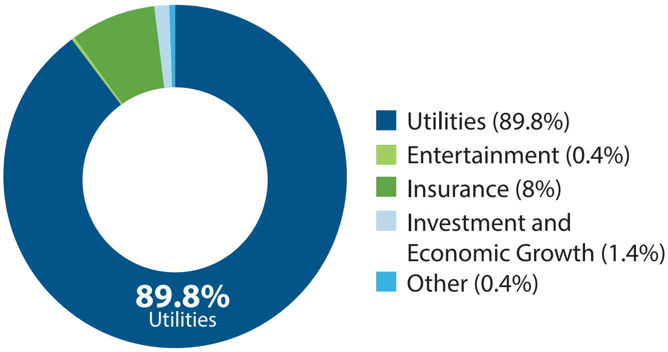
[1] Includes First Nations and Métis Fund, Gradworks Inc., CIC Economic Holdco Ltd., and consolidation adjustments. Consolidation adjustments reflect the elimination of all inter-entity transactions, such as grants from CIC to Crown corporations, revenues and expenses between Crown corporations, and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

The preceding table shows results for the commercial Crown corporations in 2018-19 in comparison to performance and resource management plan targets. Consolidated earnings for 2018-19 of $540.6 million were $71.1 million higher than budgeted earnings of $469.5 million. Dividends to CIC in 2018-19 of $243.1 million were $26.8 million above budgeted dividends of $216.3 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 earnings fluctuations. Significant earnings variances are explained as follows:

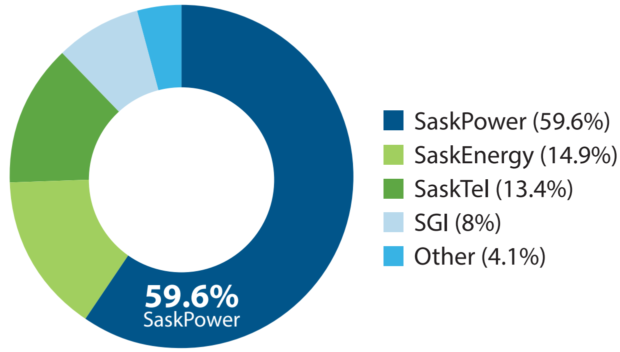
- SaskPower earnings were $20.3 million higher than budget primarily due to higher Saskatchewan electricity sales and exports to Alberta. The increase in revenue was partially offset by additional fuel and purchased power costs required to meet customer demand, the application of the federal carbon tax on January 1, 2019, and an increased environmental expense provision. SaskPower declared a dividend in 2018-19 due to strong financial performance and capacity to pay a dividend.
- SaskEnergy earnings were $97.3 million higher than budget primarily due to higher sales caused by colder than normal weather, lower than expected costs due to effective operating cost management, an unbudgeted gain on the sale of non-core assets, and positive market value adjustments.
- CIC Separate earnings were $29.3 million higher than budget due to higher than expected dividend revenue from subsidiary corporations and lower expenses due to cost management.

Segmented Information

Total Assets by Business Segment



Total Assets by Corporation



(millions of dollars)	Utilities		Entertainment		Insurance		Investment & Economic		Other[1]		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Statement of Income												
Total revenue	5,007	4,814	119	119	857	776	41	41	(141)	(108)	5,883	5,642
Operating expenses	(4,012)	(3,896)	(96)	(96)	(862)	(759)	(40)	(41)	112	100	(4,898)	(4,692)
Net finance (expenses) income	(501)	(502)	(1)	(1)	53	43	(7)	1	3	1	(453)	(458)
Earnings (loss) from operations	494	416	22	22	48	60	(6)	1	(26)	(7)	532	492
Share of net earnings from equity accounted investees	3	2	-	-	-	-	-	-	6	9	9	11
Net earnings (loss)	497	418	22	22	48	60	(6)	1	(20)	2	541	503
Statement of Financial Position												
Current assets	1,309	1,284	20	17	676	610	38	105	49	56	2,092	2,072
Investments & other	1,170	989	-	-	892	822	63	75	85	99	2,210	1,985
Capital assets[2]	15,311	14,714	59	57	19	18	177	176	(55)	(57)	15,511	14,908
	17,790	16,987	79	74	1,587	1,450	278	356	79	98	19,813	18,965
Current liabilities	2,667	2,896	21	21	807	746	59	112	(124)	(97)	3,430	3,678
Long-term debt	8,216	7,666	-	-	-	-	40	61	-	-	8,256	7,727
Finance lease obligations	1,087	1,105	5	5	-	-	1	-	-	-	1,093	1,110
Other	947	836	-	-	356	315	59	53	(13)	(18)	1,349	1,186
	12,917	12,503	26	26	1,163	1,061	159	226	(137)	(115)	14,128	13,701
Province's equity	4,873	4,484	53	48	424	389	119	130	216	213	5,685	5,264
	17,790	16,987	79	74	1,587	1,450	278	356	79	98	19,813	18,965
Statement of Cash Flows												
Operating activities	1,227	1,313	29	29	73	59	9	11	(4)	(22)	1,334	1,390
Investing activities												
Capital asset purchases[2]	(1,412)	(1,539)	(9)	(5)	(7)	(3)	(8)	(19)	-	-	(1,436)	(1,566)
Other	36	7	-	-	10	(17)	71	49	3	28	120	67
	(1,376)	(1,532)	(9)	(5)	3	(20)	63	30	3	28	(1,316)	(1,499)
Financing activities												
Debt proceeds	597	411	-	-	-	-	-	-	-	-	597	411
Debt repayments	(76)	(185)	-	-	-	-	(71)	(37)	-	-	(147)	(222)
Dividends paid	(158)	(122)	(19)	(28)	(30)	(43)	(4)	(2)	(45)	(10)	(256)	(205)
Equity (repaid) received	(47)	-	-	-	-	-	(1)	(9)	48	9	-	-
Other	(173)	122	-	(1)	-	-	(1)	13	-	3	(174)	137
	143	226	(19)	(29)	(30)	(43)	(77)	(35)	3	2	20	121
Change in Cash	(6)	7	1	(5)	46	(4)	(5)	6	2	8	38	12

[1] Other includes the operations of CIC (Separate), discontinued operations (see Note 10 of the consolidated financial statements) and consolidation adjustments.

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

Utilities

SaskPower
Powering the future

2018-19 Financial Results

Net earnings increased to $197.0 million (2017-18 - $145.5 million) primarily due to higher Saskatchewan electricity sales.

Revenue increased to $2,734.1 million (2017-18 - $2,590.6 million) largely due to higher Saskatchewan electricity sales resulting from the system-wide average rate increase of 3.5 per cent effective March 1, 2018. Electricity sales volumes to Saskatchewan customers were 23,559 GWh, up 277 GWh or 1.2 per cent compared to the prior year. Other revenue increased due to higher customer contributions and export sales increased as a result of opportunities to sell into Alberta at favourable prices.

Expenses increased to $2,540.0 million (2017-18 - $2,447.2 million) mainly due to higher fuel and purchased power costs as a result of additional import and coal costs, increased generation volumes required to sustain additional demand, and lower cost fuel sources being replaced with natural gas. SaskPower also increased maintenance for generation, transmission and distribution facilities. Capital-related expenses, including depreciation and finance charges, increased as a result of SaskPower's capital program.

Gross long-term debt, short-term debt, and finance leases of $8,105.8 million (2017-18 - $7,875.1 million) increased due to additional borrowings during the year to finance capital expenditures. SaskPower invested $825.6 million (2017-18 - $965.2 million) in various capital projects, including new generation, customer connects, and sustaining transmission and distribution infrastructure.

In 2018-19, SaskPower invested over **$1.7 million** in educational programming and community initiatives throughout the province.

2019-20 Outlook

Earnings are expected to increase in 2019-20 to $255.2 million mainly due to higher revenues. Saskatchewan electricity sales are expected to increase primarily due to a forecasted 1.7 per cent increase in sales volumes.

This increase in revenues is expected to be partially offset by higher expenses, mainly as a result of increased fuel and purchased power costs due to the Federal Carbon charge. In addition, depreciation expense is expected to increase as a result of additional capital expenditures.

SaskPower plans to continue making significant investments in its generation, transmission and distribution infrastructure, with anticipated capital expenditures of approximately $873.4 million in 2019-20.

Key Enterprise Risks, Mitigations and Action Plans

SaskPower business operations rely on information and operational technologies which need to be maintained, supported, and secured to ensure reliability, confidentiality, integrity and availability of associated systems and information. Demand for security capabilities will increase as security threats evolve at a rapid rate. SaskPower has established physical and cyber security controls to address copper theft, malware, and other related vulnerabilities and threats.

SaskPower operations impact the safety of employees, contractors, customers, and the public. There are considerable risks associated with working on high voltage equipment, equipment operated at a high temperature or pressure, at heights, with chemicals, and around large machines. SaskPower interacts with customers, contractors, and the public, who must be informed of potential safety issues. SaskPower's Safety Improvement Program was established to reinforce safe work practices and its safety culture; define non-negotiable safety rules including solutions to reinforce compliance; and develop learning solutions to enable a safe and competent workforce. Safety goals are incorporated into SaskPower's performance management process.

SaskPower has identified the requirement to invest significant amounts of capital in long-term projects to maintain, upgrade, and expand infrastructure and meet environmental requirements. SaskPower continues to deliver on significant projects related to customer connections, service delivery improvement, sustainment and refurbishment of existing infrastructure, and new supply options. New regulations, stakeholder expectations, and financial constraints place increasing demands on SaskPower. Not completing projects on schedule or within budget can impact service delivery to customers/suppliers and increase costs to the corporation. SaskPower mitigation strategies include standardizing project delivery tools and methods and monitoring and reporting of projects, including dependencies to other projects and outage scheduling.

Corporate Social Responsibility

- In 2018-19, for the tenth year in a row, SaskPower was recognized as one of Canada's Best Diversity Employers for initiatives such as maintaining an Indigenous Procurement Policy and hosting Indigenous Procurement Information Sessions to provide information and networking opportunities for Indigenous suppliers.
- SaskPower's Women's Resource Group promotes trades and engineering as career choices for women, and SaskPower hosts awareness events with community organizations such as the Learning Disabilities Association and Spinal Cord Injury Saskatchewan.
- Based on Canadian Electricity Association safety ratings, SaskPower was named winner of the 2018 Canadian Electrical Association President's Award of Excellence for Employee Safety in Distribution - Group 2, which recognizes electricity companies with the strongest health and safety records in Canada.
- In 2018-19, SaskPower invested over $1.7 million in educational programming and community initiatives throughout the province.
- SaskPower has partnered with Salthaven West and the Wildlife Rehabilitation Society of Saskatchewan, an organization that educates the public to improve wildlife protection and raise wildlife conservation awareness during its annual Gone Wild for Wildlife public education event as well through its wildlife emergency hotline.

Key Financial Data

	2018-19	2017-18	2016-17	Fifteen months 2015-16	2014
Net earnings	**$ 197.0M**	$ 145.5M	$ 56.3M	$ 25.9M	$ 59.6M
Operating earnings	**$ 197.0M**	$ 146.5M	$ 46.2M	$ 123.4M	$ 43.2M
Dividend declared to CIC	**$ 19.7M**	Nil	Nil	Nil	Nil
Total assets	**$ 11,811.7M**	$ 11,456.2M	$ 10,908.4M	$ 10,433.8M	$ 9,674.5M
ROE	**7.9%**	6.2%	2.5%	1.2%	2.8%
Debt ratio	**74.1%**	74.9%	75.5%	75.2%	73.1%

Key Operational Data

	2018-19	2017-18	2016-17	Fifteen months 2015-16	2014
Total customer accounts	**537,714**	532,719	528,059	521,745	511,941
Gross electricity supplied (gigawatt hours)	**25,777**	25,317	24,374	30,174	23,424
Available generating capacity (net megawatts)	**4,531**	4,493	4,491	4,437	4,181
Annual peak load (net megawatts)	**3,723**	3,792	3,747	3,640	3,561
Power lines (kilometres)	**156,747**	157,562	158,723	156,984	155,808
Full-time equivalents	**3,668**	3,608	3,643	3,777	3,829

SaskTel entered into a partnership with Greenwave Innovations to offer energy efficiency and monitoring in Saskatchewan; using Greenwave's unique technology to help power the new SaskTel Collaboration Centre in Regina.

Utilities

SaskTel

Key Financial Data

	2018-19*	2017-18	2016-17	Fifteen months 2015-16	2014
Net earnings	**$ 127.4M**	$ 121.0M	$ 134.8M	$ 126.7M	$ 76.4M
Operating revenue	**$ 1,279.6M**	$ 1,253.2M	$ 1,282.8M	$ 1,569.6M	$ 1,231.0M
Dividend declared to CIC	**$ 114.7M**	$ 108.9M	$ 30.0M	$ 37.5M	$ 53.3M
Total assets	**$ 2,662.1M**	$ 2,489.9M	$ 2,394.5M	$ 2,253.1M	$ 2,068.9M
ROE	**11.0%**	11.9%	15.4%	16.8%	10.5%
Debt ratio	**46.6%**	46.2%	47.9%	51.9%	52.8%

* Includes the impact of adoption of IFRS 15.

SaskTel has partnered with approximately **300 independently owned firms** to provide wireless and security sales and service to its customers.

Where applicable, this discussion compares the current and prior year's financial results excluding the impact of IFRS 15, which affects the timing of revenue and expenses associated with customer contracts. The impact of IFRS 15 on the current year's operations are highlighted.

2018-19 Financial Results

Earnings were $136.8 million (2017-18 - $121.0 million), up $15.8 million from 2017-18. Adoption of IFRS 15 resulted in a decrease in earnings of $9.4 million resulting in IFRS 15 compliant earnings of $127.4 million.

Total operating revenues increased to $1,256.0 million (2017-18 - $1,253.2 million), up $2.8 million or 0.2 per cent from 2017-18, primarily due to continued growth in the average revenue per unit (ARPU) and accesses for wireless, internet, data and *maxTV*™ services, increased customer premise equipment sales, and growth of the managed and emerging services portfolio. The growth is partially offset by decreased legacy services due to wireless substitution. Adoption of IFRS 15 resulted in an increase in revenues of $23.6 million resulting in IFRS 15 compliant revenues of $1,279.6 million.

Total operating expenses were $1,091.7 million (2017-18 - $1,099.0 million), down $7.3 million from 2017-18 primarily due to management's focus on continuous improvement activities such as Crown collaboration, business simplification and operational improvements, and controlled spending including renegotiation of vendor contracts, rationalization of software licenses, and less maintenance required through the expansion of SaskTel's fibre network. Adoption of IFRS 15 resulted in an increase in operating expenses of $33.0 million resulting in IFRS 15 compliant operating expense of $1,124.7 million.

Capital expenditures for the fiscal year were $276.7 million (2017-18 - $296.1 million), down $19.4 million from 2017-18. SaskTel's capital spending was related to: Fibre to the Premises Program; 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. Adoption of IFRS 15 resulted in a decrease in capital expenditures of $14.4 million resulting in IFRS 15 compliant capital expenditures of $262.3 million.

Debt increased to $1,196.6 million (2017-18 - $1,096.6 million) due to the issuance of long-term debt during the year and increased short-term borrowings. The overall level of debt increased to support SaskTel's capital program.

Key Operational Data	2018-19	2017-18	2016-17	Fifteen months 2015-16	2014
Full-time equivalents	**3,719**	3,880	3,916	3,956	3,999
Wireless accesses	**609,951**	607,448	615,882	614,221	618,083
Wireline accesses	**338,779**	361,351	388,519	413,052	442,471
Internet (includes *maxTV*)	**282,710**	278,977	275,356	264,196	258,705
maxTV subscribers	**112,583**	110,881	110,591	107,321	103,716

2019-20 Outlook

SaskTel is targeting earnings of $129.5 million in 2019-20. Changes in customer demands, rapidly evolving technology, increasing competition, and regulatory instability are contributing to pressures on SaskTel's revenues, costs, and profit margins. Significant investment in new network technologies, network infrastructure, systems, processes and workforce skills 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 2019-20, SaskTel will be focusing on new and existing revenues from the business and consumer markets that utilize its infrastructure, specifically fixed and wireless broadband resulting in the provision of converged services for both consumers and businesses. Revenues from growth initiatives including cellular, internet and *maxTV* services are projected to increase, while revenues from local and long-distance services are projected to decline.

Operating expenses are expected to increase approximately 0.8 per cent in 2019-20. Management's focus on operational efficiencies and controlled spending in 2018-19 resulted in significant operating expense savings. Planned spending in certain discretionary areas is anticipated to increase in 2019-20, however, spending in these areas will be tightly managed.

SaskTel has budgeted $320.9 million in capital expenditures during 2019-20.

Key Enterprise Risks, Mitigations and Action Plans

SaskTel's networks and systems are core to delivering services and if they became unavailable for an extended period, it could result in significant customer impacts. To help mitigate this risk, networks and systems are built to be highly available, they are regularly maintained and updated, key components are alarmed and change control processes are established. Should an outage occur, business continuity and disaster recovery plans are in place to help minimize impacts.

The telecom industry is experiencing major disruption, making it challenging to increase revenue and profit margins. SaskTel is facing increasing customer demands, a highly competitive wireless market, large non-traditional global companies offering low-cost solutions, emerging advanced technologies, and commoditization of legacy products. SaskTel manages these risks by evolving products, services and sales strategies, placing a strong focus on customer experience, expanding its fixed and mobile networks to meet market demands, and creating a more agile and streamlined operating environment.

SaskTel, like any company, faces the risk of cyber attacks and data breaches which could impact its reputation and net earnings. This threat will only increase with the movement toward digitalization, automation, and the increased number of connected devices. SaskTel has extensive controls in place to protect customer, employee and corporate information and mitigate against service disruption. Incident management processes and response plans are prepared should an event occur.

Corporate Social Responsibility

Throughout 2018-19, SaskTel has continued its tradition of giving back, providing support to nearly 1,000 non-profit and charitable organizations across the province while also updating I Am Stronger, SaskTel's Bullying Prevention Program, as Be Kind Online, so it can continue to help the next generation navigate an ever more challenging online world.

SaskTel continues to be a leader in environmental responsibility being again named one of Canada's Greenest Employers by Media Corp Canada for the tenth consecutive time. SaskTel continues to explore new partnerships that can reduce the impacts of operations and help promote a healthier environment. In 2018-19, SaskTel entered into a partnership with Greenwave Innovations to offer energy efficiency and monitoring in Saskatchewan, using Greenwave's unique technology to help power the new SaskTel Collaboration Centre in Regina.

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.

Utilities

SaskEnergy

Key Financial Data	2018-19	2017-18	2016-17	Fifteen months 2015-16	2014
Net earnings (loss)	**$ 165.7M**	$ 143.5M	$ 145.6M	$ 110.9M	$ (33.0M)
Operating earnings	**$ 133.3M**	$ 110.9M	$ 69.9M	$ 134.7M	$ 47.0M
Dividend declared to CIC	**$ 60.0M**	$ 38.8M	$ 28.9M	$ 64.7M	$ 17.5M
Total assets	**$ 2,956.9M**	$ 2,687.6M	$ 2,505.4M	$ 2,450.6M	$ 2,379.6M
Operating ROE	**12.9%**	12.2%	8.8%	18.8%	6.5%
Debt ratio	**54.5%**	56.1%	58.6%	61.0%	62.6%

2018-19 Financial Results

In 2018-19, operating earnings were $133.3 million (2017-18 - $110.9 million). Continued provincial load growth and colder winter weather increased commodity marketing margins, delivery revenue and transportation revenue. A transmission rate-increase also contributed to stronger financial results. In addition, management of vacancies and overtime resulted in an overall decrease in full-time equivalents. Employee benefits costs were higher due to functions currently being performed by contracted resources transitioning to full time equivalent positions in order to bring key skill sets into the organization and reduce overall resourcing costs. In addition, an asset impairment reversal was recognized when SaskEnergy sold its two natural gas liquid extraction plants.

Near term natural gas prices experienced increased volatility in 2018-19 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 margin in its non-core storage arbitrage business. In past years, forward differentials in natural gas prices have exceeded $2.00/GJ. Over the last five years, SaskEnergy's storage arbitrage activities have generated considerable profit margins.

In 2018-19, revenues were $932.8 million (2017-18 - $912.1 million) and operating expenses were $715.2 million (2017-18 - $720.0 million) reflecting colder than normal weather resulting in higher delivery revenue, combined with higher commodity and transportation revenue. Lower commodity cost of gas sold and the impairment reversal relating to the sale of SaskEnergy's two natural gas liquid extraction facilities resulted in lower expenses in 2018-19.

Capital investments totalled $299.7 million (2017-18 - $254.0 million). Increases in customer growth, increased spending on system expansion projects and higher capital costs have increased the level of capital expenditures. Expenditures on system integrity and reliability have slightly increased compared to the prior year. SaskEnergy also purchased a new service center building near White City in 2018-19 to replace the old service center building in Regina that needed to be vacated due to structural issues. SaskEnergy required an additional $149.0 million in long-term debt in 2018-19 to fund a portion of its capital expenditures, resulting in a debt ratio of 54.5 per cent (2017-18 - 56.1 per cent). The low interest rate environment has allowed SaskEnergy to replace maturing long-term debt with lower cost debt.

2019-20 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 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 natural gas system, will require incremental investments in natural gas facilities. SaskEnergy is projecting to invest more than $976 million over the next three years.

The additional load growth will generate more revenue for SaskEnergy; however, the investment in infrastructure will increase operating costs and put pressure on delivery and transportation rates. SaskEnergy continues to collaborate with other Crown corporations, and other business enterprises, to investigate technological solutions to more efficiently serve customers and

Key Operational Data	2018-19	2017-18	2016-17	Fifteen months 2015-16	2014
Total distribution customers	**397,367**	394,592	390,886	386,886	380,768
Residential average usage (m^3)	**2,681**	2,736	2,543	3,579	3,006
Distribution pipelines (km)	**70,703**	70,180	69,870	69,547	69,015
Transmission pipelines (km)	**15,090**	15,127	15,228	15,156	15,174
Compressor horsepower (HP)	**88,588**	89,141	86,065	82,615	95,660
Peak day gas flows (petajoules)	**1.50**	1.50	1.36	1.35	1.42
Full-time equivalents	**1,017**	1,028	1,059	1,138	1,167

maintain facilities. SaskEnergy expects to realize $4.0 million of efficiency savings in 2019-20, bringing the total to nearly $56.0 million since 2009.

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 it 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 natural gas systems.

Key Enterprise Risks, Mitigations and Action Plans

Natural gas line, facility and operational failure could disrupt SaskEnergy's natural gas storage, distribution and transmission infrastructure, negatively impacting public safety, the environment and customers. 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.

Cyber security comprises technologies, processes and controls that are designed to protect systems, networks and data from cyber-attacks. Effective cyber security reduces the risk of cyber-attacks and protects organizations and individuals from the unauthorized exploitation of systems, networks and technologies.

Physical security is the protection of personnel, hardware, software, networks and data from physical actions and events that could cause serious loss or damage to SaskEnergy. This includes protection from fire, flood, natural disasters, burglary, theft, vandalism and terrorism.

Operational security is a risk management process that encourages managers to view operations from the perspective of an adversary to protect sensitive information from falling into the wrong hands. Strategic initiatives to mitigate cyber, physical, and operational risks include business continuity and disaster recovery plans, information technology security processes and a security threat response plan.

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. This "not in my backyard" philosophy impacts SaskEnergy's ability to develop new facilities, operate existing facilities, and could affect the integrity and reliability of the natural gas system. SaskEnergy works with landowners and other interest groups to identify and develop appropriate responses to concerns regarding expansion and development of infrastructure.

Corporate Social Responsibility

SaskEnergy is committed to providing value for its shareholder, customers and employees through sustainable operations, sound corporate governance and positive relationships within the communities we serve.

This commitment includes aligning with the Truth & Reconciliation Calls to Action for the corporate sector, which includes ensuring Indigenous peoples have access to jobs, training and education opportunities and that First Nations communities gain long-term benefits from projects related to economic development. SaskEnergy achieved 18 per cent Indigenous labour content across the service contracts it managed in 2018-19.

In 2018-19, 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 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. SaskEnergy also supports Saskatchewan First Responders, from volunteer firefighters and chiefs to the STARS Air Ambulance program.

SaskWater partnered with the RM of Sherwood in 2018-19 to provide Certified Operation and Maintenance services for its new water treatment plant.

Utilities

SaskWater

2018-19 Financial Results

SaskWater continued to have strong financial results in 2018-19 with revenues increasing in both the water sales and treatment and services lines of business. SaskWater also continued to make significant progress with improvements to its legacy agreements and business processes.

SaskWater generated net earnings of $7.5 million in 2018-19 (2017-18 - $8.1 million). Water sales and services revenue increased by 3.2 per cent. Total revenues increased 0.8 per cent over the previous year, as revenue in 2017-18 included a one-time item of $0.9 million related to renegotiated customer contracts on a former legacy system. Potable water sales rose in part due to another hot summer and in part due to customer community growth around major cities. Non-potable water sales improved largely as a result of five of the seven operating potash mines served by SaskWater increasing their consumption to meet market conditions. Certified operations and maintenance revenue were also up due to new customers.

Expenses increased by 2.4 per cent from 2017-18, largely in support of the increased revenues. Salaries, operating and maintenance costs increased primarily reflecting the full year of new staff and operational expenses to support the addition of the new certified operations and maintenance customers. Bulk water purchases were higher, in line with associated increased revenues.

SaskWater is collaborating with SaskPower to utilize its **Advanced Meter Infrastructure (AMI)** network. SaskPower's network provides SaskWater with an opportunity to transition its aging meter infrastructure to a more efficient technology that will provide real-time data regarding water consumption. This partnership with SaskPower allows SaskWater to gain a valuable tool while avoiding the associated infrastructure investment. The capital cost to create SaskWater's own network would have been $5.0 million. In addition to the capital savings, SaskWater anticipates future operational savings by moving to AMI.

Total capital expenditures were $24.2 million (2017-18 - $24.1 million). SaskWater's investment in capital spending, net of customer contributions, was $23.7 million, an increase of $12.7 million from 2017-18 as the majority of the work this year was not supported by grant or customer contributions associated with the projects.

Debt at March 31, 2019 was $76.4 million (2017-18 - $71.4 million), an increase of $5.0 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 46.1 per cent (2017-18 - 46.6 per cent).

2019-20 Outlook

SaskWater continues to focus its efforts on growth of core lines of business, cost efficiencies, and achieving cost of service pricing on its contracts. SaskWater is particularly focused on opportunities to expand or create new regional water supply systems, in order to leverage economies of scale and achieve a lower life cycle cost for the communities being served.

SaskWater anticipates revenues to grow slightly, moving to $60.0 million, an increase of 4.7 per cent. It is anticipated that the non-potable, wastewater, services (with the exception of certified operations and maintenance) and other revenues will remain consistent with 2018-19. Potable revenues are anticipated to increase with rate increases targeted to flow through increased costs from bulk water suppliers. Certified operations and maintenance is anticipated to grow as SaskWater is targeting new customers in 2019-20.

For 2019-20, SaskWater anticipates investing $31.7 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 2019-20. SaskWater also expects to declare dividends to CIC equal to 50.0 per cent of earnings.

Key Enterprise Risks, Mitigations and Action Plans

SaskWater's customer base is concentrated primarily in the industrial sector and specifically the potash industry. Changes in market demand can lead to revenue instability resulting in production swings. Mitigation strategies in place include minimum purchase requirements, efficiency programs, and cost of service rates. SaskWater is also looking to expand and diversify its customer base to reduce the reliance on the potash sector.

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 an asset management plan with regular scheduled maintenance, asset refurbishment, redundancy of critical pumps and motors, emergency response plans, and vulnerability assessments for facilities.

Corporate Social Responsibility

During the 2018-19 fiscal year the corporation's social responsibility and sustainability initiatives included:

- Sponsoring and/or providing promotional items to 84 events and fundraisers in 39 communities;
- Organizing and delivering community open houses and information meetings in Melville and Elbow regarding infrastructure upgrades on those systems, as well as Grenfell and Broadview for a potential industrial project in the area;
- Delivering customer engagement sessions to six customer groups;
- Promoting the value of water through contests within our customer communities' schools and providing water conservation information to customers and events;
- Installing 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.

Key Financial Data

	2018-19	2017-18	2016-17	Fifteen months 2015-16	2014
Net earnings	**$ 7.5M**	$ 8.1M	$ 6.5M	$ 7.4M	$ 5.5M
Total assets	**$ 359.7M**	$ 351.9M	$ 388.1M	$ 328.9M	$ 316.4M
ROE	**10.7%**	12.5%	11.0%	13.7%	11.3%
Debt ratio	**46.1%**	46.6%	44.7%	45.7%	45.0%

Key Operational Data

	2018-19	2017-18	2016-17	Fifteen months 2015-16	2014
Total customer accounts	**415**	414	414	411	407
Total sales volumes (cubic metres)	**48.7M**	44.7M	43.9M	57.4M	48.0M
Kilometres of potable and non-potable pipeline	**967**	964	935	935	865
Full-time equivalents	**130**	127	124	120	116

CIC CONSOLIDATED

SGI CANADA sells products through a network of 180 independent Saskatchewan brokers who conduct business from 345 locations in the province and 219 brokers who operate in 981 locations across Canada. To continue delivering insurance products that customers desire, SGI CANADA works closely with brokers to obtain input and advice on the changing needs of customers. With their assistance, SGI CANADA is able to take a lead in delivering innovative insurance products to customers.

SGI CANADA supports communities, clubs and associations across Saskatchewan in partnership with independent insurance brokers – whether by responding to hundreds of requests for donated items for community events or raffles, or through formal sponsorships.

Insurance

Key Financial Data

	2018-19	2017-18	2016-17	Fifteen months 2015-16	2014
Net earnings	**$ 48.0M**	$ 59.4M	$ 65.2M	$ 84.5M	$ 40.7M
Dividend declared to CIC	**$ 12.5M**	$ 35.8M	$ 43.0M	$ 47.3M	$ 31.6M
Total assets	**$ 1,580.5M**	$ 1,438.4M	$ 1,335.6M	$ 1,213.2M	$ 1,175.3M
ROE	**11.8%**	15.8%	18.5%	21.0%	13.5%
Minimum Capital Test[1]	**240%**	242%	243%	249%	227%

[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.

Key Operational Data

	2018-19	2017-18	2016-17	Fifteen months 2015-16	2014
Net premiums written	**$ 860.9M**	$ 745.2M	$ 693.6M	$ 730.0M	$ 549.9M
Number of policies in force	**846,490**	696,635	671,119	639,486	607,916
Number of claims	**110,891**	116,301	108,122	122,028	102,066
Full-time equivalents	**1,955**	1,904	1,912	1,874	1,892

2018-19 Financial Results

SGI CANADA generated $48.0 million in earnings compared to $59.4 million in 2017-18. The decrease in earnings resulted in an after-tax return on equity of 11.8 per cent compared to 15.8 per cent in 2017-18. The solid financial results were due largely to investment earnings driven by strong fixed income, foreign equities, and real estate portfolios.

SGI CANADA continues to experience strong growth, with gross premiums written of $915.3 million representing growth of 14.0 per cent over 2017-18. All jurisdictions saw growth, with the strongest growth coming from jurisdictions outside of Saskatchewan. Claims incurred increased to $518.5 million (2017-18 - $447.8 million), due primarily to large losses and poor auto results in jurisdictions outside of Saskatchewan. The overall loss ratio worsened by 3.0 percentage points to 64.7 per cent (2017-18 - 61.7 per cent).

Investment earnings were $53.4 million (2017-18 - $43.5 million), an increase of $9.9 million from 2017-18. The investment portfolio's market-based return was 4.3 per cent, compared to a 4.1 per cent return in the prior year. The returns were driven by fixed income results and foreign equity and real estate returns.

SGI CANADA's consolidated Minimum Capital Test of 240.0 per cent (2017-18 - 242.0 per cent) is consistent with the target and long-term goal of 242.0 per cent.

2019-20 Outlook

The Canadian property and casualty industry is highly competitive and continues to experience rapid change driven by technology and other innovations. Technology is leading the way for new and innovative production channels, mobile services, and data-driven processes that can better assess and respond to continuously changing customer expectations. However, in the race to take advantage of digital initiatives, 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, in partnership with brokers. The company's goal is to achieve $1 billion in direct premiums written by 2020 with customer-centricity serving as the primary strategy for achieving growth over the longer term. To achieve this, SGI CANADA will focus on two key areas in 2019-20:

- sustainable growth; and
- corporate transformation.

SGI CANADA needs to achieve aggressive organic growth to remain competitive and drive efficiencies. Growth must be balanced with a reasonable level of profitability to ensure it is sustainable over the long-term. Profitability continues to be a challenge in the regulated auto markets; however, SGI CANADA will continue to focus on rate action and other initiatives in an effort to achieve underwriting profitability.

SGI CANADA has been focused on customer centricity and operational excellence throughout the current five-year strategy. Both of these areas have been about changing how it does business and positioning the company for the future. However, the magnitude of this change has evolved causing an evolution of the strategy and a new area of focus – corporate transformation. This area of focus has two main parts in 2019-20:

- Culture transformation – this is about changing how employees work with each other, as well as how employees interact with customers and business partners, to drive results and provide high-value experiences for customers, business partners and employees. This will be accomplished through a continued focus on customer experience and leadership development.
- Digital transformation – this is about leveraging digital technology to take SGI CANADA into the future. This will be done through updating and modernizing existing technology where it makes sense and introducing new technology where that will better serve the company.

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 the Corporation's 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 Corporation, which is reviewed by the Risk Committee of the Board of Directors annually. SGI CANADA's Audit Services department also uses the risk profile in developing its annual work plan, which provides an assurance component to SGI CANADA's risk management process.

SGI CANADA's top risks relate to: competition, digital transformation, responsiveness to business needs, acquisition and development of expertise, employee change agility, distribution channel, system availability and recovery, system security, and catastrophic claim loss. 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 supported communities, clubs and associations across Saskatchewan in partnership with independent insurance brokers by responding to hundreds of requests for promotional giveaway items for community events or raffles, and through more than $0.3 million in formal sponsorships. This included funding for community efforts aimed at crime prevention such as Citizens on Patrol and Crime Stoppers; funding for sporting events and activities to deliver and promote programs across Saskatchewan such as the Brier, as well as youth focused-organizations and events like Football Saskatchewan, the Saskatchewan Hockey Association and Memorial Cup; and for special events like the Saskatoon Fireworks Festival, Canadian Western Agribition and activities organized by the Saskatchewan Trucking Association.

SGI CANADA continued its partnership with the Red Cross in the aftermath of emergencies, providing financial support and staff volunteers who distributed clean-up kits in communities impacted by flooding. Other philanthropic efforts included staff donations for the annual Z99 Radiothon for the Regina Neonatal Intensive Care Unit, sponsoring and collecting employee donations for the St. John Ambulance Therapy Dog Program, and gathering new scarves, mitts and toques from staff for charitable organizations and shelters across Canada.

SGI works closely with its police partners to promote traffic safety. Cst. Patrick Foster with the Saskatoon Police Service narrated an SGI video for the Driving Without Impairment course, encouraging convicted impaired drivers to drive sober.

Insurance

SGI

The Auto Fund is not a subsidiary Crown corporation. Its results are included in this report because of SGI CANADA'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.

2018-19 Financial Results

The Auto Fund experienced net earnings of $77.5 million, compared to $210.1 million in 2017-18. The decrease in net earnings was primarily due to an increase in claims expenses and lower investment earnings.

Gross premiums written totaled $956.5 million representing an increase of 2.0 per cent over the prior year. The increase is due to customers moving to vehicles with higher premiums and exposure growth. Overall claims expenses increased $107.0 million or 13.6 per cent from the prior year. Actual 2018-19 claim costs were similar to the prior year, but the year saw a $64.8 million increase due to the recalculation of prior year claim costs and a $43.5 million increase related to a change in discount rates.

Investment earnings were $135.8 million, a $26.9 million decrease from 2017-18. The total portfolio's market-based return was 5.6 per cent, compared to a 7.2 per cent return in 2017-18.

The Auto Fund provides vehicle registrations, driver's licenses and related services to approximately **815,000 drivers** and approximately **1.2 million vehicles and trailers** in Saskatchewan. Business partners include independent motor license issuers, autobody repairers, law enforcement agencies and healthcare providers. These business partners are involved in different aspects of the Auto Fund's operations from licensing, road safety and repair of damaged vehicles, to provision of medical care and rehabilitative services for those injured in motor vehicle collisions.

2019-20 Outlook

The Saskatchewan Auto Fund continues to be efficient and well-run, maintaining an administrative expense ratio below other Canadian public insurers and providing among the lowest auto insurance rates in Canada.

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 will focus on two key areas in 2019-20: traffic safety and corporate transformation.

Key Financial Data

	2018-19	2017-18	2016-17	Fifteen months 2015-16	2014
Net earnings	**$ 77.5M**	$ 210.1M	$ **188.7**M	$ 159.1M	$ 53.8M
Total assets	**$ 3,040.6M**	$ 2,865.0M	$ 2,627.4M	$ 2,369.6M	$ 2,191.1M
Minimum Capital Test[1]	**145%**	141%	108%	95%	69%
Rate Stabilization Reserve	**$ 853.5M**	$ 776.0M	$ 565.9M	$ 377.2M	$ 218.1M

[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 140%.

Key Operational Data

	2018-19	2017-18	2016-17	Fifteen months 2015-16	2014
Net premiums written	**$ 941.8M**	$ 927.6M	$ 925.0M	$ 1,111.3M	$ 886.4M
Number of licensed drivers	**815,000**	812,000	806,000	799,000	789,596
Number of claims	**121,933**	126,316	118,060	137,044	108,688
Number of injuries on Saskatchewan roads*	**4,336**	5,253	5,562	5,574	5,812
Number of fatalities on Saskatchewan roads*	**135**	107	127	121	130

*2015-16 amounts reflect the twelve month period ended December 31, 2015.

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 the Auto Fund's 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. The Auto Fund's Audit Services department also uses the risk profile in developing its annual work plan, which provides an assurance component to the Auto Fund's risk management process.

The Auto Fund's top risks relate to: market value changes, digital transformation, responsiveness to business needs, acquisition and development of expertise, employee change agility, system availability and recovery, system security, and catastrophic claim loss. These risks represent key areas in the Auto Fund'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

Creative awareness campaigns and other ongoing activities that encourage people to drive safely and responsibly are among the ways the Auto Fund demonstrates its commitment to corporate social responsibility. The next phases of the Auto Fund's multi-award-winning impaired driving campaigns continued in 2018-19. The "People Shouldn't Disappear" campaign showed more images and stories of real Saskatchewan people killed by impaired drivers, while "Be a Good Wingman" continued with its call for action to never let impaired friends and family drive. A new campaign, "Knock on the Door," showed the devastating impacts of receiving the news that a loved one was killed due to impaired driving. The Auto Fund undertook further awareness to remind drivers of drug-impaired driving impacts in the lead-up to the legalization of cannabis, and another awareness campaign encouraged drivers to never leave keys in or near their vehicles as they are easily stolen and often driven in risky ways.

The Auto Fund provided more than $0.3 million in sponsorships in 2018-19. This included messaging at event venues and support for safe ride opportunities at festivals and events province-wide (as well as New Year's Eve and the holiday season) to help combat impaired driving. Traffic safety messaging sponsorships were numerous, including funding for the RCMP Heritage Centre Bike "Roadeo," and also lacrosse, hockey, and jazz events and organizations. The SGI Safety Squad presented interactive displays and outreach promoting safe driving tips and behaviours to people throughout Saskatchewan, while the Car Seat Grant and Community Grant Programs also supported individuals and communities in their efforts to ensure safety on our roads and highways. A significant sponsorship/partnership with the auto body program at Saskatchewan Polytechnic helped support technical skills training and programs to ensure grads are job-ready to meet the needs of the automotive repair sector.

In 2018, SaskGaming presented a cheque for $22,000 to the Regina Food Bank in support of its Against the Odds Food Drive.

Entertainment

2018-19 Financial Results

In 2018-19, SaskGaming focused on building sustainable growth through investing in guest experience, gaming technology, and facility modernization.

Net earnings in 2018-19 were $22.5 million (2017-18 - $23.2 million), a decrease of $0.7 million from 2017-18. The decrease in earnings was largely due to decreased revenues of $0.8 million, resulting from decreased gaming revenue, which is consistent with the ongoing maturation of the Saskatchewan gaming market.

The decrease in revenues was partially offset by a decrease in operating expenses of $0.1 million. This was primarily a result of lower overall expenditures and lower payments to the GRF. SaskGaming has continued to exercise restraint in spending. In 2018-19, SaskGaming paid $22.5 million (2017-18 - $23.2 million) to the GRF to meet the provincial government's obligations under *The Saskatchewan Gaming Corporation Act*.

In 2018-19, debt consisted of one finance lease which was reduced to $5.4 million (2017-18 - $5.8 million). SaskGaming's debt ratio declined to 10.2 per cent (2017-18 - 11.9 per cent), indicating lower debt requirements to fund capital investments during the year. Finance charges related to this finance lease were $0.6 million (2017-18 - $0.6 million).

Capital expenditures were $8.9 million (2017-18 - $5.5 million), a $3.4 million increase from the prior year. This increase was a result of slot machine renewals, facility renovations, gaming technology projects and equipment purchases.

In 2018-19, SaskGaming, SaskPower, SaskTel, SaskEnergy, SaskWater, SGI, and the Government of Saskatchewan IT Division collaborated on the joint purchase of an **Information Security Forum Membership**. This provides a benchmarking service and best practice information that each of the Crowns can use to assess their security with industry and best practice. SaskGaming also reduced costs through collaboration with CIC by using its audit and legal services.

2019-20 Outlook

2019-20 marks the third year of a multi-year plan. SaskGaming will continue to deliver an outstanding guest experience by continuing to invest in facility modernization, gaming technology, and new products and services. SaskGaming is forecasting earnings of $21.8 million for 2019-20. Earnings are expected to be driven by modest increases in revenues, offset by increasing depreciation costs as a result of increased capital investment.

Key Financial Data

	2018-19	2017-18	2016-17	Fifteen months 2015-16	2014
Net earnings	**$ 22.5M**	$ 23.2M	$ 24.4M	$ 32.7M	$ 24.9M
Dividends declared to CIC	**$ 18.0M**	$ 18.6M	$ 29.5M	$ 26.1M	$ 19.9M
Total assets	**$ 78.7M**	$ 74.8M	$ 79.5M	$ 77.7M	$ 73.0M
Debt ratio	**10.2%**	11.9%	14.0%	15.7%	23.7%

Key Operational Data

	2018-19	2017-18	2016-17	Fifteen months 2015-16	2014
Guest count (thousands)	**3,257**	3,513	3,502	4,394	3,540
Full-time equivalents	**577**	583	606	599	627

Key Enterprise Risks, Mitigations and Action Plans

Due to the mature gaming market, there is a risk that SaskGaming may not be able to achieve sustainable income. To address this risk, SaskGaming is implementing a multi-year plan to modernize products and services, refresh the properties and reinvest in facilities. In addition, marketing efforts continue to attract non-Players Club guests via mass mail, entertainment options and advertising. The Players Club is also evolving to attract and retain more members.

If SaskGaming is unable to provide services due to a business interruption (such as accidents, labour disruption, loss of a key supplier, sabotage, weather or technology failure) it would result in loss of revenue and dissatisfied guests. To mitigate this risk, SaskGaming has a business continuity plan covering both Casino Regina and Casino Moose Jaw which includes business impact assessments, critical suppliers and departmental action plans. Other mitigations include strike contingency plans and emergency measures procedures. SaskGaming has taken steps to secure the data centre, as well as critical gaming systems and has a disaster recovery plan (corporate and surveillance) that is reviewed and tested on an annual basis.

SaskGaming needs to effectively develop and manage its culture, human resources and intellectual capital to avoid having an unsatisfied workforce and to sustain the capability of the corporation to achieve its business objectives. SaskGaming has many programs in place to support and develop its workforce including: an internally hosted Learning Hub, a Succession Planning and Management Framework, an Attendance Support Program, Employee Satisfaction Committees to improve employee engagement, Social Committees and recently a Situational Leadership program was implemented for managers. SaskGaming is also introducing enhanced customer service training to focus on the "engage and entertain" aspects of customer service, as well as the introduction of a "Hire for Attitude" recruitment and selection system to select employees that can consistently deliver the desired guest experience.

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:

- In 2018-19, SaskGaming's responsible gambling policies were updated to reflect RG Check (responsible gaming accreditation) recommendations and GameSense, SaskGaming's responsible gambling program, was rebranded.
- One of the many initiatives SaskGaming undertakes to support the community is to host events that leverage funds for community organizations. In 2018-19, 80 organizations were supported with over $0.4 million in cash sponsorships. Almost 30 per cent of those funds went towards Indigenous causes. In addition, $3,817 was raised through on-floor voucher donation boxes.

Helping grow Saskatchewan's tech sector, Innovation Place provides integrated programming, promotional assistance and financial support to Co.Labs in Saskatoon. Co.Labs, Saskatchewan's first technology incubator, has successfully incubated 71 startups since launching in 2017.

Investment & Economic Growth

SOCO

Key Financial Data

	2018-19	2017-18	2016-17	Fifteen months 2015-16	2014
Net earnings	**$ 3.5M**	$ 5.6M	$ 0.5M	$ 1.6M	$ 2.3M
Dividends declared to CIC	**$ 3.1M**	$ 3.1M	Nil	$ 1.5M	$ 2.0M
Total assets	**$ 195.8M**	$ 199.0M	$ 188.0M	$ 188.9M	$ 191.1M
Capital spending	**$ 8.4M**	$ 18.8M	$ 12.0M	$ 5.1M	$ 6.2M
Debt ratio	**25.2%**	23.3%	18.7%	14.0%	15.4%

2018-19 Financial Results

SOCO helps grow Saskatchewan's technology sector. Of the 172 new technology companies that began at Innovation Place, 124 (72 per cent) are still operational today, more than twice the five-year survival rate for new businesses in Canada. Of those, 117 (68 per cent) are still operating in Saskatchewan, with 60 at Innovation Place and 57 at other locations in the province.

Net earnings of $3.5 million for 2018-19 are $2.1 million lower than the prior fiscal year. Overall revenue remained relatively consistent at $41.1 million (2017-18 - $41.3 million). Vacancy at March 31, 2019 was 10.9 per cent reflecting an increase of 1.2 per cent when compared to the prior year. SOCO's current vacancy level is consistent with commercial vacancy trends in Regina and Saskatoon. The increased vacant space has provided an opportunity to expand 26 existing tenants in 2018-19 to meet their forecasted growth needs.

Expenses of $35.9 million (2017-18 - $34.2 million) increased $1.7 million primarily due to higher amortization expense from the completion of a significant capital project in the prior year. As well, there were increases in grants in lieu of property taxes, building repairs and maintenance, and inflationary increases to other expenses.

Investment in capital assets was $8.4 million (2017-18 - $18.8 million), a decrease of $10.4 million from 2017-18 due to the completion of the Saskatchewan Research Council renovation project. Total debt outstanding at March 31, 2019 was $57.4 million, $0.3 million lower than at March 31, 2018.

Collaboration efforts and partnerships are prevalent throughout the operations of SOCO. There were **17 partnerships** utilized at the end of 2018-19. While several of these efforts related to attracting new business opportunities, such as the Co.Labs technology incubator, SOCO also utilized several partnerships in the provision of tenant programming, educational events, and services. There were 156 of these events at both parks last year, attended by roughly **9,400 people**.

Key Operational Data	2018-19	2017-18	2016-17	Fifteen months 2015-16	2014
Vacancy rates	**10.9%**	9.7%	7.6%	10.0%	7.7%
Full-time equivalents	**95**	93	100	99	106
Number of new startup technology companies locating at Innovation Place	**11**	10	10	10	6

2019-20 Outlook

Budgeted net earnings for 2019-20 are $2.8 million, reflecting a decrease of $0.7 million when compared to the net earnings of $3.5 million realized in 2018-19.

The average vacancy rate reflected in the 2019-20 budget is 11.1 per cent, 0.7 percentage points lower than the actual average vacancy for 2018-19 of 11.8 per cent. Although 2019-20 reflects several expansions and new leasing opportunities, a significant tenant downsizing is expected, which will partially offset the impact on overall vacancy. Rent revenue increase is expected due to lower vacancy and higher recoverable occupancy cost recoveries.

Amounts for utilities, grants in lieu of property taxes, janitorial, and building maintenance are all budgeted to increase in 2019-20.

Capital expenditures for 2019-20 are expected to be $7.1 million. The projects planned for the year either address revenue generating opportunities associated with filling vacant space or capital reinvestments required to ensure SOCO's infrastructure is maintained in a way that supports long-term sustainability.

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. SOCO 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 Regina and Saskatoon. SOCO and the Management Advisory Committees also evaluate potential new tenants according to their strategic fit in the core technology clusters.

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

The above two risks have a direct correlation on the risk of financial sustainability. As vacancy levels increase, and start-up companies lacking the capacity to pay full lease rates locate in the parks, profitability will decrease. SOCO prudently manages expenditures and has implemented several efficiency initiatives which have served to reduce expenditures in order to maintain financial sustainability.

Corporate Social Responsibility

SOCO uses its resources, through transparent and ethical behavior, to maximize the positive impact it makes 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 continually invests in its employees. In 2018-19, employees averaged 5.7 training days, exceeding the annual target by 41 per cent. SOCO continues building an effective and productive workforce that provides a high-quality service to its tenants.

2018-19 Financial Results

Saskatchewan Immigrant Investor Fund Inc. (SIIF) was established to take part in the Government of Canada's Immigrant Investor Program (IIP). SIIF delivers the Government of Saskatchewan's HeadStart on a Home program, which assists developers in building affordable housing in Saskatchewan.

Loans receivable declined to $16.2 million at March 31, 2019 (2017-18 - $32.7 million) as SIIF continues to focus on monitoring and managing its loan portfolio to facilitate the repayment of IIP funds to the Government of Canada. At March 31, 2019, SIIF had $24.4 million (2017-18 - $94.3 million) in debt, including accrued interest, due to the Government of Canada pursuant to the IIP. SIIF repaid $71.1 million (2017-18 - $36.6 million) to the Government of Canada and received $13.2 million (2017-18 - $37.6 million) in loan principal repayments from builders and developers in 2018-19.

SIIF's net loss increased by $1.1 million to $2.2 million in 2018-19 (2017-18 - $1.1 million). Finance income decreased by $1.0 million as a result of the reduced loans receivable balance, and the provision for credit losses increased from the prior year by $3.3 million. These losses were partially offset by a decrease in management fees of $0.6 million, and a decrease in finance expenses of $0.9 million due to the declining balance of debt due to the Government of Canada. During 2018-19, SIIF received grant revenue of $1.7 million from CIC to fund its debt repayments to the federal government.

2019-20 Outlook

SIIF will not advance any further funds to builders under the HeadStart on a Home program. Loans receivable will decline as SIIF's focus remains on managing and monitoring the loan portfolio as the program continues to wind 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

SIIF has material concentrations of credit risk on its loans receivable which are all due from builders and developers located in Saskatchewan. The loans receivable are with different companies, and in different communities throughout Saskatchewan, and so may not be identically affected by changes in the Saskatchewan economy. SIIF mitigates this credit risk by holding a security interest in both the units and land upon which units are constructed, which are in various communities throughout Saskatchewan.

Key Financial Data

	2018-19	2017-18	2016-17	Fifteen months 2015-16	2014
Net loss	**$ (2.2M)**	$ (1.1M)	$ (1.4M)	$ (2.4M)	$ (4.0M)
Loans receivable	**$ 16.2M**	$ 32.7M	$ 58.4M	$ 83.0M	$ 58.8M
Dollars repaid by developers	**$ 13.2M**	$ 37.6M	$ 71.1M	$ 87.0M	$ 59.5M

Key Operational Data

	2018-19	2017-18	2016-17	Fifteen months 2015-16	2014
Housing starts	**Nil**	38	196	428	586
Units sold to home buyers	**121**	196	331	326	420

Transportation

Key Financial Data

	2018-19	2017-18	2016-17	Fifteen months 2015-16	2014
Net earnings (loss)	**$ 0.04M**	$ 26.6M	$ (5.3M)	$ 0.3M	$ (0.4M)
Operating earnings (loss)	**$ 0.04M**	$ 2.8M	$ (34.2M)	$ (16.7M)	$ (13.6M)
Operating grant from CIC	**Nil**	$ 11.5M	$ 12.4M	$ 13.3M	$ 10.3M
Capital grant from CIC	**Nil**	Nil	$ 1.2M	$ 0.5M	$ 3.3M
Capital grant – Regina Maintenance Facility	**Nil**	Nil	Nil	$ 2.9M	$ 0.5M

2018-19 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.

Following the cessation of STC's vehicular operations on May 1, 2017, STC's focus was on winding up the company. Financial results for the twelve months ended March 31, 2018 reflect two months of vehicular operations, its contractual obligations with Greyhound Canada and wind up activities including the sale of STC's assets. Effective November 1, 2017, CIC assumed responsibility for STC's corporate administration.

Financial results for the twelve months ended March 31, 2019 reflect STC's continued wind up efforts. During this time, the company experienced a loss of $38 thousand primarily related to maintaining the single remaining property, the Regina maintenance facility, and for wind up activities. In addition, using asset sale proceeds, STC repaid $2,080 thousand in capital grant funding to CIC related to the Regina maintenance facility. The repayment resulted in the removal of the deferred capital grant from the statement of financial position.

STC was legally dissolved on March 31, 2019. All residual assets, liabilities and equity were transferred to CIC by way of a $6.1 million dividend. The dividend included the transfer of ownership of the Regina maintenance facility.

On April 30, 2019, the sale of this final property closed.

Key Enterprise Risks, Mitigations and Action Plans

STC identified and managed risks to support the wind up of operations. The top risks identified by STC were to ensure that the best value was achieved for the Province of Saskatchewan in liquidating assets and retiring obligations; being fiscally responsible and accountable; and completing wind up activities in a timely and effective manner. At the conclusion of 2018-19, STC had successfully addressed these risks.

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 26, 2019

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, 2019.

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, 2019 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 26, 2019

Independent Auditors' Report

To the Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the consolidated financial statements of Crown Investments Corporation of Saskatchewan ("the Entity") which comprise:

- the consolidated statement of financial position as at March 31, 2019
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of Matter – Change in Accounting Policy

As discussed in Note 3 to the consolidated financial statements, the Entity has changed its method of accounting for revenue from contracts with customers during 2018-19 due to the adoption of IFRS 15, *Revenue from Contracts with Customers*.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in annual report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the annual report as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants
June 26, 2019
Regina, Canada

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

	Note	2019	2018
ASSETS			
Current			
Cash and cash equivalents	6	**$ 199,596**	$ 170,616
Short-term investments	7	**145,912**	165,953
Short-term investments under securities lending program	7	**31,811**	58,200
Accounts receivable	8(d)	**1,092,955**	1,073,333
Derivative financial assets	8	**45,446**	70,196
Restricted cash and cash equivalents		**5**	30,068
Inventories	9	**276,995**	275,203
Prepaid expenses		**224,412**	218,482
Assets held-for-sale	10	**2,090**	10,022
Contract assets	11	**57,289**	-
Contract costs	11	**15,019**	-
		2,091,530	2,072,073
Restricted cash and cash equivalents		**4,587**	4,663
Investments	7	**1,795,356**	1,621,896
Investments under securities lending program	7	**204,353**	198,912
Contract assets	11	**20,878**	-
Contract costs	11	**44,598**	-
Investments in equity accounted investees	12	**123,634**	140,959
Property, plant and equipment	13	**14,928,629**	14,276,125
Investment property	14	**174,023**	174,637
Intangible assets	15	**408,198**	457,531
Other assets		**17,021**	18,629
		$ 19,812,807	$ 18,965,425
LIABILITIES AND PROVINCE'S EQUITY			
Current			
Bank indebtedness		**$ 6,426**	$ 15,218
Trade and other payables		**825,639**	919,293
Derivative financial liabilities	8	**153,498**	216,786
Notes payable	16	**1,470,186**	1,563,495
Deferred revenue	17	**509,359**	572,589
Provisions	18	**263,693**	245,109
Finance lease obligations	19	**27,490**	20,167
Long-term debt due within one year	20	**69,135**	125,412
Contract liabilities	21	**104,090**	-
		3,429,516	3,678,069
Contract liabilities	21	**173,879**	-
Provisions	18	**889,747**	713,366
Finance lease obligations	19	**1,092,868**	1,110,260
Long-term debt	20	**8,255,954**	7,727,862
Employee future benefits	22	**249,930**	248,588
Other liabilities	23	**35,988**	223,656
		14,127,882	13,701,801
Equity advances		**908,889**	908,889
Contributed surplus		**-**	85
Retained earnings		**4,698,916**	4,303,094
Accumulated other comprehensive income	25	**77,120**	51,556
		5,684,925	5,263,624
		$ 19,812,807	$ 18,965,425

Commitments and contingencies 26

(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		2019		2018
INCOME FROM OPERATIONS	27				
Revenue		**$**	**5,877,282**	$	5,635,144
Other income			**5,944**		3,974
			5,883,226		5,639,118
EXPENSES					
Operating			**2,841,599**		2,638,349
Salaries, wages and short-term employee benefits			**870,934**		863,019
Employee future benefits	22		**69,173**		69,121
Depreciation and amortization	28		**881,206**		869,652
Loss on disposal of property, plant and equipment			**17,429**		53,584
Impairment losses	29		**10,237**		20,274
Research and development			**182**		167
Provision for decommissioning and environmental remediation liabilities	18		**36,020**		10,816
Saskatchewan taxes and fees	30		**171,729**		167,820
			4,898,509		4,692,802
RESULTS FROM OPERATING ACTIVITIES			**984,717**		946,316
Finance income	31		**158,798**		140,070
Finance expenses	31		**(611,562)**		(597,576)
NET FINANCE EXPENSES			**(452,764)**		(457,506)
Share of net earnings from equity accounted investees	12		**8,660**		11,330
Net gain on sale of equity accounted investees			**-**		21
EARNINGS FROM CONTINUING OPERATIONS			**540,613**		500,161
(Loss) earnings from discontinued operations	10		**(38)**		2,828
NET EARNINGS			**540,575**		502,989
OTHER COMPREHENSIVE INCOME					
Items that may be reclassified subsequently to net earnings:					
Unrealized gains on sinking funds	7(a)		**24,483**		4,488
Unrealized gains (losses) on cash flow hedges			**3,944**		(54,726)
Realized gains on cash flow hedges			**-**		10,421
Amounts amortized to net earnings and included in finance income			**459**		566
Items that will not be reclassified to net earnings:					
Impact of changes in actuarial assumptions on defined benefit pension plans	22		**(42,002)**		74,982
Impact of changes in actuarial assumptions on other defined benefit plans	22		**593**		1,769
Return on pension plan assets (excluding interest income)	22		**38,087**		64,755
OTHER COMPREHENSIVE INCOME			**25,564**		102,255
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN		**$**	**566,139**	$	605,244

(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 25)	Total Equity
Balance at April 1, 2017	**$ 908,889**	**$ 85**	**$ 4,005,105**	**$ (50,699)**	**$ 4,863,380**
Total comprehensive income	-	-	502,989	102,255	**605,244**
Dividends to the General Revenue Fund (GRF)	-	-	(205,000)	-	**(205,000)**
Balance at March 31, 2018	**908,889**	**85**	**4,303,094**	**51,556**	**5,263,624**
Impact of adoption of IFRS 15 (Note 3)	-	-	111,247	-	**111,247**
Balance at April 1, 2018 as restated	**908,889**	**85**	**4,414,341**	**51,556**	**5,374,871**
Total comprehensive income	-	(85)	540,575	25,564	**566,054**
Dividends to the GRF	-	-	(256,000)	-	**(256,000)**
Balance at March 31, 2019	**$ 908,889**	**$ -**	**$ 4,698,916**	**$ 77,120**	**$ 5,684,925**

(See accompanying notes)

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

	Note		2019		2018
OPERATING ACTIVITIES					
Net earnings		**$**	**540,575**	$	502,989
Adjustments to reconcile net earnings to cash from operating activities	32(a)		**1,319,467**		1,328,227
			1,860,042		1,831,216
Net change in non-cash working capital balances related to operations			**34,711**		90,437
Interest paid			**(560,330)**		(531,233)
Net cash from operating activities			**1,334,423**		1,390,420
INVESTING ACTIVITIES					
Interest received			**54,530**		46,659
Dividends received			**4,601**		904
Purchase of investments			**(1,020,069)**		(967,785)
Proceeds from sale and collection of investments			**1,027,175**		943,696
Purchase of property, plant and equipment			**(1,366,450)**		(1,447,168)
Proceeds from sale of property, plant and equipment			**23,501**		22,604
Purchase of intangible assets			**(61,113)**		(100,767)
Purchase of investment property			**(8,318)**		(18,533)
Proceeds from sale of investment property			**-**		7,822
Decrease in restricted cash and cash equivalents			**30,286**		13,347
Increase in other assets			**(323)**		(124)
Net cash used in investing activities			**(1,316,180)**		(1,499,345)
FINANCING ACTIVITIES	32(b)				
(Decrease) increase in notes payable			**(93,309)**		180,817
(Decrease) increase in other liabilities			**(49)**		16,479
Debt proceeds from the GRF			**597,090**		404,770
Debt repayments to the GRF			**(50,000)**		(166,591)
Debt proceeds from other lenders			**-**		6,456
Debt repayments to other lenders			**(97,702)**		(55,510)
Sinking fund installments			**(80,501)**		(74,281)
Sinking fund redemptions			**-**		13,380
Dividends paid to the GRF			**(256,000)**		(205,000)
Net cash from financing activities			**19,529**		120,520
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR			**37,772**		11,595
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR			**155,398**		143,803
CASH AND CASH EQUIVALENTS, END OF YEAR		**$**	**193,170**	$	155,398
Cash and cash equivalents consists of:					
Cash and cash equivalents	6	**$**	**199,596**	$	170,616
Bank indebtedness			**(6,426)**		(15,218)
		$	**193,170**	$	155,398

(See accompanying notes)

CIC CONSOLIDATED

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 26, 2019.

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 18).
- Employee future benefits are recognized at the fair value of plan assets less the present value of the accrued benefit obligation (Note 22).

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 13, 28, and 29), intangible assets (Note 15 and 28), investment property (Note 14 and 28), provisions (Note 18), accounts receivable (Note 8(d)), inventories (Note 9), investments (Note 7 and 29), contract assets and costs (Note 11), contract liabilities (Note 21) and investments in equity accounted investees (Note 12), the underlying estimations of useful lives of depreciable assets (Note 28), the fair value of financial instruments (Note 8), the carrying amounts of employee future benefits including underlying actuarial assumptions (Note 22), and the measurement of commitments and contingencies (Note 26).

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 new accounting standards

The following new standard, effective for annual periods beginning on or after January 1, 2018, has been applied in preparing these consolidated financial statements:

IFRS 15, *Revenue from Contracts with Customers*

The Corporation has adopted IFRS 15, *Revenue from Contracts with Customers* with a date of initial application of April 1, 2018. In accordance with the transition provisions of IFRS 15, the Corporation has applied IFRS 15 using the cumulative effect method (i.e. by recognizing the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings at April 1, 2018). As a result, comparative information has not been restated and continues to be reported under IAS 18, *Revenue*, IAS 11, *Construction Contracts* and IFRIC 18, *Transfers of Assets from Customers*, the standards in effect at the time. In adopting IFRS 15, the Corporation has elected to apply the following expedients:

a) The Corporation applied the standard retrospectively only to contracts that are not completed contracts at the date of initial application.
b) The Corporation did not retrospectively restate contract modifications that occurred before April 1, 2018 when:
    i. Identifying the satisfied and unsatisfied performance obligations;
    ii. Determining the transaction price; and
    iii. Allocating the transaction price to the satisfied and unsatisfied performance obligations.
c) The Corporation will recognize revenue from contracts where the right to consideration from a customer corresponds directly with the value to the customer of the Corporation's performance completed to date in the amount to which the Corporation has the right to invoice.
d) The Corporation will not disclose the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) as of the end of the reporting period for contracts that have an original expected duration of one year or less and contracts where the right to consideration from a customer corresponds directly with the value to the customer of the Corporation's performance completed to date in the amount to which the Corporation has the right to invoice.
e) The Corporation will not adjust the promised amount of consideration for the effects of a significant financing component if the Corporation expects, at the contract inception, that the period between when the Corporation transfers the good or service to the customer and when the customer pays for the service will be one year or less.
f) The Corporation will recognize the incremental costs of obtaining contracts as an expense when incurred if the amortization period would have been one year or less.
g) The Corporation may apply the standard to a portfolio of contracts. Specific contract types will be assessed to determine if the portfolio method is most appropriate.

The application of IFRS 15 has significant impacts on the recognition of revenue, specifically from wireless contracts, and the treatment of costs incurred to acquire customer contracts. The standard only affects contracts with customers and does not apply to insurance contracts, financial instruments, or lease contracts, which fall in the scope of other international financial reporting standards. The impact to retained earnings at April 1, 2018 was an increase of $111.2 million. $87.5 million of this impact relates to telecommunications revenue and $23.7 million relates to natural gas revenue.

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

Impact on the consolidated statement of financial position (select lines)
As at March 31, 2019 (thousands of dollars)

	Excluding the impacts of IFRS 15	Impact of IFRS 15	Reclassifications	**As reported upon adoption of IFRS 15**
ASSETS				
Current				
Accounts receivable	$ 1,090,802	$ 2,153	$ -	**$ 1,092,955**
Prepaid expenses	234,780	(10,368)	-	**224,412**
Contract assets	-	57,289	-	**57,289**
Contract costs	-	15,734	(715)	**15,019**
Total current assets	2,027,437	64,808	(715)	**2,091,530**
Contract assets	-	20,878	-	**20,878**
Contract costs	-	2,318	42,280	**44,598**
Intangible assets	458,513	(8,750)	(41,565)	**408,198**
Other assets	24,753	(7,732)	-	**17,021**
Total assets	$ 19,741,285	$ 71,522	$ -	**$ 19,812,807**
LIABILITIES AND PROVINCE'S EQUITY				
Current				
Deferred revenue	$ 639,598	$ (26,414)	$ (103,825)	**$ 509,359**
Contract liabilities	-	231	103,859	**104,090**
Total current liabilities	3,455,665	(26,183)	34	**3,429,516**
Contract liabilities	-	96	173,783	**173,879**
Other liabilities	214,209	(4,404)	(173,817)	**35,988**
Total liabilities	14,158,373	(30,491)	-	**14,127,882**
Retained earnings	4,596,903	102,013	-	**4,698,916**
Total liabilities and Province's equity	$ 19,741,285	$ 71,522	$ -	**$ 19,812,807**

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

Impact on the consolidated statement of comprehensive income (select lines)
For the year ended March 31, 2019 (thousands of dollars)

	Excluding the impacts of IFRS 15	Impact of IFRS 15	**As reported upon adoption of IFRS 15**
INCOME FROM OPERATIONS			
Revenue	$ 5,853,555	$ 23,727	**$** 5,877,282
EXPENSES			
Operating	2,800,021	41,578	2,841,599
Depreciation and amortization	889,823	(8,617)	881,206
Total operating expenses	4,865,548	32,961	4,898,509
NET EARNINGS	$ 549,809	$ (9,234)	**$** 540,575

Impact on the consolidated statement of cash flows (select lines)
For the year ended March 31, 2019 (thousands of dollars)

	Excluding the impacts of IFRS 15	Impact of IFRS 15	**As reported upon adoption of IFRS 15**
OPERATING ACTIVITIES			
Net earnings	$ 549,809	$ (9,234)	**$ 540,575**
Adjustments to reconcile net earnings to cash from operating activities	1,325,414	(5,947)	**1,319,467**
Net change in non-cash working capital balances related to operations	29,125	5,586	**34,711**
Net cash from operating activities	1,344,018	(9,595)	**1,334,423**
INVESTING ACTIVITIES			
Purchase of intangible assets	(75,529)	14,416	**(61,113)**
Net cash used in investing activities	(1,330,596)	14,416	**(1,316,180)**
FINANCING ACTIVITIES			
(Decrease) increase in other liabilities	4,772	(4,821)	**(49)**
Net cash from financing activities	$ 24,350	$ (4,821)	**$ 19,529**

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

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.

4. Significant accounting policies *(continued)*

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)

Kisbey operates natural gas processing facilities in Saskatchewan. Effective October 1, 2018, the Corporation sold its 50.0 per cent interest in Kisbey.

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.

iv) International CCS Knowledge Centre

The Corporation has a 50.0 per cent interest in the BHP Billiton SaskPower International Carbon Capture and Storage (CCS) Knowledge Centre. This not-for-profit corporation was established to advance the understanding and use of CCS 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.

4. Significant accounting policies *(continued)*

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.

d) Contract assets, costs and liabilities

A contract asset is recognized when the Corporation's right to consideration from the transfer of products or services to a customer is conditional on the obligation to transfer other products or services. Contract assets are transferred to accounts receivable when the right to consideration becomes conditional only as to the passage of time. A contract liability is recognized when consideration is received in advance of the transfer of products or services to the customer. Contract liabilities are recognized in revenue upon satisfaction of the related performance obligations. Contract assets and liabilities relating to the same contract are presented on a net basis. Amortization is recognized in net earnings on a straight-line basis consistently with the pattern of revenue of the related contract if the costs of obtaining the contract are expected to be recovered, ranging from two to ten years.

Incremental costs of obtaining a contract with a customer, principally comprised of sales commissions, and prepaid contract fulfillment costs, are recognized in the Consolidated Statement of Financial Position. Capitalized costs are amortized on a systematic basis that is consistent with the period and pattern of transfer to the customer of the related products or services.

4. Significant accounting policies *(continued)*

e) 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.

f) 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 - 110 years
Buildings and improvements	3 - 100 years
Coal properties and rights	20 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.

4. Significant accounting policies *(continued)*

g) 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.

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.

4. Significant accounting policies *(continued)*

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.

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.

h) 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.

i) Financial instruments

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

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)*

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 instruments at amortized cost

The Corporation classifies accounts receivable, certain investments, trade and other payables, notes payable and long-term debt as amortized cost. Amortized cost financial instruments are subsequently measured at amortized cost using the effective interest method, less any provision for impairment losses on financial assets.

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.

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)*

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 financial and non-financial 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 contracts 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 related to the Corporation's power purchase agreements (PPAs) 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)*

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 expected credit losses (ECLs) on financial assets measured at amortized cost and debt instruments designated as fair value through other comprehensive income (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 between 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 other comprehensive income (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)*

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)*

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 from natural gas sales contracts with customers is recognized when the Corporation delivers natural gas to customers, who consume the natural gas to heat their homes or operate their businesses. Title to natural gas purchased from the Corporation, and all related risks, remain with the Corporation until the gas is transferred at a meter point. At the meter point, the customer takes ownership of the natural gas and the performance obligation is satisfied. The commodity charge is then billable to the customer as there are no future performance obligations outstanding.

The Corporation has the exclusive right to distribute natural gas within the province of Saskatchewan. A delivery service contract generates revenue from the transportation of natural gas to customers. Delivery revenue is recognized when natural gas is transferred to customers at their meter point and the performance obligation is satisfied.

The transaction price is allocated to natural gas sales and delivery service based on the applicable rates derived through the review process with the Saskatchewan Rate Review Panel. An estimate of natural gas delivered, but not billed, is included in net earnings.

Natural gas transportation and storage

In transportation and storage services, the performance obligation is satisfied when the transportation and storage services are complete and billed monthly. An estimate of transportation, storage and related services rendered, but not billed, is included in net earnings.

Electricity

Electricity sales contracts are deemed to have a single performance obligation as the promise to transfer individual goods or services is not separately identifiable from other obligations in the contracts and therefore not distinct. These performance obligations are satisfied over time as electricity is delivered because of the continuous transfer of control to the customer. The method of revenue recognition for the electricity is an output method, which is based on the volume delivered to the customer and includes an estimate of electricity deliveries not yet billed at year end. Electricity export sales are recognized upon delivery to the customer and include an estimate of electricity deliveries not yet billed at year end. Electricity trading revenues are reported on a net basis upon delivery of electricity to the customers and receipt of electricity purchased from external parties. Electricity trading contracts are recorded at fair value.

Telecommunications

Telecommunications revenue is measured based on the value of the expected consideration in a contract with a customer and excludes sales taxes and other amounts collected on behalf of third parties. Revenue is recognized when control of a product or service is transferred to a customer. When the Corporation's right to consideration from a customer corresponds directly with the value to the customer of the products and services transferred to date, the Corporation recognizes revenue in the amount to which the Corporation has a right to invoice.

4. Significant accounting policies *(continued)*

For multiple element arrangements, the Corporation accounts for individual products and services when they are separately identifiable, and the customer can benefit from the product or service on its own. The total arrangement consideration is allocated to each product or service included in the contract with the customer based on its stand-alone selling price. Stand-alone selling prices are generally determined based on the observable prices at which the Corporation sells products separately without a service contract and prices for non-bundled service offerings with the same range of services, adjusted for market conditions and other factors, as appropriate. When similar products and services are not sold separately, the Corporation uses the expected cost plus margin approach to determine stand-alone selling prices. Products and services purchased by a customer in excess of those included in the bundled arrangement are accounted for separately.

Wireless revenue is principally generated from providing integrated digital wireless voice and data communications products and services to residential and business customers. For wireless products and services that are sold separately, customers usually pay in full at the point of sale for products and on a monthly basis for services. For wireless products and services sold in multiple element arrangements, customers pay monthly over a contract term of up to 24 months for residential customers and up to 36 months for business customers.

Revenue is also generated from providing data (including internet access and internet protocol television), local telephone, long distance and connectivity, security services and other communications services and products to residential and business customers. Revenue also includes amounts from the Corporation’s wholesale business, which sells telecommunication services from or to resellers and other carriers.

Product revenue from the sale of equipment is recognized when a customer takes possession of the product. Service revenue is recognized over time, as the services are provided. Revenue on certain long-term contracts is recognized using output methods based on products delivered, performance completed to date, time elapsed or milestones met. For multiple element arrangements, stand-alone selling prices are determined using observable prices adjusted for market conditions and other factors, as appropriate, or the expected cost plus margin approach for customized business arrangements.

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 17).

At the end of each period, a liability adequacy test is performed to validate the adequacy of unearned insurance premiums (Note 17) 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.

4. Significant accounting policies *(continued)*

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 contribution contracts for natural gas and electricity services are deemed to have a single performance obligation. These performance obligations are satisfied at a point in time and recognized in net earnings. The customer contributions are recognized initially as contract liabilities and are recognized into net earnings once the related property, plant and equipment is available for use. The transaction price is the estimated construction charge for the connection. 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.

Customer contributions received from water and wastewater customers are recognized initially as contract 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.

4. Significant accounting policies *(continued)*

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.

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.

4. Significant accounting policies *(continued)*

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.

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.

4. Significant accounting policies *(continued)*

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.

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 not yet adopted

Certain new 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, 2019. 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 and applied retrospectively with certain practical expedients available.

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)*

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, 2022, 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)

		2019		2018
Cash	**$**	**123,475**	$	134,803
Short-term investments		**76,121**		35,813
	$	**199,596**	$	170,616

The weighted average interest rate for short-term investments included in cash and cash equivalents at March 31, 2019 was 1.7 per cent (2018 – 1.3 per cent).

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7. Investments

(thousands of dollars)

		2019		2018
Short-term investments				
Short-term investments - at fair value through profit or loss	**$**	**125,355**	$	117,564
Loans receivable - amortized cost		**17,064**		48,389
Sinking funds - at fair value through other comprehensive income (a)		**3,493**		-
	$	**145,912**	$	165,953
Portfolio investments				
Portfolio investments - at fair value through profit or loss	**$**	**391,581**	$	371,966
Bonds, debentures and loans receivable				
Bonds and debentures - at fair value through profit or loss		**283,122**		245,914
Bonds and debentures - amortized cost		**53,040**		53,329
Loans receivable - amortized cost		**6,275**		15,100
		342,437		314,343
Sinking funds - at fair value through other comprehensive income (a)		**1,061,338**		935,587
	$	**1,795,356**	$	1,621,896
Securities lending program (b)				
Short-term investments				
Short-term investments - at fair value through profit or loss	**$**	**31,811**	$	58,200
Portfolio investments				
Portfolio investments - at fair value through profit or loss	**$**	**10,388**	$	11,343
Bonds and debentures				
Bonds and debentures - at fair value through profit or loss		**193,965**		187,569
	$	**204,353**	$	198,912

7. Investments *(continued)*

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

	2019	2018
Sinking funds, beginning of year	**$ 935,587**	$ 851,364
Net installments	**80,501**	60,810
Earnings	**24,260**	18,925
Valuation adjustment	**24,483**	4,488
Sinking funds, end of year	**1,064,831**	935,587
Less current portion	**(3,493)**	-
	$ 1,061,338	$ 935,587

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

2020	$ 84,203
2021	85,203
2022	78,940
2023	76,540
2024	73,956

b) Through its custodian, the Corporation participates in an investment securities lending program for the purpose of generating fee income. While in the possession of counterparties, the loaned securities may be resold or repledged by such counterparties.

At March 31, 2019, the Corporation held collateral of $248.0 million (2018 - $270.0 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.

8. Financial and insurance risk management (continued)

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)

		2019		2018	
Financial Instruments	**Classification**	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Financial Assets					
Cash and cash equivalents	FVTPL	**$ 199,596**	**$ 199,596**	$ 170,616	$ 170,616
Accounts receivable	AC	**1,092,955**	**1,092,955**	1,073,333	1,073,333
Derivative financial assets	FVTPL	**45,446**	**45,446**	70,196	70,196
Restricted cash and cash equivalents	FVTPL	**4,592**	**4,592**	34,731	34,731
Investments - fair value	FVTPL	**1,036,222**	**1,036,222**	992,556	992,556
Investments - sinking funds	FVOCI	**1,064,831**	**1,064,831**	935,587	935,587
Investments - amortized cost	AC	**76,379**	**76,307**	116,818	116,448
Financial Liabilities					
Bank indebtedness	FVTPL	**6,426**	**6,426**	15,218	15,218
Trade and other payables	AC	**825,639**	**825,639**	919,293	919,293
Derivative financial liabilities	FVTPL	**153,498**	**153,498**	216,786	216,786
Notes payable	AC	**1,470,186**	**1,470,186**	1,563,495	1,563,495
Long-term debt	AC	**8,325,089**	**9,778,038**	7,853,274	9,027,902

		2019		2018	
Derivative Instruments	**Classification**	**Asset**	**(Liability)**	Asset	(Liability)
Physical natural gas contracts	FVTPL	**$ 40,915**	**$ (16,688)**	$ 61,402	$ (51,220)
Natural gas price swaps	FVTPL	**1,327**	**(136,810)**	320	(165,294)
Electricity contracts for differences	FVTPL	**-**	**-**	10	(225)
Physical electricity forwards	FVTPL	**3,204**	**-**	8,464	-
Foreign exchange forwards	FVTPL	**-**	**-**	-	(47)
		$ 45,446	**$ (153,498)**	$ 70,196	$ (216,786)

Classification details are:

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

8. Financial and insurance 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):

	2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	**$ 199,596**	**$ -**	**$ -**	**$ 199,596**
Restricted cash and cash equivalents	**4,592**	**-**	**-**	**4,592**
Bank indebtedness	**6,426**	**-**	**-**	**6,426**
Notes payable	**1,470,186**	**-**	**-**	**1,470,186**
Investments - FVTPL	**225,785**	**633,714**	**176,723**	**1,036,222**
Investments - FVOCI	**-**	**1,064,831**	**-**	**1,064,831**
Investments - AC	**-**	**76,307**	**-**	**76,307**
Long-term debt	**-**	**9,778,038**	**-**	**9,778,038**
Physical natural gas contracts - net	**-**	**24,227**	**-**	**24,227**
Natural gas price swaps - net	**-**	**(135,483)**	**-**	**(135,483)**
Physical electricity forwards - net	**-**	**3,204**	**-**	**3,204**

	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)

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

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

		2019		2018
Balance, beginning of year	$	**172,911**	$	162,735
Unrealized gains attributable to assets held at the end of the year included in impairment losses		**3,957**		475
Purchases		**12,191**		11,251
Sales		**(11,939)**		-
Other		**(397)**		(1,550)
Balance, end of year	**$**	**176,723**	$	172,911

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.

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

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 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)*

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):

	2019	2018
Revenue	**$ (3,705)**	**$** 2,374
Operating expenses	**17,779**	44,694
Increase in net earnings	**$ 14,074**	$ 47,068

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, 2019, 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:

2020	51.0%	2025	23.0%
2021	40.0%	2026	16.0%
2022	37.0%	2027	10.0%
2023	33.0%	2028	3.0%
2024	28.0%	2029	1.0%

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

As at March 31, 2019, 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)	$ (42,295)	$ (82,388)	$ (10,800)
Total outstanding gigajoules (thousands)	17,390	44,758	12,800
Weighted average hedged price per gigajoule	$ 3.92	$ 3.57	$ 3.25
Weighted average forward market price per gigajoule	$ 1.46	$ 1.64	$ 2.30

Based on the Corporation's March 31, 2019 closing positions on its financial natural gas hedges, a $1 per gigajoule (GJ) increase in the price of natural gas would have resulted in a $70.0 million (2018 - $74.0 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, 2019.

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, 2019, the VaR associated with electricity trading activities was Nil (2018 - $1.0 million).

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)*

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 $44.0 million (2018 - $29.0 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 $44.0 million (2018 - $30.0 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, 2019 was $228.8 million (2018 - $212.0 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).

			2019			2018
Asset Class						
(thousands of dollars)						
Canadian equities	**+/-**	**$**	**10,857**	+/-	$	8,477
Global equities	**+/-**		**32,674**	+/-		25,218
Global small cap equities	**+/-**		**6,867**	+/-		6,391

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 have a $4.1 million impact on net earnings (2018 - $4.9 million).

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

The Corporation has on deposit with the GRF, under the administration of the Saskatchewan Ministry of Finance, $1,064.8 million (2018 - $935.6 million) in sinking funds required for certain long-term debt issues. At March 31, 2019, 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, 2019, a change in interest rates of 1.0 per cent would have a $90.6 million impact on net earnings (2018 - $72.4 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 have a $18.5 million impact on net earnings (2018 - $15.5 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 have a $14.7 million impact on net earnings (2018 - $12.7 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, 2019. A change in the Canadian dollar versus the U.S. dollar exchange rate would have a $7.3 million impact on net earnings (2018 - $5.6 million).

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)*

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):

		2019		2018
Cash and cash equivalents	**$**	**199,596**	$	170,616
Short-term investments		**177,723**		224,153
Accounts receivable		**1,092,955**		1,073,333
Derivative financial assets		**45,446**		70,196
Restricted cash and cash equivalents		**4,592**		34,731
Investments - FVTPL		**879,056**		816,792
Investments - FVOCI		**1,061,338**		935,587
Investments - AC		**59,315**		68,429
	$	**3,520,021**	$	3,393,837

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):

		2019		2018
Allowance for doubtful accounts				
Opening balance	**$**	**35,790**	$	34,843
Less: Accounts written off and other		**(19,008)**		(20,933)
Recoveries		**3,991**		3,571
Provision for losses		**17,162**		18,309
Ending balance	**$**	**37,935**	$	35,790

		2019		2018
Accounts receivable				
Current	**$**	**1,036,347**	$	1,026,274
30-59 Days		**30,336**		30,215
60-89 Days		**15,182**		8,869
Greater than 90 Days		**49,025**		43,765
Gross accounts receivable		**1,130,890**		1,109,123
Allowance for doubtful accounts		**(37,935)**		(35,790)
Net accounts receivable	**$**	**1,092,955**	$	1,073,333

8. Financial and insurance 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, 2019 (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]	**$ 8,325,089**	**$ 14,950,527**	**$ 156,509**	**$ 234,573**	**$ 819,078**	**$ 1,477,564**	**$ 12,262,803**
Trade and other payables	**825,639**	**825,639**	**825,639**	**-**	**-**	**-**	**-**
Derivative financial liabilities[2]	**153,498**	**178,846**	**146,333**	**3,577**	**14,729**	**14,207**	**-**
Other liabilities[3]	**2,121,703**	**2,124,468**	**1,692,757**	**91,848**	**91,648**	**137,625**	**110,590**
	$ 11,425,929	**$ 18,079,480**	**$ 2,821,238**	**$ 329,998**	**$ 925,455**	**$ 1,629,396**	**$ 12,373,393**

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, 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

[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, 2019 and March 31, 2018, the Corporation has provided no collateral for these contracts.

[3] Other liabilities include: bank indebtedness, notes payable, provision for unpaid insurance claims (Note 18), amounts due to reinsurers (Note 17) and premium taxes payable (Note 17).

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 18) (thousands of dollars):

	Gross		Reinsurance Recoverable		Net	
	2019	2018	**2019**	2018	**2019**	2018
Automobile	**$ 301,185**	$ 273,501	**$ 17,163**	$ 20,274	**$ 284,022**	$ 253,227
Property	**176,913**	167,890	**22,567**	22,878	**154,346**	145,012
Liability	**87,371**	72,800	**2,439**	667	**84,932**	72,133
Assumed	**4,705**	4,214	**-**	-	**4,705**	4,214
Discount	**22,338**	17,038	**2,157**	1,670	**20,181**	15,368
Other	**10,854**	7,978	**-**	-	**10,854**	7,978
	$ 603,366	$ 543,421	**$ 44,326**	$ 45,489	**$ 559,040**	$ 497,932

	Gross		Reinsurance Recoverable		Net	
	2019	2018	**2019**	2018	**2019**	2018
Saskatchewan	**$ 260,832**	$ 249,315	**$ 28,131**	$ 21,619	**$ 232,701**	$ 227,696
Ontario	**165,225**	155,440	**13,045**	18,326	**152,180**	137,114
Alberta	**141,782**	112,558	**2,704**	2,481	**139,078**	110,077
Manitoba	**19,245**	13,850	**(298)**	28	**19,543**	13,822
British Columbia	**13,713**	10,180	**744**	3,035	**12,969**	7,145
Maritimes	**2,569**	2,078	**-**	-	**2,569**	2,078
	$ 603,366	$ 543,421	**$ 44,326**	$ 45,489	**$ 559,040**	$ 497,932

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

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

2019	**Automobile**	**Personal Property**	**Commercial Property**	**Liability**	**Total**
Saskatchewan	**$ 168,900**	**$ 284,815**	**$ 56,031**	**$ 38,538**	**$ 548,284**
Ontario	**76,575**	**14,268**	**6,021**	**4,296**	**101,160**
Alberta	**101,780**	**59,175**	**15,177**	**10,647**	**186,779**
Manitoba	**-**	**21,264**	**9,453**	**4,451**	**35,168**
British Columbia	**-**	**35,152**	**6,155**	**2,570**	**43,877**
	$ 347,255	**$ 414,674**	**$ 92,837**	**$ 60,502**	**$ 915,268**

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

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):

	2019	2018
Dwelling and farm property	**$ 1,500**	$ 1,250
Unlicenced vehicles	**1,500**	1,250
Commercial property	**1,500**	1,250
Automobile and general liability	**1,500**	1,500

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

In addition, the Corporation carries property and auto physical damage catastrophe reinsurance limiting combined exposure to $17.5 million per event (2018 - $15.0 million) subject to an annual aggregate deductible of $17.5 million (2018 - $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, 2019, 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, 2019 is $63.5 million (2018 - $61.5 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 18) 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.

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**	**2019**	2018	**2019**	2018
Discount rate	1.0 per cent increase	**$ (14,651)**	$ (12,704)	**$ (3,102)**	$ (2,808)
Discount rate	1.0 per cent decrease	**14,651**	12,704	**3,102**	2,808

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)

	2019	2018
Raw materials	**$ 226,277**	$ 209,653
Natural gas in storage held-for-resale	**30,295**	41,246
Finished goods	**19,508**	22,841
Work-in-progress	**915**	1,463
	$ 276,995	$ 275,203

For the year ended March 31, 2019, $569.7 million (2018 - $569.9 million) of natural gas in storage held-for-resale, and $496.6 million (2018 - $479.7 million) of raw materials inventory and other inventory were consumed. The Corporation incurred a $16.0 million recovery of natural gas in storage held-for-resale, raw materials and other inventory (2018 - $15.8 million write-down).

10. Discontinued operations and assets held-for-sale

On March 22, 2017, the Government of Saskatchewan announced that operating and capital subsidies to STC, 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. Since the announcement, the Corporation and the Government of Saskatchewan have been committed to liquidating the segment. During the year, the Corporation entered into an agreement for the sale of the remaining asset that closed April 30, 2019 with proceeds of $2.1 million. Depreciation of the asset ceased effective May 31, 2017. The carrying amount of the asset 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. On March 31, 2019, STC was dissolved.

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

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

	2019	2018
Property, plant and equipment	**$ 2,090**	$ 10,022

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

	2019	2018
Revenue	**$ -**	$ 2,061
Other income	**-**	405
	-	2,466
Operating expenses	**313**	3,536
Salaries, wages and short-term employee benefits	**(218)**	5,027
Employee future benefits	**-**	306
Depreciation and amortization	**-**	441
Gain on disposal of property, plant and equipment	**-**	(11,093)
Impairment losses	**-**	924
Saskatchewan taxes and fees	**60**	497
Results from operating activities	**(155)**	(362)
Finance income	**117**	-
(Loss) earnings from discontinued operations	**$ (38)**	$ 2,828

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

	2019	2018
Net cash from (used in) operating activities	**$ 2,262**	$ (15,744)
Net cash from investing activities	**-**	27,536
Net change in cash and cash equivalents	**$ 2,262**	$ 11,792

11. Contract assets and costs

(thousands of dollars)

Contract assets

(thousands of dollars)

		2019
Contract assets, beginning of year as previously reported	$	-
Impact of IFRS 15		78,843
As restated		78,843
Contract assets recognized in the current year		78,768
Amortization of contract assets		(71,462)
Contract terminations transferred to trade receivables		(7,046)
Other		(936)
Contract assets, end of year	$	78,167
Current		(57,289)
Non-current	$	20,878

Contract costs

(thousands of dollars)

		2019
Contract costs, beginning of year as previously reported	$	-
Impact of IFRS 15		53,978
As restated		53,978
Contract costs recognized in the current year		23,683
Amortization of contract costs		(17,160)
Terminations		(884)
Contract costs, end of year	$	59,617
Current		(15,019)
Non-current	$	44,598

12. Investments in equity accounted investees

(thousands of dollars)

Associates and Joint Ventures

	Principal Place of Business	Reporting Date	Ownership Interest 2019	Ownership Interest 2018	Carrying Value 2019	Carrying Value 2018
ISC (a)	Canada	December 31	**31.0%**	31.0%	**$ 84,088**	$ 99,789
MRM Cogeneration Station (b)	Canada	December 31	**30.0%**	30.0%	**39,304**	39,967
Saskatchewan Entrepreneurial Fund Joint Venture	Canada	December 31	**45.5%**	45.5%	**242**	1,203
					$ 123,634	$ 140,959

	2019	2018
Current assets	**$ 60,478**	$ 71,264
Non-current assets	**339,203**	352,790
Current liabilities	**(44,140)**	(43,852)
Non-current liabilities	**(65,221)**	(73,117)
Net assets	**290,320**	307,085
Interest owned by other entities	**(166,686)**	(166,126)
Share of net assets	**$ 123,634**	$ 140,959

	2019	2018
Revenue	**$ 210,377**	$ 159,325
Expenses	**(181,633)**	(123,984)
Net earnings	**28,744**	35,341
Other comprehensive (loss) income	**(533)**	823
Total comprehensive income	**28,211**	36,164
Interest owned by other entities	**(19,551)**	(24,834)
Share of results	**$ 8,660**	$ 11,330

a) The Corporation is associated with ISC, which provides registry and information services in Saskatchewan. The fair value of ISC shares was $88.2 million at March 31, 2019 (2018 - $93.7 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.

13. 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, 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**
Additions	1,208,572	125,134	1,303,388	8,249	15,888	**2,661,231**
Disposals	(313,319)	(2,103)	(1,219)	(585)	(5,845)	**(323,071)**
Transfers from plant under construction	-	-	(1,174,151)	-	-	**(1,174,151)**
Balance at March 31, 2019	**$ 20,282,346**	**$ 2,317,702**	**$ 1,274,315**	**$ 296,415**	**$ 1,286,402**	**$ 25,457,180**
Accumulated Depreciation						
Balance at April 1, 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 (recoveries)	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**
Depreciation expense (recoveries)	693,242	56,768	-	(2,619)	58,490	**805,881**
Disposals	(275,355)	(6,204)	-	(360)	(951)	**(282,870)**
Impairment recoveries	(11,506)	-	-	-	-	**(11,506)**
Balance at March 31, 2019	**$ 9,126,902**	**$ 838,516**	**$ -**	**$ 36,977**	**$ 526,156**	**$ 10,528,551**
Carrying Amounts						
At March 31, 2018	$ 10,666,572	$ 1,406,719	$ 1,146,297	$ 248,795	$ 807,742	$ 14,276,125
At March 31, 2019	**$ 11,155,444**	**$ 1,479,186**	**$ 1,274,315**	**$ 259,438**	**$ 760,246**	**$ 14,928,629**

14. Investment property

(thousands of dollars)

	Buildings	Infrastructure	Leasehold Improvements	Property Under Construction	Total
Cost					
Balance at April 1, 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**
Additions	6,409	1,201	21,942	-	**29,552**
Transfers from property under construction	-	-	-	(21,235)	**(21,235)**
Balance at March 31, 2019	**$ 189,715**	**$ 63,976**	**$ 35,935**	**$ 2,780**	**$ 292,406**
Accumulated Depreciation					
Balance at April 1, 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**
Depreciation expense	5,206	1,724	1,988	-	**8,918**
Impairment losses	-	-	-	13	**13**
Balance at March 31, 2019	**$ 79,759**	**$ 24,844**	**$ 13,055**	**$ 725**	**$ 118,383**
Carrying Amounts					
At March 31, 2018	$ 108,753	$ 39,655	$ 2,926	$ 23,303	$ 174,637
At March 31, 2019	**$ 109,956**	**$ 39,132**	**$ 22,880**	**$ 2,055**	**$ 174,023**

The estimated market value of investment property at March 31, 2019 was $280.7 million (2018 - $282.9 million). The market value is based on internally-generated estimates of cash flows of individual properties using capitalization rates in the range of 6.3 per cent to 10.0 per cent (2018 - 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 7.2 per cent (2018 - 7.4 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.

Amounts recognized within earnings

	2019	2018
Rental income from investment properties	**$ 39,596**	$ 39,024
Direct operating expenses from property that generated rental income during the year	**(35,901)**	(30,188)
	$ 3,695	$ 8,836

15. Intangible assets

(thousands of dollars)

		Goodwill		Software and Development Costs		Customer Accounts		Indefinite Life (a)		Other		Total
Cost												
Balance at April 1, 2017	$	5,976	$	755,797	$	108,171	$	108,738	$	1,500	**$**	**980,182**
Acquisitions - internally developed		-		14,238		-		-		-		**14,238**
Disposals		-		(8,727)		-		-		-		**(8,727)**
Acquisitions - other		-		72,845		13,826		-		-		**86,671**
Balance at March 31, 2018	**$**	**5,976**	**$**	**834,153**	**$**	**121,997**	**$**	**108,738**	**$**	**1,500**		**$1,072,364**
Impact of adoption of IFRS 15		-		2,758		(121,997)		-		-		**(119,239)**
As restated	**$**	**5,976**	**$**	**836,911**	**$**	**-**	**$**	**108,738**	**$**	**1,500**	**$**	**953,125**
Acquisitions - internally developed		-		8,283		-		-		-		**8,283**
Disposals		-		(29,953)		-		-		-		**(29,953)**
Acquisitions - other		-		53,526		-		-		-		**53,526**
Balance at March 31, 2019	**$**	**5,976**	**$**	**868,767**	**$**	**-**	**$**	**108,738**	**$**	**1,500**	**$**	**984,981**
Accumulated Amortization												
Balance at April 1, 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**	**$**	**614,833**
Impact of adoption of IFRS 15		-		-		(74,627)		-		-		**(74,627)**
As restated	**$**	**-**	**$**	**538,706**	**$**	**-**	**$**	**-**	**$**	**1,500**	**$**	**540,206**
Amortization expense		-		66,407		-		-		-		**66,407**
Disposals		-		(29,830)		-		-		-		**(29,830)**
Balance at March 31, 2019	**$**	**-**	**$**	**575,283**	**$**	**-**	**$**	**-**	**$**	**1,500**	**$**	**576,783**
Carrying Amounts												
At March 31, 2018	$	5,976	$	295,447	$	47,370	$	108,738	$	-	$	457,531
At April 1, 2018 (restated)	$	5,976	$	298,205	$	-	$	108,738	$	-	$	412,919
At March 31, 2019	**$**	**5,976**	**$**	**293,484**	**$**	**-**	**$**	**108,738**	**$**	**-**	**$**	**408,198**

15. Intangible assets *(continued)*

a) For the purpose of impairment testing, indefinite-life intangible assets (spectrum licenses) 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, 2019 or March 31, 2018.

16. Notes payable

Notes payable are due to the GRF. These notes are due on demand and have an effective interest rate of 1.9 per cent (2018 - 1.2 per cent).

17. Deferred revenue

(thousands of dollars)

	2019	2018
Unearned insurance premiums	**$ 444,117**	$ 385,948
Customer contributions	**-**	67,184
Services billed in advance	**33**	55,958
Premium taxes payable	**8,233**	7,278
Amounts due to reinsurers	**33,492**	35,385
Other	**23,484**	20,836
	$ 509,359	$ 572,589

18. 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, 2018	**$ 321,712**	**$ 92,534**	**$ 543,421**	**$ 808**	**$ 958,475**
Provision for decommissioning and environmental remediation liabilities	5,266	30,754	-	-	**36,020**
Other provisions made	104,030	600	537,263	-	**641,893**
Provisions used	(19,232)	(2,738)	(477,318)	(192)	**(499,480)**
Provisions reversed	-	-	-	(16)	**(16)**
Accretion expense	9,567	6,930	-	51	**16,548**
Balance at March 31, 2019	**$ 421,343**	**$ 128,080**	**$ 603,366**	**$ 651**	**$1,153,440**
Current	**-**	**-**	**(263,503)**	**(190)**	**(263,693)**
Non-current	**$ 421,343**	**$ 128,080**	**$ 339,863**	**$ 461**	**$ 889,747**

18. 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, 2017	$ 304,625	$ 92,908	$ 494,045	$ 1,254	$ 892,832
Provision for 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	$ 958,475
Current	-	-	(244,919)	(190)	(245,109)
Non-current	$ 321,712	$ 92,534	$ 298,502	$ 618	$ 713,366

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 2020 and 2110 for natural gas facilities and 2020 and 2070 for electrical facilities. The undiscounted cash flows required to settle the obligations total $875.7 million (2018 - $702.1 million). Risk-free rates between 1.7 per cent and 2.8 per cent were used to calculate the discounted carrying value of the obligation. During the year, the Corporation recorded an additional $36.0 million provision (2018 - $10.8 million) 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, 2019 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	**$ 875,735**	**$ 421,343**	**$ (52,556)**	**$ 61,530**	**$ 62,772**	**$ (60,397)**

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 $35.4 million (2018 - $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.

18. Provisions *(continued)*

ii) The Corporation has accrued $24.1 million (2018 - $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 has accrued $68.6 million (2018 - $39.8 million) related to estimated environmental remediation for its electrical generation assets and other properties.

c) Unpaid insurance claims

The provision for unpaid insurance claims has been calculated using a discount rate of 2.1 per cent (2018 - 2.2 per cent).

19. Finance and operating leases

(thousands of dollars)

Finance leases

	2019	2018
Total future minimum lease payments	**$ 2,671,977**	$ 2,828,470
Less: future finance charges on finance leases	**(1,551,619)**	(1,698,043)
Present value of finance lease obligations	**1,120,358**	1,130,427
Less: current portion of finance lease obligations	**(27,490)**	(20,167)
Finance lease obligations	**$ 1,092,868**	$ 1,110,260

As at March 31, 2019, 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	$ 188,679	$ 787,808	$ 1,695,490
Present value of finance lease obligations	27,490	192,919	899,949

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	$ 17,425	$ 33,870	$ 21,069

20. Long-term debt

(thousands of dollars)

	2019 Principal Outstanding	2019 Effective Interest Rate	2018 Principal Outstanding	2018 Effective Interest Rate
General Revenue Fund (years to maturity)				
1-5 years	**$ 984,281**	**8.7%**	$ 1,032,181	8.4%
6-10 years	**608,259**	**5.5%**	450,359	5.4%
11-15 years	**669,000**	**6.0%**	529,000	6.1%
16-20 years	**725,019**	**4.9%**	1,001,335	5.2%
21-25 years	**1,453,318**	**4.0%**	1,477,002	4.0%
26-30 years	**2,875,000**	**3.4%**	2,350,000	3.4%
Beyond 30 years	**935,000**	**3.3%**	850,000	3.4%
Total due to the GRF	**8,249,877**	**4.6%**	7,689,877	
Other long-term debt (due 2020 to 2049)	**67,398**	**6.1%**	142,743	4.1%
Unamortized debt premium net of issue costs	**7,814**		20,654	
	8,325,089		7,853,274	
Due within one year	**(69,135)**		(125,412)	
Total long-term debt	**$ 8,255,954**		$ 7,727,862	

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

2020	$ 69,164
2021	446,511
2022	249,657
2023	262,147
2024	7,703

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.

21. Contract liabilities

(thousands of dollars)

		2019
Contract liabilities, beginning of year as previously reported	**$**	**-**
Impact of IFRS 15		**310,899**
As restated		**310,899**
Contract liabilities recognized in the current year		**389,255**
Recognized in revenue		**(408,221)**
Terminations		**(9,618)**
Other		**(4,346)**
Contract costs, end of year	**$**	**277,969**
Current		**(104,090)**
Non-current	**$**	**173,879**

22. 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:

		2019	
	SaskTel	**SGI CANADA**	**SaskPower**
Discount rate - end of year	**3.2%**	**3.1%**	**3.2%**
Inflation rate	**2.3%**	**2.0%**	**2.0%**
Duration (years)	**11**	**9**	**11**
Post-retirement index	**1.6%**	**0.0%**	**70.0% of CPI**
Last actuarial valuation	**3/31/17**	**12/31/16**	**9/30/17**

		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%	0.0%	70.0% of CPI
Last actuarial valuation	3/31/17	12/31/16	9/30/17

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.

22. Employee future benefits *(continued)*

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, 2019 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)	**$(103,529)**	**$ 124,342**	**$ (2,316)**	**$ 2,730**	**$ (79,703)**	**$ 95,048**
Inflation rate (1.0 per cent)	**(56,686)**	**274**	**N/A[1]**	**N/A[1]**	**(25,844)**	**27,511**
Post-retirement index (1.0 per cent)	**55,869[2]**	**(123,619)**	**464**	**N/A[1]**	**93,261**	**(79,478)**
Mortality (1 year)	**N/A[1]**	**N/A[1]**	**N/A[1]**	**N/A[1]**	**(29,793)**	**29,794**

[1]Impact to the March 31, 2019 defined benefit pension obligation from a change in assumption is not considered significant.
[2]Amount reflects a 0.4 per cent increase to the post-retirement index as this is the maximum increase allowed under the Plan.

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22. Employee future benefits *(continued)*

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

	2019			
	SaskTel	SGI CANADA	SaskPower	Total
Defined benefit pension plan obligation, beginning of year	**$ 1,038,737**	**$ 29,630**	**$ 901,814**	**$ 1,970,181**
Included in net earnings:				
Current service cost	356	1	-	**357**
Interest cost	34,110	962	31,224	**66,296**
	34,466	963	31,224	**66,653**
Included in OCI:				
Actuarial loss arising from:				
Financial assumptions	22,218	806	18,978	**42,002**
Benefits paid	(66,522)	(2,396)	(61,722)	**(130,640)**
Defined benefit pension plan obligation, end of year	**$ 1,028,899**	**$ 29,003**	**$ 890,294**	**$ 1,948,196**
Fair value of defined benefit pension plan assets, beginning of year	**$ 1,038,737**	**$ 30,875**	**$ 739,999**	**$ 1,809,611**
Included in net earnings:				
Interest income	34,350	930	25,722	**61,002**
Included in OCI:				
Return on plan assets excluding interest income	19,914	821	16,160	**36,895**
Asset ceiling adjustment	2,420	(1,228)	-	**1,192**
	22,334	(407)	16,160	**38,087**
Employee funding contributions	-	1	-	**1**
Benefits paid	(66,522)	(2,396)	(61,722)	**(130,640)**
	(66,522)	(2,395)	(61,722)	**(130,639)**
Fair value of defined benefit pension plan assets, end of year	**$ 1,028,899**	**$ 29,003**	**$ 720,159**	**$ 1,778,061**
Funded status - plan deficit and net defined benefit pension obligation	**$ -**	**$ -**	**$ (170,135)**	**$ (170,135)**

22. Employee future benefits *(continued)*

	2018			
	SaskTel	SGI CANADA	SaskPower	Total
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
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
Asset ceiling adjustment	(7,045)	-	-	(7,045)
	38,650	875	25,230	64,755
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)

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22. Employee future benefits *(continued)*

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

	2019		
	SaskTel	**SGI CANADA**	**SaskPower**
Asset category			
Short-term investments	**0.9%**	**4.0%**	**0.5%**
Bond and debentures	**43.6%**	**66.0%**	**34.5%**
Equity securities - Canadian	**10.9%**	**12.0%**	**5.7%**
Equity securities - US	**10.9%**	**9.0%**	**0.0%**
Equity securities - Non-North American	**16.9%**	**9.0%**	**41.8%**
Real estate	**16.8%**	**0.0%**	**17.5%**

	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%

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.

22. Employee future benefits *(continued)*

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

	2019					
	SaskTel	**SGI CANADA**	**SaskPower**	**SaskEnergy**	**SaskWater**	**Total**
Other defined benefit plan obligation, beginning of year	**$ 16,118**	**$ 16,740**	**$ 48,501**	**$ 6,135**	**$ 524**	**$ 88,018**
Included in net earnings:						
Current service cost	-	101	7,451	22	38	**7,612**
Interest cost	483	556	465	272	16	**1,792**
	483	657	7,916	294	54	**9,404**
Included in OCI:						
Actuarial (gain) loss arising from:						
Financial assumptions	(147)	-	(232)	(38)	(9)	**(426)**
Experience adjustments	98	(173)	-	(91)	(1)	**(167)**
	(49)	(173)	(232)	(129)	(10)	**(593)**
Benefits paid	(2,077)	(1,688)	(11,935)	(1,314)	(20)	**(17,034)**
Other defined benefit plan obligation, end of year	**$ 14,475**	**$ 15,536**	**$ 44,250**	**$ 4,986**	**$ 548**	**$ 79,795**

	2018					
	SaskTel	SGI CANADA	SaskPower	SaskEnergy	SaskWater	Total
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

22. Employee future benefits *(continued)*

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

			2019		
	SaskTel	**SGI CANADA**	**SaskPower**	**SaskEnergy**	**SaskWater**
Discount rate	**3.0%**	**3.1%**	**2.9-3.6%**	**2.8%**	**3.1%**
Inflation rate	**0.0%**	**2.0%**	**2.0%**	**1.7%**	**2.3%**
Long-term rate of compensation increases	**2.0%**	**2.3-3.7%**	**2.0%**	**3.0%**	**2.8%**
Remaining service life (years)	**8**	**11-12**	**7**	**4**	**12**
Last actuarial valuation	**3/31/19**	**12/31/16**	**9/30/17**	**12/31/18**	**12/31/18**

			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	0.0%	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

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, 2019 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, 2019, these liabilities totaled $249.9 million (2018 - $248.6 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 $61.2 million (2018 - $61.3 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 $69.2 million (2018 - $69.4 million).

23. Other liabilities

(thousands of dollars)

		2019		2018
Government grants	**$**	**35,336**	$	35,415
Customer contributions		**-**		180,944
Other liabilities		**652**		7,297
	$	**35,988**	$	223,656

24. 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		2019		2018
Total debt (a)		**$**	**9,795,275**	$	9,416,769
Less: Sinking funds	7(a)		**(1,064,831)**		(935,587)
Net debt			**8,730,444**		8,481,182
Equity			**5,684,925**		5,263,624
Capitalization		**$**	**14,415,369**	$	13,744,806
Debt ratio			**60.6%**		61.7%

a) Total debt includes long-term debt, long-term debt due within one year and notes payable.

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25. Accumulated other comprehensive income

(thousands of dollars)

		2019		2018
Items that may be subsequently reclassified to net earnings:				
Unrealized gains (losses) on sinking funds	**$**	**8,677**	$	(15,806)
Unrealized losses on cash flow hedges		**(39,513)**		(43,457)
Realized losses on cash flow hedges		**(11,695)**		(12,154)
		(42,531)		(71,417)
Items that will not be reclassified to net earnings:				
Impact of changes in defined benefit plan actuarial assumptions		**119,651**		122,973
	$	**77,120**	$	51,556

26. Commitments and contingencies

The following significant commitments and contingencies exist at March 31, 2019:

a) At 2019 prices, the Corporation has forward commitments of $1,528.1 million (2018 - $1,656.2 million) extending until 2030 for future minimum coal deliveries.

b) As at March 31, 2019, the Corporation has committed to spend $1,194.8 million (2018 - $1,253.8 million) on capital projects.

c) The Corporation has issued letters of credit in the amount of $39.6 million (2018 - $17.8 million).

d) The Corporation has entered into contracts to purchase natural gas, transportation and storage expected to cost $591.6 million (2018 - $559.6 million) based on forward market prices until 2029. This includes fixed price forward contracts with a notional value of $588.5 million (2018 - $555.6 million) which apply for the own-use scope exception.

e) As at March 31, 2019, the Corporation has committed to transmission purchases of $13.0 million (2018 - $18.8 million).

f) The Corporation has entered into PPAs that provide over 1,200 MW of generating capacity. The payments related to these PPAs are expected to be $8,047.3 million (2018 - $8,342.5 million) until 2046, which includes finance leases of $2,653.9 million (2018 - $2,807.2 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, 2019, own-use natural gas derivative instruments had the following notional values and maturities for the next five fiscal years (millions of dollars):

2020	$	68.9
2021		74.4
2022		73.0
2023		70.8
2024		70.5

26. Commitments and contingencies *(continued)*

h) The Corporation has outstanding service contract commitments of $141.7 million (2018 - $160.6 million).

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) Subsequent to March 31, 2019, the Corporation received $525.0 million in long-term debt. The debt has an interest rate of 3.1 per cent and $175.0 million matures in 2028 and $350.0 million matures in 2050.

k) The Corporation has renewed its Water Power License with the Saskatchewan Water Security Agency, which enables the Corporation to continue to operate the E.B. Campbell Hydroelectric Station near Nipawin, Saskatchewan. Meanwhile, the Fisheries and Oceans Canada (FOC) authorization for the Corporation related to the fish and fish habitat affected by the routine operation of this facility expired on June 30, 2018. The Corporation's management is working with FOC to renew this authorization in order to operate in accordance with regulatory requirements under *The Fisheries Act (Saskatchewan)*. In the interim, the Corporation continues to operate the facility as per the conditions defined under the previous authorization. The Corporation is exposed to non-compliance costs which, in the opinion of management, will not have a material effect on the Corporation's consolidated financial position or results of operations.

l) 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.

m) 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.

n) 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.

27. Revenue and other income

(thousands of dollars)

	Note	2019	2018
Utilities[1]		$ **5,007,222**	$ 4,813,985
Insurance		**857,100**	776,015
Entertainment		**118,637**	119,464
Investment and economic growth		**41,140**	41,424
Transportation	10	**-**	2,466
Other and consolidation adjustments		**(140,873)**	(111,770)
		5,883,226	5,641,584
Discontinued operations	10	**-**	(2,466)
		$ 5,883,226	$ 5,639,118

[1]Utilities revenue primarily consists of revenue from contracts with customers. These contracts include wireless, internet, television, telephone, electricity, water, and natural gas contracts.

28. Depreciation and amortization

(thousands of dollars)

	Note	2019	2018
Property, plant and equipment	13	**$ 805,881**	$ 792,316
Investment property	14	**8,918**	7,758
Intangible assets	15	**66,407**	70,019
		881,206	870,093
Discontinued operations	10	**-**	(441)
		$ **881,206**	$ 869,652

29. Impairment losses

(thousands of dollars)

	Note	2019	2018
Impairment losses on investments		**$ 21,730**	$ 5,054
Impairment (reversals) losses on property, plant and equipment	13	**(11,506)**	15,261
Impairment losses on investment property	14	**13**	-
Impairment losses on assets held-for-sale		**-**	883
		10,237	21,198
Discontinued operations	10	**-**	(924)
		$ 10,237	$ 20,274

30. Saskatchewan taxes and fees

(thousands of dollars)

	Note	2019	2018
Saskatchewan capital tax		**$ 78,217**	$ 75,550
Grants in lieu of taxes to municipalities		**38,666**	40,521
Insurance premium tax		**26,171**	25,125
Gaming fees		**22,460**	23,241
Other		**6,275**	3,880
		171,789	168,317
Discontinued operations	10	**(60)**	(497)
		$ 171,729	$ 167,820

31. Finance income and expenses

(thousands of dollars)

	Note	2019	2018
Recognized in consolidated net earnings			
Sinking fund earnings	7(a)	**$ 24,260**	$ 18,925
Gain on sale of investments at fair value through profit or loss		**-**	4,088
Change in fair value of financial assets at fair value through profit or loss		**17,668**	9,275
Interest and other income from investments at fair value through profit or loss		**18,328**	13,601
Interest and other income from investments at amortized cost		**8,296**	6,479
Interest income from defined benefit pension plans	22	**61,002**	60,832
Other		**29,361**	26,870
Finance income		**158,915**	140,070
Interest expense on financial liabilities measured at amortized cost		**568,216**	538,845
Accretion expense on provisions	18	**16,548**	8,185
Interest cost on defined benefit pension plans	22	**66,296**	71,045
Interest cost on other defined benefit plans	22	**1,792**	5,045
Interest capitalized[1]		**(44,672)**	(28,656)
Other		**3,382**	3,112
Finance expenses		**611,562**	597,576
Net finance expenses		**$ 452,647**	$ 457,506
Discontinued operations	10	**117**	-
		$ 452,764	$ 457,506

[1] The weighted average interest rate used to capitalize interest was 4.1 per cent at March 31, 2019 (2018 - 4.1 per cent).

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32. Consolidated statement of cash flows

a) Non-cash working capital changes

(thousands of dollars)

	Note	2019	2018
Adjustments to reconcile net earnings to cash from operating activities			
Depreciation and amortization	28	**$ 881,206**	$ 870,093
Share of net earnings from equity accounted investees	12	**(8,660)**	(11,330)
Net gain on sale of equity accounted investees		**-**	(21)
Defined benefit plan current service costs	22	**7,969**	8,153
Provision for decommissioning and environmental remediation liabilities	18	**36,020**	10,816
Unrealized gains on derivative financial instruments	8(b)	**(14,074)**	(47,068)
Inventory (recoveries) write-downs		**(16,016)**	15,834
Loss on disposal of property, plant and equipment		**17,429**	42,491
Impairment losses	29	**10,237**	21,198
Net finance expenses	31	**452,764**	457,506
Reclassification of natural gas hedge transitional market value losses		**(25,546)**	(17,831)
Other non-cash items		**(21,862)**	(21,614)
		$ 1,319,467	$ 1,328,227

32. Consolidated statement of cash flows *(continued)*

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:						
Increase in notes payable	-	(180,817)	-	-	-	(180,817)
Increase 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)**
Impact of adoption of IFRS 15	-	-	-	-	180,944	180,944
Balance as of April 1, 2018 as restated	**$ 935,587**	**$ (1,563,495)**	**$ (7,853,274)**	**$ (1,130,427)**	**$ (42,712)**	**$ (9,654,321)**
Changes from financing cash flows:						
Decrease in notes payable	-	93,309	-	-	-	93,309
(Increase) decrease in other liabilities	-	-	-	(10,002)	10,051	49
Debt proceeds from the GRF	-	-	(597,090)	-	-	(597,090)
Debt repayments to the GRF	-	-	50,000	-	-	50,000
Debt repayments to other lenders	-	-	76,080	21,622	-	97,702
Sinking fund installments	80,501	-	-	-	-	80,501
Total changes from financing cash flows	**$ 80,501**	**$ 93,309**	**$ (471,010)**	**$ 11,620**	**$ 10,051**	**$ (275,529)**
Other changes:						
Changes in fair value	24,483	-	-	-	-	24,483
Interest income (expense)	24,260	-	(278,611)	(165,460)	-	(419,811)
Interest paid	-	(16,617)	273,561	165,464	-	422,408
Other	-	16,617	4,245	(1,555)	(3,327)	15,980
Total other changes	**$ 48,743**	**$ -**	**$ (805)**	**$ (1,551)**	**$ (3,327)**	**$ 43,060**
Balance as of March 31, 2019	**$1,064,831**	**$ (1,470,186)**	**$ (8,325,089)**	**$ (1,120,358)**	**$ (35,988)**	**$ (9,886,790)**

[1]Other includes other liabilities and bond forward agreements.

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33. 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):

	2019	2018
Salaries, wages and short-term employee benefits	**$ 20,202**	$ 22,997
Employee future benefits	**1,019**	1,271
Termination benefits	**234**	1,627
Other	**7**	6
	$ 21,462	$ 25,901

34. Comparative information

Certain of the March 31, 2018 information has been reclassified to conform to the current year's presentation.

SaskTel

The Crowns collaborate on learning and development opportunities, seeking to gain efficiencies by running courses at capacity, reducing travel expenses and issuing joint request for proposals (RFP) for courses with benefits across the Crown sector.

Power to Know

In 2018-19, SaskPower invested over $1.7 million in educational programming and community initiatives throughout the province.

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 the accountability and transparency of CIC's operations.

This narrative on CIC's separate 2018-19 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 2018-19 Results with 2017-18 Results

Earnings

(millions of dollars)	2018-19	2017-18	2016-17	Fifteen months 2015-16	2014
Dividend revenue from subsidiary corporations	**$ 243.1**	$ 233.5	$ 157.4	$ 184.4	$ 173.6
Add: Finance and other revenue	**2.8**	1.4	1.4	3.5	3.9
Less: Operating, salaries and other expenses	**(10.9)**	(11.5)	(12.8)	(17.4)	(12.2)
Grants repaid by (provided to) subsidiary corporations	**0.3**	(10.3)	(13.9)	(17.0)	(15.6)
Total Separate Earnings	**$ 235.3**	$ 213.1	$ 132.1	$ 153.5	$ 149.7

Net earnings for 2018-19 were $235.3 million, an increase of $22.2 million from the same period in 2017-18. The increase in earnings is primarily due to an increase in dividend revenue from subsidiary corporations of $9.6 million; a decrease in grant funding to subsidiary corporations of $10.6 million; an increase in finance and other revenue of $1.4 million; and a decrease in operating, salaries and other expenses of $0.6 million.

A more detailed discussion of 2018-19 compared to 2017-18 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, competition, 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. Competition also impacts earnings at SGI CANADA.
- 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.
- Competition, technology and regulatory changes impact earnings at SaskTel.

$235.3 MILLION

↑ Net earnings, $22.2 million

Comparison of 2018-19 Results with 2017-18 Results *(continued)*

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 2018-19 budgeted dividend and per cent of operating earnings is as follows:

CIC Crown Corporations 2018-19 Earnings & Dividend Budget (millions of dollars)		**Budgeted Earnings (Loss)**		**Budgeted Dividend to CIC**	**Budgeted Dividend % of Operating Earnings**
SaskPower	$	**176.7**	$	**-**	-
SaskTel		**133.0**		**119.7**	90%
SaskEnergy		**68.4**		**23.9**	35%
SGI CANADA[1]		**60.7**		**39.0**	N/A
Saskatchewan Gaming Corporation (SGC)		**23.0**		**18.4**	80%
CIC Asset Management Inc. (CIC AMI)[2]		**7.6**		**-**	-
SaskWater		**6.2**		**1.6**	25%
Saskatchewan Opportunities Corporation (SOCO)		**3.4**		**3.0**	90%
Saskatchewan Immigrant Investor Fund Inc. (SIIF)		**0.1**		**-**	-
Saskatchewan Transportation Company (STC)		**(0.5)**		**6.4**	N/A
CIC Separate and Other[3]		**(9.1)**		**4.3**	N/A
Consolidated Totals	**$**	**469.5**	**$**	**216.3**	

[1] SGI CANADA's dividend payout was set at an amount in alignment with achieving its minimum capital test (MCT) target of 242 per cent.

[2] CIC AMI's dividend is based on cash availability.

[3] CIC Separate and Other earnings include First Nations and Métis Fund Inc., CIC Economic Holdco Ltd., consolidation adjustments, 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)		**2018-19**		**2017-18**		**2016-17**		**Fifteen months 2015-16**		**2014**
SaskTel	**$**	**114.7**	$	108.9	$	30.0	$	37.5	$	53.3
SaskEnergy		**60.0**		38.8		28.9		64.7		17.5
SaskPower		**19.7**		-		-		-		-
SGC		**18.0**		18.6		29.5		26.1		19.9
SGI CANADA		**12.5**		35.8		43.0		47.3		31.6
STC		**6.1**		22.0		-		-		-
ISC		**4.3**		4.3		4.3		5.4		4.3
SaskWater		**3.7**		2.0		1.7		1.9		-
SOCO		**3.1**		3.1		-		1.5		2.0
CIC AMI		**1.0**		-		20.0		-		45.0
Total Dividend Revenue	**$**	**243.1**	$	233.5	$	157.4	$	184.4	$	173.6

Dividend revenue for 2018-19 increased $9.6 million to $243.1 million from 2017-18. The increase is primarily due to higher dividends from SaskTel, SaskEnergy and SaskPower, and partially offset by lower dividends from SGI CANADA and STC.

SaskTel's dividend of $114.7 million for 2018-19 increased by $5.8 million from 2017-18 as a result of higher earnings due to a focus on continuous improvement activities through Crown collaboration and cost restraint efforts.

Comparison of 2018-19 Results with 2017-18 Results *(continued)*

Dividend Revenue *(continued)*

SaskEnergy's dividend of $60.0 million for 2018-19 increased $21.2 million from $38.8 million in 2017-18. The increase is primarily due to strong financial performance and capacity to pay a higher dividend. SaskEnergy experienced higher operating earnings resulting from colder weather and a delivery rate increase during the year.

SaskPower declared a dividend for 2018-19 of $19.7 million due to strong financial performance and capacity to pay a dividend. Effective March 1, 2018, SaskPower had a 3.5 per cent system-wide average rate increase along with increased demand from Saskatchewan customers that contributed to strong earnings. In previous years, SaskPower did not pay a dividend to maintain a strong capital structure during a period of significant capital investments.

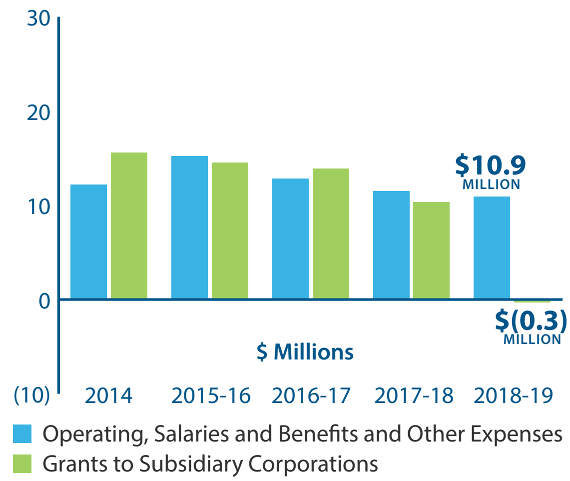
SGI CANADA's dividend of $12.5 million for 2018-19 decreased $23.3 million from the $35.8 million dividend in 2017-18. The decrease is primarily due to increased claim costs in jurisdictions outside of Saskatchewan. The increase in claims costs is primarily driven by unfavourable auto results caused by increased claim severity and repair costs.

On March 22, 2017, the Government of Saskatchewan announced that operating and capital subsidies to STC would cease in the 2018-19 fiscal year resulting in the wind up of the company. STC was dissolved on March 31, 2019, and all residual assets, liabilities, obligations, and equity were transferred to CIC. Upon dissolution, STC paid a dividend to CIC consisting of $4.7 million cash and $1.4 million non-cash, for a total dividend of $6.1 million. In March 2018, STC paid a dividend to CIC of $22.0 million from proceeds on the sale of property, plant and equipment.

Comparison of 2018-19 Results with 2017-18 Results *(continued)*

Operating, Salaries and Benefits and Other Expenses

Operating, salaries and benefits and other expenses decreased by $0.6 million during 2018-19 to $10.9 million compared to $11.5 million in 2017-18. The decrease in expenses is primarily due to cost restraint. In 2017-18, CIC had higher expenses related to the wind up of STC.



Grants to Subsidiary Corporations

In 2018-19, CIC received a grant repayment from subsidiary corporations of $0.3 million (2017-18 - grants provided to subsidiary corporations of $10.3 million), a decrease of $10.6 million over the same period in 2017-18.

On March 28, 2019, STC repaid $2.1 million of capital grant funding. In 2017-18, STC received $11.5 million in grants to support operations and wind up activities and repaid $0.6 million of capital grant funding.

In 2017-18, Gradworks dissolved and provided CIC with a grant repayment of $0.6 million.

Saskatchewan Immigrant Investor Fund Inc. (SIIF) received $1.7 million in grants for 2018-19 (2017-18 - Nil) to support its repayments to the Government of Canada relating to the Immigrant Investor Program (see Note 8(d) of the separate financial statements).

Operating, Investing and Financing Activities

Net cash from operations of $209.1 million for 2018-19 increased $9.2 million from the same period in 2017-18. This increase is primarily the result of an increase in net earnings of $22.2 million. This is mainly due to higher dividend revenue from Crown corporations for 2018-19, offset by an increase of $10.8 million in the net change in non-cash working capital balances related to operations as result of higher dividends receivable.

Cash Flow Highlights (millions of dollars)		**2018-19**		**2017-18**
Cash from operations	**$**	**209.1**	$	199.9
Cash provided by investing activities		**51.8**		12.1
Cash used in financing activities		**(256.0)**		(205.0)
Change in Cash	**$**	**4.9**	$	7.0

Net cash provided by investing activities for 2018-19 was $51.8 million (2017-18 - $12.1 million), resulting in an increase in cash of $39.7 million. The increase in cash flows is primarily related to a $39.5 million increase in the year-over-year proceeds from the repayment of equity advances from Crown corporations (see Note 7 of the separate financial statements).

Net cash used in financing activities for 2018-19 was $256.0 million as compared to $205.0 million in 2017-18. In 2018-19, CIC declared and paid a dividend to the GRF of $256.0 million on March 29, 2019.

Public Policy Initiatives

First Nations and Métis Fund Inc. (FNMF)

FNMF was established in 2006 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 provided repayable loans to First Nations businesses that created both investment and job opportunities.

At March 31, 2019, CIC had invested $9.5 million in FNMF to fund qualifying investments. FNMF is winding down and has two investments remaining. All investments through the FNBDP have been repaid.

Public Policy Initiatives *(continued)*

Saskatchewan Immigrant Investor Fund Inc. (SIIF)

SIIF was established in 2010 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, 2019, SIIF disbursed loans of $368.6 million in support of 2,224 completed new homes.

Funds received from the IIP are to be paid back to the federal government after a term of five years, in addition to a commission paid to facilitating agents. On February 11, 2014, the Government of Canada announced that it will no longer accept funds into the IIP. SIIF projects the final allocation repayment will be made by December 31, 2022.

Comparison of 2018-19 Results with Budget

CIC Crown Corporations Dividend Revenue (millions of dollars)	**2018-19 Dividend Revenue[1]** Budget	Actual	**Budgeted Dividend % of Operating Earnings**
Dividends to CIC			
SaskTel	$ 119.7	$ 114.7	90%
SGI CANADA	39.0	12.5	N/A
SaskEnergy	23.9	60.0	35%
SGC	18.4	18.0	80%
STC	6.4	6.1	N/A
ISC	4.3	4.3	N/A
SOCO	3.0	3.1	90%
SaskWater	1.6	3.7	25%
SaskPower	-	19.7	N/A
CIC AMI	-	1.0	N/A
Total Dividend Revenue	216.3	243.1	
Grants repayment from subsidiary corporations	-	0.3	
Operating and net finance expenses (net of other (expenses) income)	(10.4)	(8.1)	
Separate Earnings	$ 205.9	$ 235.3	
Dividend to the GRF	$ 206.0	$ 256.0	

[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.

Earnings

Separate earnings for 2018-19 of $235.3 million were $29.4 million higher than budget. The earnings exceeded budget primarily due to higher than expected dividend revenue from subsidiary corporations of $26.8 million. Operating and net finance expenses (net of other income (expenses)) were $2.3 million lower than budget and grant repayment from subsidiary corporations was $0.3 million higher than budget. A more detailed discussion of 2018-19 actual results compared to budget results is included on the following pages.

Dividend Revenue

SaskEnergy's dividend of $60.0 million was $36.1 million higher than the budgeted dividend of $23.9 million. This is primarily due to a higher dividend payout rate of 45 per cent and higher earnings as a result of increased demand from colder weather. Higher earnings provided SaskEnergy with financial capacity to pay a higher dividend.

SaskPower paid an unbudgeted dividend of $19.7 million due to strong financial performance and capacity to pay a dividend. Effective March 1, 2018, SaskPower had a 3.5 per cent system-wide average rate increase along with increased demand from Saskatchewan customers that contributed to strong earnings.

Comparison of 2018-19 Results with Budget *(continued)*

Dividend Revenue *(continued)*

SGI CANADA's dividend payout is a set dollar amount with a budgeted payout of $39.0 million 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 reverting toward the target. SGI CANADA's MCT is impacted by earnings. SGI CANADA's dividend of $12.5 million is $26.5 million lower than the budgeted dividend of $39.0 million, due to a decrease in earnings from increased claim costs in jurisdictions outside of Saskatchewan. The increase in claims costs is primarily driven by unfavourable auto results caused by increased claim severity.

Grants repaid by (provided to) subsidiary corporations

CIC received a grant repayment from subsidiary Crown corporations of $0.3 million in 2018-19. On March 28, 2019, pursuant to Order in Council 102/2019, SIIF received grant funding from CIC of $1.7 million to support its repayments to the Government of Canada relating to the Immigrant Investor Program (see Note 8(d) of the separate financial statements).

On March 22, 2017, the Government of Saskatchewan announced that STC would be wound up and STC vehicular operations would cease May 31, 2017. On March 28, 2019, STC repaid $2.1 million (2018 - $0.6 million) of capital grant funding.

Dividend to the GRF

For 2018-19, CIC declared and paid dividends to the GRF of $256.0 million compared to a budgeted dividend of $206.0 million, an increase of $50.0 million. CIC paid a higher dividend to the GRF as it had financial capacity from higher Crown dividends and the sale of STC's property, plant and equipment. The $256.0 million dividend was paid to the GRF on March 29, 2019.

Operating and Net Finance Expenses (Net of Other Income (Expenses))

Operating and net finance expenses (net of other income (expenses)) were $8.1 million, $2.3 million lower than budget of $10.4 million. CIC's operating expenditures were below budget due mainly to cost restraint initiatives in 2018-19 and higher than expected finance income from investments as interest rates increased year-over-year.

Key Factors Affecting Financial Performance

Earnings

- The key factor affecting CIC's earnings is the level of dividends from commercial subsidiary Crown corporations which can include, but are not limited to, weather conditions, commodity markets, interest rates, competition, regulatory environment 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 2019-20

CIC's key financial initiatives for 2019-20 include:

- Provide a reasonable return to the Shareholder (Province of Saskatchewan);
- Focus on cost management and strong earnings to help the Province maintain a balanced budget in 2019-20;
- Maintain and improve Saskatchewan's Crown corporation infrastructure to meet the needs of both residents and businesses;
- Support public policy directives, such as providing capital investments that improve the quality of life for Saskatchewan residents;
- Continue to align the Crown sector to the Province's Prairie Resilience Strategy, a commitment to strengthen Saskatchewan to be more resilient to the climatic, economic and policy impacts of climate change;
- Liquidate CIC AMI's, FNMF's and CIC Economic Holdco's investments in an orderly manner;
- Promote strong 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.

$256 MILLION
2018-19 dividends paid to the GRF

CIC Crown Corporations 2019-20 Earnings (Loss) and Dividend Budget (millions of dollars)	**Earnings (Loss)**	**Dividend to CIC[1]**	**Dividend % of Crown Operating Earnings**
SaskPower	**$ 255.2**	$ 25.5	10%
SaskTel	**129.5**	116.6	90%
SaskEnergy	**63.8**	22.4	35%
SGI CANADA[2]	**59.1**	48.0	N/A
SGC[3]	**21.8**	27.5	80%
SaskWater	**6.7**	3.3	50%
SOCO	**2.8**	2.5	90%
CIC AMI	**1.0**	-	-
SIIF	**5.4**	-	-
CIC Separate and Other[4]	**(13.6)**	4.3	N/A
Consolidated Totals	**$ 531.7**	**$ 250.1**	
Dividend to the GRF		**$ 250.0**	

[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] Above its regular 80 per cent dividend rate, SGC has financial capacity to provide CIC with an additional $10.0 million dividend for a total dividend of $27.5 million.

[4] Includes FNMF, CIC Economic Holdco Ltd., consolidation adjustments and dividend to CIC based on CIC's 31.0 per cent ownership of ISC.

SaskTel

The Crowns also engage in joint procurement where possible and prudent to save money. In 2018-19, several collaborative procurement initiatives were completed including: insurance brokerage services RFP; contracts for joint services; mapping services; a Human Resource Management System; and an employee recognition program.

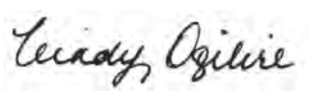
Responsibility for Financial Statements

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 26, 2019

CIC SEPARATE

Independent Auditors' Report

To the Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the separate financial statements of Crown Investments Corporation of Saskatchewan ("the Entity") which comprise:

- the separate statement of financial position as at March 31, 2019
- the separate statement of comprehensive income for the year then ended
- the separate statement of changes in equity for the year then ended
- the separate statement of cash flows for the year then ended
- and notes to the separate financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the separate financial position of the Entity as at March 31, 2019, and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in annual report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the annual report as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants
June 26, 2019
Regina, Canada

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

	Note	2019	2018
ASSETS			
Current			
Cash and cash equivalents		**$ 64,444**	$ 59,586
Interest and accounts receivable		**93**	36
Dividends receivable		**96,137**	73,521
Assets held-for-sale	6	**2,090**	-
		162,764	133,143
Equity advances to Crown corporations	7	**1,119,731**	1,168,074
Investments in share capital corporations	8	**1,040**	2,428
Equipment		**183**	248
		$ 1,283,718	$ 1,303,893
LIABILITIES AND PROVINCE'S EQUITY			
Current			
Interest and accounts payable		**$ 2,296**	$ 2,344
Deferred revenue	6	**525**	-
		2,821	2,344
Province of Saskatchewan's Equity			
Equity advances	9	**908,889**	908,889
Retained earnings		**372,008**	392,660
		1,280,897	1,301,549
		$ 1,283,718	$ 1,303,893

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		2019		2018
INCOME FROM OPERATIONS					
Dividend revenue	11	**$**	**243,114**	$	233,560
Other income (expenses)			**185**		(7)
			243,299		233,553
EXPENSES					
Operating			**3,792**		4,724
Salaries and short-term employee benefits			**6,017**		6,042
Employee future benefits			**450**		451
Impairment loss	8(b)		**509**		201
Depreciation			**86**		70
Loss on disposal of equipment			**17**		-
			10,871		11,488
EARNINGS FROM OPERATIONS			**232,428**		222,065
Finance income	12		**2,588**		1,428
Finance expenses	12		**(8)**		(8)
NET FINANCE INCOME			**2,580**		1,420
EARNINGS BEFORE PUBLIC POLICY INITIATIVES			**235,008**		223,485
Grants repaid by (provided to) subsidiary corporations	13		**340**		(10,320)
NET EARNINGS			**235,348**		213,165
OTHER COMPREHENSIVE INCOME			**-**		-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN		**$**	**235,348**	$	213,165

(See accompanying notes)

CIC SEPARATE

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, 2017		$ 908,889	$ 384,495	$ 1,293,384
Total comprehensive income		-	213,165	213,165
Dividends to the General Revenue Fund (GRF)	9	-	(205,000)	(205,000)
Balance at March 31, 2018		908,889	392,660	1,301,549
Total comprehensive income		**-**	**235,348**	**235,348**
Dividends to the GRF	9	**-**	**(256,000)**	**(256,000)**
Balance at March 31, 2019		**$ 908,889**	**$ 372,008**	**$ 1,280,897**

(See accompanying notes)

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

	Note		2019		2018
OPERATING ACTIVITIES					
Net earnings		**$**	**235,348**	$	213,165
Adjustments to reconcile net earnings to cash from operating activities:					
Non-cash dividend revenue	11(a)		**(1,402)**		-
Depreciation			**86**		70
Loss on disposal of equipment			**17**		-
Impairment loss	8(b)		**509**		201
Net finance income	12		**(2,580)**		(1,420)
			231,978		212,016
Net change in non-cash working capital balances related to operations	14		**(22,884)**		(12,116)
Interest paid	12		**(8)**		(8)
Net cash from operating activities			**209,086**		199,892
INVESTING ACTIVITIES					
Interest received	12		**2,588**		1,428
Equity advance repayments from Crown corporations	7		**48,343**		8,844
Repayment from share capital corporations	8		**879**		1,950
Purchase of equipment			**(38)**		(156)
Net cash from investing activities			**51,772**		12,066
FINANCING ACTIVITIES					
Dividend paid to GRF	9		**(256,000)**		(205,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR			**4,858**		6,958
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR			**59,586**		52,628
CASH AND CASH EQUIVALENTS, END OF YEAR		**$**	**64,444**	$	59,586

(See accompanying notes)

CIC SEPARATE

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 26, 2019.

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 new accounting standards

The following new standard, effective for annual periods beginning on or after January 1, 2018, has been applied in preparing these separate financial statements:

IFRS 15, *Revenue from Contracts with Customers*

Effective April 1, 2018, the Corporation adopted IFRS 15*, Revenue from Contracts with Customers*. IFRS 15 replaces International Accounting Standard 18, *Revenue* and establishes a five-step model to account for revenue arising from contracts with customers. The adoption of the standard had no effect on the separate financial statements.

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 26, 2019. 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.

4. Significant accounting policies *(continued)*

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

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 instruments 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.

The Corporation classifies interest and accounts payables as amortized cost. Theses financial liabilities are not designated as fair value through profit or loss. Subsequent to initial recognition, these 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).

4. Significant accounting policies *(continued)*

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.

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) Assets held-for-sale

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. 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.

m) New accounting standards and interpretations not yet adopted

IFRS 16, *Leases*

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.

4. Significant accounting policies *(continued)*

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. The adoption of this standard will result in a $0.7 million increase in assets and liabilities 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)[1]	Passenger and freight transportation
Saskatchewan Water Corporation (SaskWater)	Water and wastewater management

[1] STC operations ceased in 2017-18 (see Note 6)

In addition to the above Crown corporations, CIC is the sole shareholder of the following wholly-owned share capital subsidiaries: CIC Asset Management Inc. (CIC AMI); First Nations and Métis Fund Inc. (FNMF); Gradworks Inc.; Saskatchewan Immigrant Investor Fund Inc. (SIIF); and CIC Economic Holdco Ltd., all of which are domiciled in Canada.

6. Assets held-for-sale

On March 31, 2019, in accordance with Orders in Council 197/2017 and 99/2018 STC was legally dissolved. Upon dissolution, all residual assets, liabilities, obligations and equity were transferred to CIC. As a result, assets held-for-sale consist of $2.1 million in property, plant and equipment for the Regina Maintenance Facility property.

During the year, STC entered into an agreement for the sale of the Regina maintenance facility with a sale closing date of April 30, 2019 and received sale deposits of $0.5 million classified as deferred revenue. Subsequent to March 31, 2019, the sale was complete and the Corporation received $1.6 million in proceeds for total net proceeds of $2.1 million.

7. Equity advances to Crown corporations

Equity advances to Crown corporations are as follows (thousands of dollars):

		2019		2018
SaskPower (a)	**$**	**626,000**	$	659,993
SaskTel (b)		**237,000**		250,000
SOCO (c)		**96,500**		97,850
SGI		**80,000**		80,000
SaskEnergy		**71,531**		71,531
SaskWater		**8,700**		8,700
	$	**1,119,731**	$	1,168,074

a) During the year ended March 31, 2019, CIC retracted $34.0 million (2018 - Nil) in equity advances from SaskPower.

b) During the year ended March 31, 2019, CIC retracted $13.0 million (2018 - Nil) in equity advances from SaskTel.

c) During the year ended March 31, 2019, CIC retracted $1.3 million (2018 - $8.8 million) in equity advances from SOCO.

8. Investments in share capital corporations

(thousands of dollars)

	Voting Percentage		**2019**		2018
CIC Asset Management Inc. (a):					
1 (2018 - 1) Class A common share	100%	**$**	**-**	$	-
First Nations and Métis Fund Inc. (b):					
100 (2018 - 100) Class A common shares	100%		**-**		-
Due from FNMF			**9,477**		9,477
Impairment in value of FNMF			**(8,437)**		(7,928)
			1,040		1,549
CIC Economic Holdco Ltd. (c):					
100 (2018 - 100) Class A common shares	100%		**-**		-
Due from CIC Economic Holdco Ltd.			**-**		879
			-		879
Saskatchewan Immigrant Investor Fund Inc. (d):					
1 (2018 - 1) Class A common share	100%		**-**		-
Information Services Corporation (e):					
5,425,000 (2018 - 5,425,000) Class A Limited Voting shares	31%		**-**		-
		$	**1,040**	$	2,428

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8. Investments in share capital corporations *(continued)*

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 $8.4 million (2018 - $7.9 million) provision against amounts due from FNMF, which reflects CIC's current expectations of recovery of these amounts. During the year ended March 31, 2019, FNMF repaid Nil (2018 - $2.0 million) 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 (2018 - 45.5 per cent) joint venture interest in SEFJV.

   During the year, CIC Economic Holdco Ltd. repaid $0.9 million (2018 - Nil) of its loan from CIC. At March 31, 2019, CIC Economic Holdco Ltd. had total assets of $0.2 million (2018 - $1.2 million) and recorded losses of $0.1 million (2018 - Nil).

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 projects the final Government of Canada IIP allocation repayment will be made by December 31, 2022.

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, 2019, the fair value of these shares was $88.2 million (2018 - $93.7 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, 2019, 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, 2019, CIC declared and paid $256.0 million (2018 - $205.0 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, 2019 exceed the actuarially determined net present value of retirement annuities payable. CIC does not expect any exposure under this guarantee in 2019-20.

11. Dividend revenue

(thousands of dollars)

		2019		2018
SaskTel	**$**	**114,688**	$	108,931
SaskEnergy		**59,984**		38,835
SaskPower		**19,696**		-
SaskGaming		**17,968**		18,593
SGI		**12,500**		35,750
STC (a)		**6,074**		22,000
Information Services Corporation		**4,340**		4,340
SaskWater		**3,745**		2,019
SOCO		**3,119**		3,092
CIC AMI		**1,000**		-
	$	**243,114**	$	233,560

a) On March 31, 2019, in accordance with Orders in Council 197/2017 and 99/2018 STC was legally dissolved. Upon dissolution, STC transferred all residual assets, liabilities, obligations and equity and provided a dividend of $6.1 million to CIC (see Note 6). Assets transferred included cash of $4.7 million and non-cash dividends of $1.4 million.

12. Finance income and expenses

(thousands of dollars)

		2019		2018
Interest income from short-term investment holdings	**$**	**2,588**	$	1,428
Bank and service charges		**(8)**		(8)
	$	**2,580**	$	1,420

13. Grants repaid by (provided to) subsidiary corporations

(thousands of dollars)

		2019		2018
SIIF Inc. (a)	**$**	**(1,740)**	$	-
STC (b)		**2,080**		(10,905)
Gradworks Inc. (c)		**-**		585
	$	**340**	$	(10,320)

a) On March 28, 2019, pursuant to Order in Council 102/2019, SIIF received grant funding from CIC of $1.7 million to support its repayments to the Government of Canada relating to the Immigrant Investor Program (Note 8d).

13. Grants repaid by (provided to) subsidiary corporations *(continued)*

b) On March 22, 2017, the Government of Saskatchewan announced that STC would be wound-up and STC vehicular operations would cease May 31, 2017. On March 28, 2019, STC repaid $2.1 million (2018 - $0.6 million) of capital grant funding. In 2017-18, STC received $11.5 million in grants to support operations and wind up activities.

c) Gradworks Inc. was dissolved on March 31, 2018 and during the prior year, CIC received a grant repayment of $0.6 million.

14. Net change in non-cash working capital balances related to operations

(thousands of dollars)

	2019	2018
(Increase) decrease in interest and accounts receivable	**$ (44)**	$ 74
Increase in dividends receivable	**(22,616)**	(12,095)
Decrease in interest and accounts payable	**(224)**	(95)
	$ (22,884)	$ (12,116)

On March 31, 2019, in accordance with Orders in Council 197/2017 and 99/2018 STC was legally dissolved. Upon dissolution, all residual assets, liabilities, obligations and equity were transferred to CIC. This included accounts receivable of $13.0 thousand and accounts payable of $176.0 thousand.

15. Financial instruments

a) Market risk

Market 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 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 (2018 - 1.92 per cent).

Key management personnel compensation is comprised of:
(thousands of dollars)

		2019		2018
Salaries and short-term employee benefits	**$**	**1,148**	$	1,164
Employee future benefits		**79**		77
Other		**7**		6
	$	**1,234**	$	1,247

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, 2019 was $0.7 million (2018 - $0.7 million).

CIC SEPARATE

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:

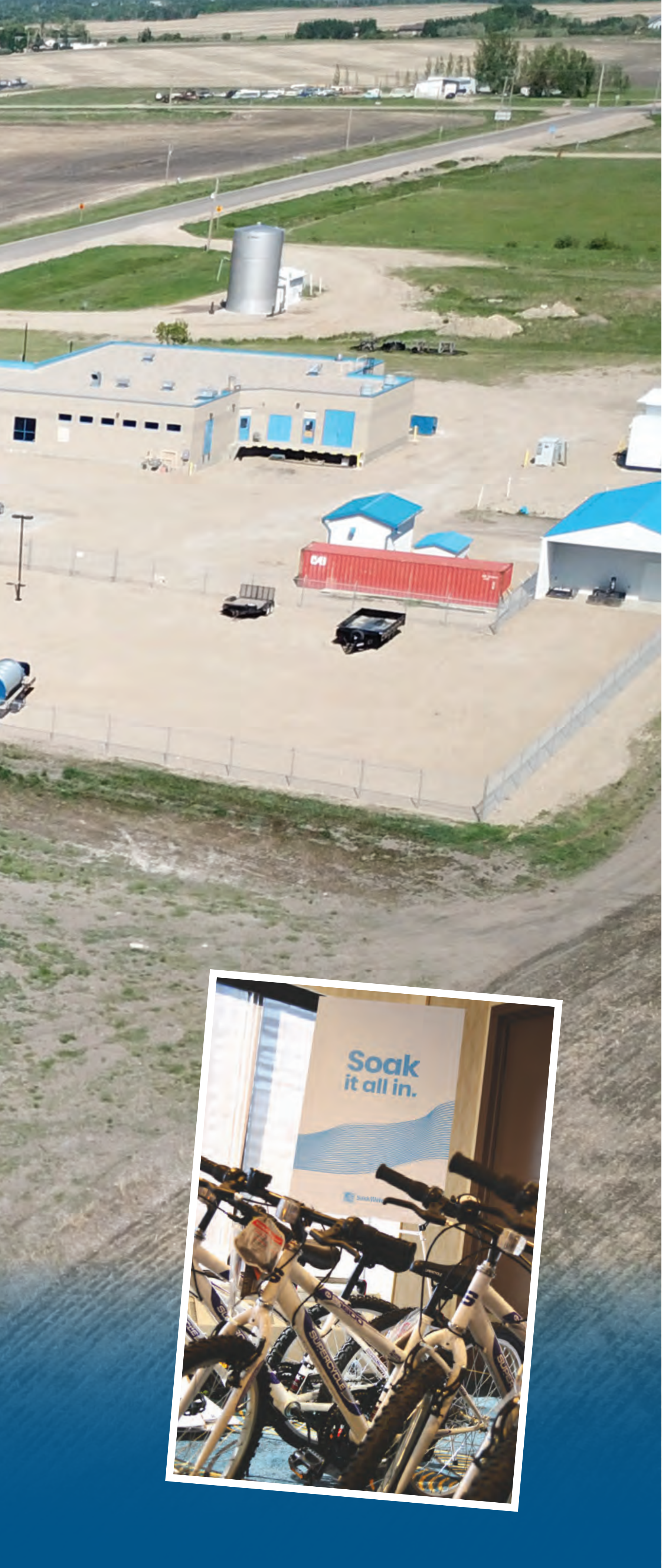
- the acquisition of a major investment or asset, or the assumption of a major liability;
- a change in the terms and conditions governing an existing investment or asset; or
- the divestiture of a major asset or investment.

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.

SaskWater

SaskWater completed a solar panel project at its water treatment plant in Wakaw. At full production, the site will produce approximately 154,000 kW hours of electricity per year, equivalent to 19 per cent of the annual power used at the water treatment plant. SaskWater staff also participated in a team-building workshop that directly benefitted the YWCA Big Sisters of Regina. The workshop resulted in 17 bicycles and helmets being donated to youth involved in the program.



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Saskatchewan Government Insurance
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