UNDER ONE SKY

SaskTel

UNDER ONE SKY

Together with our stakeholders, customers, and employees, we have created our own aurora borealis; we are all particles of light of varying colour and complexity dancing under one sky.

The cover image reveals the magic of the northern lights over Duck Lake, Saskatchewan. Like our voice, data, and internet networks, their shimmer carries countless stories.

Silent Dance was captured by acclaimed nature photographer Jason Leo Bantle. A donation has been made to his All in the Wild Land Fund to purchase and set aside land in Saskatchewan for conservation.

Letter of Transmittal

Regina, Saskatchewan
June 29, 2019

His Honour
The Honourable W. Thomas Molloy,
Lieutenant Governor of Saskatchewan

Dear Lieutenant Governor:

I have the honour to submit herewith the annual report of SaskTel for the year ending March 31, 2019, including the financial statements, duly certified by auditors for the Corporation, and in the form approved by the Treasury Board, all in accordance with *The Saskatchewan Telecommunications Holding Corporation Act*.

Respectfully submitted,

Don Morgan

Honourable Don Morgan
Minister Responsible for Saskatchewan Telecommunications

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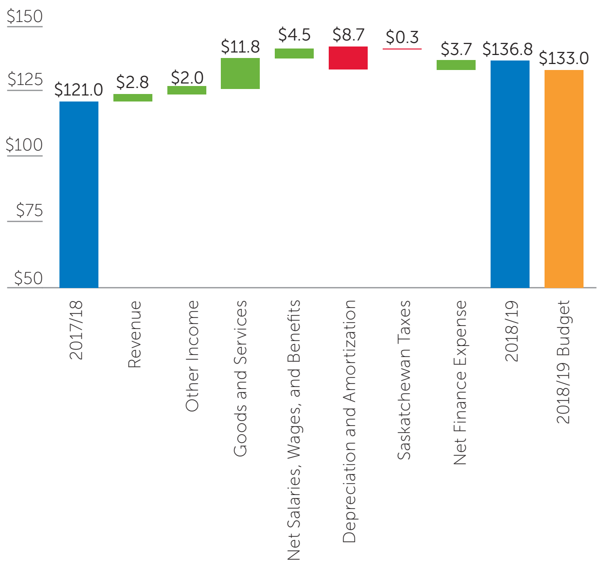
Highlights

COMPARATIVE FINANCIAL INFORMATION EXCLUDES THE IMPACTS OF IFRS 15

FINANCIALS

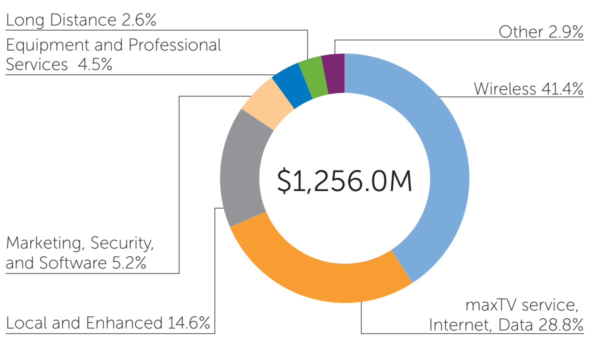
Net Income ($ millions)



+13.1%

Net Income ($ millions)	
2018/19	$ 136.8
2017/18	$ 121.0

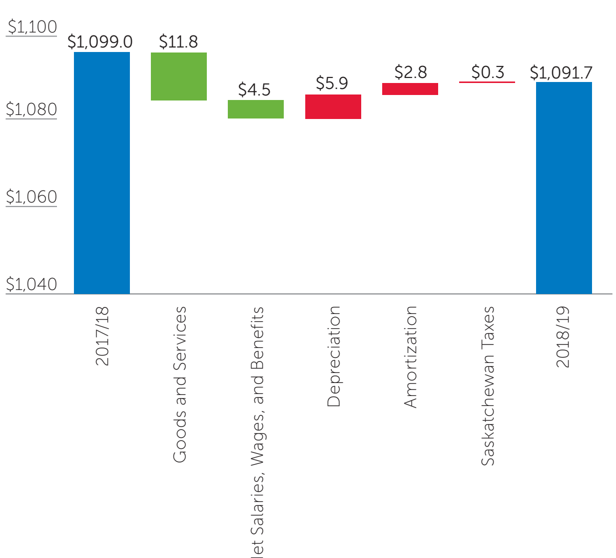
Revenue ($ millions)



+0.2%

Revenue ($ millions)	
2018/19	$ 1,256.0
2017/18	$ 1,253.2

Expenses ($ millions)



+0.8%

Return on Equity	
2018/19	12.7%
2017/18	11.9%

Highlights

CUSTOMER CONNECTIONS

+1.3%

Internet

2018/19	**282,710**
2017/18	278,977

+1.5%

maxTV Service

2018/19	**112,583**
2017/18	110,881

+0.4%

Wireless

2018/19	**609,951**
2017/18	607,448

(6.2%)

Wireline Voice

2018/19	**338,779**
2017/18	361,351

INFRASTRUCTURE

(6.4%)

Capital Expenditures
($ millions)

2018/19	**$ 282.6**
2017/18	$ 302.0

+26.2%

Fibre to the Premises
(Total passed)

2018/19	**304,173**
2017/18	241,082

+19.2%

Wireless Data Usage
(Terabyte)

2018/19	**42,244**
2017/18	35,428

President's Message

Navigating a sea of change is difficult at the best of times and without a guiding light, like the North Star, it can be downright impossible. As Saskatchewan's leading information and communications technology (ICT) company, we've set our course toward a future powered by broadband. And, that future is now.

At SaskTel, we've set out to be the best at connecting Saskatchewan people to their world. And while continued investment in our networks is a key part of that, we've long understood that it means so much more. It's required us to refocus everything we do within the lens of how our actions will help our province reap the benefits of a broadband powered world.

As a result, we've found new ways of enhancing our customer experience, continued our long history of introducing new and innovative services, and are playing a more active role than ever before in the communities we serve.

For the past five years, SaskTel has walked the path of transformational change and, we've learned not only to adapt to change, but to embrace it. This shift in philosophy has allowed us to become more agile and quickly take advantage of market opportunities as they arise.

Although 2018/19 had its own unique challenges, the implementation of the final year in our current five-year strategic plan has spurred refinements to our operations that will see SaskTel continue in its role as the province's leading ICT provider while setting a standard for broadband connectivity that is the envy of jurisdictions from coast to coast.

BROADENING THE REACH OF BROADBAND

The construction season is notoriously short in Saskatchewan, but we've made the most of it. Throughout the past fiscal year, we invested over $282 million in capital as part of our tireless work to make our networks better.

This has allowed SaskTel to expand the reach of its broadband networks by introducing wireline internet services to communities as small as 90 households, while improvements to our backhaul networks have allowed us to continue to increase the available download and upload speeds across the province. As of March 31, 2019, SaskTel offers DSL High Speed Internet in 456 communities, three communities have speeds of up to 1.5 Mbps, 67 communities have speeds of up to 5 Mbps, and 386 communities have speeds of up to 10 Mbps or faster.

Last year, the launch of the Wireless Saskatchewan program saw the continued expansion and upgrade of SaskTel's fusion internet services; bringing wireless high speed Internet connectivity to new locations and opening up some existing locations to new customers. In 2018/19, Phase 2 of the program enhanced wireless LTE services, closing coverage gaps and improving 50 rural communities' available cellular services, with the launch of a new small site in each community. A total of 91 of approximately 100 communities have been announced for Phase 2 and construction on the remaining communities will continue throughout the upcoming year, with more locations to be announced.

TRANSFORMING FOR TOMORROW TODAY

Being prepared for what the future will bring is an essential part of our operation. As an ICT company we stand at the forefront of many of today's quickest evolving technologies. In order to keep up, we've embraced a digital transformation strategy that sees us continue to modernize our systems, reduce costs, and find new ways to serve our customers better.

Our approach allows us to be more agile, efficient, and better able to react to changing market conditions.

IMPLEMENTING THE LATEST INNOVATIONS

While technology changes the way we do business, we're rolling out new technologies to our customers that change the way they connect to their world. At SaskTel we know the broadband future will be powered by fibre.

We're diligently working to ensure that Saskatchewan's world class communications infrastructure can remain at the forefront of the fibre revolution by bringing our *infiNET*™ fibre optic high speed internet service right to our customers' homes. Work continues to convert residential and business customers from our DSL services to fibre services across Saskatchewan's major centres. Also, 2018/19 saw us begin introducing *infiNET* to a number of other small communities – a trend we will continue into the next fiscal year.

In addition, with the launch of up to 50 Mbps DSL based download services in areas not yet ready for *infiNET*, we are improving available speeds for new and existing customers while maximizing the value and performance of our legacy networks until those areas can be reached.

EMPOWERING AN AWARD-WINNING WORKFORCE

Our success at implementing our strategic plan comes down to the amazing people who've chosen to work for SaskTel. With our Partnership for Excellence program, we've built a culture that emphasizes honesty, integrity, and taking ownership for one's actions.

Along with many other initiatives, this has led SaskTel to be named by Mediacorp as one of Saskatchewan's Top Employers for 13 consecutive years, Canada's Top Employers for Young People for the seventh time, and Canada's Top Diversity Employer for the past nine years.

Although we routinely rank among the best in the industry in terms of our customer service, we're not willing to be satisfied with just that. Over the last year, we've chosen to reemphasize our Customer Service First Initiative (CX First) by empowering SaskTel employees so that they can be more responsive to our customers' needs and better able to do things right the first time, giving them more ownership over improving process and reducing points of contention for our customers.

SETTING THE STAGE FOR A SUSTAINABLE FUTURE

When SaskTel began its journey of strategic transformation, it was with the goal of creating a sustainable business model for the long term, while preparing us for a more responsive, more agile, and more customer focused future.

To keep our momentum, SaskTel must stay true to being a responsible and active member of the communities we serve. For us, this includes strategically investing approximately $2.9 million annually in the non-profit groups and charitable organizations that do as much as us when it comes to connecting Saskatchewan people with their communities and their world.

Due to the effective implementation of our strategic plan over the past year, SaskTel is well positioned for long-term success. And, as information communications technology draws the globe ever closer, SaskTel will continue to be there helping our customers navigate a fully broadband reality.

Sincerely,
Doug Burnett, SaskTel President and CEO

Sharing Our Stories

THE WORLD NEEDS WIRELESS

SaskTel International (SI) has been helping the Bahamas region launch its second wireless operator.

SI was engaged in the project by ALIV, a mobile network company formed between Cable Bahamas Ltd. and The Commonwealth of the Bahamas, to provide consulting on operational network design, construction, project management, and operations.

By supplying key resources over more than two years, SI provided guidance and mentorship to ALIV as the new business quickly came to fruition.

"This initiative provides global recognition to Saskatchewan and its hard-working people, while helping to successfully shape the future of the Bahamian Telecom," said Scott Argue, SaskTel International VP of Customer Services and Project Sponsor.

Just three months after its creation, the network covered 99% of the Bahamian population. Furthermore, in less than two years of network operation, the company achieved over 30% market share and continues to provide network improvements and innovations, most recently bringing Voice over LTE (VoLTE) service to the region.

"It has been a real pleasure working with the SaskTel International resources as we established ALIV as a new mobile carrier in the Bahamian telecom market," said Johnny Ingle, Chief ALIV Champion.

As for the long-term pay-offs for SaskTel, the project provided the opportunity for SaskTel employees to gain experience in a fast-paced start-up environment. It also offered the team a chance to experience business operations within a different culture.

"The many long hours of nurturing and building ALIV has significantly increased my skills and awareness of what it takes to be successful in an aggressive and competitive industry," said SaskTel employee Peter Dang.

The Bahamas project enabled SI to continue to expand its strategic portfolio of services and strengthen its reputation for providing expertise and resources to service providers around the world. SI has led communication engagements under the English Channel, across the Philippines' outlying Barangays, through the villages of Tanzania's Kagera region, and on the streets of New Zealand's Wellington.

Now, SI can add the Bahamas to its impressive list of over 30 countries in six continents in which they have completed projects.

LEVELLING A VERY LARGE PLAYING FIELD

"We've seen a digital transformation in the last few years, where our competitors are no longer companies like Bell or TELUS," said Glenn Buchanan, Technical Sales Consultant.

"Our competitors now also include companies like Google, Facebook, Amazon and Microsoft. Easy access to cloud services provides the entrepreneur community an ability to launch new disruptive products globally and we also need to be aware of new competitors and potential partners popping up right here in Saskatchewan. A new wave of competitors is entering our market and the barriers are much lower. That means we really need to think differently."

That different way of thinking was what led to the new SaskTel Collaboration Centre at 1855 Lorne St. in Regina.

"We were looking for a non-traditional approach, one where we could engage with customers in a different manner," said Glenn. "The new Collaboration Centre allows us to kick it up a notch when we bring a customer in and brainstorm and collaborate a little bit more effectively with them."

"The space is really about how we engage with customers and make them feel it's all about them, really focus on the customer and build relationships from the ground up. When we engage with customers in a different way, they will engage with us in a different way—they will treat us less like a vendor and more like a partner."

There are no SaskTel logos featured on the screens in the room. Instead, they feature the logo of whichever customer happens to be visiting. There are also writeable walls and screens to give customers ideas of how other customers are solving problems that are similar to theirs. The idea is to drill down further into the challenge faced by the customer and help to resolve their issues.

"This is a step toward changing the game on giving customers ideas and helping them understand how technology can solve a business problem in different ways. It's hard for customers to think outside the box if they don't know what solutions are out there. This is a way to offer them solutions they may not be aware of."

SMALL CELL SITE, BIGGER REACH

What is 651,900 square kilometres and located in the heart of the Canadian prairies?

If the province of Saskatchewan is your answer, you are correct!

That's a lot of territory to cover when you're a cellular service provider, particularly in the rural areas. But SaskTel is going the extra kilometre (so to speak).

SaskTel announced plans in 2018 to improve 4G LTE cellular services in 91 rural communities throughout rural Saskatchewan and we are doing so by deploying a small cell site solution.

"These are cost-sensitive cell sites specifically designed for small towns with a few hundred residents," said Joash Picard, Project Manager for the project. "They result in connectivity within th speeds, and a better wireless experience."

The small cell sites have similar functionality as the standard cell sites you will see in the province. The difference being that the small cell site has one sector and one Long Term Evolution (LTE) layer as opposed to a standard cell site with three sectors.

The small cell sites are designed specifically to handle less customers in a smaller footprint. It ends up having the same end result for the customer.

The small cell site announcement was part of Phase 2 of the Government of Saskatchewan's December 2017 announcement of a four-phase initiative to provide rural communities with enhanced access to reliable cellular and high speed internet services. The upgrades on the first 50 towers were complete at the end of March 2019.

"This is all in keeping with SaskTel's commitment to deliver the latest in communications services to our customers across our province," said Joash. "The demand for wireless data is increasing all the time. These upgrades bolster our network and add capacity to help address that demand."

Another 41 sites have already been announced and will receive the small cell site solution over the course of the next year.

"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."
Joan Carriere, Village of Paddockwood

UNDER ONE SKY, EVERY LAST ONE OF US

In November of 2016, Iqbal Sharma was savagely stabbed while working as a cab driver after immigrating to Canada with his family.

The attack resulted in a brain injury that nearly killed him and put him in a coma. When he recovered, he was unable to speak and was partially paralyzed. But Iqbal never gave up. "I needed to begin again," said the husband and father of two. "I slowly began to learn how to walk and speak again." Iqbal fought through a long rehabilitation process, both physical and mental, at the Wascana Rehabilitation Centre in Regina.

Through it all, he began to doubt that he would ever get the opportunity to work again.

"In India, I had completed a Master's Degree in Mechanical Engineering and was working as a professor," said Iqbal.

It was quite a difference to go from that background to driving a cab. But he was earning a living for his family while waiting to have his degree evaluated to qualify as an engineer in Canada.

Sharon Davis, HR Manager – Strategic Planning and Staffing, became aware of Iqbal's situation while watching the CTV evening news.

"Here was this man who had moved to Canada to give his family a better life, and because of what happened, he was unable to get back into the workforce and support them," said Sharon. "I was trying to think of all possible options to employ Iqbal, so he could continue his rehabilitation."

She reached out to Iqbal through CTV and a meeting was set up with Iqbal and his rehab coach from Partners in Employment. It was determined that Iqbal was qualified to work at SaskTel.

SaskTel extended a temporary part-time position offer to Iqbal as a Facilities Assistant. The job description was 'carved' specially to fit Iqbal's situation and abilities and offered to him as part of SaskTel's Supported Employment Program. This program provides meaningful employment opportunities for individuals with disabilities, specifically cognitive disabilities.

"Every single person has the ability to contribute and provide value," said Sharon. "It just takes an open mind and sometimes a different perspective to see those abilities in others, and pairing with the needs of the business."

A LITTLE KINDNESS

“Be friendly, accept everyone, say nice words to them and speak respectfully to everyone around you.”

Even though these were the words of Samuel Halipchik, a grade 8 student from Pilot Butte School, it was the prevailing sentiment of the 175 Prairie School Division Grade 8 students who attended the Kindness Conference put on by the Outdoor School program at Greenall High School in Balgonie.

The theme of the conference was, Be Kind to Each Other and Be Kind to the Environment. It was made possible by SaskTel’s Be Kind Online grant program. Awarded in partnership with the Ministry of Education, the grant provides youth the opportunity to collaborate to find solutions to stop bullying and inspire others to do the same.

“The students at Greenall High School are a great group, and they take things like bullying and environmental issues seriously,” said Jennifer McLeod, SaskTel Human Resource Manager.

As part of the full day event, students heard from climate change expert Jared Clarke. They were also treated to projects and activities led by Greenall’s Art and Physical Education teachers.

During art class, students conceived anti-bullying messages and expressions of kindness. The phrases were then painted onto rocks that will be used as part of a school grounds beautification project that will allow the messages to be shared for years to come.

“Our students enjoy coming together as a group to make events like these happen,” said Jeff Moore, the Principal of Greenall High School who is also the head of the Outdoor School program. “These days, online bullying is a topical issue because it’s happening, and students need to be educated with positive messages.”

“What could be more important than talking about being kind to each other and being kind to the environment?”

2018/19 Core Corporate Social Responsibility (CSR) Program Metrics

BE KIND ONLINE

150 TOTAL APPLICATIONS received since INCEPTION

82 TOTAL GRANTS awarded up to March 31, 2019

$72,705 Total amount awarded UP TO MARCH 31, 2019

SASKTEL PIONEERS

$236,243
FINANCIAL DONATIONS

48.6
HOURS/VOLUNTEER

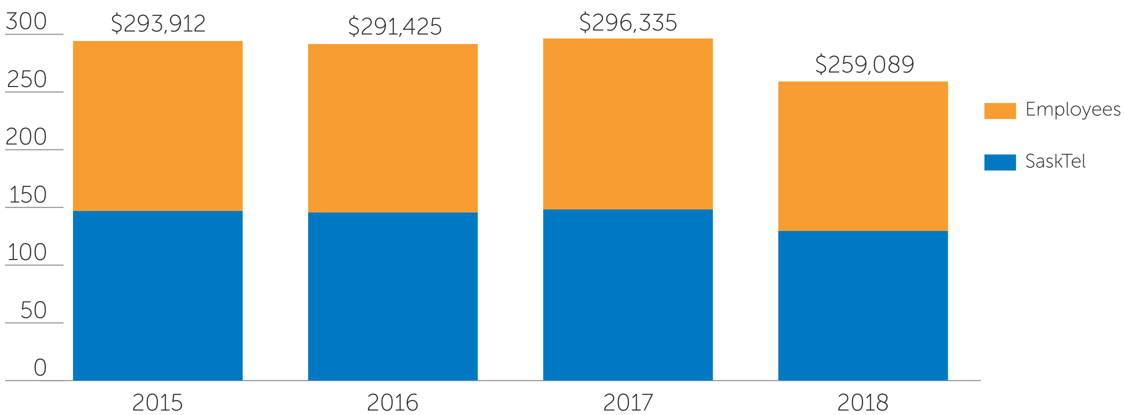
3,995
MEMBERS

$610,495
IN-KIND DONATIONS

34,925
VOLUNTEER HOURS

2018/19 Core Corporate Social Responsibility Program Metrics

TELCARE CONTRIBUTIONS



ENVIRONMENTAL IMPACT

G4-EN3: Energy Consumption Within the Organization as Measured in Gigajoules (GJ)

NATURAL GAS =
89,190GJ

FLEET FUEL =
107,265GJ

ELECTRICITY =
332,213GJ

2018/19 TOTAL =
528,668GJ

SaskTel has a solid foundation, with organizational practices aligned to environmental policies and an Environmental Management System (EMS) based on International Standard ISO 14001. This allows SaskTel to manage environmental aspects of its business effectively and move sustainability initiatives forward through accurate measurement and identification of their impact. In total, these actions make SaskTel a more efficient and socially responsible corporate citizen.

To view SaskTel's full Corporate Social Responsibility report, please visit https://www.sasktel.com/about-us/company-info/financial-reports.

Corporate Social Responsibility Breeds Corporate Sustainability

If we all live under one sky, then we also share just one Earth. Although it may seem obvious, there are times when it seems we could all use the reminder. At SaskTel, we keep this principle top of mind and use it to make sure we understand that our decisions not only affect our bottom line; whether good or bad, they can have significant impacts on our employees and the communities we serve.

As Saskatchewan's foremost ICT Company, SaskTel is used to playing a leadership role in business and communications. One of the main reasons we've been able to hold onto our position successfully for so long is the fact that we take CSR to heart by making it a core part of our mission. We're proud to show this province that business and CSR activities don't have to add up to a zero-sum game.

By promoting sustainability, a culture of positivity, and being an active member of the communities we serve, SaskTel is changing the conversation from "can we build a better world" to showing everyone how we can help us all get there.

Although we've shared the path we're on with the people of this province for more than a century, we recognize that the progress SaskTel has made toward achieving its CSR goals wouldn't be possible without the support of our community partners, dedicated employees, and amazing customers.

We understand they've placed their faith in us to not only connect them to their world, but to help make sure that the world we share is the kind we all want to connect with.

To achieve this, SaskTel has focused its CSR efforts on four key areas:

A CULTURE OF COMMUNITY

At SaskTel, our employees care about the communities we serve. This shows in the thousands of volunteer hours logged by past and present employees each year, the hundreds of thousands of dollars raised, and the millions of dollars invested in local non-profit and charitable organizations that work to make the best place to live in the world better for everyone.

Together, we've grown a culture of giving back that's grounded right into our shared DNA. Throughout 2018/19, SaskTel has continued this tradition by:

- Investing over $2.9 million in support of 985 non-profit and charitable organizations, community associations, venues, events, and partnerships across the province; positively impacting 240 Saskatchewan communities

- Relaunching I Am Stronger, SaskTel's bullying prevention program, as Be Kind Online. Designed to appeal to young people today, with updated visuals, a new mobile-first website, and enhanced outreach efforts, Be Kind Online can more easily reach the next generation and help them navigate their way through an ever-more challenging online world
- Partnering with Prairie South School Division and the Information Communications Technology Council (ICTC) to host the fourth annual Focus on Information Technology Think IT Boot Camp at the Saskatchewan Polytechnic Campus in Moose Jaw. Students from Grades 9 through 12 participated in hands-on workshops that explored the principles of mobile app development, game design, and IT career options
- Encouraging a lifetime of volunteering with the help of the SaskTel Pioneers. Made up of current and retired SaskTel employees, the Pioneers are involved in a wide variety of local projects that help people, including testing infant hearing at the Regina General Hospital and making teddy bears to be given away to children in distress during emergency situations. In 2018/19, the SaskTel Pioneers contributed more than $236,000 in donations and over 34,000 hours of volunteer time to support worthwhile community initiatives

CONNECTING WITH OUR CUSTOMERS

We strive to be the best at connecting our customers to their world, but our first step is making sure we can all be product, service, and brand ambassadors. To that end, we introduced new company-wide training courses to teach employees at all levels about the full catalogue of products and services offered.

The second step is ensuring our customers can connect with us when they want, how they want, and from anywhere they want. In 2018/19, we've further refined the technologies and processes our customers rely on to interact with us; positioning us for an increasingly customer-focused future.

Just a few of the changes implemented include:

- Expanded our Ambassadors of SaskTel initiative that seeks to educate all employees about our products and services, so they can act as knowledgeable ambassadors when out in the community or interacting with a customer. Ambassador online learning modules have been added to our training programs, providing employees with a formal way of learning about key products and hot topics they may not be directly exposed to through their work
- Launched Do it Right the First Time. This corporate-wide activity was implemented to help SaskTel refocus on serving our customers better by making sure that in every customer interaction our focus is where it should be; on their needs and not ours. Each department designed an activity that asked their employees to identify new ways they could do it right the first time and identify any barriers in the way. Action plans have been integrated

- into departmental objectives and work plans, and department primes are working together to address barriers so we can better serve our customers the way they want to be served
- Introduced maxTV Stream, a cutting-edge entertainment platform that provides SaskTel customers with the ability to access the best of live television, movies on demand, and the latest Android TV compatible apps. When the best of both worlds is combined with the freedom to access most content anywhere in Canada, SaskTel is providing its customers with entertainment the way they want from virtually anywhere they want in the country

POWERED BY OUR PEOPLE

All of SaskTel has reason to be proud of the people who make this company what it is. The Corporation's employees are a big part of why it continues to be one of the country's top employers. But, in order for them to succeed, we rely on having the best practices and processes in place that empower employees to do their jobs better.

Never willing to be satisfied, 2018/19 saw us revamp our onboarding process for new employees and placed a greater emphasis on training and development with the launch of new workshops designed to help the next generation of SaskTel employees develop into leaders today.

Some highlights from the past year include:

- Held approximately every 18 months to two years, the entire management team across the province attends a company-organized leadership conference, with the most recent being held on September 13, 2018. The conference provides an opportunity to reaffirm corporate direction and a forum for the executive team to address key issues face-to-face with the entire management team
- SaskTel NextGEN, an employee network dedicated to helping SaskTel staff become the next great employees, was very active throughout the year, hosting themed career development days that were open to all employees. Sessions like Finding the Path to Being an Effective Leader, led by SaskTel's Chief Information Officer, were well attended by employees at all stages in their careers
- Launched the Learning Management System Mobile App, allowing SaskTel employees to engage in online training modules anytime they'd like, wherever they can use their mobile phone. This much-requested addition to our toolbox was introduced to help employees more easily pursue the many training opportunities provided at no cost by SaskTel without needing to be tied to a formal office space
- Being named one of Canada's Top 100 Employers for the thirteenth time, Canada's Top Employers for Young People for the seventh time, Saskatchewan's Top Employers for the thirteenth time, and Canada's Best Diversity Employers for the ninth time by Mediacorp Canada Inc.

BUILDING A GREENER FUTURE

In Saskatchewan, there's no doubt that green is the colour in more ways than one. With an impressive track record that can be attributed to our commitment to following our Environmental Strategy and the stringent implementation of our Environmental Management System, SaskTel continued to be a leader in environmental responsibility in 2018, being named one of Canada's Greenest Employers by Mediacorp Canada for the tenth consecutive time.

However, maintaining sustainability means always exploring new ways that can reduce the impacts of our operations and help promote a healthier environment. In 2018/19, some of the major initiatives carried out by SaskTel in this area are:

- Entered into a partnership with Greenwave Innovations to offer energy efficiency and monitoring solutions in Saskatchewan while using Greenwave's unique technology to help power the new SaskTel Collaboration Centre in Regina. The technology has the ability to monitor all elements of a building's energy usage, including water, electricity, and gas. This full-spectrum approach allows Greenwave Innovations to provide clients with real-time data on energy consumption thanks to monitoring systems that can be designed to capture details as granular as tracking the power consumption from an individual light switch
- SaskTel's EnviroCare employee volunteer group celebrated five years of helping the environment and raising awareness by adopting five burrowing owls (Peanut, Artemis, Chip, Cricket, and Thea) residing at the Saskatchewan Burrowing Owl Interpretive Centre in Moose Jaw. The owls were adopted using EnviroFunds, which are raised every year from the collection of bottles and cans from various SaskTel buildings in Moose Jaw and Regina. To date, almost 35,000 bottles and cans have been recycled, providing funds for the group's investments in greening initiatives across Saskatchewan
- Announced an initiative aimed at reducing paper consumption related to monthly bills. SaskTel began migrating customers with access to internet to an eBILL and will continue to gradually migrate customers throughout 2019. Moving to eBILL paperless billing will help to decrease resource use and waste, and reduce the carbon footprint in our communities. Plus, it will reduce the over 36 million pieces of paper used to send customer bills every year. That's 2,300 trees!

Management's Discussion and Analysis

Contents

INTRODUCTION

The following management's discussion and analysis (MD&A) focuses on the strategies, business operations, consolidated financial position, and results of operations of Saskatchewan Telecommunications Holding Corporation (SaskTel or the Corporation), including its major strategic business units and its subsidiaries. This discussion and analysis should be read in conjunction with the Corporation's audited consolidated financial statements and accompanying notes on pages 54 to 100 of this report and includes information available to the Corporation up to May 30, 2019, unless otherwise stated.

ACCOUNTING POLICY DEVELOPMENTS

Effective April 1, 2018, the Corporation adopted IFRS 15 *Revenue from Contracts with Customers* (IFRS 15) as discussed in "Application of New International Financial Reporting Standards" in this MD&A. Adoption was based on the cumulative effect method without restatement of the prior year's financial information. The adoption of IFRS 15 had a significant effect on wireless operating results. Where applicable, the discussion in this MD&A compares the current and prior year's financial results, excluding the impact of IFRS 15. The impact of IFRS 15 on the current year's operations are highlighted.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Many sections of this discussion include forward-looking statements about SaskTel, its business outlook, objectives, plans and strategic priorities, the sources of liquidity we expect to use to meet our anticipated 2019/20 cash requirements, and our network deployment plans. A statement is forward-looking when it uses information known today to make an assertion about the future. Forward-looking statements may include words such as anticipate, believe, could, expect, intend, may, should, will, and similar expressions. Since these forward-looking statements reflect expectations and intentions at the time of writing, actual results could differ materially from those anticipated if known or unknown risks and uncertainties impact the business, or if estimates or assumptions turn out to be inaccurate. As a result, SaskTel cannot guarantee that any of the predictions forecast by forward-looking statements will occur. As well, forward-looking statements do not take into consideration the effect of transactions or nonrecurring items announced or occurring subsequently.

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: 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.

OUR BUSINESS

SASKTEL IS SASKATCHEWAN'S HOME TEAM FOR ADVANCED COMMUNICATIONS, INTERNET, ENTERTAINMENT, SECURITY, AND INFORMATION TECHNOLOGY SERVICES AND SOLUTIONS. WE ARE PROUD OF THE EXTENSIVE INVESTMENTS WE MAKE FOR THE PEOPLE OF SASKATCHEWAN, SUCH AS OUR 4G LTE WIRELESS SERVICE THAT COVERS 99% OF THE PROVINCE'S POPULATION. CUSTOMER RELATIONSHIPS AND OUR WORLD-CLASS WORKFORCE ARE IMPORTANT TO SASKTEL—JUST TWO OF THE REASONS WHY WE HAVE ACHIEVED SOME OF THE HIGHEST LEVELS OF MARKET SHARE AND CUSTOMER LOYALTY IN THE CANADIAN INDUSTRY.

Saskatchewan Telecommunications Holding Corporation

Saskatchewan Telecommunications Holding Corporation is a Saskatchewan Crown corporation. The Holding Corporation's wholly-owned subsidiaries (SaskTel, Directwest, SecurTek, and SaskTel International) offer a wide array of products, services, and solutions to customers in Saskatchewan and around the world. The Holdco has a workforce of approximately 3,700 full-time equivalents (FTEs), making SaskTel one of Saskatchewan's largest employers.

SaskTel and its subsidiaries offer the widest breadth of communications and information technology products and services in Saskatchewan, including:

- Wireless services delivered on world-class Fourth Generation (4G) and Long-Term Evolution (LTE) wireless networks deliver high-quality and reliable voice and high speed data services in Saskatchewan

- SaskTel *infiNET* service in Emerald Park, Estevan, Martensville, Moose Jaw, Prince Albert, Regina, Rosthern, Saskatoon, Swift Current, The Battlefords, Warman, Weyburn, White City, and Yorkton, enabling speeds of up to 300 Mbps
- fusion Internet — comprehensive fixed wireless rural broadband access network
- SaskTel selectWI-FI access at over 5,000 access points throughout the province
- maxTV service — extensive Internet Protocol television (IPTV) footprint throughout the province
- maxTV Stream — new streaming TV service that allows customers to watch live or streamed content anywhere in Canada
- Ubiquitous local access network throughout both urban and rural Saskatchewan
- Expansive data centre footprint and service capabilities
- A complementary portfolio of cloud-based communications and information technology services
- Professional and consulting services
- Directwest marketing services
- SecurTek commercial and residential security monitoring, including access control, SaskTel smartHOME, and interactive services, as well as medical alert and lone worker services
- SaskTel International software and consulting solutions for communications service providers worldwide

SaskTel is highly competitive, achieving over $1.2 billion in annual revenue and just over 1.3 million customer connections, including over 609,000 wireless accesses, 338,000 wireline network accesses, 282,000 internet accesses, and over 112,000 maxTV service subscribers.

OUR INDUSTRY

SASKTEL COMPETES IN AN EXCITING AND CONSTANTLY CHANGING INDUSTRY. CUTTING-EDGE TECHNOLOGIES ARE PROVIDING NEW WAYS OF DOING BUSINESS—SERVING CUSTOMERS BETTER, PROVIDING NEW PRODUCTS RAPIDLY, AND OFFERING FASTER SPEEDS.

The Business Environment and Industry Trends

The Information and Communications Technology (ICT) industry is in a state of constant transformation as a result of:

- Rapidly changing technologies that are fuelling innovation and disruption
- Increasing customer expectations for service when, where, and how they want it
- Competitors placing more emphasis on enhanced customer experience
- Carriers are adopting more extensive customer self-serve options and increasing levels of automation
- Broadband is an essential service as data demand continues to grow exponentially
- Major investments being made in next generation 5G wireless networks, facilitating faster wireless speeds, lower latency, and enabling the Internet of Things (IoT)
- Fibre builds across the country continue to provide faster speeds, enable greater data consumption, and provide the backbone for 5G

- Cable companies investing in Data Over Cable Service Interface Specification (DOCSIS) infrastructure to gain competitive advantage in broadband speeds, making it critical for companies such as SaskTel to continue investing in fibre
- Carriers are targeting the "whole home" with smart home, home automation, and security monitoring products while integrating these with home assistants such as Amazon's Alexa
- Software and digitalization are penetrating all aspects of service providers' business, providing opportunities for new products, services, and operational effectiveness:
  - » Software-defined networks (SDN) and network function virtualization (NFV)
  - » Virtual reality and augmented reality (VR/AR)
  - » Artificial intelligence (AI) applications
  - » Big data and analytics
  - » Need for incumbent firms to undertake digital transformation
- Large, multinational over-the-top (OTT) service providers are still significant competitors
- Television consumption habits continue to move toward streaming services
- Cyber security threats are increasing and must be guarded against
- Persistent and disruptive regulatory change
- Geo-political issues are impacting the supply chain for wireless network equipment

The current business environment presents many challenges and opportunities that service providers will need to navigate carefully and without complacency. The ability to adapt and move in an agile manner will be rewarded. Companies must transform to maintain their competitiveness.

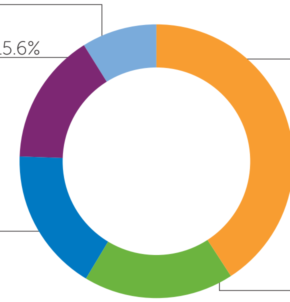
The Communications Services Sector

Communications Services is a major sector within the Canadian economy, generating revenue of over $67 billion, profits of over $9 billion, and employing over 111,000 people.[1] The sector continues to be characterized by:[2]

- A high degree of concentration with three large national players, supplemented by several players in regions throughout the country
- A high level of capital intensity—communications service providers are three times as capital intensive as other service providers
- Wireless services represent the sector's largest segment, accounting for more than 40% of revenue
- Households account for more than half of sector revenue
- The sector is highly regulated, and policy decisions can impact performance and operations

While communications services remain one of the most profitable businesses in Canada, compound annual revenue growth over the past five years has been modest at around 2.5%.[3]

Sectoral Breakdown (share of revenue 2016, per cent)



Sources: Statistics Canada; The Conference Board of Canada.

Key Indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Real GDP (2007 $ millions)	30,271	30,323	30,491	30,585	30,846	31,090	31,358	31,607	31,861
	0.1	*0.2*	*0.6*	*0.3*	*0.9*	*0.8*	*0.9*	*0.8*	*0.8*
Employment (000s)	139.4	131.4	111.7	122.5	125.3	124.4	123.4	122.4	121.4
	-3.9	*-5.7*	*-15.0*	*9.7*	*2.2*	*-0.7*	*-0.8*	*-0.8*	*-0.8*
Price index (2007 = 100)	111	112	113	114	115	116	117	119	119
	1.0	*0.8*	*0.3*	*0.9*	*1.1*	*0.8*	*0.8*	*0.8*	*0.8*
Revenue ($ millions)	66,047	66,910	67,626	70,717	72,052	73,197	74,397	75,554	76,745
	1.9	*1.3*	*1.1*	*4.6*	*1.9*	*1.6*	*1.6*	*1.6*	*1.6*
Costs ($ millions)	57,236	58,127	58,320	61,379	63,297	64,465	65,578	66,647	67,711
	0.8	*1.6*	*0.3*	*5.2*	*3.1*	*1.8*	*1.7*	*1.6*	*1.6*
Profits ($ millions)	8,811	8,794	9,306	9,338	8,755	9,372	8,819	8,907	9,034
	10.0	*-0.3*	*5.9*	*0.3*	*-6.2*	*-0.3*	*1.0*	*1.0*	*1.4*
Profit margin (per cent)	13.3	13.1	13.8	13.2	12.2	11.9	11.9	11.8	11.8

Area to right of bolded vertical bar represents forecast data; italics indicate percentage change.
Complete dataset can be accessed on e-Data.
Sources: The Conference Board of Canada; Statistics Canada.

[1] Conference Board of Canada, "Canadian Industrial Outlook: Telecommunications" Autumn 2018, p. 12.

[2] Conference Board of Canada, "Canadian Industrial Outlook: Telecommunications" Autumn 2018, p. 2.

[3] Conference Board of Canada, "Canadian Industrial Outlook: Telecommunications" Autumn 2018, p. 12.

TOP COMPANIES

(revenue; $ billions)

BCE	22.7
Rogers Communications	14.1
TELUS	13.3
Shaw Communications	4.9
Videotron (part of Quebecor)	4.1
COGECO	2.4
SaskTel	1.3

Sources: The Conference Board of Canada; Financial Post 500.

The development of 5G wireless networks and the increasing number of IoT and machine-to-machine (M2M) applications, connected home devices, and SaskTel's smartHOME security and monitoring services, will result in a considerable increase in data traffic.

While Canada lags many other developed nations in the rollout of 5G networks, service providers are starting to make significant investments in this new technology. 5G—which will have a far superior capacity, lower latency, and faster speeds than existing wireless networks—is designed to provide the capabilities needed for many of the breakthrough technologies that have made headlines in recent years, such as self-driving cars and smart cities.

The timing of 5G network rollouts are also contingent on two spectrum auctions, one taking place in 2019 (600 MHz) and one in 2020 (3,500 MHz). This implies that the widespread rollout of 5G networks in Canada will not take place until 2020 at the earliest, making return on investment in these upgraded networks only partially realizable in the short term. This, combined with the capital investment required and the current inability of providers to move prices up, will weigh on the profit margins of service providers in the medium term.[4]

The Software and Computer Services Sector

With software and computer technology becoming more embedded within communications equipment and services, convergence is accelerating between what were once separate and distinct sectors and technologies. Service providers such as SaskTel now operate commercial data centres, provide information technology products, and professional consulting services. This provides opportunities for the delivery of new products and services. It also increases the level of competition—both locally and globally.

STRATEGIC DIRECTION

CONNECTING CUSTOMERS TO THEIR WORLD THROUGH OUR ADVANCED AND COMPREHENSIVE BROADBAND NETWORKS THROUGHOUT SASKATCHEWAN. TRANSFORMING OUR COMPANY TO ADAPT TO A CHANGING INDUSTRY AND MARKET. OUR STRATEGIC FOCUS IN THESE AREAS HAS POSITIONED SASKTEL TO FULFILL THE NEEDS OF OUR MOST IMPORTANT STAKEHOLDERS—THE PEOPLE OF SASKATCHEWAN.

Alignment to Our Shareholder

SaskTel is a Crown corporation of the Province of Saskatchewan. In addition to the needs of the marketplace, the company's overall strategic direction is guided by the priorities of the provincial government.

In September 2012, the government released the *Saskatchewan Plan for Growth: Vision 2020 and Beyond*. This multi-year plan serves as the governing framework for the future development of the province. Six core growth-oriented priorities were outlined in the plan, to which all Saskatchewan Crown corporations are expected to contribute:

1. Investing in infrastructure
2. Developing a skilled workforce
3. Ensuring competitiveness
4. Increasing export trade
5. Advancing the province's natural resource strengths through innovation
6. Maintaining sound fiscal management

The government continues to be committed to the *Saskatchewan Plan for Growth*. SaskTel has ongoing discussions with CIC regarding government priorities and how SaskTel aligns itself to them. SaskTel's investments in infrastructure throughout the province and its attention to operational efficiency are two areas of alignment that receive considerable focus. To ensure ongoing alignment, CIC's Board approves SaskTel's annual Strategic Plan and receives performance updates quarterly.

SaskTel's vision, mission, core themes, and strategic goals were developed by the Board of Directors and management with the shareholder's direction in mind.

[4] Conference Board of Canada, "Canadian Industrial Outlook: Telecommunications" Autumn 2018, p. 6.

Our Vision, Mission, and Values

VISION: To be the best at connecting people to their world.

MISSION: To provide the best customer experience through our superior networks, exceptional service, advanced solutions, and applications.

VALUES: Honesty, Integrity, and Respect.

SaskTel's Future State

In line with the changing business environment, SaskTel's future centers around our North Star—broadband accesses (fixed and mobile). This represents the single-largest driver of sustainable long-term growth that we will focus on as we navigate our changing industry. SaskTel will continue to implement state-of-the-art network capabilities and coverage throughout Saskatchewan.

While broadband provides the foundation for our future success, SaskTel will deliver an outstanding customer experience, develop deeper customer insights, evolve our existing products, develop new IP-based products and managed services that will run over our broadband networks, and provide professional services that will help customers implement solutions and manage complexity.

Our focus on broadband will provide increased download speeds of up to 300 Mbps and upload speeds of up to 80 Mbps to households and businesses via both wireline and wireless networks. Throughout Saskatchewan, both rural and urban customers require consistent and high-quality broadband connections to service their ever-increasing bandwidth consumption. By 2022, it is expected that the average household will require a minimum of 25 Mbps download speeds, with many households requiring significantly more. Faster upload speeds will also be critical, especially for businesses and some consumer niches.

The need for increases in broadband speeds is being driven by the emergence of new technologies and applications—artificial intelligence, virtual and augmented reality, smart homes, smart assistants, autonomous vehicles, and new products and services that haven't even been imagined yet. SaskTel will facilitate this by providing the best networks in Saskatchewan—in the most places, with the highest speeds, minimal downtime, low latency, and a seamless customer experience. Mobile, fibre, fixed wireless, and DSL technologies will all play a role in achieving this. The eventual rollout of our 5G network over the next several years will be a critical component.

All of these improvements in broadband speeds and enabling new technologies and services must also be accompanied by a strong focus on delivering an outstanding customer experience. **SaskTel delivers a positive experience on every encounter—treat customers well, do it right, make it easy, set clear expectations, and if things go wrong, own it and fix it. Our customers expect no less and we are prepared to provide the best experience possible.**

Core Theme: Transformation

It all starts with the customer—as they continue to embrace the digital era. Rapidly evolving communications and information technology is resulting in:

- Disruptions to our industry's economics
- Falling barriers to market entry
- The emergence of non-traditional competitors of all shapes and sizes
- Vastly expanded consumer choice and changing consumer behaviours

Customers have more choice than ever, and SaskTel needs to continuously improve how it interfaces with and serves them. Customer experience is now being set at a higher level by global companies raising expectations with respect to product selection, fulfillment speed, customer support, and a frictionless online experience.

These factors are creating the need for SaskTel to focus more intensely on the single core strategic theme of ***Transformation***. Success with transformation will allow SaskTel to increase its agility in the market, create opportunities to develop new services and revenue streams, enhance customer experience, and optimize the company's cost structure.

Transformation is also important from the perspective of the government, given their stated desire for transformational change within the Crown sector that will facilitate financial sustainability and the achievement of high-quality service delivery to the people of Saskatchewan.

Transformation will be facilitated through the use of technology to *modernize our business*, making it *easy for customers* to do business with us and *easy for our people* to provide a great customer experience.

Strategic Goals

In line with our desired future state and the challenges and opportunities that the industry is presenting, SaskTel's management and Board of Directors identified five distinct, yet interrelated strategic goals to guide the company through 2018/19:

1. Deliver an outstanding customer experience
2. Increase broadband penetration
3. Capitalize on breadth of services
4. Accelerate transformation to an ICT provider
5. Grow revenue and profit from the business market

The following sections outline these goals along with achievements that have been accomplished toward each through to the end of 2018/19.

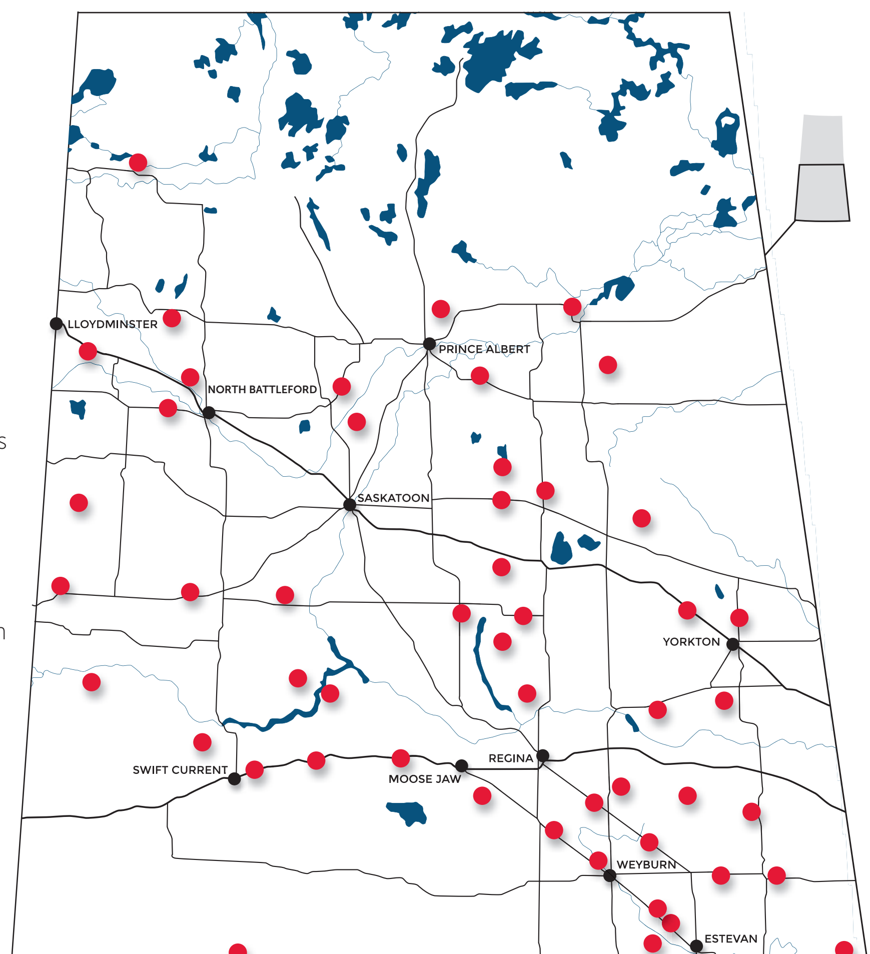
DELIVER AN OUTSTANDING CUSTOMER EXPERIENCE

Increasing customer expectations for speed, simplicity, and self-management options drives the need for continuous improvement in how SaskTel delivers services and interacts with its customers. The delivery of an outstanding end-to-end customer experience starts with initial customer contact, through to a potential sale, and culminating in the after-sales experience.

Serving the customer is ingrained in every facet of SaskTel. **As employees of a local company that has deep customer relationships, we take great pride in knowing what our customers value and in designing and delivering a consistently outstanding customer experience**. We are ambassadors living in communities throughout Saskatchewan and are proud to provide the communications, entertainment, and information technology services that our customers need, helping to make Saskatchewan a better place for everyone.

2018/19 ACHIEVEMENTS

- SaskTel ranked first in the J.D. Power 2018 Canada Wireless Network Quality Study in the West. In the study, J.D. Power identifies SaskTel to be “among the best” in Canadian network providers
- SaskTel ranked first in the J.D. Power 2018 TV and Internet Satisfaction Study, the sixth consecutive year SaskTel received this recognition
- SaskTel ranked second in the J.D. Power 2018 Canadian Wireless Customer Care Study
- Continued to implement our industry best practice Customer Experience (CX) First program:
  - » Improvements made to the in-home Wi-Fi experience
  - » Improved customer service in the Fibre to the Premises (FTTP) program
  - » Improved top CX drivers in each sales channel
  - » Improved top product satisfaction drivers
  - » Improved self-serve delivery and reliability
  - » Increased First Contact Resolution in our support channels
- Completed mySASKTEL mobile app refresh
- Experienced increases in the use of our eChannel throughout the year
- Continued to evolve our business intelligence and analytics capabilities, aimed at improving insights into customer needs
- Provided businesses with greater insights into their bills with our new Business Bill Analyzer
- Extended digital chat capabilities across all of our customer service channels
- Enhancements were completed to the international roaming tool on sasktel.com, improving the customer experience with respect to determining international rates and the ability to make purchases/upgrades
- Enhanced wireless LTE cellular services in the following 50 communities, with 41 more planned for 2019/20



SMALL CELL SITES
IN SERVICE AS OF MARCH 31, 2019

INCREASE BROADBAND PENETRATION

As customers' consumption of online content continues to increase, fixed and mobile broadband access services have become indispensable to their lives. Fast and reliable broadband access has now become as important to customers as local landline service once was.

Secure, intelligent broadband is envisioned as SaskTel's core service of the future, characterized by:

- Multiple networks that work together seamlessly
- Automatic use of the best network for customers' needs and location
- Built-in quality, controls, and security

2018/19 ACHIEVEMENTS

- Our FTTP infrastructure build continued in the major centres, with expansion to communities outside the majors, including Emerald Park, Martensville, Warman, and White City, enabling speeds of up to 300 Mbps
- Announced that *infiNET* service is coming to Humboldt, Melfort, Melville, Nipawin, and Tisdale
- interNET Extended 5 and 10 Mbps service was launched in 29 additional Indigenous and northern communities
- interNET Extended 25 service was launched in 120 additional rural communities
- Increased internet speeds in all of these rural communities laid the foundation for the launch of the new maxTV Stream service
- maxTV Stream has resulted in more speed upgrades and new internet connections were made available
- Data enhancements were completed in the wireless prepaid portfolio

interNET Extended in 29 additional Indigenous and northern communities					
Bear Creek	Clearwater River Dene Nation	Grandmother's Bay 219—Lac La Ronge Indian Band	Nekaneet First Nation	Shoal Lake Cree Nation	Turnor Lake
Birch Narrows Dene Nation	Dakota Nation	Jans Bay	Patuanak	Sled Lake	Waterhen First Nation
Black Lake Denesuline Nation	Dore Lake	Kinistin Saulteaux Nation	Poundmaker Cree Nation	Stony Rapids	Waterhen Lake
Brabant Lake	English River First Nation	La Ronge 156 – Lac La Ronge Indian Band	Red Earth First Nation	Sucker River 156C—Lac La Ronge Indian Band	Wadin Bay
Buffalo River Dene Nation	Fond Du Lac Denesuline Nation	Missinipe	St. George's Hill	Sweetgrass First Nation	

interNET Extended 25 service was launched in 120 additional rural communities							
Abernethy	Broadview	Davidson	Grayson	Kinistino	Lintlaw	Plenty	Theodore
Allan	Brock	Debden	Grenfell	Kinookimaw	Lipton	Porcupine Plain	Unity
Alsask	Buena Vista	Dorintosh	Guernsey	Kronau	Loon Lake	Qu'Appelle	Viscount
Annaheim	Canwood	Drake	Hague	Kyle	Lumsden	Rama	Wadena
Arborfield	Caronport	Duck Lake	Harris	Lafleche	Marengo	Regina Beach	Waldheim
Asquith	Carrot River	Eatonia	Hepburn	Laird	Margo	Rocanville	Wapella
Assiniboia	Central Butte	Elfros	Holdfast	Lake Lenore	Maryfield	St. Brieux	Waskesiu
Balcarres	Christopher Lake	Elrose	Hudson Bay	Lake Veregin	Meacham	Sedley	Watson
Balgonie	Codette	Englefeld	Imperial	Landis	Middle Lake	Sheho	White Fox
Beauval	Cole Bay	Eston	Indian Head	Lanigan	Moosomin	Shellbrook	Whitewood
Bethune	Coleville	Flaxcombe	Ituna	Leask	Muenster	Spalding	Wilkie
Big River	Colonsay	Fort Qu'Appelle	Jansen	Lebret	Naicam	Springside	Willow Bunch
Biggar	Coronach	Francis	Kelliher	Lemberg	Osler	Star City	Wolseley
Birch Hills	Craik	Goodeve	Kelvington	LeRoy	Paddockwood	Stockholm	Yellow Creek
Bjorkdale	Dalmeny	Gravelbourg	Kerrobert	Lestock	Perdue	Tantallon	Young

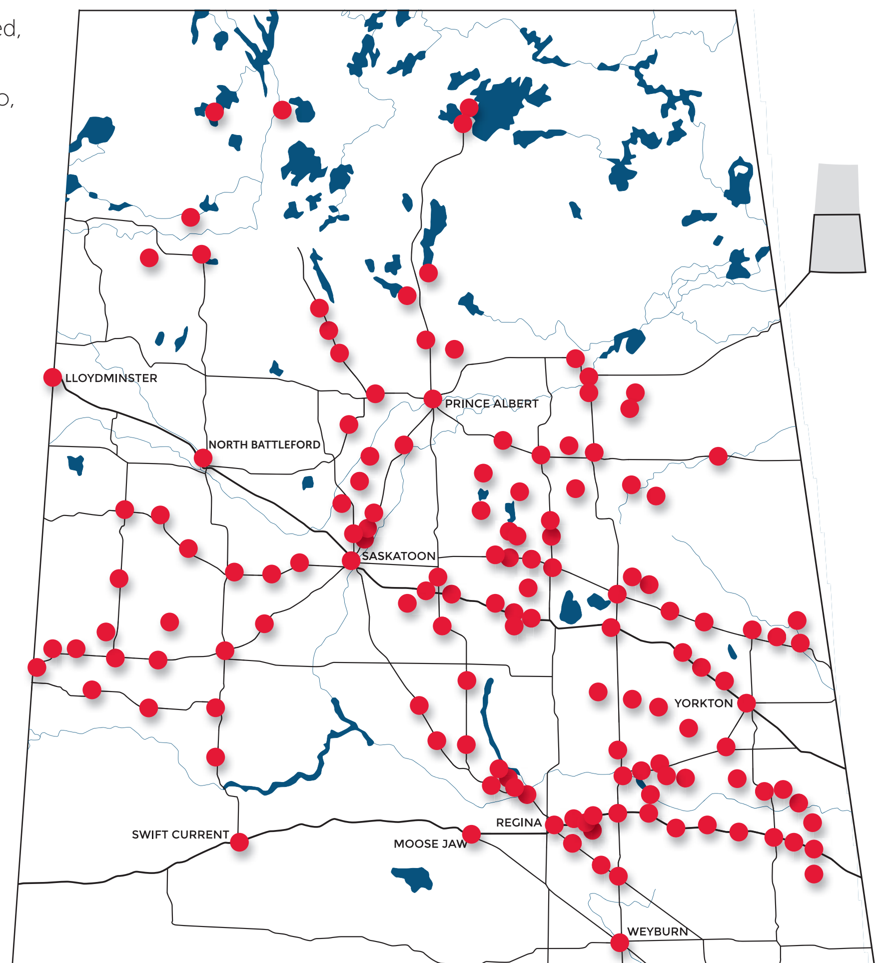
CAPITALIZE ON BREADTH OF SERVICES

SaskTel, together with its subsidiaries and business partners, offers the widest breadth of services of any service provider in Saskatchewan. SaskTel will continue to focus efforts on the introduction of new managed and emerging services, along with evolving our existing product portfolio, providing up-to-date products and services that meet the evolving needs of our customers. To capitalize on our breadth of services, SaskTel will continue to bundle services together to provide total solutions for select segments in both our consumer and business markets.

SaskTel provides greater value to customers by employing our multiple networks to deliver a unified experience, enabling services to work seamlessly across all devices and networks; something no other service provider in Saskatchewan is able to do.

2018/19 ACHIEVEMENTS

- The new maxTV Stream service was launched, expanding our television service reach with the best of traditional content bundled with new features such as Restart TV and the maxTV app, along with the latest over-the-top content from services such as Crave, Netflix, and YouTube
- The maxTV app was made available to existing maxTV service subscribers, allowing them to access their content on multiple devices not only within Saskatchewan but across Canada
- Seven new maxTV GO apps were launched, including: BNN Bloomberg, CTV News, Global, Discovery Go, Space Go, Bravo Go, Comedy Go
- Enhanced local content offerings for maxTV service with on demand Saskatchewan Roughriders game replays and Saskatchewan Rush games
- Realigned pricing and provided new data add-ons and top-ups to add more value to wireless shareMORE plans
- Improved international roaming and long distance rates in both prepaid and postpaid wireless plans, on par with competitors
- By the end of 2018/19, maxTV Stream was made available in 145 communities, with more planned in 2019/20



maxTV STREAM AVAILABILITY
AS OF MARCH 31, 2019

ACCELERATE TRANSFORMATION TO AN ICT PROVIDER

Accelerating changes to communications and information technologies are resulting in:

- A reshaping of the industry's economics (e.g., greater rewards to scale, scope, and speed; downward pressure on cost structures)
- Falling barriers to market entry
- Emergence of non-traditional competitors that are disrupting traditional lines of business
- Increased consumer choice

The disruptions that these technological changes are unleashing show no signs of slowing. As a result, firms within our industry must proactively transform both their offerings and how they do business. SaskTel is taking steps to ensure that we accelerate our evolution as a company in line with the transformations that are taking place.

2018/19 ACHIEVEMENTS

- The journey of enhancing and improving internal systems and processes aimed at achieving greater operational flexibility, agility, and speed continued in 2018/19. There was once again a particularly strong focus on the development of customer self-serve capabilities
- Implementation of a new internet, cloud-based customer relationship management (CRM) tool
- A strong focus on digital transformation was established, putting in place a framework for the areas of focus that will modernize how SaskTel does business—making it easier for our customers to do business with us and for our employees to do their work
- A new, more agile service development methodology was adopted in which we do more collaboration, problem solving, and experimentation with customers and business partners to build capabilities that meet their needs
- The launch of maxTV Stream represented a significant milestone in SaskTel's evolution away from traditional services to new, over-the-top services
- For the thirteenth consecutive year, SaskTel was named as one of Saskatchewan's Top Employers by Mediacorp
- SaskTel was mentioned in the Forbes 2019 Canada's Best Employers list
- For the seventh year in a row, SaskTel was recognized as one of Canada's Top Employers for Young People in Canada by Mediacorp
- SaskTel was named one of Canada's Best Diversity Employers for the ninth consecutive year by Mediacorp
- SaskTel was recognized as one of Achievers 50 Most Engaged Workplaces in North America, honouring the top 50 employers in North America that display leadership and innovation in engaging employees and workplaces
- SaskTel earned a spot on the list of Canada's Top 100 Employers

GROW REVENUE AND PROFIT FROM THE BUSINESS MARKET

Continuing to make inroads in the business market is critical to SaskTel's future. There are opportunities for end-to-end delivery of business products and services (both IT-based managed and emerging services in addition to our existing portfolio of communications services) to our customers both at home and in select markets beyond Saskatchewan.

2018/19 ACHIEVEMENTS

- SaskTel's Tier III Data Centres in Saskatoon and east of Regina continued to attract customers that operate in Saskatchewan, nationally, and internationally
- Professional services provided technology expertise through network, IT, and security assessments and digital forensics investigations
- Implemented enhanced sales and contact centre tools for serving business customers
- Continued to develop relationships with third party sales channels within and outside Saskatchewan
- Launched our Integrated Business Communications (IBC) product out-of-province
- Worked closely with our business customers in the creation of new IoT solutions

2019/20 Strategic Direction and Goals

SaskTel continually reviews and assesses its overall strategic direction and performance toward achieving its Vision. For 2019/20, SaskTel's Board of Directors and management updated our strategic goals based on progress made on our previous goals, coupled with changes in our business environment and alignment to the Crown Sector Strategic Priorities (CSSPs). During the upcoming year, SaskTel will focus on the following five strategic goals:

Strategic Goal	Focus Area	CSSP Alignment
Lead the Market in Broadband Services Broadband access, whether fixed or mobile, is SaskTel's core service. Broadband is indispensable in the lives of our customers, resulting in growing demand for new accesses, higher capacity, and higher speeds. Broadband is critical to our future success.	• Providing enhanced broadband speeds on both our fixed and mobile networks throughout Saskatchewan • Further developing our mobile networks to provide increased coverage, capacity, and lower latency • Providing an outstanding end-to-end customer experience for our broadband services • Improving in-home Wi-Fi experience	• Customer Focus • Technology and Innovation • Private Sector Engagement • Prioritize Investments • Financial Sustainability
Deliver an Outstanding Customer Experience Putting customers at the center of everything SaskTel does is critical to ensuring an outstanding customer experience. Constantly living up to customer expectations will allow us to create a customer experience that will keep SaskTel competitive.	• Doing things right the first time—deliver quality outcomes on the first attempt • Continuing investments in customer self-serve and self-management capabilities • Utilization of advanced new technologies (business intelligence, data analytics, artificial intelligence) to deliver proactive and personalized customer service	• Customer Focus • Technology and Innovation • Financial Sustainability
Empower a High-Performance Workforce SaskTel's long-term success is driven by an empowered, high-performance workforce. New, cutting-edge skills and knowledge combined with strong judgment is required to stay competitive in a changing business environment. Our workforce is critical to future success.	• Empowering more timely, agile decision making • Leveraging the knowledge and skills of employees at all levels to develop new ideas and improve the business • Simplification of the business to remove obstacles • Enhance capabilities through skills development and recruitment	• Skilled Labour Force • Customer Focus • Technology and Innovation
Reinvigorate SaskTel Through Digital Transformation Disruption driven by digital technologies is a long-term megatrend, impacting businesses throughout the world. Digital transformation is a means to effectively deal with this disruption. Reinvigorating and modernizing our processes, policies, systems, skills, and how we view our business will make SaskTel more agile and responsive to our customers.	• Make it easier for customers to do business with us • Simplification and acceleration of our work through the adoption of new digital technologies • Stimulate a culture of change and innovation	• Technology and Innovation • Customer Focus • Prioritize Investments • Financial Sustainability • Private Sector Engagement • Skilled Labour Force
Maximize Long-Term Financial Sustainability Increasing competition, evolving consumer behaviour, rapidly advancing technology, economic conditions, and regulatory change continue to create financial pressures throughout our industry. Strong financial management of costs and the development of new revenue sources will be vital to long-term sustainability.	• Continued development of new sources of revenue • Drive a competitive cost structure • Ensure solid returns on our infrastructure investments • Work to identify and reduce low-value activities	• Financial Sustainability • Customer Focus • Private Sector Engagement • Prioritize Investments • Technology and Innovation

PERFORMANCE MANAGEMENT

AS A CROWN CORPORATION, SASKTEL IS FUNDAMENTALLY RESPONSIBLE TO PROVIDE EXCEPTIONAL SERVICES AND STRONG FINANCIAL RETURNS TO OUR SHAREHOLDERS—THE PEOPLE OF SASKATCHEWAN. TO ENSURE THAT THIS IS ACHIEVED, SASKTEL REGULARLY MONITORS THE COMPANY'S PERFORMANCE THROUGH A SET OF BALANCED SCORECARD INDICATORS.

BALANCED SCORECARD

SaskTel uses a balanced scorecard to monitor and measure performance in four perspectives critical to the company's long-term success: Customer, People, Operational Excellence, and Financial. The Key Success Measures (KSMs) found within the scorecard align to corporate strategy and quantitatively describe what the company's success looks like. The KSMs enable management to track progress toward our strategic goals and make adjustments as required. Targets for each balanced scorecard measure are developed and vetted by management through a rigorous process that involves internal stakeholder checks, external comparisons to what others in the industry are measuring, historical reviews of measures and results, and alignment to CIC directives for key measures. Both SaskTel's Board and the CIC Board approve the balanced scorecard measures annually and monitor results on a quarterly basis.

With the evolution of the company's strategic direction, several new indicators have been introduced for 2019/20.

Balanced Scorecard Perspectives Summary

Customer	Ensures that SaskTel monitors the degree to which the company is meeting its customers' expectations. Customer measures include: • Customer Satisfaction
People	Ensures that SaskTel is measuring the degree to which its workforce is engaged and is also developing its skills and capabilities to align with evolving business requirements. People measures include: • Employee Engagement • Learning and Growth
Operational Excellence	Ensures that SaskTel can assess its operational performance in key areas critical to delivering its services and improving levels of operational efficiency. Operational Excellence measures include: • Fibre to the Premises Execution • Network Advancements • Self-Serve • Efficiency
Financial	Ensures that SaskTel is monitoring key elements of its financial performance and is achieving the financial goals outlined in its Strategic Plan. Financial measures include: • Shareholder Value • Revenue • Net Income • Capital

BALANCED SCORECARD TARGETS AND RESULTS

CUSTOMER PERSPECTIVE

2018/19 customer measures are once again focused on customer satisfaction, given its importance as a competitive differentiator for SaskTel. The customer perception indicators found within this perspective provide insight into the effectiveness of our customer service activities and how well we are performing on our overall strategy of delivering an outstanding customer experience. In 2018/19, we continued to measure customer experience in both the consumer and business markets as our primary customer satisfaction measures. Customer experience was developed and adopted in 2017/18 as a more accurate measure of customers' direct experiences with SaskTel. Previous customer satisfaction measures were based on overall perceived satisfaction, whether or not a customer had a direct experience with us. Baselines for these new indicators were established in 2016/17.

Measure	2017/18 Actual	2018/19 Actual	2018/19 Target	Result	2019/20 Target
Customer Satisfaction					
Customer experience – consumer	0.1 above 2016/17 baseline	Maintained 2017/18 result	0.1 above 2017/18 result	Partially achieved	1% above 2018/19 result
Customer experience – business	Maintained 2016/17 baseline	0.1 above 2017/18 result	0.1 above 2017/18 result	Achieved	1% above 2018/19 result

Achieved   Partially achieved   Not met

Customer Satisfaction Performance

In 2018/19, we maintained our customer experience result achieved in 2017/18 for the consumer market, which is slightly below our target of a 0.1 score improvement. Given high customer demand for service, achieving growth in customer experience in the consumer market proved to be challenging. For the business market, we achieved our target of improving our customer experience score by 0.1 above the 2017/18 result.

Through our ongoing commitment to delivering an outstanding customer experience, in 2019/20 we are targeting an improvement of 1% above our 2018/19 scores in both the consumer and business indicators.

PEOPLE PERSPECTIVE

People measures for 2018/19 were focused on two specific measures: employee engagement, and learning and growth. The results for both measures are provided by data collected through our annual employee survey. A new methodology and vendor relationship was established in 2017/18, which resulted in a new baseline result for these indicators. Employee engagement is a critical indicator for SaskTel to determine on an annual basis—engagement is a proven measure of employees' emotional and intellectual connection to their job, organization, manager, or co-workers that, in turn, leads to additional commitment and higher levels of customer experience. Learning and growth is also a critical indicator given that SaskTel operates in a highly competitive industry characterized by rapidly changing technology. It is therefore important to measure how confident employees are with their ongoing skills evolution and personal development. Both measures are relevant for 2019/20 as they directly align SaskTel's new strategic goal of empowering a high-performance workforce.

Measure	2017/18 Actual	2018/19 Actual	2018/19 Target	Result	2019/20 Target
Employee Engagement					
Employee engagement score	Baseline established	Four percentage points below	One percentage point above 2017/18 actual	Not met	One percentage point above 2018/19
Learning and Growth					
Employee perception of skills evolution	Baseline established	Five percentage points below	One percentage point above 2017/18 actual	Not met	One percentage point above 2018/19

Achieved   Partially achieved   Not met

Employee Engagement, and Learning and Growth Performance

After establishing our baseline performance on both the employee engagement, and learning and growth indicators in 2017/18, SaskTel once again conducted its annual employee survey in February 2019. The 2018/19 results for both indicators came in below our forecast target of one percentage point above the 2017/18 baseline actuals. Employee engagement came in at four percentage points below. Employee perception of skills evolution finished five percentage points below.

We acknowledge and appreciate the feedback that employees provided. The results have been analyzed and action plans have been developed to address employee responses and help improve results in 2019/20.

We continue to believe that our people are SaskTel's greatest strength as we experience change and further the company's transformation. We are hoping to return to growth in these indicators in 2019/20.

OPERATIONAL EXCELLENCE PERSPECTIVE

Operational excellence measures are focused on the execution of our FTTP program and SaskTel's overall operational efficiency as measured by earnings before interest, taxes, depreciation, and amortization (EBITDA) margin. The EBITDA margin is a common ratio used by companies to assess their operational profitability and efficiency. It continues to be our primary measure of overall operational efficiency.

The FTTP program is critical to improvements in our broadband access network, successful positioning versus our competitors, improvements to operational efficiency, and delivery on our "increase broadband penetration" strategic goal. Heading into 2019/20, we are including two new broadband-related indicators in the operational excellence perspective:

- SK homes and businesses with access to at least 10 Mbps fixed broadband
- SK homes and businesses with access to at least 50 Mbps fixed broadband

These indicators will supply further measures of success in providing outstanding broadband service to our customers throughout the province and ensure that we are working toward the CRTC's objectives for broadband speeds.

As self-serve is quickly becoming the preferred channel for our customers, we are also including two new indicators that will measure our success in new customer self-serve initiatives that are aimed at our "deliver an outstanding customer experience" strategic goal:

- Customer transactions through eChannel
- Customer accounts on eBILL

Achieving our targets in these two new indicators will demonstrate that we are delivering what customers want.

Measure	2017/18 Actual	2018/19 Actual	2018/19 Target	Result	2019/20 Target
*FTTP Execution**					
Number of homes passed	16,367	32,988	18,763	●	14,839
Number of homes connected	20,358	19,377	20,135	◉	10,156
Network Advancements					
SK homes and businesses with access to at least 10 Mbps fixed broadband	New indicator for 2019/20				98.0%
SK homes and businesses with access to at least 50 Mbps fixed broadband	New indicator for 2019/20				50.0%
Self-Serve					
Customer transactions through eChannel	New indicator for 2019/20				226,737
Customer accounts on eBILL	New indicator for 2019/20				347,000
Efficiency					
EBITDA margin	28.1%	29.5%	29.2%	●	N/A
EBITDA margin (with IFRS 15 impacts)	N/A	27.6%	N/A	N/A	29.0%

● Achieved ◉ Partially achieved ○ Not met

*Only reflects results of SaskTel's Fibre to the Premises program in the nine major centres.

FTTP Execution Performance

We are very pleased with the results of our FTTP program in 2018/19. We surpassed our target for homes passed by over 75% due to the completion of carry-over work that was initiated at the end of the previous year. We also achieved 96% of our homes connected target, with the remaining homes booked for install in the first two weeks of fiscal year 2019/20.

EBITDA Margin Performance

The EBITDA margin is a key proxy for our overall operational efficiency. Once again, we have exceeded our 2018/19 target. Improvements in EBITDA margin performance continues to be a result of continuous improvement activities, such as Crown collaboration, business simplification and operational improvements, and prudent spending throughout the year.

FINANCIAL PERSPECTIVE

The 2018/19 financial measures highlight SaskTel's achievement of our targets for shareholder value, revenue, net income, and capital intensity. All of our key financial measures are focused on ensuring insight into the continuous improvement of SaskTel's long-term financial performance. This focus is important given industry changes that are placing pressure on SaskTel's revenue, costs, and profit margins, and the need to make significant investments in capital programs that are transforming our networks, operations, and service offerings.

Our shareholder value indicators include common measures of 1) how well we are using investments to generate earnings growth return on equity (ROE); and 2) our ratio of total debt to total capitalization (debt ratio). Together, these measures are critical to determining if SaskTel is tracking toward our shareholders' expectations for value creation, within our prescribed capital structure.

Revenue indicators provide a macro view of total revenue along with a closer look at success with the business market. This provides insight into performance toward our strategic goal of growing revenue and profit from the business market. Consistent with our strong emphasis on broadband services, we are introducing for 2019/20 the broadband revenue measure to assess our performance in this core area of our business.

The net income indicator continues to be important to our shareholder as it funds improved services to the people of Saskatchewan.

Capital intensity also continues to be a critical indicator given the capital-intensive nature of the investments in networks and equipment that are required to stay competitive in our industry (one of the most capital-intensive in Canada).

Going forward, achieving positive results will continue to require a strong focus on continuous improvement and operational cost management.

Measure	2017/18 Actual	2018/19 Actual	2018/19 Target	Result	2019/20 Target
Shareholder Value					
ROE	11.9%	12.7%	13.7%	◉	N/A
ROE (with IFRS 15 impacts)	N/A	11.0%	N/A	N/A	11.1%
Debt ratio	46.2%	48.3%	51.3%	●	N/A
Debt ratio (with IFRS 15 impacts)	N/A	46.6%	N/A	N/A	49.0%
Revenue					
Total revenue	$1,253.2M	$1,256.0M	$1,317.8M	○	N/A
Total revenue (with IFRS 15 impacts)	N/A	$1,279.6M	N/A	N/A	$1,324.3M
Broadband revenue (with IFRS 15 impacts)	New indicator for 2019/20				$635.4M
Telco business market revenue	$331.1M	$332.2M	$366.9M	○	N/A
Telco business market revenue (with IFRS 15 impacts)	N/A	$322.1M	N/A	N/A	$344.0M
Net Income					
Net income	$121.0M	$136.8M	$133.0M	●	N/A
Net income (with IFRS 15 impacts)	N/A	$127.4M	N/A	N/A	$129.5M
Capital					
Capital intensity	24.1%	22.5%	22.8%	◉	N/A
Capital intensity (with IFRS 15 impacts)	N/A	21.0%	N/A	N/A	24.2%

● Achieved ◉ Partially achieved ○ Not met

Shareholder Value Performance

SaskTel's ROE and debt ratio are below the targets of 13.7% and 51.3% respectively, due to the opening equity increases as a result of increased accumulated other comprehensive income (AOCI). The increase resulted from significant changes in the actuarial assumptions related primarily to the assets and liabilities of the defined benefit pension plan in the previous year.

Revenue Performance

Revenue is below target due to lower competitor wireless pricing in the province compared to their national pricing, aggressive competition, and changing consumer behaviour.

Net Income Performance

Net income exceeded expectations as a result of a strong focus on the management of expenses.

Capital Performance

Capital intensity came in lower than targeted. This result is once again due to prudent management of capital spending within our overall capital program.

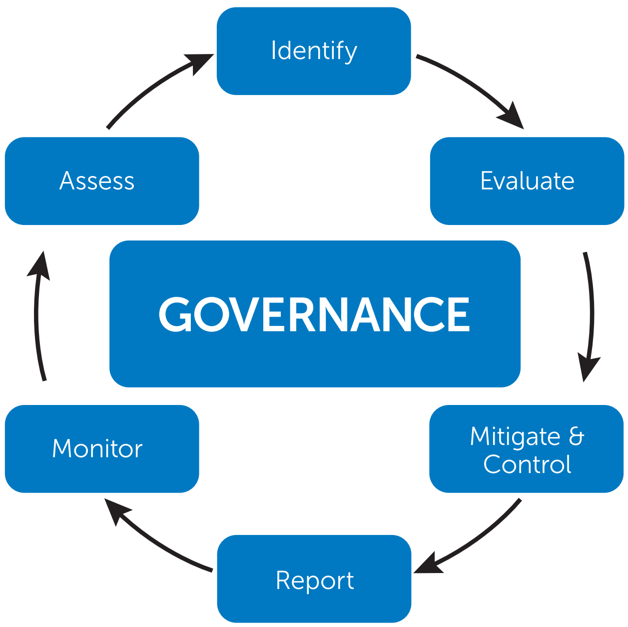
RATIONALE FOR BALANCED SCORECARD PERFORMANCE MEASURE SELECTION

Measures and Indicators	Rationale for Inclusion in Balanced Scorecard
Customer Satisfaction Customer experience – consumer Customer experience – business	The Canadian telecommunications industry is highly competitive across all lines of business. A critical differentiator for SaskTel is the ability to deliver high levels of customer satisfaction.
Employee Engagement Employee engagement score	Employee engagement is an important indicator for SaskTel given that engagement is a proven measure of employees' emotional and intellectual connection to their job, organization, manager, or co-workers that in turn, leads to additional commitment and higher levels of customer experience.
Learning and Growth Employee perception of skills evolution	Learning and growth is another important workforce-related measure given that SaskTel operates in an industry characterized by rapidly changing technology. It is therefore important to measure how confident employees are with their ongoing skills evolution and personal development.
FTTP Execution Number of homes passed Number of homes connected	SaskTel's Fibre to the Premises program is critical to delivering the bandwidth and speeds that customers across the province are demanding. Measuring the company's success in rolling out fibre-based services and higher speeds to more communities along with the level of customer uptake of these services is vital to ensuring that SaskTel remains competitive in its internet access service offerings.
Network Advancements (new) SK homes and businesses with access to at least 10 Mbps fixed broadband SK homes and businesses with access to at least 50 Mbps fixed broadband	SaskTel is committed to delivering higher broadband speeds to customers on its networks throughout Saskatchewan. This is also an important measure for both the Saskatchewan and Canadian governments that are promoting universal broadband availability.
Self-Serve (new) Customer transactions through eChannel Customer accounts on eBILL	Customers are demanding more flexibility and options with respect to how they interact with their service provider. This is driving increased demand for customer self-serve capabilities—which are being implemented by companies across Canada and around the world.
Efficiency EBITDA margin	SaskTel measures EBITDA margin as way of monitoring improvements to operating efficiency. It is also a common industry measure that can be benchmarked to industry standards.
Shareholder Value ROE Debt ratio	As a provincial Crown corporation, SaskTel has a responsibility to deliver value back to its shareholders—the people of Saskatchewan. Return on equity is monitored on both an annual improvement basis as well as in comparison to other companies in the industry. Debt ratio is also monitored to ensure that SaskTel remains within prescribed limits.
Revenue Total revenue Broadband revenue Telco business market revenue	Revenue measures are important indicators of growth for the organization. Growth in total revenue is a common industry measure that can be benchmarked to industry standards. Revenue trends for broadband (fixed and wireless), as SaskTel's foundational product, and business, as a key market, are also monitored.
Net Income	Net income is the ultimate measure of a competitive organization's profitability and financial health. SaskTel's net income is also a contributor to Saskatchewan's financial health as it is consolidated into the Province's financial statements.
Capital Capital intensity	Telecommunications is a capital-intensive industry, characterized by multi-million dollar investments in critical communications infrastructure. It is therefore important for SaskTel to measure how effective it is in utilizing its capital investments.

ENTERPRISE RISK MANAGEMENT

All businesses are subject to uncertainty and risk that may have a material effect on their ability to achieve strategic goals and business objectives. SaskTel manages risk exposures in relation to business priorities and risk tolerance through its Governance, Risk, and Compliance (GRC) framework; an enterprise-wide approach aligning Strategic Planning, Enterprise Risk Management, Operations, and Internal Audit. The Enterprise Risk Management (ERM) process within the framework is applied to identify and respond to key risks.

Every business unit plays a role in the risk management process, with SaskTel's Board of Directors, together with senior management, having ultimate responsibility for risk management at SaskTel. The process used to manage risk is depicted in the framework below.



GOVERNANCE

Governance is provided by SaskTel's Board of Directors, Audit and Risk Committee of the Board, and Executive Committee. An approved risk matrix provides risk appetite and tolerance levels.

RESPONSIBILITIES

There are three lines of defense in SaskTel's approach to manage risks. All employees are expected to understand and manage risks within the scope of their responsibility. Various risk, control, and compliance functions provide oversight to form the second line of defense and Internal Audit provides independent assurance of the effectiveness of the ERM policy, processes, mitigations, and controls.

KEY RISKS

The following risks are the key strategic and core business risks and uncertainties facing SaskTel.

Additional risks and uncertainties deemed to be lower risk or risks that are currently unknown may also have a material effect on the business. Any discussion about risks should be considered in conjunction with caution regarding forward-looking information on page 20.

STRATEGIC RISKS

The following strategic risks are determined based on the ability to achieve strategic goals and financial targets outlined in the Strategic Plan. Realization of one or more of these risks may require SaskTel to modify its strategic direction.

OPERATING ENVIRONMENT
Competitive capabilities restricted by policies, processes, and systems

With over 110 years in business and the need to manage both traditional and new services, SaskTel has a complex operating environment with multiple systems, processes, and business rules. This creates challenges in meeting current market needs with speed and agility.

SaskTel has roadmaps and projects in place to improve the operating environment, increase business intelligence capabilities, and streamline processes and systems to improve the customer experience.

WORKFORCE
Having the required workforce for the future

Digital transformation, operating in a fast-paced competitive ICT industry, and changing customer needs all impact the workforce. New skill sets, evolving roles, culture, and mindsets are required.

Annual corporate workforce planning and cultural reviews identify priorities and actions to ensure SaskTel has the workforce it needs to be successful today and in the future.

REGULATORY
Federal regulation and policies increase costs and complexity

Telecommunications and broadcasting services are regulated by the federal government and its agencies, which continue to engage in regulatory reforms that are disadvantageous to incumbents, in particular, regional operators such as SaskTel. These reforms often result in increased costs, add complexity to our business, and impact profitability.

SaskTel actively participates in CRTC and other proceedings to ensure its position is known.

REVENUE GROWTH
Having competitive services that enable revenue growth and profit

It is increasingly challenging to increase revenue and profit margins due to commoditized legacy products, a highly competitive wireless market, emerging disruptive technologies, and large non-traditional global companies offering low-cost solutions.

Several initiatives are in place or underway, including product roadmaps, launching new services, evolving sales strategies, and a strong focus on customer experience. It is critical that SaskTel continues to expand its fixed and mobile networks to meet market demands.

SUPPLIERS
Reliance on vendors and partners

SaskTel works with many external suppliers to provide products and services needed to operate our business. When relying on third parties, there is always a risk that factors emerge that could change or end the relationship. Vendors originating in foreign jurisdictions pose a unique threat due to foreign laws, culture, and political environments.

SaskTel maintains relationships with multiple vendors and has plans in place to mitigate disruption if required.

CORE BUSINESS RISKS

The following core business risks focus on the ability to execute business functions related to operations, financial, and compliance and legal risks.

Operational Risks

Operational risks consider areas such as business interruption, security, infrastructure, supply chain, resources, customer service, and safety and environment. The key operational risks facing SaskTel are as follows.

NETWORK AND SYSTEMS RISKS
A significant network or systems outage disrupts service

SaskTel's networks and systems are core to delivering services and if either of them became unavailable for an extended period, it could cause significant customer impacts.

Networks and systems are designed and built to be highly available. Regular updates and maintenance, replacement of legacy technology and end-of-life systems, alarming of key components, redundancy of networks and system hardware, and change control processes help reduce the occurrence, duration, and severity of outages. Should an outage occur, business continuity and disaster recovery plans are in place to help minimize impacts.

PHYSICAL INFRASTRUCTURE
Significant loss of access or damage to critical buildings and infrastructure disrupts service

Any natural weather event, fire, or vandalism can damage physical assets, which could disrupt service.

Preventative measures exist to reduce the chance of a significant event or loss, including fire detection systems, security measures, maintenance, and upgrades. If an event occurs, business continuity plans and disaster recovery protocols come into effect. Insurance is also in place to offset significant losses.

SECURITY
A security threat or data breach compromises information or disrupts service

SaskTel, like any company, is subject to cyberattacks or data breaches. This threat will only increase with the movement toward digitalization, automation, software-based products, and massive numbers of connected devices.

SaskTel has extensive controls and measures to protect customer, employee, and corporate information, and mitigate against service disruption. Incident management processes and response plans are also in place should an event occur.

Financial Risks

Areas reviewed in this category include interest rate, foreign exchange, credit, financial misstatement, pension plan, investments, public reporting, revenue assurance, fraud, and cash flow. No significant core business financial risks are reported at this time. The Notes to Consolidated Financial Statements, Note 27 – *Financial instruments and related risk management*, highlights some financial exposures and mitigations.

Compliance and Legal Risks

Areas reviewed in this category focus on SaskTel's need to comply with laws and regulations, including contractual, professional, third party, statutory, environmental, governance, intellectual property, litigation, regulatory, and privacy. SaskTel's key risk is described below. More detail is available in Notes to Consolidated Financial Statements, Note 29 – *Commitments and contingencies*.

LITIGATION
A lawsuit with significant consequences

Every business is subject to lawsuits due to various activities undertaken. Employees interact with thousands of people daily and SaskTel's assets are numerous and visible. Various aspects of legal risk exposure include contractual, professional, statutory, and third party liability, which could negatively impact SaskTel's results and reputation.

Contracts, tariffs, in-house counsel, due diligence, and policies contribute to mitigating the risk.

OPERATING RESULTS

FINANCIAL SUMMARY

ADOPTION OF IFRS 15 *REVENUE FROM CONTRACTS WITH CUSTOMERS* (IFRS 15)

SaskTel has adopted IFRS 15 as of April 1, 2018, using the cumulative effect method resulting in the effect of initially applying IFRS 15 recognized as an adjustment to the retained earnings at April 1, 2018. As a result, comparative information has not been restated and continues to be reported based on the standards in effect at the time.

The adoption of IFRS 15 had a significant effect on wireless operating results. Where applicable, the discussion in this MD&A compares the current and prior year's financial results, both excluding the impacts of IFRS 15. The impacts of IFRS 15 on the current year's operations are highlighted.

Consolidated Net Income

For the year ended March 31, ($ millions)	Excluding the impacts of IFRS 15 2019	2018	Change	%	Impacts of IFRS 15	As reported upon adoption of IFRS 15 2019
Revenue	$ 1,256.0	$1,253.2	$ 2.8	0.2	$ 23.6	$ 1,279.6
Other income	3.4	1.4	2.0	*nmf*[1]	–	3.4
	1,259.4	1,254.6	4.8	0.4	23.6	1,283.0
Expenses						
Goods and services purchased	511.5	523.3	(11.8)	(2.3)	41.6	553.1
Salaries, wages, and benefits	370.3	377.7	(7.4)	(2.0)	–	370.3
Internal labour capitalized	(23.7)	(26.6)	2.9	(10.9)	–	(23.7)
Depreciation	163.5	157.6	5.9	3.7	–	163.5
Amortization	43.0	40.2	2.8	7.0	(8.6)	34.4
Saskatchewan taxes	27.1	26.8	0.3	1.1	–	27.1
	1,091.7	1,099.0	(7.3)	(0.7)	33.0	1,124.7
Results from operating activities	167.7	155.6	12.1	7.8	(9.4)	158.3
Net finance expense	30.9	34.6	(3.7)	(10.7)	–	30.9
Net income	136.8	121.0	15.8	13.1	(9.4)	127.4
Other comprehensive income	4.2	106.9	(102.7)	(96.1)	–	4.2
Total comprehensive income	$ 141.0	$ 227.9	$ (86.9)	(38.1)	$ (9.4)	$ 131.6

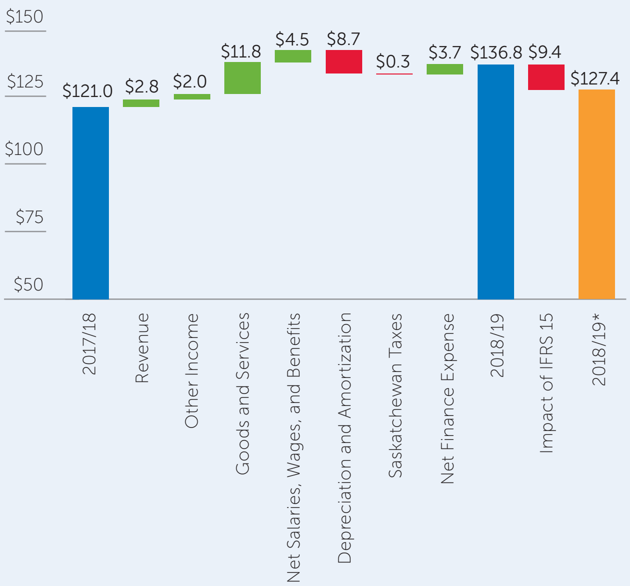
1. *nmf* – no meaningful figure

Consolidated Revenue

For the year ended March 31, ($ millions)	Excluding the impacts of IFRS 15 2019	2018	Change	%	Impacts of IFRS 15	As reported upon adoption of IFRS 15 2019
Wireless services	$ 519.5	$ 512.5	$ 7.0	1.4	$ (75.3)	$ 444.2
maxTV service, internet, and data services	361.8	349.7	12.1	3.5	–	361.8
Local and enhanced services	182.5	197.6	(15.1)	(7.6)	–	182.5
Equipment and professional services	56.9	49.9	7.0	14.0	99.1	156.0
Long distance services	33.0	37.2	(4.2)	(11.3)	–	33.0
Marketing services	30.2	33.7	(3.5)	(10.4)	–	30.2
Security monitoring services	28.6	26.8	1.8	6.7	0.3	28.9
International software and consulting services	6.6	8.9	(2.3)	(25.8)	–	6.6
Other services	36.9	36.9	–	–	(0.5)	36.4
	$ 1,256.0	$ 1,253.2	$ 2.8	0.2	$ 23.6	$ 1,279.6

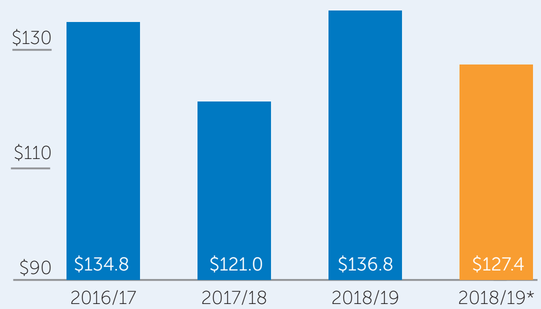
NET INCOME

Net Income ($ millions)



*Including the impacts of IFRS 15

Net Income ($ millions)



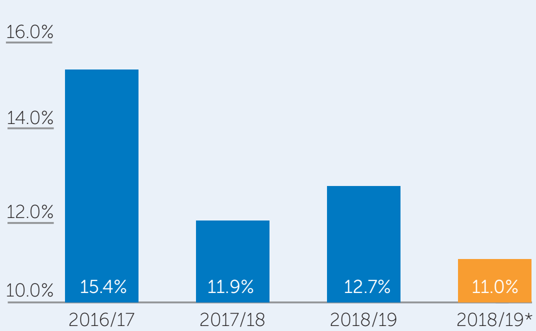
*Including the impacts of IFRS 15

SaskTel provides strong returns to the Province of Saskatchewan by managing its costs, optimizing its legacy services, introducing new competitive services, and providing revenue growth in key business segments, including wireless, maxTV service, internet, data, and new and emerging products and services.

- ▲ Net income was $136.8 million, up $15.8 million from the same period in 2017/18. Net income increased through revenue growth of 0.2% and total expense reduction of 0.7%
- ▲ Revenue increased $2.8 million (0.2%), mainly due to increases in wireless, maxTV service, internet, data, and managed and emerging products and services revenue. Revenue growth is being offset by decreases to legacy services, such as local access, enhanced services, and long distance
- ▲ Goods and services purchased decreased $11.8 million (2.3%), largely due to management's focus on controlled spending and decreased roaming rates with other carriers
- ▲ Net salaries, wages, and benefits decreased by $4.5 million primarily due to workforce efficiency initiatives
- ▼ Depreciation and amortization increased by $8.7 million due to increased assets in service
- ▼ The implementation of IFRS 15 in 2018/19 resulted in an accounting adjustment to net income of $9.4 million

RETURN ON EQUITY

Return on Equity (percentage)



*Including the impacts of IFRS 15

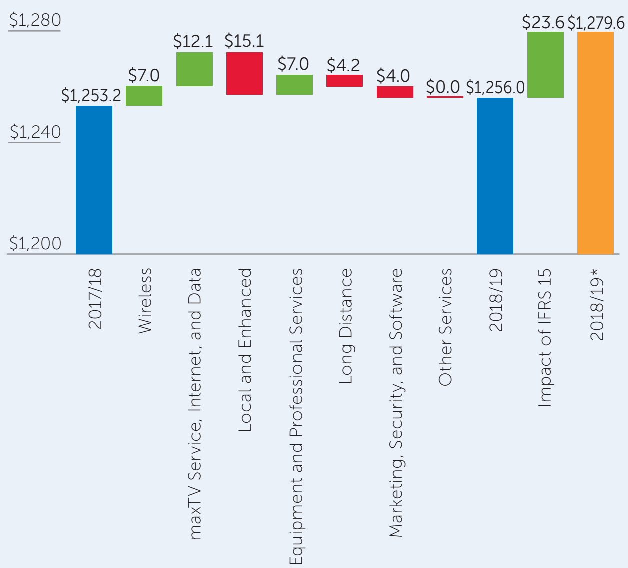
Return on equity increased to 12.7% in fiscal 2018/19, up 0.8 percentage points from fiscal 2017/18.

- ▲ Net income increased $15.8 million
- ▼ Accumulated other comprehensive income increased by $4.2 million as a result of net actuarial gains on SaskTel's defined benefit pension plan
- ▲ Equity advance repayment of $13.0 million

REVENUE

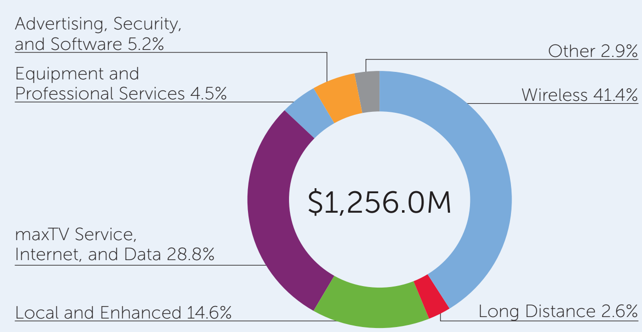
SaskTel's revenue is composed primarily of wireless (41.4%); maxTV service, internet, and data (28.8%); local access, enhanced services, and long distance (17.2%). Legacy revenue continues to decline but this is offset by revenue growth in fixed and wireless broadband. SaskTel offers its customers increasing internet bandwidth through improvements to its network infrastructure, including FTTP, fusion, and further expansions of DSL internet and wireless broadband to rural communities. SaskTel continues to grow its managed and emerging services portfolio by offering innovative ICT solutions, including managed cloud and Tier III Data Centre services to its customers.

Revenue ($ millions)



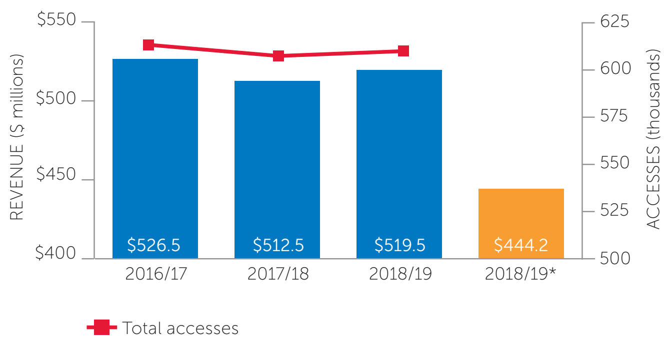
*Including the impacts of IFRS 15

2018/19 Revenue Profile



- ▲ Revenue for the fiscal year ending March 31, 2019, was $1,256.0 million, up $2.8 million (0.2%) from the same period in 2017/18. The economic environment, regional wireless pricing, changing consumer behaviour and increasing competition are impacting SaskTel's opportunities to offset revenue declines from legacy wireline services. These challenges are being met through continued wireless adoption, a resurgence in internet growth as customers opt for services delivered over SaskTel's fibre network, and strong growth in our managed and emerging services portfolio
- ▲ Wireless revenue increased by $7.0 million (1.4%) from 2017/18, due to continued growth in our postpaid subscriber base and increased average revenue per user (ARPU)
- ▲ maxTV service, internet, and data continues to post strong revenue growth of $12.1 million (3.5%) year over year. Access growth remains strong and ARPU has increased
- ▼ Legacy wireline services such as local access, enhanced services, and long distance revenue decreased $19.3 million (8.2%) due to decreased accesses
- ▲ Equipment sales and professional services revenue increased $7.0 million (14.0%), due to growth in both business-grade communications systems and consumer wireless devices

Wireless – Revenue and Accesses

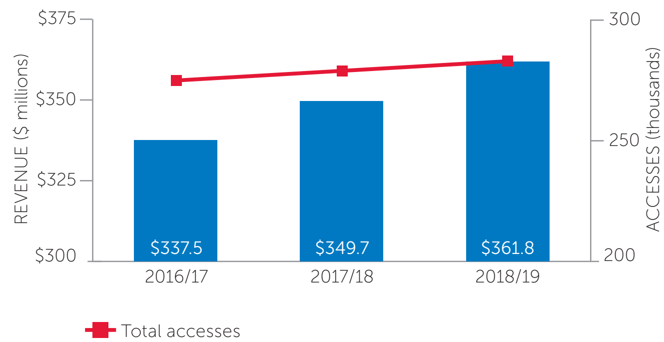


*Including the impacts of IFRS 15

WIRELESS SERVICES

Wireless revenue increased by $7.0 million (1.4%) in 2018/19, reflecting growth in the postpaid subscriber base and increased ARPU from customers selecting the price plans with larger data buckets and features. Our focus on customer-first initiatives and our leading network quality, resulted in decreased postpaid churn and an increase in year over year net subscriber additions of 2,503 or 0.4%.

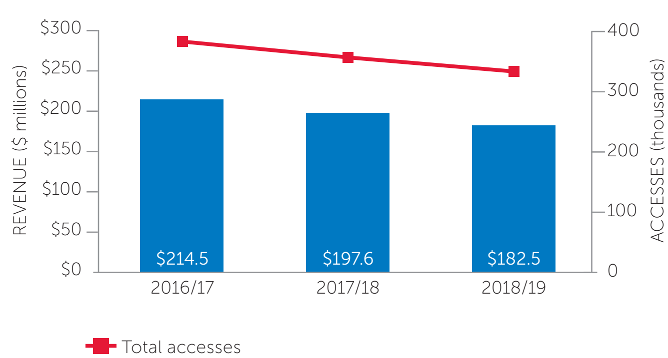
maxTV Service, Internet, and Data – Revenue and Accesses



maxTV SERVICE, INTERNET, AND DATA SERVICES

maxTV service, internet, and data services revenue increased by $12.1 million (3.5%). This is driven by increased activations in our expanded FTTP footprint, richer retail offerings, and increased customer demand for our high speed internet services. SaskTel's *infiNET* services saw increased access growth of 18.0% and has contributed to increased ARPU growth.

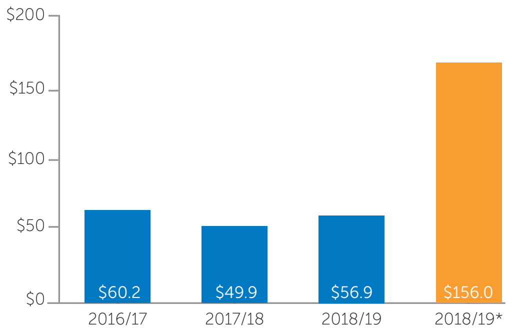
Local and Enhanced – Revenue and Accesses



LOCAL ACCESS AND ENHANCED SERVICES

Local access and enhanced services declined by $15.1 million (7.6%) from 2017/18. This decline is due to a reduction in network accesses, driven by ongoing wireless and internet-based technology substitution, partially mitigated by the success of our strong retention efforts reflecting a 16.9% reduction in net losses from the previous year.

Equipment Revenue ($ millions)

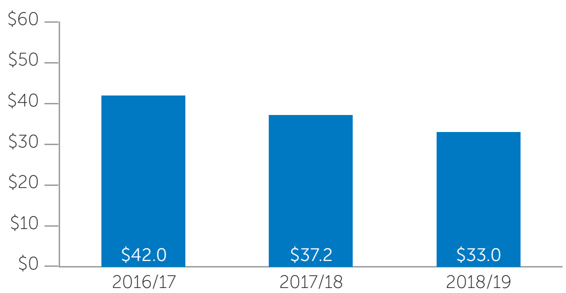


*Including the impacts of IFRS 15

EQUIPMENT AND PROFESSIONAL SERVICES

Equipment revenue increased by $7.0 million (14.0%), due to increased sales of SaskTel's business-grade communications systems and professional services, and increased sales of higher-priced smartphones.

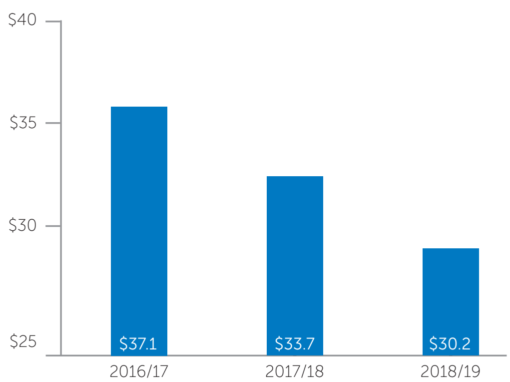
Long Distance Revenue ($ millions)



LONG DISTANCE

Long distance revenue has decreased $4.2 million (11.3%) from 2017/18, reflecting reduced subscribers of traditional long distance services as a result of wireline access erosion and migration to wireless and internet-based alternatives.

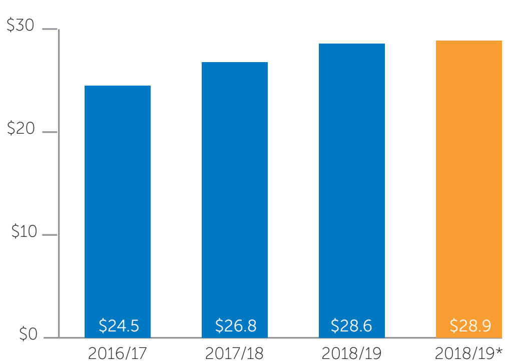
Marketing Revenue ($ millions)



MARKETING SERVICES

Marketing services revenue decreased to $30.2 million in 2018/19, from $33.7 million in 2017/18, a decrease of $3.5 million (10.4%). Profits and cash flows remain strong while continuing to exceed the traditional directory industry, which has experienced significant financial pressures and ongoing revenue declines since its peak in 2008. SaskTel's strategy is to maintain its Saskatchewan leading marketing services product suite through its advertising bundles (print and digital media products), continued growth of its new Digital Out of Home billboard media line of business, and new product diversification supported by an ability to prove solid return on investment to its customers.

Security Monitoring Revenue ($ millions)



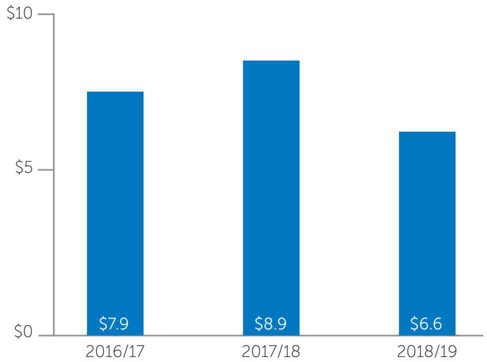
*Including the impacts of IFRS 15

SECURITY MONITORING SERVICES

Security monitoring revenue increased $1.8 million to $28.6 million in 2018/19, due to customer growth and increased use of value-added features, such as SaskTel's smartHOME security that provides security and automation technology for residential and business consumers. SaskTel continues to actively seek out business growth both organically and through customer account acquisitions.

INTERNATIONAL SOFTWARE AND CONSULTING SERVICES

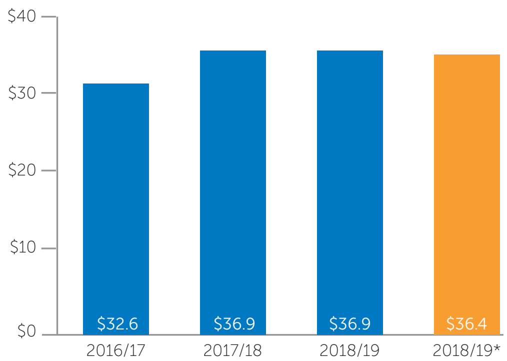
International Software Solutions and Consulting Revenue ($ millions)



Software and consulting services revenue decreased to $6.6 million in 2018/19, down $2.3 million from 2017/18, primarily due to lower enhancements and decreased maintenance and support fees, partially offset by increased professional services.

OTHER SERVICES

Other Services Revenue ($ millions)

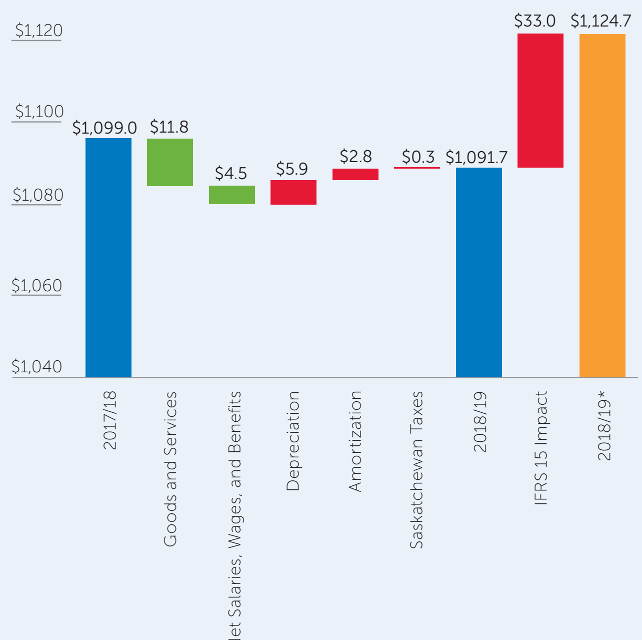


*Including the impacts of IFRS 15

Other services revenue was consistent with 2017/18. In 2018/19, this portfolio saw growth in new services in the Integrated Business Communications and Data Centre Service offerings, offset by fewer customer contributions in larger commercial projects.

EXPENSES

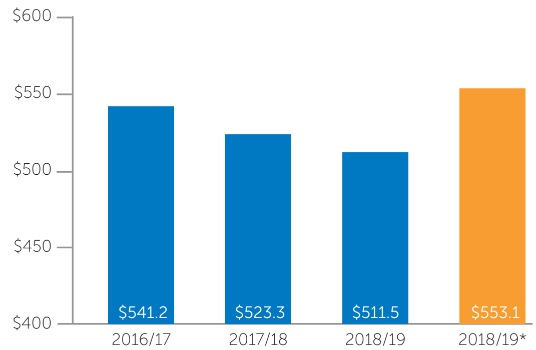
Expenses ($ millions)



*Including the impacts of IFRS 15

- ▼ Expenses for the 12 months ending March 31, 2019, fell $7.3 million (0.7%) to $1,091.7 million
- ▼ Goods and services purchased decreased $11.8 million (2.3%), largely due to management's focus on controlled spending and decreased roaming rates with other carriers
- ▼ Net salaries, wages, and benefits decreased by $4.5 million, primarily due to workforce efficiency initiatives
- ▲ Depreciation and amortization increased by $8.7 million, due to increased assets in service as SaskTel continues to invest in our fixed and wireless broadband networks
- ▲ Saskatchewan taxes increased $0.3 million as a result of increased corporate capital taxes

Goods and Services Purchased ($ millions)

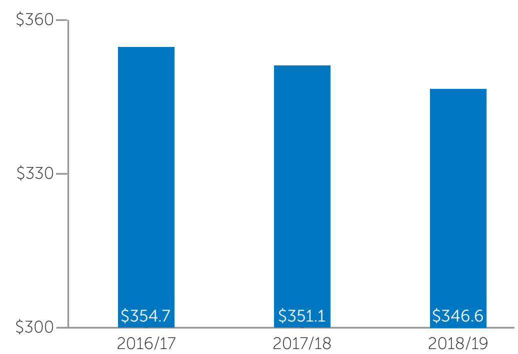


*Including the impacts of IFRS 15

GOODS AND SERVICES PURCHASED

Goods and services purchased decreased to $511.5 million for fiscal 2018/19, down $11.8 million (2.3%) from 2017/18. This is a result of management's focus on controlled spending and decreased roaming rates, slightly offset by increased cost of sales for smartphones and business-grade equipment, and increased TV content costs, driven by our growing TV subscriber base.

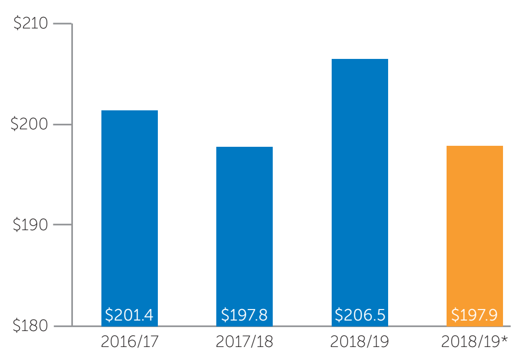
Net Salaries and Benefits ($ millions)



SALARIES, WAGES, AND BENEFITS (NET OF INTERNALLY CAPITALIZED LABOUR)

Net salaries, wages, and benefits decreased to $346.6 million, down $4.5 million primarily due to workforce efficiency initiatives.

Depreciation and Amortization ($ millions)

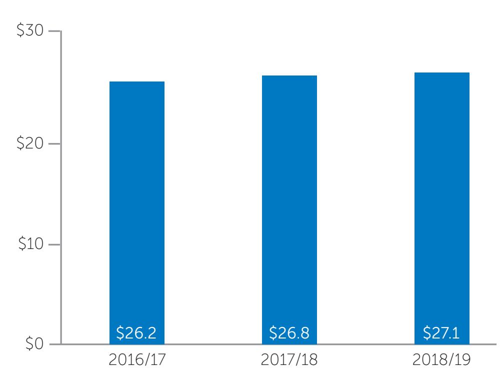


*Including the impacts of IFRS 15

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense increased to $206.5 million in 2018/19, up $8.7 million from 2017/18. This is due to increased spending on our fixed and wireless broadband networks, including large expenditures to expand SaskTel's fibre footprint and to increase wireless capacity, coverage, and speeds across the province.

Saskatchewan Taxes ($ millions)



SASKATCHEWAN TAXES

Taxes represent the payment of corporation capital tax to the Province of Saskatchewan and grants-in-lieu of taxes paid to cities, towns, villages, rural municipalities, and northern sites in Saskatchewan.

Taxes were $27.1 million in 2018/19, up $0.3 million from 2017/18.

NET FINANCE EXPENSE

($ millions)	Excluding the impacts of IFRS 15 2018/19	2017/18	Change	%	Impacts of IFRS 15	As reported upon adoption of IFRS 15 2018/19
Net finance expense	$ 30.9	$ 34.6	$ (3.7)	(10.7)	–	$ 30.9

Net finance expense decreased $3.7 million year over year. The decrease is primarily due to reduced interest expense on the defined benefit plans and increased finance income, partially offset by an increase in interest on long-term debt due to new long-term debt issued in late 2017/18 and mid-2018/19, and increased interest on short-term debt due to increased borrowings and increased interest rates.

OTHER COMPREHENSIVE INCOME

($ millions)	Excluding the impacts of IFRS 15 2018/19	2017/18	Change	%	Impacts of IFRS 15	As reported upon adoption of IFRS 15 2018/19
Other comprehensive income	$ 4.2	$ 106.9	$ (102.7)	(96.1)	–	$ 4.2

Other comprehensive income decreased to $4.2 million, down $102.7 million from 2017/18. A significant amount of other comprehensive income was recorded in 2017/18, due to significant changes in the actuarial assumptions related primarily to the assets and liabilities of the defined benefit pension plan in the previous year. Current year impacts resulted from increased gains on sinking fund assets, as well as the impact of a decrease in the discount rate on the defined benefit pension liability, partially offset by reduced returns on the plan assets of the defined benefit pension plan. The assumptions are disclosed in Note 23 – *Employee Benefits* of the consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

CASH PROVIDED BY OPERATING ACTIVITIES

($ millions)	Excluding the impacts of IFRS 15 2018/19	2017/18	Change	%	Impacts of IFRS 15	As reported upon adoption of IFRS 15 2018/19
Operating activities	$ 306.7	$ 332.7	$ (26.0)	(7.8)	$ (14.4)	$ 292.3

Cash provided by operating activities for the fiscal year ended March 31, 2019, was $306.7 million, down $26.0 million from the previous year primarily due to increased working capital requirements, partially offset by increased net income after adjusting for the impact of non-cash adjustments.

Adoption of IFRS 15 has resulted in a decrease in cash from operating activities of $14.4 million in the current fiscal year.

CASH USED IN INVESTING ACTIVITIES

($ millions)	Excluding the impacts of IFRS 15 2018/19	2017/18	Change	%	Impacts of IFRS 15	As reported upon adoption of IFRS 15 2018/19
Investing activities	$ 276.8	$ 293.0	$ (16.2)	(5.5)	$ (14.4)	$ 262.4

Cash used in investing activities was $276.8 million for the fiscal year ended March 31, 2019, down $16.2 million from the previous year, primarily due to reduced spending on the wireless and core networks, partially offset by increased spending on demand services, the Wireless Sask program, and fibre builds. Total cash invested in property, plant and equipment was $234.1 million, down $10.9 million from 2018. Spending on intangible assets decreased $8.4 million to $42.7 million. No government funding was received in 2019 compared to $3.1 million in 2018. Additional details of the 2019 capital program are included in the capital expenditures section.

Adoption of IFRS 15 has resulted in a decrease in cash used in investing activities of $14.4 million in the current fiscal year.

CASH USED IN FINANCING ACTIVITIES

($ millions)	Excluding the impacts of IFRS 15 2018/19	2017/18	Change	%	Impacts of IFRS 15	As reported upon adoption of IFRS 15 2018/19
Financing activities	$ 42.1	$ 33.5	$ 8.6	25.7	$ –	$ 42.1

Cash used in financing activities was $42.1 million for the fiscal year ended March 31, 2019, compared to $33.5 million for the previous year. This is primarily due to increased dividend payments and an equity advance repayment of $13 million, partially offset by increased net borrowing compared to 2018. SaskTel paid dividends of $116.3 million to CIC during the fiscal year ending March 31, 2019, an increase of $26.4 million over the previous year. During the last five fiscal years, SaskTel paid a total of $349.9 million in dividends while maintaining a debt ratio within industry standards.

CAPITAL MANAGEMENT

	Excluding the impacts of IFRS 15					
($ millions)	March 31, 2019	March 31, 2018	Change	%	Impacts of IFRS 15	As reported upon adoption of IFRS 15 2018/19
Long-term debt	$ 1,003.3	$ 953.5	$ 49.8	5.2	$ –	$ 1,003.3
Short-term debt	193.3	143.1	50.2	35.1	–	193.3
Less: Sinking funds	176.0	155.6	20.4	13.1	–	176.0
Cash	5.1	17.3	(12.2)	(70.5)	–	5.1
Net debt	1,015.5	923.7	91.8	9.9	–	1,015.5
Equity[1]	1,087.0	1,073.7	13.3	1.2	78.1	1,165.1
Capitalization	$ 2,102.5	$ 1,997.4	$ 105.1	5.3	$ 78.1	$ 2,180.6
Debt ratio	48.3%	46.2%	2.1	4.5	(1.7)%	46.6%

[1] Equity for the purposes of calculating the debt ratio is defined as equity advances, accumulated other comprehensive income (loss) and retained earnings at the end of the period.

SaskTel's debt ratio increased to 48.3% at March 31, 2019, up from 46.2% at March 31, 2018. The overall level of net debt increased $91.8 million, primarily to fund continued investment in property, plant and equipment, as well as intangible assets. Equity increased $13.3 million after recording net income of $136.8 million, other comprehensive income of $4.2 million, declaring dividends of $114.7 million and repaying equity advances of $13.0 million.

Adoption of IFRS 15 results in a decrease in the debt ratio of 1.7 percentage points.

Debt Instruments

SaskTel's debt portfolio consists of short-term and long-term debt. Both are issued through, and guaranteed by, the Province of Saskatchewan. Short-term debt is issued at market rates in effect on the issue date. Long-term debt is at fixed interest rates.

The weighted average interest rate on SaskTel's fixed rate debt was approximately 4.62% at March 31, 2019, and 4.70% at March 31, 2018. The weighted average interest rate of the short-term debt outstanding at March 31, 2019, was 1.88% and 1.31% at March 31, 2018.

The interest rate on SaskTel's debt depends on the credit rating of the Province of Saskatchewan, which issues debt on SaskTel's behalf. The following table lists the credit ratings of the Province at March 31, 2019.

	S&P	DBRS	Moody's
Long-term debt	AA (stable)	AA	Aaa
Short-term liabilities	A-1+	R-1 (high)	Not Rated

Access to Capital

The primary uses of cash in 2019/20 will be property, plant and equipment, and intangible asset expenditures, growth initiatives, and dividend payments.

The 2019/20 plan assumes that funding of capital expenditures, growth initiatives, and dividend payments will be initially from operations. Additional funding will be accessed through short-term notes and long-term debt issued through the Province of Saskatchewan.

Credit facilities consist of up to $500 million in combined lines of credit with financial institutions and advances from the Province of Saskatchewan. At March 31, 2019, SaskTel had accessed $193.3 million of these facilities.

Besides this credit facility, SaskTel has authority to issue up to $1.8 billion in combined short-term and long-term debt. Total outstanding debt was $1,196.6 million at March 31, 2019, and $1,096.6 million at March 31, 2018.

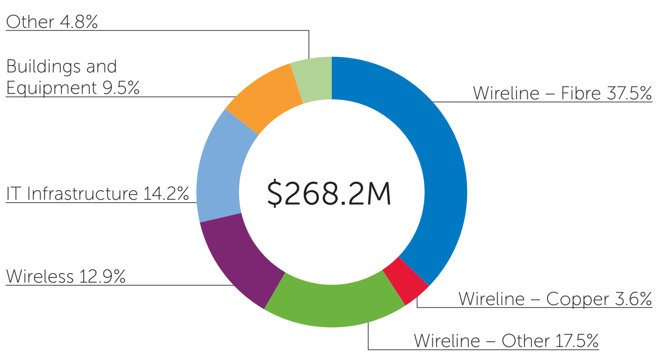
CAPITAL EXPENDITURES

The 2018/19 numbers within this section reflect the impacts of IFRS 15 in which $14.4 million in expenditures made on customer accounts or intangible assets were reclassified from capital expenditures to cost to obtain.

SaskTel operates the most extensive networks in Saskatchewan and is a result of investing in Saskatchewan for 110 years. SaskTel invested an additional $268.2* million in capital expenditures during 2018/19 (2017/18 – $288.2 million) to improve our customers' experience today and create opportunities to provide additional enhancements and capabilities in the future.

*Capital expenditures excluding IFRS 15 impacts were $282.6 million in 2018/19 and $302.0 million in 2017/18.

Capital Expenditures 2018/19

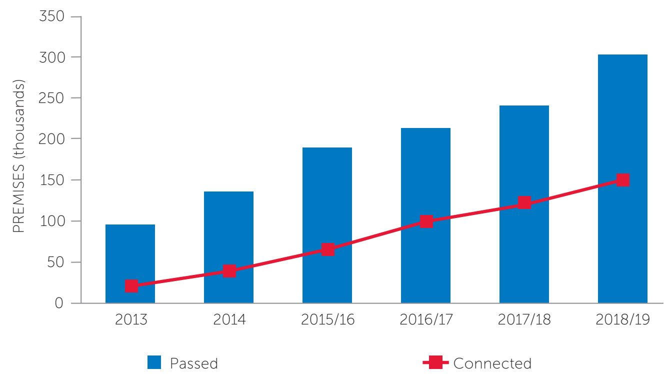


Of the $268.2 million, $239.3 million (2017/18 – $250.8 million) was spent on property, plant and equipment, including: Fibre to the Premises, wireless networks (LTE and Wi-Fi), the Access Network Demand program, and SaskTel facility renovation; the remaining $28.9 million (2017/18 – $51.2 million or $37.4 million reflective of the adoption of IFRS 15) was spent on intangible assets such as customer self-serve systems and accounting reporting systems.

Fibre to the Premises (2018/19 – $62.5 million)

The Fibre to the Premises program is an ongoing program to upgrade broadband facilities and bring *infiNET* service, SaskTel's fibre optic network, right to our customers' doors in the following Saskatchewan locations: Emerald Park, Estevan, Humboldt, Martensville, Melfort, Melville, Moose Jaw, Nipawin, Prince Albert, Regina, Rosthern, Saskatoon, Swift Current, The Battlefords, Tisdale, Warman, Weyburn, White City, and Yorkton. The fibre network, which includes over 300,000 fibre-ready premises, can deliver download speeds up to 300 Mbps, upload speeds up to 80 Mbps, high-definition, and feature-rich media services to seven high-definition televisions simultaneously, the ability to record up to four shows at once, while lowering ongoing customer delivery costs.

Fibre to the Premises (Consumer and Business)



LTE and Wi-Fi (2018/19 – $34.7 million)

SaskTel's wireless LTE network is the largest LTE network in Saskatchewan and covers 99% of the residents in the province. SaskTel customers enjoy access to SaskTel's selectWI-FI, which provides them with unlimited free data in over 2,400 locations spread across 30 communities in Saskatchewan, making it the largest Wi-Fi network available in Saskatchewan. These ongoing investments result in increased data speeds and improved coverage that positively impacts customer experience and provides the speed and capabilities needed to travel the internet, watch, and listen to multimedia content and access cloud-based services on smartphone devices without delay.

Access Network Demand (2018/19 – $35.1 million)

The Access Network Demand program is an ongoing program to add infrastructure to new neighbourhoods and increased capacity in existing neighbourhoods so that customers may access all the services that SaskTel has to offer.

Other Network Improvements (2018/19 – $59.5 million)

SaskTel has invested in other areas of its network to increase capacity and modernize key components so that it may meet the needs of Saskatchewan residents and businesses, and continue to support the growing economy. These improvements include: capacity improvements to our wireline and wireless networks; improvements to our rural transport infrastructure to accommodate rural growth of fixed and mobile voice, video, and data services; and expansion of northern fibre facilities, which will bring high speed bandwidth services to northern residents and businesses.

SaskTel Facility Renovation (2018/19 – $16.4 million)

SaskTel facilities are a vital part of SaskTel's network. These facilities host a large amount of critical network equipment used to provide telecommunications services to SaskTel customers. The current facility renovation program includes replacing end-of-life electrical equipment, which will provide greater capacity, reliability, and maintainability. Building upgrades will protect the critical site's infrastructure from air and water penetration and provide greater energy efficiency.

SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGMENTS

SaskTel's discussion and analysis of our financial position and results of operations are based on the consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Significant accounting policies, estimates, and judgments are contained in the consolidated financial statements. See Note 2 – *Basis of presentation* to the consolidated financial statements for accounting policies, estimates, and judgments applicable to the financial statements as a whole, as well as specific notes for more information about the accounting principles, estimates, and judgments that SaskTel uses for each applicable account in preparing its financial statements. Certain of these policies could have a significant impact on financial results, including: the amount and timing of revenue from contracts with customers; determination of costs to obtain contracts; capitalization and depreciation or amortization of property, plant and equipment, and intangible assets; impairment of assets and cash-generating units; assumptions related to pension obligations; estimation of the future liabilities for decommissioning and environmental remediation; and the fair value of financial instruments.

APPLICATION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) issued the following IFRS 15 *Revenue from Contracts with Customers* (IFRS 15):

The Corporation has adopted IFRS 15 with a date of initial application of April 1, 2018, as described in Note 2 – *Basis of presentation* (Note 2), of the consolidated financial statements. In accordance with the transition provisions of IFRS 15, the Corporation has applied IFRS 15 using the cumulative effect method, which requires that the cumulative effect of initially applying IFRS 15 is recognized 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.

IFRS 15 primarily impacts the timing of revenue recognition, the classification of revenue between products and services, and accounting for costs to obtain and fulfill contracts. Like many telecommunications companies, the Corporation is materially impacted by the application of IFRS 15. These impacts are discussed below and in Note 2 of the consolidated financial statements.

Under multiple-element arrangements, although the total revenue recognized during the term of a contract will be largely unaffected, the revenue allocated to a delivered item will no longer be limited to the non-contingent amount, usually the price of the device. This accelerates the recognition of revenue ahead of the associated cash inflows and results in a corresponding contract asset recorded in the statement of financial position, to be realized over the term of the customer contract.

As revenue allocated to a satisfied performance obligation is no longer limited to the non-contingent amount, a greater portion of the total revenue recognized during the term of a customer contract may be attributed to a delivered product, resulting in a corresponding decrease in service revenue.

Sales commissions, customer account acquisition costs, and other incremental costs of obtaining a contract with a customer are recognized in the statement of financial position and amortized on a basis consistent with the period and pattern of delivery of products or services to the customer. These costs were either previously expensed as incurred or capitalized as intangible assets.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following new standard was issued by the IASB or IFRIC that is mandatory for fiscal periods beginning after March 31, 2019.

IFRS 16 *Leases* (IFRS 16)

IFRS 16 replaces IAS 17 *Leases* (IAS 17) and IFRIC 4 *Determining Whether an Arrangement Contains a Lease* (IFRIC 4).

The Corporation will adopt IFRS 16 on April 1, 2019, in accordance with the modified retrospective approach with no adjustment to prior year figures.

IFRS 16 requires lessees to adopt a uniform approach to the presentation of leases. In future, assets must be recognized for the right of use received and liabilities must be recognized for the payment obligations entered into for all leases. In contrast, the accounting requirements for lessors remain largely unchanged, particularly with regard to the continued requirement to classify leases according to IAS 17. The analysis conducted on initial application indicated the probable recognition of lease liabilities and right-of-use assets in the statement of financial position upon adoption will be significant. Retained earnings will not be significantly impacted.

Depreciation charges on right-of-use assets and the interest expense from unwinding of the discount on the lease liabilities will replace operating lease expenses. Based on the Corporation's leases at April 1, 2019, net income is not expected to change by a material amount.

The change in presentation of operating lease expense will result in an improvement in cash flows from operations and a corresponding decline in cash flows from financing activities.

Note 2 provides additional details on the anticipated impact of adoption of IFRS 16.

GLOSSARY

4G (fourth generation): The generation of wireless technologies that includes HSPA+, LTE, and LTE advanced, as defined by the International Telecommunications Union.

ARPU (average revenue per user): This business performance measure, expressed as a dollar rate per month, is predominantly used in the wireless and cable industries to describe the revenue generated per customer per month. ARPU is an indicator of a wireless or cable business' operating performance.

Bps (bits per second): A measurement of data transmission speed used for measuring the amount of data that is transferred in a second between two telecommunications points or within network devices.

Kbps (kilobits per second) is thousands of bps; Mbps (megabits per second) is millions of bps; Gbps (gigabits per second) is billions of bps; and Tbps (terabits per second) is trillions of bps.

Broadband: Telecommunications services that allow the simultaneous high speed transmission of voice, data, and video at speeds of 1.5 Mbps and above on fixed and wireless networks.

Churn: This business performance measure is used to describe the disconnect rate of customers to a telecommunications service. It is a measure of customer turnover and is often at least partially reflective of service quality and competitive intensity. It is usually expressed as a percentage and calculated as the number of subscriber units disconnecting in a period divided by the average number of units on the network in the same period.

CRTC (Canadian Radio-television and Telecommunications Commission): The federal regulator for radio and television broadcasters, cable TV, and telecommunications companies in Canada.

Data centre: A facility for hosted applications and data storage and management.

Fibre network: Hair-thin glass fibres along which light pulses are transmitted. Optical fibre networks are used to transmit large amounts of data between locations.

FTTx (fibre to the x): A collective term for any broadband network architecture using optical fibre to replace all or part of the existing copper local loops. FTTH denotes fibre to the home, FTTP denotes premises, and FTTN denotes node or neighbourhood.

HSPA+ (high speed packet access plus): A 4G technology capable of delivering manufacturer-rated wireless data download speeds of up to 21 Mbps (typical speeds of 4 to 6 Mbps expected). HSPA+ dual-cell technology can double those download speeds.

Internet of Things (IoT): A network of uniquely identifiable end points (or things) that interact without human intervention, most commonly over a wireless network. These systems collect, analyze, and act on information in real time and can be deployed to enable the creation of smart-connected businesses, homes, cars, and cities.

IP (Internet Protocol): A packet-based protocol for delivering data across networks.

IP-based network: A network designed using IP and QoS (quality of service) technology to reliably and efficiently support all types of customer traffic, including voice, data, and video. An IP-based network allows a variety of IP devices and advanced applications to communicate over a single, common network.

IPTV (Internet Protocol television): A television service that uses a two-way digital broadcast signal sent through a network by way of a streamed broadband connection to a dedicated set-top box.

LTE (long-term evolution): A 4G mobile telecommunications technology that is the leading global wireless industry standard.

M2M (machine-to-machine): Technologies and networked devices that are able to exchange information and perform actions without any human assistance.

Over-the-top (OTT): Content, services, and applications in a video environment where the delivery occurs through a medium other than the established video delivery infrastructure.

Postpaid: A conventional method of payment for services where a subscriber is billed and pays for a significant portion of services and usage in arrears, after consuming the services.

Prepaid: A method of payment that allows a customer to prepay for a set amount of airtime and/or data in advance of actual usage.

Roaming: A service offered by wireless network operators that allows subscribers to use their mobile phones while in the service area of another operator.

Spectrum: The range of electromagnetic radio frequencies used in the transmission of voice, data, and video. The capacity of a wireless network is in part a function of the amount of spectrum licensed and used by the carrier.

Wi-Fi (wireless fidelity): Networking technology that allows any user with a Wi-Fi-enabled device to connect to a wireless access point or hotspot in high-traffic public locations.

NON-GAAP AND OTHER FINANCIAL MEASURES

Capital intensity: This measure provides a basis for comparing the level of capital expenditures to those of other companies of varying size within the same industry.

This measure is calculated as capital expenditures (excluding spectrum licenses and non-monetary transactions) divided by total operating revenue.

Debt ratio: The debt ratio measures the capitalization of the Corporation. This measure allows for capital structure comparison with other companies in the same industry.

It is defined as net debt divided by total capitalization. Net debt is defined as long-term and short-term debt minus cash and sinking funds. Total capitalization is defined as net debt plus period-end equity, including AOCI.

EBITDA (earnings before interest, income taxes, depreciation, and amortization): EBITDA is used as an indicator of a company's operating performance and ability to incur service debt, and as a valuation metric.

EBITDA is defined as operating revenue minus operating expenses. Operating revenue is defined as total revenue exclusive of other income. Operating expenses are defined as the sum of goods and services purchased, salaries, wages, and benefits less internal labour capitalized.

EBITDA margin: EBITDA margin is the percentage of operating revenue available for debt coverage, capital investment and return to the shareholder. EBITDA margin is defined as EBITDA divided by operating revenue.

ROE (return on equity): ROE measures the return to the shareholders based on the equity, including AOCI, retained by the Corporation. The calculation is defined as net income divided by average equity for the fiscal period.

FIVE-YEAR RECORD OF SERVICE

Consolidated Statement of Income and Other Comprehensive Income

($ millions)	12 months ended March 31, 2019*	12 months ended March 31, 2018	12 months ended March 31, 2017	15 months ended March 31, 2016	12 months ended December 31, 2014
Revenue	$ 1,279.6	$ 1,253.2	$ 1,282.8	$ 1,569.6	$ 1,231.0
Other income	3.4	1.4	10.1	4.6	1.7
	1,283.0	1,254.6	1,292.9	1,574.2	1,232.7
Expenses					
Goods and services purchased	553.1	523.3	541.2	673.9	548.9
Salaries, wages, and benefits	370.3	377.7	380.6	474.8	374.4
Internal labour capitalized	(23.7)	(26.6)	(25.9)	(27.3)	(23.1)
Depreciationw	163.5	157.6	163.0	211.4	166.2
Amortization	34.4	40.2	38.4	43.6	41.5
Saskatchewan taxes	27.1	26.8	26.2	31.0	25.8
	1,124.7	1,099.0	1,123.5	1,407.4	1,133.7
Results from operating activities	158.3	155.6	169.4	166.8	99.0
Net finance expense	(30.9)	(34.6)	(34.6)	(40.1)	(22.6)
Net income	127.4	121.0	134.8	126.7	76.4
Other comprehensive income (loss)	4.2	106.9	53.5	(5.9)	(57.3)
Total comprehensive income	$ 131.6	$ 227.9	$ 188.3	$ 120.8	$ 19.1

Consolidated Statement of Financial Position

As at	March 31,				December 31,
($ millions)	2019*	2018	2017	2016	2014
Current assets	$ 278.1	$ 214.7	$ 232.9	$ 218.9	$ 167.2
Property, plant and equipment	1,854.7	1,779.5	1,693.2	1,594.3	1,511.6
Other long-term assets	529.3	495.7	468.4	439.9	390.1
Total assets	$ 2,662.1	$ 2,489.9	$ 2,394.5	$ 2,253.1	$ 2,068.9
Current liabilities	$ 446.2	$ 408.1	$ 422.3	$ 463.1	$ 375.3
Long-term debt	1,003.3	953.5	851.9	777.3	776.8
Other long-term liabilities	47.4	54.6	165.6	216.4	203.8
Province of Saskatchewan's equity	1,165.2	1,073.7	954.7	796.3	713.0
Total liabilities and Province of Saskatchewan's equity	$ 2,662.1	$ 2,489.9	$ 2,394.5	$ 2,253.1	$ 2,068.9

Consolidated Statement of Cash Flows

($ millions)	12 months ended March 31, 2019*	12 months ended March 31, 2018	12 months ended March 31, 2017	15 months ended March 31, 2016	12 months ended December 31, 2014
Cash and cash equivalents, beginning of year	$ 17.3	$ 11.1	$ 16.1	$ 8.9	$ 24.4
Cash provided by operating activities	292.3	332.7	324.1	333.6	271.0
Cash used in investing activities	(262.4)	(293.0)	(311.9)	(370.4)	(279.1)
Cash provided by (used in) financing activities	(42.1)	(33.5)	(17.2)	44.0	(7.4)
Increase (decrease) in cash	12.2	6.2	(5.0)	7.2	(15.5)
Cash and cash equivalents, end of year	$ 5.1	$ 17.3	$ 11.1	$ 16.1	$ 8.9

*Results including the adoption of IFRS 15

Financial Indicators

($ millions)	12 months ended March 31, 2019*	12 months ended March 31, 2018	12 months ended March 31, 2017	15 months ended March 31, 2016	12 months ended December 31, 2014
Return on equity	11.0%	11.9%	15.4%	16.8%	10.5%
Debt ratio	46.6%	46.2%	47.9%	51.9%	52.8%
Dividends declared	$ 114.7	$ 108.9	$ 30.0	$ 37.5	$ 53.3
Dividends paid	$ 116.3	$ 89.9	$ 30.0	$ 30.0	$ 83.7
Capital expenditures	$ 268.2	$ 302.0	$ 316.1	$ 378.0	$ 282.7

*Results including the adoption of IFRS 15

Consolidated Statement of Income and Other Comprehensive Income

	Including the impacts of IFRS 15				Excluding the impacts of IFRS 15			
($ millions)	Q4 2018/19	Q3 2018/19	Q2 2018/19	Q1 2018/19	Q4 2017/18	Q3 2017/18	Q2 2017/18	Q1 2017/18
Revenue	$ 314.6	$ 332.6	$ 315.2	$317.2	$ 309.8	$ 317.1	$ 317.0	$ 309.3
Other income	1.7	(0.7)	1.7	0.7	(0.4)	0.7	0.3	0.8
	316.3	331.9	316.9	317.9	309.4	317.8	317.3	310.1
Expenses								
Goods and services purchased	137.5	150.1	132.8	132.7	124.3	142.0	133.0	124.0
Salaries, wages, and benefits	92.2	92.2	89.3	96.6	95.9	95.4	91.9	94.5
Internal labour capitalized	(5.3)	(5.8)	(5.9)	(6.7)	(7.1)	(6.9)	(6.1)	(6.5)
Depreciation	41.8	41.7	40.3	39.7	38.8	38.6	38.4	41.8
Amortization	8.6	8.6	8.5	8.7	10.2	10.1	10.1	9.8
Saskatchewan taxes	5.0	6.0	6.4	9.7	5.5	5.9	6.2	9.2
	279.8	292.8	271.4	280.7	267.6	285.1	273.5	272.8
Results from operating activities	36.5	39.1	45.5	37.2	41.8	32.7	43.8	37.3
Net finance expense	(8.1)	(7.9)	(7.5)	(7.4)	(8.3)	(8.4)	(9.2)	(8.7)
Net income	28.4	31.2	38.0	29.8	33.5	24.3	34.6	28.6
Other comprehensive income (loss)	5.1	1.3	(2.7)	0.5	21.2	90.2	(0.5)	(4.0)
Total comprehensive income	$ 33.5	$ 32.5	$ 35.3	$ 30.3	$ 54.7	$ 114.5	$ 34.1	$ 24.6

Annual Operating Statistics

	March 31,				December 31,
As at	2019	2018	2017	2016	2014
Customer accesses					
Wireless*	609,951	607,448	615,882	614,221	618,083
Wireline*	338,779	361,351	388,519	413,052	442,471
Internet (includes maxTV service subscribers)	282,710	278,977	275,356	264,196	258,705
maxTV service subscribers	112,583	110,881	110,591	107,321	103,716
Total accesses	1,344,023	1,358,657	1,390,348	1,398,790	1,422,975

*Does not include SaskTel internal use

	12 months ended March 31, 2019	12 months ended March 31, 2018	12 months ended March 31, 2017	15 months ended March 31, 2016	12 months ended December 31, 2014
Employees and payroll					
Total employees	3,719	3,880	3,916	3,956	3,999
Salaries earned (000s)	$ 317,096	$ 325,095	$ 326,761	$ 361,265	$ 322,173

Consolidated Financial Statements

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements, included in the annual report of Saskatchewan Telecommunications Holding Corporation for the fiscal year ended March 31, 2019, are the responsibility of management and have been approved by the Board of Directors. Management has prepared the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board. The policies set out have been consistently applied to all the periods presented unless otherwise noted. The financial information presented elsewhere in this annual report is consistent with that in the consolidated financial statements.

To ensure the integrity and objectivity of the financial data, management maintains a comprehensive system of internal controls, including written policies and procedures, an organizational structure that segregates duties, and a comprehensive internal audit program. These measures provide reasonable assurance that transactions are recorded and executed in compliance with legislation and required authority, assets are properly safeguarded, and reliable financial records are maintained.

The Board of Directors fulfills its responsibility with regard to the consolidated financial statements principally through its Audit and Risk Committee, consisting of outside directors, which meets periodically with management as well as with the internal and external auditors. The Audit and Risk Committee is responsible for engaging or reappointing the services of the external auditor. Both the internal and external auditors have free access to this committee to discuss their audit work, their opinion on the adequacy of internal controls, and the quality of financial reporting. The Audit and Risk Committee has met with management and the external auditor to review the Corporation's annual consolidated financial statements prior to submission to the Board of Directors for final approval.

The consolidated financial statements have been audited by the independent firm of KPMG LLP Chartered Professional Accountants, as appointed by the Lieutenant Governor in Council and approved by Crown Investments Corporation of Saskatchewan.

Doug Burnett
President and
Chief Executive Officer
May 30, 2019

Charlene Gavel
Chief Financial Officer

REPORT OF MANAGEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

I, Doug Burnett, President and Chief Executive Officer of Saskatchewan Telecommunications Holding Corporation (SaskTel), and I, Charlene Gavel, Chief Financial Officer of SaskTel, certify the following:

a. That we have reviewed the financial statements included in the annual report of SaskTel. Based on our knowledge, having exercised reasonable diligence, the 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 and for the periods presented in the financial statements.

b. That based on our knowledge, having exercised reasonable diligence, the financial statements included in the annual report of SaskTel 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 under which it was made.

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

d. That SaskTel conducted its assessment of the effectiveness of the Corporation's internal controls over financial reporting and, based on the results of this assessment, SaskTel 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.

Doug Burnett
President and
Chief Executive Officer
May 30, 2019

Charlene Gavel
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To The Members of the Legislative Assembly, Province of Saskatchewan

Opinion

We have audited the consolidated financial statements of Saskatchewan Telecommunications Holding Corporation ("the Corporation") which comprise:

- the consolidated statement of financial position as at March 31, 2019
- the consolidated statement of income and other 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 Corporation 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 (IFRS).

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 Corporation 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 2 to the consolidated financial statements, the Corporation 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 the 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 IFRS, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation’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 Corporation’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 Corporation 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 Corporation 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
May 30, 2019
Regina, Canada

Consolidated Statement of Income and Other Comprehensive Income

For the year ended March 31, Thousands of dollars	Note	2019	2018
Revenue	3	$ 1,279,637	$ 1,253,177
Other income	4	3,378	1,380
		1,283,015	1,254,557
Expenses			
Goods and services purchased		553,152	523,346
Salaries, wages, and benefits		370,309	377,768
Internal labour capitalized		(23,741)	(26,634)
Depreciation	13	163,501	157,566
Amortization	14	34,372	40,177
Saskatchewan taxes	5	27,073	26,768
		1,124,666	1,098,991
Results from operating activities		158,349	155,566
Net finance expense	6	30,918	34,531
Net income		127,431	121,035
Other comprehensive income			
Items that will be reclassified to net income			
Sinking fund market value gains	15	4,026	726
Items that will never be reclassified to net income			
Net actuarial gains on employee benefit plans	23	165	106,189
Total other comprehensive income		4,191	106,915
Total comprehensive income		$ 131,622	$ 227,950

All net income and total comprehensive income are attributable to Crown Investments Corporation of Saskatchewan.

See Accompanying Notes

Consolidated Statement of Changes in Equity

Thousands of dollars	Note	Equity advances	Accumulated other comprehensive income (loss)	Retained earnings (restated see Note 2)	Total equity
Balance at April 1, 2018					
As previously reported		$ 250,000	$ 100,171	$ 723,520	$ 1,073,691
Impact of adoption of IFRS 15		–	–	87,543	87,543
As restated		250,000	100,171	811,063	1,161,234
Net income		–	–	127,431	127,431
Other comprehensive income		–	4,191	–	4,191
Total comprehensive income		–	4,191	127,431	131,622
Dividends declared		–	–	114,688	114,688
Repayment of equity advance	25	13,000	–	–	13,000
Balance at March 31, 2019		$ 237,000	$ 104,362	$ 823,806	$ 1,165,168
Balance at April 1, 2017		$ 250,000	$ (6,744)	$ 711,416	$ 954,672
Net income		–	–	121,035	121,035
Other comprehensive income		–	106,915	–	106,915
Total comprehensive income		–	106,915	121,035	227,950
Dividends declared		–	–	108,931	108,931
Balance at March 31, 2018		$ 250,000	$ 100,171	$ 723,520	$ 1,073,691

See Accompanying Notes

Consolidated Statement of Financial Position

As at March 31, Thousands of dollars	Note	2019	2018
Assets			
Current assets			
Cash	7	$ 5,121	$ 17,292
Trade and other receivables	8	139,057	118,232
Inventories	9	20,089	23,964
Prepaid expenses	10	41,547	55,168
Contract assets	11	57,289	–
Contract costs	12	15,019	–
		278,122	214,656
Contract assets	11	20,878	–
Contract costs	12	44,598	–
Property, plant and equipment	13	1,854,690	1,779,527
Intangible assets	14	281,020	331,014
Sinking funds	15	176,021	155,564
Other assets	16	6,774	9,150
		$ 2,662,103	$ 2,489,911
Liabilities and Province's equity			
Current liabilities			
Trade and other payables	17	$ 161,883	$ 169,903
Dividend payable		24,880	26,506
Notes payable	18	193,295	143,069
Contract liabilities	19	56,984	–
Other liabilities	20	9,123	68,693
		446,165	408,171
Contract liabilities	19	479	–
Deferred revenue		–	6,013
Deferred income – government funding	21	25,815	31,849
Long-term debt	22	1,003,280	953,494
Employee benefit obligations	23	14,475	16,118
Provisions	24	6,721	575
		1,496,935	1,416,220
Commitments and contingencies	29		
Province of Saskatchewan's equity			
Equity advance	25	237,000	250,000
Accumulated other comprehensive income		104,362	100,171
Retained earnings		823,806	723,520
		1,165,168	1,073,691
		$ 2,662,103	$ 2,489,911

See Accompanying Notes

On behalf of the Board

Grant Kook
May 30, 2019

Glenys Sylvestre

Consolidated Statement of Cash Flows

For the year ended March 31, Thousands of dollars	Note	2019	2018
Operating activities			
Net income		$ 127,431	$ 121,035
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	13, 14	197,873	197,743
Net finance expense	6	30,918	34,531
Interest paid		(47,761)	(43,744)
Interest received		8,755	6,479
Amortization of government funding	21	(6,000)	(6,260)
Other		4,736	1,256
Net change in non-cash working capital	26a	(23,660)	21,644
		292,292	332,684
Investing activities			
Property, plant and equipment expenditures		(234,065)	(244,951)
Intangible asset expenditures		(28,282)	(51,112)
Government funding	21	–	3,079
		(262,347)	(292,984)
Financing activities			
Proceeds from long-term debt	22, 26b	49,363	101,127
Net proceeds (repayment) of notes payable	26b	50,226	(34,036)
Sinking fund instalments	15, 26b	(12,391)	(10,641)
Repayment of equity advance	25, 26b	(13,000)	–
Dividends paid	26b	(116,314)	(89,925)
		(42,116)	(33,475)
Increase (decrease) in cash		(12,171)	6,225
Cash, beginning of year		17,292	11,067
Cash, end of year		$ 5,121	$ 17,292

See Accompanying Notes

Notes to Consolidated Financial Statements

Note 1 – General information

Saskatchewan Telecommunications Holding Corporation (the Corporation) is a corporation located in Canada. The address of the Corporation's registered office is 2121 Saskatchewan Drive, Regina, SK, S4P 3Y2. The Corporation is a Saskatchewan Provincial Crown corporation operating under the authority of *The Saskatchewan Telecommunications Holding Corporation Act* and, as such, the Corporation and its wholly owned subsidiaries are not subject to Federal or Provincial income taxes in Canada.

By virtue of *The Crown Corporations Act, 1993*, the Corporation has been designated as a subsidiary of Crown Investments Corporation of Saskatchewan (CIC). Accordingly, the financial results of the Corporation are included in the consolidated financial statements of CIC, a Provincial Crown corporation.

One of the Corporation's subsidiaries, Saskatchewan Telecommunications (SaskTel) is regulated by the Canadian Radio-television and Telecommunications Commission (CRTC) under the *Telecommunications Act* (Canada).

The Corporation markets and supplies a range of wireless, voice, entertainment, internet, data, equipment, marketing, security, software, and consulting products and services.

Note 2 – Basis of presentation

Certain of the Corporation's accounting policies that relate to the consolidated financial statements as well as estimates and judgments the Corporation has made and how they impact amounts reported in the consolidated financial statements, are incorporated in this section. Where an accounting policy, estimate, or judgment is applicable to a specific note to the accounts the policy is described within that note. This note also describes new standards that were either effective and applied by the Corporation during the current year, or that were not yet effective.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on the historical cost basis, except for certain items that are not carried at historical cost as noted in specific accounting policies.

Functional and presentation currency

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

Accounting policies, estimates, and judgments

The accounting policies, estimates, and judgments included in this section relate to the consolidated financial statements, as a whole. Estimates and judgments may impact reported amounts of revenue and expenses, reported amounts of assets and liabilities, and disclosure of contingencies.

Accounting policies have been applied consistently by the Corporation and its subsidiaries throughout all periods presented unless otherwise indicated.

Basis of consolidation

Accounting policies

Business combinations

For acquisitions, the Corporation measures goodwill as the fair value of the consideration transferred, including the recognized amount of any non-controlling interest in the acquiree, 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 income.

The Corporation elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Corporation incurs in connection with a business combination are expensed as incurred.

Note 2 – Basis of presentation, continued

Subsidiaries

The consolidated financial statements include the financial statements of the Corporation and its subsidiaries.

A subsidiary is an entity that is controlled by another entity, known as the parent. The Corporation controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Separate audited financial statements for each of the undernoted wholly owned corporations, which are consolidated in these financial statements, are prepared and released publicly:

Subsidiary	Principal Activity
Saskatchewan Telecommunications (SaskTel)	Telecommunications
Saskatchewan Telecommunications International, Inc. (SaskTel International)	Telecommunications software solutions and consulting
Directwest Corporation (Directwest)	Marketing services
SecurTek Monitoring Solutions Inc. (SecurTek)	Security monitoring

Throughout these financial statements, the phrase "the Corporation" is used to collectively describe the activities of the consolidated entity.

Transactions eliminated on consolidation

Inter-company balances and transactions, and any income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

Accounting estimates, and judgments

Judgment involves assessing control, which entails determining whether the Corporation has the power to direct the relevant activities of the investee. Consideration is given to: voting rights; the relative size and dispersion of the voting rights held by other shareholders; the extent of participation by those shareholders in appointing key management personnel or board members; the right to direct the investee to enter into transactions for the Corporation's benefit; and the exposure, or rights, to variability of returns from the Corporation's involvement with the investee.

Impairment testing

Accounting policies

Assets that have an indefinite useful life (i.e. spectrum licences and goodwill) or intangible assets that are not yet ready for use are not subject to amortization and are tested at least annually for impairment (typically in the third quarter), or more frequently if events or circumstances indicate there may be an impairment. At the end of each reporting period, the Corporation reviews the carrying amounts of its assets in use, including property, plant and equipment, and identifiable intangible assets with finite lives, to determine whether there is any indication that they have suffered an impairment loss.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate 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 the 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 their present value using a pre-tax 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.

The Corporation's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

Note 2 – Basis of presentation, continued

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 income. 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.

Accounting estimates, and judgments

Judgment involves identifying the appropriate asset or CGU; determining the appropriate discount rate for assessing value in use; and making assumptions about future cash flows and market conditions over the long-term life of the assets or CGUs.

The Corporation cannot predict if specific events that potentially trigger impairment will occur, when they may occur, or how they may affect reported asset amounts. Unexpected declines in future cash flow potential or significant unanticipated technology changes could impact carrying values and the potential for impairment.

Fair value

Accounting policies

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, regardless of whether that price is directly observable or estimated using another valuation technique. For financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurement are observable and the significance of the inputs. The Corporation's fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value.

The three levels of the fair value hierarchy are:

- Level 1 - Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2 - Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3 - Values based on prices or valuation techniques that require inputs, which are both unobservable and significant to the overall fair value measurement.

Accounting estimates, and judgments

Fair value estimates are at a point-in-time and may change in subsequent reporting periods due to market conditions or other factors. Estimates can be determined using multiple methods, which can cause values (or a range of reasonable values) to differ. In addition, estimates may require assumptions about future price, volatility, liquidity, discount and inflation rates, defaults, and other relevant variables. The estimates of fair value may not accurately reflect the amounts that could be realized. Determination of the hierarchy level is based on the Corporation's assessment of inputs that are significant to the fair value measurement and is subject to estimation and judgment.

Foreign currency transactions

Accounting policies

Transactions in foreign currencies are translated to the functional currency of the Corporation at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Note 2 – Basis of presentation, continued

Comparative information

Certain of the 2017/18 comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.

Additional accounting policies

Additional significant accounting policies, estimates, and judgments are disclosed throughout the following notes with the related financial disclosures.

Note	Topic	Accounting Policies	Accounting Estimates and Judgments	Page
3	Revenue from contracts with customers	X	X	71
4	Other income			73
5	Saskatchewan taxes			73
6	Net finance expense	X		73
7	Cash	X		74
8	Trade and other receivables	X	X	74
9	Inventories	X	X	75
10	Prepaid expenses			75
11	Contract assets	X	X	75
12	Contract costs	X	X	76
13	Property, plant and equipment	X	X	77
14	Intangible assets	X	X	79
15	Sinking funds	X		81
16	Other assets			82
17	Trade and other payables	X		82
18	Notes payable	X		82
19	Contract liabilities	X	X	83
20	Other liabilities			83

Note	Topic	Accounting Policies	Accounting Estimates and Judgments	Page
21	Deferred income – government funding	X	X	83
22	Long-term debt	X		84
23	Employee benefits	X	X	85
24	Provisions	X	X	90
25	Equity advance and capital disclosures		X	91
26	Consolidated statement of cash flows – supporting information			92
27	Financial instruments and related risk management	X		94
28	Related party transactions			99
29	Commitments and contingencies		X	99
30	Future performance obligations			100

Changes in accounting estimates

The Corporation has recognized estimates related to decommissioning liabilities effective April 1, 2018, see Note 24 – *Provisions*. Previously, these liabilities were estimated to not be significant.

The impact of initial recognition at April 1, 2018, is an increase in property, plant and equipment of $5.6 million and a corresponding increase in decommissioning liabilities. The impacts on net income are as follows:

	Fiscal year ending March 31,					
Millions of dollars	2019	2020	2021	2022	2023	2024 and beyond
Depreciation expense – increase	$ 0.3	$ 0.3	$ 0.3	$ 0.3	$ 0.3	$ 4.6
Accretion expense – increase	0.2	0.2	0.2	0.2	0.2	5.0
Total	$ 0.5	$ 0.5	$ 0.5	$ 0.5	$ 0.5	$ 9.6

Note 2 – Basis of presentation, continued

Application of new International Financial Reporting Standards

The IASB and the International Financial Reporting Interpretations Committee (IFRIC) issued the following standard that was applied by the Corporation.

Adoption of IFRS 15 *Revenue from Contracts with Customers*

The Corporation has adopted IFRS 15 *Revenue from Contracts with Customers* (IFRS 15) 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 18), IAS 11 *Construction Contracts* (IAS 11) and IFRIC 18 *Transfers of Assets from Customers* (IFRIC 18), the standards in effect at the time. In adopting IFRS 15, the Corporation has elected to apply the following expedients:

a) The Corporation will apply the standard retrospectively only to contracts that are not completed contracts at the date of initial application;

b) The Corporation will not retrospectively restate contract modifications for all contract modifications that occur before the date of initial application of the standard 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; and

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 details of the significant changes and quantitative impacts are set out below.

Sale of wireless devices through corporate stores

For wireless devices sold in a bundled package through a corporate store, revenue was limited to the amount that was not contingent on the provision of future wireless services, typically the amount of consideration received from the customer upon signing the contract. Under IFRS 15, the total consideration in a contract is allocated to all products and services included in the contract, based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Corporation sells wireless devices and services.

Note 2 – Basis of presentation, continued

Sale of wireless devices through dealers

For wireless devices sold in a bundled package through dealers, no revenue was recognized by the Corporation under IAS 18, as the dealer was determined to be the principal in the transaction. Under IFRS 15, the Corporation is deemed to be acting as the principal and thus the total consideration in a contract is allocated to all products and services included in the contract and included in the Corporation's revenue. The consideration is allocated based on the stand-alone selling price of the products and services included in the contract. The stand-alone selling prices are determined based on the list prices at which the Corporation sells wireless devices and services. In addition, direct costs are recognized in goods and services purchased.

Cost of obtaining customer contracts

The Corporation previously recognized commissions payable to dealers and employees related to contracts as selling expenses when they were incurred, and customer acquisition costs related to service contracts as intangible assets. Under IFRS 15, the commissions and customer acquisition costs are capitalized as costs of obtaining a contract when they are incremental. These costs are amortized consistently with the pattern of revenue of the related contract if the costs of obtaining the contract are expected to be recovered.

Service connection charge revenue and expense

These amounts were amortized over the term of the anticipated customer relationship. Under IFRS 15, these amounts are recognized when the related service is performed.

Activation fees

The Corporation previously recognized activation fees over the term of the contract. Under IFRS 15 these fees do not relate to specific performance obligation and as such are included as a component of the consideration allocated to the other performance obligations included in specific contracts.

Customer incentives

Incentive amounts provided to customers were recognized based on the intent of the incentive and recognized either at the point in time the incentive was available to the customer or over the remaining term of the customer contract. Under IFRS 15, these incentives are recognized based on the pattern of delivery of the performance obligations as a result of the incentive. Incentives related to a contract as a whole are included in the allocation of consideration within the contract. Incentives related to customer retention are recognized over the remaining term of the contract. Incentives specific to an event are recognized when the event occurs.

The impacts of adoption of IFRS 15 are as follows:

Transition

Thousands of dollars	Impact of adopting IFRS 15 at April 1, 2018
Retained earnings	
Closing balance under previous standards at March 31, 2018	$ 723,520
Device sales through corporate stores and dealers	76,783
Costs of obtaining customer contracts	9,366
Activation fee revenue	1,267
Service connection charge revenue	7,787
Service connection charge expenses	(4,793)
Customer incentives	(2,867)
Total equity adjustments	87,543
Opening balance under IFRS 15 at April 1, 2018	$ 811,063

Note 2 – Basis of presentation, continued

Impact on net income

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**
Revenue	$ 1,256,037	$ 23,600	**$ 1,279,637**
Other income	3,378	–	**3,378**
	1,259,415	23,600	**1,283,015**
Expenses			
Goods and services purchased	511,574	41,578	**553,152**
Salaries, wages, and benefits	370,309	–	**370,309**
Internal labour capitalized	(23,741)	–	**(23,741)**
Depreciation	163,501	–	**163,501**
Amortization	42,989	(8,617)	**34,372**
Saskatchewan taxes	27,073	–	**27,073**
	1,091,705	32,961	**1,124,666**
Results from operating activities	167,710	(9,361)	**158,349**
Net finance expense	30,918	–	**30,918**
Net income	136,792	(9,361)	**127,431**
Other comprehensive income			
Items that will be reclassified to net income			
Sinking fund market value gains	4,026	–	**4,026**
Items that will never be reclassified to net income			
Net actuarial gains on employee benefit plans	165	–	**165**
Total other comprehensive income	4,191	–	**4,191**
Total comprehensive income	$ 140,983	$ (9,361)	**$ 131,622**

Note 2 – Basis of presentation, continued

Impact on the statement of financial position

As at March 31, 2019

Thousands of dollars	Excluding the impacts of IFRS 15	Impact of IFRS 15 at date of adoption	Current period impact of IFRS 15	Reclassifications[1]	As reported upon adoption of IFRS 15
Assets					
Current assets					
Cash	$ 5,121	$ –	$ –	$ –	**$ 5,121**
Trade and other receivables	139,057	–	–	–	**139,057**
Inventories	20,089	–	–	–	**20,089**
Prepaid expenses	51,915	(5,156)	(5,212)	–	**41,547**
Contract assets	–	58,984	(1,695)	–	**57,289**
Contract costs	–	7,048	8,686	(715)	**15,019**
	216,182	60,876	1,779	(715)	**278,122**
Contract assets	–	18,923	1,955	–	**20,878**
Contract costs	–	2,318	–	42,280	**44,598**
Property, plant and equipment	1,854,690	–	–	–	**1,854,690**
Intangible assets	331,335	–	(8,750)	(41,565)	**281,020**
Sinking funds	176,021	–	–	–	**176,021**
Other assets	14,506	(3,302)	(4,430)	–	**6,774**
	$ 2,592,734	$ 78,815	$ (9,446)	$ –	**$ 2,662,103**
Liabilities and Province's equity					
Current liabilities					
Trade and other payables	$ 161,883	$ –	$ –	$ –	**$ 161,883**
Dividend payable	24,880	–	–	–	**24,880**
Notes payable	193,295	–	–	–	**193,295**
Contract liabilities	–	231	–	56,753	**56,984**
Other liabilities	70,578	(4,626)	(110)	(56,719)	**9,123**
	450,636	(4,395)	(110)	34	**446,165**
Contract liabilities	–	96	–	383	**479**
Deferred revenue	4,821	(4,429)	25	(417)	**–**
Deferred income – government funding	25,815	–	–	–	**25,815**
Long-term debt	1,003,280	–	–	–	**1,003,280**
Employee benefit obligations	14,475	–	–	–	**14,475**
Provisions	6,721	–	–	–	**6,721**
	1,505,748	(8,728)	(85)	–	**1,496,935**
Province of Saskatchewan's equity					
Equity advance	237,000	–	–	–	**237,000**
Accumulated other comprehensive income	104,362	–	–	–	**104,362**
Retained earnings	745,624	87,543	(9,361)	–	**823,806**
	1,086,986	87,543	(9,361)	–	**1,165,168**
	$ 2,592,734	$ 78,815	$ (9,446)	$ –	**$ 2,662,103**

1. Reclassification of certain amounts to conform with IFRS 15 presentation requirements

Note 2 – Basis of presentation, continued

Impact on the statement of cash flows – selected 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 income	$ 136,792	$ (9,361)	**$ 127,431**
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	206,490	(8,617)	**197,873**
Net finance expense	30,918	–	**30,918**
Interest paid	(47,761)	–	**(47,761)**
Interest received	8,755	–	**8,755**
Amortization of government funding	(6,000)	–	**(6,000)**
Other	4,736	–	**4,736**
Net change in non-cash working capital	(27,222)	3,562	**(23,660)**
	306,708	(14,416)	**292,292**
Investing activities			
Property, plant, and equipment expenditures	(234,065)	–	**(234,065)**
Intangible asset expenditures	(42,698)	14,416	**(28,282)**
	$ (276,763)	$ 14,416	**$ (262,347)**

Impact on revenue classification
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
Revenue			
Wireless services	$ 519,483	$ (75,269)	**$ 444,214**
maxTV services, internet, and data services	361,794	–	**361,794**
Local and enhanced services	182,458	–	**182,458**
Equipment and professional services	56,887	99,110	**155,997**
Long distance services	33,043	–	**33,043**
Marketing services	30,253	–	**30,253**
Security monitoring services	28,632	271	**28,903**
International software and consulting services	6,620	–	**6,620**
Other services	36,867	(512)	**36,355**
	$ 1,256,037	$ 23,600	**$ 1,279,637**

Note 2 – Basis of presentation, continued

New standards and interpretations not yet adopted

Certain new standards, interpretations, and amendments to existing standards were issued by the IASB or IFRIC that are mandatory for fiscal periods beginning after March 31, 2019. These include:

Standard	Description	Impact	Effective Date
IFRS 16 Leases	IFRS 16 replaces IAS 17 and the related interpretations. 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.	The Corporation will adopt IFRS 16 on April 1, 2019, in accordance with the modified retrospective approach, prior year figures will not be adjusted. Analysis conducted on the initial application indicated that IFRS 16 will have a material impact on components of the consolidated statement of financial position with lesser impacts on the results of operations and cash flows of the Corporation: **Financial position**: IFRS 16 requires lessees to adopt a uniform approach to the presentation of leases. In future, assets must be recognized for the right of use received and liabilities must be recognized for the payment obligations entered into for all leases. For leases that have been classified to date as operating in accordance with IAS 17, the lease liability will be recognized at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the time the standard is first applied. The right-of-use asset will generally be measured at the amount of the lease liability, plus any payments made or accrued at transition. In contrast, the accounting requirements for lessors remain largely unchanged, particularly with regard to the continued requirement to classify leases according to IAS 17. The analysis conducted on initial application indicated the probable recognition of lease liabilities and right-of-use assets in the statement of financial position will be approximately $47.1 million (April 1, 2019) as a result of the transition. Net debt will increase accordingly due to the material increase in lease liabilities. Retained earnings will not be significantly impacted. **Net income**: In contrast to the presentation to date of operating lease expense, in future, depreciation charges on right-of-use assets and the interest expense from unwinding of the discount on the lease liabilities will be recognized. Based on the Corporation's leases at April 1, 2019, net income is not expected to change by a material amount. **Cash flow**: The change in presentation of operating lease expense will result in an improvement in cash flows from operations and a corresponding decline in cash flows from financing activities.	Fiscal years beginning on or after January 1, 2019, applied retrospectively with certain practical expedients available. Early adoption is permitted.

Note 3 – Revenue from contracts with customers

Accounting policies

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.

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.

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 trade receivables 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 assets and liabilities relating to the same contract are presented on a net basis.

The Corporation may enter into arrangements with subcontractors and others who provide services to customers. When the Corporation acts as the principal in these arrangements, the Corporation recognizes revenue based on the amounts billed to customers. Otherwise, the Corporation recognizes the net amount that the Corporation retains as revenue.

Incremental costs of obtaining a contract with a customer, principally comprised of sales commissions and prepaid contract fulfillment costs, are recognized in the 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.

Wireless revenue is principally generated from providing integrated digital wireless voice and data communications products and services to residential and business customers.

Product revenue from the sale of wireless handsets and devices is recognized when a customer takes possession of the product. Wireless service revenue is recognized over time, as the services are provided. For multiple element arrangements, stand-alone selling prices are determined using observable prices adjusted for market conditions and other factors, as appropriate.

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 (IPTV), local, long distance, and security services, as well as other communications services and products to residential and business customers. Revenue also includes amounts from the Corporation's wholesale business, which sells telecommunications 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.

For wireline customers, products are usually paid in full at the point of sale and services are paid on a monthly basis except where a billing schedule has been established with certain business customers under long-term contracts that can generally extend up to five years.

Note 3 – Revenue from contracts with customers, continued

Marketing revenue is generated from conventional, digital media, and out-of-home advertising. Revenue is earned through the sale of print, online, and out-of-home marketing services. Marketing service revenue is generally recognized, in accordance with the contractual terms with the advertisers, on a monthly basis over the life of the services, commencing with the display date. Amounts billed in advance for marketing services are deferred and recognized over the term of the contract. Customer payments are due monthly as the services are provided.

Revenue for perpetual licences is recognized on delivery or according to the terms of the licence agreement. Where the arrangement includes multiple elements, the elements are assessed to determine which elements are integral to the perpetual licence and which are separate performance obligations. Revenue is recognized in accordance with the assessment of performance obligations to be delivered. Fees for professional services, other than in the context of multiple element arrangements, are recognized as services are rendered. Support and maintenance fees are recognized over the term of the contract. Revenue for customized software projects and consulting services is recognized using the percentage-of-completion method. Amounts billed or paid in advance of services provided are recorded as contract liabilities. Customer payments are due in accordance with the terms of the contract with the customer: for perpetual licences, typically upon delivery of the related product or service; and for professional service contracts and multiple element contracts, either upon completion of the contract or based on specified deliverables within the contract.

Accounting estimates, and judgments

The application of IFRS 15 requires the Corporation to make judgments and estimates that affect the amount and timing of revenue from contracts with customers, including estimates and judgments related to; determining the transaction price of products and services, determining the stand-alone selling prices of products and services, identification of performance obligations within a contract, including the determination of whether a promise to deliver goods or services is considered distinct, and the timing of satisfaction of performance obligations under long-term contracts. The determination of costs to obtain a contract including the identification of incremental costs also requires judgment. This includes determining whether the costs meet the deferral criteria within IFRS 15 and whether the costs will be recoverable.

Supporting information

For the year ended March 31, Thousands of dollars	**2019**	2018
Revenue		
Wireless services	**$ 444,214**	$ 512,479
maxTV service, internet, and data services	**361,794**	349,761
Local and enhanced services	**182,458**	197,578
Equipment and professional services	**155,997**	49,856
Long distance services	**33,043**	37,246
Marketing services	**30,253**	33,657
Security monitoring services	**28,903**	26,805
International software and consulting services	**6,620**	8,929
Other services	**36,355**	36,866
	$ 1,279,637	$ 1,253,177

Note 4 – Other income

For the year ended March 31, Thousands of dollars	Note	2019	2018
Other income (loss)			
Net loss on retirement or disposal of property, plant, and equipment		$ (5,775)	$ (5,182)
Amortization of government funding	21	6,000	6,260
Other		3,153	302
		$ 3,378	$ 1,380

Note 5 – Saskatchewan taxes

For the year ended March 31, Thousands of dollars	2019	2018
Saskatchewan corporate capital tax	$ 19,995	$ 19,785
Grants-in-lieu of taxes	7,078	6,983
	$ 27,073	$ 26,768

Note 6 – Net finance expense

Accounting policies

Finance income is composed of interest income on funds invested, changes in fair value of financial assets classified as fair value through profit or loss, and net interest income on the net defined benefit asset.

Finance expenses are composed of interest expense on borrowings, changes in the fair value of financial assets classified as fair value through profit or loss, impairment losses recognized on financial assets, and the net interest expense on the net defined benefit liability. Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense.

Supporting information

For the year ended March 31, Thousands of dollars	Note	2019	2018
Recognized in consolidated net income			
Interest on long-term debt		$ 46,562	$ 44,312
Interest on short-term debt		2,506	1,072
Interest capitalized		(5,842)	(5,290)
Net interest expense		43,226	40,094
Net interest on defined benefit liability	23	243	4,080
Interest on provisions	24	244	–
Finance expense		43,713	44,174
Sinking fund earnings	15	(4,040)	(3,164)
Interest income		(8,755)	(6,479)
Finance income		(12,795)	(9,643)
Net finance expense		$ 30,918	$ 34,531
Interest capitalization rate		4.16%	4.28%

Note 7 – Cash

Accounting policies

The Corporation classifies cash and cash equivalents, including amounts with a maturity of 90 days or less, at amortized cost using the effective interest method.

Note 8 – Trade and other receivables

Accounting policies

The Corporation initially recognizes trade and other receivables at fair value on the date that they are originated. Subsequent to initial recognition, trade and other receivables are measured at amortized cost using the effective interest method, less any provision for impairment losses of trade accounts receivable.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss (ECL), the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Corporation's historical experience and informed credit assessment, including forward-looking information. It is assumed that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Corporation considers accounts receivable 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 formal collection activity, or the financial asset is 90 days or more past due.

Accounting estimates, and judgments

Determining when amounts are deemed uncollectible requires judgment. Estimates of the allowance for doubtful accounts are based on the likelihood of collecting accounts receivable based on past experience, taking into consideration current and expected collection trends. If economic conditions or specific industry trends become worse than anticipated, the allowance for doubtful accounts will be increased by recording an additional expense.

Supporting information

As at March 31, Thousands of dollars	Note	2019	2018
Accounts receivable			
Customer accounts receivable	27	$ 110,092	$ 87,200
Accrued receivables – customer		2,456	2,697
Allowance for doubtful accounts	27	(2,396)	(2,349)
		110,152	87,548
High-cost serving area subsidy		1,865	2,400
Other		27,040	28,284
		$ 139,057	$ 118,232

Note 9 – Inventories

Accounting policies

Inventories for resale are valued at the lower of weighted average cost and net realizable value. Other supplies inventories are valued at the lower of average cost and replacement cost.

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.

Accounting estimates, and judgments

Judgment involves determining the appropriate measure of net realizable value.

Supporting information

As at March 31, Thousands of dollars	2019	2018
Inventories for resale	$ 19,124	$ 22,452
Materials and supplies	965	1,512
	$ 20,089	$ 23,964

The cost of inventories recognized as an expense during the year was $75.9 million (2017/18 – $74.4 million).

For the year ended March 31, 2019, writedowns of inventory to net realizable value amounted to $0.2 million (2017/18 – $0.4 million).

Note 10 – Prepaid expenses

As at March 31, Thousands of dollars	2019	2018
Prepaid expenses	$ 40,392	$ 48,109
Deferred service connection charges	–	2,531
Short-term customer incentives	1,155	4,528
	$ 41,547	$ 55,168

Note 11 – Contract assets

Accounting policies

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 trade receivables 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 assets and liabilities relating to the same contract are presented on a net basis.

Amortization is recognized in net income consistent with the pattern of delivery of the related goods and services, ranging from two to four years.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss (ECL), the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Corporation's historical experience and informed credit assessment, including forward-looking information. It is assumed that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Note 11 – Contract assets, continued

Accounting estimates, and judgments

The application of IFRS 15 requires the Corporation to make judgments and estimates that affect the amount and timing of revenue from contracts with customers, which also impacts the determination of contract assets and the amortization of these assets. Estimates and judgments include estimates of the stand-alone selling prices of products and services, the identification of performance obligations within a contract, including the determination of whether a promise to deliver goods or services is considered distinct, and the timing of satisfaction of performance obligations under long-term contracts. In addition, determining when amounts are deemed uncollectible requires judgment. Estimates of the impairment losses are based on the likelihood of collecting the related accounts receivable, which is based on past experience, taking into consideration current and expected collection trends. If economic conditions or specific industry trends become worse than anticipated, the impairment allowance will be increased by recording an additional expense.

Supporting information

As at March 31, Thousands of dollars	2019
Balance at April 1, 2018	$ 78,843
Contract assets recognized in the current period	78,768
	157,611
Amortization of contract assets	(71,462)
Contract terminations transferred to trade receivables	(7,046)
	79,103
Impairment allowance	(936)
	78,167
Current portion	57,289
Long-term portion	$ 20,878

Note 12 – Contract costs

Accounting policies

Incremental costs of obtaining a contract with a customer, principally composed of sales commissions, and prepaid contract fulfillment costs are recognized in the 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.

Note 12 – Contract costs, continued

Accounting estimates, and judgments

The application of IFRS 15 requires the Corporation to make judgments and estimates that affect the amount and timing of costs to obtain a contract. The determination of costs to obtain a contract including the identification of incremental costs also requires judgment. This includes determining whether the costs meet the deferral criteria within IFRS 15, whether the costs will be recoverable, and the timing of satisfaction of performance obligations under related contracts.

Supporting information

As at March 31, Thousands of dollars	2019
Balance at April 1, 2018	
As previously reported	$ –
Impact of IFRS 15	53,978
As restated	53,978
Contract costs recognized	23,683
	77,661
Amortization included in goods and services purchased	(17,160)
Terminations	(884)
	59,617
Current portion	15,019
Long-term portion	$ 44,598

Note 13 – Property, plant and equipment

Accounting policies

Property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to bringing the assets to a working condition for their intended use. The cost of self-constructed assets includes materials, services, direct labour, and directly attributable costs. Borrowing costs associated with major capital and development projects are capitalized during the construction period. Assets under construction are recorded as in progress until they are operational and available for use, at which time they are transferred to the appropriate class of asset.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in net income as incurred.

When property, plant and equipment is disposed of or retired, the related cost and accumulated depreciation is eliminated from the accounts. Any resulting gain or loss, determined as the difference between the sale proceeds and the carrying amount of the asset, is reflected in net income for the year.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in net income on the straight-line basis over the estimated useful life of each part of an item of property, plant and equipment as follows:

Asset	Estimated useful life
Buildings and improvements	20–75 years
Plant and equipment	3–50 years
Office furniture and equipment	3–17 years

Depreciation methods, useful lives, and residual values are reviewed at each financial reporting date and adjusted if appropriate.

Note 13 – Property, plant and equipment, continued

Accounting estimates, and judgments

Judgment involves determining: which costs are directly attributable (e.g., labour and related costs); appropriate timing for cessation of cost capitalization, considering the circumstances in which the asset is to be operated, normally predetermined by management with reference to functionality; the appropriate level of componentization (for individual components for which different depreciation methods or rates are appropriate); which repairs and maintenance constitute betterments, resulting in extended asset life or functionality; the estimated useful life over which such costs should be depreciated; and the method of depreciation.

Asset residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the depreciation period or method as appropriate, and are treated as changes in accounting estimates.

The Corporation assesses its existing assets and their useful lives in connection with the review of network operating plans at the end of each reporting period. When it is determined that assigned asset lives do not reflect the expected remaining period of benefit, prospective changes are made to their remaining useful lives. Uncertainties are inherent in estimating the impact of future technologies. Changes in these assumptions could result in material adjustments to estimates, which could result in impairments or changes to depreciation expense in future periods, particularly if useful lives are significantly reduced.

Supporting information

Thousands of dollars	Plant and equipment	Buildings and improvements	Office furniture and equipment	Plant under construction	Land	Total
Cost						
Balance at April 1, 2018	**$ 3,468,486**	**$ 519,868**	**$ 167,649**	**$ 172,220**	**$ 38,489**	**$ 4,366,712**
Additions	**63,995**	**–**	**16,859**	**157,985**	**419**	**239,258**
Transfers	**165,720**	**50,690**	**10,545**	**(226,721)**	**(234)**	**–**
Retirements, disposals, and adjustments	**(160,434)**	**4,459**	**(18,519)**	**–**	**(4)**	**(174,498)**
Balance at March 31, 2019	**$ 3,537,767**	**$ 575,017**	**$ 176,534**	**$ 103,484**	**$ 38,670**	**$ 4,431,472**
Balance at April 1, 2017	$ 3,527,447	$ 512,386	$ 176,236	$ 145,736	$ 38,344	$ 4,400,149
Additions	93,617	30	16,590	140,387	156	250,780
Transfers	101,396	11,110	1,397	(113,903)	–	–
Retirements, disposals, and adjustments	(253,974)	(3,658)	(26,574)	–	(11)	(284,217)
Balance at March 31, 2018	$ 3,468,486	$ 519,868	$ 167,649	$ 172,220	$ 38,489	$ 4,366,712
Accumulated depreciation						
Balance at April 1, 2018	**$ 2,307,931**	**$ 168,712**	**$ 110,542**	**$ –**	**$ –**	**$ 2,587,185**
Depreciation	**128,841**	**13,352**	**21,308**	**–**	**–**	**163,501**
Retirements, disposals, and adjustments	**(154,817)**	**(567)**	**(18,520)**	**–**	**–**	**(173,904)**
Balance at March 31, 2019	**$ 2,281,955**	**$ 181,497**	**$ 113,330**	**$ –**	**$ –**	**$ 2,576,782**
Balance at April 1, 2017	$ 2,433,054	$ 157,358	$ 116,503	$ –	$ –	$ 2,706,915
Depreciation	124,306	12,625	20,635	–	–	157,566
Retirements, disposals, and adjustments	(249,429)	(1,271)	(26,596)	–	–	(277,296)
Balance at March 31, 2018	$ 2,307,931	$ 168,712	$ 110,542	$ –	$ –	$ 2,587,185
Carrying amounts						
At April 1, 2018	**$ 1,160,555**	**$ 351,156**	**$ 57,107**	**$ 172,220**	**$ 38,489**	**$ 1,779,527**
At March 31, 2019	**$ 1,255,812**	**$ 393,520**	**$ 63,204**	**$ 103,484**	**$ 38,670**	**$ 1,854,690**
At April 1, 2017	$ 1,094,393	$ 355,028	$ 59,733	$ 145,736	$ 38,344	$ 1,693,234
At March 31, 2018	$ 1,160,555	$ 351,156	$ 57,107	$ 172,220	$ 38,489	$ 1,779,527

Note 14 – Intangible assets

Accounting policies

Intangible assets are defined as being identifiable, able to bring future economic benefits to the Corporation, and controlled by the Corporation. An asset meets the identifiability criterion when it is separable or arises from contractual rights.

Intangible assets are recorded initially at cost of acquisition or development and relate primarily to software, spectrum licences, and goodwill. Internally generated intangible assets relate primarily to software. An intangible asset is recognized when it is probable that the expected future economic benefits attributable to the asset will flow to the Corporation and the cost of the asset can be measured reliably.

Software development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs 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. The expenditures capitalized include the cost of materials, direct labour, and related costs that are directly attributable to preparing the asset for its intended use. Borrowing costs related to the development of qualifying assets are capitalized. Other development expenditures are recognized in net income as incurred.

Capitalized software is measured at cost less accumulated amortization and any accumulated impairment losses.

Costs associated with maintaining software as well as expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized as an expense as incurred.

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For measurement of goodwill at initial recognition, see Note 2 – *Basis of presentation*. Subsequently, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized.

Amortization is recognized in net income on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Estimated useful life
Software	1–10 years

Accounting estimates, and judgments

Judgment is applied to determine expenditures eligible for capitalization, the method of amortization, the appropriate timing for cessation of cost capitalization, and classification of certain intangible assets as indefinite-life intangible assets.

Spectrum licences have been classified as indefinite-life intangible assets due to the current licencing terms, the most significant of which are minimal renewal fees and no regulatory precedent of material licence revocation. Should these factors change, the classification of indefinite-life will be reassessed. Spectrum licences have been recorded at cost less any accumulated impairment losses.

Estimation is applied to determine expected useful lives used in the amortization of intangible assets with finite lives. Changes in accounting estimates can result from changes in useful life or the expected pattern of consumption of an asset (taken into account by changing the amortization period or method, as appropriate).

Goodwill is allocated to CGUs or groups of CGUs for the purpose of impairment testing based on the level at which it is monitored by management, and not at a level higher than an operating segment. The allocation is made to those CGUs or groups of CGUs expected to benefit from the business combination in which the goodwill arose.

Note 14 – Intangible assets, continued

Supporting information

Thousands of dollars	Goodwill	Software	Customer accounts	Spectrum licences	Under development	Total
Cost						
Balance at April 1, 2018						
As previously reported	$ 5,976	$ 392,388	$ 121,997	$ 108,738	$ 12,277	$ 641,376
Impact of adoption of IFRS 15	–	2,758	(121,997)	–	–	(119,239)
As restated	5,976	395,146	–	108,738	12,277	522,137
Acquisitions	–	3,743	–	–	16,952	20,695
Acquisitions – internally developed	–	5,944	–	–	2,339	8,283
Transfers	–	29,369	–	–	(29,369)	–
Retirements, disposals, and adjustments	–	(5,845)	–	–	–	(5,845)
Balance at March 31, 2019	$ 5,976	$ 428,357	$ –	$ 108,738	$ 2,199	$ 545,270
Balance at April 1, 2017	$ 5,976	$ 350,322	$ 108,171	$ 108,738	$ 21,497	$ 594,704
Acquisitions	–	4,088	13,826	–	19,103	37,017
Acquisitions – internally developed	–	5,312	–	–	8,926	14,238
Transfers	–	37,249	–	–	(37,249)	–
Disposals	–	(4,583)	–	–	–	(4,583)
Balance at March 31, 2018	$ 5,976	$ 392,388	$ 121,997	$ 108,738	$ 12,277	$ 641,376
Accumulated amortization						
Balance at April 1, 2018						
As previously reported	$ –	$ 235,735	$ 74,627	$ –	$ –	$ 310,362
Impact of adoption of IFRS 15	–	–	(74,627)	–	–	(74,627)
As restated	–	235,735	–	–	–	235,735
Amortization	–	34,372	–	–	–	34,372
Retirements, disposals, and adjustments	–	(5,857)	–	–	–	(5,857)
Balance at March 31, 2019	$ –	$ 264,250	$ –	$ –	$ –	$ 264,250
Balance at April 1, 2017	$ –	$ 209,078	$ 66,794	$ –	$ –	$ 275,872
Amortization	–	32,344	7,833	–	–	40,177
Disposals	–	(5,687)	–	–	–	(5,687)
Balance at March 31, 2018	$ –	$ 235,735	$ 74,627	$ –	$ –	$ 310,362
Carrying amounts						
At April 1, 2018	$ 5,976	$ 159,411	$ –	$ 108,738	$ 12,277	$ 286,402
At March 31, 2019	$ 5,976	$ 164,107	$ –	$ 108,738	$ 2,199	$ 281,020
At April 1, 2017	$ 5,976	$ 141,244	$ 41,377	$ 108,738	$ 21,497	$ 318,832
At March 31, 2018	$ 5,976	$ 156,653	$ 47,370	$ 108,738	$ 12,277	$ 331,014

Impairment testing for the cash-generating unit containing goodwill and recoverability testing of finite-life intangible assets under development

For the purpose of impairment testing, goodwill, and a portion of finite-life assets under development, $0.4 million (2017/18 – $1.2 million) are allocated to one CGU: Directwest. This is the lowest level within the Corporation at which goodwill is monitored for internal management purposes, which is not higher than the Corporation's operating segments.

Management has applied the value-in-use valuation methodology for the CGU using the Board-approved 2020–2024 financial plan, as well as terminal value capitalization. The expected cash flows and terminal value were then discounted at a rate to reflect the expected return and risk for the CGU.

Note 14 – Intangible assets, continued

The key material assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the assumptions represent management's assessment of future trends in the industry and have been based on historical data from both external and internal sources.

Discount rate	12%
Terminal value capitalization	12%
Growth rate	-2.5%

Impairment testing indicated no impairment at March 31, 2019.

Impairment testing for the cash-generating unit containing indefinite-life intangible assets and recoverability testing of finite-life intangible assets under development

For the purpose of impairment testing, indefinite-life intangible assets (spectrum licences) and a portion of finite-life intangible assets under development are allocated to SaskTel. This is the lowest level within the Corporation at which indefinite-life intangible assets and finite-life intangible assets under development 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 then adjusted for a demonstrable minority discount associated with these publicly traded share prices. The resulting adjusted ratio was then applied to the estimated 2018/19 EBITDA of the unit to determine the recoverable amount of the unit. Impairment testing indicated no impairment at March 31, 2019.

Note 15 – Sinking funds

Accounting policies

Sinking funds have been classified as fair value through other comprehensive income because the Corporation intends to match the duration of the financial assets to the duration of the debt that the assets are funding and therefore the business model is to both hold to collect contractual cash flows (payments of principal and interest) as well as sale proceeds realized through matching of durations. The investments are managed through the Saskatchewan Ministry of Finance who makes purchase and sale decisions based on their fair value in accordance with the Corporation's documented risk management and investment strategy. Subsequent to initial recognition, financial assets at fair value through other comprehensive income are measured at fair value. Realized gains or losses are recorded in net income and unrealized gains and losses are recorded in other comprehensive income (OCI).

Supporting information

Under conditions attached to the long-term debt, the Corporation is required to pay annually into sinking funds, administered by the Saskatchewan Ministry of Finance, amounts representing 1% to 2% of the debt outstanding. The fund includes the Corporation's required contributions, its proportional share of earnings, and its proportional share of revaluation gains or losses.

The changes in the carrying amount of sinking funds are as follows:

Thousands of dollars	2019	2018
Balance at April 1,	$ 155,564	$ 141,033
Instalments	12,391	10,641
Earnings	4,040	3,164
Valuation adjustment	4,026	726
Balance at March 31,	$ 176,021	$ 155,564

Note 15 – Sinking funds, continued

Sinking fund instalments due in each of the next five years ending March 31 are as follows:

Years ending March 31,	Thousands of dollars
2020	$ 12,916
2021	12,916
2022	8,650
2023	8,650
2024	8,650

Note 16 – Other assets

As at March 31, Thousands of dollars	2019	2018
Deferred service connection charges	$ –	$ 2,262
Long-term customer incentives	444	1,107
Financing leases	6,275	5,769
Other	55	12
	$ 6,774	$ 9,150

Note 17 – Trade and other payables

Accounting policies

The Corporation initially recognizes trade and other payables on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Supporting information

As at March 31, Thousands of dollars	2019	2018
Trade payables and accrued liabilities	$ 119,435	$ 128,103
Payroll and other employee-related liabilities	32,242	32,438
Other	10,206	9,362
	$ 161,883	$ 169,903

Note 18 – Notes payable

Accounting policies

The Corporation initially recognizes debt securities issued on the date that they are originated. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Supporting information

Notes payable are due to the Province of Saskatchewan's General Revenue Fund (GRF). These notes have varying maturities from April 1, 2019, to August 1, 2019, and have a weighted average effective interest rate of 1.88% (2017/18 – 1.31%).

Note 19 – Contract liabilities

Accounting policies

A contract liability is recognized when consideration is received in advance of the transfer of products or services to the customer. Contract assets and liabilities relating to the same contract are presented on a net basis. Contract liabilities are recognized in revenue upon satisfaction of the related performance obligations.

Accounting estimates, and judgments

The application of IFRS 15 requires the Corporation to make judgments and estimates that affect the amount and timing of revenue from contracts with customers, which also impacts the determination of contract liabilities and the timing of recognition of contract liabilities as revenue. Estimates and judgments include estimates of the stand-alone selling prices of products and services, the identification of performance obligations within a contract, including the determination of whether a promise to deliver goods or services is considered distinct, and the timing of satisfaction of performance obligations under long-term contracts.

Supporting information

As at March 31, Thousands of dollars	2019
Balance at April 1, 2018	
As previously reported	$ –
Impact of adoption of IFRS 15	56,939
As restated	56,939
Contract liabilities recognized	350,113
	407,052
Recognized in revenue	(349,566)
Terminations	(23)
	57,463
Current portion	56,984
Long-term portion	$ 479

Note 20 – Other liabilities

As at March 31, Thousands of dollars	Note	2019	2018
Advance billings		$ 33	$ 55,958
Deferred customer activation and connection fees		–	3,732
Current portion of deferred income – government funding	21	5,711	5,677
Customer deposits		3,379	3,279
Risk management liabilities		–	47
		$ 9,123	$ 68,693

Note 21 – Deferred income – government funding

Accounting policies

Government grants are recognized initially as deferred income when there is reasonable assurance that they 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 the consolidated statement of income and other comprehensive income on a systematic basis in the same period in which the expenses are recognized. Grants that compensate the Corporation for the cost of an asset are recognized in the consolidated statement of income and other comprehensive income on a systematic basis over the useful life of the asset.

Accounting estimates and judgments

Judgment is required in determining whether certain funding is a transaction with the shareholder acting in their capacity as a shareholder or whether the funding would be available to other parties for a specific purpose (i.e. is the government acting in its capacity as shareholder or as a government).

Note 21 – Deferred income – government funding, continued

Supporting information

The Corporation has received funding from the Province of Saskatchewan through CIC and the Ministry of Education, as well as the Government of Canada through Aboriginal Affairs and Northern Development Canada (AANDC), and Innovation, Science and Economic Development Canada, as full or partial funding of various programs including; the Rural Infrastructure Program (RIP), the transfer of the satellite distribution and communications assets of Saskatchewan Communications Network Corporation (SCN) to the Corporation, internet service to selected First Nations schools and health facilities in Saskatchewan (FNS&H), the First Nations Service Improvement Project (FNSIP), and the Connecting Canadians program (CCDN) for the provision of access to high speed internet in rural and remote parts of Saskatchewan. The Corporation has fulfilled all obligations with respect to these programs.

Also, in conjunction with an AANDC funding agreement, the Corporation has received funding of $2.4 million to provide dedicated internet service to specific First Nations offices and Tribal Council offices (FTFN). The Corporation has fulfilled all obligations with respect to this program.

As at March 31,	2019							2018
Thousands of dollars	RIP	SCN	FNSIP	FNS&H	CCDN	FTFN	Total	Total
Balance at April 1,	$ 17,801	$ 177	$ 5,395	$ 5,784	$ 6,743	$ 1,626	$ 37,526	$ 43,762
Funding accrued	–	–	–	–	–	–	–	(3,055)
Funding received	–	–	–	–	–	–	–	3,079
	17,801	177	5,395	5,784	6,743	1,626	37,526	43,786
Amortization	4,285	45	500	239	608	323	6,000	6,260
	13,516	132	4,895	5,545	6,135	1,303	31,526	37,526
Current portion	4,285	45	500	239	608	34	5,711	5,677
Long-term portion	$ 9,231	$ 87	$ 4,395	$ 5,306	$ 5,527	$ 1,269	$ 25,815	$ 31,849

Note 22 – Long-term debt

Accounting policies

The Corporation initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. These financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Supporting information

As at March 31, Thousands of dollars	2019	2018
Balance at April 1,	$ 953,494	$ 851,949
Long-term debt issues	49,363	101,127
Amortization of debt discounts net of premiums	423	418
Balance at March 31,	$1,003,280	$ 953,494

Note 22 – Long-term debt, continued

Unsecured advances from the Province of Saskatchewan

Thousands of dollars						Outstanding amount March 31,	
Issue date	**Maturity date**	**Effective interest rate (%)**	**Coupon rate (%)**	**Par value**	**Unamortized premiums (discounts)**	**2019**	2018
July 2010	July 2020	4.01	3.90	$ 150,000	$ (209)	**$ 149,791**	$ 149,641
November 1990	December 2020	10.18	10.08	126,600	(192)	**126,408**	126,310
May 2014	June 2024	3.11	3.20	50,000	206	**50,206**	50,243
December 2010	December 2025	4.15	4.15	50,000	–	**50,000**	50,000
December 2017	June 2027	2.56	2.65	50,000	332	**50,332**	50,368
March 1999	March 2029	5.97	5.75	75,000	(1,210)	**73,790**	73,704
March 1999	March 2029	5.18	5.60	35,000	–	**35,000**	35,000
February 2012	February 2042	3.49	3.40	150,000	(1,994)	**148,006**	147,949
December 2013	June 2045	4.09	3.90	150,000	(4,658)	**145,342**	145,243
December 2016	June 2048	3.35	3.30	75,000	(685)	**74,315**	74,301
May 2017	June 2048	3.22	3.30	50,000	720	**50,720**	50,735
June 2018	June 2058	3.01	2.95	50,000	(630)	**49,370**	–
Total due to Province of Saskatchewan				$ 1,011,600	$ (8,320)	**$1,003,280**	$ 953,494

On June 26, 2018, the Corporation issued $50 million of long-term debt at a discount of $0.6 million through the Saskatchewan Ministry of Finance. The debt issue has a coupon rate of 2.95%, an effective interest rate of 3.01%, and matures on June 2, 2058.

The Corporation's long-term debt is unsecured. As at March 31, 2019, principal repayments due in each of the next five years were as follows:

	Years ending March 31,				
Millions of dollars	2020	2021	2022	2023	2024
Principal repayments	$ –	$ 276.6	$ –	$ –	$ –

There is a requirement attached to above advances to make annual payments into sinking funds in amounts representing 1% to 2% of the original issue. The cumulative annual payments plus interest earned are used for the retirement of debt issues upon maturity, on a net basis (see Note 15 – *Sinking funds*).

Note 23 – Employee benefits

The Corporation has a defined benefit pension plan (Plan A), a service recognition defined benefit plan (Plan B), and a defined contribution pension plan (Plan C).

Accounting policies

Defined benefit plans (Plans A and B)

The Corporation's net obligation in respect of Plan A is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; discounting that amount and deducting the fair value of plan assets.

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

Note 23 – Employee benefits, continued

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). The Corporation determines the net interest expense (income) on the net defined liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in net income.

When the benefits of the plan are changed or when the 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 income. The Corporation recognizes gains and losses on the settlement of the defined benefit plan when the settlement occurs.

The Corporation's net obligation in respect of Plan B is calculated by estimating the amount of future benefit that employees have earned in return for their service in prior periods and discounting that amount. The calculation of the defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Defined contribution plans (Plan C)

A defined contribution plan is a post-employment benefit under which an entity 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 benefit expense in the consolidated statement of income and other comprehensive income in the periods 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.

Short-term benefits and termination benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligations can be estimated.

Termination benefits are expensed at the earlier of when the Corporation can no longer withdraw the offer of those benefits and when the Corporation recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting period, then they are discounted to their present value.

Accounting estimates, and judgments

Estimates and judgments are required to determine discount rates, indexing assumptions, retirement age, and mortality rates. These assumptions are determined by management and are reviewed at least annually by the Corporation's independent actuaries.

The most significant assumptions used to calculate the net employee benefit plan's obligation include: the discount rate, the indexing assumption, and the mortality rate. The discount rate is the interest rate used to determine the present value of the future cash flows that the Corporation expects will be required to settle employee benefit obligations. It is based on the yield of long-term, high-quality, corporate fixed income investments (AA credit-rated bonds) with terms reflecting the profile of the plan members. The indexing assumption is the estimate of the future inflation rate, which impacts the future liabilities of the plan. The mortality rate impacts the future liability based on the estimated life expectancy of plan members.

The Corporation determines the appropriate discount rates at the end of each reporting period and the indexing assumptions and mortality rates at least at each actuarial study date. Changes in these assumptions could have an effect on the Corporation's cash flows through an effect on the projected benefit obligation. Lower discount rates and indexing assumptions result in a higher obligation while lower mortality rates result in a lower obligation. The combined impact of the assumptions could, at some point, require additional contributions to the plan.

Supporting information

Defined benefit plans (Plans A and B)

Plan A, the defined benefit pension plan is governed by SaskTel and has been closed to new membership since 1977. The SaskTel defined benefit pension plan is registered under *The Pension and Benefits Act,* 1992, Saskatchewan, the *Income Tax Act*, Canada, and regulated by the Financial and Consumer Affairs Authority of Saskatchewan – Pensions Division. Separate audited financial statements for the defined benefit plan are prepared and released publicly.

Note 23 – Employee benefits, continued

The SaskTel defined benefit pension plan provides a full pension at age 65, at age 60 with at least 20 years of service or upon completion of 35 years of service. The pension is calculated to be 2% times the average of the highest three years of pensionable earnings times the number of years of service up to a maximum of 35 years of service. A reduced pension may be opted for if certain age and years of service criteria are met.

For employees who retire before the age of 65, but meet other age plus service requirements, either a reduced or unreduced pension may be payable. Pensions are subject to annual indexing with the Consumer Price Index (CPI) up to a maximum of 2% per year.

The defined benefit pension plan is administered by a five-member Board (SaskTel Pension Board), consisting of two employer representatives, two union representatives and an independent chair. The SaskTel Pension Board is required by law to act in the best interests of the defined benefit pension plan participants and is responsible for setting certain policies (e.g., investment, contribution, and indexation policies) of the defined benefit pension plan.

Plan B, the service recognition defined benefit plan provided a retiring allowance of two days' salary per year of service, which is payable on retirement. Based on the Collective Agreement between the Corporation and Unifor, ratified April 22, 2005, the service recognition defined benefit program was curtailed effective March 19, 2005.

Funding

The Corporation is responsible for adequately funding Plan A. Contributions are determined by actuarial valuations. The contributions reflect actuarial assumptions about future investment returns, salary projections, and future service benefits. An actuarial valuation for accounting purposes was performed at March 31, 2017. The latest valuation for funding purposes was performed as of March 31, 2017.

All plan members have reached the maximum years of pensionable service and are no longer required to contribute to the plan. As a result, employer current service contributions have also ceased. A valuation is performed at least every three years to determine the actuarial present value of the accrued pension benefit.

The plan is in a surplus position, and therefore, under the going concern actuarial valuation contributions are not required.

Plan B is unfunded. The Corporation expects to pay $1.5 million in the next year related to Plan B.

Defined benefit obligation

Actuarial assumptions

The accounting actuarial valuation includes a provision for uncommitted and ad hoc benefit increases, and uses management's best estimates based on assumptions that reflect the most probable set of economic circumstances and planned courses of action. The actuarial assumptions are based on management's expectations, independent actuarial advice, and guidance provided by IFRS. The estimate, therefore, involves risks that the actual amount may differ materially from the estimate. The major assumptions used in the valuations are as follows:

As at March 31,	2019		2018	
	Plan A	Plan B	Plan A	Plan B
Discount rate – end of year	3.20%	3.00%	3.40%	3.20%
Inflation rate	2.25%	–	2.25%	–
Expected salary increase	–	0% in 2019/20 2.0% thereafter	–	0% in 2018/19 2.5% thereafter
Post-retirement index	1.60%	–	1.60%	–
Future mortality	Canadian Pensioner 2014 – Private Sector Mortality Table at 100% for males and 110% for females projected generationally with CPM Improvement Scale B		Canadian Pensioner 2014 – Private Sector Mortality Table at 100% for males and 110% for females projected generationally with CPM Improvement Scale B	
Estimated average remaining employee service life	–	8.4 years	–	9.2 years

At March 31, 2019, the weighted average duration of the defined benefit obligation was 11.3 years (2017/18 – 11.2 years).

Note 23 – Employee benefits, continued

Sensitivity analysis

The following illustrates the effect on the obligations of the plans of changing certain actuarial assumptions while holding all other assumptions constant:

	Defined benefit obligation			
	Plan A		Plan B	
As at March 31, 2019 Thousands of dollars	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	$ (103,529)	$ 124,342	$ (798)	$ 892
Inflation (1% movement)	(56,686)	274	–	–
Future indexing (0.4% increase and 1% decrease)	55,869	(123,619)	–	–
Salary increase (1% movement)	–	–	754	(690)

Movement in the present value of the defined benefit obligation

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its components.

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
For the year ended March 31, Thousands of dollars	**2019**	2018	**2019**	2018	**2019**	2018
Balance at April 1,	**$ 1,052,620**	$ 1,149,585	**$ (1,036,502)**	$ (1,030,246)	**$ 16,118**	$ 119,339
Included in net income						
Current service cost	**–**	–	**355**	384	**355**	384
Interest cost (income)	**34,593**	38,968	**(34,350)**	(34,888)	**243**	4,080
	34,593	38,968	**(33,995)**	(34,504)	**598**	4,464
Included in OCI						
Remeasurement loss (gain):						
- Actuarial loss (gain) arising from:						
- demographic assumptions	**97**	(26,685)	**–**	–	**97**	(26,685)
- financial assumptions	**22,072**	(40,854)	**–**	–	**22,072**	(40,854)
- Return on plan assets excluding interest income	**–**	–	**(19,914)**	(45,695)	**(19,914)**	(45,695)
- Effect of asset ceiling limit	**–**	–	**(2,420)**	7,045	**(2,420)**	7,045
	22,169	(67,539)	**(22,334)**	(38,650)	**(165)**	(106,189)
Other						
Benefits paid	**(68,598)**	(68,394)	**66,522**	66,898	**(2,076)**	(1,496)
Balance at March 31,	**$ 1,040,784**	$ 1,052,620	**$ (1,026,309)**	$ (1,036,502)	**$ 14,475**	$ 16,118
Represented by:						
Net defined benefit liability (Plan A)					**$ –**	$ –
Net defined benefit liability (Plan B)					**14,475**	16,118
					$ 14,475	$ 16,118

Note 23 – Employee benefits, continued

Plan assets

The asset allocation of the defined benefit pension plan is as follows:

As at March 31, Thousands of dollars	2019	2018
Asset category		
Short-term investments	$ 7,528	$ 5,489
Pooled real estate	173,388	171,059
Canadian equities	89,566	58,223
Canadian pooled equity funds	8,911	8,648
U.S. pooled equity fund	112,749	112,615
Non-North American pooled equity funds	174,390	186,194
Pooled bond funds	443,969	454,037
Pooled mortgage fund	5,007	–
Bonds	–	600
	1,015,508	996,865
Investments under securities lending program		
Short-term investments	2,180	2,514
Canadian equities	14,051	44,670
	16,231	47,184
Total investments	1,031,739	1,044,049
Effect of asset ceiling limit	(4,625)	(7,045)
Net investments	$ 1,027,114	$ 1,037,004

The defined benefit pension plan's permissible investments include Canadian equities (including rights, warrants, instalment receipts, and capital shares), U.S. and international equities, bonds of Canadian issuers, short-term securities, mortgages, real estate, and pooled funds. Any other type of investment is not permitted without prior approval of the SaskTel Pension Board.

Taking into consideration the investment and risk philosophy of the defined benefit pension plan, the following range and target asset mix has been established:

Asset category	Range	Target	Actual
Equities	30–50%	40%	39%
Real estate	12–18%	15%	17%
Fixed income	40–50%	45%	44%

The defined benefit pension plan's investment policy provides a framework for the prudent investment and administration of the Pension Fund for the purpose of managing capital assets. The policy provides the investment managers with a written statement of specific quality, quantity and rate of return standards. The policy is revisited annually to ensure it is meeting the objectives of the defined benefit pension plan's capital management to ultimately meet all pension obligations.

The SaskTel Pension Board employs a pension risk management strategy that addresses continued capital market volatility and the overall demographic trends for the plan. This approach strives to ensure the assets of the defined benefit pension plan evolve to match the liabilities of the plan.

Defined contribution plans (Plan C)

Plan C, the defined contribution pension plan, requires the Corporation to contribute 7.45% of employees' pensionable earnings, and employees to contribute a minimum of 4.45% of pensionable earnings. The total cost for the defined contribution plan is equal to the Corporation's required contribution. The Corporation's pension cost and employer contributions for the Public Employees Pension Plan are $21.7 million for the year ended March 31, 2019 (2017/18 – $22.1 million).

Note 24 – Provisions

Accounting policies

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 expense.

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 property, plant and equipment. 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 towers, antennae, and fuel storage tanks in the period in which the facility is ready for service. The fair value of estimated decommissioning cost 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 income 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 in net income. 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 income immediately.

Accounting estimates, and judgments

Judgment is involved in the estimation of the future liabilities for decommissioning and environmental remediation, the determination of the expected period until decommissioning, as well as inflation factors and discount rates to determine the present value of the provisions.

Note 24 – Provisions, continued

Supporting information

Thousands of dollars		Decommissioning provisions		Environmental provisions		Total
Balance at April 1, 2018	$	–	$	575	$	575
Provision for decommissioning and environmental remediation liabilities		5,765		25		5,790
Change in assumptions		459		–		459
Accretion expense		244		–		244
Settled during the period		(219)		(128)		(347)
Balance at March 31, 2019	$	6,249	$	472	$	6,721
Balance at April 1, 2017	$	–	$	–	$	–
Provision for decommissioning and environmental remediation liabilities		–		575		575
Balance at March 31, 2018	$	–	$	575	$	575

Assumptions

As at March 31,	2019
Discount rate, end of period	1.74% – 2.80%
Long-term inflation rate	2.00%
Undiscounted cash flows (millions)	$13

Discount rates based on the Government of Saskatchewan bond yields were used to calculate the carrying values of the provisions. The costs of the decommissioning provisions will be incurred between 2025 and 2071. No funds have been set aside by the Corporation to settle the decommissioning provisions.

Sensitivity of assumptions

Sensitivity of provisions to changes in the discount rate and inflation rate on the recorded liability as at March 31, 2019, is as follows:

	Decommissioning provisions			
Thousands of dollars		0.5% increase		0.5% decrease
Discount rate	$	(652)	$	760
Inflation rate		827		(716)

Note 25 – Equity advance and capital disclosures

Accounting estimates, and judgments

The Corporation periodically receives funding from its parent and sole equity holder, CIC. Funding is first analyzed to determine whether the funding is a transaction with the equity holder in their capacity as an equity holder, e.g. equity injection, or whether the funding would be available to other parties for a specific purpose. If there is no requirement to comply with certain conditions relating to the operating activities of the entity, the funding is recorded as an equity advance. If the Corporation must comply with certain past or future conditions relating to the operating activities of the Corporation, and the funding could be available to other parties for a specific purpose, the funding is recorded as a government grant (see Note 21 – *Deferred income – government funding*).

Supporting information

The Corporation has received an equity advance from CIC to form its equity capitalization. During the year, the Corporation repaid a portion of the equity advance in the amount of $13.0 million to CIC.

Due to its ownership structure, the Corporation has no access to capital markets for internal equity. Equity advances in the Corporation are determined by the shareholder on an annual basis. Dividends to CIC are determined through the Saskatchewan Provincial budget process on an annual basis.

Note 25 – Equity advance and capital disclosures, continued

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 a 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 revenue and still meet fixed payment obligations. The ratio is calculated as net debt divided by capitalization at the end of the year.

The Corporation reviews the debt ratio targets of all its subsidiaries on an annual basis to ensure consistency with industry standards. This review includes subsidiary corporations' plans for capital spending. The target debt ratios for subsidiaries are approved by the Board. The Corporation uses targeted debt ratios to compile a weighted average debt to equity ratio for the consolidated entity. The target ratio for 2018/19 was 51.3%.

The Corporation raises most of its capital requirements through internal operating activities and long-term debt through the Saskatchewan Ministry of Finance. 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.

The debt ratio is as follows:

As at March 31, Thousands of dollars	Note	2019	2018
Long-term debt	22	$ 1,003,280	$ 953,494
Notes payable		193,295	143,069
Less: Sinking funds	15	176,021	155,564
Cash		5,121	17,292
Net debt		1,015,433	923,707
Province of Saskatchewan's equity		1,165,168	1,073,691
Capitalization		$ 2,180,601	$ 1,997,398
Debt ratio		46.6%	46.2%

Note 26 – Consolidated statement of cash flows – supporting information

a) Net change in non-cash working capital

For the year ended March 31, Thousands of dollars	2019	2018
Net change in non-cash working capital balances related to operations		
Trade and other receivables	$ (20,825)	$ 23,703
Inventories	3,874	1,498
Prepaid expenses	8,465	(3,797)
Trade and other payables	(8,902)	1,329
Other liabilities	51	168
Deferred revenue	–	(2,042)
Contract assets	(260)	–
Contract liabilities	524	–
Contract costs	(5,639)	–
Other	(948)	785
	$ (23,660)	$ 21,644

Note 26 – Consolidated statement of cash flows – supporting information, continued

b) Reconciliation of changes in liabilities to cash flows arising from financing activities

	Assets	Liabilities		Equity		
Thousands of dollars	Sinking funds	Long-term debt	Notes payable	Equity advance	Retained earnings (restated see Note 2)	Total
Balance at April 1, 2018	$ (155,564)	$ 953,494	$ 143,069	$ 250,000	$ 811,063	$ 2,002,062
Changes from financing cash flows						
Proceeds from loans and borrowings	–	49,363	812,482	–	–	861,845
Repayment of borrowings	–	–	(762,256)	–	–	(762,256)
Instalments	(12,391)	–	–	–	–	(12,391)
Repayment of equity advance	–	–	–	(13,000)	–	(13,000)
Dividends paid	–	–	–	–	(116,314)	(116,314)
Total changes from financing cash flows	(12,391)	49,363	50,226	(13,000)	(116,314)	(42,116)
Other changes						
Asset and liability related						
Sinking fund earnings	(4,040)	–	–	–	–	(4,040)
Sinking fund valuation adjustments	(4,026)	–	–	–	–	(4,026)
Amortization of net discount on long-term debt	–	423	–	–	–	423
Total asset and liability related other changes	(8,066)	423	–	–	–	(7,643)
Total equity-related other changes	–	–	–	–	129,057	129,057
Balance at March 31, 2019	$ (176,021)	$ 1,003,280	$ 193,295	$ 237,000	$ 823,806	$ 2,081,360
Balance at April 1, 2017	$ (141,033)	$ 851,949	$ 177,105	$ 250,000	$ 711,416	$ 1,849,437
Changes from financing cash flows						
Proceeds from loans and borrowings	–	101,127	622,900	–	–	724,027
Repayment of borrowings	–	–	(656,936)	–	–	(656,936)
Instalments	(10,641)	–	–	–	–	(10,641)
Dividends paid	–	–	–	–	(89,925)	(89,925)
Total changes from financing cash flows	(10,641)	101,127	(34,036)	–	(89,925)	(33,475)
Other changes						
Asset and liability related						
Sinking fund earnings	(3,164)	–	–	–	–	(3,164)
Sinking fund valuation adjustments	(726)	–	–	–	–	(726)
Amortization of net discount on long-term debt	–	418	–	–	–	418
Total asset and liability related other changes	(3,890)	418	–	–	–	(3,472)
Total equity-related other changes	–	–	–	–	102,029	102,029
Balance at March 31, 2018	$ (155,564)	$ 953,494	$ 143,069	$ 250,000	$ 723,520	$ 1,914,519

Note 27 – Financial instruments and related risk management

Accounting policies

The Corporation initially recognizes financial assets and financial liabilities in the consolidated financial statements at fair value (normally the transaction price) adjusted for transaction costs. Transaction costs related to financial assets or financial liabilities at fair value through profit or loss are recognized immediately in net income. Regular way purchases and sales of financial assets are accounted for on the trade date. Financial instruments recorded at fair value on an ongoing basis are remeasured at each reporting date and changes in the fair value are recorded in either net income or OCI.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Corporation is recognized as a separate asset or liability.

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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 within the scope of IFRS 9, an embedded derivative is treated as a 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 income.

Supporting information

The Corporation is exposed to fluctuations in foreign exchange rates and interest rates. The Corporation utilizes a number of financial instruments to manage these exposures. The Corporation mitigates the risk associated with these financial instruments through Board-approved policies, limits on use and amount of exposure, internal monitoring, and compliance reporting to senior management and the Board. The Corporation's financial risks have not changed significantly from the prior period.

Market risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates, and equity prices.

Interest rate risk

Interest rate risk represents the potential for loss from changes in the value of financial instruments related to interest rate movements. Interest rate risk primarily impacts the value of sinking fund investments and debt refinancing.

The Corporation has on deposit with the Province of Saskatchewan, under the administration of the Ministry of Finance, $176.0 million (2017/18 – $155.6 million) in sinking funds, which is 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 they are managed based on this maturity profile and market conditions. The Corporation may be exposed to interest rate risk on the sinking funds. Assuming all other variables remain constant at March 31, 2019, a yield curve shift in excess of 1.0% could have a material impact on net income. Specifically, a 1.0% weakening in interest rates (or bond yields) could have an 11.6% ($15.0 million) favourable effect on net income while a 1.0% strengthening would have an 11.6% ($15.0 million) unfavourable effect on net income.

The Corporation may be exposed to interest rate risk on the maturity of its long-term debt. However, in the current interest rate environment, these risks are considered low. As a result, the Corporation has no financial contracts in place to offset interest rate risk as of March 31, 2019. The Corporation has not provided a sensitivity analysis of the impact of interest rate changes on net income as substantially all of the Corporation's debt is at fixed rates at March 31, 2019, with maturities of 2020 and beyond.

Note 27 – Financial instruments and related risk management, continued

Foreign currency risk

The Corporation is exposed to currency risk, primarily U.S. dollars, through transactions with foreign suppliers and short-term foreign commitments. Assuming all other variables remain constant at March 31, 2019, currency fluctuations in excess of 15% would have a material impact on the cash flow of the Corporation. Specifically, a 15% weakening in the Canadian dollar versus the U.S. dollar exchange rate could have a $15.0 million unfavourable effect on cash flow while a 15% strengthening could have a $15.0 million favourable effect on cash flow. The Corporation uses a combination of derivative financial instruments to manage these exposures when deemed appropriate. At March 31, 2019, the Corporation had no foreign currency derivatives outstanding. The Corporation does not actively trade derivative financial instruments.

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. Current credit risk relates to trade and other receivables and unbilled revenue, contract assets, sinking funds, and interest receivable.

The carrying amount of financial assets represents the maximum credit exposure as follows:

As at March 31, Thousands of dollars	Note	**2019**	2018
Cash		$ 5,121	$ 17,292
Trade and other receivables	8	139,057	118,232
Contract assets	11	78,167	–
Sinking funds	15	176,021	155,564
		$ 398,366	$ 291,088

Trade and other receivables

The Corporation considers evidence of impairment for trade and other receivables at both a specific asset and collective level. Trade and other receivables and unbilled revenue are diversified among many residential, farm, and commercial customers primarily throughout Saskatchewan.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics, specifically based on business segment, an aging of the accounts within each segment, and default probabilities within each segment.

In assessing collective impairment, the Corporation uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current or future economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

The allowance for doubtful accounts, which provides an indication of potential impairment losses, is reviewed regularly based on an analysis of the aging of customer accounts receivable, an estimate of outstanding amounts that are considered to be uncollectible, and future collection policy and economic environment impacts.

The allowance for doubtful accounts and the aging of customer accounts receivable are detailed as follows:

Allowance for doubtful accounts

As at March 31, Thousands of dollars	**2019**	2018
Balance at April 1,	$ 2,349	$ 2,384
Less: accounts written off	(8,708)	(9,412)
Recoveries	3,838	4,069
Provisions for losses	4,917	5,308
Balance at March 31,	$ 2,396	$ 2,349

Note 27 – Financial instruments and related risk management, continued

Customer accounts receivable

As at March 31, Thousands of dollars	Note	2019	2018
Current		$ 91,126	$ 69,563
30–60 days		11,992	13,556
61–90 days		2,395	2,568
Greater than 90 days		4,579	1,513
Gross customer accounts receivable	8	110,092	87,200
Allowance for doubtful accounts	8	(2,396)	(2,349)
Net customer accounts receivable		**$ 107,696**	$ 84,851

Contract assets

The Corporation considers evidence of impairment for contract assets based on the related assessment of the impairment of trade and other receivables at both a specific asset and collective level. Trade and other receivables, and therefore contract assets, are diversified among many residential, farm, and commercial customers primarily throughout Saskatchewan. Credit risk associated with contract assets is inherently managed by the size and diversity of our customer base. The Corporation also follows a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary.

The Corporation maintains allowances for lifetime expected credit losses related to contract assets. Current economic conditions, historical information (including credit agency reports, if available), and the line of business from which the contract asset arose are all considered when determining impairment allowances. The same factors are considered when determining whether to write off amounts charged to the impairment allowance for contract assets against contract assets.

The allowance for contract asset credit losses and the aging of contract assets are detailed as follows:

Allowance for contract asset credit losses

As at March 31, Thousands of dollars	2019
Balance at April 1,	$ 936
Additions	1,872
Transferred to accounts receivable allowance	(1,872)
Balance at March 31,	$ 936

Contract assets

As at March 31, Thousands of dollars	2019
Amortization period	
Within 1 year	$ 57,975
Between 1 and 2 years	21,128
Greater than 2 years	–
Gross contract assets	79,103
Allowance for credit losses	(936)
Net contract assets	$ 78,167

Note 27 – Financial instruments and related risk management, continued

Sinking funds

The credit risk related to sinking funds is assessed based on the credit risk rating of the investments held in the sinking funds. The Corporation considers a debt security to have low credit risk when its credit risk rating is equivalent to the definition of "investment grade." The Corporation considers this to be AA or higher per DBRS or Aa or higher per Moody's. Investments held within the sinking funds consist primarily of Provincial and Federal government bonds, which are rated investment grade. In addition, there have been no defaults of assets held within the sinking fund. As a result, sinking funds are considered to have low credit risk and no loss allowance is deemed necessary.

In addition, the Corporation maintains credit policies and limits in respect to short-term investments and counterparties to financial transactions.

Liquidity risk

Liquidity risk is the risk that the Corporation is unable to meet its financial commitments as they become due. The Corporation is a Provincial Crown corporation and as such has access to capital markets through the Saskatchewan Ministry of Finance.

Sufficient operating cash flows are expected to be generated to fund the short-term contractual obligations and the Corporation anticipates it will be able to refinance long-term debt upon maturity.

The following summarizes the contractual maturities of the Corporation's financial liabilities:

Thousands of dollars		Contractual cash flows					
As at March 31, 2019	**Carrying amount**	**Total**	**0–6 months**	**7–12 months**	**1–2 years**	**3–5 years**	**More than 5 years**
Long-term debt (a)	**$ 1,003,280**	**$ 1,584,464**	**$ 23,217**	**$ 23,217**	**$ 315,943**	**$ 83,468**	**$ 1,138,619**
Notes payable	**193,295**	**193,647**	**193,647**	–	–	–	–
Trade and other payables	**161,883**	**161,883**	**161,883**	–	–	–	–
	$ 1,358,458	**$ 1,939,994**	**$ 378,747**	**$ 23,217**	**$ 315,943**	**$ 83,468**	**$ 1,138,619**
As at March 31, 2018							
Long-term debt (a)	$ 953,494	$ 1,521,650	$ 22,478	$ 22,479	$ 44,959	$ 367,163	$ 1,064,571
Notes payable	143,069	143,534	143,534	–	–	–	–
Trade and other payables	169,903	169,903	169,903	–	–	–	–
Derivative financial liabilities	47	47	47	–	–	–	–
	$ 1,266,513	$ 1,835,134	$ 335,962	$ 22,479	$ 44,959	$ 367,163	$ 1,064,571

a) Contractual cash flows for long-term debt include principal and interest payments but exclude sinking fund instalments.

Note 27 – Financial instruments and related risk management, continued

Fair value

Fair values are approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics, such as risk, principal, and remaining maturities. Fair values are estimates using present value and other valuation techniques, which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates that reflect varying degrees of risk. Therefore, due to the use of judgment and future-oriented information, aggregate fair value amounts should not be interpreted as being realizable in an immediate settlement of the instruments.

Fair value of financial assets and liabilities

As at March 31,				2019		2018	
Thousands of dollars	Note	Classification (a)	Fair value hierarchy (b)	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets							
Cash		Amortized cost	Level 1	$ 5,121	$ 5,121	$ 17,292	$ 17,292
Trade and other receivables	8	Amortized cost	N/A	139,057	139,057	118,232	118,232
Sinking funds	15	FVOCI	Level 2	176,021	176,021	155,564	155,564
Financial liabilities							
Trade and other payables	17	Amortized cost	N/A	161,883	161,883	169,903	169,903
Notes payable		Amortized cost	Level 1	193,295	193,295	143,069	143,069
Long-term debt	22	Amortized cost	Level 2	1,003,280	1,133,553	953,494	1,056,426

a) Classification details are: FVOCI – fair value through OCI.

b) *See Note 2 – Basis of presentation* for discussion of the policies related to fair value measurements.

Financial instruments measured at amortized cost

Cash, trade and other receivables, trade and other payables, and notes payable

The carrying values of cash, trade and other receivables, trade and other payables, and notes payable approximate their fair values due to the short-term maturity of these financial instruments.

Long-term debt

The fair value of long-term debt is determined by the present value of future cash flows, discounted at the market rate of interest for the equivalent Province of Saskatchewan debt instruments.

Investments carried at fair value through other comprehensive income

Sinking funds

The fair value of sinking funds, classified as fair value through other comprehensive income, is determined by the Saskatchewan Ministry of Finance using information provided by investment dealers. To the extent possible, valuations reflect secondary pricing for these securities.

There were no items measured at fair value using Level 3 inputs in 2017/18 or 2018/19 and no items transferred between levels in 2017/18 or 2018/19.

Embedded derivatives

The Corporation had no contracts with embedded derivatives as at March 31, 2018, and March 31, 2019.

Note 28 – Related party transactions

The Corporation is indirectly controlled by the Government of Saskatchewan through its ownership of the Corporation's parent, CIC. 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 "government-related entities"). 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.

Routine operating transactions with related parties were conducted in the normal course of business and were accounted for at the exchange amount. For the year ended March 31, 2019, the aggregate amount of the Corporation's transactions with other government-related entities are approximately 7.3% of revenue (2017/18 – 6.6%), 11.3% of operating expenses (2017/18 – 11.1%), and 0.6% of property, plant and equipment expenditures (2017/18 – 0.9%).

In addition, the Corporation provided management and administrative services to the Corporation's defined benefit pension plan in the amount of $0.3 million on a cost recovery basis for the year ended March 31, 2019 (2017/18 – $0.3 million).

Key management personnel compensation

In addition to their remuneration, the Corporation also provides non-cash benefits to directors and executive officers, either a defined benefit pension or a defined contribution pension, and a service recognition defined benefit pension.

Key management personnel compensation is composed of:

For the year ended March 31, Thousands of dollars	2019	2018
Short-term employee benefits	$ 4,745	$ 5,337
Post-employment benefits – defined contribution plans	181	180
	$ 4,926	$ 5,517

Note 29 – Commitments and contingencies

Commitments

Supporting information

As at March 31, 2019, the Corporation has the following significant commitments:

- Operating activities $62.6 million (2017/18 – $77.5 million)
- Capital projects $15.9 million (2017/18 – $24.0 million)
- Letter of credit in the amount of $19.2 million (2017/18 – nil)

Non-cancellable operating lease commitments are as follows:

As at March 31, Thousands of dollars	2019	2018
Less than 1 year	$ 7,694	$ 7,448
Between 1 and 5 years	16,272	14,679
Greater than 5 years	11,353	7,240
	$ 35,319	$ 29,367

During the year ended March 31, 2019, the Corporation recognized $12.7 million (2017/18 – $13.9 million) as rent expense related to operating leases.

Note 29 – Commitments and contingencies, continued

Contingencies

Accounting estimates, and judgments

The Corporation becomes involved in various litigation and regulatory matters in the ordinary course of business. Prediction of the outcome of such uncertain events (i.e. being virtually certain, probable, remote, or undeterminable), determination of whether recognition or disclosure in the consolidated financial statements is required, and estimation of potential financial effects are matters for judgment. Where no amounts are recognized, such amounts are contingent, and disclosure may be appropriate, however, the potential for large liabilities exists and therefore these estimates could have a material impact on the Corporation's consolidated financial statements.

Supporting information

On August 9, 2004, a proceeding under the *Class Actions Act* (Saskatchewan) was brought against several Canadian wireless and cellular service providers, including Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications. 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 was 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.

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.

In the normal course of operations, the Corporation becomes involved in various claims and litigation. While the final outcome with respect to claims and litigation pending at March 31, 2019, cannot be predicted with certainty, it is the opinion of management that their resolution will not have a material adverse effect on the Corporation's consolidated financial position or results of operations.

Note 30 – Future performance obligations

The table below shows the revenue that the Corporation expects to recognize in the future, related to unsatisfied or partially satisfied performance obligations as at March 31, 2019. The unsatisfied portion of the transaction price of the performance obligations relates to monthly services, which is expected to be recognized as follows:

As at March 31, Thousands of dollars	2019
1 year or less	$ 137,215
Between 1 and 3 years	53,408
Greater than 3 years	6
	$ 190,629

Upon adoption of, and transition to, IFRS 15, we have elected to utilize the following practical expedients and not disclose:

- the unsatisfied portions of performance obligations related to contracts with a duration of one year or less; or
- the unsatisfied portions of performance obligations where the revenue the Corporation recognizes corresponds with the amount invoiced to the customer.

Board of Directors

Grant Kook

Chair of the Board

Grant J. Kook is Founder, President, Chief Executive Officer, and Chair of Westcap Mgt. Ltd., a leading venture capital and private equity fund manager with over half a billion in assets under management. Founded over 25 years ago, Westcap has an uncompromising vision to build long-term value for retail and institutional investors in a broad range of investment funds, including Saskatchewan's first Retail Venture Capital Fund, Golden Opportunities Fund Inc. Westcap is also the Fund Manager to HeadStart on a Home, First Nations, and Métis Fund, First Nations Business Development Fund, and several high net worth Private Equity Funds. Mr. Kook is also President and Chief Executive Officer of Cheung On Investments Group Ltd., an international investor syndicated Fund, and has been the President and Chief Executive Officer of the Ramada Hotels (Regina and Saskatoon) since 1992.

Mr. Kook serves on the boards of numerous private and publicly traded companies, including Saskatchewan Blue Cross and 3sHealth Shared Services Saskatchewan, Saskatchewan Health Authority, and the Saskatchewan Teachers' Federation Investment Committee. He is the past Vice President of the Canadian Venture Capital and Private Equity Association (CVCA), past member of the World Entrepreneurs Association, and was the Co-chair of the Saskatchewan-Asia Advisory Council.

He is active in many community organizations, including serving as Voluntary Past Chair of the Children's Hospital Foundation of Saskatchewan, Executive Committee Member of the Mike Weir Miracle Golf Drive for Kids, Sponsorship Chair for the 2006 PotashCorp Vanier Cup, and 2004 Canadian Nokia Brier, Vice President of Sponsorship for 2010 Canadian World Junior Hockey Championship, Director of 2012 Tim Hortons Brier, Chair of 2013 and 2014 CIS University Cup, and past Board Member of the new Saskatchewan Hockey Hall of Fame.

Grant is a recipient of the 2013 Saskatchewan Order of Merit, 2012 Queen Elizabeth II Diamond Jubilee Commemorative Medal, and Commemorative Medal for the Centennial of Saskatchewan and was recognized as the 2018 ABEX Business Leader of the Year in Saskatchewan. He is also the recipient of the 2014 Saskatoon Tourism Leadership award, the 2008 B'nai Brith – We are Proud of You Award, Ernst & Young nominee for Entrepreneur of the Year in 1998 and 2003, and was recognized in 2008 as one of the Province's Most Influential Men by *Saskatchewan Business Magazine*.

Richard Ahenakew

Board Member

Richard Ahenakew is the General Manager of the Northern Lights Casino in Prince Albert, beginning his career there in 1996, and holding a variety of positions within the organization before assuming his current role.

A proud member of the Ahtahkakoop First Nation, Mr. Ahenakew has been appointed to serve on the Ahtahkakoop Cree Developments Board, offering insight to business strategies and community initiatives. He has also served on the Saskatchewan Chamber of Commerce for over eight years, and has the distinction of being the first President of First Nations background appointed to the Saskatchewan Chamber Board, a milestone within Canada.

In 2011, Saskatchewan Polytechnic presented Richard with an honorary diploma recognizing his work to promote studies, post-secondary schooling, and youth mentorship. In 2012, he was recognized for his outstanding contributions within his community, province, and country, and received the Queen Elizabeth II Diamond Jubilee Medal of Distinction. Recognizing workplace safety, Richard was instrumental in taking the lead for the Prince Albert mini Safety Charter signing and is a strong advocate for Mission Zero.

Richard has also worked closely with the Red Cross Society throughout the province as a Volunteer, Board Member and now, Chairperson. He is also presently an active member of the Saskatchewan CAA Board of Directors and serves on the Prince Albert Board of Police Commissioners as Chairperson. He has also served on the Prince Albert Tourism Board of Directors and as President and Advisor for Northern Lights Casino Pow Wow.

Richard studied at the Saskatchewan Indian Federated College and has a P.A. Douglas & Associates Management certificate, a University of Reno Nevada Gaming Management certificate and a Queen's School of Business Executive certificate.

Richard enjoys spending time with his family and is a collector of vintage history books and warplane memorabilia.

Joel Friesen

Board Member

Joel Friesen has been a partner with Anderson & Company law firm in Swift Current since 2013, having initially joined the firm in 2008. Prior to this, he completed his articles in Regina after completing his Commerce (with Distinction) and Law degrees at the University of Saskatchewan in 2006. He also completed the Directors Education Program (ICD.D.) through the Institute of Corporate Directors in 2017.

Mr. Friesen has served on numerous community boards, including acting as President of the Swift Current Saskatchewan Party Constituency Association, the Elmwood Golf Club, the Water Appeal Board, and Swift Current Library Board. Joel has also been active in the local community coaching kids' hockey, lacrosse, and basketball.

JoeAnne Hardy

Board Member

JoeAnne Hardy is the President of WBM Technologies Inc. She first joined WBM and the Information Technology industry in 1996. Today, WBM's offices in Western Canada employ over 290 team members focused on delivering technology solutions to organizations across the country.

Born and raised in Saskatchewan, JoeAnne has served in various leadership roles in the North American IT industry, including three consecutive terms as President of the Trust X Alliance, an IT industry association with a global membership of 350 leading IT service organizations.

JoeAnne has also been recognized by *CDN Magazine* as one of the top 10 women in IT in Canada.

In 2016, JoeAnne was nominated and successfully completed the Quantum Shift Program at the Ivey School of Business, as well as the Institute of Corporate Directors, Directors Education Program through the Edwards School of Business.

As a long-time member of Saskatoon's Business Association, the NSBA, she became a member of the Board of Directors in 2015, served on the Economic Development Committee, and currently serves as Director and Chair of the Executive Committee. In 2019, she joined the Board of Directors for Saskatchewan Blue Cross and currently serves on the Corporate Social Responsibility Committee, as well as the Audit and Risk Committee.

JoeAnne resides between Calgary, Saskatoon, Vancouver, and Regina during the workweek. Most weekends find her enjoying the beautiful city of Saskatoon with her family, and making good use of an ever-growing collection of bicycles and running shoes!

Rachel Heidecker

Board Member

Rachel Heidecker is a leader in business strategy and transformation, specializing in technology, innovation, management, and marketing.

She is an experienced executive, manager, and strategist with 20 years of experience in ICT. Rachel is a strong believer in creative thinking, continuous improvement, measured results, and enabling business through technology.

Rachel obtained her Chartered Director (C.Dir.) designation from The Directors College through McMaster University and the Conference Board of Canada. She is an M.B.A. and B.Sc. graduate of the University of Saskatchewan and received a postgraduate diploma (PgD) in Software Technology from the University of Calgary.

Rachel was previously a director and manager at the University of Saskatchewan, overseeing teams responsible for continuous improvement of shared services, web applications and development, teaching and learning systems, and library search and discovery systems. She has taught Management and Marketing courses as an instructor of business strategy and strategic decision-making at the Edwards School of Business.

Rachel grew up in Regina and is currently a resident of Osler, Saskatchewan. She is passionate about the arts and may be seen in a variety of flamenco dance performances around Saskatoon.

Jerri Hoback

Board Member

Jerri Hoback has earned several designations since completing a Bachelor of Commerce (B.Comm.) from the University of Saskatchewan. She holds a CPA, CMA accounting designation and obtained her Chartered Director (C.Dir.) designation from The Directors College through McMaster University and the Conference Board of Canada.

Ms. Hoback has worked as an accountant in a wide variety of industries, in Alberta and Saskatchewan. She has experience in oil and gas services, electronics manufacturing, financial services, and as a public accountant, performing assurance and audit engagements.

Jerri is currently the Assistant Director of Financial Services for the City of Prince Albert. Jerri has held positions on several local boards, associations, and committees, and currently holds an elected seat in the University of Saskatchewan Senate.

Darrell Kennedy

Board Member

Darrell Kennedy is the owner of Timberstone Distribution, a wholesale masonry, stucco, siding, landscaping, and flooring distribution company with locations across Western Canada. He also owns Discovery Marketing, a corporate ad and apparel company. Prior to that, he worked as the Territory Sales and Marketing Manager for TaylorMade Adidas Golf.

Mr. Kennedy is a Board Member of the Saskatchewan Masonry Institute and the Regina and Region Home Builders Association. He is a long-time Board Member at the Royal Regina Golf Club and has chaired many golf tournaments, including the Inaugural Shooting Stars Foundation Golf Tournament hosted by Jamie Heward and Mike Sillinger.

Darrell has a Professional Business Management certificate and a Business Administration diploma from Lethbridge Community College.

Pamela Lothian

Board Member

Pamela Lothian is a graduate of the University of Saskatchewan, obtaining a Bachelor of Arts (Political Science) degree in 1982 and a law degree in 1985. She articled with and then joined the law firm of McDougall Ready (now McDougall Gauley LLP), later becoming the first woman to achieve partnership with McDougall Ready in the firm's 100-plus-year history. Pamela practised with the firm for 13 years before electing to concentrate on her second career as a homemaker raising two daughters.

Ms. Lothian is a past President of the Regina Bar Association and a Director of the Regina Community Basketball Association and the Arthritis Society of Saskatchewan.

She is currently a Director of Lex Capital Corp., a Regina-based family investment vehicle, and of Lex Capital Management Inc., a private equity fund management company. She also served as Co-chair for the Volunteer Committee for the CIS Women's National Basketball Championships hosted by the University of Regina in 2009 and was a founding member of the Prairie Vascular Research Inc. fundraiser in 2019.

Valerie Makela

Board Member

Valerie Makela recently retired from the Management Team at McKercher LLP in Saskatoon after serving 12 years as a member.

Born and raised in rural Saskatchewan, Valerie attended Reeves Business College in North Battleford. In 1979, she returned to Saskatoon where she established a successful career in the legal community.

Ms. Makela spent over 25 years as Executive Assistant, Office Administrator, and Operations Manager for a high-profile litigation firm before moving on to her current position as Director of Human Resources with McKercher LLP.

Valerie currently holds memberships with the Association of Legal Administrators and the Calgary Association of Legal Administrators. She also enjoys staying involved with the community through Care & Share Saskatoon, the United Way Corporate Fundraiser, and as a volunteer with the SPCA.

Alan Migneault

Board Member

Born and raised in Saskatchewan, Alan Migneault is President of AJM Management Corp. As a Professional Management Consultant, Alan works with clients across Western Canada to prepare businesses for succession to new owners or to improve their businesses through financial restructuring, acquisitions, or divestitures and typically takes on the capacity of Chief Executive Officer or Chief Financial Officer while working with his clients.

With a bachelor's degree in Commerce from the University of Saskatchewan and a Chartered Professional Accountant (CPA, CA) designation, Mr. Migneault started his career working with PricewaterhouseCoopers LLP as an auditor, and later transitioned to consulting where he was leading the technology and risk management practice in Western Canada. During his career, Alan was involved as an educator of Chartered Accountants through the Institute of Chartered Accountants of Saskatchewan, the CA School of Business, and the Master of Professional Accounting program at the University of Saskatchewan.

In 2000, Alan joined a client in the Canadian Banking industry, working in the capacity of Senior Vice President before taking on the role of Chief Executive Officer of the Saskatoon Regional Economic Development Authority in 2006. In 2009, he entered the transportation industry as the Chief Financial Officer for Frontier Peterbilt, and returned to the consulting business after that company was acquired by Cervus Equipment in 2012.

Alan is a passionate supporter of the NSBA, Saskatoon's Business Association, and is currently in his second term as the Board Chair after 10 years as a Director. Mr. Migneault is currently enrolled in the Institute of Corporate Directors' Directors Education Program and holds several Board Director and Committee positions, including SustainaPulp Canada Inc., Pacific Northwest Economic Region, Enterprise Capital of Saskatoon Corporation, and numerous industry and community associations.

Grant Payant

Board Member

Grant Payant is retired from farming, ranching, and numerous other businesses he has been involved in over the last few years, but plays an active role with his son who has taken over the agricultural-related businesses. He is a long-standing member of Western Canadian Wheat Growers, Saskatchewan Canola Growers, Canadian Federation of Independent Business, life member of the Association of Canadian Custom Harvesters Inc., and other various committees and organizations.

Mr. Payant's background in agriculture led him to sit on the Saskatchewan Farm Ownership Board. He spent several years as an Agricultural Representative for the Assiniboia Economic Development Committee. Additionally, he spent four years as President of the Association of Canadian Custom Harvesters Inc., where he represented custom harvesters in Western Canada regarding access to the U.S. market and other industry-related issues. He was active as President and Campaign Manager for the local provincial constituency.

Grant and his wife Debbie currently live in Assiniboia. He enjoys his family and travelling, while staying active in the community.

Glenys Sylvestre

Board Member

Glenys Sylvestre is Executive Director, University Governance, at the University of Regina. She has been with the U of R for over 19 years, previously serving as Associate Dean and Instructor with the Paul J. Hill School of Business. Prior to her employment with the University, she was an Audit and Assurance Manager at Deloitte & Touche.

Ms. Sylvestre is a Chartered Professional Accountant, and was awarded Fellowship in 2007. She served for six years as a Councillor with the Institute of Chartered Accountants of Saskatchewan, including service as President and Chair. She also obtained the Chartered Director designation in 2011.

Glenys facilitates board and executive training and development sessions for numerous organizations on topics such as fundamentals of accounting, risk management, interpretation of financial information, and monitoring financial performance. She has served on several community boards, including Arcola East Community Association, Regina Exhibition Association Limited, and Gymnastics Saskatchewan.

Board of Directors Committee Priorities

AUDIT AND RISK COMMITTEE

Members

Glenys Sylvestre, Chair
JoeAnne Hardy, Member
Jerri Hoback, Member
Darrell Kennedy, Member
Valerie Makela, Member
Alan Migneault, Member

Priorities

- Oversee the implementation of evolving accounting standards
- Monitor progress on the cyber-security risk as part of the Enterprise Risk Program

CORPORATE GROWTH AND TECHNOLOGY COMMITTEE

Members

Rachel Heidecker, Chair
Joel Friesen, Member
Jerri Hoback, Member
Alan Migneault, Member
Grant Payant, Member

Priorities

- Monitor the industry's technological risks, with a focus on evolving the networks to new technologies
- Oversee the growth strategies of SaskTel and the subsidiaries

ENVIRONMENTAL AND HUMAN RESOURCES COMMITTEE

Members

Pamela Lothian, Chair
Richard Ahenakew, Member
JoeAnne Hardy, Member
Valerie Makela, Member
Grant Payant, Member
Glenys Sylvestre, Member

Priorities

- Oversee management efforts to improve employee engagement
- Oversee executive succession plans, including the CEO

GOVERNANCE COMMITTEE

Members

Joel Friesen, Chair
Richard Ahenakew, Member
Rachel Heidecker, Member
Darrell Kennedy, Member
Pamela Lothian, Member

Priorities

- Ensure compliance with shareholder's governance practices

SaskTel Executive

Doug Burnett

President and Chief Executive Officer (CEO)

In January 2019, Doug Burnett was appointed President and CEO. Prior to his appointment, Doug served as Acting President and CEO, and he also served as Vice President of Human Resources and Corporate Services where he was responsible for SaskTel's Corporate Services, Human Resources, Industrial Relations as well as its Health, Safety, Environment, and Diversity divisions. Doug began his career at SaskTel in 1990 as Corporate Counsel, providing legal advice and services to the Corporation in every facet of business. During this time, he worked on several international projects, as well as providing advice to Human Resources and Industrial Relations. Prior to joining SaskTel, Doug practised law in Regina from 1983 to 1989.

He holds a Bachelor of Arts from the University of Regina, a Bachelor of Laws from the University of Saskatchewan, and a Certified Human Resources Professional (CHRP) designation. He is a member of the Law Society of Saskatchewan and serves as a Board Member for the Wicihitowin Foundation, SecurTek, Directwest, SaskTel International, Junior Achievement, and West Wind Aviation.

Doug was born and raised in Regina and is active in his community. He enjoys sports of any kind, particularly skiing and water-skiing.

Jim Dundas

Chief Information Officer

Prior to joining SaskTel in November 2013, Jim Dundas was Regional Vice President for CGI, where he had overall executive responsibility for operations in Saskatchewan. He received the prestigious CGI Builder Award for exceptional leadership achievements, having grown the Saskatchewan operation fourfold by delivering excellent client satisfaction and financial performance. Throughout his 37-year career in the Information Technology industry, he has held positions with Saskatchewan Government Insurance, Saskatchewan Workers' Compensation Board, and Co-operators Data Services Limited. Jim also serves as the CEO of SaskTel International, a fully owned subsidiary of Saskatchewan Telecommunications, providing solutions to communications service providers and network service operators worldwide. He was born, raised, and educated in Saskatchewan, loves cottage life and remains active on the family farm.

David Ekstrand

Vice President, Business Sales and Solutions

David Ekstrand leads the SaskTel team responsible for all sales, marketing, and operations for SaskTel's business market. These services are delivered and assured by David's team of qualified and experienced communications and IT professionals over Saskatchewan's most advanced networks and hosted in advanced data centres—designed, built, and operated by SaskTel.

A recognized industry leader, he has 25 years of management and leadership experience across Canada and in the U.S. David's experience spans sales and operational roles, including roles at CompuCom and Rogers. His passion for excellence and pursuit of the best customer experience possible has rewarded him with a strong following of associates and customers over his career.

With infectious high energy, he has the edge to make the tough decisions when necessary and a strong will that drives execution. David is a caring member of the business community and is a true, trusted advisor to many.

David enjoys fishing and hunting and has a passion for anything motorized, including extreme snowmobile equipment and numerous off-road toys. David and his partner Leanne reside just outside of Saskatoon and have four grown children.

Charlene Gavel

Chief Financial Officer

As the Chief Financial Officer, Charlene Gavel is responsible for the Corporation's financial activities and provides leadership in the development of financial strategies. She is responsible for providing strategic, accounting, and financial advice to the President and CEO, subsidiary Presidents, SaskTel's executive team, and the Board of Directors

Charlene has extensive experience and has held a variety of senior leadership positions throughout her career. Most recently, she has held the position of Vice President and Chief Financial Officer at SaskTel International. Prior to that, Charlene held positions with the Regina Qu'Appelle Health Region as Chief Financial Officer and Vice President of Financial Services, and at Information Services Corporation (ISC) as Chief Financial Officer and Vice President of Finance and Administration.

Charlene earned a Bachelor of Administration Degree from the University of Regina and is a Chartered Professional Accountant, CA. She has also achieved the Institute of Corporate Directors designation.

Charlene currently serves on the boards of SaskTel International, SecurTek, Directwest, the SaskTel Pension Plan, the Public Employees' Pension Plan, and the Regina Downtown Business Improvement District Board.

Daryl Godfrey

Chief Technology Officer

As Chief Technology Officer, Daryl Godfrey's 36-year career with SaskTel includes senior positions in Network Planning and Provisioning, SaskTel International, Business Development, and Stentor.

His SaskTel International assignments include Network Services Director in Leicester, UK and Chief Technology Officer for Tanzania Telecommunications Company. Daryl has held positions in the Regina Engineering Society and on the Board of TR Labs. He is a member of the Advisory Board for the University of Regina Faculty of Engineering and Applied Science. Daryl has a BScME and P.Eng from the University of Saskatchewan and is a member of the Association of Professional Engineers and Geoscientists of Saskatchewan (APEGS).

Darcee MacFarlane

Vice President, Corporate and Government Relations

As Vice President of Corporate Communications and Government Relations for SaskTel, Darcee MacFarlane is accountable for external and internal communications, government, customer, and community relations for the Corporation. Darcee has over 25 years with SaskTel, and has held a variety of positions in Marketing Communications, Media Relations, Customer Relations, Community Relations, Internal Communications, and Government Relations.

She was born and raised in Saskatchewan. Darcee has a Bachelor of Arts degree and Public Relations certificate from the University of Regina, as well as a Corporate Social Responsibility certificate from the University of Toronto. She also serves on the Board of Directors for Computers for Schools.

Shara McCormick

Vice President, Human Resources and Corporate Services

Shara has worked at SaskTel since 1994 in various management roles in Marketing, SaskTel Advanced Interactive Solutions, and SaskTel Human Resources. Prior to her appointment as Vice President of Human Resources and Corporate Services she has been the Director of Training and Development, Director of HR – Strategic Planning, Staffing and Performance Management, and most recently the Senior Director of Human Resources and Corporate Services.

Shara has an MBA and a B.Admin, with Distinction, from the University of Regina, and completed the Certificate in Internet Marketing from the University of British Columbia. She has also been a Sessional Lecturer at the University of Regina. She is the past Vice Chair of Technical Safety Authority of Saskatchewan (TSASK) Board of Directors and the Chair of the TSASK Human Resources Committee of the Board. Shara currently serves on the boards of SaskTel International, Directwest, and SecurTek, as well as Ignite Adult Learning Centre and Sexual Assault Services of Saskatchewan.

Greg Meister

Vice President, Operations

Greg Meister leads the SaskTel team responsible for building, operating, and connecting customers to the Corporation's advanced networks, solutions, and services.

Beginning his career with SaskTel in 1993, he has held positions in Marketing, Sales, and Operations, allowing Greg and his family to live and participate in the communities of Regina, Prince Albert, North Battleford, and Saskatoon.

Greg holds a Bachelor of Commerce degree from the University of Saskatchewan where he focused in the areas of Finance and Marketing. He has received certificates for extension programs from the University of British Columbia and Queen's University. As a dedicated volunteer, Greg is President of Saskatchewan Crime Stoppers, Vice President of the Saskatoon Gun Club, Director with Saskatchewan Skeet Shooting Corp.

Born, raised, and educated in Saskatchewan, Greg enjoys living in the growing community of Warman with his wife Nadine and daughter Cassidy.

John Meldrum

Vice President, Corporate Counsel and Regulatory Affairs and Chief Privacy Officer

As Vice President of Corporate Counsel and Regulatory Affairs, John Meldrum's portfolio includes the provision of legal guidance, advice, and services to the Corporation. He is also responsible for the areas of Carrier Relations, Carrier Services, Land and Easements, and Regulatory Affairs, including regulatory policy matters, as well as SaskTel's Legal Department.

John worked five summers with the Corporation while attending university and in 1977, after receiving his Bachelor of Laws degree from the University of Saskatchewan, joined SaskTel as a solicitor in the Legal Department. In May of 1984, John became General Counsel and Corporate Secretary and in September 1986, he became Vice President, Corporate Counsel and held that position until he was appointed to his current position.

In December 2000, he received the Queen's Counsel (QC) designation. John is a member of The Canadian Bar Association and the Law Society of Saskatchewan. He serves on the boards of Directwest, SecurTek, SaskTel International, and the University of Regina Rams Football Club.

Stacey Sandison

Chief Strategy Officer

Stacey Sandison has had an extensive career at SaskTel, with successful leadership responsibilities in marketing, sales, and operations. As Chief Strategy Officer, Stacey is accountable for corporate strategic planning, corporate marketing strategy, service development, corporate program prioritization, and brand management.

She holds a Bachelor of Business Administration degree from the University of Regina and a Master's in Business Administration degree from Ellis College in New York.

Stacey is a Board Member of SecurTek and Directwest and is a past Board Member of the Canadian Wireless Telecom Association and the RCMP Foundation.

Katrine White

Vice President, Consumer Sales and Solutions

As Vice President of Consumer Sales and Solutions, Katrine White leads the team responsible for all sales, marketing, and operations for SaskTel's consumer market. This includes the development and management of SaskTel's wireless voice and data services, maxTV service, internet products, and wireline phone service. She is also accountable for industry-leading sales, customer service, and support channels.

Prior to this, Katrine held a number of positions with increasing accountability at SaskTel and SaskTel Mobility in consumer and business product management, advertising and communications, customer loyalty, and strategic planning.

Katrine earned a Bachelor of Commerce degree from the University of Saskatchewan and a certificate in Marketing from Queen's University. She serves on the Hospitals of Regina Foundation Board and is a group leader at Evolution Fitness. She is married with three children, loves to travel, and spend time at the lake.

Corporate Governance Statement

AUTHORITY

SaskTel is a Crown Corporation governed by *The Saskatchewan Telecommunications Holding Corporation Act*, and subject to the provisions of *The Crown Investments Corporation Act, 1993*. The Crown Investments Corporation of Saskatchewan (CIC), as the holding company for Saskatchewan's commercial Crown Corporations, has authority to establish direction for SaskTel related to certain matters set out in legislation.

Through the Chair, who is an independent Director, the Board of Directors is accountable to the Minister Responsible for SaskTel. The Minister Responsible is a key communications link among the Corporation, CIC, Cabinet, the Legislature, and the public.

BOARD APPOINTMENTS

The Lieutenant Governor in Council appoints members of the Board and designates the Chair and Vice Chair. Subject to applicable legislation, Directors are appointed for a fixed term and their appointments can be renewed at expiry. There are twelve (12) members on the Board.

KEY ACCOUNTABILITIES

The Board of Directors is responsible for supervising the management and affairs of the Corporation. While focusing on the strategic leadership of the Corporation, the Board delegates day-to-day operations to management and holds them accountable for the Corporation's performance.

The Board discharges its responsibilities directly, by delegation to management and through Committees of the Board. There are four Committees of the Board: the Audit and Risk Committee; the Corporate Growth and Technology Committee; the Environment and Human Resources Committee; and the Governance Committee.

CORPORATE GOVERNANCE PRACTICES

The SaskTel Board has implemented a comprehensive set of governance practices and is committed to clear disclosure of its governance practices in accordance with current best practice disclosure standards.

On June 30, 2005, the Canadian Securities Administrators (CSA) National Policy 58-201 on Corporate Governance Guidelines and National Instrument 58-101 on Governance Disclosure Rules came into effect. The CSA standards supercede the Toronto Stock Exchange Corporate Governance Guidelines, which the Board used previously to assess its practices. The Governance Committee has reviewed the Guidelines with a view of adapting the Board's governance practices to the guidelines, where effective and beneficial. Although SaskTel is not required to comply with the CSA governance guidelines, the Corporation has used them to benchmark its Corporate Governance Practices in the following section.

On October 15, 2014, the CSA announced amendments to National Instrument 58-101 Disclosure of Corporate Governance Practices effective December 31, 2014.

The amendments implement a "comply or explain" disclosure model regarding the representation of women on boards and in executive officer positions and the director selection process. The amendments do not introduce any mandatory quotas or targets. They are intended to increase transparency regarding the representation of women on boards and in senior management. There are no sanctions for non-compliance.

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
COMPOSITION OF THE BOARD		
NP 58-201, section 3.1 3.1 The board should have a majority of independent directors.	All directors on the SaskTel Board (12 out of 12) are independent.	Yes
NI 58-101F1, sections 1(a) to (d) 1(a) Disclose the identity of directors who are independent; (b) Disclose the identity of directors who are not independent and the basis for that determination; (c) Disclose whether the majority of directors are independent; and (d) Disclose whether a director is a director of any other issuer that is a reporting issuer.	**Grant Kook**, Chair: *INDEPENDENT* – President and CEO, Westcap Mgt. Ltd. **Richard Ahenakew**: *INDEPENDENT* – General Manager, Northern Lights Casino **Joel Friesen**: *INDEPENDENT* – Lawyer, Anderson and Company **JoAnne Hardy**: *INDEPENDENT* – President, WBM Saskatoon **Rachel Heidecker**: *INDEPENDENT* – Consultant **Jerri Hoback**: *INDEPENDENT* – Accountant **Darrell Kennedy**: *INDEPENDENT* – Entrepreneur – Business Owner **Pamela Lothian**: *INDEPENDENT* – Lawyer **Valerie Makela**: *INDEPENDENT* – Director of Human Resources, McKercher LLP **Alan Migneault**: *INDEPENDENT* – President, AJM Management Corp. **Grant Payant**: *INDEPENDENT* – Retired **Glenys Sylvestre**: *INDEPENDENT* – Executive Director, University Governance at the University of Regina The determination of independence is made by the Governance Committee and is based on an assessment of the requirements in Multilateral Instrument 52-110, Audit Committees. Section 1(d) does not apply to SaskTel as SaskTel does not have share capital, and is not an issuer.	Yes
NP 58-201, section 3.2 3.2. The chair of the board should be an independent director who is the effective leader of the board and who ensures that the board's agenda will enable it to successfully carry out its duties.	The Chair of the Board is an independent director who provides leadership in board organization, processes, effectiveness and renewal, serves as liaison between the Board and the shareholder, and ensures Board agendas reflect an effective balance between the role of the Board and that of management.	Yes

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
NI 58-101F1, section 1(f) 1(f) Disclose whether the chair of the board is an independent director; disclose the identity of the chair and describe the role of the chair.	Grant Kook is the Chair of the Board and he is an independent director. The Chair reports to the Board and ultimately to the shareholder and is responsible for presiding over meetings of the Board and ensuring that the Board discharges its fiduciary and legal responsibilities. The Chair's primary duties include: • chairing meetings of the Board and ensuring meetings are properly convened and business is conducted legally • working with the CEO and the Corporate Secretary to set Board meeting schedules and establish agendas • monitoring meeting attendance and encouraging full participation by directors at meetings • communicating with directors between meetings • taking a lead role in assessing and addressing any concerns related to Board, committee, or director performance • assisting directors to achieve full utilization of individual abilities • promoting an open and constructive working relationship between senior management and the Board • working with committee chairs to maintain effective communications and division of responsibilities • providing advice and counsel to the CEO and senior management • representing the shareholder's interests and perspective to management, and representing management's views to the shareholder • in conjunction with the CEO, developing productive relationships and representing the Corporation with the shareholder and key stakeholders	Yes
MEETINGS OF INDEPENDENT DIRECTORS **NP 58-201, section 3.3** 3.3 The independent directors should hold regularly scheduled meetings at which non-independent directors and members of management are not present.	As a Standing Agenda item, the Board holds an in-camera session without management present at each regular meeting of the Board. All directors participate in the sessions, except where a director has a conflict with an item under discussion.	Yes

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
NI 58-101F1, section 1(e) 1(e) Disclose whether the independent directors hold regularly scheduled meetings at which members of management are not present; disclose the number of such meetings held in the previous 12 months; if such meetings are not held, disclose what the board does to facilitate open and candid discussion among independent directors.	There were ten (10) Board meetings held in 2018/19, and during all 10 regular meetings, in-camera sessions without management present but including all directors were held. Board practices that facilitate open and candid discussion among and independent judgment by directors include: • holding in-camera sessions of no fixed duration where directors are encouraged to raise any issues of concern • having an independent director as Chair of the Board • clearly delineating the division of responsibilities between Board and management • providing for the Board/directors to access external advice The Board is satisfied that its governance practices foster full and open discussion and debate and that it retains the independence of mind to make decisions in the best interests of the Corporation and the shareholder.	Yes
NI 58-101F1, section 1(g) 1(g) Disclose the attendance record of each director for board meetings held in the most recently completed financial year.	The Board held ten (10) meetings in 2018/19. The number of Board meetings attended by each director in 2018/19 is set out below.	Yes

Director	Meetings Attended*
Grant Kook, Chair	10 (10)**
Richard Ahenakew	7 (10)
Joel Friesen	10 (10)
JoeAnne Hardy	9 (10)
Rachel Heidecker	9 (10)
Jerri Hoback	10 (10)
Darrell Kennedy	10 (10)
Pamela Lothian	10 (10)
Gayle MacDonald[a]	5 (6)
Valerie Makela[b]	3 (4)
Alan Migneault[b]	4 (4)
Rick Orr[a]	5 (6)
Grant Payant[b]	2 (4)
John Ritchie[a]	6 (6)
Glenys Sylvestre	8 (10)

* For the purposes of this report, members who attended meetings in part were considered to be present.

** Figures in brackets represent the maximum number of meetings for the period in which the individual was a Board member

[a] was a Board member until November 22, 2018

[b] was appointed to the Board November 22, 2018

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
BOARD MANDATE		
NP 58-201, section 3.4 3.4 The board should adopt a written mandate which explicitly acknowledges responsibility for the stewardship of the Corporation and responsibility for: (a) to the extent possible, satisfying itself as to the integrity of the CEO and executive and that they have created a culture of integrity throughout the organization; (b) adopting a strategic planning process and approving at least annually a strategic plan which takes into account, among other things, the opportunities and risks of the business; (c) identification of the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks; (d) succession planning, including appointing, training, and monitoring senior management; (e) adopting a communications policy for the Corporation; (f) the integrity of the Corporation's internal control and management information systems; and (g) developing the Corporation's approach to corporate governance, including a set of principles and guidelines specific to the Corporation. The written mandate should also address measures for receiving feedback from stakeholders (for example, a process for stakeholders to contact independent directors); and the expectations and responsibilities of directors, including basic duties to attend meetings and review materials in advance.	The Board has written Terms of Reference that contain the majority of the elements required by the Policy. The Terms of Reference outline the Board's principal duties and responsibilities, including responsibility to function as stewards of the Corporation and to: • provide leadership in setting the Corporation's long-range strategic direction and annually approve the Corporation's overall strategic plan • participate in identifying the principal risks of the business in which the Corporation is engaged and oversee the implementation of appropriate systems to manage the risks • appoint the CEO, evaluate the performance of senior management and ensure effective succession planning processes • adopt policies and processes to enable effective communication with the shareholder, stakeholders, and the public • monitor the integrity of the Corporation's internal control and management information systems The Board has approved Terms of Reference for Directors where the expectations and responsibilities of individual directors are delineated. SaskTel regularly surveys internal and external stakeholders to obtain feedback about Corporate activities. The Chair of the Board participates in a forum established by CIC, which is comprised of the chairs of all subsidiary Crown boards and senior CIC officials, where issues of mutual interest and concern are shared. Elements of the Policy not specifically identified in the Terms of Reference for the Board include (a) and (g). Respecting (a), the Board has established practices which promote a culture of ethical business conduct (see discussion under section 3.8 of NP 58-201). With respect to (g) the Board has delegated responsibility to the Governance Committee to oversee the Corporation's approach to corporate governance.	Substantial compliance
NI 58-101F1, section 2 2 Disclose the text of the board's written mandate.	The Board's principal responsibilities are described above. The text of the Board's Terms of Reference can be obtained by contacting the Corporate Secretary to the Board.	Yes

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
POSITION DESCRIPTIONS		
NP 58-201, section 3.5 3.5 The board should: develop clear position descriptions for the chair of the board and the chair of each board committee; together with the CEO, develop a position description for the CEO delineating management's responsibilities; develop or approve corporate goals and objectives that the CEO is responsible to meet.	The Board has approved Terms of Reference for the Board, the Chair of the Board, the Chair of each Committee, each Committee and individual directors and has adopted a Position Description for the CEO. The CEO's Position Description sets out the CEO's primary accountabilities and responsibilities. The Board Terms of Reference address management duties, and a Final Authorization Policy, applicable to monetary and non-monetary matters, sets out those matters that require Board approval and delegates other matters to management. The Environment and Human Resources (EHR) Committee annually recommends performance indicators for the Corporation and personal goals for the CEO that are approved by the Board. The Board annually approves a business plan that includes Corporate objectives, priorities and performance indicators. The CEO is responsible to see that the Corporation achieves the business plan and to meet any other targets assigned by the Board.	Yes
NI 58-101F1, sections 3(a) and (b) 3(a) Disclose whether the board has developed written position descriptions for the chair of the board and the chair of each board committee and, if not, describe how the board delineates the role and responsibilities of each such position. (b) Disclose whether the board and CEO have developed a written position description for the CEO.	The Board has developed written position descriptions for the Chair of the Board, the Chair of each Committee, and the CEO.	Yes
ORIENTATION AND CONTINUING EDUCATION		
NP 58-201, sections 3.6 and 3.7 3.6 The board should ensure new directors receive comprehensive orientation and fully understand the role of the board and committees, the contribution individual directors are expected to make, and the nature and operation of the business. 3.7 The board should provide continuing education opportunities for all directors to enhance their skills and abilities and ensure their knowledge of the Corporation's business is current.	Management provides new directors with a comprehensive orientation to the business and the industry. CIC delivers a training program that focuses on the skills that directors need to do their jobs, effective Board processes, and best practices in corporate governance. Other development opportunities made available to directors are described on the next page.	Yes

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
NP 58-101F1, sections 4(a) and (b) 4(a) Describe the measures taken to orient new directors to the role of the board, committees, and directors and to the nature of the Corporation's business. (b) Describe the measures taken to provide continuing education opportunities for all directors.	The Corporation provides all members appointed to the Board with a comprehensive *Directors' Reference Manual*, and new directors receive an orientation session delivered by management. The orientation session addresses key industry trends, critical business risks and challenges, the strategic plan, organizational structure, and responsibilities of senior staff. New directors are able to meet informally with senior managers to learn about the business. Prior to some regular Board meetings, outside experts in various aspects of the telecommunications industry are invited to speak to the Board and senior management. Management has also delivered educational sessions to directors to explain technical aspects of the business. Each year, CIC sponsors a comprehensive education program for directors of CIC subsidiary Crown boards. The program has focused on the key roles and responsibilities of boards, committees, and directors, the skills directors need to effectively discharge their responsibilities and best practices, and new developments in corporate governance. Directors can participate in external development opportunities related to their duties as directors where authorized by the Corporation or the Board.	Yes
CODE OF BUSINESS CONDUCT AND ETHICS **NP 58-201, section 3.8** 3.8 The board should adopt a written code of business conduct and ethics applicable to directors, officers, and employees of the Corporation designed to promote integrity and deter wrongdoing. The code should address: (a) conflicts of interest, including transactions and agreements where a director or officer has a material interest; (b) protection and proper use of corporate assets and opportunities; (c) confidentiality of corporate information; (d) fair dealing with the Corporation's security holders, customers, suppliers, competitors, and employees; (e) compliance with laws, rules, and regulations; and (f) reporting of illegal or unethical behaviour.	Board members must comply with the *Directors' Code of Conduct*, which was developed by CIC and applies to the directors of all its subsidiary Crown boards. Officers and employees of the Corporation and its subsidiaries must comply with SaskTel's *Code of Business Conduct*, which includes a whistle-blowing policy. Both Codes are designed to promote integrity and deter wrongdoing, address the elements of the Policy as they apply to a Crown corporation, and provide a mechanism to report illegal or unethical behaviour.	Yes

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
NI 58-101F1, section 5(a) 5(a) Disclose whether the board has adopted a written code of ethical business conduct for the directors, officers, and employees of the Corporation; how to obtain a copy of the Code; how the board monitors compliance with the Code; and reference any material change report in the most recent financial year relating to any conduct of a director or officer that constitutes a departure from the Code.	A copy of the *Directors' Code of Conduct* can be obtained by contacting CIC. A copy of the *Code of Business Conduct* can be obtained by contacting SaskTel. Committees of the Board monitor compliance with the *Directors' Code* and the Business Code. The Governance Committee monitors compliance with Corporate donation and sponsorship policies and is responsible to administer, monitor, and enforce the *Directors' Code*. The Chair of the Committee reports to the Board at each regular meeting any such issues addressed by the Committee, and submits an annual report to the Board regarding compliance with the *Directors' Code*. The Audit and Risk Committee monitors the financial performance of the Corporation and assists the Board to meet its responsibilities respecting accounting and financial reporting, risk management, internal controls, and accountability. The Committee interacts directly with the internal and external auditors, who report to the Committee concerning, among other things, any instances of illegal or improper treatment of Corporate assets. The Audit Committee receives quarterly risk management reports, including reports related to legal risks. The Chair of the Committee reports to the Board at each regular meeting any such issues addressed by the Committee, and all directors receive summaries of risk management reports. The EHR Committee monitors compliance with environmental, health and safety, and human resource programs, including compliance with the Business Code. The Committee receives reports from management that address, among other things, compliance with related policies, legislation, and regulations. The Chair of the Committee reports any issues raised at the Committee level to the Board at each regular meeting of the Board. SaskTel does not have share capital and is not an issuer. Therefore, no material change reports have been filed.	Yes
NP 58-201, section 3.9 3.9 The board should monitor compliance with the code and any waivers granted for the benefit of directors and executive officers should be granted by the board or a board committee. Any waivers for a material departure from the code for any directors or officers should disclose full details of the material change.	The Board has delegated to its Committees the responsibility to monitor compliance with the Codes of Conduct. The Committees report any issues dealt with pursuant to the Codes to the full Board. No waivers from either Code have been granted to any director or officer in 2018/19.	Yes
NI 58-101F1, section 5(b) 5(b) Describe steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements where a director or officer has a material interest.	Where a director has, or may be perceived to have, a personal interest in a transaction being considered by the Corporation, the director is responsible to declare any such interest at the meeting where the matter is considered and not to participate in discussions about or vote on the matter. In 2005, the Board adopted a Disclosure form to enable directors to declare their directorships on and material interests in businesses other than SaskTel, their knowledge of the business their associates have or may transact with SaskTel and any material contracts they may have entered into with SaskTel or its subsidiaries. The required information excludes the acquisition of services available to the general public. The completed form is provided to the Governance Committee, the Corporate Secretary, and their advisors to assist them in proactively addressing potential conflict of interests. Management monitors agenda items to identify any issues where a director may have a material interest and such items are not distributed to the director.	Yes

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
NI 58-101F1, section 5(c) 5(c) Describe other steps the board takes to encourage and promote a culture of ethical business conduct.	The Board encourages and promotes a culture of ethical business conduct by following current best practices in corporate governance. These practices are reinforced by open and honest discussion about business issues at Board meetings and at informal gatherings between the Board and senior management. The Board expects management to act ethically in its business dealings, in accordance with all applicable legislation, the *Code of Business Conduct* and any directives or policies of the Board or the shareholder. In 2005, the *Code of Business Conduct* was revised to incorporate a whistle-blowing mechanism to facilitate reporting by employees of issues of concern. Issues arising under the *Code of Business Conduct* are reported to and monitored by the EHR Committee and management reports to the Governance Committee respecting significant issues that have arisen pursuant to the whistle-blowing policy. Whistle-blowing reports may also be made directly to the Chair of the Governance Committee.	Yes
NOMINATION OF DIRECTORS		
NP 58-201, section 3.10 3.10 The board should appoint a nominating committee composed of entirely independent directors.	The Governance Committee functions as the nominating committee. All five (5) members of the Governance Committee, including the Committee Chair, are independent directors.	Yes
NI 58-101F1, sections 6(a) and (b) 6(a) Describe the process by which the board identifies new candidates for board nomination. (b) Disclose whether the board has a nominating committee composed entirely of independent directors and, if not, describe the steps the board takes to encourage an objective nomination process.	Appointments of directors of SaskTel are a decision made by the government through an Order in Council. The Governance Committee may, through their responsibility as nominating committee, recommend qualified nominees to the SaskTel Board for consideration and to have those nominees be recommended for consideration to the CIC Board and ultimately the Government. The Board, through the Governance Committee, reviews the composition and skill sets of directors annually with a view to maintaining an appropriate mix of expertise, experience, and diversity on the Board to support the strategic direction and operating needs of the Corporation. The Governance Committee is responsible for identifying the skill sets needed on the Board, developing and maintaining a Skills Profile that delineates the competencies of current directors and identifies any skill gaps, while seeking and recommending to the Board any nominees that have the required competencies to fill identified gaps. In addition to competencies and skills, current practices encourage diversity in the composition of the Board. In seeking candidates, the Committee may receive recommendations from the directors, senior management, and the shareholder. Potential candidates may be interviewed to determine their overall fit with the needs of the Board, any conflicts that would preclude their effective participation and whether they have the time to devote to Board work. The Committee may recommend a list of candidates for each vacant position to the Board, which in turn would recommend candidates to the shareholder for approval. The shareholder has the legislative authority to make Board appointments. The Committee believes that following best practices related to Board appointments, maintaining a skills matrix, and recruiting candidates who possess the required combination of skills, background, and diversity to add value to corporate decision-making supports an objective nomination process.	Substantial Compliance

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
NP 58-201, section 3.11 3.11 The nominating committee should have a written charter establishing the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual directors or subcommittees), and manner of reporting to the board. In addition, the nominating committee should be given authority to engage and compensate outside advisors necessary to permit it to carry out its work. Where a third party has a legal right to nominate directors, the selection and nomination of those directors need not involve the approval of an independent nominating committee.	The Governance Committee has written Terms of Reference setting out its purpose and principal responsibilities, which address the Committee's responsibility to lead the process of recruiting and nominating candidates for appointment to the Board, as well as the other elements of the Policy except member qualifications and the ability to delegate tasks. The Committee has authority to engage outside advisors to assist it in performing its duties, subject to the approval of the Board. The shareholder has the right to nominate candidates for appointment to the Board.	Substantial compliance
NI 58-101F1, section 6(c) 6(c) If the board has a nominating committee, describe the responsibilities, powers, and operation of the committee.	The Governance Committee performs the functions of a nominating committee, and its Terms of Reference describe the responsibilities, powers, and operation of the Committee. The Committee is appointed by the Board, serves in an advisory capacity and may make recommendations to the Board within its area of responsibility. A copy of the Committee's Terms of Reference can be obtained by contacting the Corporate Secretary to the Board.	Yes
NP 58-201, section 3.12 3.12 The board should adopt a nomination process which considers the competencies and skills of the board as a whole; assesses the competencies and skills possessed by each existing director; and considers the personality and other qualities of each director. The board should also consider the appropriate size of the board, with a view to effective decision-making, and should consider the advice and input of the nominating committee.	The Board's nomination process is described above, and it meets the guidelines of the Instrument. By legislation, the Board is comprised of a maximum of twelve (12) directors. As the Committee responsible for the Board's approach to corporate governance, the Committee makes recommendations to promote timely and effective decision-making.	Yes
NP 58-201, section 3.13 3.13 The nominating committee should be responsible for identifying individuals qualified to become new board members and recommending to the board the new director nominees.	The Governance Committee identifies the skills sets that are required for the Board. The identification and appointment of Directors of SaskTel are a decision made by the Government through an Order in Council.	Partial compliance

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
NP 58-201, section 3.14 3.14 In making its recommendations the nominating committee should consider: the competencies and skills that the board considers necessary for the board as a whole to possess; the competencies and skills of existing directors; the competencies and skills of each nominee; and whether each new nominee can devote sufficient time and resources to board work.	The process followed by the Governance Committee complies with that set out in the Policy and is described previously.	Partial compliance

COMPENSATION

NP 58-201, section 3.15 3.15 The board should appoint a compensation committee composed entirely of independent directors.	The EHR Committee performs the functions of a compensation committee. Currently all four (4) members of the EHR Committee, including the Committee Chair, are independent directors.	Yes
NI 58-101F1, section 7(a) and (b) 7(a) Describe the process by which the board determines compensation for the directors and officers of the Corporation. (b) Disclose whether the board has a compensation committee composed entirely of independent directors and, if not, describe the steps the board takes to ensure an objective process for determining such compensation.	All members of the EHR Committee, which serves as the compensation committee, are independent directors. CIC has the legislative authority to fix remuneration levels and set expense guidelines for directors. The Governance Committee has authority to recommend to the Board (and the Board to CIC) adjustments to directors' compensation. The Committee receives quarterly reports respecting the remuneration received by members of the Board, and reports any anomalies to the Board. Each director receives an annual retainer for acting as a Board member. The remuneration levels established by CIC for members of the Board are set out below.	Yes

Director Remuneration Schedule	
Board Chair retainer	$ 40,000.00
Board member retainer	$ 25,000.00
Audit and Risk Committee Chair retainer	$ 3,500.00
Other Committee Chair retainer	$ 2,500.00
Committee member meeting fee (Meeting Fees = Full day $750; Half day $375 – less than 4 hours)	$ 750.00

A copy of CIC's remuneration and expense guidelines for directors can be obtained by contacting the Corporate Secretary to the Board.

CIC has established a framework for executive compensation, and the Board can approve compensation packages within that framework. The Board has delegated responsibility for addressing and making recommendations concerning management compensation issues to the EHR Committee.

The EHR Committee reviews and recommends to the Board: changes to the design of the Corporation's overall compensation and benefits plans; management compensation packages that reflect industry standards; performance compensation programs; and annual Corporate indicators, including a sub-set used to determine performance compensation for senior management. In discharging this function, the Committee has the ability to retain external advisors, subject to approval by the Board.

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
NP 58-201, section 3.16 3.16 The compensation committee should have a written charter establishing the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure, operations (including any authority to delegate to individual directors or subcommittees), and manner of reporting to the board. In addition, the compensation committee should be given authority to engage and compensate outside advisors necessary to permit it to carry out its work.	The Board has approved Terms of Reference for the EHR Committee, which addresses the Committee's responsibilities with respect to compensation, as well as the other elements of the Policy except member qualifications and the ability to delegate tasks. The Committee has authority to engage outside advisors to assist it in performing its duties, subject to the approval of the Board.	Substantial compliance
NI 58-101F1, section 7(c) (c) If the board has a compensation committee, describe the responsibilities, powers, and operation of the committee.	The EHR Committee serves as the Compensation Committee, and its Terms of Reference describe the Committee's responsibilities respecting compensation issues, as well as the powers and operation of the Committee. The Committee is appointed by the Board, serves in an advisory capacity and makes recommendations to the Board within its area of responsibility. A copy of the Committee's Terms of Reference can be obtained by contacting the Corporate Secretary to the Board.	Yes
NP 58-201, section 3.17 3.17 The compensation committee should be responsible for: reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives, and determining the CEO's compensation level based on the evaluation; making recommendations to the board respecting non-CEO officer and director compensation, incentive-compensation plans and equity-based plans; and reviewing executive compensation prior to public disclosure.	The EHR Committee annually recommends to the Board the CEO's performance targets, and leads the annual performance evaluation process for the CEO. The CEO's performance is assessed against the established Corporate objectives and the CEO's individual targets. The results of the CEO's performance are approved by the full Board, and are used in determining compensation. Respecting non-CEO officer compensation, the Committee is responsible for recommending to the Board management compensation packages, performance compensation programs, and annual performance targets. The Board reviews and approves the achievement of Corporate targets annually and the extent to which the targets are achieved determines management's eligibility for performance compensation. Executive compensation decisions are subject to any guidelines established by CIC. As a Crown corporation, SaskTel does not have equity-based plans. Director compensation is determined by CIC. Executive compensation information is available to the public through publication of Crown payee reports. The Committee does not review executive compensation reports prior to public disclosure.	Substantial compliance

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
OTHER BOARD COMMITTEES		
NI 58-101F1, section 8 8 If the board has standing committees of the board, other than audit, compensation, and nominating committees, identify the committees and describe their function.	In addition to the Audit and Risk, Governance and EHR Committees, the Board also has a Corporate Growth and Technology (CGT) Committee. The CGT Committee: works with management to develop a growth strategy and related policies; reviews and recommends investments and divestitures; monitors and reports to the Board respecting the performance of investments; and reviews and makes recommendations concerning the evolution of technology in the Corporation, long-term technology strategies and technology investments. A copy of the Committee's Terms of Reference can be obtained by contacting the Corporate Secretary to the Board.	Yes
BOARD ASSESSMENTS		
NP 58-201, section 3.18 3.18 The board, its committees, and each individual director should be regularly assessed. An assessment should consider: with respect to the board or committees, its mandate or charter; with respect to an individual director, the applicable position description(s), as well as the competencies and skills each individual director brings to the board.	Board, Board Chair, Committee Chair, and Committee evaluations as well as director peer assessments are performed annually on a three-year cycle, with comprehensive Board and Board Chair evaluations being conducted one year, Committee Chair and Committee evaluations being conducted the next year, and director peer evaluations the third year. The evaluations take into consideration the elements of the Policy. In 2018, Board Peer evaluations were conducted.	Yes
NI 58-101F1, section 9 9 Disclose whether the board, its committees, and individual directors are regularly assessed with respect to their effectiveness and contribution and, if yes, describe the process used.	The Governance Committee oversees the implementation of the above evaluation processes. The evaluations are survey-based, using an instrument developed by CIC in consultation with an outside consultant and with Crown Board members. Board, Chair, Committee, and director performance is measured against the duties and expectations set out in their respective Terms of Reference and the specific standards outlined in the evaluation instruments. The purpose of the evaluations is to identify areas where the Board, Committee, Chair, or director is managing well and to highlight areas that may benefit by additional focus and attention. Directors complete surveys to provide feedback in writing on the effectiveness and contribution of the Board, Committees, Chairs and individual directors. The Board Chair or a third party may follow up the written responses with interviews of directors to elicit additional concerns or suggestions for improvement. The Governance Committee prepares reports outlining the evaluation results, which are submitted to the Board for review and approval. The Committee recommends follow-up action required as a result of recommendations made in the evaluation reports, and tracks implementation of any action items.	Yes

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
CSA National Policy 58-101 Disclosure of Corporate Governance Practices		
10 Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.	The appointment and removal of Directors is the prerogative of the Lieutenant Governor in Council pursuant to *The Saskatchewan Telecommunications Holding Corporation Act*. Director appointments are not subject to term limits.	No
11(a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.	CIC has a written "Board of Directors' Appointment Policy." While the policy does not specifically refer to the identification and nomination of female Directors, it requires Crown Boards to include "diversity candidates." The term "diversity candidates" is not defined but it is interpreted as including women, Aboriginal persons, and visible minorities.	Partial Compliance
(b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy: (i) a short summary of its objectives and key provisions; (ii) the measures taken to ensure that the policy has been effectively implemented; (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy; and (iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.	CIC maintains statistics regarding diversity of each Crown Board, including progress made in the percentage of women serving on Crown Boards. Annually, CIC forwards information to the shareholder to be considered when Board appointment decisions are made. The information includes the skill sets required for the Board and diversity statistics. As of March 31, 2018, the Board was comprised of six (6) women out of a total of twelve (12) members (50%). As of March 31, 2019, the Board was comprised of six (6) women out of a total of twelve (12) members (50%).	Yes
12 Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.	It is the responsibility of Executive Council to consider the level of representation of women on the Board.	Partial Compliance

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
13 Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.	Executive Officer appointments are made by the CEO in consultation with the Board. The CEO gives consideration to the level of representation of women in Executive Officer positions, along with other relevant factors, when making Executive Officer appointments.	Yes
14(a) For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date. (b) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.	Although the CIC policy requires Crown Boards to include "diversity candidates," the CIC policy does not adopt a specific target for representation of women on the Board.	No
14(c) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so. (d) If the issuer has adopted a target referred to in either (b) or (c), disclose: (i) the target; and (ii) the annual and cumulative progress of the issuer in achieving the target.	On August 13, 2015, SaskTel adopted a policy to provide a target regarding women in Executive Officer positions. The current target is to have at least 40% women in Executive positions by 2020.	Yes
15(a) Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women. (b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.	The Board is currently comprised of twelve (12) members, six (6) of which are women (50%). Currently, five (5) of the thirteen (13) Executive Officers are women.	Yes

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SaskTel

Saskatchewan is known as the land of living skies, an especially fitting hallmark considering SaskTel empowered approximately 1.35 million customer connections over the past year, many over our wireless and cloud-based networks.