Saskatchewan
Finance

Annual Report 2004-2005

Saskatchewan Public Employees Pension Plan

Saskatchewan Centennial 2005™

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This annual report is also available in electronic format at www.peba.gov.sk.ca.

Saskatchewan
Finance

Her Honour, The Honourable Dr. Lynda M. Haverstock
Lieutenant Governor of the Province of Saskatchewan
Government House
4607 Dewdney Avenue
Regina, Saskatchewan
S4P 3V7

Dear Madam:

I have the honour to transmit herewith the 28th Annual Report of the Public Employees Pension Plan for the fiscal year ending March 31, 2005.

I have the honour to be, Madam,

Your obedient servant,

Harry Van Mulligen
Minister in Charge
Public Employees Pension Plan

Saskatchewan
Public Employees
Benefits Agency

The Honourable Harry Van Mulligen
Minister in Charge
Public Employees Pension Plan
Regina, Saskatchewan

Sir:

On behalf of the Pension Board of the Public Employees Pension Plan, I have the honour to present herewith the 28th Annual Report of the Public Employees Pension Plan for the fiscal year ended March 31, 2005.

Respectfully submitted,

Pension Board
Public Employees Pension Plan

Kenneth R. Horsman

Kenneth R. Horsman
Board Chair

Public Employees Pension Plan
Chair's Comments

I am pleased to introduce myself through this annual report to the members of the Public Employees Pension Plan (PEPP). I recently assumed the responsibility as Chair of the Public Employees Pension Board, which underlines the fundamental changes that were made to the Board structure during 2004. The Board has grown from seven to nine members, with four each chosen by and on behalf of employee and employer organizations. Previously, the entire Board was appointed by Order in Council by the provincial government. This year, for the first time, the Chair was appointed by the Board, and from outside the PEPP.

The past year has been one of profound change for the Public Employees Pension Plan. To assist us in guiding the Plan through this period of change, the Pension Board developed a multi-year strategic plan that identifies initiatives and activities under five categories.

This report provides information about these initiatives and activities in much greater detail than in past annual reports, underlining the PEPP Board's emphasis on increasing two-way communications with Plan members. In 2004, we heard directly from Plan members about their needs and concerns through focus groups and a survey (online and on paper). This feedback is now an integral part of our communications planning process.

Through the survey and focus groups Plan members identified certain value-added services they would welcome. Our Strategic Plan includes several service initiatives grouped together as the PEPP *Access* project, which involves replacing our pension administration system with a more flexible and powerful system. As a next step in the development of PEPP *Access*, members will be able to access account information and conduct transactions in a secure online environment.

The Pension Board continued developing its governance practices and policies, implementing a self-assessment process that enables Board members to review the governance and operation of the PEPP, and to take action to ensure the effectiveness of the process. Board members were provided with educational opportunities to enhance their knowledge and qualifications in managing the assets and expenses of the Plan in the best interests of its members.

This annual report represents a departure from the past, with a greater emphasis on communicating about every aspect of the PEPP and its operation. On behalf of all members of the PEPP Board, I present the 2004 – 2005 Annual Report of the Public Employees Pension Plan.

Kenneth R. Horsman
Board Chair

Introduction

The Public Employees Pension Plan (PEPP) is governed by *The Public Employees Pension Plan Act.* That Act establishes the Public Employees Pension Board as Trustee.

PEPP is a defined contribution pension plan that provides a benefit at retirement to individual members. Benefits are affected by any income or losses resulting from the Plan's investments, and by expenses associated with the administration of the pension plan.

PEPP has more than 100 participating employers and about 40,000 members. Participating employers include the Government of Saskatchewan and some Crown corporations, agencies, boards and other institutions.

Public Employees Pension Board
Amendments to the Act passed in 2004 brought fundamental changes to the Board structure.

In the past, the entire seven-member Board was appointed by Order in Council. With the changes in legislation, the Board now consists of nine members, with four representatives each from employee organizations and employers.

The Chair is now chosen and appointed by the members of the Board through an external recruitment process.

PEPP Board Purpose, Mission and Goals

Purpose
The purpose of the Public Employees Pension Plan is to provide retirement assets to its members.

Mission
The Board's mission as the Plan Trustee is to manage the fund assets and plan expenses solely in the best interest of the members.

Goals
The Board's goal is to ensure all Plan members are well informed about the Plan and the choices they have to make within the Plan.

Public Employees Pension Board Members
Board Chair at March 31, 2005
Kenneth R. Horsman

Board Members at March 31, 2005
Appointed on behalf of Employers
Dennis Karakochuk
Denise Macza
William (Bill) Marr
Grant Ring

Appointed on behalf of Employees
Pat Field
Michael Friebe
Dan MacKay
Kirby Sanden

Also serving on the PEPP Board in 2004 – 2005
Robert (Bob) Bender (on behalf of Employees)
Ken Jattansingh (on behalf of Employees)
Brian Smith (as Board Chairman).

The Public Employees Pension Board (the Board) has adopted a multi-year Strategic Plan that outlines the PEPP Board's strategic initiatives through fiscal 2005–2006. The strategic plan sets out initiatives and activities for the planning period within five major categories: communications, plan governance, accountability, value-added services, and responsiveness.

Communications
The Board has developed a comprehensive communications plan to be implemented in phases throughout the planning period. While the 2004 survey of Plan members indicated more than 80 per cent of Plan members are satisfied with the pension plan, the survey also revealed a demand for retirement planning information across all age groups. A majority of survey participants indicated they want more communications about the Plan. The Board responded during the year with notice about forthcoming initiatives such as the introduction of additional investment choices for members and the introduction of a new pension benefit option, as well as conversion to a new pension administration system providing more timely information to members on the value of their accounts.

We will continue to explore ways to increase member awareness of the information and communication tools available to them.

Communications Activities 2004–2005
• A communications plan is being followed on a phased-in basis. The Board has approved the plan and progress will be reported. The plan details implementation of PEPP *Access*, analysis and evaluation of communications tools, analysis of members' needs, identification of resources and costs of implementation.

Communications Strategic Initiatives 2005–2006

- Continue to implement the communications plan
- Conduct the first annual assessment of progress made in implementing the plan

Plan Governance
The Board has invested considerable time and effort in recent years in developing its governance practices and policies. Marked progress was made in the past year, as the Board put in place a self-assessment process that enables Board members to conduct periodic reviews of the governance and operation of the PEPP, and to take the actions required to ensure the effectiveness of the process. The Board has completed a governance manual, which includes a code of conduct and conflict of interest procedures, and is working to complete the accompanying policies.

An effective governance system is a good method of overall risk management. Controlling legal and other risks facing the Board is one of the benefits of good practices.

The PEPP Governance Self-Assessment is designed to assist members of the Board in assessing its oversight of the Plan.

Reporting the self-assessment results provides accountability to interested stakeholders and is consistent with the recommendations in the Canadian Association of Pension Supervisory Authorities (CAPSA) *Pension Plan Governance Guidelines* for industry best practices.

The Board has completed the questionnaire for the fiscal year ending March 31, 2005 and is generally satisfied with the results and progress of its practices. The Board does, however, recognize that it needs to take steps to address issues in:

- performance measures,
- access to information, and
- transparency and accountability.

The Board continued with its program to ensure Board members have opportunities to enhance their qualifications and knowledge in managing the Plan in the best interests of Plan members. This includes an orientation program for new Board members, an on-going developmental program and a continuing education program based on legislative and pension issues.

During the year the Board approved several policies related to the operation of PEPP, most notably the provision of a lump sum payout for terminally ill members, investment fund valuation, and guidelines for transfers between Funds.

Governance Activities 2004–2005
• The Board completed development of Board policies for: o Investment Fund Valuation; o Late Contributions; o Late Processing of Transactions; o Default Fees Source; o Fee and Interest Rate of Late Contributions; o Terminally Ill Provisions; and, o Inter-Fund Transfers. • Annual assessment of the plan governance program was conducted. • Legislation governing the Plan was amended to reflect that members of the PEPP are allocated investment income rather than paid interest.

Governance Strategic Initiatives 2005–2006

- Conduct annual assessment of the plan governance program
- Policy development

Accountability

During the past year, the Board worked with its service providers to further develop plan management standards, to put mechanisms in place to enable the Board to monitor those standards and to identify and implement ways to improve the transparency of plan operations. This annual report is a milestone in increasing accountability, as it sets out standards and performance measurements for the first time.

The Board recognizes that the protection of personal information concerns our members. The Board's contract with the Public Employees Benefits Agency (PEBA), the Board's day-to-day service provider, includes provisions for the protection of privacy. In September 2004, PEBA staff received privacy training from the province's Privacy Commissioner. In the 2005-2006 fiscal year, the Board will put in place member privacy procedures and develop policies and procedures to continue to protect member privacy, including security of the PEPP website.

Accountability Activities 2004–2005

- PricewaterhouseCoopers conducted an audit of the accounting processes for a new pension administration system. Watson Wyatt conducted an audit of the testing processes for PEPP *Access*, the platform for changes to the pension administration. Audit of systems is to start once the PEPP *Access* project has been operational for some time.
- Develop policies and procedures for protection of member privacy.
- The Board adopted Saskatchewan Finance's Privacy code, as applicable for the PEPP. The Board monitors Saskatchewan Finance's privacy policy and procedure development.
- PEBA staff underwent privacy training in September 2004, facilitated by the Privacy Commissioner.

Accountability Strategic Initiatives 2005–2006

- Complete an evaluation upon conversion to a new administration system
- Re-assess the adopted service standards and performance indicators
- Publish results in relation to standards, performance indicators, strategic plan
- Act on the results of the Board self-assessment
- Review the strategic plan

Value-Added Services

Plan members told the Board, through the survey and focus groups conducted during the past year, they would welcome additional services. Almost half the survey participants stated they would like to be able to invest their contributions in more than two funds, with the majority indicating three to five funds would provide adequate choice. The Board decided to add investment choices but a final decision on how many to add has not been made.

A slight majority of survey respondents indicated they would like to see fees for administering the PEPP remain low. Some members indicated they would not support an overall fee increase but would prefer a fee-for-service structure. The survey revealed many members are confused about fees. We have made a commitment to clarify this issue by providing additional fee information to our members.

Our current administration system was limited in its ability to accommodate changes such as the addition of new services. In 2004, we launched PEPP *Access*, our plan to replace the existing pension administration system and to review our administration processes in a phased approach. The first phase of PEPP *Access* is the conversion of the system to express account balances as a number of units. Online, web-based tools will be introduced later to allow members to access current account balances, complete their own transfers between funds and calculate their own pension estimates in a secure online environment.

During the past year, PEBA developed a system to measure and report its performance against a set of key service standards and measures. The initial standards are published for the first time in this annual report.

During the remaining two years of its contract to administer the pension plan, PEBA will test and refine the system, in consultation with the Board. We will report on PEBA's performance in relation to these service standards and measures in future annual reports and in other communications.

A comprehensive Value-Added Services Plan with several possible initiatives is being developed for the Board's consideration.

Value-Added Activities 2004–2005

- Identify and assess possible value-added services, and potential worth to members and employers.
- Focus groups conducted in April 2004 and the survey of Plan members indicated that the Board should be focusing on improved communications, service delivery and retirement planning education. The survey indicated that the Plan membership would like online tools to:
  - Access personal information;
  - Do transactions online;
  - Retirement income modelling;
  - Access retirement planning education; and,
  - Access investment information.
- Additional activities rounding out the research about value-added activities were:
  - Research and evaluate best practices among relevant entities
  - Develop and adopt a comprehensive Value-Added Services Plan
  - Identify and assess options for financing value-added services
  - Identify and assess alternative delivery strategies, including the potential role of outside resources

The Board agreed to use the Basic Financial Planning Principles as set out by the Financial Planners Standard Council as the standard it would use in providing online retirement planning services.

Once the Board makes decisions regarding additional investment choices, online investment management tools can be reviewed.

Value Added Strategic Initiatives 2005–2006

- Put in place additional information services through PEBA (web-based access)
- Assess the implementation of phased retirement options within the Plan, and develop policies and procedures
- Review progress in relation to the Value-Added Service Plan and revise as needed
- Development of a new pension benefit

Responsiveness

The Board is committed to ensuring PEPP provides choices that meet member needs and are responsive to employers' evolving human resource policies and priorities.

Other pending changes include the new pension benefit option, which drew interest from members participating in the June 2004 survey. The Board approved amending the regulations to allow for a pension benefit option, and will consider a recommendation for following up on that option. Replacement of the pension administration system meant discontinuing the Pension Connection service that allowed members to get information about their accounts over the telephone. The technology behind Pension Connection did not connect with the new administration system. PEPP members will eventually have access to web-based tools enabling them to update their personal information, complete inter-fund transfers, view account balance and transaction details and determine pension estimates.

Responsiveness Activities 2004–2005

- Development of a new pension administration system
- Board has decided to add additional invest ment choices

Responsiveness Strategic Initiatives 2005–2006

- Develop and implement a plan for the provision of investment choices

Risk Management

Through its strategic planning and risk management processes, the Board identifies and evaluates risks that could affect the operation of the pension plan. The process ensures appropriate strategies are in place to manage risks.

The Board conducts an annual risk assessment review. To complete this review, the Board: reviews the risk management performance for the previous year and the progress made with respect to annual goals; identifies and assesses the impact and probability of key plan risks; establishes the risk management strategies and identifies any specific goals for the year.

In 2004–2005, the Board identified major categories of risk and adopted strategies to manage those risks:

Risk: Members not understanding the role of the pension plan in the attainment of their retirement objectives;

Strategies:
- Development/implementation of the Strategic Communications Plan
- Enhanced information services (retirement planning, increase frequency of communication)
- Pension Perspectives and web-based retirement planning tools

Risk: Potential for inadequate performance of assets;

Strategies:
- Development/implementation of the Statement of Investment Policies and Goals (SIP&G)
- Annual review of the SIP&G
- Communicate investment performance
- Independent monitoring
- Benchmarking
- Member-directed investment choices

Risk: Members and employers unaware of rights and obligations;

Strategies:
- Presentation of information on website
- Booklet and other written material
- Strategic Communications Plan

Risk: Potential for inadequate performance of service providers;

Strategies:
- Annual budget setting and monitoring
- Establishment of performance measures and annual review
- Two levels of audit
- Selection process and criteria

Risk: Possible failure by the Board to meet its fiduciary obligations;

Strategies:
- Board Charter and Code of Conduct
- Training and development policy for Board members
- Annual strategic planning and business planning process
- Periodic Checklist
- Two levels of audit
- Policy to access legal advice

Risk: Excessive costs/expenses incurred by the Plan;

Strategies:
- Annual budgeting and reporting
- Benchmarking

The Board conducted its annual review of its risk management activities and is satisfied with the progress on risk management strategies. All of the listed strategies have been either completed or are well under way. The Board will review and put in place its risk management plan incorporating those activities in progress but not yet complete.

Overview

One of the critical aspects of the Public Employees Pension Plan is the investment of the Plan assets. To facilitate this, the Board has adopted a Statement of Investment Policies and Goals (investment policy) for the Balanced Fund and the Short-term Bond Fund. These policies, which can be found on the PEBA website under PEPP, assists the Board in these areas:

- Investment Risk and Philosophy
- Asset Mix and Diversification Policy
- Permitted and Prohibited Investments
- Monitoring and Controls
- Selecting and Terminating Investment Managers
- Rate of Return Benchmarks for each fund
- Rate of Return Benchmarks for each investment manager by asset class
- Conflict of Interest Guidelines

These policies guide the Board in carrying out their duties as it pertains to the investment of the Plan assets for both funds.

The material presented in this section outlines some of the investment highlights for the two investment options available to Plan members, the Balanced Fund and the Short-term Bond Fund, and is in accordance with the Statement of Investment Policies and Goals.

The rates of return used in outlining investment highlights exclude fees. This allows for a valid comparison to benchmarks.

Balanced Fund

The goal of the Balanced Fund is to provide long-term growth. To accomplish this, the Board, in consultation with its investment consultant, James P. Marshall, a Hewitt Company, set the investment policy for the Balanced Fund to allow a mix of equities, bonds, real estate, mortgages and short-term investments.

Overall, the Balanced Fund provided a return of 8.1% which outperformed the benchmark by 1.4 percentage points. Over the past four years, the Balanced Fund provided a return of 6.2% which outperformed the benchmark by 1.1 percentage points.

The total fund beat its benchmark in each of the last four annual periods except 2004, which saw slight underperformance but a high 25.3% absolute return.

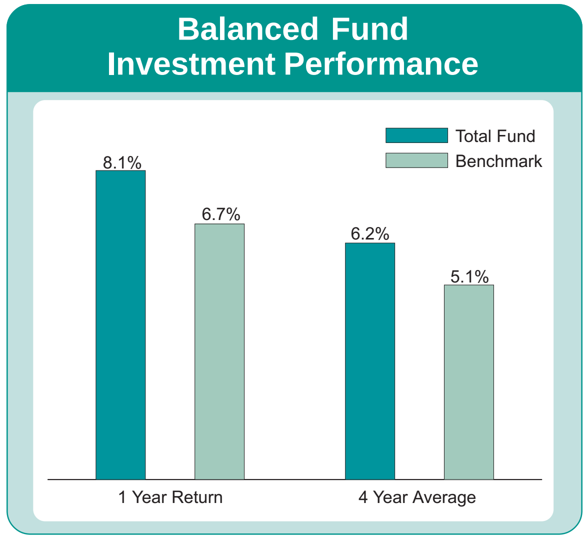

Figure 1.0

The market value of the assets of the Balanced Fund at March 31, 2005 was $3,287,540,000. The following was the asset mix for the Balanced Fund:

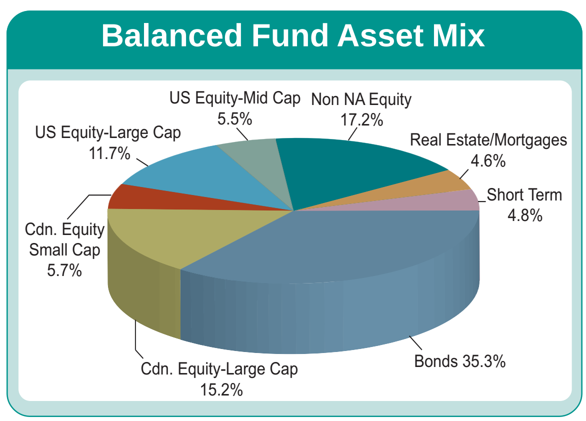

Figure 1.1

41,919 members of the Plan participated in the Balanced Fund in 2004–2005. The primary long-term investment performance objective for the combined portfolio is to outperform a benchmark portfolio constructed as described below in *Table 1.0*.

The Board retains seven investment managers to invest the assets of the Balanced Fund. Five of the managers (Greystone Managed Investments, Franklin Templeton, Tweedy, Browne Company, AMI Partners and Hansberger Global Investors) use an "active" investment management style. The objective set for these managers is to out-perform the market index against which their performance is judged. TD Asset Management and Northwater Capital Management are "passive" managers. The objective for these managers is to match the index return relevant to their mandate.

The following are the asset classes managed by each of the investment managers:

Greystone Managed Investments	Canadian equities US equities Canadian bonds Real estate Mortgages
TD Asset Management	Canadian bonds, US & Canadian equity indexes
Franklin Templeton	Non-North American equities
Tweedy, Browne Company	Non-North American equities
AMI Partners	Small cap Canadian equity
Northwater Capital Mgmt.	Mid cap US equity index
Hansberger Global Investors	Non-North American equities

The non-Canadian assets managed by TD Asset Management and Northwater Capital Management qualify as Canadian content.

As at March 31, 2005, the investment managers invested the following portions of the portfolio:

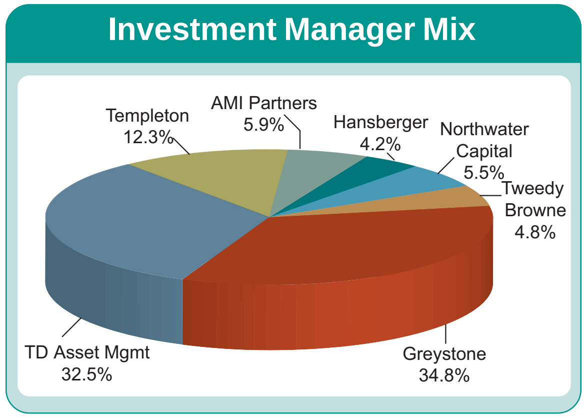

Figure 1.2

The Board reviewed equity fund investment managers. At its November 3, 2004 meeting, the Board interviewed a number of investment managers and decided to hire Tweedy, Browne Company and Hansberger Global Investors.

Asset Class	Class Market Index	Benchmark	Minimum Investment	Maximum Investment
Canadian Equities	S&P/TSX Composite Index	15%	10%	20%
Small Cap Cdn Equities	Nesbitt Burns Small Cap Index	5%	3%	7%
US Equities	Standard & Poor's 500 Index	15%	10%	20%
Mid Cap US Equities	Standard & Poor's 400 Index	5%	3%	7%
Non-North American Equities	Morgan Stanley, Europe Australia and Far East Index	20%	16%	24%
Real Estate	Investment Property Databank Index	5%	0%	7%
Bonds	SC Universe Bond Index	35%	27%	43%

Table 1.0

Fund Manager Performance

Following are the performance graphs for each of the fund managers compared to the relevant benchmarks.

Greystone Managed Investments actively manages Canadian equities and is measured against the S&P/TSX CPMS Cap 10 Index. Greystone rebounded from subtracting 4.9% from index returns with a return of 32.8% in 2003-04 to adding 7.3 percentage points with a return of 21.2% in 2004-05. For the four years ending March 31, 2005, Greystone added value at an annualized rate of 2.7 percentage points with an annualized return of 10.6%.

TD Asset Management passively manages Canadian equities and is measured against the S&P/TSX Composite Index. For the year ending March 31, 2005, TD Asset Management provided a return of 13.9% and the S&P/TSX Composite Index had total return of 13.9%. For the four years ending March 31, 2005, TD Asset Management provided an annualized return of 8.1% while the index provided a return of 7.9%.

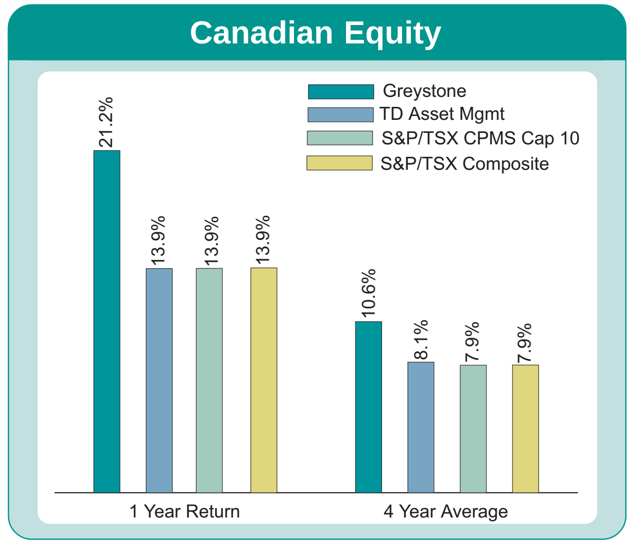

Figure 1.3

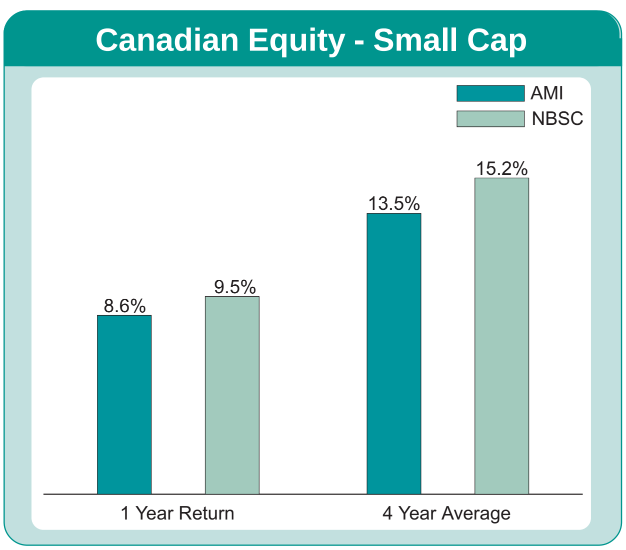

Figure 1.4

The small cap Canadian equity portfolio is actively managed by AMI Partners Inc. The Nesbit Burns Small Cap Index is AMI Partners' target index. Despite lagging the index in the last two years, AMI's absolute returns remain strong with an annualized return of 13.5% for the four years ending March 31, 2005.

Greystone Managed Investments actively manages U.S. large cap equities and is measured against the S&P 500 Index (Cdn $). Greystone added significant value (5.0 percentage points) 2004-05 with a return of 3.2%. While Greystone had a return of -3.3% for the four years ending March 31, 2005, the index return was -4.4% resulting in Greystone adding value of 1.1 percentage points.

TD Asset Management passively manages U.S. large cap equities and is measured against the S&P 500 Index (Cdn$). For the year ending March 31, 2005, TD Asset Management provided a return of -2.0% and the S&P 500 Index (Cdn$) had total return of -1.8%. For the four years ending March 31, 2005, TD Asset Management provided an annualized return of -4.7% while the index provided a return of -4.4%.

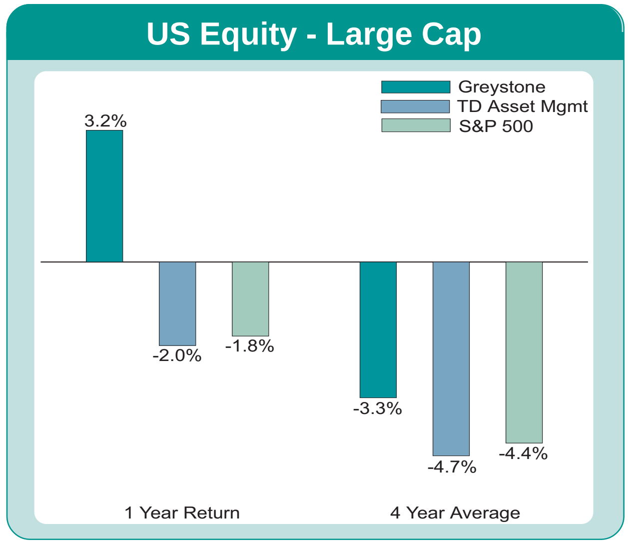

Figure 1.5

Northwater Capital Management passively manages U.S. mid cap equities and is measured against the S&P 400 Hedged Index. For the year ending March 31, 2005, Northwater provided a return of 11.7% and the S&P 400 Hedged Index had a total return of 10.3%. For the four years ending March 31, 2005, Northwater provided an annualized return of 12.4% while the index provided a return of 10.9%.

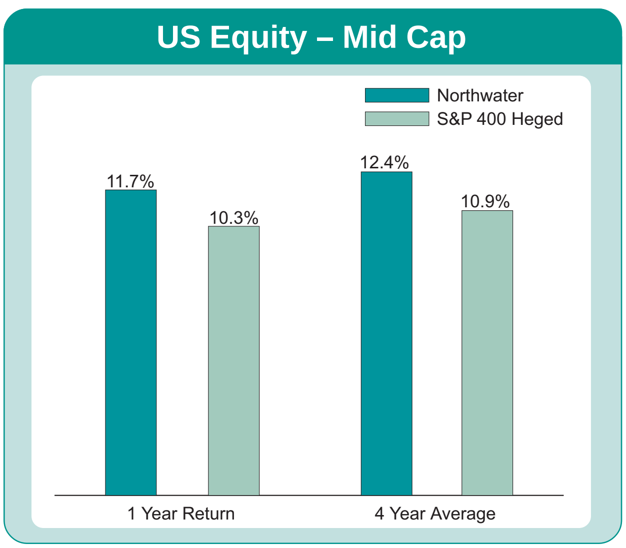

Figure 1.6

Franklin Templeton, Tweedy, Browne Company and Hansberger Global Investors actively manage non-North American equities. These managers are measured against the MSCI EAFE Index (Cdn$). Franklin Templeton's return for the year ending March 31, 2005 was 11.5% which was 5.6 percentage points more than the index return of 5.9%. For the four years ending March 31, 2005, Franklin Templeton provided an annualized return of 3.3% which was 3.9 percentage points more than the index return of -0.6%.

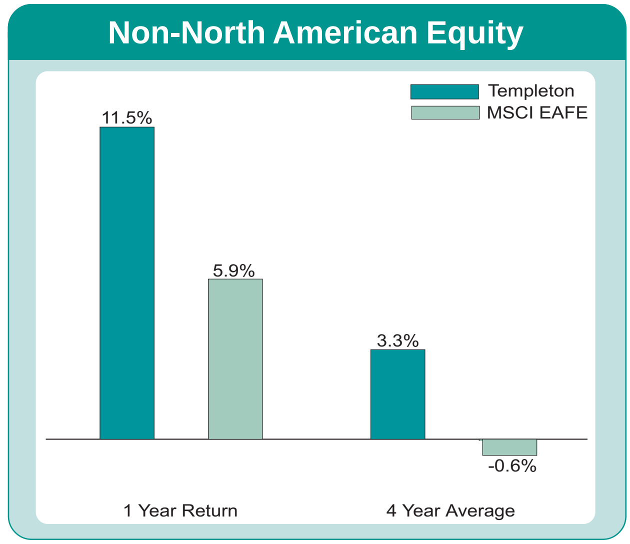

Figure 1.7

The returns for Tweedy, Browne Company and Hansberger Global Investors are not in Figure 1.7 because in December, non-North American equity management was restructured. Greystone, who, through its sub-advisor Goldman Sachs, managed 5% of the Balanced Fund, was replaced with Hansberger Global Investors. In addition, exposure to Templeton was reduced to 10% of the Balanced Fund from 15% with 5% allocated to another new manager, Tweedy Browne. Over their period of management during the fiscal year, Greystone earned -3.1% (from April 1, 2004 to November 30, 2004) compared to an EAFE Index return of -0.1%. In their first full quarter of management, Hansberger earned 1.1% and Tweedy Browne 1.5% compared to the EAFE Index return of 0.8%.

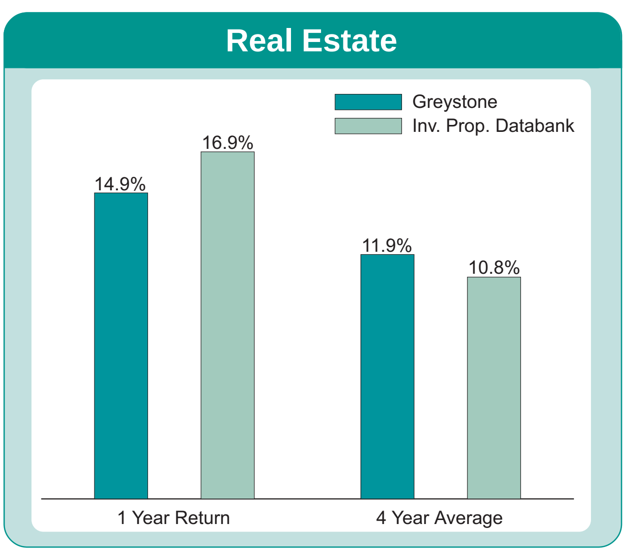

Figure 1.8

Greystone Managed Investments actively manages the real estate portfolio. The Investment Property Databank Index is the measure for Greystone. For the year ending March 31, 2005, Greystone provided a return of 14.9% compared to 16.9% for the index. However, the four year annualized return for Greystone was 11.9%, 1.1 percentage points above the index's return of 10.8%.

The active Canadian bond portfolio is managed by Greystone Managed Investments who is measured against the Scotia Capital Universe Bond Index. Greystone has outperformed over four year rolling periods since 1999. For the year ending March 31, 2005, Greystone's bond portfolio had a return of 5.8% while the index had a total return of 5.0%. The annualized return for the four years ending March 31, 2005 for Greystone was 8.0% while the index had a return of 7.5%.

TD Asset Management passively manages Canadian Bonds and is measured against the Scotia Capital Universe Bond Index. For the year ending March 31, 2005, TD Asset Management provided a return of 4.9% and the index had total return of 5.0%. For the four years ending March 31, 2005, TD Asset Management provided an annualized return of 7.4% while the index provided a return of 7.5%.

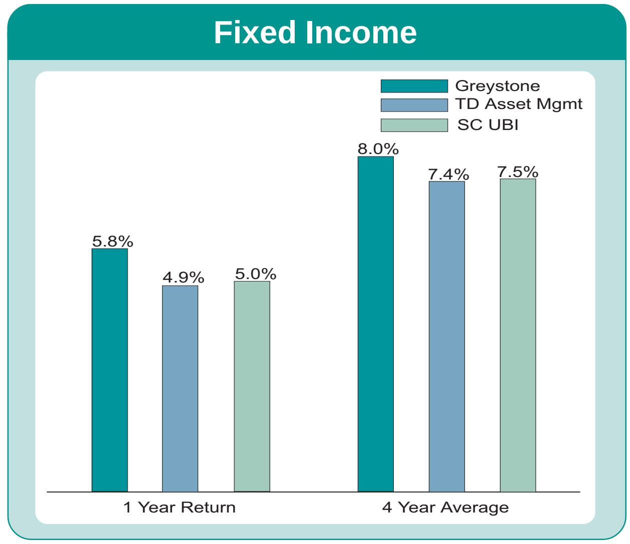

Figure 1.9

For the year ended March 31, 2005, the following fees were paid to the investment managers:

Total Fund:

Greystone Managed Investments	$1,631,979
TD Quantitative Capital Inc.	370,785
Templeton Mgmt. Ltd.	2,118,284
AMI Partners Inc.	641,829
Northwater Capital Management	1,194,967
Tweedy, Browne Company	152,513
	$6,110,357

Short-term Bond Fund

The goal of the Short-term Bond Fund is to provide protection from the volatility of the equity investment markets. To accomplish this, the Board, in consultation with its investment consultant, James P. Marshall, a Hewitt Company, set the investment policy for the Short-term Bond Fund to allow investment in government issued bonds with a term to maturity of five years or less.

Overall, the Short-term Bond Fund provided a return of 3.0% which outperformed the benchmark by 0.3 percentage points. Over the past four years, the Short-term Bond Fund provided a return of 5.7% which matched the benchmark.

The primary long-term investment performance objective for the portfolio is to outperform a benchmark portfolio constructed as described in *Table 1.1*.

Short-term Bond Fund Investment Performance

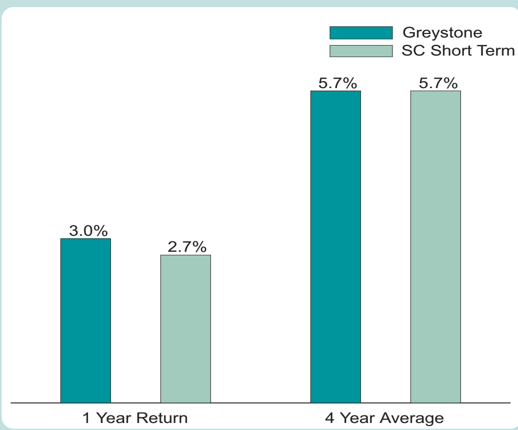

Figure 1.10

The market value of the assets of the Short-term Bond Fund at March 31, 2005 was $46,240,000. *Figure 1.11* shows the asset mix for the Short-term Bond Fund.

Short-term Bond Fund Asset Mix

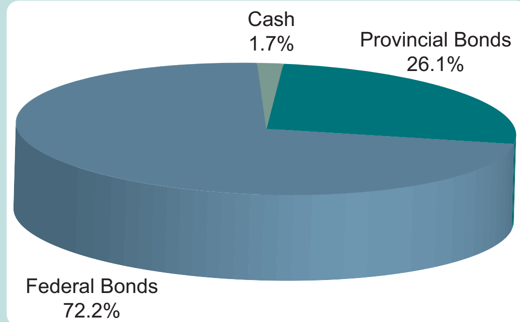

Figure 1.11

The Board retained Greystone Managed Investments to manage the assets of the Short-term Bond Fund and paid $32,441 in fees.

993 members of the Plan were participating in the Short-term Bond Fund as at March 31, 2005.

Monitoring Investment Performance

To assist the Board in monitoring performance of the investment funds and the investment managers, the Board retains James P. Marshall, a Hewitt Company, to measure the performance and report to the Board and was paid $91,061 in fees.

Custody

The Board retains RBC Global Services as the custodian of the Plan. The custodian is responsible for custody of all financial assets of the Plan (in the name of the PEPP). The custodian settles all investment transactions. The custodian ensures that investment income (dividends, interest) is collected and provides financial statements for all investment transactions. The custodian was paid $621,551.

Asset Class	Class Market Index	Benchmark Weight	Minimum Investment	Maximum Investment
Bonds	Scotia Capital (All Gov't) Short Term Bond Index	100%	90%	100%
Short-term Investments	91 Day Treasury Bills	0%	0%	10%

Table 1.1

Membership Status

Membership at March 31, 2004	40,744
Add:	
Enrolments during the year	2,632
Less:	
Benefit Payments	1,293
Membership at March 31, 2005	42,083

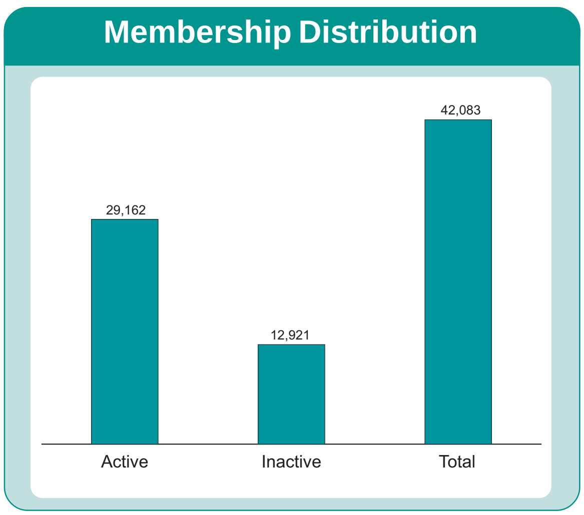

Figure 1.12

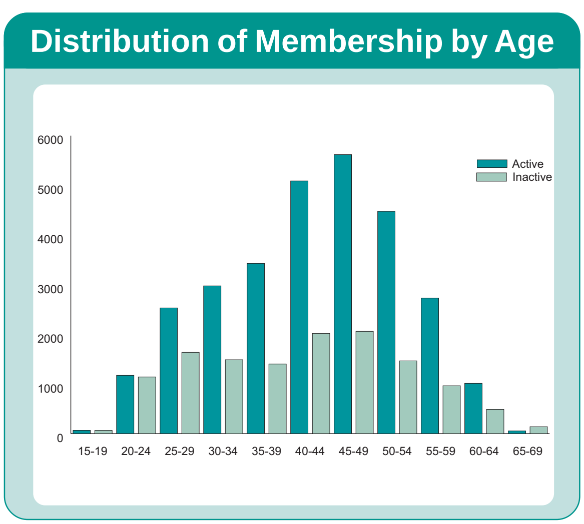

Figure 1.13

2004–2005 Administration Highlights

The PEPP *Access* project started in 2003–2004. It includes a complete business process review, new pension administration system, web access for employers and members, online retirement planning tools as well as the ability to provide additional investment choices and the addition of variable benefit payments. Communications to all stakeholders, training and change management will be critical throughout the project.

To align new system functionality with business, a complete business process review was conducted in 2004–2005. A specialist from a Business Process Engineering (BPE) firm was retained to facilitate the business process review. A contract position was retained to gain the unitization experience to supplement the BPE specialist and complete a procedure manual.

Change management has occurred with PEPP *Access*. In addition to training for the new business processes and functionality of the new system, customer service training was started for staff dealing with members and employers of the Plan.

The terminal illness provision of *The Public Employees Pension Plan Act* came into effect in June 2004. The PEPP Board approved the definition of terminal illness. The Co-operators Life Insurance Company provides the adjudication services.

Another Certified Financial Planner was hired to assist with the retirement information sessions for members nearing retirement.

Administration of the Plan

The Board retains PEBA, Saskatchewan Finance, to provide day-to-day administration of the Plan.

PEBA charged $ 2,514,076 to the Plan for administration.

PEBA Performance Standards

In 2004–2005, PEBA developed a system to measure and report performance against service standards and measures. Following are some initial standard highlights. In 2005–2006 we will report measurements against these standards.

PEBA will administer the Plan in accordance with *The Public Employees Pension Plan Act* and the *Pension Benefits Act 1992*, (Saskatchewan) where applicable.

1. Annual member statement:
PEBA will provide Member Statements by June 14 each year.

2. Member Transactions including statement on termination of employment, payment of termination of benefits, statement on death, payment of death benefits, pension estimates, marriage break down estimates, portability transfer values:
PEBA will meet transaction obligations within 14 days from the date of receipt of all necessary information.

3. Statement on retirement:
PEBA will provide a statement on retirement within 30 days of receiving a completed application form with all the necessary information.

4. Communicate Board decisions affecting clients:
Within one month of Board meeting.

5. Response to written correspondence from members and employers:
Within 14 days.

8. Return telephone calls from members and employers:
Next business day.

9. Newsletter:
PEBA will publish and mail a PEPP newsletter quarterly.

Management's Report

To the Members of the Legislative Assembly of Saskatchewan:

The Public Employees Pension Board is comprised of a Chairperson selected through a formal recruitment process with four members representing employees and four members representing employers. The Pension Board is responsible for financial administration, administration of the funds and management of assets.

The financial statements, which follow, have been prepared by management in conformity with accounting principles generally accepted in Canada and have been approved by the Pension Board. Management uses internal controls and exercises its best judgment in order that the financial statements reflect fairly the financial position of the Plan.

The financial statements were examined by Meyers Norris Penny. Their report follows.

Brian Smith
Executive Director
Public Employees Benefits Agency

Kathy Morgan
Director, Financial Services
Public Employees Benefits Agency

Regina, Saskatchewan
May 16, 2005

PUBLIC EMPLOYEES PENSION PLAN

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2005

AUDITORS' REPORT

To the Members of the Legislative Assembly of Saskatchewan:

We have audited the statement of net assets available for benefits of the Public Employees Pension Plan as at March 31, 2005 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Public Employees Pension Plan as at March 31, 2005 and the changes in its net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Meyers Norris Penny LLP

Regina, Saskatchewan

Chartered Accountants

May 16, 2005

PUBLIC EMPLOYEES PENSION PLAN — STATEMENT 1
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

AS AT MARCH 31

	(thousands of dollars) 2005			2004
	Balanced Fund	**Short-Term Bond Fund**	**Total**	**Total**
ASSETS				
Investments (Note 3)				
Short-term	$ 27,063	$ 767	$ 27,830	$ 28,800
Bonds and debentures	488,627	45,776	534,403	487,722
Equities	1,101,971	-	1,101,971	1,104,136
Pooled funds	1,377,963	-	1,377,963	1,319,095
Mortgages	828	-	828	1,198
Real estate	151,574	-	151,574	119,788
	3,148,026	46,543	3,194,569	3,060,739
Receivables				
Contributions receivable – employee	1,913	-	1,913	1,859
Contributions receivable – employer	1,913	-	1,913	1,867
Accrued investment income	11,434	353	11,787	6,124
Inter-fund receivables	-	7	7	3,138
Other accounts receivable	-	-	-	666
	15,260	360	15,620	13,654
Cash	128,259	4	128,263	2,120
Due from General Revenue Fund (Note 6)	1,042	-	1,042	1,000
Total assets	3,292,587	46,907	3,339,494	3,077,513
LIABILITIES				
Administrative expenses payable	1,716	673	2,389	1,182
Refunds, transfers and other payables	403	-	403	915
Inter-fund payables	7	-	7	3,138
Total liabilities	2,126	673	2,799	5,235
NET ASSETS AVAILABLE FOR BENEFITS	$3,290,461	$46,234	$3,336,695	$3,072,278

(See accompanying notes to the financial statements)

PUBLIC EMPLOYEES PENSION PLAN **STATEMENT 2**
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED MARCH 31

	(thousands of dollars) 2005			2004
	Balanced Fund	**Short-Term Bond Fund**	**Total**	**Total**
INCREASE IN ASSETS				
Investment income				
Interest	$ 23,293	$ 2,424	$ 25,717	$ 24,087
Pooled funds	65,720	-	65,720	67,245
Dividends	24,174	-	24,174	19,502
Real estate	7,284	-	7,284	7,175
Other	412	2	414	733
	120,883	2,426	123,309	118,742
Increase (decrease) in market value of investments	124,350	(929)	123,421	488,190
Contributions				
Employees	64,267	857	65,124	63,755
Employers	68,509	858	69,367	69,029
Inter-fund transfers	16,373	14,446	30,819	62,734
Reciprocal transfers in	594	-	594	4,549
	149,743	16,161	165,904	200,067
Total increase in assets	394,976	17,658	412,634	806,999
DECREASE IN ASSETS				
Transfers, refunds and benefit payments (Note 5)	84,580	6,301	90,881	69,335
Transfer to Saskatchewan Pension Annuity Fund				
Contributions	14,752	2,482	17,234	10,919
Interest	31	6	37	1,332
Inter-fund transfers	14,446	16,373	30,819	62,734
Administrative expenses (Note 7)	9,124	122	9,246	8,192
Total decrease in assets	122,933	25,284	148,217	152,512
Increase (decrease) in net assets	272,043	(7,626)	264,417	654,487
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	3,018,418	53,860	3,072,278	2,417,791
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	$3,290,461	$46,234	$3,336,695	$3,072,278

(See accompanying notes to the financial statements)

1. Description of Plan

The following description of the Public Employees Pension Plan is a summary only. For more complete information, reference should be made to the Plan text.

a) General

The *Public Employees Pension Plan Act* (the Act) is the legislative authority for the Public Employees Pension Plan (the Plan), which is a defined contribution plan that covers the employees of a number of government entities. Effective September 1, 2002, the Plan also covers the Members of the Legislative Assembly.

The Act established the Plan to accumulate all contributions and earnings for plan members. The Plan consists of two funds: the Balanced Fund and the Short-term Bond Fund.

The Balanced Fund receives and holds, in trust for members, contributions from the members and employers (participants) and investment income derived from the Fund's investments.

The Balanced Fund holds bonds, equities, real estate, mortgages, pooled funds and short-term investments. The Balanced Fund's mandate is to provide long-term capital appreciation for members. Allocation of income is based on the market value of the Fund. The total available to a member upon termination or retirement is equal to the particular member's account at that date, subject to certain vesting and other specific rules governing the Plan.

The Short-term Bond Fund receives and holds, in trust for members, contributions from the member and employer as well as investment income derived from the Fund's investments.

The Short-term Bond Fund is available to all members and holds low risk mid-term income investments and is intended for those members who wish to protect themselves from the volatility of the investment markets. Participation in the Short-term Bond Fund is at the discretion of the member. Allocation of income is based on the market value of the Fund. The total available to a member upon termination or retirement is equal to the balance in the particular member's account at that date, subject to certain vesting and other specific rules governing the Plan.

b) Administration

The Act established the Public Employees Pension Board (Pension Board) to administer the Plan. The Pension Board is comprised of nine members appointed by Cabinet. The Public Employees Benefits Agency provides day-to-day administration.

c) Retirement

Members may retire as early as age 50, or after 35 years of service regardless of age.

Upon retirement an employee may purchase an annuity from the Pension Board pursuant to Section 20 of the Act, or from a private company that issues annuities.

Alternatively, the funds may be left in the Plan to continue to accumulate earnings to provide retirement income beginning no later than the end of the calendar year in which the member reaches age 69, be transferred to a Locked-in Retirement Account or, after age 50, to a Locked-in Retirement Income Fund, Life Income Fund or a Life Annuity from the Saskatchewan Pension Annuity Fund, or be transferred to another pension plan which has a reciprocal agreement with the Plan.

Members who purchase their annuities from the Pension Board have their accumulated balance in the Plan at the date of retirement transferred to the Saskatchewan Pension Annuity Fund.

d) **Completeness of Contributions**

Participants are responsible for the accuracy and completeness of member contributions remitted to the Plan and for the employee payroll information on which benefit payments are determined. Accordingly, these financial statements presume the accuracy and completeness of the participants' contributions and payroll information received from participants.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant:

Investments

Investments in bonds and equities are recorded at market values which are determined by reference to closing year-end sale prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year-end bid and ask prices. Transactions in bonds and equities are recorded as of the trade date.

Short-term investments are recorded at cost, which approximates market value.

Real estate is recorded at market value as estimated by independent appraisals.

Mortgages are recorded at market value calculated by discounting the present value of all income streams accruing to the mortgage. The discount rate applied to these income streams reflects the current market rate for comparable mortgages of a comparable term.

Pooled funds are recorded at market value based on the quoted market price of the underlying investments normally the current bid price.

The change in market value of investments during the year is reflected on the financial statements as a current period change in the market value of investments.

Fair value approximates market value of investments.

Foreign Currency Translation

Monetary items denominated in foreign currency are translated at the exchange rate in effect at year-end. Investments, revenue and expense items are translated at the exchange rate in effect at the transaction date. Gains and losses arising on translation at year-end are included in the current period change in market value of the investments.

3. Investments

The Plan is a defined contribution plan whereby members bear the investment risk and reap the rewards of actual investment performance as there is no guarantee of pension benefits. The Plan is comprised of two funds: the Balanced Fund and the Short-term Bond Fund. The Balanced Fund is designed for members whose primary objective is capital growth. The Short-term Bond Fund is designed for members who wish to reduce their equity exposure as retirement approaches in order to preserve capital. These members have a low risk tolerance. As the primary objective of the Short-term Bond Fund is capital preservation, its orientation is towards fixed income investments with a term to maturity of five years or less.

The strategy employed to achieve these objectives is to invest cash flows from contributions, maturing debentures and investment returns into assets such as Canadian equities, pooled funds, money market securities, and bonds.

a) **Interest Rate Risk**

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's net assets and interest income. This risk arises from differences in the time and amount of cash flows related to the Plan's assets. Interest rate risk is managed by investing in fixed income investments with varying duration.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets.

b) **Credit Risk**

Credit risk arises from the potential for counterparties to default on their contractual obligations to the Plan. The Plan limits the credit risk by dealing with counterparties that are considered to be high quality. The credit ratings used to describe the securities below are based on the Dominion Bond Rating Service and/or the Standard & Poors Bond Rating Service and/or Moody's Bond Rating Service.

c) **Foreign Currency Risk**

Foreign currency exposure arises from the Plan holding investments denominated in currencies other than the Canadian dollar. Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or negative effect on the value of investments. The Plan manages its foreign currency risk by limiting the investment in foreign funds.

d) **Market Risk**

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. The Board's policy is to invest in a diversified portfolio of investments, based on criteria established in the Statement of Investment Policies and Objectives.

e) **Real Estate Risk**

Risk in the real estate portfolio is managed through diversification across real estate types and locations. Adverse impacts in any one segment of the market or geographic location are minimized by having holdings diversified across property type, geographic location and investment size.

Short-term Investments

Short-term investments are comprised of treasury bills, notes and commercial paper with effective rates of 2.50% to 3.00% in the Balanced Fund (2004 - 1.00% to 2.30%), and 2.50% in the Short-term Bond Fund (2004 - 2.00%) and an average remaining term to maturity of 40 days in the Balanced Fund (2004 - 37 days) and 49 days in the Short-term Bond Fund (2004 - 22 days).

The Plan's investment policy states that investments must meet a minimum investment standard of "R1" or equivalent rating by a recognized credit rating service.

Other than the Government of Canada, no single issue represents more than 31.72% (2004 – 24.92%) of the market value of the short-term investment portfolio.

Bonds and Debentures

The Plan's investment policy states that bonds must meet a minimum quality standard of BBB as rated by a recognized credit rating service. No more than 15% of the market value of the total portfolio may be invested in BBB rated bonds. At March 31, 2005 the Balanced Fund held 0.30% (2004 - 0.20%) of its portfolio in BBB bonds. At March 31, 2005 the Short Term Bond Fund held 0.00% (2004 – 0.00%) of its portfolio in BBB bonds.

BALANCED FUND
(in thousands of dollars)

	2005							2004		
Years to Maturity	Federal	Provincial	Corporate	Municipal	Total Market Value	Yield to Maturity at Market	Coupon Rate	Total Market Value	Yield to Maturity at Market	Coupon Rate
Under 5	130,560	9,354	41,717	-	181,631	1.53%	3.25-9.00	233,937	2.04%	2.96-9.00
5 – 10	62,254	58,349	27,001	-	147,604	5.81%	4.18-8.50	69,106	0.85%	4.54-10.00
Over 10	70,773	52,250	34,256	2,113	159,392	13.35%	4.50-8.29	129,753	1.64%	5.25-8.29
Market Value	263,587	119,953	102,974	2,113	488,627			432,796		

SHORT-TERM BOND FUND
(in thousands of dollars)

	2005					2004		
Years to Maturity	Federal	Provincial	Total Market Value	Yield to Maturity at Market	Coupon Rate	Total Market Value	Yield to Maturity at Market	Coupon Rate
Under 5	33,810	11,966	45,776	4.59%	3.25-6.00	54,926	4.90%	3.00-7.75

Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

Equities

The Plan's investment policy allows no one holding to represent more than 10% of the market value of the related portfolio and no one holding to represent more than 10% of the common stock in any corporation. Foreign equities represent 50.66% (2004 – 57.65%) of the market value of the equity portfolio. All foreign equities are denominated in Canadian dollars. Dividends are generally declared on an annual basis. The Plan’s equities include common shares that have no fixed maturity date and are generally not exposed to interest rate risk. The average dividend rate is 3.58% (2004 – 1.76%).

Foreign equities including foreign pooled funds, but excluding synthetic pooled funds, are limited to 30% of the cost of the investment portfolio and are denominated in Canadian dollars. 20.21% (2004

– 25.26%) of the cost of the Plan's investment portfolio was held in foreign equities including foreign pooled funds.

Pooled Funds

For liquidity reasons, the investment policy limits pooled fund holdings to not more than 10% of the market value of the individual pooled fund. Exceptions to the 10% limit are allowed if provision has been made to transfer securities in kind out of the pooled fund when assets are transferred out of the pooled fund.

The Plan limits its investments in synthetic pooled funds to 13% of the market value of its investment portfolio for the Emerald Synthetic U.S. Equity Fund and 7% of the market value of its investment portfolio for the Newcastle Derivative Enhanced Mid Cap Fund. The Plan's units in pooled funds have no fixed interest rate and the returns are based on the success of the fund manager.

The Plan's pooled funds are comprised of:

	Units Held (in thousands)		**% of Total Units Outstanding**		**Market Value** (in thousands)	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**
Canadian Equity						
Emerald Cdn Equity TSE 300	12,822	11,884	9.70	13.72	$ 141,196	$ 124,011
Newcastle Derivative Enhanced Mid Cap Fund	1,818	1,535	100.00	100.00	178,758	162,583
Global Equity						
Greystone EAFE Plus Fund	13,612	14,633	12.21	12.01	137,510	135,224
Fixed Income Funds						
Emerald Cdn Bond Fund	63,113	52,578	14.57	10.78	668,826	640,387
Other Canadian						
Emerald Synthetic US Equity Fund	21,104	21,110	40.39	29.61	251,673	256,890
					$1,377,963	$1,319,095

Newcastle Derivative Enhanced Mid Cap Fund combines U.S. S&P 400 stock index futures with Canadian money market instruments to create a synthetic U.S. equity investment, hedged into Canadian dollars. The Emerald Synthetic U.S. Equity Fund also uses U.S. S&P 500 stock index futures combined with Canadian money market instruments to create a synthetic U.S. equity investment.

Mortgages

All mortgages are secured by Canadian commercial properties and have effective and stated interest rates of 5.50% (2004 – 5.50% to 9.75%) with an average remaining term of 3.42 years (2004 – 4.11 years). Principal and interest are receivable on a monthly basis.

Real Estate

Investments in real estate consist of Canadian commercial property.

Included in real estate are investments of $3,631,169 (2004 - $3,594,486) in SaskPen Properties Ltd. Income received from SaskPen Properties is $314,267 (2004 - $329,348). SaskPen Properties Ltd. is a real estate corporation beneficially owned by Crown managed pension plans in the Province of Saskatchewan.

4. Earnings Allocation to Members

Investment income plus the current year's allocation of the change in the market values of investments less administrative expenses is allocated monthly to the individual member's account balances in accordance with the provisions of the governing legislation. In 2005, an interest rate of 7.75% for the Balanced Fund (2004 – 24.84%) and 3.11% for the Short-term Bond Fund (2004 – 8.18%) was approved by the Administration for the Plan.

5. Transfers, Refunds and Benefit Payments

	(in thousands of dollars) 2005	2004
Termination refunds	$ 863	$ 905
Death and lump sum benefits	5,594	4,884
Marital transfers	2,817	2,837
Transfers to registered retirement savings plans and to private companies providing annuities	78,082	59,237
Transfers out	3,525	1,472
	$90,881	$69,335

6. Due from General Revenue Fund

The Plan's bank accounts are included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

The Plan's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis to the Plan's bank accounts using the government's 30 day borrowing rate and the Plan's average bank account balance. The government’s average 30 day borrowing rate in 2005 was 2.19% (2004 - 2.79%).

7. Administration Expenses

The annual operating expenditures associated with the Plan's administration are paid to the Public Employees Benefits Agency Revolving Fund except for custodial fees and investment management fees, which are paid directly.

	(in thousands of dollars) 2005		2004	
	Budget (unaudited)	Actual	Budget (unaudited)	Actual
Administration costs	$3,065	$2,514	$4,037	$2,418
Custodial fees	555	622	432	339
Transition fees	-	38	-	-
Investment management fees	6,296	6,072	3,895	5,435
	$9,916	$9,246	$8,364	$8,192

8. Related Party Transactions

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related since all are controlled by the government. Also, the plan is related to non-crown enterprises that the government jointly owns or significantly influences. Costs charged by the Public Employees Benefits Agency Revolving Fund in administering the Plan are reflected in these financial statements.

The Plan holds $9,594,182 (2004 - $12,437,600) Province of Saskatchewan Bonds and Debentures with a yield of 5.18% (2004 - 5.40%). Investment income of $605,260 (2004 - $703,169) was recorded from the Province of Saskatchewan Bonds and Debentures.

The Plan has an accounts payable balance as at March 31, 2005 of $145,000 (2004 - $155,587) due to the Public Employees Benefits Agency Revolving Fund.

Other related party transactions are disclosed separately in these financial statements.

Account balances resulting from the above transactions are included in the statement of net assets available for benefits and are settled at agreed upon exchange rates.

9. Investment Performance

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set by the Pension Board. The Pension Board reviews the investment performance of the plan in terms of the performance of the benchmark portfolio over four year rolling periods. The primary long-term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the Balanced Fund's investment performance:

	Rolling Four Year Average Annual Return Fund	
	2005	**2004**
Plan's actual rate of return (a)	6.20%	4.10%
Target rate of return (b)	5.10%	2.00%

(a) The Fund's actual rate of return is before deducting investment expenses.

(b) The Fund's target rate of return for its investment portfolio (return on the benchmark portfolio) has been determined using the actual returns of the market indices such as the S&P/TSX Composite Index, Nesbitt Burns Small Capitalization Canadian Stock Index, Standard & Poor's 500 U.S. Stock Index, Standard and Poor's 400 Mid Capitalization U.S. Stock Index, Morgan Stanley, Europe, Australia and Far East Index, Scotia Capital Universe Bond Index, 91 Day Canadian Treasury Bill, and Investment Property Databank Ltd. Return Index.

The following is a summary of the Short-term Bond Fund's investment performance:

	Rolling Four Year Average Annual Return Fund	
	2005	**2004**
Plan's actual rate of return (a)	5.70%	7.10%
Target rate of return (b)	5.70%	7.30%

(a) The Fund's actual rate of return is before deducting investment expenses.

(b) The Fund's target rate of return for its investment portfolio is based on the "All Governments" portion of the Scotia Capital Markets Short-term Bond Index.

10. Fair Value

For the following financial assets and liabilities the carrying amount approximates fair value due to their immediate or short-term maturity:

a) contributions receivable
b) accrued investment income
c) due from General Revenue Fund
d) inter-fund receivable
e) administrative expenses payable
f) refunds, transfers and other payables, and
g) inter-fund payables

The fair value of investments approximates the carrying value, the determination of which is disclosed in notes 2 and 3.

11. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.