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International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Delivered by email to info@ifrs.org and commentletters@ifrs.org

Re: IFRS 15, Revenue from Contracts with Customers – Effective date

Dear Board Members:

Saskatchewan Telecommunications Holding Corporation (SaskTel) is a Crown Corporation operating in the Province of Saskatchewan providing communication services to the province and beyond. Operating revenues exceed \$1.2 billion annually and total assets exceed \$2.0 billion. The purpose of this letter is to communicate the issues around implementation of the standard on January 1, 2017 and to request that you consider deferring the mandatory effective date to January 1, 2018.

As identified in our letter to Mr. Hoogervorst on September 11, 2013, we started our conversion efforts in 2013 based on the exposure draft available at that time, anticipating a final standard in early 2013. Given the initial time line, adoption of the standard effective January 1, 2017 would have been onerous but feasible. The delay of the standard for a full year has significantly shortened the implementation time frame for full retrospective adoption of the standard as well as integration of the standard into billing, financial and budget systems to provide meaningful indicators upon adoption.

As the Board has observed, this standard is particularly difficult for telecommunications companies to implement. We provide mobility, wireline, internet, television, and security monitoring services which can be bundled to provide savings to the consumer and which are offered under numerous and often changing rate plans, promotional offers, contract terms and time frames, depending upon competitive circumstances. We also provide services to business customers, which are often bundled in multiple-element arrangements, and software solutions to business customers, as well as, international telecommunication corporations.

We, along with other Canadian telecommunications companies have determined that the portfolio approach to implement the new standard, an option afforded to telecommunication companies and others to ease implementation issues, is still extremely difficult due to requirements for management reporting and compliance with internal control over financial reporting. Further, using a portfolio approach would require that significant

manual processes be developed and maintained, due to the large volume of customers and rate plans. In addition, again due to the large volume of customers and rate plans, estimating revenue results for comparative periods is extremely difficult.

Implementation on January 1, 2017, assuming either full retrospective or partial retrospective transition, would mean implementing a system solution on January 1, 2015 and running parallel results for two full years. This is now virtually impossible for a number of reasons: appropriate system solutions for our existing ERP systems are not available; supplemental systems compatible with our ERP systems would require significant integration after system requirements are determined; and the magnitude of the impacts on our lines of business and systems was underestimated in the initial stages of the project.

Our preferred implementation timeline would be to delay the effective date of the standard for one year. This would allow sufficient time to fully understand the changes to revenue and related metrics that will result from this new standard. In addition, this would allow sufficient time to gather comparative data to determine the impacts on metrics and trending which are critical to financial reporting and budgeting processes. Our budget process starts in March of each year. The standard will significantly change how we budget certain revenues and as such, at least 15 months of data is critical. Implementation on January 1, 2018 would provide sufficient time to make the necessary system and process changes to allow for a full retrospective adoption and 15 months of data to fully understand the implications of the new standard.

We are not a large corporation and as such have limited resources to ensure a smooth adoption of the new standard. Based on initial estimates, the adoption of the standard will cost the corporation two to five times the cost of IFRS adoption in 2011.

As stated we have been assessing the impact of the new standard since 2013. These efforts have accelerated since the issuance of the standard and we are in the final stages of assessing the impact of the new standard on each of our lines of business, both from a revenue recognition perspective and a cost of acquisition and fulfillment perspective.

Concurrent with these efforts we have been assessing potential solutions as well as the impact on internal resources. While this is a significant implementation project and could benefit the corporation in terms of revenue and profitability mapping, internal resources are currently engaged in the development and deployment of systems that are critical to stay abreast of the changing information and communications technology industry.

Implementation on January 1, 2015 would require significant manual tracking until software upgrades or supplemental systems are available. At present it appears that solutions may be available in early 2015 which, after the selection and testing process would result in implementation of any solutions toward the end of 2015, resulting in one full year of manual effort. As with others, we have found that implementing solutions in inappropriately compressed timeframes usually result in ineffective systems which are prone to error and require extensive maintenance. Given the estimated cost of the project, we would

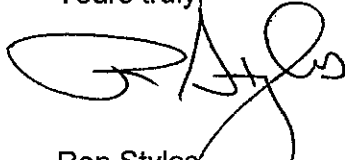
prefer a reasonable timeframe for implementation to avoid temporary manual solutions and potentially ineffective solutions that will result in further additional costs to the organization.

In order to avoid implementation issues and achieve a seamless adoption of the standard, deferral of the effective date would provide significant relief. If this were to be the case, implementation efforts would continue as planned and would reduce the risk of adopting the new standard.

To conclude, our preferred approach would be retrospective adoption of the standard with appropriate comparative data. This will not be achievable given the effective date of January 1, 2017. As such, we request that the Board defer the effective date of the standard to January 1, 2018. This will provide sufficient time for the most severely impacted industries to implement the standard. Early adoption could still be allowed for others who are not as severely impacted.

We hope that you will find these comments useful as you consider the impacts of this standard. Please do not hesitate to contact us if you have any questions.

Yours truly,



Ron Styles
President and CEO



Charlene Gavel
Chief Financial Officer

cc. FASB
Transition Resource Group for Revenue Recognition
Grant Kook, Chair SaskTel Board of Directors
Glenys Sylvester, Chair SaskTel Audit and Risk Committee
Honourable Ken Krawetz, Deputy Premier & Minister of Finance
Honourable Don McMorris, Chair, Board of Directors CIC
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