



STANDING COMMITTEE ON THE ECONOMY

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STANDING COMMITTEE ON THE ECONOMY

Mr. Darryl Hickie, Chair
Prince Albert Carlton

Mr. Ron Harper, Deputy Chair
Regina Northeast

Hon. Dustin Duncan
Weyburn-Big Muddy

Ms. Laura Ross
Regina Qu'Appelle Valley

Mr. Lyle Stewart
Thunder Creek

Mr. Len Taylor
The Battlefords

Ms. Nadine Wilson
Saskatchewan Rivers

[The committee met at 21:15.]

The Chair: — Well good evening everybody and welcome to the Economy Committee on the supplementary estimates for Innovation Saskatchewan, vote 84. Tonight we do have a substituting member. For Mr. Duncan, we have Mr. Reiter. Also in attendance tonight we have Mr. Bradshaw, Mr. Allchurch, Ms. Ross, Ms. Wilson, and Mr. Stewart. And on the other side of the table, the opposition side, we have Mr. Harper, Ms. Atkinson, Mr. Lingenfelter, Ms. Chartier, Mr. Taylor, Mr. Yates. We'll also include Mr. Wotherspoon and Mr. Belanger as well in that.

And tonight I want to advise all committee members that when considering the supplementary estimates, debate should be confined to the reasons why the extra money is being sought. Attention should focus on the specific item of expenditure. Each subvote is a distinct question, and debate is strictly relevant to the subvote under consideration.

So I guess what we like to see if the minister would like to have a bit of a preamble to start off and introduce his official with him. I know we were here last week, so Mr. Minister, I will let you start off tonight.

**General Revenue Fund
Supplementary Estimates — November
Innovation Saskatchewan
Vote 84**

Subvote (IS01)

Hon. Mr. Boyd: — Thank you, Mr. Chair, committee members. We are prepared to take questions with respect to Innovation Saskatchewan. I'm joined by my chief of staff, Laurie Pushor.

The Chair: — Thank you, Mr. Taylor.

Mr. Taylor: — Thank you very much, Mr. Chair, and welcome to the minister and his chief of staff. As committee members — many of whom were here previously, but some new members — as the committee will remember, we had a very good question and answer period the other day. We had, just addressing the Chair's opening remarks, we had no difficulties with staying within the framework at the last meeting.

The issue in front of us is Innovation Saskatchewan. It is a vote to establish the agency. We are talking about a vote of roughly half a million dollars transferred from Enterprise Saskatchewan to Innovation Saskatchewan to establish and create the agency.

The minister was generous in his answers the other night, and I thank him for that. We are talking about the creation of the agency. The funding designated here is to allow the agency to operate, and the questions have generally been about how the agency will operate, some of the theory behind setting it up. And again I thank the minister for his responses.

What I'd like to do, as the committee knows, I did not complete my questions in the last hour we had. I have considerable questions tonight again, and I think some of my colleagues wish

to ask some questions as well. So I suspect, Mr. Chair, we will certainly fill the time allocated to us tonight, just to set that out at the beginning.

I do wish, before I resume my questioning where we left off last time, just to re-examine a couple of the answers that the minister gave previously. And you'll know why in a moment. And I'm grateful that we've had a period of time since the last meeting and that *Hansard* is available so that my questions are specific to the answers that were provided previously. So this short period of time since our last meeting to today has proven quite valuable.

The minister knows that I had asked some questions about the board and the operations of the board, the setting up of the board, etc. I believe strongly in governance and having good governance processes in place. And I do have some new questions in that regard because I think that's critical to the functioning of the new agency.

However when I read the minutes of the last meeting, I just want to give the minister an opportunity to clarify points that he made. The only reason I do this is because it is such a clear difference between two responses that the minister gave. I asked the minister the question, does the process of board meetings involve the minister? The minister answered:

On occasion I think the minister could or may want to speak to and address the board. I don't see that as something that would happen in a real formal sense or on a frequent basis, but on occasion.

Two questions later, the minister indicates that the minister is the board of the Chair. And then when I asked him to clarify that — is the minister the Chair of the board of Innovation Saskatchewan? — the minister said yes: "The minister would be the Chair of the board, but the board would have a structure that oversees the operations."

So originally the minister says he might, he might not, meet with the board. There was no formal process involving the minister. And minutes later, he indicates he's the Chair of the board. Can the minister please explain this huge difference in understanding and what direction he was trying to provide us as members of the committee.

Hon. Mr. Boyd: — Thank you, Mr. Chair and Mr. Members. I think what was initially indicated was incorrect, and I corrected myself by saying that the Chair of the board would be the minister responsible along with committee members. It does not mean, however, that the committee has to meet with the Chair always in attendance, but the Chair would certainly be available to attend the meetings.

Mr. Taylor: — The minister also indicated that he did not think that the board would meet very often during the start-up. It struck me that it's at the start-up where the board needs to be meeting. Could the minister please clarify what he means as to how the agency will begin functioning without the board actually providing direction.

Hon. Mr. Boyd: — What I indicated was, is that we would be

prepared to meet on the basis of need. As we go forward, we are prepared to sit down on any occasion when it's deemed to be appropriate to meet with the board members. In the start-up phase of it, I indicated that we didn't anticipate . . . or it's my inclination anyway to believe that we would not be needing to meet all that often just simply because of the fact that we would not be evaluating projects at that point in time, in the start-up phase of the operations.

Mr. Taylor: — But at this point in time and also clearly from the answers that were provided to my previous questions, the minister has indicated there'll be five employees. The CEO [chief executive officer] has not been chosen yet. There's been no specific direction for the CEO. So we've got a board that's not in place. We've got a CEO who's not in place. We have direction to the board that it's not necessary to meet very often yet. So who's designing the agency? Who's providing the direction to put things in place?

Hon. Mr. Boyd: — We are getting direction from the employees involved and the ministry at this point in time.

Mr. Taylor: — So, Minister, through the ministry, the ministry being the Minister of Innovation Saskatchewan, how many employees in the ministry are looking after the agency which is an offshoot of the agency known as Enterprise Saskatchewan? Is it the minister that's providing the direction?

Hon. Mr. Boyd: — We would be looking for advice from various ministries, through Enterprise, through other agencies that would have research capacities at this point in time. That will be a part of Innovation.

Mr. Taylor: — But I guess, Mr. Minister, I need more clarification than that. There must be a coordinating individual or a coordinating body that is ensuring that this process evolves to the point where there's a board that can function, a CEO that can manage based on a strategic plan, performance plan, an evaluation strategy. Who currently — and it looks like it has to be within the Minister of Innovation's office — who is ensuring that this all comes together?

Hon. Mr. Boyd: — Of course, Mr. Chair, this Innovation Saskatchewan is at the start-up phase of it. We are accepting advice from a number of different sources, from ministries, from Enterprise where it was housed previously and it transferred to Innovation now, through ministries that would have research operations within their operations.

For example, the PTRC [Petroleum Technology Research Centre] perhaps might be advised or asked for advice in terms of the set-up of this operation, Saskatchewan Research Council, various components that would have research capacities.

Mr. Taylor: — That's still not answering my question, Mr. Minister, because I guess what I don't fully understand is, to put it bluntly, how your office is structured. You are indeed a minister with many responsibilities, multiple tasks. You do have a minister's office and the Ministry of Energy and Resources exists and it's there.

The other responsibilities that you have, for example SaskPower . . . You have the Crown corporation there, and it's

staffed complete with a board. But Innovation Saskatchewan of which you are the minister doesn't exist yet outside of what's taking place within Enterprise Saskatchewan which is another minister's responsibility. I can't ask the Minister of Enterprise because we have no estimates in front of us to discuss.

But you are, for all intents and purposes, a minister without a ministry in this case. The agency needs to be set up. So who is coordinating all of this because, in fact, as has been suggested — and this will be part of my next round of questions — there seems to be a delay in putting things into place? And I'd like to examine what this process of delay is, but I don't know who ultimately is responsible. Is it simply the Minister of Innovation?

Hon. Mr. Boyd: — As I indicated, Mr. Chair, we are accepting advice from a number of different sources, from the former ministry that housed this operation — Enterprise. We are accepting advice from other ministers who have research capacities within components of their ministry. We are accepting advice from the employees that will be transferred from Enterprise to Innovation. There are currently four that will be transferring and one position to be filled at a later date. So we are accepting advice from a number of different sources in terms of setting up of this operation.

Mr. Taylor: — Okay. I guess I just have to assume that you're using the royal we because I don't understand who the we is. And I guess I have to conclude from your remarks — because I think I've tried to ask the question as clearly as I possibly can — there appears to be no one in charge.

Hon. Mr. Boyd: — That would not be the case. What I have indicated is, is that when we say "we," I'm referring to the minister responsible accepting advice from a number of different areas. And at that point, we'll be making a decision on the advice that we are provided with, seeking a discussion with the cabinet of Saskatchewan about the set-up and operations, the initial set-up and operations of Innovation Saskatchewan.

Mr. Taylor: — Okay. Let me just try from another direction. In answer to questions in our last meeting, you indicated that a board will be set up and that this board, not in place yet, but that there is a search under way for board members for Innovation Saskatchewan. And although there's not specific criteria, there's an idea of what would make a good board member. There's no CEO in place. The minister is accepting advice as to how to proceed.

Who, then, is doing the review of potential candidates for the board? Who is coordinating the process of developing the board and putting the board in place — the board that will ultimately be responsible for the operations of Innovation Saskatchewan, including the investment fund that will exist within Innovation Saskatchewan? Who's doing that coordinating work currently?

Hon. Mr. Boyd: — In the initial start-up of this operation, we have four full-time equivalents. We have one position that's vacant. We have an acting director that's in place. We will be looking at appointing people to the board of Innovation Saskatchewan. And when you have all of those components in place, then we'll have the necessary requirements, I believe, to start operations of the Innovation Saskatchewan operations.

Mr. Taylor: — So what you're indicating to me is that the staff who have moved over from Enterprise Saskatchewan is currently acting as staff for Innovation Saskatchewan. And Enterprise Saskatchewan is currently acting as staff for Innovation Saskatchewan, and that those staff members are involved in establishing the board and including recommendations for board appointments.

Hon. Mr. Boyd: — We will be accepting views, in terms of members of the board, from a number of different sources as I have indicated — from research institutions; from various ministries looking at; through the acting director, whether the acting director may have some thoughts and views; and some appropriate people to take a look at that. And at that point, as the member would know, then the minister responsible would take those names before cabinet for a decision in terms of appointing that board.

[21:30]

Mr. Taylor: — All right. I may come back to this again shortly. I do, in the interests of time, want to make sure I try to get all my questions in. You will recall that just prior to November 17th, you did an interview with James Wood from *The StarPhoenix*. An article appeared on November the 17th in which Mr. Wood's lead in his article indicates, "More than two . . ." This is the quote from *The StarPhoenix* article:

More than two years after it was promised in the 2007 election campaign and a year after it was proposed in a government throne speech, a keystone piece of the Saskatchewan Party government's "innovation agenda" may finally be coming to life.

There's a few other introductory matters here. Mr. Wood indicates that he has interviewed you. And then, I quote, "Boyd said the delays in getting the agency up and running are due to the complex nature of the potential investments."

I'd like you to clarify that statement, given that setting up the agency, getting the criteria in place, putting the board in place, hiring the CEO haven't all been done yet. It's the board that ultimately will be responsible for potential investments. Please clarify why the delay, according to the article, is due to complexity of potential investments, as opposed to the complexity of establishing the agency generally.

Hon. Mr. Boyd: — I guess I would say that we would be looking at both the complexity of the agency as well as the complexity of the research components that eventually will be housed under Innovation Saskatchewan. We want to establish it as an independent coordinating body for government for the various research capacities that the Government of Saskatchewan has. We want to ensure that we are getting the best value for the taxpayer dollars in terms of those research and development type of initiatives.

We want to take a look at the various components that are out there in government right now that do research and development. We have some in various ministries across government. We, through Innovation, want to coordinate those activities. We want to make sure that we are, as I said, getting the best return on the investment that the taxpayers of

Saskatchewan are putting into these areas of development.

Mr. Taylor: — Thank you, Mr. Chair, Mr. Minister, for that. I want to stay on this for a little bit because one of the key parts of the Innovation agenda is, number one, coordinating research, but number two, supporting and financing research. The article that James Wood wrote, and which is based on an interview with you, indicates that the ultimate plan for Innovation Saskatchewan is that there is an allocation of funding made on a proposal-based, one-off basis estimating the total amount available for investments to be no more than \$25 million per year.

Let me just clarify, in the interests of the financial matter that's in front of us. We have estimates that are taking a look at around half a million dollars to establish the agency. We established the other day that it's roughly \$100,000 a month to the end of the year to do everything that needs to be done. We have this fund to be administered by the board of up to \$25 million annually. Has the legislature already approved the \$25 million or is this something that is yet to be discussed by legislative committees? Was it in the March budget?

Hon. Mr. Boyd: — No, sir. It was not.

Mr. Taylor: — Okay.

Hon. Mr. Boyd: — We will be looking at, as I've indicated, bringing coordination between all the various areas of responsibility. What we have here before us, Mr. Chair, is the budget to set up the operations of Innovation Saskatchewan. At that point in time, then we would be looking for further budget allocations and in the process to establish a fund for looking at research and development, innovation projects that the government would, through the board and the staffing of the Innovation, evaluate to determine whether they meet the goals of Innovation Saskatchewan.

Mr. Taylor: — So I take it then that the \$25 million not discussed yet by the legislature, not a part of supplementary estimates but a key part of the government's innovation agenda, is another year away; that the board, yet to be created, will not be reviewing applications for a program that won't be set up until next year sometime. Is that correct?

Hon. Mr. Boyd: — The resources would be part of future considerations. We would be accepting advice from a number of sources, in terms of the evaluation process as I've indicated, through the various research components that are going to be housed in the operations of Innovation Saskatchewan.

Mr. Taylor: — Okay. I guess just trying to establish a timeline here for the work that the board and the staff may have to do.

We are unlikely to have, since it's not in this year's budget, the \$25 million. It's not in this year's budget. It actually would not be allocated until the next year's budget in March, and that this would be new money and it'd be money coming from the GRF [General Revenue Fund]. Is that correct? Is that the expectation?

Hon. Mr. Boyd: — Yes. That would be the expectation. Keeping in mind, Mr. Member, that in various research

components of government, we spend, the province of Saskatchewan spends over \$200 million in the various areas of research at this point in time.

Mr. Taylor: — Okay. Yes, I do keep that in mind. And I do have some other questions on that that will come up shortly. And I do appreciate the coordinating function that Innovation Saskatchewan will have to do.

But one of the highlights of the Innovation agenda is to support projects. And in fact, it didn't take more than four paragraphs of James Wood's article to talk about the excitement of a proposal-based, one-off research support that would be in the neighbourhood of no more than \$25 million annually. The innovation agenda that the government has proposed includes a supportive function like this.

So given that the current fiscal situation that we have sees the Minister of Health deferring projects, we have the Minister of Education deferring projects, we have the Minister of Finance deferring projects, and we have various ministers in government, including today the Minister of Municipal Affairs indicating that commitments to Saskatchewan people can't be kept, what priority do you place on a new \$25 million program coming from the GRF in next year's budget?

Hon. Mr. Boyd: — Mr. Member, Mr. Chair, I would want to make sure that you are working with a complete context of that interview. When asked about looking at projects, I was asked by other reporters that were present at that particular time, would we consider projects of a billion dollars? They were saying, what would the budget be for projects? And I said, well that's to be determined at this point in time. We are looking at this.

But would you consider billion dollar projects? That was asked by Stefani Langenegger, and incidentally I suspect she probably has the tapes to that effect. And I said I could not see that as being a function of Innovation Saskatchewan, evaluating billion dollar projects. What I said was, that in terms of acting as a coordinating agency for the various research components of government that have budgets in excess of \$200 million currently, we'd be looking at evaluating projects coming forward.

Then the question came from Mr. Wood as to what kind of budgets might be looked at in terms of that. I said at that point in time, initially we might look at a budget of perhaps \$25 million, but we'd be evaluating projects on a one-off basis as they came forward.

So I think while we are . . . You know, it's an interesting debate. I think what the important thing here is, is that we want to provide that coordination for the various agencies that are currently doing research and development in Saskatchewan, many of them across various agencies and government ministries, to provide the coordination that we feel is necessary to make sure that we're getting the best return on the investment dollars, the investment of dollars by the taxpayers of our province.

When we look at projects, I would say that a good example might be, we've been approached recently by a company that

has a very interesting proposal about heavy oil development and how they have come up with various ways of sharply reducing the cost of heavy-oil-type projects, getting a better return in terms of a barrel of oil, a higher useful cut level within that barrel of oil.

Seems like there's some merit in this. They've done a considerable amount of research with respect to this. They've had discussions with the SRC [Saskatchewan Research Council] about this. The SRC feels that there's perhaps some merit in this. And so that would be the type of thing that we'd be prepared to look at, something that's not quite ready to go to the marketplace yet, but looks like it would have a great deal of potential. The company needs that kind of additional research capacity, additional research work that needs to be done that the SRC or perhaps the PTRC might be available to assist them in.

So those would be the types of things that we would be looking at. Is there application in those types of ventures? Is there potential in those types of ventures? Is there potential to commercialize them without taking an equity position in them, but to assist in the development, the research that would be necessary to bring that to a commercial stage?

The Chair: — If I can just interject here one second, please. Thank you. Mr. Taylor, I notice your questions are getting into next year's budget already, and we're going a little bit, straying a bit off topic of the supplementary estimates of \$520,000. And I will state the reason:

Funding is required for start-up and operating costs for the remainder of the fiscal year. This expense will be fully offset by a reduction in funding to Enterprise Saskatchewan.

So having said that, Mr. Taylor and committee members, I also want to thank the minister for obliging with his answer; however let's try to stay on topic, shall we?

Mr. Taylor: — Thank you, Mr. Chair. I don't mean to argue with you, and I appreciate the minister's answering the questions because I think the minister understands that the future direction will be determined by what occurs during the start-up phase. So here we are. We're allocating funding to get things under way, but there's a lot at stake here.

[21:45]

There's minister's comments that have appeared in the paper that need some clarification. I will ask some questions related to the Throne Speech from 2008, in which there was some direction given. And the previous minister has had comments with regards to what Investment Saskatchewan really should be doing . . .

Hon. Mr. Boyd: — Innovation Saskatchewan.

Mr. Taylor: — Innovation Saskatchewan, yes. The previous minister who had both . . .

Hon. Mr. Boyd: — Did you say Innovation or Investment Saskatchewan?

Mr. Taylor: — Innovation Saskatchewan. I'm sorry. It's quarter of 10 at night, and I'm getting my eyes mixed up.

Hon. Mr. Boyd: — That was one of your creations, not ours.

Mr. Taylor: — Yes, that's right. It is interesting, however, that Investment Saskatchewan used about \$25 million a year and Investment Saskatchewan intends to use about \$25 million a year . . . Innovation Saskatchewan. It's just an interesting situation here.

Hon. Mr. Boyd: — It is an interesting, perhaps, coincidence. The difference of course is numerous and many and . . .

Mr. Taylor: — But we can't discuss that.

Hon. Mr. Boyd: — Well I mean you raised a question. I'll be happy to help you with it.

The Chair: — You opened the door, Mr. Minister. If you care to follow up with that, I'll let you do that.

Hon. Mr. Boyd: — Well thank you, I guess. The difference of course is as I've indicated. What we would be prepared to look at is research and development type of innovations that come forward.

And I used as an example here earlier this evening of a research project that has come to our attention that looks like it has a great deal of potential in terms of getting a better return on a barrel of heavy oil, heavy oil of course, Mr. Chair, being something that is in . . . There is a lot of it produced in Saskatchewan on a regular basis, on a daily basis. This is an area that is very important in terms of investment into Saskatchewan, in terms of jobs in Saskatchewan.

So we would look at that and say this is a project that may have some merit. We would ask the people at the SRC, perhaps the PTRC, and others for their views on whether this project has merit and whether assistance in terms of doing the due diligence and then making recommendations through the board to take a look at a project of that nature.

I would submit, Mr. Chair, that this is much different than Investment Saskatchewan. Investment Saskatchewan looked at ongoing operations. Investment Saskatchewan looked at start-up operations. Investment Saskatchewan looked at partnering, looked at buyout opportunities. They looked at virtually everything. And their experience for the people of Saskatchewan wasn't all that good, to be quite honest. And I think there are numerous examples of that, and I'd be happy to share them with you if you care to ask further questions with respect to that.

And so what we are looking at is research applications within this province of Saskatchewan, not looking at making investments around the world through Innovation Saskatchewan or the various other tools that were used by previous folks in terms of making those investments which largely resulted in spectacular failures for the people of Saskatchewan, losses of taxpayer dollars in the magnitude that we haven't seen in a long time.

Mr. Taylor: — Interesting comments. I was here an hour and a half ago in which the minister, also the Minister of SaskPower, said some similar things, but was unable to back up any of his comments with real examples. Investment Saskatchewan, the minister could probably name one or two examples of challenging investments.

But I think one thing is very clear: that the previous minister, when confronted with the legislation relating to Victoria Park Capital, indicated that Victoria Park Capital had done a very good job, that the Victoria Park Capital, the circumstances around letting it go was not about whether they had done a good job or not, but it was because of ideological changes. The minister then indicated that — and I was just looking for my notes; I have it here somewhere — the minister indicated that the investment in equity was not part of the Saskatchewan Party's philosophy. It had been with Victoria Park Capital.

But he had indicated very clearly that he had no challenge to the way in which Victoria Park Capital did their job. There weren't large losses collectively. There may have been losses individually, as there always are in investment portfolios, but collectively Victoria Park Capital, Investment Saskatchewan had done an admirable job on behalf of the people of Saskatchewan.

That having been said . . . I mean if the minister wants to start to examine the work that's been done there, he can.

But my interest and my concern is as we develop, as a province, Innovation Saskatchewan and provide funds for Innovation Saskatchewan to invest for developing the innovation agenda, I want a good understanding of how the board's going to be put in place — it's going to administer this fund of up to \$25 million a year, the portfolio of investment grows with each and every year — who those board members are, how the criteria is put in place to allow it to function so that the public has a real tool for evaluating the proposals that come forward.

See, Mr. Chair, how I'm coming back to the package we have to discuss in front of us today.

So, Mr. Minister, the future investment of research dollars as you've indicated already could be to support work that, if I understood it correctly, PTRC is already doing or Saskatchewan Research Council is already doing. How is it that the new investment is going to do anything different than what PTRC or SRC or other research funding agencies or bodies are currently doing?

Hon. Mr. Boyd: — Well what I had said, Mr. Member, Mr. Chair, is that we wanted to provide coordination between the various research and development agencies that are housed within various ministries across the province. Agriculture has research and development capacities. Certainly Energy has similar things of that nature. We look at the SRC. We look at the PTRC with respect to their efforts.

What we have said consistently is, is that we want to provide coordination between all of those agencies to ensure that we're getting the best return for the taxpayers of Saskatchewan on their tax dollars that would be used in the spending of all of those various agencies. I think that that's an appropriate

expenditure to look at that coordination to ensure that we are getting the wisest use of those taxpayers' dollars.

The setting up of the board would be, as I have indicated and the member who served on Executive Council would know, is a normal course of events where you would look at various people, the backgrounds that they have in terms of experience. In this case, you would look for people that have backgrounds in terms of research and development, have experience in start-up operations that require a significant amount of research and development in their early phases to bring them to a point of commercialization. So those would be the types of individuals that you would be looking for.

Then what happens — and the member would know, again being a member of Executive Council, that this is not unusual in any stretch of the imagination at all — there would be recommendations from the people within the core operations of this, of Innovation. There would be names brought forward through various other sources that again we are seeking advice from, from the different agencies that do research, looking to make sure that we have people with a competence in this area, that can lead the discussion in terms of assessing the various projects that we expect will be at some point in time coming forward.

At that point then, in a one-off basis, we'd be looking at projects, the board and the Chair evaluating those projects to be again advanced through cabinet to have final discussion. And I think that that is, if I'm not mistaking, it is the model that governments have used for a long time in Saskatchewan.

Mr. Taylor: — Okay. Right from the comments you just made to the comments that were reported by Mr. Wood in the November 17th article, you're quoted, Mr. Minister, of saying, in regards to the potential investments:

"It's something that requires a great deal of thought. You have to look at whether the government wants to be — we have concerns about being in business but we also want to have an innovation agenda. What types of programs or companies fall into that are quite important in those discussions . . . taking time to make sure we have that all straight" . . .

Hon. Mr. Boyd: — That's correct. As I said, we are not an interventionist government. We don't believe that taking equity positions is the wise use of taxpayers' dollars. There's others that would disagree with that. I understand that. At this point in time, the administration is of that view that taking an equity investment is not the role of government.

And I would submit that, when people pay their taxes, as a good example of that, I don't think they're looking at the use of those taxpayers' dollars. I would submit anyway, and based on the last election results, I suspect there's lots of people would agree with me, that they do not want them to be used by government to look at investment opportunities.

They would use their own discretionary dollars to look at those kinds of things. And I suspect they feel that they would make more appropriate investment choices based on the level of risk that they're willing to assume, the areas of competence they

have in terms of assessing those kinds of ventures or previous experiences that they've had in terms of that or the advice of financial planners or the advice of their accountant or perhaps the advice of family members or anything of that nature or investments within the field of occupation that they would have. Those are the kinds of things, I think, people look at in terms of making investment choices.

When they either have a check off, employee deductions through their employer for the income tax and the various other things that they pay tax on through purchases, through PST [provincial sales tax] and those kinds of things, I think the majority of people look at it, at those kinds of taxation methods as a way of providing funding to what they consider the core services of government which would be things like education and health care and highways and those kinds of areas of responsibility that government has.

Again I would submit that people do not want us in government to be making those choices. They may have been supportive of it in the past. Clearly through elections, the previous election, I think people made the decision that . . . understanding that we would not take those kinds of positions.

[22:00]

Now they also understood through that process that we were prepared to set up Innovation Saskatchewan to look at assessing what I would call more pure research and development types of projects that might be able to be carried through to commercialization. And at that point, then the government taking a step back, the people that are involved in the process of advancing those projects, finding that their project has some level of success that is hoped for and certainly is aimed at in terms of moving forward, then those people moving forward and seeking investment funds from the various sources that are out there to advance the project, get into business, start employing people, start paying additional taxes, and those kinds of things.

So that is the strategic goals that I think that we are looking at in terms of setting up Innovation Saskatchewan — again, making sure that we have coordination between all the agencies that currently do research, evaluating projects but not taking equity positions, what I would call more at the earlier stages of the development of the project in the areas of research and development.

Mr. Taylor: — Okay before we get into some of that in a little more detail, the dollar value requested, around the half million dollar mark, we understand the majority of that — I forget how you described it right now — anyway, we had an agreement, an understanding I guess, roughly \$100,000 a month.

Are you seeking any advice or are you thinking that you might need to hire a consultant? Are you going to incur any expenses, legal expenses for example, in the establishment of any of the processes going forward in the next five months? To summarize and for clarity, in the money that's being requested, are there any of those dollars that are earmarked for consultants or legal fees or for the development of any of the programming elements of Innovation Saskatchewan?

Hon. Mr. Boyd: — There is a small amount that has been set aside for the possibility of potential additional services that might be needed to provide advice in this area, of approximately \$65,000 for specific advice that might be necessary to help in terms of evaluating the various areas that we are looking at here. And in terms of legal, we do not see any need in that area.

Mr. Taylor: — I may come back to this for a second. So you're going to have to develop a project proposal criteria or an evaluation process or a way in which proposals are reviewed, submitted to the board for discussion. There's going to have to be some understandable process of evaluating proposals that those who are submitting the proposals will understand. How is this project proposal process going to be put into place, and what sort of an evaluation criteria will be developed for the board?

Hon. Mr. Boyd: — Well as I have indicated, we would look towards getting advice in the coordinating of these various research institutions that are currently housed within the various areas of government. I would look at the various line ministries for advice in terms of that as well, so that's why that we'd see a very modest amount in here, in here. There's no budget in terms of legal. We don't anticipate any costs in that area, but we wanted to make sure that we had, if there was a need arose in terms of seeking additional advice, that we had a modest amount of capacity to be able to do that.

Mr. Taylor: — Okay. I wanted to ask in addition to that about evaluating proposals and making sure that researchers understand what's required from Innovation Saskatchewan primarily because, as we've already talked about and you've indicated, there are a lot of other funding bodies out there, whether it's SRC or PTRC, whether it's the Health Research Foundation, whether it is Agriculture Development Corporation. Those who are currently engaged in research need to know when they're preparing an application for a proposal for project funding, where they're sending it, and on what basis is it going to be evaluated.

So do you believe that can all be worked out in-house, sort of free advice from the funding agencies that you've identified, that in the new year when this whole new funding support fund is established, that the public will fully understand what's expected of them?

Hon. Mr. Boyd: — Yes, I think so. I think that the public will understand that what we are looking for is research and development type of initiatives. It's not unusual for government to be approached by . . . And as a former member of Executive Council, I suspect that you had occasion on probably many occasions — that's certainly been my experience at least — of companies coming forward and saying that they have projects that they feel are within the areas of research and development.

Now we would look at that and see whether that is certainly the case or not or whether they're more interested in an equity injection from government, and that's not an uncommon thing either. I think I've met with two or three groups this past week in fact, that one of their first questions they asked was whether or not government would be prepared to take a look at equity injections. On all occasions, we've indicated to them that that is

not something that we see as a role for government.

Again I used an example earlier this evening where a company has come forward with a pretty interesting proposal in terms of heavy oil development and how you can get a better useful cut from a barrel of oil, a barrel of heavy oil, which I think is again a good example of the kinds of things that we'd be prepared to take a look at.

What they need is research capacity and development. There are various agencies that government is involved in that have competence in those areas that I think would be useful in helping them assess that, useful in assessing the type of project that they have in mind, and then making recommendations to government and to Innovation with respect to the project that they have.

I think we have been, had, on many occasions, opportunity to certainly indicate to the general public about our view in terms of not being involved in taking equity positions. I think I know that I have said it many occasions in the public forum. I know that other ministers have as well, and I know that the Premier has also on many, many occasions.

So I think it has been communicated adequately. We may take additional steps to communicate that. I think when we see proposals come forward, we would certainly want to once again highlight and indicate that that is the case for the project so that there's no misunderstanding because even though we see that we have communicated that, I still see people coming forward and saying to us, but what about us? Can we be considered different? Does our proposal merit some sort of special consideration? And on all occasions, we've responded and said that when it comes to equity, it's something that we just don't feel is the appropriate role for government.

So should we be . . . can this agency, can this Innovation Saskatchewan further articulate that with people? I guess I would say absolutely we can further articulate that with people when they come forward with projects.

Mr. Taylor: — Okay. I may not have been completely clear in my question because while I understand the minister's answer, the answer didn't take me where I was hoping to go. The question was really from the public's perspective as a researcher, not the communication as a researcher.

We'll say I'm a researcher. I'm doing some incredible work on developing some new oil technology thing. I've been working with PTRC for years. I may have got a contract with Saskatchewan Research Council. I'm on the edge of developing something for the commercial marketplace, and I'm now looking for another — we'll say — \$500,000 to further my research interests.

What is it — since I've been working with PTRC or I've been working with Saskatchewan Research Council, and now I know that there's a research proposal fund available within Innovation Saskatchewan — what is it that tells me that this is where I should make my next application instead of continuing my relationship with PTRC or with the Saskatchewan Research Council? How is it that the public understands what the difference between what Innovation Saskatchewan is doing and

what the areas of research that they're currently receiving funding from is?

Hon. Mr. Boyd: — Well I guess it's an interesting hypothetical case that you put forward. I guess I would respond by saying this. We aren't really anticipating that there would be many applications by employees of the PTRC or the SRC or other research and development agencies in Saskatchewan. That would not be where we would anticipate these types of things coming forward from.

Where we would anticipate them coming forward from would be more in the lines of the private sector, individuals or even companies perhaps that work in an area of expertise. An individual, as I said earlier, that has developed some competence in terms of a very interesting project in terms of heavy oil, this is not an employee of any one of the agencies. This is a private individual that has come forward with an idea in terms of that.

The SRC folks have taken a look at it. They think the technology makes some sense to them. They think that it has potential application in Saskatchewan. So I think if it moved forward in a formal way, I think what we would see very likely is a recommendation coming that this project should merit further investigation by Innovation to take a look at whether it meets our goals of being involved in research and innovation, research and development, and has potential for commercial application at the end of the day.

So as I said, I don't think that there would be many occasions when individual employees of these operations came forward. I suppose it's a possibility. You're very good at making sure, somewhere down the line, that if I've ruled it out, that you will bring it to my attention. So I'm going to be very careful here in what I say.

I'm not saying that it's impossible for that to happen. What I'm saying is, is we don't anticipate that happening much in terms of those operations. If it were to, I think what we would be looking to is making sure that there is a firewalling between the research and the potential project that that individual is coming forward with and the firewalling of the evaluation process within the, to use your example, within the operations of PTRC so that they can't be both the proponent and the evaluator at the same time. That simply, I don't think, would be very fair. And I don't think it would be a very wise use of taxpayers' dollars. So I think that that makes a lot of sense.

Now to be clear, I think that there have been examples before where research institutions have commercialized developments. You know, the various . . . I think it's happened on quite a few occasions at the U of S [University of Saskatchewan] and perhaps even the U of R [University of Regina]. And I think even at the PTRC there's been some examples of that. We would think that that would not be the likely route that we would be seeing these projects come forward. It's a possibility I suppose, but I don't think that's the likely route that we would see the majority of them.

[22:15]

Mr. Taylor: — Thank you. Actually, Minister, I like the

answer. I appreciate the answer very much. I wasn't actually thinking about employees . . .

Hon. Mr. Boyd: — Well that's what you said.

Mr. Taylor: — No, a relationship with a company, a private sector company, that could be working with the SRC or the PTRC, that's what I was getting at. So it's possible I wasn't clear but . . .

Hon. Mr. Boyd: — Oh I understood you — when you said working with — I understood you to mean that they were an employee of.

Mr. Taylor: — Yes. But no, you've actually answered more than what I was asking and so I appreciate that. I hadn't actually thought about somebody working within PTRC applying for funding however. So I don't need clarification on the first part. You've been very clear on it. There's no equity funding anticipated. Therefore what I do want some clarification is, when the \$25 million fund is put in place or the up to \$25 million fund, whatever the dollar value happens to be, there's no anticipated or expected direct financial return on investment.

Hon. Mr. Boyd: — I guess I would say that what we'd be looking at is assisting in terms of those research and development-type of projects, looking at in terms of a very modest investment into those developments, what I would consider sort of pure research and pure development of these companies to assist them to get to the commercialization stage. Much different, I would say than taking an equity injection or making an equity injection.

Mr. Taylor: — Okay, so the board will not have to consider a risk management strategy as far as the funds are concerned. The board would be more looking at trying to achieve some other goal, other than risk, or would you consider a risk management strategy to be important in any case?

Hon. Mr. Boyd: — Well I think risk management strategies are always useful in terms of these types of things. Anytime you're using taxpayers' dollars in any area, I think that you want to ensure that the risks are minimized. But in terms of looking at the various tools that are used in terms of risk management, when you're not making an equity injection, I think that that would be greatly diminished in terms of any kind of a discussion surrounding the types of projects that we expect would come forward. If you are looking at making equity injections on the other hand, I think that a risk management strategy would probably be a very good idea. One wonders why it wasn't employed a lot more in the past. We may not have had the level of losses that we had in various areas of government that we experienced over the years.

So I would say that when you have risk management strategies, it's because you have considerable risk, generally speaking. And this is not an area that we see a need for a lot of risk management because we're not going to get into risky investments, into, you know, things like hog companies or things like telcos around the world or various areas like that, that have resulted in significant losses to the taxpayers of this province.

Mr. Taylor: — Well thank you, Minister. You answered more than my question again.

Hon. Mr. Boyd: — I'm just trying to be helpful.

Mr. Taylor: — You are helpful. And perhaps the Minister of Finance would find a risk management strategy appropriate on potash forecasting. I suggest you lean back tomorrow and give him some advice.

Hon. Mr. Boyd: — I will be . . . As we always do when we look at any kind of advice to the Minister of Finance, when we're looking at these types of things, we seek advice from various sources within the industry and within banking circles to make those kinds of assessments.

I think if you look at various companies around the world in terms of the projections in a lot of areas, I think many individuals were both shocked and surprised at the outcome of the results in 2009 for almost all investments. When you see a collapse in the equity markets, you see a collapse in the housing industry in the United States in mortgage areas, I suspect there are very few people foresaw some of those events. And I think that this would also be a similar area.

Now I guess we could get into a debate about that if you like, but I don't think that that serves any useful purpose in terms of this discussion this evening.

Mr. Taylor: — Thank you, Mr. Minister. Speaking of public perception of various things, what public reporting rules do you anticipate being put in place for the CEO, the board, or ultimately the minister to have to work with?

Hon. Mr. Boyd: — I anticipate there being, similar to every other area of government, full compliance with budgetary processes.

Mr. Taylor: — Okay. And obviously subject to Provincial Auditor's review?

Hon. Mr. Boyd: — The Provincial Auditor, as I understand it, makes his decisions as to where he wants to audit, and I would think that this would be nothing different in terms of this. I don't think the . . . Again I would just say the Provincial Auditor would have opportunity if he chose to take a look at this, yes.

Mr. Taylor: — Okay. And will there be regulations developed and put in place for any of the operations within Innovation Saskatchewan?

Hon. Mr. Boyd: — Regulations of what nature?

Mr. Taylor: — That's kind of where I'm going. What . . .

Hon. Mr. Boyd: — Well I'm not sure what you're asking.

Mr. Taylor: — Okay. Most departments of government are subject to some sort of regulatory authority — for this to happen, for that to happen, for this to be under these certain processes. It's a very public process. Regulations do ensure that the public understands how things happen or, if they don't

happen certain way, what the recourse is.

So I'm just wondering. It sounds as if, since you asked me what do I mean by that, that at this point there are no regulations being considered for Innovation Saskatchewan before the end of the year.

Hon. Mr. Boyd: — I just wanted to make sure I understood what your question was in terms of regulations. Regulations would be developed as programming is developed, as we bring forward the criteria in terms of looking at these types of projects for evaluation. I think that there would be probably some pretty strong regulations surrounding equity, which we wouldn't want to be involved in.

Mr. Taylor: — Thank you, Minister. I've got a couple of other questions that I want to get to before the clock runs out tonight. I certainly am not finished on this area of authority.

But I spent a little bit of time earlier today reviewing the work that the federal government has been doing on innovation. The Canada Foundation for Innovation has been in place for the last 12 years. I wanted to start by asking if any of the work that's being done in the establishment of Innovation Saskatchewan takes into account the work that's being done by the Canada Foundation for Innovation and whether or not any of the review of what they've done will complement what's being done in developing Innovation Saskatchewan.

Hon. Mr. Boyd: — In developing Innovation Saskatchewan, as I indicated, we are prepared to look to advice from various agencies, various ministries, you know, people who are involved in areas of research and development. There may be some useful information in there that — I don't have a copy of whatever it is you're looking at at the moment — but I would say that we would not want to say that we would throw it out, out of hand. There may be some good information in there that would be useful in this operation.

Mr. Taylor: — Okay. It just strikes me that the federal government has got 12 years of delivery with an innovation agenda, the Canadian Foundation for Innovation. I'm just pulling up . . . It's nothing serious here. It's just mandate pages from the foundation's website. "The Canadian Foundation for Innovation . . . is an independent corporation created by the Government of Canada to fund research infrastructure." It's designed to strengthen Canada's capacity for innovation. The mandate is to strengthen the capacity within universities, colleges, hospitals, non-profit research institutions, and to carry out world-class research, technological development that benefits Canadians.

Very similar language to what I hear on Innovation Saskatchewan. It was created in 1997 and has committed almost 5.2 billion in support of more than 6,000 projects. Roughly \$400 million a year, the federal government is putting into innovation.

That having been said, I ask the minister, who doesn't seem to have had much consultation with the federal group, how do we ensure we aren't duplicating what the federal government has been doing for the last 12 years?

Hon. Mr. Boyd: — I would say to the member that there are some aspects of that that are similar in nature to what we are looking at. We do not disagree in terms of that. We would want to make sure, I think, that that would be a good example of ensuring that through the coordination of the various agencies that we're involved in, that we wouldn't be seeing overlap in terms of what the federal government is doing. I think that that's a pretty good example of what we would be trying to avoid is that type of overlap.

Mr. Taylor: — Partly what I get at is, how do you ensure that that happens? We've talked earlier from the beginning — you've got a very small agency, five people trying to coordinate research in all the departments within Saskatchewan. There's a considerable amount of work to be done there. We have a board that's not yet in place. We have to create all of the aspects of what's going on, what the board's going to do. We've got the whole aspect of establishing a fund.

One of the questions I was going to ask I haven't got to yet is, how do we know \$25 million is what we want? How has that \$25 million figure been arrived at? And how do we know that this agency is capable of ensuring that, when we do evaluate proposals for the 25 million and want to get them in place quickly, that we aren't actually just reducing the funds that the federal government might be moving into Saskatchewan for similar or if not the same project?

Hon. Mr. Boyd: — I think any time that we are involved in these types of discussions, we would want to take a look at what the federal government is doing to ensure that we don't have overlap in these types of projects. I think through the various research and development agencies that are out there right now, research primarily, I think that there would be knowledge in terms of what the federal government is doing in those areas. I think they can report then through the Innovation board that we are not, you know, overlapping in any of those areas.

The various agencies would still be out there that are doing the research and development. I'm of the view that we can manage to ensure that we are still getting the best use of taxpayers' dollars throughout this. The federal government has areas of response or areas of interest, I suspect, to them. The province of Saskatchewan is looking at the various components that make up research and development. I think that would be one of the roles as in terms of coordinating those activities.

The Chair: — Okay, thank you. I'd like to say I guess we have one more question and we'll . . . We've come to the time of the evening.

Mr. Taylor: — All right then. I'm not sure which question to ask then. Will the minister commit to meeting with his federal counterpart to go over these matters before the end of the fiscal year?

Hon. Mr. Boyd: — Well I'm not sure whether time will permit to meet with the minister in person. We're always open to conversations with the ministers of provinces. In previous opportunities, we've had discussions with ministers from across the country. I'm just trying to remember, Mr. Chair and Mr. Member. And again I don't want at some point the member to come back and say, you said it in committee that you didn't

meet with them — and indeed I did — or something of that nature. I don't necessarily remember every single meeting that I've been involved in over my life.

But I guess I would say I certainly recall a meeting, a telephone conference call with the Innovation ministers from across Canada, and if I'm not mistaken, either the deputy minister or the minister themselves. I'd have to check my records on that, but I believe there was federal participation in the discussion.

The Chair: — Okay. Now that we've seen that, we've come to the time of conclusion of this committee. I need a motion to adjourn, please. Ms. Ross. All in favour. We're done. Thank you.

[The committee adjourned at 22:30.]