



# **STANDING COMMITTEE ON THE ECONOMY**

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## **STANDING COMMITTEE ON THE ECONOMY**

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Mr. Ken Francis  
Kindersley

Mr. Terry Jenson  
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Mr. Delbert Kirsch  
Batoche

Mr. Doug Steele  
Cypress Hills



[The committee met at 15:03.]

**The Chair:** — All right. We will begin. So good afternoon, everyone, and welcome to the Standing Committee on the Economy. I'm Colleen Young and I will be chairing the meetings today. With us are committee members Jeremy Cockrill, Terry Jenson, Delbert Kirsch, Doug Steele, and substituting in for Ken Francis is Todd Goudy. Substituting in for Buckley Belanger is Jennifer Bowes. So today we will be conducting committee proceedings without broadcast and officials will be participating via telephone, and I'll let the minister do that when he gets to that point.

Our business today will be consideration of estimates for Saskatchewan Research Council followed by consideration of estimates and supplementary estimates for Innovation Saskatchewan and consideration of Bills 31 and 32.

**General Revenue Fund  
Saskatchewan Research Council  
Vote 35**

**Subvote (SR01)**

**The Chair:** — So now we will begin our consideration of the estimates for the Saskatchewan Research Council. Vote 35, Saskatchewan Research Council, subvote (SR01). Minister Harrison is here, and he will introduce who will be joining us remotely and then begin with any of his opening comments.

**Hon. Mr. J. Harrison:** — Sure. Well thanks very much, Madam Chair. Thanks to committee members for being in attendance. It'll be a slightly unusual process, on top of what is a highly unusual circumstance with regard to where we find ourselves in the pandemic and the adjustments that have been necessary for the legislature to conduct its business.

So firstly we're in room 8, which is the first time we've used this committee room for estimates. We've tried to do everything up in the Chamber, and the reason for that is because of the distancing element. It's much more straightforward in the Chamber than in room 8.

But the reason we were in room 8 was because of the fact that the officials for both the Saskatchewan Research Council and for Innovation Saskatchewan are based entirely in Saskatoon, and owing to the very strong recommendation against travel between Regina and outside of Regina, those officials were not and are not able to join in person. So we were going to join remotely through room 8, which is set up for members to participate remotely. And I want to thank the members of the Chamber for making that adjustment so that officials can participate remotely.

There has been an unforeseen challenge in our broadcast services, in that we are unable to utilize broadcast services, as you indicated, Madam Chair. So we are going to be trying to improvise on very short notice with officials who will be both listening and hopefully participating via phone, and you know, in the case of questions to which the minister cannot provide a fulsome response, consulting with those officials and then returning with those responses.

So long, convoluted introduction, but I do want to say thanks to the LAS [Legislative Assembly Service] staff who have worked feverishly in the last 30 minutes or thereabouts to provide a workaround on a very unforeseen challenge. So I want to thank them.

And so joining me on the phone we have Mike Crabtree, president and CEO [chief executive officer] of SRC, Saskatchewan Research Council; Ryan Hill, SRC's vice-president of finance; and Wanda Nyirfa, vice-president of communications, growth services and risk.

So when officials are going to be asked to provide additional information, we will ask that they first state their name. And the reason for that is so Hansard will be able to record the voice and who is speaking. So we will begin though with that. And I again just saying thank you, and you know, for the record, that's the challenge that we're all facing.

But as all of you here today know, SRC has a very long history, almost 75 years in fact, and is the second-largest research and technology organization in Canada, located right here in our province. Investing in SRC is a smart decision.

For almost two decades, SRC has been measuring their economic impact within the province. SRC's 2019-20 economic impact assessment shows impacts of more than \$901 million in direct economic benefits to the province, plus at least 7,515 jobs created or maintained in Saskatchewan that are valued at an additional \$552 million. This means that for every dollar invested in SRC by the provincial government, a 45-times return was achieved in 2019-20. This is the second-highest year of impact since SRC started measuring back in 2003.

This year SRC is receiving \$20.3 million in provincial investment, which is an increase of 1 per cent, along with additional funding for several major projects. This extra funding will allow SRC to advance these projects that will be key to creating impacts for the provincial economy, which is particularly important as we work together to build a strong economy throughout the COVID-19 pandemic.

As part of SRC's strategic planning process, SRC's leadership considered what Saskatchewan's biggest challenges will be from now until 2030 and beyond. SRC identified five large-scale industrial and resource-based projects that look to the future but are grounded in what is relevant to Saskatchewan.

These projects, now incorporated into the 2030 Saskatchewan growth plan, are complex ones that address significant technology challenges and industrial needs. They are strategic metals, carbon capture utilization and storage, small modular reactors, advanced mining, and agricultural and industrial water. Each requires substantial involvement in terms of capital and engagement from multiple stakeholders such as governments, academia, industry, and regulators. SRC has large networks, technical and scientific expertise, and hands-on involvement with the technologies needed to bring these complex ideas to life. Not only will these projects support economic capacity building in Saskatchewan, they will all create environmental sustainability as well. These are large-scale projects that will take

years to fully develop and mature, but we are already seeing evidence of success.

The strategic metals project focuses on rare earth elements, or REEs. These are naturally occurring minerals that are essential to the modern economy, as they are found in electric vehicles, electronics such as phones and tablets, and in renewable power generation. For the past decade, SRC has been investigating lithium and REE technologies as the industry has developed. SRC's minerals group is now internationally recognized as a centre of expertise in extraction and processing technology.

As part of the Saskatchewan growth plan, we have identified the importance of strategic metals and the opportunities they provide for the provincial mining sector. In August 2020 the government announced \$31 million for SRC to develop the SRC rare earth processing facility, the first of its kind in Canada, laying the foundation for an REE supply chain in Saskatchewan and forming an industry model for future REE resource expansion in the province.

The government has also identified the use of enhanced oil recovery to assist with carbon capture, utilization, and storage, or CCUS. SRC has considerable expertise and experience in each of the three components of CCUS: capture, transport, and carbon dioxide enhanced oil recovery. This knowledge and technical capabilities will help us towards the targets we set out in the Prairie Resilience climate change strategy.

In the past I've spoken about SRC's decision to decommission their Slowpoke II nuclear research reactor because it was both nearing its end of life and there are alternative methods to do the same type of testing now. In 2019 SRC transitioned the reactor to be non-operational and the fuel core was returned to the United States where it had originally been purchased from. In December 2019 the Canadian Nuclear Safety Commission amended SRC's licence, authorizing SRC to decommission its facility.

Given their 37 years of hands-on experience with the Slowpoke II reactor and their connections with key stakeholders across the nuclear industry, SRC is uniquely positioned to play a role in supporting the development of small modular reactors, or SMRs, in Saskatchewan.

SRC has been working in step with the mining industry since the 1960s, and throughout its history SRC's goal has been to create positive value for the province. SRC's work with clients enhances and improves Saskatchewan's presence in the minerals industry, a key sector creating wealth in the province. This is done by supporting new mineral discoveries, developing new methods and tools, as well as finding efficiencies, cost reductions, energy reductions, and environmental benefits.

Advanced mining technologies have the potential to unlock billions of dollars in Saskatchewan commodities such as potash, uranium, diamond, and other mineral reserves such as REEs. SRC's experience in the research, design, and development of advanced mining technologies will help us access these valuable commodities. Sensor-based sorting is one example of an advanced mining technology that SRC has experience with. Sensor-based sorting allows waste rock to be rejected early in the crushing and grinding process by using high-tech sensors combined with the latest in AI [artificial intelligence]. Using

sensor-based sorting can help reduce energy, capital, and operating costs along with greenhouse gas emissions for mining operations.

With increased economic growth and population increases in the future, it is likely that Saskatchewan will see increased consumption of water for agricultural, industrial, and domestic use. Saskatchewan generally has adequate surface water resources, but regional variability can limit availability for agriculture and industrial users. Effective water management and being able to adapt to water availability will be a key part of SRC's work in agriculture and industrial water resources.

The Water Security Agency recently announced it is investing \$1 million to partner with 10 stakeholder organizations on 11 agricultural water management demonstration projects. SRC will help advance this initiative as one of the stakeholder organizations.

SRC has an ambitious strategic plan which will help ensure ongoing future economic, environmental, and social impacts. With a focus on projects that expand Saskatchewan's industrial and resource base, SRC is also supporting the development of new resources, value-added manufacturing, and the application of emerging technologies.

I would like to note some additional examples that help provide an understanding of the breadth of work SRC does currently to assist industry. Radon is the second leading cause of lung cancer and Saskatchewan is a radon hot spot. Radon is a colourless, odourless, tasteless radioactive gas that comes from the breakdown of uranium found in soil and rock. For nearly two decades the Lung Association has looked to SRC's environmental analytical laboratories to provide home radon test kits, which include lab analysis and results, to its client base. The Lung Association's goal to protect more families each year from the effects of radon and the collaboration with SRC is a key piece in meeting that mission.

Through its Centre for the Demonstration of Emissions Reductions, SRC helps the oil and gas sector to identify, test, verify, and quickly deploy methane reduction technologies that are best suited for their unique needs. The centre is playing a leading role, creating environmental benefits and helping sustain primary natural resource industries in Saskatchewan by encouraging and enabling the adoption of greenhouse gas emission reduction technologies.

[15:15]

SRC is the research provider for a new high-power industrial CT [computerized tomography] scanner to help the oil and gas industry in Saskatchewan develop a better understanding of enhanced oil recovery processes. The scanner has additional uses for other industries, including the mining sector and industrial non-destructive testing. It is located within SRC's facilities in Regina and will help SRC create and analyze CT images of oil reservoirs to better understand reservoirs, optimize oil recovery processes, and develop new or better ways to produce oil.

In May 2020 the government announced that SRC would help expedite the accelerated site-closure program, or ASCP, which will access up to \$400 million over two years and will see up to

8,000 inactive wells and facilities abandoned and reclaimed. This program is rolling out in several phases and has already been very successful.

In 2020 ASCP issued more than \$98 million in contracts to licensees to engage oil and gas service companies to complete abandonment and reclamation activities. ASCP has engaged with 98 licensees and 307 Saskatchewan-based service companies in program work in 2020. As of December 31, 2020 the program had completed 724 well abandonments, 175 flow-line abandonments, 39 decommissions, and 1,434 site remediation and reclamation activities in the province.

The program continues to prioritize Saskatchewan-based service companies and is creating full-time jobs. This is a terrific example of how SRC and the Ministry of Energy and Resources are working collaboratively to retire wells and facilities that have reached the end of their life cycle.

SRC is leading another major remediation project that has been ongoing for over 10 years now. Work continues through project CLEANS [cleanup of abandoned northern sites], the remediation being done at 37 abandoned uranium mine and mill sites in northern Saskatchewan. The Lorado mill site has been completely remediated. The Gunnar mine and mill site is currently undergoing major remediation with completion scheduled in the next five years. And 17 satellite sites have also been fully remediated. This project will ultimately remediate the sites with positive economic, environmental, and social impacts, ensuring a safe environment for those that live and work in the area.

The project has been successful by integrating a variety of stakeholders and local knowledge into the work by creating various training opportunities for local people and by building substantial capacity for the northern region going forward. It's part of the provincial \$7.5 billion two-year capital plan to build a strong Saskatchewan and stimulate Saskatchewan's economic recovery from COVID.

In early June 2020 SRC received \$15 million of infrastructure funding to consolidate its mining and minerals operations into a single fit-for-purpose building in Saskatoon. This will enable SRC to provide continued services and support of Saskatchewan's natural resource industries, including diamonds, potash, uranium, gold, and base metals.

This infrastructure project also brought immediate jobs to Saskatchewan's construction industry and long-term impacts to Saskatchewan's mining and minerals industry through increased production and cost savings. SRC will be able to optimize and expand their services ensuring they continue to support all aspects of the mining industry from geoscience, exploration, extraction, processing, and tailings management, to remediation.

In closing, it is clear that SRC continues to add value to the Saskatchewan economy through the responsible application of science and technology for the mining, energy, environmental, and ag-biotech sectors in the province.

And I want to thank members. I look forward to the questions. And just clarify as well, the opening statement that how we are proceeding . . . We had a good discussion before with the

Opposition House Leader, the Government House Leader, the Clerk of the legislature, and the Speaker of the legislature, and I think there's a comfort level going forward how we are. So thank you very much, Madam Chair, and I look forward to questions.

**The Chair:** — Thank you, Minister. I will now open the floor to questions from members and recognize Ms. Bowes.

**Ms. Bowes:** — Thank you, Madam Chair. I want to first thank the minister for his opening remarks, as well as his officials for being here. The work performed by SRC plays an important role in fulfilling government responsibilities to growing our basic understanding of the world, generating new ideas and opportunities, and leading to new jobs to build a Saskatchewan workforce and an economy ready for the future.

Of course it was an NDP [New Democratic Party] government that established SRC in 1947. As I understand it, when we were in government in the '90s, the NDP introduced the research and technology commercialization strategy and action plan and increased funding to SRC to support that plan. So today I'm pleased to join with you, Mr. Minister, and your officials to review and ask questions about SRC and its work.

To start off, ensuring our research organizations have stable and consistent funding to aid their longer term planning is one of my key themes in my questioning. Regardless of the increase in private sector support, which for SRC has been significant and is of course a reflection of their excellent work for our economy, the reality is that the government needs to be an active partner in this organization.

So, Mr. Minister, I'm pleased to see that the operational funding for SRC has been increased again in the 2021 to '22 year. This makes the second year of increased funding after many years of declining transfers from the GRF [General Revenue Fund] and is still below the 22 million funding in 2015. So I have to ask, why is the government not directing more support towards SRC, given its importance as part of building Saskatchewan's innovative economy?

**Hon. Mr. J. Harrison:** — Sure. I appreciate the question. I'm going to just kind of briefly respond and then we're going to go and do a little chat with the officials. But I would encourage the members to look beyond just the line item. There was a very, very large in-year appropriation for SRC this year, \$37 million or thereabouts for the rare earth element and an additional \$15 million for the consolidation of the business units in Saskatoon. So there was probably the largest single . . . By far the largest single-year expenditure from government on SRC was this year. And the rare earth element project is just very, very exciting.

But I'm going to just briefly retire here and hopefully our officials caught this. If not, I know we have notes on what the question from the member was and we will endeavour as best we can and we'll see if we can make this work when we return. So we'll be right back. Thank you.

All right. So we're going to see if we can make this work here. So Mike, you are live on the phone here now. So I think I'm just going to turn it over to the CEO of the Saskatchewan Research Council, Mike Crabtree, and he will be responding via phone.

**A Member:** — Put it on speaker.

**Hon. Mr. J. Harrison:** — Oh sorry. Okay, try now, Mike. Sorry, I had it not on speaker.

**Mr. Crabtree:** — Okay, Mike Crabtree speaking here. Hopefully you can hear me.

**Hon. Mr. J. Harrison:** — We can. It actually is working stunningly well.

**Mr. Crabtree:** — Excellent. Apple technology yet again. Yes.

**Hon. Mr. J. Harrison:** — Okay, take it away, Mike.

[15:30]

**Mr. Crabtree:** — Okay. Thank you very much for the question. As I understand — it was difficult to hear — but as I understand it, the question was around the GRF provincial investment funding for SRC over recent years. Some short number of years ago, it was 22 million. As part of the reductions in spending, we dropped to around about 20 million. Since then we've been getting increments in that base funding.

In the last two years, as part of the developments that the minister's alluded to, we've received incremental funding over and above that 20 million: 15 million originally for the development of a new mining operations building at 51st Street in Saskatoon; and then last year approximately 15 million again — just happens to be 15 million — as the first tranche for the rare earth development that again the minister alluded to. And then this financial year, we will get an additional, I think, 15.5 million, again as a second tranche for the development of the rare earth facility.

I think it's probably worth just spending a little bit of time talking about what the . . . I've talked about all the sources, but what the application of those funds, particularly for rare earths . . . I'll maybe just expand a little bit on what that investment will mean.

The development of rare earths in Canada and Saskatchewan and our surrounding, sort of, provinces and territories in particular has been really going since about 2010. There was a small boom in sort of 2011, 2012, which was very much shut down when the Chinese flooded the market and crashed the price of rare earths. Now we are in a situation whereby China is a net importer of rare earths and can no longer in the same way crash the commodity price of rare earths.

So what we're seeing is an increase in price of rare earths, about 250 per cent increase in raw material rare earth ore in the last six to nine months, and an anticipated increase in demand of two and possibly three times over the next 7 to 10 years as electric vehicles and renewables, particularly wind and solar, increase.

This provides a huge opportunity for Saskatchewan not only as a primary producer of the rare earth minerals, but in the development of a midstream processing capability within the province. And that's really what this SRC investment is all about. It is about our producers, our nascent producers and . . . [inaudible] . . . provinces being able to have a source for processing of their materials other than simply having to sell it to

the US [United States] or to China.

Just an indication of what that value chain means going from upstream to midstream, the price of rare earth ore at the moment is approximately \$4,000 a tonne. If you can process that through midstream — which is processing to the mixed rare earths, the separated rare earths, and then the rare earth metal alloys — the increase in values through those stages goes from about 10,000 . . . as 4,000 to 10,000 to 40,000 to \$100,000 a tonne for the metals.

So the purpose of this investment, this commercial demonstration plan, is to be able to catalyze the development of that midstream processing industry in Saskatchewan and make Saskatchewan the process hub for Canada. So that's really hopefully a bit of an explanation about this, the source and application of those funds. Thank you.

**Hon. Mr. J. Harrison:** — Thanks, Mike.

**Ms. Bowes:** — Thank you, Mr. Crabtree. That was extremely educational. I appreciate that. My second question I have is, I also note that employee numbers have dropped from, for example, in 2017 when there were 350 people employed to 2019-20 where I see 290 staff. Just wanting to know what is changing that is leading to these large shifts in employment.

**Hon. Mr. J. Harrison:** — Yes. Appreciate the question. We're going to go have a brief consult and will return. So thank you.

All right. Thanks very much to the committee for indulgence. It's a bit of a challenge translating back and forth here because Mike can't hear the questions necessarily very clearly, so we do our best to relate. So I will turn it over to you, Mike. You're live on the phone and on the microphone . . . [inaudible interjection] . . . Oh sorry, I had you . . . You were on mute. Sorry. Go ahead; you're now live.

**Mr. Crabtree:** — Okay. Thank you again. Mike Crabtree. So yes, interesting question and it's something that SRC manages on a, you know, month-by-month and to some extent definitely year-to-year basis. And because we work with Saskatchewan's industrial sectors — so uranium, oil and gas, potash, diamonds, and obviously in the ag sector as well, and in a lot of cases anywhere between, you know, 60 to 90 per cent of our revenue comes from working with those industrial and agricultural sectors — it's important that we have the capacity and capability to be able to flex with those sectors in order to be able to understand what their needs are, provide additional resources when we need it, but flex down as the sector expands and then sometimes contracts.

So it is not unusual for us to flex easily within a sort of plus or minus 5 to 10 per cent margin on staff over a period of time. In 2017 for example, as you pointed out, I think we had 314 employees. We're currently at about 270. But actually in sector systems, sectors that have been showing signs of recovery, those employment numbers are going up.

Here's another factor though that is probably strategically as, if not more, important is that in 2017 the overall revenue of SRC was in the order of about 65 million. So 65 million delivered by 314 employees. In 2021 our draft financials are showing that we



are around about 131 million from 270 employees. So one of the things that is important with SRC, and you can see over this period of time, is we've significantly increased our efficiency to be able to deliver more to the province with the same or in some cases even less resources. That allows us . . . What that means is that we can invest more in the technology, the innovation, and our stakeholders. Thank you.

**Hon. Mr. J. Harrison:** — Thanks, Mike.

**Ms. Bowes:** — Thanks very much, Mr. Crabtree. My next question is, of course as New Democrats we are very interested about the engagement of all residents in future opportunities, and especially Indigenous peoples. The Aboriginal mentorship program pairing with the University of Saskatchewan environmental engineering students with the business unit manager of environment remediation has been very successful. And so I'm wondering, why has SRC not expanded the program, given its success and the need to bring more First Nations into the economy of Saskatchewan?

[15:45]

**Hon. Mr. J. Harrison:** — Sure. Well I appreciate the question, and I think we have some really good news story on this particular item. But we're going to go and prepare the response and I'll consult with officials and we'll return. So thank you.

All right. Thanks very much, Madam Chair, and committee members. I think we have a very good answer. Mike, I'll turn it over to you and the team in Saskatoon, and the floor is yours. You are unmuted.

**Mr. Crabtree:** — Thank you. Mike Crabtree again. Thank you for the question. This is a program that we're particularly proud of. The Aboriginal mentorship program, or AMP, it's been a significant success over really the last five years, with 22 Indigenous post-secondary students in the science, technology, engineering, and math discipline, so-called STEM, have been matched with mentors at SRC and gained really meaningful hands-on summer employment in their areas of study.

Each of these students were then subsequently offered positions at SRC upon their graduation, and one of them is still with SRC today. In addition, five students returned to the program for a second year.

Very unfortunately but perhaps not surprisingly, due to COVID-19 we were unable to go ahead with the program in 2020, that 2019-2020 period. And we had hoped of course to go forward with it within this fiscal year, but again COVID-19 I think will prevent that. What our commitment is very clearly is that as soon as the COVID-19 pandemic allows, we will be re-establishing that program and really re-establishing our plan to extend and increase the scope of that AMP program.

In the meantime I think it's worth raising a couple of other areas of Indigenous and First Nations engagement. The first one and probably the largest, candidly with the largest impact, is the CLEANS project itself, where a very substantial majority of the staff and individuals working in the CLEANS, as well as the companies themselves who are subcontracting for the site remediation work, are Indigenous and Indigenous owned. It's

been really a pleasure to work with these groups; over the last 10 or 12 years I've built some very, very strong relationships. And the CLEANS project has a very significant impact to the local community, both in terms of training and mentoring and of course from an economic standpoint.

Probably the most recent sort of initiative has been the ASCP, or part of the accelerated site-closure program itself, with the on-reservation remediation component of the overall project. This has been negotiated very effectively by MER [Ministry of Energy and Resources], SRC, and SaskBuilds with some great . . . [inaudible] . . . particularly with the First Nations Natural Resource Centre of Excellence. And that has allowed us to issue what are basically the first, I believe, half-dozen, six or seven work programs to the Indigenous oil field service companies through licensees operating on reservation land. Those are going ahead as we speak. And that will represent really quite a significant economic boost to those First Nations oil field service companies who will be operating in those areas. Thank you.

**Hon. Mr. J. Harrison:** — Thanks, Mike.

**Ms. Bowes:** — Yes, thank you very much, Mr. Crabtree. I am running short of time here clearly, so I'm going to skip along a bit. Mr. Crabtree, I had a question about the rare earth element facility. I understand it was expected to be fully operational in late 2022 with construction beginning this past 2020. Can you tell us what the current state of the project is?

**Hon. Mr. J. Harrison:** — Sure. I want to thank the member for the question, and there is work ongoing. And we will briefly consult, being aware of the fact that we're getting close . . . What is the precise time of adjournment, Madam Chair, just so that we can make sure we have an answer provided?

**The Chair:** — The time allotted for SRC was till 4 o'clock.

**Hon. Mr. J. Harrison:** — I think we started a couple minutes late though, right? So if we were to say 4:05 or thereabouts?

**The Chair:** — Absolutely.

**Hon. Mr. J. Harrison:** — Okay, so we're going to take a couple of minutes just to prepare our response, and then we will return and make sure that the member gets a response.

[16:00]

All right. Thanks very much, Madam Chair and committee. Mike has a response and officials with him and understands that there is a 4:05 cap. So, Mike, I will turn it over to you. You are off mute.

**Mr. Crabtree:** — Okay, thank you. Mike Crabtree, again. So the project, the rare earth processing facility is progressing well. As you know this is a first-of-its-kind plant certainly in Canada, and possibly by the time it's in operation, in all of North America. SRC, since getting the go-ahead and receiving the initial transfer of funds, we've ramped up to a design, procurement, and implementation team which is currently doing the detailed engineering on what is a three-stage plant.

We often refer to this as just a single plant, but there are actually

three key stages in this which is the processing of the mineral to the mixed rare earth oxides, then taking those rare earth oxides and separating those to the individual rare earth, and then to metals.

The fabric of the first of three buildings is already up at our 51st Street facility. The other two buildings, land is being cleared for that. The first building will be for the first-stage plant which will be . . . of which equipment is being procured in late summer. Significant amount of that procurement and the supporting engineering services will be procured from Saskatchewan.

The timing on the plans is we're now looking at probably end of '23, beginning of '24 for full commissioning of the full three facilities. And that is partly because we've designed this now to be a fully integrated plant in order to be able to capture that full value chain that I alluded to in a previous question.

So I think probably my time's up on that, so thank you.

**Hon. Mr. J. Harrison:** — Yes, thanks very much, Mike. I appreciate it.

And maybe, Madam Chair, I'll just thank you and thank the committee for what's been a unorthodox set-up here today. But I think it speaks to the strength of the institution that we're able to adjust on very, very short notice, given a challenge that was unforeseeable that came at us just literally minutes before committee, which is going to be a continuing challenge as we move into Innovation estimates.

And I think we're going to be moving up to the Chamber, Madam Chair, with your indulgence, for that next meeting right afterwards. But I just want to say thanks to everybody involved for their flexibility and ability to adapt.

**The Chair:** — Thank you, Minister. So having reached our agreed-upon time for consideration of estimates, we will adjourn consideration of the estimates for the Saskatchewan Research Council.

And yes, committee members, because we are unable to connect with participants via video feed, which was planned originally today, and are instead allowing the participants via telephone, we are going to move committee proceedings up to the Chamber now to continue with Innovation, where we'll be more easily able to physical distance.

So Ms. Bowes, if you would like a few closing comments on SRC, that'd be fine before we adjourn for 10 or 15 minutes to move to the Chamber.

**Ms. Bowes:** — Sure. Thank you. I want to thank the minister and his officials for their time today.

I really appreciate especially, Mr. Crabtree, all of the detailed answers that you provided. It's great to learn a bit more about what SRC is up to. And my husband actually works at SRC, so it's nice to be able to hear a bit of the higher level stuff. And I know he really appreciates working with SRC. He's really fond of the company — of the organization, I should say — and so thank you so much for your time.

I would like to note just for the record that out of a total of 60 minutes allotted, over a third of that was unfortunately taken up by conferring. I understand it does take some time but would like to make note of that. But with that, I want to thank you again. And I'll close my comments. Thanks.

**The Chair:** — Okay. Thank you, Minister, and committee members. So we will take a 10- to 15-minute recess just to move up to the Chamber at this point in time, before we begin with our estimates on Innovation.

[The committee recessed for a period of time.]

[16:15]

### **General Revenue Fund Innovation Saskatchewan Vote 84**

#### **Subvote (IS01)**

**The Chair:** — Thank you. All right, welcome back, committee members, and we will consider the estimates and supplementary estimates no. 2 for Innovation Saskatchewan. Vote 84, Innovation Saskatchewan, subvote (IS01). Minister Harrison is here with his official, and he has other officials participating remotely today. So you may begin with your introductions and your opening comments, Minister.

**Hon. Mr. J. Harrison:** — Sure. Thanks very much, Madam Chair, and thanks to members of the committee for being here.

Just a brief explanation, just because somebody will likely be reading this in *Hansard* at some point and wonder what's going on. But the brief explanation which I had run through in SRC estimates earlier being that, owing to a very unforeseen circumstance, broadcast services are not able to broadcast this meeting in the traditional fashion. And also the arrangements that had been made for our Saskatoon-based officials of Innovation Saskatchewan to participate remotely via a video hookup are also not able to do so, owing to the same circumstance of broadcast services being unable to operate.

So what we are doing, Madam Chair, is basically by phone we have officials from Innovation Saskatchewan listening from Saskatoon and then providing assistance to the minister, and able to speak to the committee through phone, through the microphones at each of the desks. So that is that the overall reason for why and how we got here. But I am pleased to be here for the consideration of the 2021-22 estimates for Innovation Saskatchewan.

Due to COVID-19 protocols related to travel in and out of Regina which I just mentioned, our chief executive officer, Kari Harvey, and the rest of our team at Innovation Saskatchewan are joining by phone. And before our senior officials participate in the meeting I will ask that they state their name. And that is so that *Hansard* will be able to record who is the individual speaking. And joining me in the room, of course, is my chief of staff, Richard Davis.

Innovation Saskatchewan was established in 2009 with the mandate of advancing the Government of Saskatchewan's

innovation agenda. It does this by providing recommendations and advice on research, development, science, and technology.

Madam Chair, we know that our province's economic recovery and future growth will depend increasingly on technology and innovation. To help ensure success, Innovation Saskatchewan will focus on four key areas: (1) funding research that creates an economic impact, a return on investment, and is aligned with Saskatchewan's research and development priorities; (2) building and supporting a growing and inclusive technology sector; (3) focusing resources into areas of our province's natural economic strengths, for example establishing Saskatchewan as a world-class ag-tech hub; and (4) making Saskatchewan a destination for researchers, entrepreneurs, and tech companies by promoting the Saskatchewan advantage.

To achieve its goals, the agency manages research and innovation investments on behalf of the Government of Saskatchewan. It works collaboratively with industry and stakeholders to fund research and development in several areas including mining, oil and gas, biotechnology, nuclear medicine, global food security, and more — all of which are aligned with our government's priorities.

This fiscal year, Innovation Saskatchewan will receive a budget of \$28.727 million. The budget provides its strong support for the innovation and technology sector and will play an important part in Saskatchewan's future economic growth.

Madam Chair, one of Innovation Saskatchewan's key budget items is to extend the Saskatchewan technology start-up incentive, or STSI, for five years. The STSI program was introduced in 2018 to offer a non-refundable 45 per cent tax credit to individuals, corporations, and venture capital funds that invest in eligible technology start-ups.

As Saskatchewan emerges from the pandemic, our government is committed to ensuring a competitive business environment that stimulates growth and drives our economic recovery. Since its launch, 22 million in private investment has been attracted. In other words, the program has leveraged 3.4 of Saskatchewan investment for every \$1 of tax credits approved. This investment has accelerated the growth of our tech companies, creating 144 new jobs among 61 eligible start-ups.

The program has also increased the size of the province's investor pool. One hundred and eighty-four investors have been approved under the STSI, with the majority being new to angel investing. Response to the STSI pilot has been overwhelmingly positive, with the majority of industry stakeholders strongly supporting the continuation of the program.

The second key budget item is to advance the province's efforts in ag tech, facilitating the path towards being a global leader. The budget includes an initial \$3 million for investment into an ag tech venture capital fund. This investment is part of the \$15 million five-year commitment announced last summer, which will help develop and scale new technologies in agriculture.

Ag tech is the application of emerging digital technologies in solving challenges in the agricultural sector. Investment in this sector will allow for game-changing technology for farmers and

producers to help grow our economy. In fact the Royal Bank of Canada forecast that by accelerating investments in technology, agriculture has the potential to add \$11 billion to Canada's GDP [gross domestic product] by 2030.

Analysts predict that the agri-foods industry may surpass the economic contribution of any other industry in Canada within 20 years. Our ability to develop and harness new technologies for the ag sector will be critical in capturing this opportunity. We have the agriculture expertise and global reputation, strong academic research and infrastructure, and strong partners in a motivated tech sector that will get us there.

Innovation Saskatchewan's budget also includes other important commitments aligned with our four strategic areas.

\$1 million for the Saskatchewan Advantage Innovation Fund along with \$1 million for the Agtech Growth Fund, programs that aim to accelerate the commercialization of new technologies in ag tech, mining, energy, manufacturing, education, and health care.

\$2.979 million for the Innovation and Science Fund, which matches federal funding for research projects at Saskatchewan universities, colleges, and research institutes.

\$375,000 to Co.Labs to continue building the tech ecosystem in Saskatchewan, fuelling growth in start-ups as well as supporting the scale-up of current Saskatchewan tech companies. In four years of operations, Co.Labs has incubated 123 start-ups which have secured over \$10.3 million in private equity investment and created 301 jobs.

\$100,000 for the made-in-Saskatchewan technology program that enables Saskatchewan-based start-up tech companies to pilot their projects, and an increase of \$50,000 to the technology ecosystem program — now \$400,000 in total — to aggressively advance programs to meet tech industry labour-market needs.

Innovation Saskatchewan will also provide \$4.149 million to the Vaccine and Infectious Disease Organization, VIDO, to support its continued work on developing a COVID-19 vaccine, the construction of a vaccine manufacturing facility, and to strengthen Saskatchewan's role in responding to infectious disease.

Innovation Saskatchewan is working closely with VIDO as it responds to the global pandemic. VIDO is currently clinically testing its COVID-19 vaccine with phase 3 trials to commence this summer. With the Government of Canada's announcement of \$59.2 million, along with the Government of Saskatchewan's \$15 million investment, VIDO will support the development of its vaccine candidates, and Saskatoon will be home to a national centre for pandemic research. Construction is also under way for VIDO's vaccine manufacturing facility which will be able to produce 40 million doses of vaccine annually.

And I want to take this opportunity to thank Minister Champagne, who I've had the chance to work with very, very closely, jointly on this project and on the funding arrangement, and just say that he really has been pivotal in moving this forward in Ottawa. So I want to thank him very much for his good work.

Additional ongoing research-specific commitments will include 4.1 million for the Canadian Light Source, a major national science facility at the University of Saskatchewan; \$2.5 million for the Sylvia Fedoruk Centre for Nuclear Innovation as it continues to lead nuclear research in the areas of medicine, agriculture, energy, and materials; 1.675 million for the Petroleum Technology Research Centre, which provides project management and funding support for research into enhanced oil recovery and CO<sub>2</sub> storage; \$256,000 for the industry-led International Minerals Innovation Institute, which supports digital mining transformation; and \$4.849 million to the Saskatchewan Health Research Foundation, which provides funding for high-impact and peer-reviewed health research relevant to the province.

By maintaining funding levels to its research institutions, extending the STSI program — the most aggressive angel investment tax credit program in Western Canada — and by focusing efforts on the ag tech sector, Innovation Saskatchewan is supporting the growth of the province's economy through innovation. Innovation Saskatchewan works closely with its numerous partners and stakeholders to ensure these investments are successful. Notwithstanding the impact of COVID-19, the tech sector is showing signs of recovery and growth. For instance, investors have begun to re-engage with the sector. Since April 1, 2020, nearly \$6 million has been invested through the STSI.

Innovative firms continue to emerge and complete their initial funding rounds such as 54e Dev Studios, a mobile development company recently launching OneShot Golf, who closed the 1.7 million seed round investment.

Other companies are signalling exponential growth in the coming years. Leading this investment shift is Vendasta, a software firm from Saskatoon who raised \$40 million in the largest tech investment recorded on the Prairies. The company is committed to doubling its workforce by the end of this year from 300 to over 600 employees.

Madam Chair, as you can see, Innovation Saskatchewan's investments have been paying off. The current pandemic has made it clear that technology will play an increasingly important role in the province's future and in growing our economy. Being proactive and collaborating with key stakeholders is critical to ensuring the province's tech sector does not just make it through this pandemic but that it thrives on the other side.

We recognize that growth in this sector means we will have to address a shortage of skilled technology workers on the project. To help attract and retain skilled workers and sustain this growth, Innovation Saskatchewan has been working on a number of initiatives including supporting coding and robotics camps; education, youth, and engineering in sciences summer camps; hosting technology job fairs to connect talent with potential employers, for example, with Regina Open Door Society; working with the SaskTech industry group and post-secondary institutions on curriculum, such as Sask Polytechnic.

Innovation Saskatchewan is also continuing its collaboration with ComIT, a non-profit organization that delivers coding and programming training for underemployed or unemployed individuals. To date, 72 per cent of participants have found

employment after completing the program.

In 2021-22 Innovation Saskatchewan will continue to leverage the Saskatchewan advantage: a competitive tax structure and wages; a lower cost of living; a robust tech sector that embraces start-ups, small businesses, and large corporate players; and a collaborative environment where the private sector works with government to achieve mutual success. Innovation Saskatchewan is helping to advance innovation leading to our province's economic recovery, future growth, and the goal of tripling the size of the tech sector by 2030.

Madam Chair, this concludes my remarks. I'll look forward to any questions committee members may have. Thank you very much.

**The Chair:** — Thank you, Minister. I will now open the floor to questions from committee members, and I'll recognize Ms. Bowes.

**Ms. Bowes:** — Thank you, Madam Chair, and thank you to the minister and his officials for taking the time to answer my questions tonight. Before I get into my questions about programs regarding the estimates before us today, I'd just like to see if I can get an understanding of the funding for Innovation Saskatchewan.

When I look at the annual reports for Innovation Sask, I see that funding levels in 2018 to '19 were around 27.1 million, while in 2019 to '20 the numbers fell to 24 million. Of course the one-time funding to VIDO lifted the total funding that year to 27.9. The amount fell back down to 25 million in the 2020 to '21 year. So in terms of this year's budget for '21 to '22, I see there is an overall increase of 28 million. Compared to the last, can the minister state what happened in terms of funding? How is this change impacting the work of Innovation Saskatchewan?

**Hon. Mr. J. Harrison:** — Sure. Well I appreciate the question, and you know, much like in the SRC estimates which we just did, there were, you know, very large increases in-year. And that had to do with project base funding which we will be able to address, and I'm sure we'll have the chance to talk a bit about. But as far as the detailed responses, that's probably best for officials to respond to. So we're going to go and have a consult, and we will return to the committee with some more detailed information.

[16:30]

All right. Thanks, Madam Chair. And thank the committee for their patience. We've been having some technical challenges beyond the ones that have already been enumerated. But I think we are now able to respond to the question as soon as we get the phone unlocked.

All right. Kari, you're off mute. So Kari Harvey, the CEO of Innovation Saskatchewan. And you are on the microphone here in the Chamber, Kari.

**Ms. Harvey:** — Thank you very much, Minister. So with respect to our budget, you will have noted that in 2019-20 we had a pretty significant decrease, about a 10 per cent decrease to our budget. And that was really in response to us dealing with some significant surplus that most of our institutes were accumulating.

And so this was a measure to have them start drawing down on that surplus.

You will note that our budget then went up in 2021. That's when we added a million dollars for the Agtech Growth Fund, and then again in '21-22 is the funding for the ag tech VC [venture capital] fund. And so I would just note that sort of over the last few years, what we've been attempting to do is to rebalance some of our funding to support more, you know, in the area of commercialization of technology and just supporting the tech sector in general. And so that required us taking a look at where we could free up some funds for that, and you know, given that we had surplus in our institutes, we felt that was an appropriate measure.

**Hon. Mr. J. Harrison:** — All right. Thanks, Kari. Happy to take another question.

**Ms. Bowes:** — Thank you, Ms. Harvey. My next question is, how is Innovation Saskatchewan working with a resized western economic development agency? I note that in its recent budget, the federal government created a new economic agency in BC [British Columbia], which means they will now focus Western Economic Diversification on the three prairie provinces along with the entire former budget. The result is a significant per capita increase in funding focused on the three provinces.

So I'm wondering, as I said, how is Innovation Saskatchewan working with the resized WD [Western Economic Diversification Canada] agency to ensure that its priorities represent the needs of Saskatchewan innovation and entrepreneurial economy, and that Saskatchewan is first to the table for investment funding? Are Innovation Saskatchewan funds in alignment, or at least are the two agencies working together?

**Hon. Mr. J. Harrison:** — Sure, and I'll kind of give an initial high-level response, and then we're going to provide some more detailed information subsequent to that. You know, I would say that, you know, based on the announcement that came from the federal budget announcement, we still are awaiting additional information precisely on what that will mean in an operational context from WD's perspective. You know, they will internally have to make some decisions as to how they're going to set up their operation, given the change in mandate, which is not an insignificant one, given the history of the organization.

So we are going to be speaking with Minister Joly. We're still, I think, working on what the exact time and details of that will be, but we'll be touching base at the ministerial level, but also obviously the officials are going to be working together. And I would note as well that the deputy minister of WD is a former deputy minister in this government as well, who we've worked with very closely over the years, which I think is a positive thing.

But I think the high-level answer from the political perspective is that we're not really sure as of yet, but I'm going to consult with our officials as to whether they've had additional contacts with their counterparts, because I'm not entirely sure. So thank you.

[16:45]

All right. Thank you, Madam Chair, and committee. So a number of examples of the continuing relationship with WD, and CEO Harvey will be able to speak to some of them. One I'm going to highlight though before we get into that, as an example of the institutional relationship with WD and IS [Innovation Saskatchewan], is Co.Labs for example, and this is of course the Saskatoon technology incubator. And this is, you know, of long standing, the relationship.

In fact I was just relating the opening that we did of that event. And I was privileged to be minister back in the day that we did that, and Bardish Chaggar, Minister Chaggar was the federal minister of the day and we did the opening together. It was very positive, and you know, that's a good example of the ongoing funding relationships between WD.

But Kari, I will turn it over to you, and you are off mute and on the microphone.

**Ms. Harvey:** — Okay. Thank you, Minister. So as the minister mentioned, we have a really close relationship with WD and frankly with ISED [Innovation, Science and Economic Development Canada] in general, which of course WD falls under.

There is an FPT [federal-provincial-territorial] table that I am a part of, so that we're very well aware of the priorities of the federal government, though there are, as the minister mentioned, a few different examples that I can share. The minister mentioned Co.Labs. Of course recently in the news we've got the funding for VIDO and their pandemic centre of excellence. And you probably recall that this is an initiative that will see the expansion of VIDO to allow for level 4 containment capacity. It will allow for non-human primates to allow for testing, and human clinical trials.

It'll involve upgrading 2,000 square feet of existing lab space to level 4, as I mentioned, establishing a stronger relationship with the National Microbiology Lab as well, to create surge capacity, resource sharing, and a quicker pandemic response time. And also creating an international fellowship program to attract scientific experts to the University of Saskatchewan and the province. So this is a great example. That funding is coming through WD, the \$59.2 million.

Another example that I would share is funding for the Fedoruk Centre. As you are probably aware, the Fedoruk Centre is home to the Saskatchewan Centre for Cyclotron Sciences, where there's a number of isotopes that are created to help supply the PET/CT [positron emission tomography/computerized tomography] scans in Saskatchewan. And frankly, they also provide some medical isotopes to Calgary when their regular supplier is unable to do so.

Renovations were done to the centre to create the Innovation wing, which includes functional growth chambers that will support crop plant specimens in advance of PET imaging. And it will also allow for clinical trials to occur at the Fedoruk Centre.

And so this has been really critical, a really critical piece of infrastructure to help ensure that we're able to keep and attract high-quality HQPs [highly qualified personnel] to Saskatchewan. We have a number of individuals who have actually indicated

that they came to Saskatchewan because of the infrastructure at the Fedoruk Centre. So WD was a partner in developing that and growing or building out that Innovation wing to help support the research and commercialization of technology out of that facility.

**Ms. Bowes:** — Thank you, Ms. Harvey. That's very helpful. So moving on from that, VIDO is one example of a Saskatchewan research star accessing funding from WD. I note as well that VIDO was started in 1975 under the Blakeney NDP government and is a testament to the long-term vision of building a province that taps into its talents. The organization has 45 years of history in the vaccine world, and today is a leader in Canada and globally.

During the pandemic, VIDO is engaged in cutting-edge work in the discovery and development of vaccines and are showing significant leadership in COVID research. Not only has VIDO been the first university research facility to develop a COVID vaccine, but it is now taking on a significant role to stop the decades-long decline in biomanufacturing in Canada that has left our country accessing vaccines for Canadians from abroad.

Let me state my concern with the fact that I think VIDO is a national research asset that is largely undervalued by this government. So examining the past number of years in funding to VIDO, I note that Innovation Saskatchewan has actually been reducing the total funding to VIDO. My question is, why is the province or Innovation Saskatchewan reducing funding when it is clear that to build a future economy there should be increasing, not reducing, of funding to VIDO-InterVac [Vaccine and Infectious Disease Organization-international vaccine centre], one of Canada's shining research stars?

[17:00]

**Hon. Mr. J. Harrison:** — Thanks very much, Madam Chair. And I'm happy to talk about the partnership with VIDO, and I know Kari will be as well in some detail. But you know, I would say that the premise, I just wouldn't agree with. And you know, we have worked very, very hard and very closely with VIDO over a number of years, I mean, including through the construction of their level 3 lab. I know I had the opportunity to do the tour through the lab when under construction back at that time period, which was funded in a joint fashion, as well as this organization operates historically in that way.

You know, and just even kind of more recently, the commitment and resources put forward for the manufacturing facility, which is under construction right now for the 40 million dose capacity I suspect is going to be a very well-utilized capacity as we go forward. If there is a necessity for annual booster shots, for example for COVID-19, I think that the facility will be very well positioned for that manufacturing capacity with a couple of others across the country.

But what really will make this facility very unique is the expansion or the upgrade to the level 4 designation, which there's a significant process to go through to achieve that level 4 designation, which the folks at VIDO and Dr. Gerdtz are working towards. So there's that process. You know, I think that there's some time frames we're hoping to meet that isn't necessarily within our control specifically, but very, very significant work. In the funding announcement, I mean, we came out first on the

15 million component for the capital and in turning VIDO into an integrated national pandemic centre.

And you know, I think what isn't probably entirely well-known out there is one of the real bottlenecks in the development of the COVID vaccines — not just in Canada, but I think it would be fair to say in a number of jurisdictions around the world — had to do with the challenge on non-human primate testing. And in Canada we only had about a dozen actual units that were capable of housing non-human primate testing, and those were at the National Microbiology Lab in Winnipeg. No others existed within the country. So even though we were very advanced very early on, as far as the development of a vaccine candidate on COVID — and by very early on, I mean very early on; almost earlier than any cases were diagnosed in Canada, we had a vaccine candidate — the challenge though in going through the process for having those vaccines approved includes a very detailed, a very significant and stringent non-human primate testing component through your clinicals before you get to your phase 3. And that was really the bottleneck.

And with the capital expenditure, jointly with the federal government, we are going to be able to create capacity within Canada so that you go from initial research — which is something that VIDO does very, very well, and that's what I said earlier, we were at the very front of the curve as far as the development of vaccine candidates at the very start of the pandemic — to go from that very front-end research through all of the stages of development, testing, and approvals before you're getting to your phase 3s, which we are now. But that could have been in place very much sooner had the facility existed that we're building now in Saskatoon.

And you know, in the circumstance of ever, you know, being in a . . . Hopefully never again will we ever have to go through what we've gone through in the last 14, 15 months. But we will have the ability as a country now, located in Saskatoon, to go from that research to the actual manufacturing. And there's very few in the world that do that. Serum in India, and you know, Oxford can do that. There's a few, you have a tiny handful globally that go all the way through the gamut, including large-scale manufacturing. So that's something that's going to be a very, very unique capability that we will have. And it's a national asset, but it will be located in Saskatoon.

So we're going to go have a little bit of a chat. You know, I can provide some degree of answer, but I know Kari will be able to provide the committee with some more significant detail. So we'll return in a moment, Madam Chair.

All right. Thank you, Madam Chair, and committee. Kari, you are off mute and on the speaker.

[17:15]

**Ms. Harvey:** — Okay. Thank you very much. Just to follow back to the conversation about our direction to draw down on surplus, in the 2019-20 fiscal year, at that time VIDO had \$9.7 million in unrestricted surplus. So again this was a measure that we took to encourage our research institutes to look at drawing down on some of their reserves.

However I would say that we certainly came to the plate when

COVID was first detected. In January of 2020 we recognized that something was happening worldwide and that how VIDO could play a role in helping to develop a vaccine candidate. And so we provided funding to VIDO over the next two years in the order of an additional \$4.2 million for research on the vaccine and to build out the manufacturing facility and to basically accelerate the development of the manufacturing facility. And then of course, again this fiscal year we will be providing another 15 million for the pandemic centre.

So when you look year over year, our funding actually to VIDO has actually increased. And you know, we do see, as the minister mentioned, VIDO was the first to develop a vaccine candidate and that, you know, with these new investments into the manufacturing facility and to ensure that they have level 4 facility to house non-human primates and other species of animals to do testing on. This is going to allow for VIDO to, as you mentioned, just be the place in Canada, and you know, essentially to be drawing in numbers of international researchers from across the world. That's what we want to see happen, and we're frankly at the table supporting that.

**Ms. Bowes:** — Thank you, Ms. Harvey. My next question is why has there been no effort to put into place consistent, annualized funding to provide stability for VIDO?

**Hon. Mr. J. Harrison:** — Thanks, Madam Chair. And I think that we would say that that isn't an accurate statement. But, Kari, do you want to speak to that. I'm not sure if you . . .

**Ms. Harvey:** — I'm sorry. The question again was about . . . Sorry, I missed that.

**Hon. Mr. J. Harrison:** — Whether there was annualized funding to VIDO.

**Ms. Harvey:** — Yes, we do have annualized funding to VIDO. Our operational commitment for this year, outside of the additional 15 million, is \$4.149 million. Just to, I guess, provide a bit of context here, VIDO actually receives money as well from the Canada Foundation for Innovation as a major science infrastructure. So we actually match . . . Well sorry, we don't match. We pay 40 per cent and the CFI [Canada Foundation for Innovation] pays 60 per cent of the operational funding. So we do provide, you know, annualized funding, and it is at a level that is expected in terms of matching the Canada Foundation for Innovation funding.

**Ms. Bowes:** — Thank you, Ms. Harvey. We were pleased to see that VIDO received 12 million in a significant federal funding for the biomanufacturing facility. This facility is an excellent opportunity for the province to become a centre of biomanufacturing in Canada, especially where COVID has shown a need for a Canadian-made response.

The province announced, in the March 18th, 2020 provincial budget, \$400,000 for VIDO's manufacturing facility. So I've got a number of questions. I'm just going to ask them in sequence here. The first is, did this funding flow through Innovation Saskatchewan? And if so, in what year did that funding flow? Why was Innovation Saskatchewan funding so low for such an important infrastructure piece?

**Hon. Mr. J. Harrison:** — Sorry. If I could just for a second . . . Jennifer, if you could just kind of after each one pause for a second because Kari can't hear the questions. So we're having to write it down and then relate it to her and then come back. So if you could just repeat the first one and then we'll go through them in order and write them down.

**Ms. Bowes:** — The first question again was, did this funding flow through Innovation Saskatchewan? And if so, in what year did that funding flow?

**Hon. Mr. J. Harrison:** — Feel free to ask them in sequence so we can then go back and get all the answers together for you.

**Ms. Bowes:** — The second one is, why was Innovation Saskatchewan funding so low for such an important infrastructure piece? And the third question is, is the province committed to providing future stable financial support to ensure that VIDO-InterVac can succeed in this opportunity?

**Hon. Mr. J. Harrison:** — All right. Thank you. We're going to go and put together responses, so thanks. And we'll be back as shortly as we can be.

[17:30]

All right. Thanks, Madam Chair. Kari, you are off mute and on the microphone.

**Ms. Harvey:** — Okay. Thank you, and thanks for the question. So the first question, did the funding flow through Innovation Saskatchewan, the 400 K? And the answer to that is correct; it is yes. It did come through Innovation Saskatchewan and the year was 2020-21.

And so in terms of why it was so low, so I would say that the development of the manufacturing facility has been in discussion and in the plans for VIDO for a number of years. Innovation Saskatchewan, along with WD, provided some funding to VIDO for their feasibility assessments. And I think that was about five years ago.

So we have been supporting the development of . . . or I guess the progression of the development of the manufacturing facility in a number of different ways. And in terms of . . . as I mentioned, this has been under way as part of their existing planning over the number of years. Our \$400,000 that we provided them was intended to help accelerate the development of the manufacturing facility. So this was I guess in addition to any, what I would say, expectation might have been in terms of helping to get to move that forward . . . [inaudible].

**Ms. Bowes:** — Thank you, Ms. Harvey.

**Hon. Mr. J. Harrison:** — Sorry, Kari. I hit the wrong button. Go ahead.

**Ms. Harvey:** — Sorry. And I think the next question I believe is around stable funding for the centre over the next few years. So what I would say to that is that, you know, Innovation Saskatchewan will be certainly having conversations with CFI on this, and as I mentioned, we expect that there will be some operational dollars coming from the major science funding of the

Canada Foundation for Innovation.

So we will be, you know, working very closely with them, understanding of course that the facility will not become operational until probably, you know, '23, '22-23. And at that point, you know, we will be looking at, you know, we will be assessing what those needs are to make sure that we're at the table to continue to support the development of the good work that they're doing.

I would just say, like in terms of the manufacturing facility itself, you know, they are well under way here. Graham Construction basically initiated mobilization of the manufacturing facility at the end of October and construction is well under way. The equipment has been ordered. It was ordered back in July 2020 but the timeline to delivery is quite long because of issues in the supply chain. They're expecting actually 46 weeks before they can get the equipment. They expect the manufacturing facility to be complete by October of '21, this year.

So once that happens they will be ready to conduct trials with the regulators. We're hoping that that will be a very streamlined process so that they will be positioned to start actually producing vaccine, you know, as soon as they can. Most of the equipment is going to require an extensive process of, you know, documented installation and testing in order to satisfy the requirements for what's called good manufacturing practices in the facility. And so we're anticipating that if all goes well, they will be able to start producing vaccines in 2022.

And so as you're likely aware, the facility will have the ability to produce up to about \$40 million of doses of vaccine annually. So of course that will depend on the production efficiencies of each of the vaccines. So again we've been at the table to help support the development of this facility for some time.

**Ms. Bowes:** — Okay. Thank you, Ms. Harvey. Regarding COVID research, the federal government has provided significant funding to support research, funds of almost 34 million. The province announced two pieces of funding of 3.6 million and \$200,000, or just slightly more than 10 per cent of that of the federal government. A couple questions. Did this funding flow again through Innovation Saskatchewan? And also, did this funding represent provincial matching to a federal program?

**Hon. Mr. J. Harrison:** — I appreciate the question. Did we get that written down? Okay. Kari can't hear well when we're . . . just owing to the way the room is set up here, but we will provide a response here imminently.

[17:45]

All right. Thanks, Madam Chair. And Kari you are off mute and at the microphone.

**Ms. Harvey:** — Okay. Thank you. So the question around the 3.8 million, it was flowed through Innovation Saskatchewan in the year 2019-20. And this amount is on top of operational dollars that was provided to VIDO. The question around it: was this considered federal matching? The answer to that is no, but rather an increased contribution from the province to the research.

And so, you know, we're pretty excited to see that, you know, success that . . . We're hoping that we're going to see some successful clinical trials through phases 1 and 3. You know, as the minister talked about earlier, the vaccine is in phase 1, 2 study which involves about 108 healthy volunteers at the Canadian Center for Vaccinology in Halifax. And we're expecting that if the acceptable phase 1 data comes to be, that they will be moving to phase 2 testing involving, you know, hundreds more across Canada.

And then again if that all goes well, hopefully the phase 3 trials will commence some time this summer and will involve thousands of volunteers. The goal is to have, you know, probably 20,000 volunteers for the phase 3 trial. So they're actively also seeking a commercial partner for their phase 3.

So that's where things are at. And so again back to your question, the 3.8 was flowed through Innovation Saskatchewan.

**Ms. Bowes:** — Okay, thank you, Ms. Harvey. The federal government has announced 59 million in funding for the centre for pandemic research. It was excellent to see the province announce 15 million in funding for this incredibly important national initiative. My question is . . . a couple. The first one is, will Innovation Saskatchewan be providing the funding through its budget as a one-time capital cost? And the second question is, while capital dollars are a much-needed support to the biomanufacturing and pandemic centre, is the province making a long-term commitment to supports for the operational costs associated with these expansions?

**Hon. Mr. J. Harrison:** — I appreciate the question and I think we're going to take them down, but I will kind of offer my thoughts initially as far as the capital expansion. So the \$15 million was intended as a one-time contribution to the capital construction costs on the national pandemic centre foundation. So that will be . . . I think that was included in . . . We'll confirm this. We announced it in the previous fiscal year, and I wasn't sure if we were able to account for it in that previous or whether it's going to be accounted for in the coming one. I'll clarify that when we step out here.

And on the additional question as far as the core funding, that was a part of the discussion that we undertook with the federal government, and I would say that we undertook it at the most senior political level with the federal government. From the Premier to myself, we engaged with our counterparts on that and had some very, very good discussions and reached the understanding that the operational funding in the longer term will be accounted for or will be contributed by the Government of Canada. And you know, we'll continue with our support for VIDO in the areas that we have been and the contribution that we made in the capital end as well.

But we're going to have a brief consult and Kari can likely provide some more details once we relate the question to her, and then she can respond. We'll be back in a short while.

All right. Thanks, Madam Chair. Kari, you're off mute and on the microphone.

**Ms. Harvey:** — Okay, thank you. So the \$15 million in capital funding for the pandemic research centre of excellence did flow



through Innovation Saskatchewan, and it is in our '20-21 budget. So that was our last year's budget. The funding was appropriated but will be expensed in this fiscal year.

The question about operational funding, so as the minister mentioned, the federal government has committed to being at the table for and funding the operational expenses associated with the pandemic research centre of excellence. And we will continue to work with our federal partners to ensure that that funding is provided.

As I mentioned earlier, I think it's very unknown at this point in time in terms of what that funding requirement is going to be, and we anticipate that that will come, you know, within a couple of years once the centre is constructed. We will continue to monitor that and we will continue to, you know, ensure that the federal government's at the table to provide that funding.

**Hon. Mr. J. Harrison:** — Thanks, Kari. And I would just kind of underline maybe as well the factors that are dependent on when that funding will be necessary. It really is contingent on when the facility is able to go into operation which . . . There are variables in that which we've talked about in slightly different incarnations in the discussion. But it has to do with the ability to source the actual equipment that is necessary, of which we've had variability as far as the lead time and delivery times simply because everybody's chasing the same equipment globally for manufacture of vaccines. So that is one element.

[18:00]

There's variability around the licensing element as well. And you know, I spoke to that a little bit in kind of the broad discussion around this facility. But you know, I think CEO Harvey had spoken as well to some of the highly detailed licensing and certification that goes along with the installation of the equipment, and for good reason. I mean this has to be incredibly detailed, and I think we're seeing what happens in some other jurisdictions, the Emergent facility, for example, in Baltimore where . . . You know, I don't know all the details as to why they've had the challenges they have had in the manufacturing of vaccine, but I think it just serves to underline the fact that this has to be done entirely right.

So there are very, very high standards that have to be met which can impact as far as the time frame for certification, which obviously then have the further impact on when a plant can go into operation, which is the condition precedent for operational funding to be provided by the federal government. So you know, we don't really know. Two-year time frame probably — I mean that's what we're hoping for — maybe a bit less, but there are a number of factors that go into that. And you know, we're working with them on what that mechanism will be. But the commitment exists for the operational component to be funded by the federal government.

**Ms. Bowes:** — Thank you. I see we're getting short on time here again, so I'm just going to skip down a bit. Give me one sec.

So on a different topic then, the economy of Saskatchewan is changing rapidly as we have seen from the arrival of COVID. Climate change is also reshaping the foundations of our province. We can no longer rely on past trends to be there in the future. We

need a government that understands that these are transformative times and the nature of work is going to change. The nature of business is also going to change.

So a couple questions: how and what is Innovation Saskatchewan doing to provide the leadership to help our economy transform into the economy of the future? And second question is, where is Innovation Saskatchewan investing in technology such as renewables and transformative technologies to ensure that we are preparing our industry for tomorrow and so that people in places like Estevan will have jobs in the future?

**Hon. Mr. J. Harrison:** — Sure, well thanks for the question. One of the . . . We will provide response on both. I would say though on the training component in the transformation or the evolution of the base of the economy, a lot of that, you know, would find itself housed in Immigration and Career Training as far as the programs that we deliver through ICT [Immigration and Career Training]. And we did canvass in some very significant degree of detail a number of those earlier on, a couple of weeks ago now, I guess, when we started estimates. So I would direct the member to some of that discussion. But we, you know, I think can provide some from IS's perspective.

As far as supporting different elements on the innovation economy, you know, we can speak to the work that Co.Labs is doing. And I think Kari will likely want to speak a bit about some of the details there. But also, you know, one item we didn't have a chance to get to at the SRC estimates, but the CeDER [Centre for the Demonstration of Emissions Reductions] program that we have there, which is very much set up to facilitate and work with companies looking to transition to more environmentally friendly methods of production in different fields.

But we will go back for a short period here and come back, and Kari will be . . . after consulting with the broader team, some additional information.

All right. Thanks, Madam Chair and committee. Kari, CEO Harvey, you have the floor and I've taken off mute and you're on the microphone.

**Ms. Harvey:** — Okay, thank you, and thank you very much for the question. So you know, Innovation Saskatchewan has been undertaking a number of different initiatives to help, you know, prepare for the digital economy. And we do that through working with a whole number of different partners. And so I'll talk about, you know, a few.

So one of the areas that we are very interested in is, you know, ensuring that we have a very diverse and inclusive sector here. So we're looking at ways to ensure that we help women and those who are Indigenous communities, that they have a place in this economy as well.

So I'll just talk about, first of all, about our Founders Table. Founders Table is an initiative that we fund through the Women Entrepreneurs of Saskatchewan and we've actually . . . This is our second year of funding that program. It's a six-month mastermind group for female technology company founders. And the program really aims to increase the success of participating, you know, businesses and founders to build a strong community of female tech founders in Saskatchewan.

The pilot that we had last year yielded some significant outcomes for 10 female founders that went through the program through a mentorship circle model that was hosted in Regina. So we've expanded that program now to actually include two cohorts of 10 to 11 participants, and included a virtual tech symposium as well to showcase and celebrate women entrepreneurs in tech.

So we've seen that as a very successful program: 80 per cent of the participants have reported hiring employees based on their increased awareness of funding options; 50 per cent joined Co.Labs or Cultivator to support their programming to gain additional supports for their business; and 70 participants of the program had ongoing angel and VC funding conversations directly due to the Founders Table networking session.

And so that's one example. Another example is funding of ComIT. So ComIT is a not-for-profit group that offers three-month coding training programs for under- or unemployed individuals. ComIT has been contracted by us to deliver three courses, both in . . . three in Saskatoon and three in Regina annually. And this is another example where our funding actually leveraged some additional federal dollars from Western Diversification where they've now provided 800,000 to expand their program across Canada. And this was all because of a pilot in Saskatchewan.

Since the program launched in 2018, we've seen 106 people go through that course. Seventy-two per cent have found employment within six months of completing the course.

And so another thing to note here is that what we've seen through this program is it really offers an opportunity for particularly newcomers who are new to Saskatchewan, who may have some scientific training and are interested in moving into the tech sector. This gives them some real skills that they can actually apply and, you know, start a career in this sector.

We also have the Tech Skills Showcase, where we have provided funding to Regina Open Door Society to basically host or provide an opportunity for newcomers with professional backgrounds in IT [information technology] to showcase their skills and connect with employers.

[18:15]

And then another initiative is the Indigenous InSTEM summer camps. We've provided some funding to EYES at the University of Regina, which is Educating Youth in Engineering and Science. And basically the funding is going to be used to provide some week-long STEM camps on federal reserves in Saskatchewan during the summer, this coming-up summer. So those are a couple of examples.

The minister also mentioned Co.Labs which, you know, our funding was the seed funding for the first technology incubator in the province. And again we've seen some extremely successful outcomes coming from that. We've seen 123 start-ups have been incubated; 301 jobs created by those start-ups; 10.3 million in private equity has been attracted by start-ups through that program; and 18.7 million in revenues were generated. And those are just, honestly those are just the tip of the iceberg in terms of how and the ways that we are looking into preparing and, you know, ensuring that we have people with the skills in the new

digital economy.

**Hon. Mr. J. Harrison:** — Great. Thanks very much, Kari. I think we're likely to be past the time of adjournment. Just want to say thank you, Madam Chair, to you and to members of the committee for their participation and good questions. And I want to thank our CEO and our team in Saskatoon who have soldiered through a challenging technological circumstance here. So I want to just say thank you all around, and to the LAS for being very adaptive in a very short period of time. So back to you, Madam Chair.

**The Chair:** — Thank you, Minister. Ms. Bowes, do you have any closing comments you'd like to make?

**Ms. Bowes:** — I just would like to thank the minister and his officials for taking the time to answer some of my questions. I certainly didn't get through all of them, and I will note again that approximately half of the time I had allotted here was taken up by conferring. So with that I think my questions, my comments are done. And thank you, Madam Chair.

**The Chair:** — Thank you. Having reached our agreed-upon time for consideration of these estimates, we will adjourn consideration of the estimates and supplementary estimates no. 2 for Innovation Saskatchewan.

### **Bill No. 30 — *The Saskatchewan Technology Start-up Incentive Amendment Act, 2021***

#### **Clause 1**

**The Chair:** — And we will now move to consideration of Bill 30, *The Saskatchewan Technology Start-up Incentive Amendment Act, 2021*, clause 1, short title. And I recognize Ms. Aleana Young is in for Mr. Belanger. And I'll ask the minister to begin with his opening comments.

**Hon. Mr. J. Harrison:** — Thank you, Madam Chair. And again Kari Harvey is joining us with the team in Saskatoon by phone, so if we need to respond, that's how we will do it as with the previous. But I am pleased to bring forward *The Saskatchewan Technology Start-up Incentive Amendment Act, 2021* for consideration.

This bill will support the five-year extension of the STSI program and the long-term growth of the province's technology sector. It will do this by making several changes to the program legislation. It will update key dates to reflect the program's extension to March 31st, 2026. It will provide the authority to set the annual tax credit cap at \$2.5 million, which is consistent with the funding levels in the STSI pilot.

It will encourage investors to support start-ups over a longer period by extending the investment holding period from two to three years, and this will increase the success rate of companies under the program. It will extend the annual return filing requirements from two to four years to enhance the government's ability to track the program's return on investment. Lastly, it will allow regulations to be made that are retroactive to April 1st, 2021.

Over the next five years, these amendments are expected to

attract \$40 million of investment into over 50 start-ups, support the creation of 500 new jobs, and incentivize investment from 250 investors. In short, this bill will support the province's economic recovery by stimulating investment and job creation among Saskatchewan companies and creating a competitive business environment that allows start-ups to thrive. This will also support our government's goal to triple the growth of the tech sector by 2030.

Thank you for your time. I welcome any questions and turn it back to you, Madam Chair.

**The Chair:** — Thank you, Minister. I'll now open the floor to questions from committee members. And I'll look to Ms. Young.

**Ms. A. Young:** — Thank you, Madam Chair. And thank you, Minister, and committee members and officials joining us here today in increasingly unusual circumstances. I do want to reiterate my comments that I'd made in the House earlier in regards to this bill. I think the Saskatchewan technology start-up incentive is genuinely excellent. I think this is exactly where government should be dipping its oar in the water to help a burgeoning sector grow even further.

And when I look at the success of some companies in Saskatchewan, it's truly something that should be applauded. I have a number of friends who run and manage start-ups here and I just . . . For anyone who hasn't taken the opportunity to tour some of the incubators in the province, I would really encourage you to do that. It's genuinely inspirational and really got me excited, even more excited than I already am about the future of Saskatchewan, when I had the opportunity to tour with my colleague next to me.

With that preamble aside, I do have a couple questions just in regards to the legislation. It's noted that the size of the investor pool is growing to 184, I believe, as per the government's news release. And I'm wondering if some commentary could be provided in regards to how these investors are selected or qualified in order to become members of that pool.

**Hon. Mr. J. Harrison:** — Sure, Madam Chair. So we're going to go quickly convey the question to Kari who can't hear clearly the questions in the Chamber, and return so that officials will be able to provide a response. If the member has any additional questions, I would encourage them to be put as well, so that we can try and bring as many together as we can at once.

**Ms. A. Young:** — Sure, sorry. So, Minister, just to clarify two points. One, is there anything I can do to, like to speak more clearly or directly to your officials . . .

**Hon. Mr. J. Harrison:** — It just doesn't get picked up.

**Ms. A. Young:** — Okay, it's just on speaker phone. Would you like me to read those questions that I do have at this point?

**Hon. Mr. J. Harrison:** — If the questions could be read, we then can record them, write them down, and then convey them and bring back responses. That is the process we've been using so far, which is cumbersome, but that's where we're at right now.

**The Chair:** — Ms. Young, if they're similar, you can tack on

two or three of them or whatever, which might be beneficial to the officials providing the answers if that's the case.

**Ms. A. Young:** — Thank you, Madam Chair. I assume they're all fairly straightforward for the officials. They're simply informative questions kind of about the nature. So I will read those now for your records.

So I'm curious about how the investors being added to the investor pool are qualified. It's noted, and I do applaud, that I believe again by the government's numbers 144 jobs have been created across 62 companies. And I'm wondering how that is reported, if it's just an annual self-reporting process.

I am curious in regards to some of the feedback received from industry, in regards to those elements like raising the cap from 1 million to 2 million, the extended investment holding period.

And then my final questions, which are likely for the minister, would be in regards to the total cost to treasury thus far, and as well as in reference to the government's own goals in the plan for 2030 in regards to tripling the size of the tech sector, if there are any internal metrics or measures that you and your officials have identified that would need to be met by this incentive to reach that goal.

**Hon. Mr. J. Harrison:** — All right. Thanks, Madam Chair. We're going to retire briefly and provide responses.

[18:30]

All right. Thanks, Madam Chair. Sorry for the time. It's a challenge trying to confer on these things over the phone and relating questions and all the rest of it, but I think Kari has a detailed response. So, Kari, you are on the microphone and off mute.

**Ms. Harvey:** — Okay thank you, and thanks for the question. So with regard to the question about how investors are selected, it's an application process. So investors are able to apply, even if they aren't, you know, in a position where they're thinking of actually investing in a company at this point. They can basically apply to become qualified so that at the time that they're interested in and able to invest in a start-up, that they've received that qualification. And basically it involves an individual or corporation having to be qualified as an accredited investor or meets the federal exemption requirements that allow an individual to be a family or friend.

So we do post. We provide an option, I guess, of posting all of the eligible investors on our website so that start-ups have the ability to contact those individuals directly if they so choose. This does involve also limited partnerships so groups like Conexus Venture Capital Fund, Broad Street Bulls, those sorts of groups as well are eligible under the corporations part of, I guess, component or criteria of the investors.

In terms of the jobs, so the 144 jobs over 62 companies. That is a self-report we require as part of the program that companies report on an annual basis to us on how their company has grown over the years so that we can track over time the impact that the program has.

Feedback from the industry regarding raising the cap. So by and large, and I think that you're likely aware that we did a very comprehensive review of the STSI before coming forward with the recommendations, and we put a renewal of the program along with the changes that we're proposing.

One of the things that we heard from companies was that there's a challenge sometimes in bridging that gap between getting that initial angel round of investments, you know, up to the million-dollar level where sometimes there's a gap between the 1 million to 2 million where it's typically now a series A round of investment would happen. So we want to make sure that for, you know, our most promising start-ups, that they don't get stuck there and slow their growth. And so that was a big part.

I would also say that we are certainly, as a province, looking at how we can develop a strong ag tech ecosystem as well. And one of the things that we know is that the start-up companies in the ag tech space, they're much more capital intensive and so they, at those earlier stages, require quite a bit more money to even be at the same level as the non-ag-tech start-up would be in these earlier stages. And so overwhelmingly through our reports, or through the evaluation, we had very positive feedback on looking at that option of raising the cap.

And then with respect to the holding period, this is really about balancing, right, the interests of the investor and also the interests of the company. And certainly from a start-up's perspective, it's in their interest to I guess have a longer-term commitment of the investors, of not pulling their funding from their start-up. But what I will say about that is that, you know, I have had conversations with investors as well as start-ups, and this certainly hasn't been raised as an issue from either side. And I think, you know, it's a testament certainly to our ecosystem because I think our angel investors certainly want to see the tech sector succeed here in the province.

The other thing I would just mention too is that we still . . . Even having a hold period of three years is actually still one of the lowest periods required, compared to other jurisdictions. Quite often we're seeing four years or five years and in some cases . . . yes, four or five years is certainly more typical. We were quite low at two years. So we're still, I think, very competitive in terms of an investor kind of perspective.

The question about cost of treasury, so in terms of tax credits — and this is I guess the way I would frame it — it's a loss in tax and that amounts to \$6.5 million. All of the administration costs of the program were absorbed in Innovation Saskatchewan, so there were no new additional resources required from that. And I would also say that the 6.5 million is the amount of tax credits issued. The amount that's actually claimed, that could vary from year to year. And in fact parts, some part of the credit may not even be claimed. So I guess it's not really a true cost to the treasury but I guess the potential could be the 6.5 million. I'm not sure if I missed any questions.

**Ms. A. Young:** — Thank you. I did have one . . . There was one question missed just in regards to achieving that laudable goal of tripling the tech sector, if there were any internal metrics or stretch targets that you had specifically for this incentive in order to reach that goal.

**Hon. Mr. J. Harrison:** — So Kari, the question was, if you didn't hear, the mechanisms we have in place to meet the growth plan goal on the tripling of the tech sector.

**Ms. Harvey:** — Okay, thank you. Yes, so in May of 2020 this past year, a study was released around the tech sector. So it was basically a labour market and economic impact study that was commissioned by Western Economic Development and ourselves. And the intent of the study was really to understand and get a baseline of the true picture of the tech sector.

So the study basically looks at what would be sort of the true, you know, tech sector as what we would consider, you know, tech companies and includes all the workers that are involved or that work at those tech companies. But it also takes into account and looks at the tech employees that work in non-tech companies. So the intent again really was to get a true baseline of the impact of technology, you know, in the provincial economy. And the idea is that this will be a baseline. The methodology that's used is going to be repeatable.

It's also a methodology that part of, I would say, the interest from Western Economic Diversification on this project was that they want to be able to use this across other jurisdictions as well. And so this particular study included information around, you know, the number of employees working in the tech sector which is 52,300, and that includes 31,700 workers at tech companies and an additional 20,700 tech workers in non-tech industries.

It looks at the number of tech companies that we have in the province which is 5,000 tech companies. I do note that a number of those companies are individual or contract kind of situations.

And so what I would say is that we are continuing to look at which other, you know . . . And we work with our partners such as SaskTech to determine what are the appropriate measures and baseline that we should be, I guess, looking at what we would be measuring with respect to that tripling of the growth sector. So it is a work in progress, but we have a baseline that's been established by this labour market and economic impact study.

**Ms. A. Young:** — Thank you so much. My very last question, just for clarification on some of those numbers, both in regards to, I think, the 5,000 tech companies cited and more specifically those numbers around, I think, the 62 companies and the 144 jobs created. Are those net? And going forward, is that how they'll be reported?

**Hon. Mr. J. Harrison:** — A question, Kari. Is the 62 companies and the 144 jobs net? And is that how they will be recorded going forward?

**Ms. Harvey:** — Yes, those are the accumulated numbers from the start of the program in 2018.

**Ms. A. Young:** — Thank you. Thank you, Minister, to your officials, and thank you, Madam Chair. I have no further questions.

**The Chair:** — All right. Are there any other questions from other committee members? Seeing none, we will proceed to vote on the clauses.

Clause 1, short title, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 14 inclusive agreed to.]

**The Chair:** — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: *The Saskatchewan Technology Start-up Incentive Amendment Act, 2021*.

I would ask a member to move that we report Bill. No. 30, *The Saskatchewan Technology Start-up Incentive Amendment Act, 2021*, without amendment. Mr. Steele so moves. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Minister, do you have any closing remarks on this bill in particular?

**Hon. Mr. J. Harrison:** — I don't, Madam Chair.

**The Chair:** — You don't? All right.

**Bill No. 31 — *The Innovation Saskatchewan Amendment Act, 2021***

**Clause 1**

**The Chair:** — We will now begin then our consideration of Bill No. 31, *The Innovation Saskatchewan Amendment Act, 2021*, clause 1, short title. Minister, any opening comments on this bill you wish to make?

[18:45]

**Hon. Mr. J. Harrison:** — Sure. Thanks, Madam Chair. I am pleased to be here to discuss *The Innovation Saskatchewan Amendment Act, 2021*. The proposed changes will provide Innovation Saskatchewan with the authority in its Act to undertake several initiatives.

Currently the mandate of Innovation Saskatchewan is to provide advice and recommendations to coordinate, support, promote, and foster development of science and research and commercialization of technology. This mandate is not changing, nor are Innovation Saskatchewan's current programs. However, with these amendments we are providing clarity to those powers and strengthening the language to support future initiatives.

The proposed changes will provide Innovation Saskatchewan with the authority to invest \$15 million over five years in a venture capital fund targeted at agriculture start-ups, the first ag tech start-ups. The first instalment of 3 million will be part of Innovation Saskatchewan's appropriation in the 2021-22 fiscal year. The amendments to the Act are required to provide the explicit authority needed to invest in this fund. This investment will help to leverage millions more from private investors for venture capital to develop beyond the start-up phase and will

enable ag tech companies to scale up their operations and manufacturing in Saskatchewan.

The second change addresses the composition of Innovation Saskatchewan's board of directors. Currently the Act prescribes membership of the minister and six other persons. The proposed changes to eliminate the fixed number would instead state, "... not more than six other persons."

Innovation Saskatchewan remains a special operation. It's an agency within the same governance structure and legislation, but the change will allow for future flexibility of board composition. Similar amendments have been made to other agencies, most recently the Saskatchewan Public Safety Agency.

These changes are predominantly housekeeping in nature to strengthen Innovation Saskatchewan's ability to provide funding or financial assistance for the purposes of delivering programs to the public. As previously mentioned, Innovation Saskatchewan's mandate is quite broad, as are the powers of the organization that extend to that mandate. Other ministries and agencies have this explicit authority in their respective Acts, and we are making those changes to provide that consistency, clarity, coverage, and authority for future programming. Thank you, Madam Chair, and with that, I would welcome questions from the committee.

**The Chair:** — Thank you, Minister. Questions from committee members? I will recognize Ms. Bowes.

**Ms. Bowes:** — Thank you, Madam Chair. I'll try and group these as it makes sense. The first one, first question I have is around the amendment 5(3)(d), which states, "Receive, accept, hold, invest and disperse moneys from any public or private source for carrying out its purposes."

And the question there is what is the intent of receiving money from private sources? How will that money be managed, including the cost of management? And who is the expenditure of that money accountable to?

**Hon. Mr. J. Harrison:** — Just to clarify, which section was being referenced?

**Ms. Bowes:** — It is section 5(3)(d).

**Hon. Mr. J. Harrison:** — The existing statute 5(3)? I only have 5(3)(a) and (b) in the existing statute.

**Ms. Bowes:** — I think I missed something here. So section 5, subsection (3), and then there's a (1) and then (d). The (d) portion of that.

**Hon. Mr. J. Harrison:** — I see the reference that the member's making. It's modifying the wording in one of the existing provisions in the statute. Maybe what we'll do is if there's more questions, I would ask the member to just put them on the record because we are going to have to collect and refer to officials the questions, particularly detailed provisions.

**Ms. Bowes:** — Sure, I'll just go through them all then if that makes sense. The next question is around the amendment:

**Clause 6(b) is repealed and the following substituted:**

“not more than six other persons”.

Referring to the number of people on the board, the question is why would the minister allow for the board size to fall below six persons? Is there an intention to reduce the size of the board?

And the next is the amendment which adds:

(g) provide consulting, management or advisory services to any other person, public or private, within or outside Saskatchewan.

With this I'm just not quite clear as to why this does not fit within the existing clause, unless the intent is to charge for those services.

Next is adding the clause “subject to any directions of Treasury Board,” and then it continues on for quite a bit there. So with that clause addition I'm just wondering why the change is necessary, given that Innovation Saskatchewan has already invested in venture capital funding? I'm also wondering how would any funds expended under the venture capital be reported back to the legislature? And what is the investment strategy to support this change, like what is the larger plan or is there one for growing venture capital funds in Saskatchewan?

And then I'm wondering how much government involvement, for example through Innovation Saskatchewan, will there be in the management of the funds? And how do we ensure that the funds will be held away from government interference?

And next question, what liabilities will this place upon the people of Saskatchewan and Innovation Saskatchewan? Should there be any losses, who is responsible especially in the guarantees?

My last question is the clause allows for Innovation Saskatchewan to take on equity and debentures. I don't know if I'm saying that correctly, sorry. Is there an investment strategy that will guide what can be a very risky activity? And how will Saskatchewan people be shielded from poor investments that we've seen in the past?

**Hon. Mr. J. Harrison:** — I think we have the questions written down. We're going to confer with the team at IS and will return with a comprehensive response to all of the questions and can go from there.

[19:00]

All right. Thanks, Madam Chair. So we have relayed the questions to officials as best we could. So they're going to do their best to respond. If there's anything missed, it's likely the fact that I didn't have good enough notes, but I think we've got responses to the questions. So Kari, you are now off mute and on the microphone.

**Ms. Harvey:** — Okay. Thank you, and thanks again for the question, or the questions I guess. With respect to the amendment reference, the 5.3(1)(d), the intent of that clause is to actually allow Innovation Saskatchewan to administer the Saskatchewan Technology Fund that we are jointly working on setting up with the Ministry of the Environment. And so of course this technology fund is one of three compliance options, you know,

as noted through the Prairie Resilience plan that will be available to regulated emitters operating in the province. So monies paid to the tech fund will be used to fund technology innovations that will lower GHG [greenhouse gas] and oil field methane emissions in the province.

And so we were selected to administer this fund, you know, because of our experience and expertise in delivering application-based funding programs, for example the SAIF [Saskatchewan Advantage Innovation Fund] and ag growth fund, that focus on commercialization of technology, and in managing funding for several different innovation institutions across the province. And so in order for us to be able to receive funds from private companies that choose to put their funds into this particular tech fund, that is the reason for that amendment.

In terms of the amendment of the board, so basically the long and the short of it is really that, you know, we want to be in the position that we can operate in the event that we aren't able to secure six persons to advise the minister.

I would also say that, you know, there is a number of different groups that do provide advice to Innovation Saskatchewan through other mechanisms besides our Innovation board, whether that's through our participation on the boards of our funded institutes or whether it's through working with groups like SaskTech. We do definitely have a number of, I guess, places where we do seek advice and guidance. And also again, just to reiterate that this really puts us into alignment with, you know, with some of the other agencies, the most recent being the Saskatchewan — what's the name of it? — the Public Safety Agency.

The question about consulting or management or advisory service, we don't intend to charge for consulting services, so to speak. But it does allow us to be in a place where if we're entering into a cost-share agreement, even with another entity, that that would allow us to provide that function.

The clause of the venture capital, in terms of the investment strategy there . . . So I guess maybe I'll just give a bit of kind of an overview of how this is structured. So we are in negotiations with the potential fund manager, and a lot of the things that relate to the questions that you asked here relate to, you know, governance of the fund, governance of the investment strategy, also in terms of required reporting that we would have — so you know, all of those things we are negotiating right now.

We, as one of the largest investors in the fund, we will be a part of the limited partnership advisory committee which is again, sort of an overview group for the entire fund as it is. There is also an investment advisory committee that will be set up that will be made up of a number of industry representatives as well as, you know, financial experts. And that fund will make recommendation to the fund manager on potential companies to invest in. Innovation Saskatchewan will not be making the decision on any project or any particular company that is invested in.

Again you know, I think that the question around liabilities, there is no liability for the Government of Saskatchewan outside of, you know, we may lose some of our investment due to the lack of performance of companies that are invested in. But that

wouldn't put us into a legal situation with any particular company.

And then the investment strategy, just again go back to my earlier comment that there is an investment advisory committee. This is about, you know, digital ag and that those will be the types of investments. That's the thesis of this particular fund. And those will be the type of investments that are, you know, that this fund will be making into those types of companies.

So again I just, you know, there will be a very strong governance component to this in terms of our expectations of transparency of reporting of financial information back to the legislature.

**The Chair:** — All right. Seeing as those questions have all been answered, are there any other questions from any other committee members? Seeing none, we will now move to vote off the clauses. Clause 1, short title, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 6 inclusive agreed to.]

**The Chair:** — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows:  
*The Innovation Saskatchewan Amendment Act, 2021.*

I would now ask a member to move that we report Bill No. 31, *The Innovation Saskatchewan Amendment Act, 2021* without amendment. Mr. Jenson so moves. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Minister, any closing comments you would like to make?

**Hon. Mr. J. Harrison:** — Just to say thanks to the committee and the staff.

**The Chair:** — Ms. Bowes.

**Ms. Bowes:** — I have the same comments. Thank you very much.

**The Chair:** — Awesome. Okay, that concludes our business this evening. And I would ask a member to move a motion of adjournment. Mr. Cockrill so moves. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. This committee now stands adjourned until Monday, May the 3rd, 2021 at 3 o'clock p.m. Thank you, everyone. Have a great weekend.

[The committee adjourned at 19:11.]