

Innovation in Canada's Resource Sector Saskatoon Roundtable

DRAFT SUMMARY REPORT
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1405-130 Albert St.
Ottawa, ON K1P 5G4
Tel: 613.238.7160 Fax: 613-238-7990
www.ppforum.ca



Overview

The Public Policy Forum convened this Saskatoon Roundtable as part of a national series dedicated to exploring innovation in Canada's resource sector. The purpose of these events is to engage senior leaders in a focused discussion about the future competitiveness of Canada's resource industries.

The luncheon roundtable was hosted in the President's Boardroom in the historic College Building of the University of Saskatchewan from 11:30 a.m. to 1:30 p.m. The roundtable was moderated by David Mitchell, President of the Public Policy Forum.

Peter MacKinnon, President and Vice Chancellor, University of Saskatchewan, provided opening remarks to set the stage for the roundtable discussion.

The Hon. Rob Norris, Minister of Advanced Education, Employment and Immigration, and Minister responsible for Innovation of the Government of Saskatchewan, attended the roundtable and offered his observations and reflections on the challenges and opportunities for innovation in the resource sector.

Engin Özberk, Vice President of Innovation and Technology Development of Cameco Corporation, provided summary comments at the conclusion of the event.

A complete list of roundtable participants is included as an appendix to this report.

Discussion

Innovation as a cultural issue

Peter MacKinnon noted that John Kenneth Galbraith once began a lecture by asking the audience to consider the following: Have you ever thought that the presence and abundance of natural resources in Canada is an economic liability? This point was central to the dialogue. Why do smaller countries, much less well endowed in resources,

often become champions of innovation? Is Canada perhaps burdened by a complacency that accompanies its rich endowment of natural resources?

Innovation is not easily defined and before such connections can be drawn, all sectors require clarity on the concept. A number of roundtable participants observed that innovation is as much a cultural issue as one defined by technology. It was agreed that the need to properly define and frame the concept is imperative to reaping the economic and social benefits of improved or new products, processes, and systems.

The many dimensions of innovation as it pertains to the Canadian context were explored. Participants agreed that innovation writ large does not simply mean good management, but rather includes a number of strategies and approaches to building the type of environment that supports innovation. For example, it was noted that innovation implies great risk of failure and there was agreement that Canadians need the courage to be risk-takers and to be willing to tolerate failure in order to be great innovators.

Innovation is as much shaped by culture as it is by place. In Saskatchewan, the branding of natural resources began a century ago when the province was branded "the breadbasket of the world". While agriculture remains vitally important today, Saskatchewan has also emerged as a centre for mining, and several participants agreed that Saskatchewan should further its innovation efforts in the engineering technologies sector.

Regulation

Participants discussed the coupling of regulation and innovation, highlighting that this issue must be considered in light of what is and should be the proper role of governments in innovation.

Discussants noted that while Canada is a leader in public sector support for R&D, private sector investment remains low. Governments must create policies that better favour and encourage innovation activities, and it can do this



by setting the competitive conditions for innovation and success through sound taxation and regulation. While the role of government in terms of policy-making and regulation is vitally important, discussants emphasized and agreed that the true driver of innovation is the private sector.

It was pointed out that science-based regulation is necessary and that a sound evidence-based regulatory environment can help spur innovation. It was also mentioned that some federal incentives, such as the Scientific Research and Experimental Development (SR&ED) Tax Incentive Program administered by the Canada Revenue Agency, are conceptually strong but could benefit from a redesign in implementation. On an international scale, it was mentioned that certain regulatory impediments, including between Canada and the US in the energy sector, should also be re-examined.

Collaboration

The need for greater collaboration and information sharing was stressed as being key to innovation. It was suggested that governments have an important role to play in providing a platform for information sharing (e.g. The Mining Innovation Council) and facilitating more effective communication across industries and with the general public.

The positive results of collaboration, including the sharing of practices across provinces, were touted as essential. Additionally, the need for collaboration within industries and across the sector was stressed on a number of occasions. Issues such as safety provide a good example of the kinds of innovative practices that can and should be shared.

It was also suggested that there is a need for a forum for industry and the academic research community to share information on issues of relevance. This could be done on a provincial or broader basis. An example can also be found in the Canadian Nuclear Safety Commission, whose office in Saskatoon was established in 1991. Since its establishment, the CNSC has acted as a catalyst for industry-led innovation, with notable successes in a range of areas, including worker safety, waste management, environmental protection and

mining and milling processes.

Human Resources and Training

In order for the next generation of Canadians to appreciate the future of innovation in the resource sector, a great deal of effort must be made at all levels of the education system. The pool of talent must be drawn larger. Cross-training should be global and we must increase public school interest in engineering. It was noted that Canada's growing aboriginal population is an emergent talent pool and may hold a key to supporting and advancing innovation.

In addition, Canada's innovation system should be closely examined, including the recognition of foreign credentials, in order to maximize recruitment to the resource sector. Immigration plays an important role in driving innovation and federal bodies such as Human Resources and Skills Development Canada and Citizenship and Immigration Canada can show leadership in this regard.

An Informed Public

In order to dispel the view that the resource industries are archaic and lacking in innovation, much more needs to be done to celebrate success. Our country requires the courage to foster and support innovators throughout the entire value chain of the resource industries, not only the extractive dimension.

Governments can assist with efforts to inform the public but industry clearly needs to invest in communications and sharing stories of innovation. The natural resource industry can rally for innovation by articulating its successes. The sharing of achievements and advancements, it was noted, can go a long way to reversing the view that the industry is part of the "old economy." We must demonstrate that Canada's natural resource industry in fact constitutes a forward-thinking, modern, and purposeful economic force.

Nonetheless, if innovation is to be purposeful, it will require champions. There was agreement that Canada does not nominate, support, and celebrate its innovative leaders, in all sectors. Celebrating excellence now is critical to building a foundation of practice for the future. It was suggested that this might be a fitting role for governments to play.





Actionable Items

At the beginning of the discussion, moderator David Mitchell asked the participants to focus on next steps for strengthening innovation in Canada and Saskatchewan's resource sector. Some of these actionable items include:

- The need for innovation in government
- The need to strengthen science-based regulation
- The need to better harmonize international regulations for the resource sector
- The need for a Human Resource Plan/Strategy for world agriculture

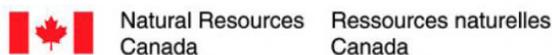
This discussion in Saskatoon was the second in a series of cross-Canada conversations on innovation in Canada's resource sector held in the cities of Vancouver, St. John's, Yellowknife, Montreal, and Toronto.

Thanks to our partners

The Public Policy Forum would like to thank our valued member organization for hosting this roundtable:



The Public Policy Forum would like to thank the following organizations for their support of this study:



Innovation in Canada's Resource Sector: Phase Two

Saskatoon Roundtable

June 17, 2011

Moderator : David Mitchell, President and CEO
Public Policy Forum

Participant List

Ernie Barber
Acting Dean, College of Engineering
University of Saskatchewan

Julie Cafley
Vice-President
Public Policy Forum

Kent Campbell
Deputy Minister, Energy and Resources
Government of Saskatchewan

Karen Chad
Vice-President, Research
University of Saskatchewan

Tom Diment
President
Potash Producers Association

Mary Donlevy-Konkin
Chief of Staff
Minister of Advanced Education,
Employment and Immigration
Government of Saskatchewan

Chaitanyamoy Ganguly
President, India
Cameco Corporation

Garnet Garven
Senior Fellow, Western Canadian Office
Public Policy Forum

Bryan Harvey
Professor Emeritus, Plant Sciences
University of Saskatchewan

Lorne Hepworth
President
CropLife Canada

Paul Labbe
Vice-President and General Manager
Saskatoon
WorleyParsons Canada

Peter MacKinnon
President and Vice Chancellor
University of Saskatchewan

David Malloy
Associate Vice-President and Director
Research Services
University of Regina

Tina Markovic
Senior Project Manager
Operational Readiness
BHP Billiton Canada Inc.

David Mitchell
President and CEO
Public Policy Forum

Garth Moore
President
Potash Corporation of Saskatchewan Inc

David Katz
Acting Director
Innovation Saskatchewan
Government of Saskatchewan

Hon. Rob Norris
Minister of Advanced Education,
Employment and Immigration
Government of Saskatchewan

Engin Özberk
Vice-President
Innovation and Technology Development
Cameco Corporation

G.R. (Gay) Patrick
Executive Director
Saskatchewan Potash Producers
Association Inc.

Bob Rappolt
Vice-President, Mining
Stantec

Chris Ryder
Vice-President, External Affairs
BHP Billiton Canada Inc.

Bryan Schreiner
Chief Geoscientist and Manager, Minerals
Saskatchewan Research Council

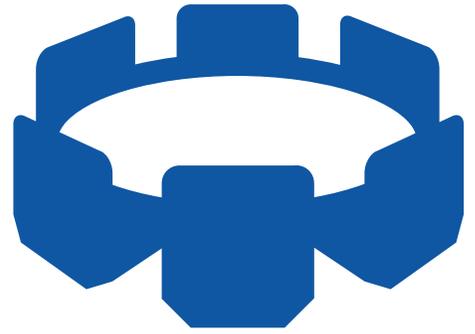
Pam Schwann
Executive Director
Saskatchewan Mining Association

Kevin Scissons
Strategic Advisor
Directorate of Nuclear Cycle and Facilities
Regulation
Canadian Nuclear Safety Commission

Joy Senack
Director, Strategic Policy
Natural Resources Canada

Kent Smith-Windsor
Executive Director
Greater Saskatoon Chamber of Commerce





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