



Sask First Investment Policy

Issue Date: February 29, 2012

Revised Dates: October 2, 2012

Replaces: External Investment Policy, Processes and Guidelines; and Third Party Review of Investments Policy for CIC and Subsidiary Crown Corporations

Authority:

Crown Corporations Act, 1993
CIC Board Minute # 41/2012

Applicability:

This policy applies to CIC and its subsidiary Crown corporations.

Purpose:

This policy is in line with the Government's stated focus for the Crown sector to invest in infrastructure inside the province to support the development of a private sector-driven Saskatchewan economy.

Definitions:

Out-of-Province Investment - A purchase of securities or assets, outside the borders of Saskatchewan, the primary purpose of which is to gain profitable returns through income growth or appreciation in value. For purposes of this policy the definition does not include assets purchased to perform a contract for a third party or equipment required to support a Crown corporation's ordinary course of business as defined by each Crown corporation's core mandate.

Policy Statements:

The CIC Board has approved the following statements that will guide the Crown sector's policy for current and future out-of-province investment by CIC Crown corporations:

- The government supports a Saskatchewan First investment policy;
- Out-of-province investment will generally not be supported;
- Where feasible, existing investments will be divested in a thoughtful manner with a goal to maximize returns; and
- Proposed out of province investments will require approval by CIC Board and Cabinet and will not be considered unless they can be shown to support in-province operations.



Background:

In 2008 CIC led a review by an external consultant of the performance of Crown sector out-of-province investments. The study found mixed results. This led to the adoption of the Saskatchewan First Investment Policy which stated that Crown corporations would focus on investment in Saskatchewan and out-of-province investments would no longer be supported unless they support in-province operations.

General Provisions:

CIC Board and Cabinet Approval

Given the past history of the Crown sector's portfolio of out-of-province investments, heightened public awareness, and the potential for increased risks, all out-of-province investments require the approval of the CIC Board and Cabinet.

Reporting

Crown corporations are required to include an analysis of out-of-province investments in their annual Performance Management and Capital Allocation Plans (see Performance Management Policy) for review by the CIC Board. Each individual investment in a portfolio should have specific short and long term financial and strategic targets. This would include a divestiture strategy in cases where investments have been identified for sale.

Crown corporations are also required to report on out-of-province investment performance to the CIC Board through the performance management quarterly reporting process. These reports will consider the performance of the investments against their stated financial and strategic targets. In cases where investments have been identified for sale, an update of divestiture status is required.

Third Party Reviews

Given the sensitive nature of out-of-province investments, Crown corporation management may wish to have a third party review conducted of any new or materially restructured investment. Such a review would focus on the financial aspects of the transaction and would provide additional support to Crown corporation management, the CIC Board and Cabinet when reviewing the decision. Such reviews typically take the form of a fairness opinion, business valuation or business commentary based on the size and scope of the investment.

Significant Transaction Policy

When making any investment Crown corporations will need to consider the need for a significant transaction report (see Significant Transaction Reporting Policy).

Administrative Information:

Related CIC subsidiary Crown corporation policies:

- Performance Management Policy
- Significant Transaction Policy

Contact: Vice-President and Chief Financial Officer, CIC, (306) 787-6246

Reviewed: February 4, 2016