



ONTRACK 2016

REVISED 2ND EDITION

TOWARD SASKATCHEWAN'S
CONTINUED GROWTH



SASKATCHEWAN
CHAMBER *of* COMMERCE

Saskatchewan is a big land for big people with big ideas: a vision for our province enunciated over 100 years ago by our first Premier Walter Scott, finding its realization today. Over the last decade incredible strides have dramatically elevated our economy and energized its growth across a broader range of activity than at any other time in our history. Our province's increasingly diverse economy is beginning to fulfil Premier Scott's century-old dream of enterprise, hope and well-being. We are de-coupling our future from the severe highs and lows of single-industry boom-bust cycles that was our fate for so long.

This change did not occur by accident. A renewed focus on opportunity, incentive and confidence in the resourcefulness of Saskatchewan people has built a foundation for continuing growth, of which we can be proud – and which we seek to continue.

Entrepreneurship, investment and initiative flourish where they are enabled in a community through sound public policy. Facilitating, encouraging, and supporting growth and investment, by both the government and the private sector, have been key elements of this transition. The economic and population growth experienced as a result have offered numerous benefits including: more choice in employment opportunities, better pay, revitalized communities offering enhanced services, a sense of hope and sharing, and improved fiscal stability.

Nevertheless, the work is not done. Saskatchewan's changes are still vulnerable; a series of missteps could overturn the economic momentum and send our newly expanded population back to other jurisdictions. The Saskatchewan Chamber of Commerce believes avoiding such mistakes and staying on track is the most crucial challenge our province faces over the next decade. We have developed this series of recommendations to help the Government of Saskatchewan fulfill this mandate after the 2016 election.

This revised 2nd edition of *OnTrack 2016* reflects the changes that have occurred in the province since the initial release in May 2015, as well as the October 2015 federal election results. The list of proposed actions has been reduced from 34 to 31 due to positive actions recently undertaken by the provincial government.

INTRODUCTION



ROLE OF THE CHAMBER

The Saskatchewan Chamber of Commerce is the “Voice of Business in Saskatchewan.” It is our responsibility to provide information and leadership on key business issues, and to build support for concepts and practices that can support better and more fulfilling lives through continuing growth. We strive to ignite constructive change for all of Saskatchewan with ideas and policy that can encourage enterprise and lower barriers to economic development.

Representing the interests of over 10,000 businesses across the province

through the Chamber Network, our role is particularly important leading up to and during an election. The political discourse that occurs shapes the province for years to come and the viability of the business environment is an essential, but frequently overlooked, component of a successful province and population.

As a non-partisan organization with roots in every region and industry in the province, our advice is uniquely situated to look at the best available options for the benefit of the broadest collection of stakeholders.

The activities and recommendations of the Saskatchewan Chamber of Commerce are guided by the following values and principles:

We support:

- The free exchange of goods and opinions in open markets, and the right to associate and make contracts to advance this exchange
- A democratic government and the right of each person and legal entity to liberty and equality before the law
- Individual success as a foundation for community success

We believe in:

- Fair, balanced, and competitive labour market regulation that encourages full participation, innovation, productivity, mobility and investment in human capital.
- Economic development and the growth of the private sector in the province for increased wealth creation.
- Clear, concise and sensible regulations for business.
- Simplicity, clarity, and accountability in taxation, using a regime that encourages the efficient use of resources.
- A provincial policy framework that encourages entrepreneurs and attracts capital investment.
- Accountability, transparency, efficiency, prudence and cost-effectiveness in government.
- The development of a diverse, stable and skilled workforce for current and future needs.
- Business as a primary stakeholder in all forms of education, and that lifelong learning is the basis of a strong workforce and vibrant community.



PURPOSE OF *OnTrack 2016*

OnTrack 2016 does not suggest that our province's success depends on government action on behalf of business, or for that matter, on behalf of any sector.

On the contrary, it is based on sustaining and enhancing an environment in which action outside the realm of government can continue to drive our province forward.

OnTrack 2016 is about public policy focusing on the blossoming of ideas and initiatives originating across all of society and the economy.

Good ideas cross the lines of political party loyalties to attract support from people of good will. We have established a library of these good ideas through our policy positions, and the suggestions of our many business members throughout the province.

For *OnTrack 2016* the Saskatchewan Chamber used its strategic plan, regional roundtable sessions, and numerous survey results to prioritize the areas of opportunity in the business environment.

Eight opportunities for continued growth were identified as the most significant.

Within each of these priority subsections the Chamber then evaluated existing policy recommendations, research documents and member feedback to construct the list of actions we support in these areas.

Additional background information on many of these actions can be found on the SCC website: www.saskchamber.com.

The focus of these ideas is to offer long-term, sustained benefits to the province.

Our policy contributors are industry-leading Saskatchewan citizens who understand the technical specifics of each issue as well as our regional values.

We believe our positions could, and should, be incorporated into the political parties' platforms for 2016, which is why we have undertaken the effort to present them through *OnTrack 2016*.

OnTrack 2016 has been created as a guide to the core provincial government controlled issues facing the local business community.

It is our hope that by raising the profile of these issues we can encourage a faster adoption of the solutions.



TOP 8 OPPORTUNITIES FOR CONTINUED GROWTH



> **STRENGTHEN
TAXATION AND
FISCAL
FRAMEWORK**



> **SUPPORT
INFRASTRUCTURE
ENHANCEMENT**



> **BUILD AND
UTILIZE WATER
RESOURCES**



> **ATTRACT
AND GROW
INVESTMENT**



> **STRENGTHEN
EDUCATION
SYSTEM**



> **ACCELERATE
NORTHERN
ECONOMIC
DEVELOPMENT**



> **UTILIZE
ALTERNATIVE
SERVICE DELIVERY**



> **ENHANCE
WORKFORCE
SKILLS TRAINING**

STRENGTHEN TAXATION AND FISCAL FRAMEWORK

*Simplicity, clarity, competitiveness and
accountability in taxation*

“A strong taxation policy that is fair and not arbitrary allows all business to be competitive. Additionally, businesses invest and grow when the taxation and fiscal policies are known and stable. This stability is also important in property tax, differences by municipalities in taxation creates instability as they subjectively change property taxation by juggling the multiple tools at their disposal.”

*Ted Hillstead - FCGA/Senior Partner,
Cogent Chartered Professional
Accountants LLP*

WHY IS THIS AN OPPORTUNITY?

If Saskatchewan can reform and reduce its taxes in a strategic fashion to promote business competitiveness and investment, while maintaining critical social and infrastructure investment, the province will have the ability to leverage even greater economic gains in the future. This environment will encourage a virtuous circle of future growth, prosperity, and opportunity. The Canada West Foundation report: “A Tax Framework for Saskatchewan’s Continuing Prosperity” outlines the long term value of this type of environment.

GOOD IDEAS WE SUPPORT:

- Change the assessment cycle used to calculate property value from four years to two years.
- Simplify property tax tools, such as the inclusion rates, mill rates, mill rate factors, tiered mill rates, base tax, and minimum tax.
- Move to a dual-rate personal income tax structure of 9% and 12%.
- Reduce the corporate income tax rate to 10% as promised in the *Plan for Growth*.

WHAT ARE THE BENEFITS TO SASKATCHEWAN PEOPLE AND BUSINESSES?

A stable, competitive, and attractive fiscal environment allows businesses to confidently invest with long-term goals in mind, preserve economic growth and attract broader capital investment, the basis for the creation of quality employment opportunities. In addition to the attractiveness a stable environment offers, the recommendations above aim to make the system more fair, competitive, simple, and responsive by shrinking the distortions within the system and offering benefits to all Saskatchewan residents.



BUILD AND UTILIZE WATER RESOURCES

Forward thinking, stable water resource development

WHY IS THIS AN OPPORTUNITY?

New industrial developments being considered for Saskatchewan, such as mines, irrigation, as well as other value added activities for ag-products, will offer tremendous economic benefit and require stable access to water resources. Beyond these, the economic development opportunities associated with a stable water supply are abundant. These types of developments will significantly impact the water supply system. Determining the proper utilization of this valuable resource today is essential for the viability of Saskatchewan enterprises and residents over the long-term.



GOOD IDEAS WE SUPPORT:

- Create a comprehensive Water Resource Strategic Plan that examines how Saskatchewan's water assets can be used to generate greater economic development opportunities in agriculture, recreation and industrial operations.
- Consolidate the regulatory management of water by assigning the Saskatchewan Water Security Agency (SWSA) as the lead water agency within the Ministry of Environment.
- Enforce restrictions against development within the F500 flood-plain and do not make government disaster funds available to those that develop within the F500 flood-plains.

WHAT ARE THE BENEFITS TO SASKATCHEWAN PEOPLE AND BUSINESSES?

Saskatchewan has barely scratched the surface regarding the economic potential of its water resource. The proper development of this resource will lead to long-term stability, better resource management, as well as job growth in new and exciting areas. Once better governance structures and foundational information are in place, enhancing the province's reservoir and drainage system is the next logical step to help mitigate disasters and capture economic opportunities.





SASKATCHEWAN
CHAMBER of COMMERCE

STRENGTHEN EDUCATION SYSTEM

Learning is the basis of a strong workforce and entrepreneurial spirit

WHY IS THIS AN OPPORTUNITY?

Education relates to economic productivity, civic engagement, personal well-being and improved quality of life. No area is more significant to Saskatchewan's future. According to the 2013 Pan-Canadian Assessment Program, Saskatchewan students perform below the Canadian mean in reading, mathematics and sciences. We have an opportunity and a responsibility to improve these outcomes.

GOOD IDEAS WE SUPPORT:

- Reduce the disparity between Aboriginal and non-Aboriginal graduation rates by 50% by 2020 while ensuring that the quality of education remains high.
- Integrate entrepreneurship and business skills training in all levels of the K-12 education system.
- Ensure that all high school students take at least one entrepreneurship course before graduation.
- Expand Industry Education Councils (IEC) programming on a regional and a provincial level.
- Make it a mandatory condition of graduating high school that a student must complete a personal finance course on the basics such as debt, credit, cash management, loans, and investing.

WHAT ARE THE BENEFITS TO SASKATCHEWAN PEOPLE AND BUSINESSES?

Building a system that will enable Saskatchewan students to lead Canada in reading, mathematics and science will have significant, tangible long term benefits for the province. In addition to increasing lifetime earnings, non-monetary benefits of higher education attainment can include increased job satisfaction, improved health and greater longevity, lower stress levels, plus additional fringe employment benefits. Closing the Aboriginal/non-Aboriginal education gap is the best way to ensure this demographic capitalizes on these enhanced opportunities as well.



UTILIZE ALTERNATIVE SERVICE DELIVERY

Grow the private sector for increased wealth creation and efficient resource deployment



WHAT ARE THE BENEFITS TO SASKATCHEWAN PEOPLE AND BUSINESSES?

Private sector participation creates competition, driving companies to reduce the costs to government/residents and improve service. In addition, private sector participation brings in a level of innovation and flexibility that is not always readily available to the public sector. The combination of these factors means that Saskatchewan people enjoy more benefits for their money.

WHY IS THIS AN OPPORTUNITY?

When there are private sector businesses willing, able, and capable of delivering products and services to the people of Saskatchewan, the government should adopt a philosophy of being the procurer, and not the sole provider, of such services. Government involvement ties up the government's resources, making less available for those key sectors that require involvement. It is only through the precise utilization of government resources that Saskatchewan residents will experience the maximum benefits and, as such, alternative service delivery is a way to maximize value and expand service.

GOOD IDEAS WE SUPPORT:

- Create a private openly competitive marketplace for liquor sales.
- Outsource projects when possible using a broader range of alternative service delivery models across government.
- Focus on ensuring good value for money in all government procurement processes.





SUPPORT INFRASTRUCTURE ENHANCEMENT

Efficiently move products and maintain a high quality of life

WHY IS THIS AN OPPORTUNITY?

Despite several years of record provincial investment, Saskatchewan still has an infrastructure deficit. Saskatchewan's vast, remote landscape means the infrastructure needs of the province are diverse but the transportation of goods, services and people are core to our export based economy. As the province looks to grow its exports and economy the necessity of this infrastructure increases and therefore more enhancements are required.

GOOD IDEAS WE SUPPORT:

- Increase investment in municipal infrastructure and high-use roadways.
- Reduce the fuel tax Saskatchewan charges railways to lower shipping costs.
- Ensure greater coordination between supply chain partners in the rail sector.

WHAT ARE THE BENEFITS TO SASKATCHEWAN PEOPLE AND BUSINESSES?

Saskatchewan people are reliant on public infrastructure for their health, safety, education, as well as their quality of life. The prosperity of the province would be considerably affected if our exports, which make up 40% of Saskatchewan's GDP, were unable to get to market due to infrastructure constraints. Supporting infrastructure enhancements will facilitate the expansion of these exports in the future. Greater strategic infrastructure investment would also bring enhanced employment opportunities and expanded development to residents and businesses of Saskatchewan's remote north.



"There are many challenges surrounding older infrastructure particularly when trying to accommodate new growth of mining, industrial and oil & gas sector. These new companies entering the province and expanding our export base need better assurance they can establish themselves here with sufficient, usable infrastructure. I see this first hand and it is having an impact on the choice for investment."

*Kerry Heid, President & CEO,
Shermco Industries Canada Inc.*



ATTRACT AND GROW INVESTMENT

*Encourage entrepreneurs and
attract capital investment*

WHY IS THIS AN OPPORTUNITY?

The level of new capital into existing businesses, or into the creation of new businesses, has not reached its full potential, especially considering the number of investment opportunities available in Saskatchewan. Expanding and diversifying Saskatchewan's economy requires a large and steady stream of capital investments. Incorporating and facilitating a diverse investor mix including, but not limited to, existing entrepreneurs, pension funds, venture funds, foreign investors, angel investors, etc., into Saskatchewan's economy in all areas will help grow the province into the future.

GOOD IDEAS WE SUPPORT:

- Amend The Saskatchewan Farm Security Act to allow Canadian pension funds to purchase Saskatchewan farmland.
- Undertake an evaluation of the investment needs of Saskatchewan's current and future agricultural producers to ensure that sufficient capital is available for them to grow.
- Encourage greater levels of angel investment in the province potentially through enhanced tax credits.
- Increase usage of creative funding models such as community bonds and social impact bonds.
- Encourage private sector involvement in the expansion of the renewable energy sector.

WHAT ARE THE BENEFITS TO SASKATCHEWAN PEOPLE AND BUSINESSES?

The benefits offered to the province through attracting and growing investment are as diverse as the investment opportunities offered in the province. Incentives to support investment could help launch more start-up businesses or help existing businesses expand. Creating a positive environment for the re-investment of profits into existing local businesses supports job growth and capacity building; while investor attraction can offer crucial cash flow for changing organizations or help retirees receive the best value for their life's work.

"In addition to the tremendous untapped economic opportunities, there are numerous economic, employment, and social challenges faced by our shareholders in the remote north. In order for business to improve in the north, life has to improve... which will, in turn, improve business. There are many examples of local success stories, whether they be individual stories of people overcoming incredible challenges to find success or successful local businesses. But we are still missing opportunities and there is still much room for improvement. The Athabasca area covers nearly a quarter of our province and is rich in resources; accelerating economic development in the North not only benefits residents in the area and improves their quality of life, but every resident in Saskatchewan benefits from the increased economic opportunities that are right here in our own province."

Geoff Gay – CEO, Athabasca Basin Development LP

ACCELERATE NORTHERN ECONOMIC DEVELOPMENT

*Opportunities, viability, and success
for Northern Saskatchewan*

WHY IS THIS AN OPPORTUNITY?

The opportunity in Saskatchewan's north is exceptional; while sparsely populated, this region is flush with resources and welcoming people with a strong entrepreneurial spirit. In addition to the mining activities already taking place, there is the potential for greater exploration as well as the expansion of tourism, forestry, and more. Nevertheless, the ability of this region to attract business interest and investment suffers because of the high operating and access costs. Reducing these barriers will accelerate the economic development of the north.

GOOD IDEAS WE SUPPORT:

- Change all northern communities from E03 electricity rate code to E02 code.
- Ensure comparable access to bandwidth and cellular coverage for northern communities as available in the south.
- Ensure that the provincial government urges Nutrition North Canada, a federal program, to provide greater fairness to Saskatchewan's remote northern communities when subsidizing the transportation of healthy food.
- Build an all-weather road from Highway 905 to Wollaston Lake.

WHAT ARE THE BENEFITS TO SASKATCHEWAN PEOPLE AND BUSINESSES?

Saskatchewan's north is well poised for economic growth. Reducing the operating costs for businesses and residents in the region will make it more economical to capitalize on these opportunities. Additionally, reducing the cost of living and improving accessibility for those living in Saskatchewan's north will provide them with new services and improve the overall quality of life. Enhancing the opportunity for employment through great economic development will also reduce the reliance on government social programs that are pronounced in this region.



ENHANCE WORKFORCE SKILLS TRAINING

*A diverse, stable and skilled workforce
for current and future needs*

WHAT ARE THE BENEFITS TO SASKATCHEWAN PEOPLE AND BUSINESSES?

A labour shortage reduces the amount of services that would otherwise be available to residents and limits the ability of businesses to fulfill new customer demand; alleviating this shortage will boost the quality of life in the province.

Additionally enhanced workforce development will assist in moving those currently unemployed into employment offering significant spin-off benefits to all residents.

By ensuring accurate and current labour market information is available and used, the entire labour market will be more sustainable.

WHY IS THIS AN OPPORTUNITY?

The economic opportunities offered by Saskatchewan will be irrelevant if the province does not have the workforce necessary to take advantage of them. Over the past five years, business leaders routinely identified a lack of available skilled workers as the leading constraint to Saskatchewan's continued growth. However, the structural difficulties of Saskatchewan's workforce are more significant than a shortage of persons as some segments of the population continue to be disproportionately unemployed. Enhancing the province's workforce development will address both these barriers.

GOOD IDEAS WE SUPPORT:

- Collect and widely distribute labour market information including post-secondary graduation rates, the on-reserve labour force, and the labour market experience of immigrants to Saskatchewan.
- Create a comprehensive plan to effectively monitor the provincial and regional retention rates of new immigrants.
- Institute a three-day Worker's Compensation waiting period.
- Conduct an additional study on modernizing the overall governance structure of the WCB Board.
- Continue to promote the federal Canada Job Grant and provincial Graduate Retention Program.





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SUPPORT THESE IDEAS

By implementing the recommendations in *OnTrack 2016* we know Saskatchewan can become a better place to live, work, and invest. We also know that these issues are not exclusive to us. As a reader of this document, we urge you to utilize this work.

Whether it is talking to the candidates in your riding or sharing all or parts of this document with your contacts, we believe better engagement makes better policy and we look for your support in expanding the discussion.

In addition to the information available in this piece, we have greater background material available at www.saskchamber.com on each of our proposals. Please use this material to help build informed opinions and consensus.



CONCLUSION

The 2016 provincial election not only provides an opportunity for citizens to evaluate the performance and ideas of elected officials, but is also an opportunity for residents to determine what they want the province to look like in the future. Economic considerations are often not at the forefront of these debates but they are the very foundation for more topical issues like health and education.

Saskatchewan's economic fortune has changed over the past decade because of strategic decision making. It is important that this process stays on track. The membership of the Saskatchewan Chamber of Commerce has put forward 31 actionable items in this document that will build an attractive, competitive, growing business environment in the province. These proposals are based on sound principles and could fit any political ideology; it is the hope of the Saskatchewan Chamber that they are used to the fullest extent possible to shape the discussion in the upcoming provincial election.

These ideas are good for business, but even more importantly, they are good for Saskatchewan.





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