

VOLUME 2 / ISSUE 2 / MARCH 2009

action!

THE SASKATCHEWAN CHAMBER OF COMMERCE NEWS MAGAZINE



***Saskatchewan – Still on a Roll!
and the Stats to Prove It***
Government Spending – When is it Enough?
Talking Policy – the 2009 Federal Political Forum
Legislative Report
and much more

Publication Mail Agreement # 40956512

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Welcome New Members

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WaterWolf Economic Developments

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Outlook, Saskatchewan
Ph: 1-888-929-9990
Website: www.waterwolf.org
Contact: M.L. Whittles, Vice Chairperson
Description: WaterWolf is a regional round table for 16 rural municipalities and 44 local governments and has become a model for regional co-operation, and a drive to provide a long term plan for the region.

SeedHawk

P.O. Box 123
Langbank, Saskatchewan
Ph: 306-538-2221
Website: www.seedhawk.com
Contact: Pat Beaujot, President
Description: Seed Hawk specializes in developing and marketing zero tillage seeding products. Through focused partnerships with their dealers, suppliers, and growers, Seed Hawk's goal is to provide the most grower-profitable precision seeding solutions for the global market.

Picatic

1000 - 201 - 21st Street East
Saskatoon, Saskatchewan
Phone: 306-683-2666
Website: www.picatic.com
Contact: Jayesh Parmar, President
Description: Picatic is an innovative instant system, which provides the public with the ability to buy and sell event e-tickets via Picatic.com. The built in Event Management Software allows promoters the ability to create and manage accounts, at their own convenience, 24 hours a day.

Saskatoon Blades Hockey Club

201 - 3515 Thatcher Avenue
Saskatoon, Saskatchewan
Ph: 306-975-8844
Website: www.saskatoonblades.com
Contact: Jack Brodsky, Owner
Description: The Saskatoon Blades Hockey Club is Saskatoon's WHL team.

NWL

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Regina, Saskatchewan
Ph: 306-546-2246
Website: www.nwlfashion.com
Contact: Nadia Williamson, Owner
Description: NWL is a modern women's boutique that features elegant dresses for all occasions, including cocktail parties, weddings, and graduations.

Did you know?
Previous issues of
action! magazine are
available online at
www.saskchamber.com

The Saskatchewan Chamber of Commerce

Vision:

Saskatchewan Business making Saskatchewan the best place to live, work and invest.

Mission:

To strengthen Saskatchewan's business community and competitive enterprise system for an improved quality of life.

action! Magazine, a publication of the Saskatchewan Chamber of Commerce.

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A Message From the President



Funding the Training System

Education is a business issue; one that we as a community need to continue to monitor and address. Education drives economic growth as a whole and determines the extent to which individuals can succeed personally.

As Kevin Lynch, Clerk of the Privy Council, once pointed out, “Well-educated knowledgeable workers are the new ‘natural resource’ of the new global economy....Not many investments

produce such large economic payoffs as education.”

Our province was caught unprepared. As our economy started to grow rapidly, we realized that our labour force was under-developed and under-qualified to support this growth. It was, and continues to be, one of the major barriers to timely economic development in Saskatchewan.

The deficits in the Saskatchewan training system were well documented before the problem became pressing. The Chamber strongly supported the 2005 Training System Review (TSR) Panel’s Final Report, which recommended increasing participation in Saskatchewan’s training system by 30% by 2010-2011.

Limited training facilities, equipment, and personnel have slowed the entrance of skilled employees into the workforce. Therefore, the Provincial Chamber has consistently urged both levels of government to invest in the physical and operational capacity of Saskatchewan’s post-secondary training institutions.

Finally, it appears the provincial government is taking an active interest in addressing this issue. In early February, the provincial government announced a \$26.4 million investment in Saskatchewan’s post-secondary system.

\$7.85 million will be invested into SIAST to support the expansion of training opportunities, particularly

The Provincial Chamber has consistently urged both levels of government to invest in the physical and operational capacity of Saskatchewan’s post-secondary training institutions.

in the nurse education and trades programs. \$13.5 million will go to the Great Plains College for renovations to its main campus in Swift Current, and \$3 million will go to St. Peter’s College in Muenster for renovations. The Saskatchewan Indian Institute of Technologies (SIIT) will also get \$2 million to allow for more effective mentoring and coaching services, as well as video-conferencing.

The Saskatchewan Chamber of Commerce’s *Growth Strategy* calls for the province to increase the number of post-secondary graduates in the labour force to 622,000 by 2030 from the 240,000 present in 2006.

The new training capacities established through this funding brings the achievement of this goal one step closer. I applaud the government and the post-secondary institutions for their effort.

.....
Dale Lemke
President





Legislative Report

Government Accelerates Infrastructure Investments

The Saskatchewan government has announced that \$500 million, of the \$1.5 billion infrastructure investment planned by the province, is being moved up to the current fiscal year to get projects underway sooner. Premier Brad Wall has said that \$100 million of this money will be given to local governments to spend as they please, with few strings attached. The \$100 million will be distributed on a per capita basis to all Saskatchewan cities,

towns and rural municipalities as long as they submit a one-page application to the province by February 28, 2009.

Affordable Housing Receives Funding

As part of the accelerated \$500 million in provincial infrastructure money, Social Service will get nearly \$30 million. \$12 million of this will go towards renovating affordable housing units in Regina, \$15 million will go to student housing at the U of S, \$2.3 million is for 12 affordable housing units for seniors in Prince Albert, and \$600,000 is for improvements to facilities that will benefit people with intellectual disabilities.

The February 2009 sale of Crown petroleum and natural gas rights brought in \$6.3 million in provincial revenues. This is down significantly from the February 2008 sale which brought in \$197 million.

Premier Takes Sask's Message to U.S.

In February, Saskatchewan Premier Brad Wall went on an energy and trade mission to Chicago and Houston with Manitoba Premier Gary Doer and Alberta Premier Ed Stelmach. During his time in the U.S., Wall raised significant concerns about potential protectionist measures in America's economic stimulus package, which have since been scaled back.

Labour Mobility Made Easier

The Government of Saskatchewan and other provinces have agreed to amend the labour mobility and dispute resolution chapters in the Agreement on Internal Trade (AIT). Under the revised agreement, it will be easier for Saskatchewan to attract skilled workers from across Canada. The changes to labour mobility will also ensure the qualifications of workers who have



been certified in an occupation in one province or territory are recognized as equivalent by all other provinces and territories.

Consultations on Minimum Age of Employment Underway

The Ministry of Advanced Education, Employment and Labour has launched consultations on the issue of an absolute minimum age of employment in Saskatchewan and other employment standards to protect the well-being of young workers.

An absolute minimum age of employment refers to the age below which no young person is permitted to be employed. Currently, there is no absolute minimum age of employment in Saskatchewan for most sectors. The deadline for public input is May 1, 2009

Land Sales Fall

The February 2009 sale of Crown petroleum and natural gas rights brought in \$6.3 million in provincial revenues. This is down significantly from the February 2008 sale which brought in \$197 million, as well as the December 2008 sale which brought in \$47.6 million.

Ministry of Finance has New Code of Standards

The Ministry of Finance has adopted a code of standards. The code aims to strengthen the working relationships and communication practices between the Ministry and taxpayers. The Taxpayer Service Commitments and Standards Code informs the public of

Did You Know... there is currently only a minimum age of employment in 5 sectors: hotels, restaurants, educational institutions, hospitals and nursing homes.

their rights in dealing with the Ministry, and outlines standards expected of staff members when working with the public. It also outlines the provisions for written tax rulings, explains the dispute resolution process, and provides guidance on service standards.

Investment Mission to Asia

Energy and Resources Minister Bill Boyd and several mineral exploration companies participated in an investment mission to Japan and China in February. The purpose of the mission was to promote Saskatchewan mining opportunities and to meet with Asian companies that have existing investments in the province. Over the last three years, Asian companies have announced \$60 million in intended investments in the province, and the Saskatchewan Mining Association believes there are new opportunities in these non-traditional equity markets.

Regional Health Authority Boards Overhauled

Prior to the conclusion of the Patient First Review of Saskatchewan healthcare, the government has appointed nearly 100 new individuals to the boards of the province's 12 regional health authorities. These boards have a total of 136 members. The Opposition has criticized the government for 'stacking' the board

with their own people in order to sell the review's recommendations. Two northern health region boards were also reduced in size from 12 members to 8.

Rate Reduction Proposed

SaskEnergy has applied to the Saskatchewan Rate Review Panel for a rate reduction that would take effect on April 1. If approved, the reduction would save the average Saskatchewan resident 19% and the price per gigajoule would drop from \$8.51 to \$6.23.

NDP Leadership Race Draws New Candidates

The race for leadership of the Saskatchewan NDP has attracted a range of candidates. Dwain Lingenfelter, the former Deputy Premier of Saskatchewan, who has lived in Alberta for the last 10 years, was the first to enter the race. Since then, Moose Jaw Wakamow MLA Deb Higgins, and former NDP party president Yens Pedersen have also joined the race. A fourth candidate, Ryan Meili, also announced his candidacy in early February. Meili is a Saskatoon doctor and an advocate for the Station 20 West project. The leadership convention will take place on June 6 in Regina.

The 2009 Federal Budget

The highly anticipated federal budget was released on January 27, 2009, and while spending was high, new money coming into Saskatchewan will be low.

On a cross-Canada basis some of the initiatives proposed to directly help businesses and residents are very positive. The Provincial Chamber was pleased to see some personal income tax reductions. The reductions, which were designed to primarily benefit lower income households, will help Saskatchewan's most vulnerable residents address rising costs.

The Saskatchewan Chamber also congratulates the Federal Government for raising the threshold under which small businesses qualify for the 11% federal tax rate to \$500,000. This will

The infrastructure funding is being distributed on a "case-by-case", by need basis. This means that the money will not likely flow into Saskatchewan in significant amounts, and that considerable regulatory delay can be expected, minimizing the positive 'stimulus' elements of the investments.

clearly put more money back into small businesses and provide them with additional revenue to grow and sustain their business.

Prior to the release of the budget the Chamber had been advocating for enhancements to the accelerated capital depreciation programs. Although the full extent of the Chamber's recommendation was not instituted, a temporary 100% capital cost allowance

rate for new investment in computer equipment was introduced. This measure will allow businesses to fully expense their investment in computers within one year.

Additionally, those investing in manufacturing or processing machinery and equipment will be allowed to accelerate the rate at which they can write off these investments in 2010 and 2011. This measure extends a similar incentive program introduced in 2007.

In a pre-budget submission to the Finance Minister, the Provincial Chamber stressed the need to ensure liquidity and affordable credit for businesses, a message carried forward by every Chamber across Canada. In fact, the Saskatchewan Chamber's submission specifically requested that the federal government work to increase the amount of funding available under the Small Business Financing Program, a position adopted in the budget. The Chamber also supports the federal government's decision to deliver additional financing by increasing flexibility and capacities in quasi/ arms-length agencies.



Although the government was very public with its deficit projections prior to the release of the budget, the severity of the deficits proposed, as well as the length of time it will take to rebalance the budget, is of concern. At present, the government is projecting five years of deficits totaling \$85 billion.

In addition, the Minister has indicated that if necessary, the deficit may grow larger. Furthermore, according to current calculations after year five, the government is only projecting a modest surplus of \$700 million in 2013/2014. This cushion could disappear quickly.

Also of concern in the budget is the infrastructure funding. While the Chamber strongly supports strategic investments in infrastructure; the infrastructure funding is being distributed on a “case-by-case”, by need basis.

This means that the money will not likely flow into Saskatchewan in significant amounts, and that considerable regulatory delay can be expected, minimizing the positive ‘stimulus’ elements of the investments.

In the Chamber’s submission on the stimulus, we urged the government

The Provincial Chamber was pleased to see some personal income tax reductions. The reductions, which were designed to primarily benefit lower income households, will help Saskatchewan’s most vulnerable residents address rising costs.

to use infrastructure funding to make investments that will build physical and operational capacity in Saskatchewan’s post-secondary training institutions. We were glad to see this opportunity included in the budget. However, the \$2 billion fund for post-secondary institutions will also be distributed on a merit-basis, which means that there may be significant delays in accessing this money and building our capacity.

Finally, a key point of the Chamber’s pre-budget submission which still has the potential to be addressed is regulatory duplication and delay. The recent infrastructure developments in Saskatchewan have clearly shown that regulatory duplication and delay is expensive to both government and industry, particularly when the value of time is considered.

A regulatory approval can involve numerous federal and provincial government ministries, and take several months or even years depending on the scope of the project. Currently, there are private sector projects waiting for approval that could create jobs and wealth in the short-term if permits could be issued in a timely manner.







With this in mind, the Chamber recommended that the Federal Government delegate regulation and permitting to provincial governments using harmonized standards and ‘equivalency’ or administrative agreements. This would streamline approval processes and get money moving in the economy faster.

For more information on the Chamber’s submission to the Federal Government visit www.saskchamber.com.

Saskatchewan Chamber Recommendations

- Accelerated Capital Depreciation
- Funding for Post-Secondary Institutions
- An Investment Tax Credit
- Improved Access to Financing for Businesses
- Delegation of Regulation and Permitting to Provincial Governments
- Harmonization of the GST and PST

Actual Results in Budget

-  Partial Implementation
-  Implemented on a Merit Basis
-  Not Implemented
-  Implemented
-  Could Still Potentially be Implemented
-  Not Implemented

In The News

Congratulations to the Saskatchewan Chamber of Commerce members named one of **Saskatchewan's Women of Influence**, as recognized by Saskatchewan Business Magazine.

Susan Gorges – An active Saskatchewan Chamber member, Gorges is the CEO of SpringBoard West Innovation, and a member of the commercialization and R&D sector panel formed by Saskatchewan Enterprise and Innovation.

Pat Cook – Vice President of Corporate Affairs with the Saskatchewan Indian Gaming Authority (SIGA), Cook is also involved with the Prince Albert Grand Council. In addition, SIGA was the 2008 ABEX Award winner for Job Creation.

Crystal McLeod – A lawyer with MacPherson Leslie and Tyerman in Saskatoon, McLeod is also a founder member of the Enterprise Saskatchewan Board. She is also a director of the First Nations Bank of Canada and the Saskatchewan Indian Equity Foundation.

Dr. Vianne Timmons – President of the University of Regina, Timmons is also the incoming chair of the Canadian Bureau for International Education. In addition, she is a

Congratulations to SaskBusiness Magazine's 2009 Women of Influence.

Board member for the Regina Regional Economic Development Authority.

Alrene Wiks – A former director of the Greater Saskatoon Chamber, Wiks is the District Vice President for Branch and Small Business in Saskatchewan with CIBC. She is also actively involved in the Saskatchewan Opportunities Corporation.

Also, congratulations to the **other 2009 Women of Influence: Irene Boychuk** from Hergot Duval Stack; **Kelly Garrett**, from Farm Credit Canada; **Judy May** from SaskPower; **Colleen Mah**, from Northridge Developments; and **Sandra Reed**, Rawlco Communication.



Nobody ever asked if you wanted third degree burns with that.

**MISSION:
ZERO**

Did you know that 8,000 young people were injured on the job in Saskatchewan last year? Some of them never returned to work.

Even one workplace injury is too many.

It's up to every employer and every worker to help us eliminate injuries and achieve Mission Zero.

Zero injuries. Zero fatalities. Zero suffering.

WorkSafe
SASKATCHEWAN

Work to live.

worksafesask.ca

The Chamber has accepted approximately 30 policy resolutions for discussion at the 2009 Conference on Business. The proposed policy positions can be found at www.saskchamber.com. If you are interested in submitting a resolution the deadline is March 13, 2009.

Congratulations to **Gavin Semple**, President, Brandt Group of Companies, for being a 2009 Canadian Manufacturing Hall of Fame Inductee. An induction ceremony and dinner will be held Tuesday, March 31, 2009 at the St. Clair Centre for the Arts in Windsor, Ontario.

Peter Federko, the WCB's Chief Executive Officer, has been elected President of the International Association of Industrial Boards and Commissions, a not-for-profit association representing workers' compensation systems.

Roy Challis was re-elected as President of the **Saskatchewan School Boards**

Association for a third term at the Association's Fall General Assembly. Sandi Urban-Hall was acclaimed as the Association's new Vice-President.

Congratulations to Lianne Carpenter, of the **Saskatchewan Research Council**, recipient of the 2009 WorkSafe Saskatchewan Safe Worker Award, and congratulations to Melissa and Brent Warner of **Warner Construction Co. Ltd.**, recipients of the 2009 **WorkSafe Saskatchewan** Safe Employer Award. To nominate for the 2010 awards, visit www.wcsask.com.

If you have news you want to share with the Chamber's membership, please contact kmckee@saskchamber.com.



David Eberle, Chair, WCB; Mike Carr, Associate Deputy Minister, Ministry of Advanced Education, Employment, and Labour; Karen Smith, Employer Representative, WCB; Melissa and Brent Warner, Warner Construction Co. Ltd.; Lianne Carpenter, Saskatchewan Research Council; Walter

The Saskatchewan Chamber of Commerce cordially invites you to...

The 2nd Annual The Deputy Ministers', Chiefs' of Staff, and Crown Corporation Presidents' Reception

"Make A Connection"

This is an opportunity for Chamber members to meet senior government officials in a comfortable atmosphere and establish good-working relationships with those who develop and implement public policy.

Please Note

This event is **only** open to owners and employees whose business or organization is a member of the Saskatchewan Chamber of Commerce.

Last year almost 50 senior government representatives attended the reception.

Learn who is shaping government policy and reconnect with other Chamber members!

April 2, 2009
MacKenzie
Art Gallery, Regina
4:00 – 6:00 p.m.

Registration:
\$50.00 + GST
per person

The Registration Deadline is
March 30, 2009

Registration forms available
at www.saskchamber.com

Staff Retention and Turnover

In this ninth article of, “A New Entrepreneurs Series” Anne Smith has moved well past the planning stage of opening her meal delivery service, *Time Savour Gourmet*. Day-to-day operations are moving along smoothly, and all that is left in Anne’s start-up process is making minor modifications...

A mere six months had passed since the opening day of *Time Savour Gourmet*, and with her client base still growing, Anne was focused on strengthening her day-to-day operations to keep up with the increased demand. One problem Anne was facing in tightening up business operations was her constant struggle to manage and retain staff. Anne was aware of the high turnover rate of staff in the food industry, but with workers

in Regina at a high demand in all industries, keeping staff was turning out to be a significant challenge.

Expert Advice

In a previous article, Leah Knibbs, human resources specialist and owner of *Knibbs and Associates Human Resource Consulting*, outlined the key steps to take in getting new staff. Equally important are the key strategies that every business owner should use in managing and retaining staff.

Retention Strategy

The first key to developing a good retention strategy is determining the strengths of your business. Leah says, “What does your firm have to offer

Who Is Anne?

Anne Smith is a composite character, representing some demographic trends of Canadian entrepreneurship. Women entrepreneurs have entered the small to medium-sized business market at double the rate of men for over ten years, making a female character realistic and believable. The business idea needed to be viable for Saskatchewan with a focus on current business trends; improved health and convenience are dominant market trends. A food service business was chosen, as women entrepreneurs tend to dominate the service industry. To be a credible entrepreneur, Anne needed substantial industry knowledge and first-hand experience.



All issues of
“A New Entrepreneur
Series” are available online
at www.saskchamber.com

employees, and even more important, what does your firm offer to employees that no other business provides?" It's important to understand that the incentives offered to employees should go beyond simply offering a competitive wage. There must be something that appeals directly to current staff or the type of staff you want to have.

Leah suggests making a simple demographic distinction between employees, by using age as a starting point for determining what your employees value. She says to ask yourself, "Are they Boomers, Generation X, or Gen Y?" Understanding the cultural differences between these generations will aid in understanding their employment preferences, such as flexibility, stability, balance, etc. Different generations have different expectations of their employers, and different perks appeal to different generations.

Once the retention strategy has been defined, the key is to clearly communicate the strategy to existing and potential employees. Leah says, "This strategy will define the internal culture of the business."

Handling Turnover

Leah says, "In a labour market that is low in supply, it's vital that a business owner structure the staffing plan to handle turnover." Business owners need to think ahead of time about the problems that can arise from the sudden loss of staff. This is particularly important for a small business, as the challenge of losing an employee is proportionally more significant when the staff is small.

Leah explains three steps to planning for turnover. First, an employer should always have a "Plan B" in the event that any employee can't make it, doesn't show up, or suddenly quits the job. Also,

Top Retention Strategy Mistakes

1. Saying one thing and doing another

Employers need to have a realistic idea of what the job they are offering actually is. There is nothing worse than promising an employee that the job is one thing, and then delivering another.

2. Hiring from the gut

It is more important to have a structured selection process than to "follow your gut." In the end, you need to determine if there is a good fit with others.

3. Offering an incentive that the employees don't value

Employers need to be in tune with their workforce. They could be offering employees a generous incentive, but if the employees don't value it, it's worth nothing!

since careful plans don't always work out, ask yourself, "Can I sustain business operations for a couple of weeks without an employee?" Finally, in the event that you can't survive a couple of weeks, do you have "love staff," also known as friends and family, that can help pick up the slack if you suddenly lose an important employee?

Anne wanted to change her hiring and management strategy to focus more on the wants and needs of potential employees. She recognized that Time Savour Gourmet had plenty to offer in schedule flexibility and a fun, relaxed atmosphere. Anne also recognized that she needed to hire more staff to lower the demands on her current staff and herself! Finally, Anne hoped to become a mentor for those employees interested and motivated to work their way up through the food industry, as she had done. From experience, Anne recognized all the opportunities that existed in the kitchen, and wanted to help others realize their potential.

Written by Andrea Mulholland, a fourth-year student at the Paul J. Hill School of Business, University of Regina. Andrea is a student consultant with the Centre for Management Development at the University of Regina. The Centre provides business consulting services, Executive Leadership Development and customized training, and publishes applied research. Visit www.uregina.ca/admin/cmd.

Watch for the Chamber's new series: "Succession Planning for your Business" starting in May!

Government Spending Needs a Limit

Well, here we go again.

Our Federal Government and some provinces are in deficit. A global recession has knocked the stuffing out of our resource-exporting economy. Consumers have retreated from the marketplace. Gross domestic product is contracting. Tax revenues have plummeted. After years of fiscal health, we are sick again.

It seems the only fiscal remedy to ward off serious economic damage is to borrow money and spend it on jobs and infrastructure.

A new standard for fiscal success needs to be set. This time, let the core measure of public treasury management be a government's ability to stay within spending limits. Let the limit be the rate of inflation.

Better to keep the wheel of economy greased until stability and confidence is restored, so the thinking goes. There is merit in this strategy. "Keep going," Winston Churchill advised when asked what to do when going through hell.

As well-intended as this may be, it is still a bitter pill to swallow. And we are right to hold such distaste for the medicine. Could we have done anything different to diminish if not outright avoid the need to deficit finance? Why is there such a hollow ring to politician's claims that the required deficits are just temporary?

For those of us who follow government financial management, we can look at our senior government's spending track record and claim an opportunity missed.

During times of plenty, missed was the opportunity to live within our means. It bothers me to no end that during years of surplus, senior governments never used the time to instill fiscal discipline.

During this current run of surplus budgets, federal and provincial government spending has continued to edge up. Over time, edging up a half percent to a percent may seem inconsequential. After all, such numbers are small, so small that they do not

raise the ire of taxpayers associations, inquiring journalists and her majesty's official opposition.

As the numbers in Table 1 demonstrate, had our province kept spending within the inflation rate limit, instead of a \$9 billion provincial budget this year, it would be \$8 billion. This full \$1 billion is the consequence of a few small percentage points. As comforting as surplus budgets have been, they have masked the truth.

Given the history of public debt in Canada, surplus has become the benchmark for success. If the government is in surplus they must be managing well, or so has been the thinking.

Such logic is dangerous. It follows that if a government is in deficit it must be managing poorly. The political consequences of this are obvious and will play out in the coming years. However, going forward will the country be well served by this measure? I think not.

A new standard for fiscal success needs to be set. This time, let the core measure of public treasury management be a government's ability to stay within spending limits. Let the limit be the rate

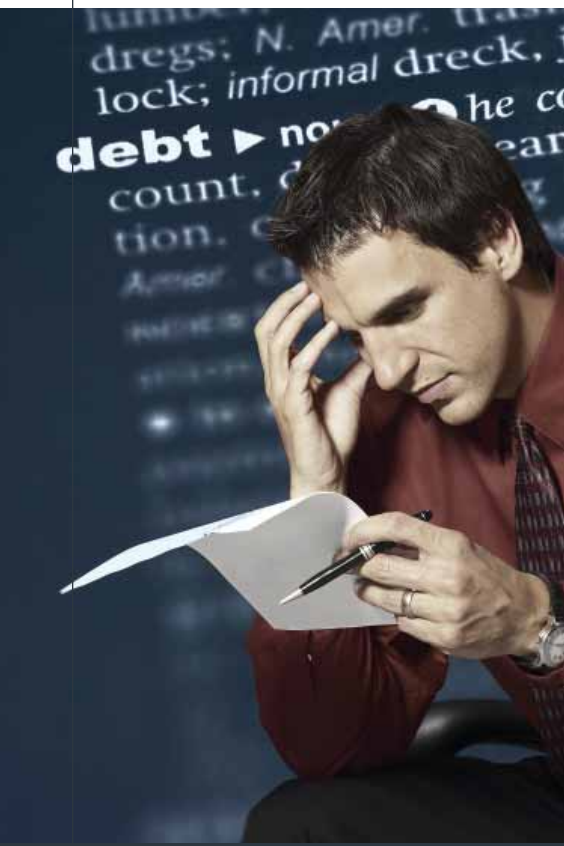


Table 1: Saskatchewan Provincial Budget verses Inflation

Budget Year	Actual	Increase	% Increase	% Core Inflation
2002/2003	\$6,368,088	\$413,710	6.9	2.3
2003/2004	\$6,402,444	\$ 43,356	0.005	2.1
2004/2005	\$6,688,431	\$285,987	4.4	1.8
2005/2006	\$7,071,052	\$382,621	5.7	1.6
2006/2007	\$7,690,338	\$619,286	8.7	1.6
2007/2008	\$8,221,327	\$530,989	6.9	2.5

Base Year 2001/2002 = \$5,954,378

Source: Saskatchewan Finance Budget Summary: Department Expenses

Note: For the years noted, had spending increases year-over-year been indexed to core inflation, the actual in 2007/2008 would have been \$6,989,492, a full \$1.23 billion.

Core Inflation:

The Bank of Canada uses core CPI inflation, the year-over-year rate of change of the consumer price index excluding food, energy, and the effects of changes in indirect taxes, as the operational guide for monetary policy. As a measure of inflation for policy purposes, core inflation is useful to the extent that it can be measured accurately.

of inflation. And let it be understood that should a government need to spend more, it must argue its case in the commons and assemblies of the land. It must argue its case in the media and on the door step.

This new benchmark is not about limiting government. It is more about holding government to a realistic fiscal standard. It is about making government live by the same financial standards that govern households and business.

Had fiscal discipline been in place would deficit been avoided this time? Given this recessions nature it is doubtful deficit could have been avoided. Besides, we have a standing infrastructure deficit built up over years that needs to be addressed.

During this current run of surplus budgets, federal and provincial government spending has continued to edge up. Over time, edging up a half percent to a percent may seem inconsequential. After all, such numbers are small, so small that they do not raise the ire of taxpayers associations, inquiring journalists and her majesty's official opposition.

However, had a fiscal spending standard been in place during surplus times, I am certain everyone would feel confident the dollars would be used effectively. And I am certain we would be more believing that such measures would be temporary.

.....
Jack Upshall
 Sask Chamber Finance Committee
 Member

Federal Political Forum 2009

For over 30 years, the Saskatchewan Chamber has hosted Political Forum, an event attended by the province's MLAs and business community. However, following the turmoil of Parliament in December, the Chamber decided to strengthen the Saskatchewan business community's relationship with provincial Members of Parliament and Senators through a similar event.



Greg Yuel, PIC Investment Group, presents his questions to the MPs.

"As a provincial organization, we had not been very active with our MPs and Senators," noted Chamber CEO Steve McLellan. "Going forward, we plan to make the Federal Political Forum an annual event. We will use this opportunity to let our MPs and Senators know what is happening with Saskatchewan business and where the federal government can make improvements."

Approximately 65 business representatives joined 5 MPs and 4 Senators at the Forum to talk about federal issues important to Saskatchewan businesses.

At the start of the event, the Chamber provided all attendees with a copy of the organization's pre-budget submission to Minister Flaherty. This submission highlighted what the Saskatchewan business community would have liked to see included in the stimulus plan.

"The Forum took place just prior to the budget, so there was a lot of discussion about budget plans and timetables," added McLellan. "There was also significant debate about the scope of the proposed deficit."

As expected, attendees discussed the potential for infrastructure investments in Saskatchewan and significant opportunities for investment in Northern Saskatchewan were highlighted.

The business leaders in attendance were also clear that they did not want the government to pick winners and losers among industries and/or companies in the stimulus plan. The resounding message... was "let the markets do what the markets do."

Overall, members encouraged the federal government to undertake infrastructure investments that will drive future economic development, not just make investments for the sake of spending money today.

The business leaders in attendance were also clear that they did not want the government to pick winners and losers among industries and/or companies in the stimulus plan. The resounding message, which caused the group to break into applause when it was stated directly, was "let the markets do what the markets do."

Following the dialogue on the economic stimulus, attendees divided themselves into three smaller discussion groups. These discussion groups were led by members of the Chamber's Expert Policy Committees, and each

addressed a specific topic: Immigration, Environmental Policy and Regulation, and Financial Issues and Opportunities.

Prior to the Forum, the Expert Committees prepared briefing materials on the initial discussion topics to establish a foundation for constructive dialogue.

As this was the first Federal Political Forum, and since a significant number of the province's new MPs were present, the Chamber's goal was to educate.

Members provided the government officials with real, tangible examples of how political instability, regulatory duplication and delay, tax policy and legislative uncertainty, particularly with regards to environmental policies, are negatively affecting the day-to-day operation of business and the economy.

Recommended Federal Actions Arising at the Federal Political Forum:

1. Make Investments to Develop the Labour Force
2. Ensure Federal Deficits are Controlled and Temporary
3. Use the Stimulus Money to Invest in Areas with Long Term Economic Potential
4. Establish an Expedited Labour Market Opinion Process in Saskatchewan to Grow Immigration Numbers
5. Reduce Regulatory Delay and Overlap, particularly with regard to Fisheries and Oceans Canada's Regulations in Saskatchewan
6. Use Further Capital Gains Exemptions to Spur High-Technology Investments

The Chamber Expert Policy Committees will discuss the outcomes of Federal Political Forum 2009 and follow up as necessary to ensure these topics continue to be on the political agenda.

The next Federal Political Forum will occur in September 2009 and more information on the Chamber's policy positions can be found at www.saskchamber.com.

The Achievement in The Achievement in Business Excellence Awards

Nominations for the Province's Largest
Business Excellence Awards will open on April 1, 2009.

ABEX Award Categories Include:

- Business Leader of the Year
- New Venture
- New Saskatchewan Product
- Job Creation
- Environmental Excellence
- Young Entrepreneur of the Year
- Customer Service
- Marketing
- Exports
- Investment
- Aboriginal Business
- Community Involvement

New
The ABEX
Award for
Health Sector
Excellence!!

Nomination forms are available online at www.saskchamber.com

All private sector for profit businesses in Saskatchewan are eligible for an ABEX regardless of size or nature of economic activity. A company may submit its own entry, or it may be sponsored by a third party



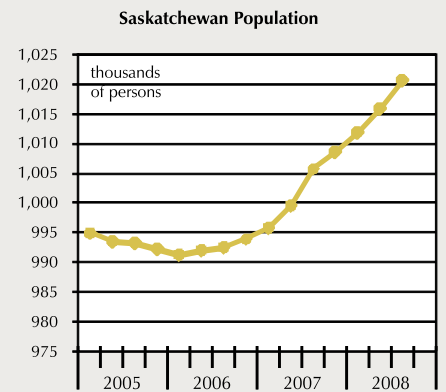
By the Numbers

Preliminary figures for late 2008 and early 2009 show that, all things considered, the Saskatchewan economy is holding up well in the midst of the economic turmoil in the rest of the world.

Population

The third quarter is normally when the majority of interprovincial migrants move in search of a new job or to go to school. For Saskatchewan, in the third quarter of 2008, out-migration of just over 6,000 persons was offset by in-migration of just over 8,000 persons. This net increase of 2,064 people

combined with 1,200 immigrants and a natural growth (births less deaths) of about the same amount generated the tenth consecutive quarterly population increase. The population is now 1.02 million, the highest it has been since the mid 1980s, and is growing at an annual rate of 1.5% compared with 1.0% in 2007.

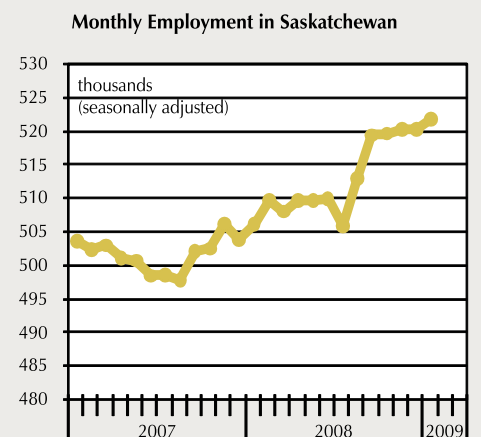


Employment and Earnings

January employment grew by 3.3% in 2009 compared to a year ago. This increase occurred during, and in spite of, layoffs in North America and dismal news reports coming from eastern Canada and the USA. Employment grew in eleven of fifteen industry groups with the largest percentage increases in the finance/real estate group and in business services. The resource and construction sectors powered most of

the growth in 2008 and employment in these two sectors was still growing early in 2009. Part-time jobs were growing more quickly than full-time jobs, and growth in the public sector was higher than in the private sector.

Wage rates and earnings are increasing more quickly than the rate of inflation with a 4.5% increase in gross weekly earnings in November 2008, compared with November of 2007. The average hourly wage rate in January was \$21.35, up 6.9% from January 2008.



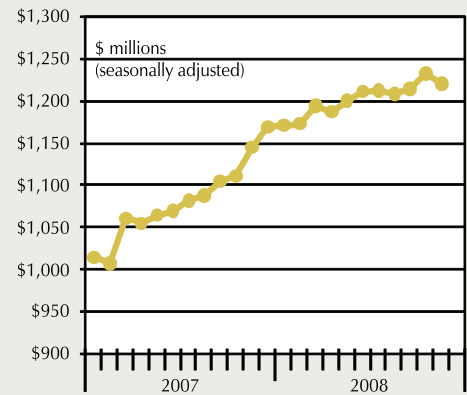
The unprecedented boom in residential housing has ended and retail sales are coming down from their unsustainable levels. However, there are still no signs of weakness in employment or earnings, and the population is still growing. In uncertain economic times, the province is in a better position than most.

Retail Sales

Retail sales in Saskatchewan have been growing at double digit rates for more than a year. These spending increases were funded by higher levels of consumer debt and were unsustainable over the long term. It was no surprise then that sales started to slow in the last part of 2008. After adjusting for normal

seasonal variation, sales fell 1% from October to November. The December figures are expected to further show a continuation of this downward trend. Expect a continuation of these lower levels of sales for at least the first part of 2009 as consumers repair their balance sheets and wait for the economic turmoil to subside.

Monthly Retail Sales in Saskatchewan



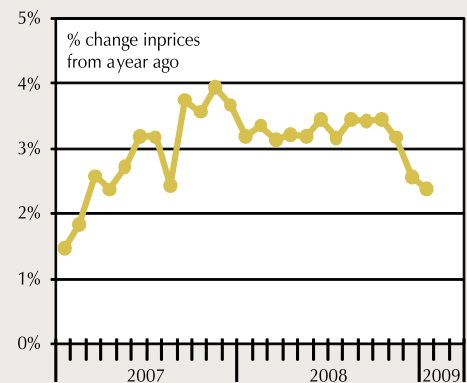
Consumer Price Inflation

Strong economic growth normally leads to higher prices for goods and services. Saskatchewan's inflation rate was more than 3% over the past eighteen months compared with rates of 1% to 2% for Canada as a whole. The higher rates were caused by double digit increases in shelter costs, a sharp increase in grocery prices because of the lower exchange

rate, and higher fuel prices. Prices for most other goods and services were either stable or declining.

The rate of inflation has fallen for the past three months and was 2.4% in January, the lowest level in over a year. With stable or declining house prices and lower energy prices, we can expect the inflation rate to fall to near zero by the middle of 2009.

Monthly Consumer Price Inflation in Saskatchewan

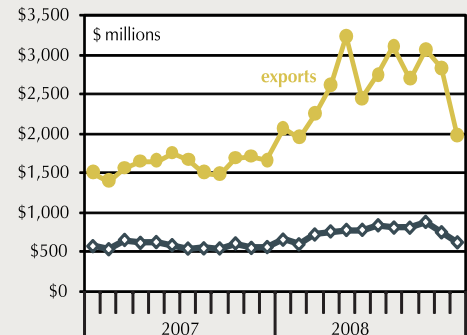


International Merchandise Trade

Driven by increases in both volume and price, the value of our international merchandise trade has been growing exponentially in the past few years. From annual totals that were typically near \$10 billion, the value of exports to other countries was close to \$30 billion in 2008.

Late in 2008, the value of both imports and exports were dropping. Some of this will be the result of price changes rather than declines in the volume of trade. Nevertheless, most observers expect both exports and imports to drop in 2009.

International Merchandise Trade to/from Saskatchewan



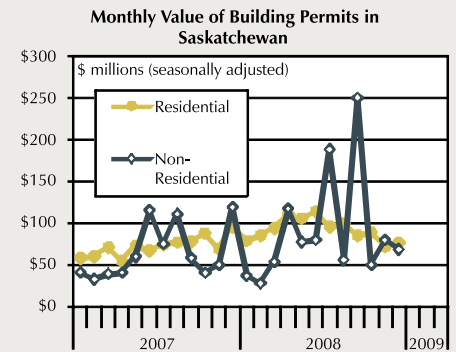
The rate of inflation has fallen for the past three months and was 2.4% in January, the lowest level in over a year.

Construction

Both the residential and non-residential sides of the building construction business have been helping to power growth in the provincial economy during the past few years. Adjusted for normal monthly variations, residential activity began to slow over the summer with the value of residential building

permits down a third from the June peak of more than \$100 million. There are preliminary indications of a slowing late in 2008 for the non-residential sector as well.

January employment in construction was 35,000, up 7.0% from a year ago.

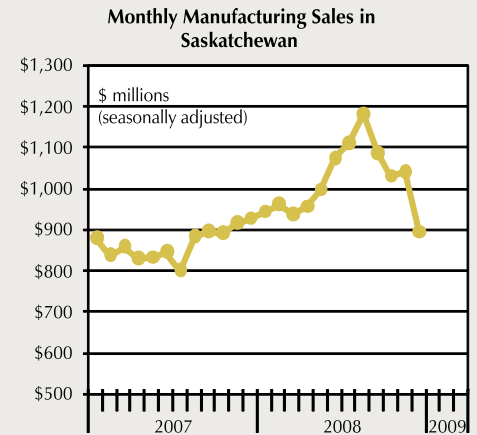


Manufacturing Sales

In spite of difficult conditions, Saskatchewan's manufacturing sector had a good year in 2008 with the value of sales up 19% to \$12.3 billion.

After adjusting for normal seasonal variation, the gross value of sales has been dropping since summer with a particularly sharp 14% decline in December. Part of this is because of price changes rather than a drop in

volume, but there is no doubt that 2009 will be a tougher year. The weakness in December was concentrated in non-durable goods, a category that includes refined petroleum products, food products, and fertilizer. Sales in the durable goods category, which includes machinery and steel products, are still strong. January employment in manufacturing was 31,600, up 3.3% from a year ago.



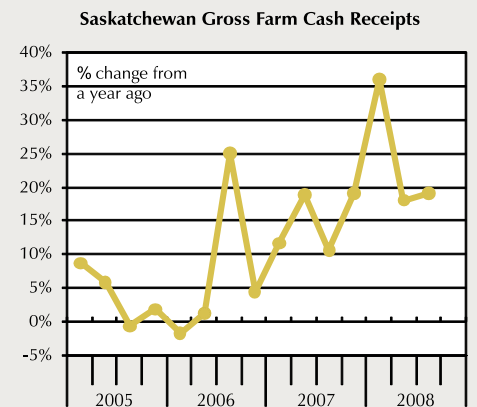
Agriculture

Gross farm cash receipts grew by 25% in the first three quarters of 2008 compared with the same period last year. This increase comes on the heels of a 15% increase in 2007.

These statistics are compiled by Sask Trends Monitor from reliable data sources such as Statistics Canada. Recent

data are subject to periodic retroactive revisions and should be treated with caution.

The increase is evident only for grain producers: receipts from the sale of grain are up 51% compared with a 12.5% drop for livestock products. Employment in agriculture was 39,100 in January, an increase of 7.7% from a year ago.



These statistics are compiled by Sask Trends Monitor from reliable data sources such as Statistics Canada. Recent data are subject to periodic retroactive revisions and should be treated with caution.

A Year in Statistics

The Saskatchewan economy has experienced a period of unprecedented demographic and economic growth in the past few years even as the USA and Canadian economies went into recession. With very few exceptions, and in spite of some weakness late in the year, the statistics for 2008 are uniformly and strongly positive.

Population

Saskatchewan's population was on a downward trend after the turn of the decade, but this changed in 2007 with a 1.3% increase, and the growth continued into 2008 with a 1.5% increase. The population in October 2008 was estimated at 1.02 million, a twenty-year high.

As is always the case in Saskatchewan, the increase was the result of changes in interprovincial migration flows. The interprovincial inflow in 2008 is estimated at 26,800 compared with a 21,000 outflow, for a net flow of 5,800 persons.

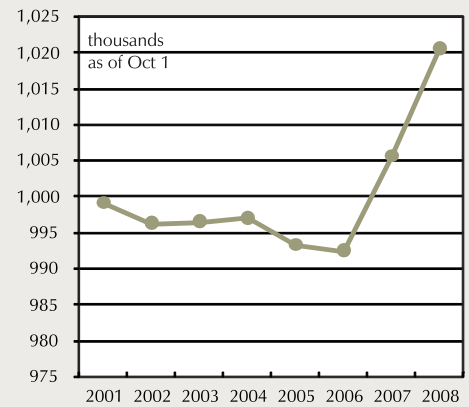
The growth arising from interprovincial migration was supplemented by

a net increase of 4,000 persons from international migration, and natural growth (births less deaths) of approximately 3,500 to yield the annual increase of 15,000.

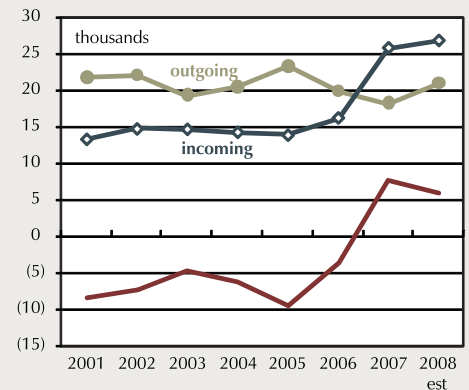
Alberta is still the most common source for interprovincial in-migrants to Saskatchewan, accounting for 48% of the total. Ontario, with 19% of the total, is becoming more important, as is British Columbia which now accounts for 17% of those moving to the province from elsewhere in Canada.

Only preliminary estimates are available about where the population growth is occurring. However, in 2007, the Regina and Saskatoon metropolitan areas absorbed about two thirds of the growth.

Saskatchewan Population



Interprovincial Migration to/from Saskatchewan



The bad news coming from eastern Canada, the scarcity of credit, and the fall in commodity prices, will have a negative effect on consumer and business confidence in 2009. Nevertheless, this may be offset by government spending on infrastructure projects and new investments by the private sector.

Employment and Earnings

Employment in Saskatchewan grew by 2.2% in 2008 to reach 512,700, the best performance in more than a decade. The percentage increase was second only to Alberta among the provinces. Nationally, employment grew by 1.5% last year.

The number of people working part-time dropped by 2.2% whereas the number working full-time grew 3.2%. Almost all of the increase was among paid workers, that is, those who work for someone else. The number of paid workers grew by 2.6% compared with a 0.5% increase in self-employment.

Employment among older workers continued on its upward trend in 2008. Employment among women grew by 2.6% compared with the 1.8% increase among men.

After a worrisome decline in employment among those with higher

levels of education in 2007, the normal pattern reasserted itself in 2008 with the highest employment growth rates among those with a university degree.

The fastest growing regions in the province were in the Southeast and the North. Employment in the Regina metropolitan area grew more quickly than in Saskatoon. There were declines in the East Central region (Yorkton/Melville) and the Southwest (Moose Jaw/Swift Current).

Wage rates and earnings also grew strongly in 2008. The average hourly wage rate was up 7.0% to reach \$20.33 for the year after increases of 4.8% and 4.9% in 2006 and 2007 respectively.

Gross weekly earnings, including overtime, grew by nearly 4.5% in 2008. Adjusted for inflation, this results in an increase of 1.1% in the purchasing power of the average paycheque.

A Quick Glance 2008

Saskatchewan's Population, 1.02 million – up 1.5%

Employment – up 2.2%

Number of Self-Employed – up 0.5%

The Average Hourly Wage Rate – up 7.0%

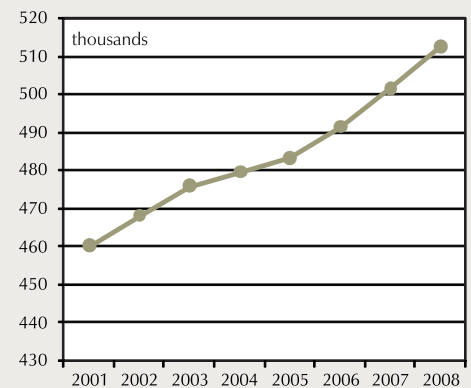
Gross Retail Sales – up 10.5%

Saskatchewan's Rate of Inflation – up 3.3%

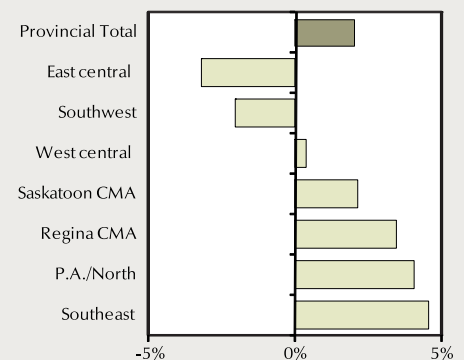
Value of Merchandise Exports – up 61%

Value of Manufactured Products – up 18%

Employment in Saskatchewan



Annual Employment Growth in 2008, Saskatchewan



Annual Increase in Average Hourly Wage Rate in Saskatchewan



In 2008 sales were strong in stores related to housing, housing renovations, and household products, such as electronics and furniture.

Retail Sales

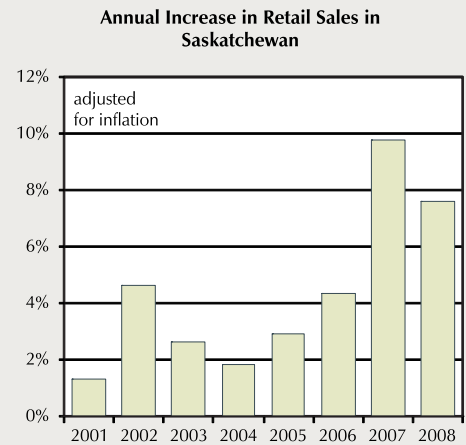
A confident group of Saskatchewan consumers has been helping to drive the provincial economy in the past two years. Some of the increase in consumer spending is because of population, employment, and earnings growth, but most is just a strong expression of confidence in future personal income.

Gross retail sales increased by 13% in 2007, and according to preliminary estimates by 10.5% in 2008. Adjusted for inflation, to yield the volume rather than the value of sales, this translates into remarkable growth rates of 10% and 8% in 2007 and 2008 respectively.

Much of the growth in 2008 arose from the sale of new motor vehicles. In spite of a sharp drop late in the year, new vehicle sales were up 9% in 2008 after a 14% increase in 2007.

For the first three quarters, gross sales increased in each of fifteen store categories. The largest increase was among service stations, but most of this will be price related because of fuel price increases. Sales were also strong in stores that sell goods related to housing, housing renovations, and household products such as electronics and furniture.

These increases in retail sales are unsustainable over the long term because personal disposable income among Saskatchewan consumers is not growing nearly as quickly as sales. There has been a corresponding increase in consumer debt.



Consumer Price Inflation

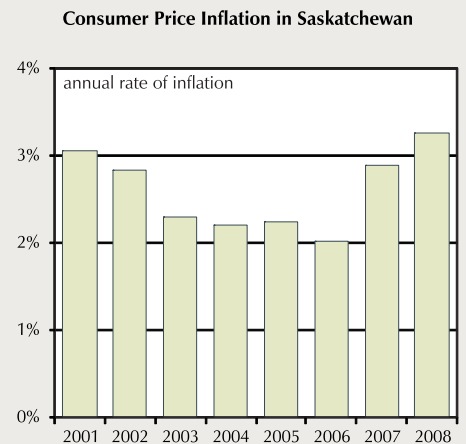
2008 marked the second year in a row that the rate of inflation in Saskatchewan was well above the national average. This is largely because the cost of owning or renting a home, while still low relative to other provinces, has been increasing at an accelerated rate here.

The rate of inflation in 2008 averaged 3.3% in the province, slightly higher in Saskatoon (3.9%) and slightly lower in

Regina (3.2%). The national average was 2.4%.

Shelter-related costs grew by 9.7% and grocery prices grew by 3.7% for the year. These were offset by increases of less than 1% in clothing, transportation, health care and household furnishings.

The rate of inflation was falling sharply late in the year and is expected to be near zero by the middle of 2009.



The USA remains Saskatchewan's largest trading partner, accounting for 64% of exports. India and China are the second and third largest. However, they only account for 7% of total merchandise exports.

International Merchandise Trade

Driven by increases in both volume and price, the value of merchandise exports grew at an astounding 61% in 2008. This follows double digit increases in each of the four previous years, the net effect of which is that exports have tripled in value over the past five years. Imports, which were made up almost exclusively (94%) of manufactured products, grew as well. Nevertheless, overall net trade still increased by 80% for the year.

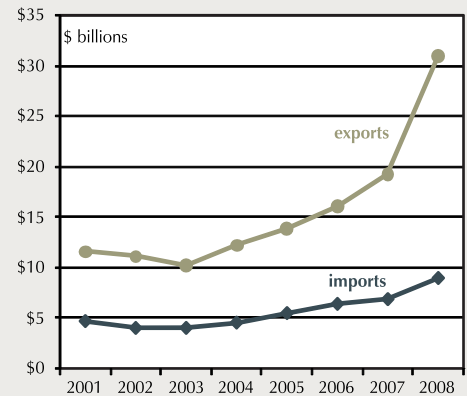
The merchandise export increases in 2006 and 2007 were driven by both agricultural and resource products, whereas the increase in 2008 was most pronounced among resource products.

The 18% increase in the value of exported manufactured products looks small in comparison to the 51% increase in agricultural products and the 84% increase in resource products.

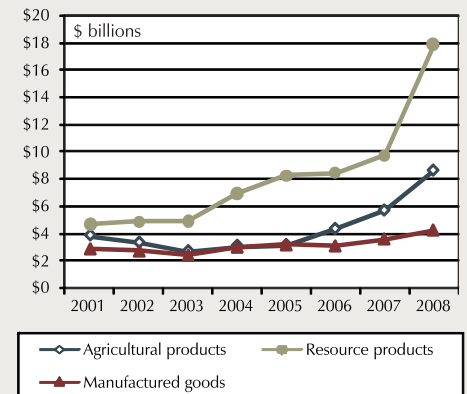
The USA remains Saskatchewan's largest trading partner, accounting for 64% of exports. India and China are the second and third largest markets but together they account for only 7% of total merchandise exports from Saskatchewan. The remaining 29% is widely dispersed among different countries.

Late in 2008, the value of exports was dropping because of lower prices, and the value of imports was declining because of lower demand.

International Merchandise Trade to/from Saskatchewan



International Merchandise Exports from Saskatchewan



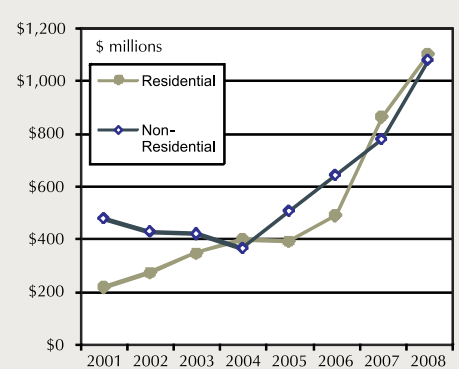
Construction

The value of building permits for both the residential and non-residential building construction sectors topped \$1 billion in 2008. Although some of the increase is price-related, this is double the levels achieved only a few years ago. Activity is broadly dispersed. There were increases of 15% in Regina, 25% in Saskatoon, and 59% outside the two major cities.

Housing starts grew by 14% to end 2008 at 6,800 units. The resale market slowed during the year with an 18% decline in the number of sales through the MLS service. In spite of some weakness late in the year, the average selling price grew by 28% to reach \$233,000 in 2008.

Employment in the construction industry (which includes engineering as well as building construction) grew by 15% in 2008.

Value of Building Permits Issued in Saskatchewan



These statistics are compiled by Sask Trends Monitor from reliable data sources such as Statistics Canada. Recent data are subject to periodic retroactive revisions and should be treated with caution.

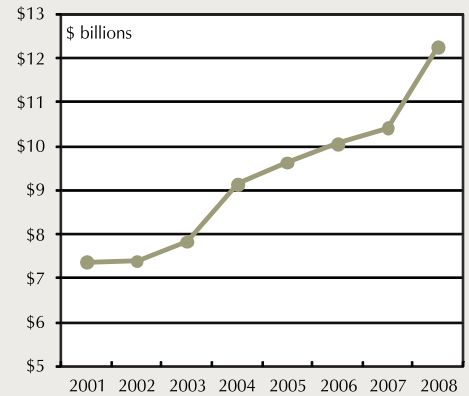
Manufacturing

After growing between 3% to 6% for 2005 through 2007, the value of manufactured products increased by 18% in 2008. Some of the increase will be price related but this is still an impressive performance given economic conditions last year.

There were large increases in chemical products (27%) and machinery (21%), with declines in wood products and electrical equipment.

Employment in manufacturing grew by 0.5% in 2008.

Manufacturing Sales in Saskatchewan



Agriculture

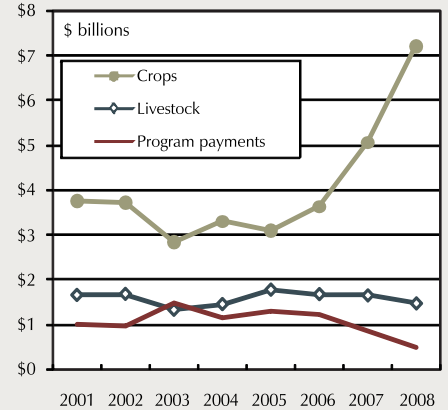
Once the year end numbers are tallied, gross farm cash receipts will have likely increased to \$9.25 billion in 2008 on the strength of a 40% increase in receipts from the sale of crops. Much of this increase will be offset by higher costs for fertilizer, fuel, and other inputs, so net income will have grown by a much lower amount. Receipts from the sale of livestock and livestock products, on the

other hand, likely decline for the third year in a row.

In spite of slippage late in 2008, grain prices ended the year 47% higher than a year ago. Livestock prices, on aggregate, are neither increasing nor decreasing, as cattle prices are falling and hog prices are increasing.

Employment in agriculture dropped 6.3% in 2008.

Saskatchewan Farm Cash Receipts



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