

A Discussion on A Sustainable Growth Strategy for the New Saskatchewan

Introduction

This discussion on a Growth Strategy was created following the recognition that the incredible potential of this province with its supply of natural resources, productive labour pool and central North American location has never been fully capitalized upon.

The current success Saskatchewan is experiencing is partially due to some good strategic actions taken by all three levels of Government. However, it is primarily due to a spill-over from Alberta, high world commodity prices especially for oil and some basic good luck.

Therefore as the ‘*Voice of Business*’ in Saskatchewan, the Saskatchewan Chamber of Commerce has created this Growth Strategy to set a direction for the future in this province.

This Strategy does not outline specific detail of what needs to happen to generate the success we predict *can happen*. Rather, the Strategy sets some broad targets, including growing the population to 1.5 million people by 2030. We also set out several other goals that when met, will turn Saskatchewan into a province that is truly the “very best place to live, to work and to invest.”

It is worthy of note that while the Saskatchewan Chamber of Commerce is an organization which represents business, this Growth Strategy will make the lives of all Saskatchewan residents more productive and increase their opportunity for greater prosperity.

There may be some who say this is not a time to talk of growth when housing prices are at all time highs and when labour shortages are felt all across the province. It is the position of the Saskatchewan Chamber of Commerce that for those and many more reasons it is exactly the right time to put forward a collective effort to ensure the momentum continues but in a more strategic manner. We have the right environment to set the stage to keep the economy growing, to keep the population growing and to finally, after 100 years of existence as a province; to start to achieve our full potential.

It is true Saskatchewan has been doing very well lately but in the new world economy “good is not good enough, we have to be great.” This Strategy will help to focus Saskatchewan to achieve its potential for greatness.

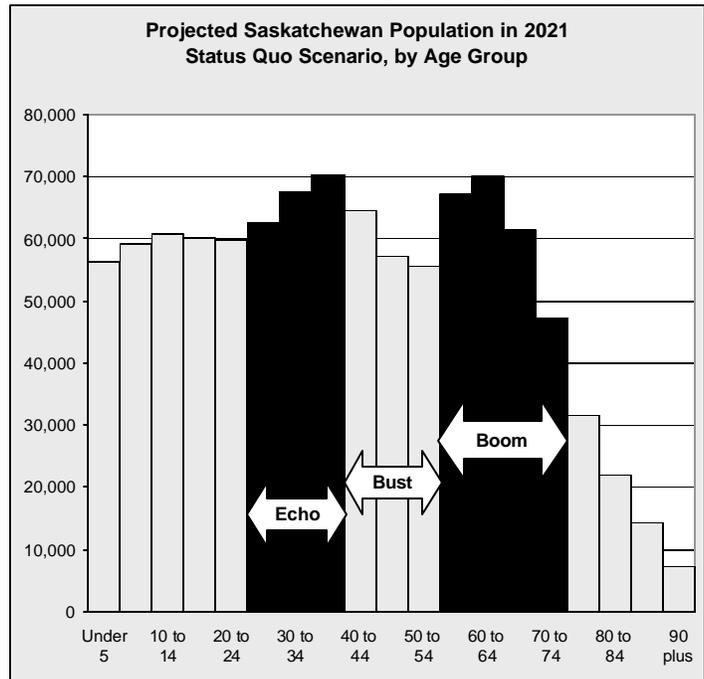
This Strategy is a second step in this direction by the Saskatchewan Chamber of Commerce. In 1999 we launched *Action Saskatchewan* which put forward a new way of looking at the province, its potential and the role of business in that future. The outcomes of *Action Saskatchewan* were many but its primary legacy is to serve as a wakeup call and a call for change. That change has been experienced in how people think about their province. We asked everyone to “Up their Attitude” and they have. Saskatchewan is enjoying some of its current boom due to the attitude enhancement started by *Action Saskatchewan*, and people now believe they can achieve even greater things in the future.

Why does Saskatchewan need to grow?

The total number and demographics of the population have a direct relationship on the quality of life enjoyed by the people and the range of services that can be provided.

For that reason alone every individual, all levels of government and all employees and employers should be onside to help make this Strategy a reality.

The population of Saskatchewan has remained at about one million people since the 1930's and because of this; we have had real limitations in many types of growth. We have a limited workforce and a declining number of net contributors to the tax base. With a large number of retirees and an underemployed Aboriginal population, the tax base is not sufficient to cover the long term cost of running the province.



There are hundreds of thousands of people who were born in this province who live elsewhere. While it is not realistic to expect all of them to return, there are many people who are currently moving home as they start to raise families or look for a change of pace. This plan recognizes the value of inter-provincial migration which must be encouraged and facilitated to ensure it grows at a faster pace.

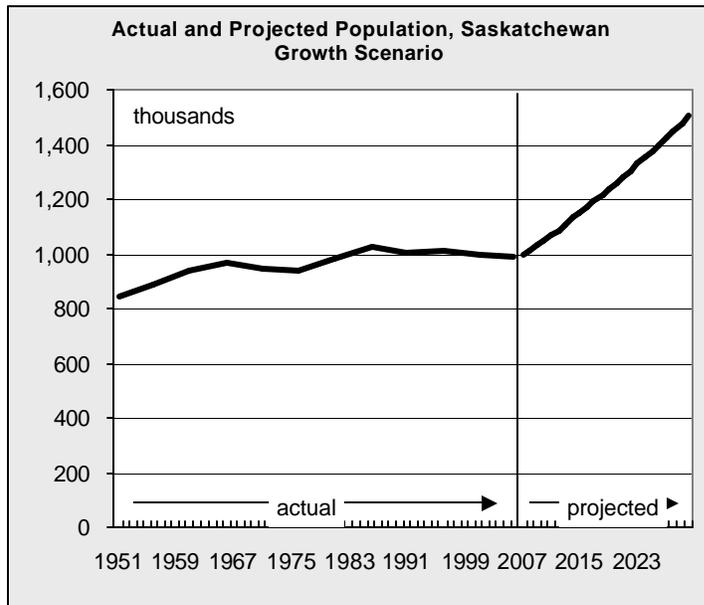
The opportunity to add population from other countries as well as through people without an earlier connection to the province is very strong. This type of immigration also allows us to target and then invite people with specific skills which will enhance growth by meeting the labour needs of the province.

We are proposing that with a province wide effort to grow we could reach a population of 1,503,000 by the year 2030. This would require a 1.8% annual growth rate which while ambitious, is very possible. In fact, it is absolutely mandatory that we grow at this rate or else we will face real and significant challenges unlike any we have seen in our past 100 years. The cost of serving one million people is increasing at a rate far exceeding our capacity to pay. With the demographics of our current population we face economic and social bankruptcy in the next 10 to 15 years if we do not institute a dramatic and strategic change.

Saskatchewan has seen its raw natural resources leave the province for literally hundreds of years to be processed in other jurisdictions whose people take those jobs and whose businesses make the money. From the early days when we sold beaver pelts not beaver hats, to our sale of wheat- not flour or baked goods; a pattern has developed. The Saskatchewan Chamber of Commerce believes it is time to change that pattern and start making Saskatchewan a province where we add value to our own natural resources and then sell that product to the world. This does not mean we will never again sell a carload of wheat but rather we will process more of it here. We should process more wood products, more oil and gas, more food products and see growth in all manufacturing sectors.

What would 1.5 million people mean to the province?

It would result in many benefits including but not limited to;



- A more vibrant rural economy as the population would grow in all communities.
- Better job and career opportunities for our graduates of Saskatchewan's post secondary institutions
- More people to share the load on taxes
- Higher in some cases and more stable in all cases, values of private property
- More private sector businesses capturing the human and revenue potential here at home
- A greater focus on receiving added value and therefore added benefit of our resources

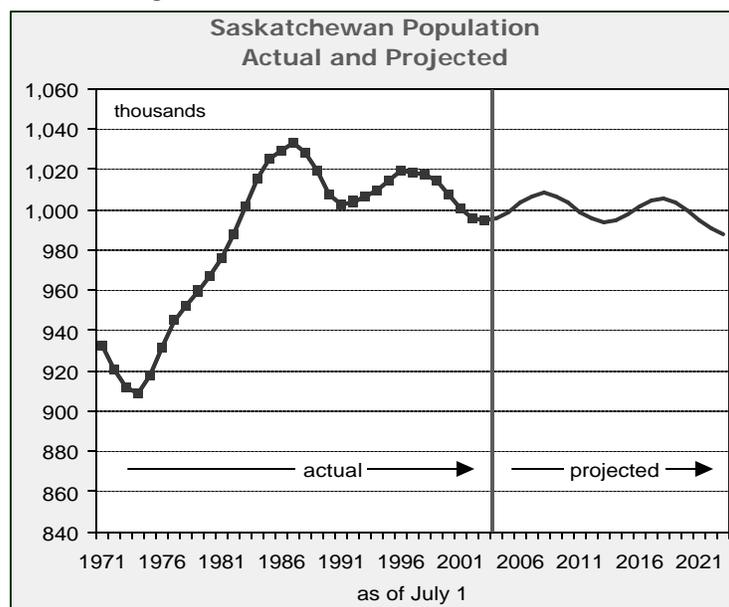
- We would be better able to afford the cost of a stable health care and education system

A growth in population; when strategically matched with a suitable number of new homes, new jobs, enhanced municipal infrastructure and a fully integrated workforce will mean great things for this province. While population is critical to our overall growth it can only happen when growth also happens in several key areas. We have identified several of these and will engage other groups to add to the list.

What could Saskatchewan risk if this concept of growth was not embraced?

The province will see its population remain stagnant, at best

- Saskatchewan's resources revenues will be maximized by other jurisdictions
- The economy worsen as the demographic challenges of our province mean a decrease in the number of taxpayers
- A downturn in the resource boom will cause Saskatchewan to once again be a 'have not' province, looking to other provinces to bail us out.



Who would lead in these areas of growth?

This effort clearly needs to be a partnership between all levels of government and all business enterprises in the province. The role of government would be to establish the right environment to ensure business growth can happen. This may mean a combination of ensuring any unnecessary roadblocks are removed, the right infrastructure is in place and that research is encouraged in key growth areas.

The role of business enterprises would be to find the right opportunities for themselves and to go after that opportunity. The private sector creates almost 8 out of every 10 new jobs. This is because they look for and act fast on new opportunities and as such will play a lead role in the growth of Saskatchewan.

Key Indicator Targets

	Current	Target Value	
	<u>As of:</u>	<u>Value</u>	<u>in 2030</u> <u>See note</u>
Related to Population and Demographics			
Total population (000)	2008	1,016	1,500 1
Percent Under 15 Years	2007	20.5%	19%
Percent 15 to 34 Years	2007	27.7%	27%
Percent 35 to 54	2007	27.7%	25%
Percent 55 and Older	2007	24%	30%
Annual New Housing Starts	2008	5,500	11,000 3
Centres with Population 2,500 or more	2008	19	32 4
Related to the Labour Market			
Employment (000)	2008	511	1,065 5
Private sector employment (000)	2008	384	852 6
Public sector employment (000)	2008	127	213
Employment rate (15 to 64 years)	2008	78.3%	80%
Employment rate among Aboriginal people (off-Reserve)	2008	65%	74% 7
Post secondary graduates in the labour force (000)	2007	254	620 8
Post secondary students (000)	2008	47	120 9
Full time and part time post-secondary students as of October	2008	47,000	120,000 10
Entrepreneurial Activity [self employment persons (000)]	2008	91	200 11
Number of medium sized (50 to 199 employees) employers	2007	1,211	3,000 12
Related to Economic Activity and Gross Domestic Product (in constant 2002 dollars)			
Gross Domestic Product (\$ billions)	2007	\$39.8	\$105
Public sector GDP (\$ billions)	2007	\$7	\$20
Private Sector GDP (\$ billions)	2007	\$32	\$85
Gross Domestic Product per Capita	2007	\$39,959	\$70,000
Gross Fixed Capital Formation (\$ billions)	2007	\$8.2	\$52 14
Wages, salary, and other labour income per capita	2007	\$13,800	\$29,500
Personal disposable income per capita (000)	2007	\$28	\$76 15

Notes

1 The Canadian population typically grows at approximately 1% per year. The Alberta population has grown, over the past 25 years, at an annual rate of 1.6% although more recently it has grown at an annual rate of 2.0%. The Saskatchewan population has been near one million since the 1930s. The target growth rate was chosen to be 1.75% per year from 2006 to 2030. For reference purposes, from July 2006 to July 2007:

- The population grew by 7,600 persons, the equivalent of an annual growth rate of 0.75%
- Net interprovincial migration was 1,500 persons.
- Net international migration was 2,600 persons
- The natural growth rate (births less deaths) was 3,200

2 Over time, the proportion of the population in older age groups will naturally increase as the population ages. This is expected to be offset by a higher proportion of young people among international and inter-provincial migrants.

3 The estimate assumes houses are built at the same rate as in 2006 after adjusting for the population increase. With over three million population, Alberta has been building homes at a rate of 30,000 to 40,000 per year in recent years.

4 At least the twelve communities with a population of 1,800 or more could easily grow to more than 2,500 by 2030. These twelve communities currently range in size from 1,800 (Pilot Butte) to 2,350 (La Loche). If some of these do not, other smaller communities may do so. The counts exclude Battleford and Lloydminster. Communities with a population near 2,500 as of 2006 include:

La Loche (2,348)	Maple Creek (2,198)	Fort Qu'Appelle (1,919)
Esterhazy (2,336)	Unity (2,147)	Pilot Butte (1,867)
Assiniboia (2,305)	Biggar (2,033)	Onion Lake Reserve (1,752)
Rosetown (2,277)	Canora (2,013)	Wynyard (1,744)
Moosomin (2,257)	Outlook (1,938)	Watrous (1,743)

5 Assumes productivity growth (real GDP per employed person) of 1% per year (see note 13).

6 The public sector is broadly defined to include government proper, the crown corporations, non-governmental organizations, and the public parts of the health and education sectors. The target assumes the current mix of approximately 80% private:20% public remains the same.

7 The employment rate is affected by the age of the population (more older and younger people generally leads to lower rates), the availability of jobs, and the suitability of the labour force. The current rate of 78% is thought to be near the maximum achievable. The target is set at 80% which is just above the maximum ever reached in Canada (Alberta's rate of 79.6% in 2007).

8 Assumes that one half of the 13% Aboriginal/non-Aboriginal gap can be closed by 2030, the equivalent of a single generation. The figures exclude the population living on Reserve.

9 Assumes that the proportion increases from the level of 50% of the employed labour force in 2006 to the (current) national average of 58%.

10 The figures include full-time and part-time attendance, all ages. The number is assumed to grow at the same rate as the number of post-secondary graduates in the labour force. The figures exclude the population living on Reserve.

11 The number of self-employed persons is declining because of the drop in the number of family farms. The target assumes that the current proportion of the employed labour force (19%) can be maintained.

12 There are currently 7,000 medium sized businesses in Alberta.

13 Assumes annual growth rates of 2.4% in real GDP per capita which, together with the 1.75% increase in population, implies an overall rate of 4.25% per year in real GDP. Real GDP per capita in Saskatchewan has grown at an average of 2.4% per year in the last ten years. The mix of private sector and public sector GDP is assumed to remain near its current level of 80%:20%.

14 The figures exclude residential structures. Capital investment is currently at 28% of GDP in Saskatchewan and 58% of GDP in Alberta. The target is set at 50% of GDP. The mix of private sector and public sector investment is assumed to remain near its current level of 87%:13%.

15 Personal disposable income is gross income per person after income taxes and other payroll deductions. To reach the target, it is assumed to grow at an annual rate of 1.75% which reflects the 4.25% in GDP and the 1.0% increase in labour productivity.