

Saskatchewan: In a Dynamic and Prosperous West*

What are the Potential Problems?



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* The views expressed in this presentation are my own and do not necessarily represent those of the Canada West Foundation.

Saskatchewan: In A Dynamic and Prosperous West

- **Our Vision**

A dynamic and prosperous West in a strong Canada.

- **Our Mission**

A leading source of strategic insight, conducting and communicating non-partisan economic and public policy research of importance to the four western provinces and all Canadians.

- Our mandate is to explore public policy issues of particular interest to western Canadians, to test national policies against regional aspirations and to ensure an effective regional voice in national policy discussions and the national political process.

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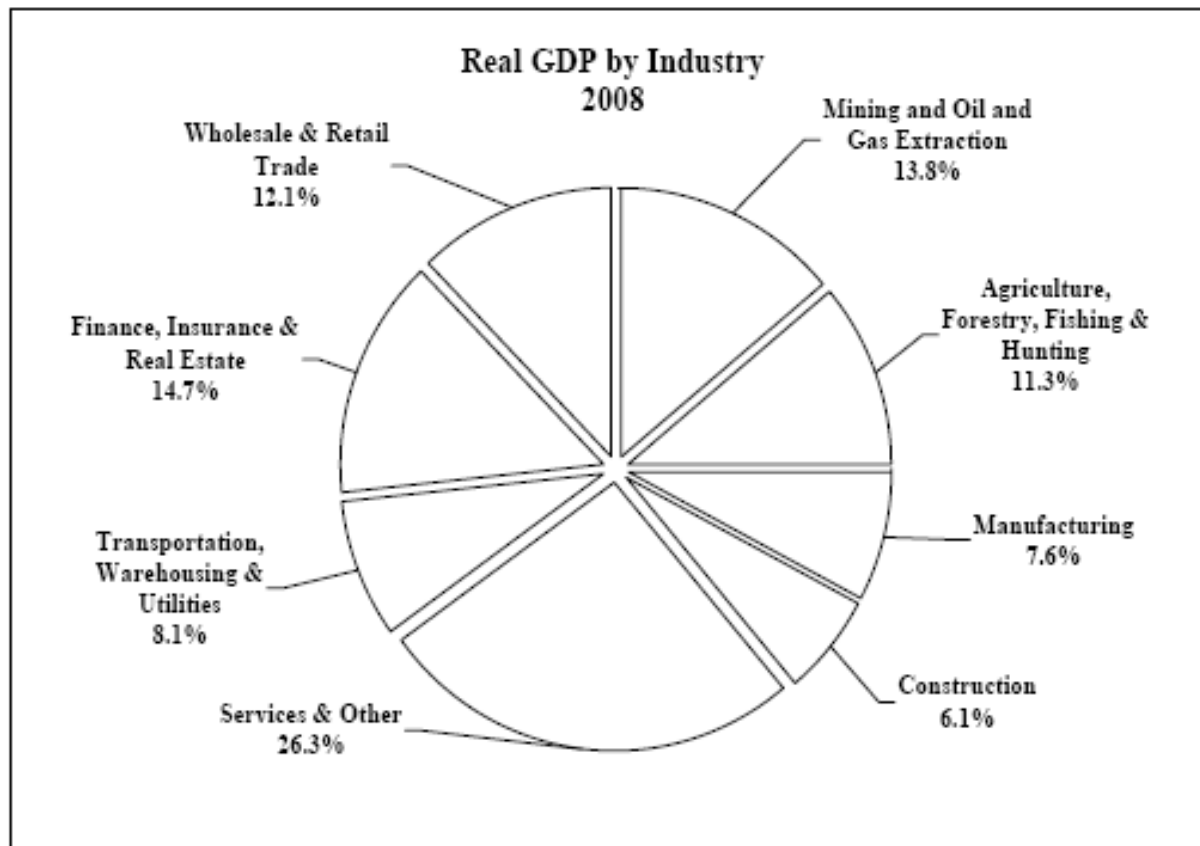
Can we make this statement?

**Saskatchewan will never again be
a “Have Not” Province**

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GDP by Industry

Natural resources continue to be the largest goods-producing sector of the economy



Source: Statistics Canada, Chained Index

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What has Saskatchewan got?

Hard working people – just not enough of them!

Food and related resources

Energy – Nuclear, coal, bio-fuel

Other natural resources

A decent education system

Innovation infrastructure and skills-

Universities and Public Sector

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Some Economic Facts and Forecasts:

- Economic indicators indicate that year over year percentage increases are in the top 3 among Canadian provinces
- The buffer for the Saskatchewan economy, during the severe economic turmoil and recovery period, is domestic demand, government spending and business investment- particularly in the mining sector
- Saskatchewan's economy will expand by 2.3-3.6 per cent in real terms in 2010 and 2.9-4.6 in 2011

• Source: Mid Year Report – Finance Ministry, Saskatchewan and 2010-2011 Budget documents

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PRIVATE SECTOR REAL GDP GROWTH FORECASTS FOR SASKATCHEWAN
(Per Cent Change)

	2009	2010	2011	Release Date
IHS Global Insight	(1.4)	3.1	3.8	Jan/10
CBOC	(4.2)	2.5	2.9	Feb/10
C4SE	(0.7)	2.4	3.2	Jan/10
TD Bank	(1.1)	2.3	3.1	Nov/09
Royal Bank of Canada	(3.0)	3.6	4.6	Mar/10
Bank of Montreal	(2.0)	3.5	3.8	Mar/10
CIBC	(2.1)	3.5	4.0	Mar/10
Scotiabank	(1.8)	3.4	3.3	Mar/10
Laurentian	(0.3)	3.0	3.5	Feb/10
<i>High</i>	(0.3)	3.6	4.6	
<i>Low</i>	(4.2)	2.3	2.9	
<i>Private Sector Average</i>	(1.8)	3.0	3.6	
<i>Ministry of Finance</i>	(1.6)	2.6	3.3	

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Potential Problems From *Going For Gold Project* – CWF – The West

Rank	Areas of Potential Government Action
1	expanding trade with countries other than the US
2	maintaining and enhancing free trade with the US
3	reducing barriers to interprovincial trade
4	more intergovernmental cooperation
5	better recognition of foreign credentials
6	increased funding for other post-secondary programs
7	reducing red tape
8	attracting skilled immigrants to western Canada
9	increased funding for universities and colleges
10	more emphasis on value-added production
11	more/better government incentives for private sector R&D spending
12	initiatives focused on China and India
13	electric power grid improvements
14	increased fiscal discipline
15	more/better government support for technological improvements
16	highway system improvements
17	urban public transit system improvements
18	increased employment opportunities for Aboriginal people
19	development of green products and services
20	encouraging creativity among K-12 students

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Potential Problems- A Saskatchewan Focus

*Inadequate labour force development

- Aboriginal education and training
- Immigration
- Post secondary education generally

*Not managing the resource revenue cycles

(1) Some of this is from: Don Drummond – TD Waterhouse, The Saskatchewan Economy 2008: *The Resurgence of the Resourceful*, June 2008 2008
CWF – Richardson Round Table – Saskatoon Nov. 2008
CWF – Competitive Mindset: *Are Western Canadians Ready 'To Go For Gold'*
Brett Garner; Loleen Berdahl, November 2008
Saskatoon and District Chamber of Commerce
Going For Gold Project – Western Economic Diversification of Canada

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Potential Problems- A Saskatchewan Focus

*Conflicting environmental goals, political realities and provincial/regional economic aspirations:

within Saskatchewan

Nuclear

within Canada

Quebec/Ontario

clean energy

within North America

Obama –Oil Sands

within the world

same

See Canada West Foundation Publications, *Look Before You Leap* and *Sharing the Load*

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Potential Problems- A Saskatchewan Focus

- *Trade barriers – global, national and provincial – The New West Partnership will help considerably
- *Inability of the Federal and Provincial governments to manage expenditures

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Potential Problems – A Saskatchewan Focus

Competitive Tax Regime

“.....miners are increasingly concerned that governments will turn to their industry as a source of additional tax revenue to help pay down rising debt.”

[Brenda Bouw, Globe and Mail, May 25, 2010, p. B5]

Will Australia’s proposed “super profits tax” encourage our governments to increase the effective mining taxes and royalties?

The Globe article concludes that Canada, Kazakhstan and Russia are expected instead to lure exploration and mine development away from Australia

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Potential Problems – A Saskatchewan Focus

Competitive Tax Regime

From a fiscal policy (as opposed to political) perspective, what is the reason that non-residential property is subject to a surtax? There is no evidence that such property receives more service than residential property.

A similar question – why are there three tiers to the educational property tax regime?

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Potential Problems- A Saskatchewan Focus

*infrastructure deficiencies

-Power and power transmission

During the next decade peak demand is projected to increase by approximately 3.% per year. It is estimated that power suppliers will have to rebuild, replace or acquire approximately 4,100 megawatts of power by 2030.

Existing capacity in Saskatchewan is 3640 megawatts. [SaskPower: Our Power Plan, 2010]

-transportation

-housing

-innovation – private sector in particular

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Potential Problems- A Saskatchewan Focus

The long term impact of the 2008-2009 Financial Crisis

Currency fluctuation and valuations

The Euro Zone

Trading partners – US and BRIC

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How long to shovel out of this mess?



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Potential Problems – A Saskatchewan Focus

And on the horizonWATER

Saskatchewan River Basin vulnerabilities:

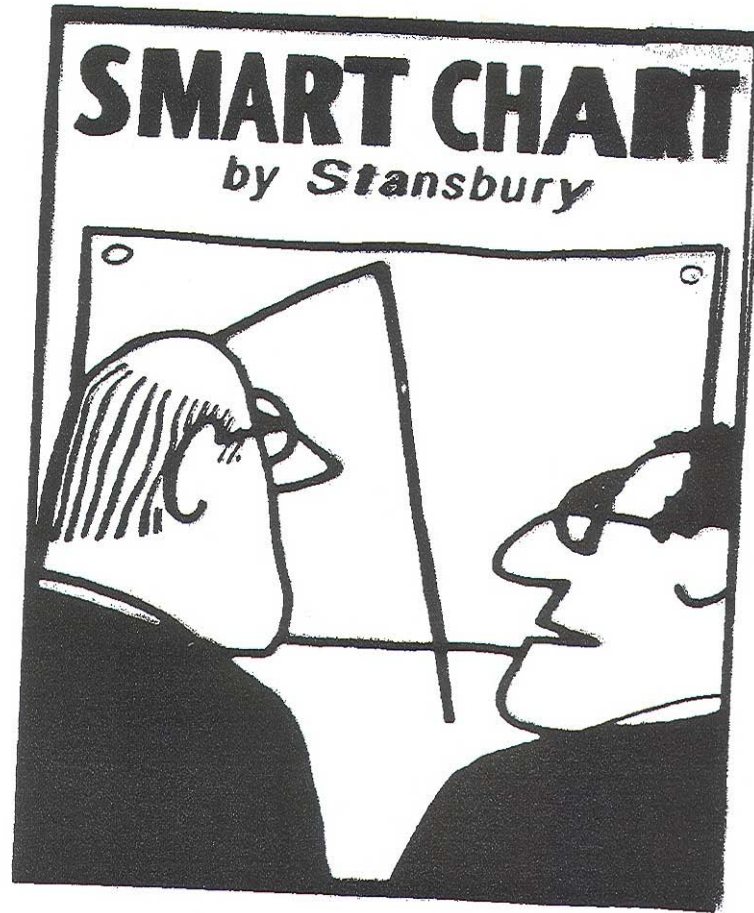
Landscape modification;

Water supply;

Integrated water resource management within the basin

[*The State of The Saskatchewan River Basin*, R.Halliday & Associates & SLM McLeod Consulting, 2009]

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Our strategy was to hit bottom and bounce!

Saskatchewan: A Next Step

A Discussion on Taxation:

www.sasktaxsurvey.ca