

# DOUBLING

## SASKATCHEWAN'S

### POPULATION

A  
Presentation by

Graham Parsons

To a Conference held by:

University of Saskatchewan  
and  
Saskatchewan Agrivision Corporation Inc.

On

**Innovation Saskatchewan: Double the Population**

June 5<sup>th</sup>, 2003  
Place Riel Theatre  
University of Saskatchewan  
Saskatoon, Saskatchewan, Canada.



*"Just as sure as the sun shines there will be within this Province alone some day a population running into the tens of millions...."*

***T. Walter Scott, first premier of Saskatchewan***

*as quoted on the inside cover of "Building for the Future,  
a photo journal of Saskatchewan's Legislative Building",  
Barnhart, G.L., University of Regina,  
Canadian Plains Research Center, 2002*

# DOUBLING SASKATCHEWAN'S POPULATION

## A Presentation to:

Innovation Saskatchewan: Double the Population  
University of Saskatchewan  
Saskatoon, Saskatchewan, Canada.

## By Dr. Graham F. Parsons

President, Organisation for Western Economic Cooperation  
Vice President, Development, Clifton Associates Ltd.

---

## INTRODUCTION

Doubling Saskatchewan's population is not impossible. It has happened before and will happen again. Whether it is to happen in our lifetimes is really up to us. This presentation is intended to open a discussion, outline some options and chart a course that could offer the people of Saskatchewan a larger economy, with more employment and double the population.

This presentation is no arcane academic treatise from a professional economist who worked for years in universities, governments, think tanks and the private sector. Saskatchewan is my home. Saskatoon and Regina have been my home since 1974. My cabin at the northern end of the Park Belt on Lake Iroquois will be my legacy to future generations.

Like many of you in this audience I have raised and educated my three children in this province. My children, just like yours, received a wonderful and internationally competitive education that too many will never be able to use at home. I do not believe this is right. At the very least this province should be able to employ its own. It is high time we did something about it and creating the economy to double the population would be a really good start.

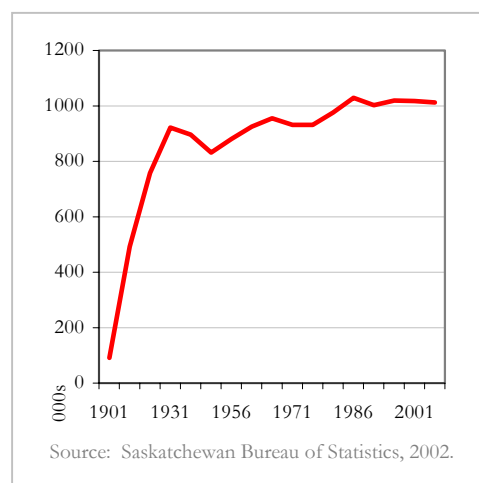
## OUR POPULATION

Saskatchewan's population exceeded one million people in 1983 and has been stuck at that level ever since. This was not always the way. Immigration, natural increase, out-migration and the shifting rural urban balance have always been a part of the picture. Dr. Garcea in his presentation on *"Immigration as a Strategy for Population Growth"* will examine some of these elements in more detail. A few introductory points are worth noting.

In the early years of the 20<sup>th</sup> century the province grew massively on the European immigration boom that increased the provincial population from ninety one thousand in the 1901 census to nearly half a million by 1911 – outstanding growth over a single decade.

These were years in which thousands with vision and a positive outlook on the future invested in creating a better future for themselves, and equally important, a better future for their children. Nor did it take long for the province to reach a population of 900,000 which was achieved by the 1931 census – just twenty years later.

**Figure 1**  
Saskatchewan's Population, 1901 – 2002



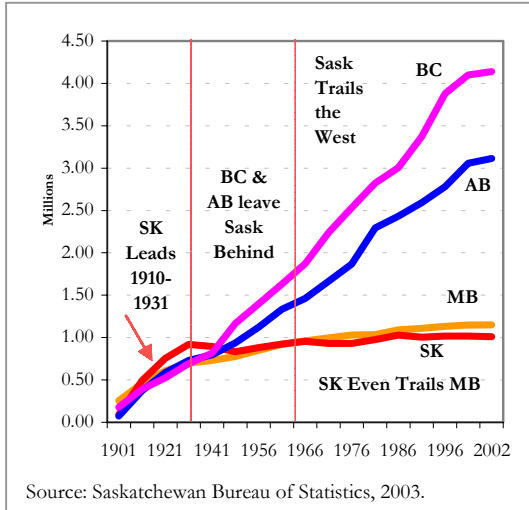
The earlier periods of rapid Saskatchewan growth were founded on a strong agricultural economy combined with the nation building of constructing cities and communities, building roads and laying railway lines and an expectation of future expansion. Saskatoon was the *"hub city"* of not simple mid-central Saskatchewan but for *all* of the Prairies. Walter Scott, the first Premier of Saskatchewan saw ten of millions living in the land. To the 1930s the province was open to all comers, invested in the future and led the West in growth.

The first paved airport runway in Western Canada, manufacturing plants, a General Motors assembly plant were all symptoms of a growing economy and population. In the 1931 Census Saskatchewan's population of 921,785 is shown as being 25% larger than British Columbia, 24% larger than Manitoba and 21% larger than Alberta.

# DOUBLING SASKATCHEWAN'S POPULATION

In the 1940s and 1950s Saskatchewan's growth slowed, a trend that continued to the present time. It took half a century for the province to reach one million people in 1983. Since that time population growth has continued at a very slow rate as out-migration and the aging of the population exceeded the high native birth rates in the province. (Figure 2).

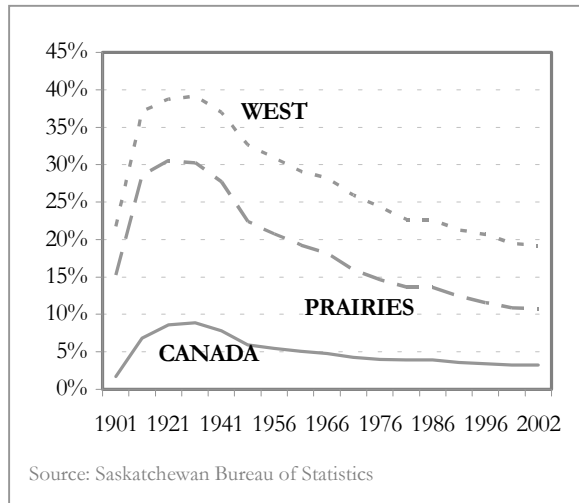
**Figure 2**  
Western Provincial Populations, 1901 – 2002



By 1951 after the end of World War II Saskatchewan was no longer the largest western province as British Columbia and Alberta increased their populations at a rate of growth that was to be sustained to the present day. (Figure 2) By 1962 Manitoba registered a higher population than Saskatchewan.

Saskatchewan's slow growth led the province to reduce its share of the Canadian, Prairie and Western populations. In turn the province's influence within Confederation and the West also declined. (Figure 3)

**Figure 3**  
Saskatchewan's Share of the Canadian, Prairie and Western Canadian Populations, 1901 – 2002



The decline was dramatic. Saskatchewan's share of the Canadian population fell from a high of 9% in the 1920s and 1930s to 3% today. (Figure 3) In the West a similar trend was underway as Saskatchewan shifted from being nearly a quarter larger than Manitoba, Alberta and British Columbia in the early 1930s to being smaller than all three today. (Table 1)

**Table 1**  
Saskatchewan's Population Compared to Manitoba, Alberta and British Columbia Populations, 1931 and 2002.

Saskatchewan as % of MB, AB and B.C.		
	1931	2002
Manitoba	+24%	-14%
Alberta	+21%	-208%
British Columbia	+25%	-309%

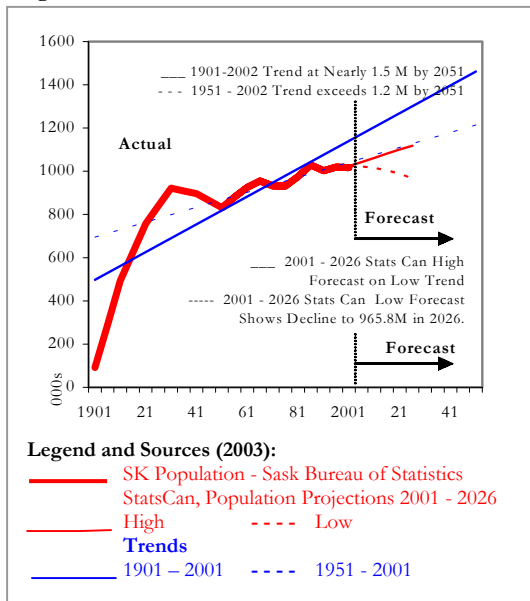
Source: Saskatchewan Bureau of Statistics, 2003.

## Population Projections by Statistics Canada Suggest the Status Quo Continues.

A review of Saskatchewan's population trends since the start of the 20<sup>th</sup> Century shows the province to be approaching 1.5 million by 2051 on the basis of the trends since 1901 and 1.2 million on the basis of the population growth rates since World War II. (Figure 4)

Statistics Canada census forecasts incorporating a more definitive demographic analysis and on the basis of the 1996 census of population follow the low trend through to 2026 on the basis of their optimistic high projection and a decline to 965,000 by 2026 on the basis of their low projection. (See Figure 4)

**Figure 4**  
Saskatchewan Population History 1901 – 2002  
High and Low Forecasts to 2026; Trends to 2050



# DOUBLING SASKATCHEWAN'S POPULATION

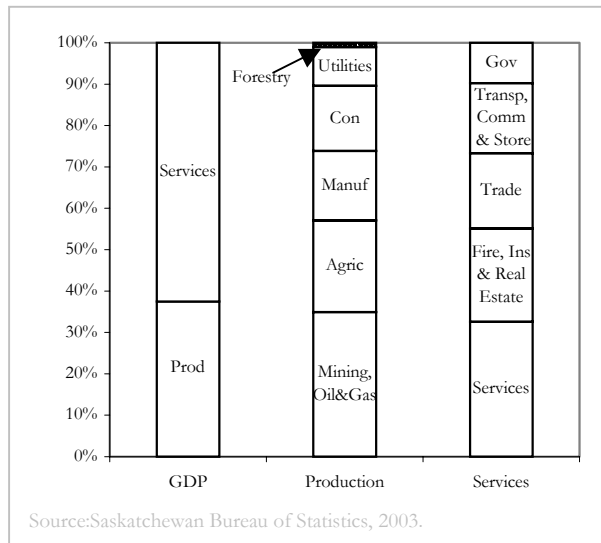
## SASKATCHEWAN'S ECONOMY

The provincial economy underlies much of the demographic performance of the province. It is the economy that invests, creates jobs, generates incomes and provides the services that support the population. Saskatchewan's economy in recent years has been led by mining, energy and agriculture. A new economy has also been emerging through agricultural diversification, manufacturing growth and the expansion of the new technologies in the cities.

### Structure for the Saskatchewan Economy

In 2001 Saskatchewan recorded a \$31 billion economy measured in real constant 1997 dollars. The provincial activities that created this economy were 37% production activities and 63% services. The industries creating the output were mining, oil and gas (13.1%), followed by agriculture (8.3%), manufacturing (6.3%) and construction (5.9%). The provincial service economy was led by the service sector (20.4%), followed by fire, insurance and real estate (14.1%), trade (11.4%) and transportation and communications (10.6%). (See Figure 5)

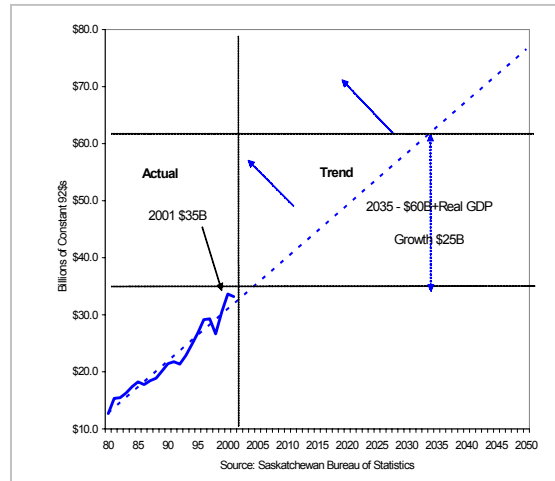
**Figure 5**  
Distribution of the Saskatchewan Economy, 1999



### The Outlook for the Saskatchewan Economy.

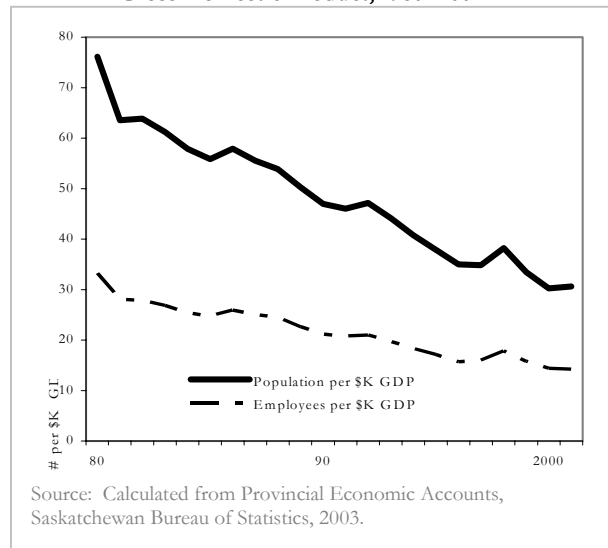
There is a positive outlook for overall growth in real gross domestic product into the future. In fact, Saskatchewan's economy will certainly double in size, if it simply keeps doing what it is already doing. Between 2001 and 2035 Saskatchewan could see an increase of \$25B on the basis of its recent performance. (see Figure 6)

**Figure 6**  
Real Gross Domestic Product, Saskatchewan 1980 -2001  
Actual, Trend to 2050



Such GDP output growth, however, is not likely to be sufficient to increase the provincial population. Saskatchewan's natural resource economy of mining, forestry, agriculture and energy has become highly capital intensive and very productive over the years. The employment and population associated with any given dollar of real gross domestic product has declined steadily since the 1980s. (see Figure 7)

**Figure 7**  
Declining Ratios of Population and Employment to Real Gross Domestic Product, 1980 -2001



Maintaining competitive productivity with Saskatchewan's domestic and international competitors requires this trend. Saskatchewan's economy is therefore required to grow to simply maintain the existing population base, and must grow much faster than it has done to double the population.

# DOUBLING SASKATCHEWAN'S POPULATION

Significant increases in provincial population growth will therefore require:

1. the absolute growth of the provincial economy; and,
2. an industrial restructuring of the province towards more labour intensive economic activities associated with increased diversification of the province.

Both forms of economic growth must be pursued with vigor in any economic strategy to double the province's population.

## CHANGING THE FOUNDATION FOR GROWTH.

Provincial economic output is in fact the Gross Domestic Product (GDP) or the whole bundle of goods and services produced by the economy. The formula for GDP is:

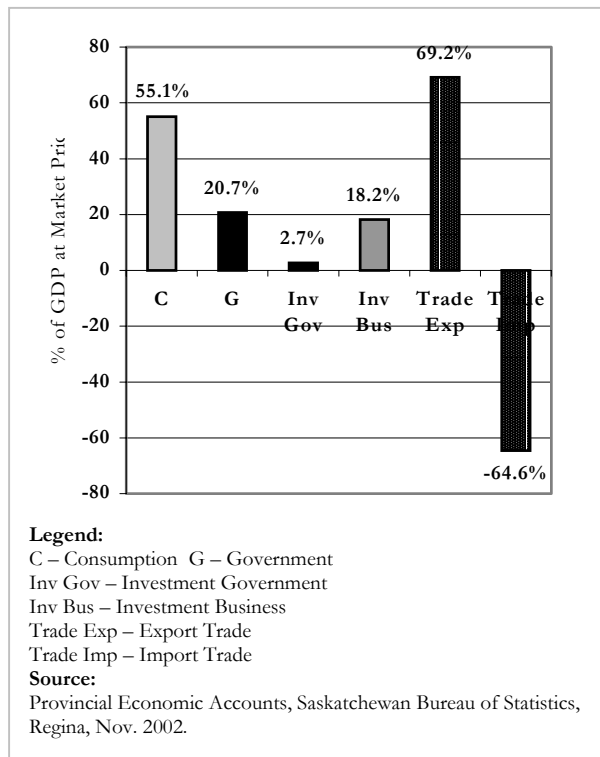
$$GDP = C + I + T + G$$

Where:

- C = Consumption
- I = Investment
- T = Trade Balance or Exports less Imports
- G = Government

The distribution of each of these elements for Saskatchewan is shown below in Figure 8.

**Figure 8**  
**Distribution of Saskatchewan GDP, 2001**



As with most economies, consumption by people and businesses in Saskatchewan accounts for over one half of provincial GDP. Investment and Government account for about one fifth each, while trade activities, both exports and imports each involve about two thirds of the provincial economy to produce a trade surplus accounting for about 5% of the provincial economy. Nearly two thirds of provincial activity is to be found in exporting and importing.

Changes to any of these factors can result in a larger economy, although the way they may create growth will differ. Directly increasing a population can quickly lead to a rise in domestic purchases of essential goods and services, but is also likely to increase imports into the province. In the longer term, however, a higher population will require additional investment for house construction and provide a basis for an expansion in the local provision of goods and services.

Increasing investment has a different effect on the provincial economy and population. Investment spending is followed by construction expenditures that directly effect provincial imports and local incomes. Depending on the level of development and diversification of the provincial, investment may be followed by increased production, exports and a continuing stream of income and consumption benefits. The effects of investment on both the economy and the population will be heavily dependent on the specific types of investment made and their ability to supply locally.

Domestic multipliers, or the factors by which an initial investment may impact the economy as it works its way through a wide variety of economic and social activities, including markets for labour, government, investment and consumption, will determine the overall effect on provincial economic growth. Higher multipliers increase provincial growth, while lower ones limit the economic local returns from a provincial investment. Private sector investment has a higher return to the province than provincial public sector investment. Saskatchewan's economy has been characterized by low multipliers where many of the benefits of investment immediately escape into other supplying jurisdictions.

It is the interaction of all of these elements that will in reality create the new Saskatchewan economy to attract, support and grow a larger Saskatchewan population. This interaction does not take place in a vacuum, but within a global environment for trade and technology, and a provincial environment for investment, research, training, education, taxation, health care and the role and structure of government.

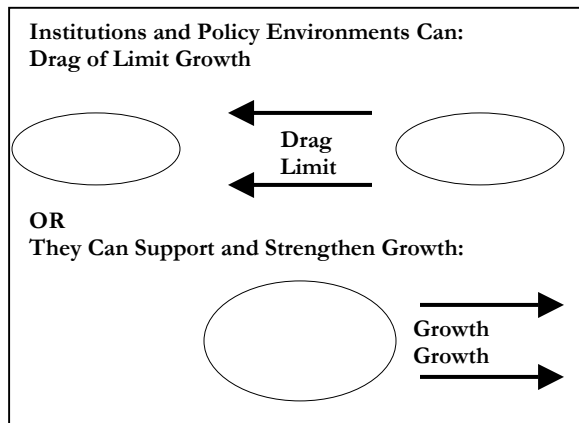
Indeed, our understanding of the factors that lead to sustainable economic growth, from many international development organizations and experts in economic

# DOUBLING SASKATCHEWAN'S POPULATION

development, show clearly that it is the institutional environment for growth including the environments for investment, government intervention in the economy, research and development and education and training that are critical expansion and job creation.

This environment for growth, including the institutional, regulatory, governmental and fiscal frameworks, is central to the efficiency, productivity and competitiveness of any economy. When the institutional framework does not adjust to the technologies, markets, preferences and competitive environment of the day, then the capacity of the economy to growth and to create jobs is weakened. When the institutional framework is in line with the new social and economic realities then the environment for growth can be strengthened. (See Figure 9)

**Figure 9**  
**Institutional Frameworks for Growth**



The institutional framework for development is far more than just the fiscal framework for taxation. It includes the structure of education and training within the educational system, the roles of Crown corporations and state intervention in the economy, approaches towards regulation, infrastructure development in communications, transportation, water, business laws and access to capital and markets.

While it is possible to make aggregate summary estimates of the increased levels of investment, trade and consumption that might be required for growth, in practice far more detailed econometric modeling would be required to make the estimates. Indeed, even econometric modeling cannot be expected to adequately forecast future requirements, since a major structural transformation of the provincial economy will be required in any substantial growth strategy and will therefore change many of the relationships within the economic models.

## ELEMENTS IN A NEW VISION FOR SASKATCHEWAN'S ECONOMY AND ITS PEOPLES

Within each of these areas it will be important to understand those factors restraining investment, productivity and trade growth, and the institutional and policy framework for their operations.

Any cursory review of Saskatchewan's economy will show that the opportunity for substantial economic growth is very real. Whether this growth will in fact support a substantially larger population will be determined in large part by the degree to which the province pursues a wide range of social and economic policies as a new diversified foundation for growth. Key elements that will be fundamental to the Saskatchewan outlook for growth are:

1. The Changing Demographics and Labour Markets in Saskatchewan
2. The Climate for Growth and Investment
3. Major Sector Opportunities
4. The Infrastructure Requirements of a New Economy.
5. An Institutional Framework for Growth.

## Saskatchewan's Changing Demographics, Labour Markets and Urban Society

Historically, demographics were at the founding of Saskatchewan. Nomadic first nations moved across the Prairie and through the woodlands in a culture and economy that sustained a small population.

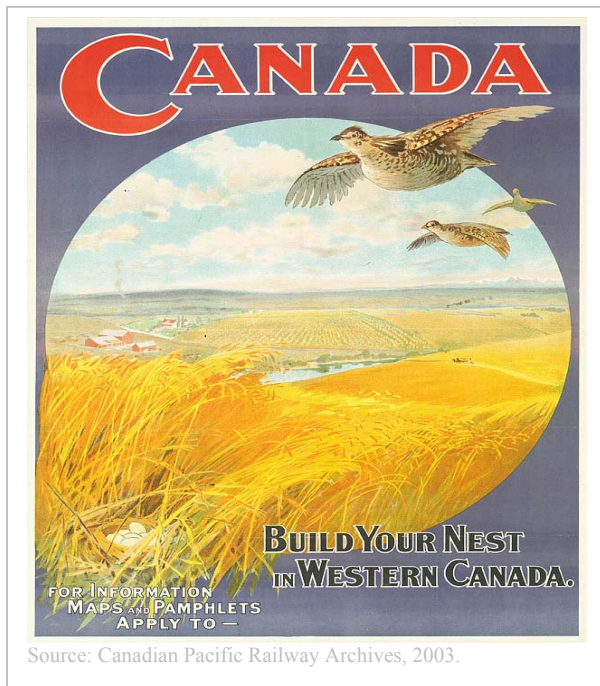
### Immigration

Global economic and demographic forces in the 19th century and Canadian nation building led to the great immigration streams towards the west, the building of the national railway and the settlement of Saskatchewan from the 1880s on. Western Canada and Saskatchewan were prime destinations for many of the early settlers.

It was an immigration stream supported by advertising, institutional support in the form of assisted passages, language training, Dominion farms and land grants and a vision to create a better world than the Europe that most of them had left. (See Figure 10) The timing of immigration flows led to an ethnic mix that with the original First Nations created the cultural mosaic of modern day Saskatchewan.

# DOUBLING SASKATCHEWAN'S POPULATION

**Figure 10**  
Early Immigration Poster for Western Immigration



Today, the cultural mix of the province has changed. First Nation's are returning to their original supremacy in the demographic order increasing their share of the population from around 15% at the end of the 20<sup>th</sup> Century to as high as 30% by 2045.

Now, international immigrants are mainly second and third generation in Saskatchewan. The Province is no longer a major destination for foreigners coming to Canada. Indeed in recent years Saskatchewan has become the source of large scale domestic emigration into the faster growing western provinces of British Columbia and Alberta.

Immigration policies will once again become front and centre to any policy to double Saskatchewan's population. Just as in earlier years a new institutional framework will be required to attract, support and keep foreign immigrants in Saskatchewan and retain them following arrival.

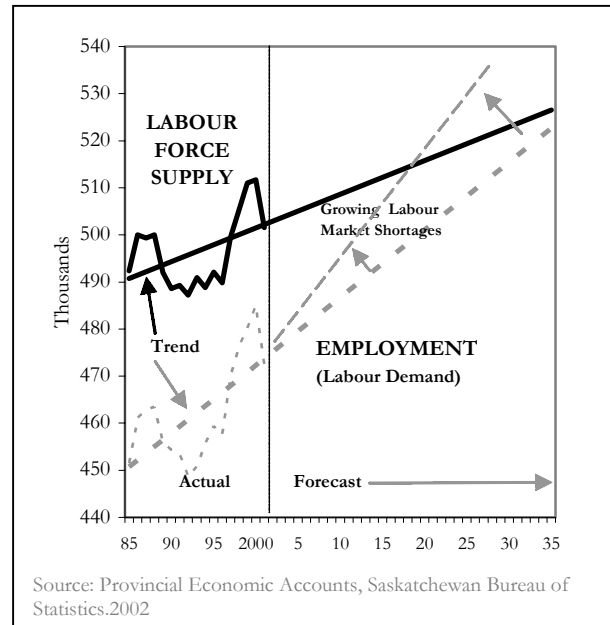
Domestic out-migration from Saskatchewan to other provinces of Canada tells a similar story and will require a comparable level of attention.

This is a difficult and highly competitive challenge. The aging demographics of most industrial economies in the Western world are looking to immigration to solve a rapidly emerging labour shortage. Saskatchewan will require innovative solutions to address the issue.

## Saskatchewan's Labour Market Shortage

The ageing provincial population combined with the retirement of earlier working age immigration streams is creating a significant labour market shortage in most western industrialized countries. Saskatchewan is no exception. Since the mid 1980s the trend in labour force supply has not grown as fast as the trend in employment growth. (See Figure 11).

**Figure 11**  
Labour Market Performance  
1985 – 2002 and Trends to 2035



Further shifting the trend in employment growth to the left to accommodate an aggressive provincial program of investment and growth will increase the shortage. The economic and social consequences will be seen in lower unemployment rates and higher wages. Retaining competitive positions will therefore require close attention to sustained improvements in productivity, increased substitution of capital for labour and increasing the efficiency of provincial labour markets through training and increasing participation rates.

## First Nations

First Nations represent a unique cultural and employment resource for the Saskatchewan economy and its outlook. The youthful age structure of the population and its rapid growth rate provide a unique opportunity for First Nation's people to become the mainstream in a new Saskatchewan economy. Too often the future for First Nation's in Saskatchewan is described in terms of disparities and comparisons against some other norm.



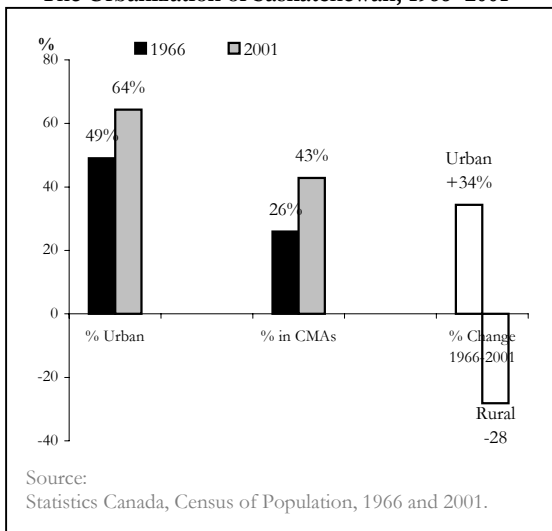
# DOUBLING SASKATCHEWAN'S POPULATION

Fundamental demographic trends in concert with the emerging, across-the-board labour force shortages from the aging immigration stream of the late 1960s offer an opportunity to allow First Nations peoples to enter into all forms of entrepreneurial and employment activity at all levels of the economy, should they choose to do so. However, these changes are unlikely to occur without the development of the appropriate training and support systems. In doing so they would materially contribute to a doubling of the provincial population.

## Urbanization and the Metropolitan Economy

Saskatchewan often considers itself to be a rural economy and society. Recent demographic trends have shown another story. Between 1966 and 2001 all (100%) of the population growth occurred in urban areas. Urban areas grew over the period by 34.3% while rural areas declined by 28.2%. Nearly two thirds of Saskatchewan's population now live in urban areas compared to a little under one half in 1966. Most of these urban dwellers live in the census metropolitan areas of Saskatoon and Regina who have increased their share of the provincial population from about one quarter in 1966 to 42% by the 2001 census. (see Figure 12)

**Figure 12**  
**The Urbanization of Saskatchewan, 1966 -2001**



The trends towards urbanisation in Saskatchewan are also going on across Canada. They can be expected to continue in the years ahead. Indeed, a significant driver in the new Canadian economy are the cities themselves. One of the fastest growth sectors in the new economy is an urban economy, with growing clusters of competitive economic activity

Urban economies are increasingly working cooperatively with other cities both inside and outside of the province. They form the major consumer

markets and the location of the centres of education, much innovation, research, management and social service provision. Many of these new activities are rapidly becoming major export earners for the province such as insurance and cooperatives in Regina.

**Figure 13**  
**Regina's New Urban Economy**



## The Climate for Growth and Investment

Public and private investment accounts for about 21% of provincial real GDP or about \$6 billion annually. A sustained investment stream is required to double the province's economy. Simply doubling the provincial economy on the existing economic structure would require annual investment to have reached \$12 billion by 2035 – a target that would have seen a little over \$300 million of total public and private investment over the thirty year period between 2005 and 2035.

As noted previously, however, a simply doubling the economy will not be sufficient to double the employment and population. The future economic structure of the province, its labour-capital intensity, wealth, trade balance will all determine the size of economy and the related investment required to support two million people. Accordingly, for purposes of discussion and simplicity the relationship between the size of the economy, population and employment are presented to focus the subsequent discussion.

Table 2 presents the current GDP, investment, employment and population compared to a number of future growth estimates. These are (1) The existing trend through to 2035 that leads to a \$60 billion economy, (2) an estimate based on the 2001 relationships (Scenario #1) and (3) a more conservative estimate based on the direction of the GDP-employment-population relationships and requiring a much larger economy of \$72 billion (Scenario #2). Together the scenarios identify a range of increased investment requirements ranging from an additional \$20 billion to \$40 billion through to 2035. This framework provides a perspective against which to compare the emerging investment opportunities for Saskatchewan.

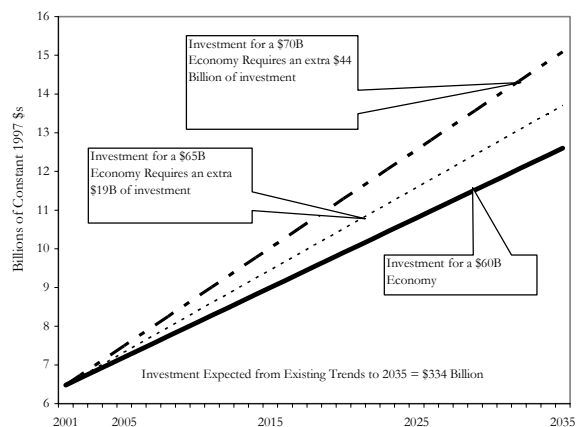
# DOUBLING SASKATCHEWAN'S POPULATION

Table 2  
Development Scenarios Compared with the Current Economy, taking into account prevailing relationships and Trends for GDP, Investment, Employment and Population, 2001 – 2035

	GDP (\$BK)	Inv (\$BK)	Emp 000s	Pop 000s
<b>Current Economy</b>				
2001	\$31	\$6	472	1,017
Trend to 2035	\$60	\$13		
<b>Development Scenarios</b>				
<b>Scenario #1 2001 GDP-Employment-Population-Investment Relationships</b>				
Annual Level at 2035	\$65	\$14	929	2,000
Increase 2001 – 2035	+\$34	+\$8	+457	+983
Total New Investment 2001 - 2035		+\$19		
<b>Scenario #2 Carrying Forward the Trend in GDP-Employment-Population-Investment Relationships</b>				
Annual Level at 2035	\$72	\$15	1,000	2,000
Increase 2001 - 2035	\$41	+\$9	+528	+983
Total New Investment 2001 - 2035		+\$44		

While these numbers may seem large, it has to be realized that existing trends are already generating most of them. \$334 billion of investment will be generated over the next thirty years as the economy grows. It will be the additional \$20 billion to \$40 billion of investment from the renewal and restructuring of the provincial economy, the development of new sectors and the identification of new drivers that will support a larger population. It is this additional amount of investment, therefore, that can be seen as a broad investment target to double the population.

Figure 14  
Investment Trends and Scenarios in a Larger Saskatchewan Economy, 2001 - 2035



Opportunities to generate these levels of investment will be created by:

1. Efficiency Gains in existing industries
2. New Sectors and Drivers for Growth
3. Improving the attractiveness of the Provincial Climate for Investment.

## Major Sector Opportunities

Following a preliminary major review of international and continental trends in the world, Saskatchewan can be seen to have major opportunities in a number of sectors of the provincial economy. Three priority areas can be identified:

1. **Improving the Competitive Position of the Existing Sectors** and include such sectors as the export grain economy and mining.
2. **Growing New Sectors** of the provincial economy including agricultural value added and new energy sources.
3. **New Emergent and Infant Economic Drivers** such as the Synchrotron in Saskatoon and C02 Research and Sustainable Cities in Regina.

### Improving the Competitive Position of the Existing Sectors

The existing economic base of Saskatchewan's economy is too often seen as the old economy. However, it is important to note that Saskatchewan's existing grain based agriculture and mining economies are the foundation of the existing economy. Minor improvements to the performance of those sectors can provide substantial increases in the overall level of provincial growth.

In recent years, the grain economy has been weakened by international subsidies and trade wars. However, the fundamentals for the sector in Saskatchewan remain and can be improved with a more proactive policy environment and dramatic improvements in the transportation and grain handling system, that are now well underway. Studies of the cost of these efficiency losses to Saskatchewan grain farmers have consistently demonstrated losses in the order of \$500 million<sup>1</sup>, of which \$50 million might be expected to return to the annual investment stream.

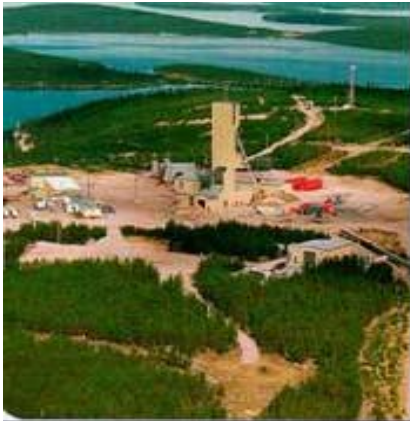
Mining offers similar opportunities for expanded production under more attractive environmental, regulatory and fiscal practices. (Figure 15) At the present time Saskatchewan falls in the bottom half of most competitiveness measures for attractiveness to mining investment.<sup>2</sup> Today mining is far more than simply geological assets. Environmental, fiscal and regulatory procedures can materially constrain investment and have done so in Saskatchewan. With the annual mining investment running at around \$1 billion annually, a 20% increase would represent some \$100 million each year.

<sup>1</sup> See for example, Parsons, G., and Wilson, W., A Comparison of U.S. and Canadian Grain Handling Systems, OWEC, Regina, 1999.

<sup>2</sup> See for example, Annual Survey of Mining Competitiveness, Fraser Institute, Vancouver, Annual.

# DOUBLING SASKATCHEWAN'S POPULATION

**Figure 15**  
Mining in Saskatchewan



## Growing New Sectors

Saskatchewan's economy has already diversified well beyond the foundation established by its grain and oilseed sectors in agriculture. Today mining is the largest goods producing sector in the economy while financial and insurance services is the largest exporting sector in the service economy. There are other new sector developments that will have a capacity to further transform Saskatchewan's economy.

To illustrate their significance to the Saskatchewan's economy, the new sectors are discussed in two main areas of energy and agriculture. This is not to suggest that these are the only two sectors of great significance to Saskatchewan's future. Rather they show the large size of the relative opportunity. Other new activities can further expand the provincial economy.

### Agriculture

Nearly all future development scenarios for Saskatchewan identify major opportunities in increasing the provincial herd size for cattle and hogs, grains processing into foods, feeds, alcohol and ethanol, meat packing, oils seed crushing, horticultural packaging and specialty crops. Agriculture and Agri Food Canada for example illustrate growth scenarios for Saskatchewan that show an average increases to 2005 alone in grains processing (126%), oilseeds processing (101%), horticulture (89%), and herd size (44%) (See Table 3)

**Table 3**  
Average of Two Agricultural Development Scenarios for Saskatchewan to 2005

Sector	Av. % Increase to 2005
Grains Processing	126%
Oilseeds Processing	101%
Horticulture	97%
Herd Size (Cattle -Hogs)	44%
Source: Agriculture and Agrifood Canada, 2001.	

The provincial Action Committee on the Rural Economy (ACRE)<sup>3</sup> identified significant increases in the numbers of beef cattle and hogs, including substantial investments in the related feed lots, hog barns and packing plants. These developments have substantial capital investment requirements.

For example each incremental increase in a 300 head cattle herd requires a capital investment of \$48,000 for plant and equipment. Feed lots to process 20,000 cattle each year require a capital investment in the order of \$29 million. Similarly each new sow barn for hogs costs \$23 million in capital investment. (Figure 16) Opportunities for substantial increases in the provincial herd size of both cattle and hogs are can be justified on the grounds that eastern Saskatchewan has amongst the lowest feed grain prices in north America.

**Figure 16**  
Hog Barns



When herds of beef and hogs reach a sufficient size further investment in slaughter facilities will be warranted. Slaughter and packing plants for cattle and hogs currently require some \$100 million of investment. Once again emerging supply constraints in the form of population pressures and environmental controls on older packing centres in North America, particularly in Florida, offer unique opportunities for Saskatchewan in the coming decades.

Livestock and related investments can therefore introduce a major new structural change for agriculture in the years ahead with a new investment requirement for both agriculture and manufacturing in the order of \$13 billion.

### The New Agriculture

Well beyond the traditional agricultural pursuits of grains and livestock there is a new agriculture emerging. This economy is based on the changing tastes, preference and values held by consumers for clean healthy foods and products. In Saskatchewan the emergent special crop, organic, nutraceutical and dermaceutical industries form the basis for this industry

<sup>3</sup> Action Committee on the Rural Economy (ACRE), Final Report, March 2002.

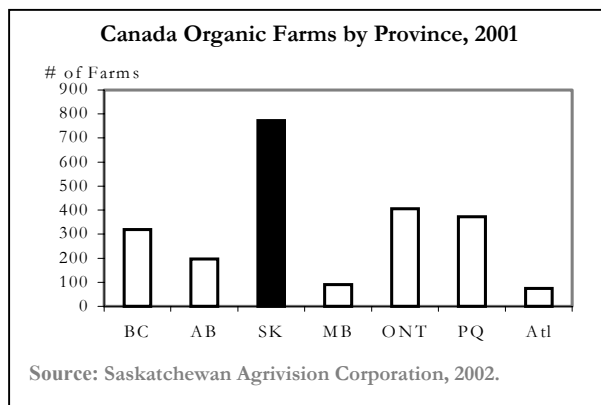
# DOUBLING SASKATCHEWAN'S POPULATION

with project sales of \$214 million by 2010.<sup>4</sup> This emergent new agricultural sector includes such activities as:

1. Organic natural food products
2. Vitamins and Minerals
3. Herbs and Botanicals
4. Sports Foods
5. Personal Care Products.

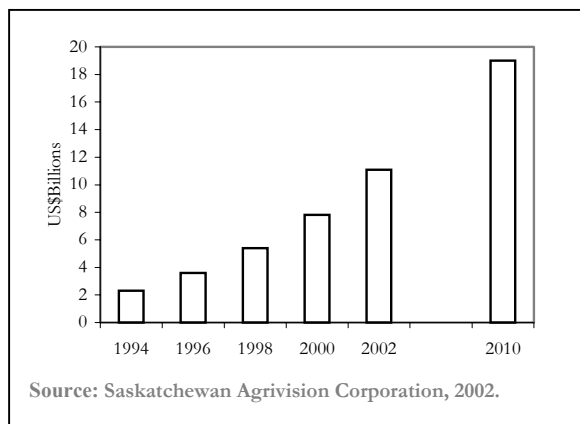
The current major markets for these products are to be found in the United States. However, over time the higher value of these products should allow them to carry the freight into both European and Asian markets.

**Figure 17**  
Canada Organic Farms & Saskatchewan Nutraceutical Sales 1998 - 2010



Saskatchewan already has the largest concentration of organic farms in Canada as a basis upon which the industry can grow. (Figure 17) In the United States the organic industry grew from US\$2.3 billion in 1994 to \$7.8 billion by 2000. By 2010 it is forecast to have reached US\$19 billion.<sup>5</sup> (Figure 18)

**Figure 18**  
U.S. Organic Sales 1994 – 2000, estimated to 2010



<sup>4</sup> Saskatchewan Agrivision Corporation, State of the Nutraceutical, Functional Food and Demaceutical Industry, Saskatoon, 2002.

<sup>5</sup> Saskatchewan Agrivision Corporation, State of the Organic Agriculture Industry, Saskatoon, 2002.

Significantly, organic agriculture is seen as far more than simply a product. Rather it is an identity preserved food producing and marketing system from the farmer to the consumer. This holistic involvement involves the sector in a far greater range of value added activities than required for traditional agriculture.

Agricultural forestry can also be seen as a new entry into Saskatchewan's agricultural and emergent forest economies. Tree farms and the related fibre plants can together require some \$1.4 billion in investment over a twenty year period.

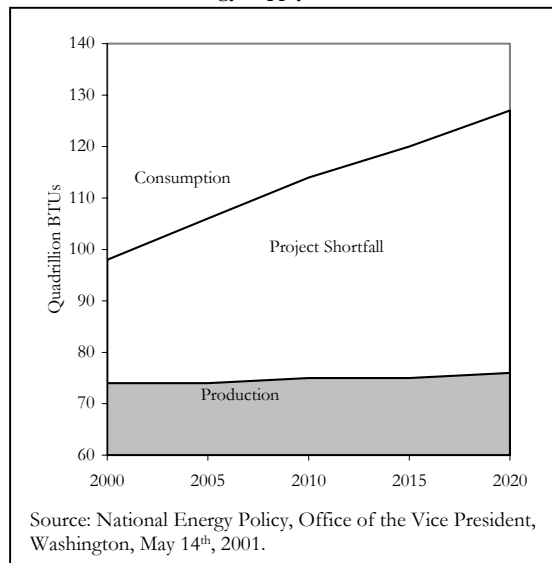
## Energy

The energy sector in Saskatchewan is derived from its oil, gas, renewable and uranium resources. At the present time the United States is providing a growing and unique opportunity for Saskatchewan fuel and power supply.

The roots of this opportunity can be seen in the U.S. National Energy Policy released in 2001. (Figure 19) This shows that U.S. energy consumption outpaces U.S. domestic production. The projected shortfall almost doubles to 2020, and equally important, many traditional U.S. sources of energy supply like the Gulf of Mexico are now seen as a depleting resource.

The U.S. demand for energy is widespread, including traditional demands for oil and gas, but also including heavy oils, oil sands, electricity, thermal coals, uranium, nuclear power and renewable energies, including ethanol.

**Figure 19**  
U.S. Energy Supply/Demand Balance



Saskatchewan also has the opportunity to become a larger player in these U.S. markets if it is prepared to do so.

# DOUBLING SASKATCHEWAN'S POPULATION

In particular, energy markets from direct U.S. demand and the derived Canadian demand from Alberta oil-sand and the related urban power requirements in northern Alberta are both geographically close to the province. These two markets alone could substantially expand the basis for Saskatchewan energy investment, production and exports. There are diverse new energy and fuel development opportunities available to the province should it choose to act.

In recent years conventional oil and gas exports have grown on U.S. and Canadian demands. In the forecast period to 2035 an extra \$6.2 billion of conventional oil and gas investment is quite possible. Investments into ethanol production can contribute to energy demands and further stimulate cattle production.

For example, an integrated ethanol plant is currently estimated to cost some 80 cents a litre for a 20 million litre facility for an investment requirement of some \$16 million. In addition the development of a 20,000 head livestock facility for a total cost of some \$24 million would increase the total investment requirement for each integrated ethanol plant to some \$40 million.

Wind power could also contribute with ethanol to an increased provincial renewable energy stream. In total it is estimated that these two sources alone might contribute some \$4 billion to a provincial investment stream to 2035 – a sum much smaller than many estimates of potential in this area due to the tax support that both industries currently require for competitive and commercial viability.

Energy from uranium represents perhaps the largest opportunity for Saskatchewan. Over the years the cost of nuclear power generation has fallen to become competitive with coal fired thermal plants. Supplying power to U.S. markets both directly and indirectly for the power requirements of the expanding Albertan oil sand producers offers the opportunity for at least four export led nuclear power generators to be developed with the province - two in the south for sales directly into the U.S. and a further two in the northwest to supply the Alberta oil sands region.

At the present time Saskatchewan is only active in one stage of the uranium cycle – that is uranium mining. (see Figure 20) In the immediate future and following an expeditious public review of provincial energy options the province could actively pursue its opportunities throughout the uranium cycle, with a major effect on provincial investment in such areas as power generation, power transmission, waste storage and monitoring. (Table 4).

Developing the uranium cycle in Saskatchewan could be a reality. Nuclear power generation is already an established industry producing almost 70% of the

electricity in France, 45% in Sweden, 55% in Belgium, 40% in Switzerland, 34% in Japan and 55% in Ontario. Such plants are already in the planning and development stages for New Brunswick and Ontario. It is not at all inconceivable that Saskatchewan could also become an active player in these markets.

Figure 20  
Uranium and Nuclear Fuel Cycle

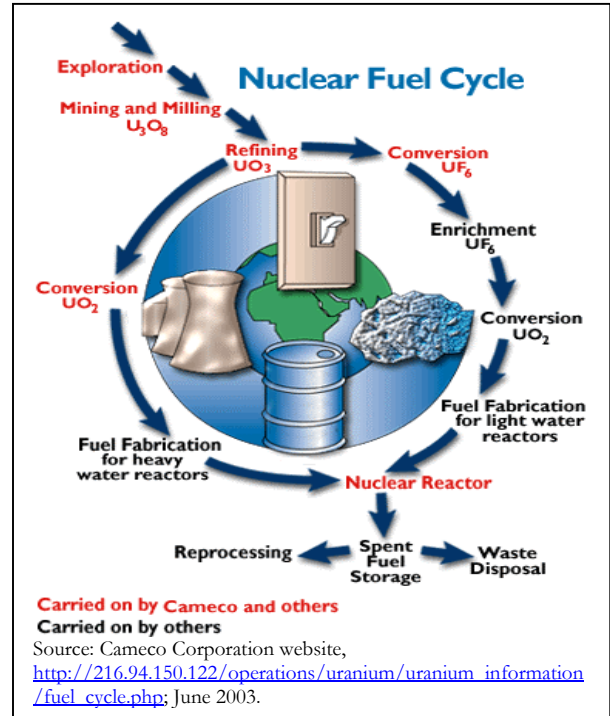


Table 4  
Saskatchewan's Participation in the Uranium Cycle

	Saskatchewan		
	Participates	Does Not Participate	Potential
1. Mining	X		
2. Conversion		X	X
3. Enrichment		X	X
4. Fuel		X	X
5. Power Generation		X	X
6. Storage		X	X
7. Reprocessing		X	X
8. Vitrification		X	X
9. Fabrication		X	X
10. Monitoring		X	X

Source: Derived from World Nuclear Association website:  
<http://www.world-nuclear.org/search/index.htm>

As a fuel source with few greenhouses gases, nuclear power would fit within new provincial directions for **green power generation**. Competitively, the costs of the next generation of CANDU reactors is seen as competitive with coal at a price of between \$1,000 to \$1,200 per kilowatt hour, or an investment requirement of some \$700million to \$840 million for a 700 megawatt reactor.

# DOUBLING SASKATCHEWAN'S POPULATION

**Figure 21**  
Next Generation CANDU Reactor



Source: AECL website, 2003.

The impact on Saskatchewan's investment outlook could be substantial and conservatively in a range of from \$1.4 billion to \$1.7 billion for two new reactors to serve U.S. and Alberta markets. Power transmission investments could be seen as additional investment requirement of \$40 million.

In addition, were the province to enter into the field of nuclear power generation, then it would seem logical to develop refining, waste reprocessing, management and storage facilities, monitoring and tracking capacities that are all part of the uranium cycle. Together these activities might very conservatively be expected to add a further \$5 billion to the investment stream over the next thirty years.

## New Emergent and Infant Economic Drivers

Innovation and research have always been the foundation for economic transformations. Developments in water technologies allowed the Nile to irrigate the land that became Egypt. Steam engines lay behind the Industrial revolution in Europe and the transportation efficiencies in the 18<sup>th</sup> and 19<sup>th</sup> century that created a global economy. Information and computers have transformed many aspects of daily life, the economy that supports it and a new level of global interdependent trade. All of these are founded upon a proactive agenda of investment in innovation and research.

The foundation of the next generation of Saskatchewan is already being established through a science and innovation agendas at the two Universities in both Saskatoon and Regina. These can represent new drivers for the Saskatchewan economy in the years ahead. In Saskatoon on the campus of the University of Saskatchewan, the Canadian Light Source Synchrotron is at the forefront of a new era of science and technology through the use of magnets and radio frequency waves to accelerate electrons to nearly the speed of light. While the facility has cost nearly \$175 million to construct through a federal, provincial, industry partnership, its real potential lies in a continued operating stream of research spending and investment and a wide range of commercial applications.

**Figure 22**  
Canadian Light Source Synchrotron



Source: Annual Report, Canadian Light Source Synchrotron, Saskatoon, 2002

Two similar leading edge developments are underway in Regina at the University of Regina. The International Test Centre for Carbon Dioxide (CO<sub>2</sub>) Capture, is a partnership between the National Research Council, the University, the province and industry to develop technologies to reduce carbon dioxide emissions, produced by the energy sector. Capture techniques help reduce the amount of carbon dioxide released into the atmosphere, and pave the way for new storage and disposal methods and new industrial uses for the gases.

**Figure 23**  
University of Regina



Source: University of Regina website: uregina.ca

The CO<sub>2</sub> capture work contributes to meeting Canada's Kyoto targets to reduce of greenhouse gas emissions over the long term and has already established the University of Regina as a world leader in CO<sub>2</sub> capture technology. The International Test Centre has two components:

1. A \$5.2-million pre-commercial scale technology demonstration plant at SaskPower's Boundary Dam Power Station near Estevan.
2. A \$3.3-million pilot plant at the University for greenhouse gas technology development and screening.

The Canadian Sustainable Cities Initiative (SCI) is a federal-provincial-industry partnership designed to assist selected cities in developing countries to make progress towards their economic, social and environmental goals through partnerships with Canadian companies and organizations that offer technologies and services relevant to Sustainable Development. May 2003, a major \$30 million sustainable cities initiative was announced for the University of Regina expected to lever much higher levels of investment in the years ahead.

# DOUBLING SASKATCHEWAN'S POPULATION

## Cumulative Sector Investments to 2035

The cumulative effect of these levels of investment can have a dramatic effect on the Saskatchewan economy. Table 5 summarizes the aggregate investment effects of the major new incremental investment streams. Together they offer the potential of increased investment through to 2035 in a range of from \$16 billion to \$38 billion.

**Table 5**  
**Range of New Investment Estimates Identified for the Saskatchewan Economy to 2035**

	Low (\$B)	High (\$B)
<b>Sectors of the Economy</b>		
Existing Agriculture	1.0	3.1
New Agriculture and Livestock <sup>a</sup>	6.2	12.3
Mining <sup>b</sup>	5.6	11.2
New Energy <sup>c</sup>	2.8	11.5
<b>Total Direct Investments</b>	<b>\$15.6B</b>	<b>\$38.1B</b>
<b>Notes:</b>		
a. Cattle, Hogs, Processing Plants, Agricultural Forestry.		
b. New mining and incremental uranium mining.		
c. Ethanol, wind, nuclear generating, transmission and waste management and disposal.		

Any of these direct sector investments will induce further investments in other parts of the economy through their multiplier effects. Traditionally multiplier effects within Saskatchewan have been extremely low for new capital intensive activities where many people, services and goods are imported to undertake the work. Conversely, agriculturally related projects with sophisticated service and supply systems within Saskatchewan might expect to have higher multipliers and their related induced investments.

Table 6 conservatively estimates a range of total investment on the basis of induced effects from as low a 0.5 to a high as 1.0. The sector investments from Table 5 in combination with the induced investments provide an estimate of new total provincial investment through to 2035 from \$23.4 billion to \$76.2 billion. These estimates are well over the target investment ranges of from \$14 billion to \$44 billion established earlier in Table 2 to more than double the provincial economy and support one million people.

**Table 6**  
**Estimates of Incremental Sector, Induced and Total Investment for Saskatchewan to 2035**

	Range	
	Low (\$B)	High (\$B)
<b>Total Direct Sector Investments</b>	\$15.6B	\$38.1B
Estimated Induced Investments		
Based on:		
Low Induced Effects (M = 0.5)	\$7.8B	\$19.1B
High Induced Effects (M = 1.0)	\$26.1B	\$63.6B
<b>Total Investment Range</b>	<b>Low 23.4B</b>	<b>\$57.2B</b>
	<b>High 41.7B</b>	<b>\$76.2B</b>

It is important to note that there are many other investment areas within the province where there could be substantially more investment forthcoming. The

next generation of drivers for the provincial economy discussed earlier will all have substantial investment streams associated with them. Cluster planning now being targeted by both Saskatoon and Regina in their economic development plans might be expected to increase multiplier effects and therefore levels of induced investment. Related infrastructure needs discussed in the following section would also substantially further increase investment requirements.

**None of these qualifications to the investment stream, however, must detract from the fact that there is already a basic development opportunity facing the province to sustain a much larger population.** The following section discusses some of the issues and constraints that will be central to realizing many of those investments.

## A Development Environment for Growth Infrastructure, Institutions, Policies and Approaches

### The Infrastructure Requirements of a New Economy.

Any substantial growth in Saskatchewan's economy will have to be accompanied by a commensurate growth in essential trade, transportation, water and communication infrastructure to support the economy. In some of these areas due to lack of investment in recent years it will be necessary to invest simply to bring infrastructure up to modern standards, and in others to meet the growing needs of a new Saskatchewan. Two areas illustrate the nature of emerging infrastructure requirement. These are water, and transportation, but could equally be extended into communications and health care.

### Water

Issues of water quality and supply are a part of Saskatchewan history. When John Palliser explored the Prairies in dry years at the end of the 19<sup>th</sup> Century he recommended against settlement. Droughts two years in ten through most decades of the 20<sup>th</sup> century demonstrate the significance of water to life and work in the Prairies.

Recent years have seen water quality issues arise for North Battleford and some other centres. Droughts have disrupted agricultural processors effectively increasing costs in drought years. The juxtaposition of livestock and urban development have raised legitimate concerns for quality in some areas of the province. In a faster growing, more diversified economy there will be growing demands for water. In some parts of the province intra basin water transfers may become a subject for evaluation. Many of the opportunities in any new Saskatchewan economy have heavy water demands.

# DOUBLING SASKATCHEWAN'S POPULATION

**Table 7**  
Saskatchewan Water Demand Summary for Major Emerging Opportunity Areas

Opportunity Sector	Water Demands in Litres per Day
Canola Crushing	0.2 million
5,000 Head Feedlot	0.4 million
Integrated 20K Feedlot	1.5 million
Fertilizer/Ethanol Plant	2.0 million
Enhanced Oil Recover	24.0 million
Major City	80.0 million
Irrigation (Diefenbaker)	4.0 million
Hydro	20.0 billion
Source: Linsley, J., SAFRR, presented to the Agrivision Conference on Water, Saskatoon, March 20, 2003.	

The investment requirements for these developments can run into the millions of dollars. For example a 300,000 acre increase in the irrigated acreage to double provincial irrigated acres simply around Lake Diefenbaker at a cost of \$2,000 per irrigated acre would amount to some \$600 million. Yet irrigable soils exist throughout Saskatchewan, and reservoirs behind the Rafferty and Alameda dams already exist and an additional 700,000 acres would not be out of the question at a cost of some \$1.4 billion.

In the 1960s Saskatchewan and the Government of Canada invested heavily in the basic infrastructure required for irrigation in the province in the form of the Gardiner Dam and Lake Diefenbaker. Today less than 25% of the potential of the original investment has been developed.

The original multi million dollar investments were never followed by further investments in the distribution, on-farm, and agricultural processing investments that usually justify the initial capital expenditure in the dam and the lake. Yet these very investments are essential for sustained agricultural output, processing and *drought proofing* the province.

Similarly, 40% of Saskatchewan's population relies on groundwater and wells for potable water. Thirty five percent of provincial wells do not meet health standards and therefore require renewal and upgrade to be safe. These issues become more, rather than less, important in a rapidly growing economy and population.

In practice therefore water must be seen an essential pre-requisite for agricultural diversification and *drought proofing*. The financial returns from water investments can be seen in increased returns to crop production (see Table 8), and security of supply for agricultural processors and other water intensive industrial activities.

Water infrastructure investments can therefore be seen as a precondition for growth with an investment requirement that could easily extend into the billions of dollars to 2035.

**Table 8**  
Increased Crop Returns from Irrigation

Agricultural Activity	Estimated Value of Output (\$'s per acre)
Dryland Grains	\$85
Irrigated Crops	
Durum	\$338
Beans	\$529
Corn Silage	\$568
Timothy	\$600
Seed Potatoes	\$2,800
Source: Linsley, J., SAFRR, presented to the Agrivision Conference on Water, Saskatoon, March 20, 2003.	

## Transportation

Saskatchewan's transportation system was originally designed and structured for an earlier grain based economy, in which local movements were by first horse and later truck and longer movements by rail.

A larger Saskatchewan economy will require a major structural renewal of its transportation system to meet the new road, rail and air demands of its rapidly changing economy and geography of settlement. Highway weights and designs will be required to accommodate much higher levels of commercial truck traffic, particularly in rural areas. This change is underway and apparent in the radical changes in grain trucking and handling that took place through the 1990s.

However, the changes in grain are simply a start at a new truck based economy with demands for increased forest, container, mining, agricultural special crop and processed products at weights that allow for efficient movements. Larger cities will face congestion costs and require major investments in inland container ports, interchanges, freeways and bridges.

Investing in the transportation infrastructure for a larger Saskatchewan economy can conservatively be estimated at well into one billion dollars - well above the level of provincial road spending that has been practiced by governments of all political persuasions in recent decades.

Yet, efficient transportation, like water, is a precondition for a competitive Saskatchewan economy. Markets for most of the provinces products lie outside of the province and therefore require a low-cost system of infrastructure to access those markets.

## Capital Markets and Investment

Capital for the emerging Saskatchewan investment is unlikely to be supplied from within the Province. Indeed the very model of state financed infrastructure may require reconsideration. Across Canada P3s or Public-Private-Partnerships are being used to finance many significant infrastructure projects including water, transportation, ports and bridges. The



## DOUBLING SASKATCHEWAN'S POPULATION

traditional model for the state financing of public infrastructure is rapidly changing across Canada and can also change in Saskatchewan. A central element in these changes will be changes to the infrastructure financing provisions for municipalities.

Substantial funds are available from equity markets both within Saskatchewan and around the world for commercially viable projects that can secure market prices, but only if the environment for investment is fully competitive with other jurisdictions. Issues of attracting companies and capital are therefore central to growth and development of the investment required to double the population.

Saskatchewan's capital markets and their attractiveness to both provincial and external investors is far more than a simple matter of tax competitiveness for investment, although this is important. Supporting infrastructure, quality of life, the arts and culture in communities and cities, levels of crime and crime protection, labour legislation, future expectations, public attitudes towards wealth and wealth retention, the welcome for outsiders and the role of the state in the economy are all important factors, along with the fiscal framework. In some of these areas Saskatchewan can do much to improve its climate to attract capital.

The province has a long history of state intervention in the economy through Crown corporations, government equity investment and regulation. This has led to a "*normal expectation*" of state involvement, queuing for government capital and state competition with the private sector. Together these approaches have weakened capital market development and private sector investment in Saskatchewan and discouraged outside investment.

Different approaches may be required by governments to more efficiently affect the climate for investment in the province. This could involve restructuring Crown corporations to allow them access to the capital required for growth, replacing political regulation with the certainties of statutory regulation, making state investments through third parties in the form of venture capital development funds or labour venture capital funds as has been practiced successfully in Quebec and Manitoba.

As some of the largest corporate drivers in the province the restraints placed on access to capital for Crown corporation current financing structures must be seen as major limitations on growth.

New models of public ownership and involvement in the economy require early review and attention and could include: new forms of Crown corporation structure, P3s, public cooperatives, regulation, joint ventures and municipal financing.

### **Other Institutional and Policy Frameworks**

Saskatchewan's new economy and society will require some dramatic changes to its institutional and policy frameworks and approaches towards the management, regulation and financing of key functions. This can be seen perhaps most clearly around the Saskatchewan's ageing population and labour markets.

### **Immigration Policy**

Saskatchewan was once the recipient of significant shares of the national streams of foreign immigration. This is no longer the case. In addition domestic out-migration has contributed to the loss of skilled workers, leaders, incomes and capital from the province.

Human Resources Development Canada (HDRC) reports that over 40,000 immigrant farmers came to Canada between 1998 and 2002. Of these, only three percent came to Saskatchewan. Why so few when the farming opportunities are so large with a retiring group of farmers? Land legislation with foreign ownership restraints play a factor as do lack of knowledge, assistance and perceived environment for wealth accumulation and retention.

Around the world there is a growing competition to both attract and, equally important, retain immigrants. As populations age special incentives, language training and nurturing are being provided for immigrants. In Saskatchewan this special attention is seen most clearly in provincial attempts to attract and retain doctors for the health care system.

Doctors, however, are one small element in the labour market and the tip of a labour market shortage that within a very few years will have created shortages throughout western economies and in many sectors. Saskatchewan must face this reality and immigration policy, domestic and international, must become a priority for attention simply to compete with other jurisdictions, maintain the status quo and grow.

The results can be significant. Manitoba has created a Manitoba Immigration Council of business leaders with the objective of attracting 10,000 immigrants a year to the province. Early experience with their program suggests that once attracted they are able to keep 80% of their immigrants within the province.

### **Education and Training**

A new economy will require a sustained effort to train and retrain new and existing employees within the province. Traditionally, this training has been the role of the K-12/university/training/apprenticeship systems. Increasingly, these systems have been shown in need of renewal to better meet the needs of the labour market, the technologies and experience of the labour force.

# DOUBLING SASKATCHEWAN'S POPULATION

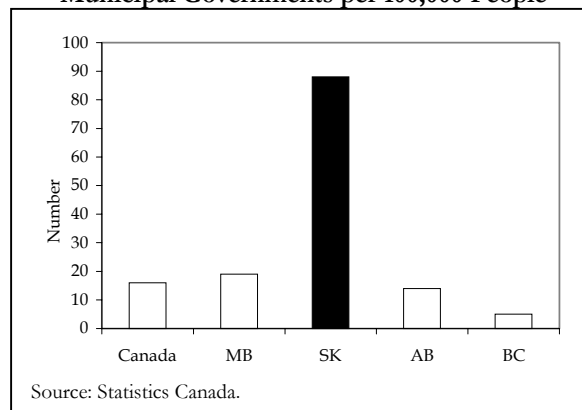
For many years, for example, northern employment in northern mines rarely exceeded 25% in good years. Smaller communities rarely participated in northern mining activity. Developments in the 1990s brought together private mining companies, with Indian Governments interested in increased employment and business opportunities and the traditional northern educational establishment. A new education and training system was created in which private mines working with Indian organizations and northern educational institutions restructured the whole syllabus for life skills education, training, and apprenticeship. The results led to graduates with job offers in sustained high paying northern jobs. Labour shortages from demographic change, competition and increased First Nation and immigrant involvement in provincial labour markets will require similar dramatic changes over the next decade to the institutional and program approaches of the school system, universities and training facilities. Increasing amounts of training are likely to be undertaken in private training facilities and on the job.

## Municipal Reform

The municipal structure of Saskatchewan was created for a different economy in a different century. Today the province is left with a form of local government that too often bears little relationship to the society and economy that has developed. As such it provides a form of institutional inefficiency that will not be sustainable in the years ahead.

Saskatchewan has the largest number of municipalities per capita of any province in Canada. (Figure 24) Its major cities will face major infrastructure demands in a growing economy, yet lack the financing authorities to make the expenditures. Municipal reform will be a priority in any strategy to expand the provincial population. The capital financing of new municipal infrastructure to accommodate more people will require creative new financing solutions.

**Figure 24**  
**Municipal Governments per 100,000 People**



## Research, Innovation and Productivity

Innovation and research have long been the key to sustained productivity growth and competitive advantage in the economy. Increasingly, Saskatchewan has fallen behind in these areas. To some degree federal initiatives, often through the National Research Council, have allowed the province to retain involvements through such projects as the agricultural biotechnology, the Protein, Oil and Starch pilot plant and the Synchrotron in Saskatoon and more recently C02 research and the sustainable cities initiatives in Regina. In the longer run, sustainable cooperative research and investment is required between governments, universities and business.

## Discussing Some Issues and Options.

Many of these opportunities for sectoral growth and investment and their related environments for growth and the subject of more detailed discussion at this conference on Doubling Saskatchewan's population. Some are the subject of major conference presentations:

*Immigration as a Strategy for Population Growth*, by Dr. Joe Garcea of the University of Saskatchewan.

*Agriculture: The Currency of the 21<sup>st</sup> Century – Capturing the Value*, by Dr. Murray McLaughlin, President & CEO, Foragen Technologies Management, Guelph.

*Partnership & Reconciliation: First Nations Communities and the Future of Saskatchewan* by Ken Coates, Dean of Arts & Science & Acting Provost and Vice President Academic, University of Saskatchewan, Saskatoon, SK.

*Attracting Investment Capital for Growth*, by Susan Miller, President & CEO, Inno-centre, Calgary, AB.

*Energy: Saskatchewan as North America's Leading Energy Supplier*, by Al Kilpatrick, Past President, Atomic Energy of Canada Ltd., Ottawa, Ont.

In addition, a panel will be held on Saskatchewan's Competitive Advantage, and workshops will invite conference participants to bring forward their views, ideas and aspirations in break-out workshops on:

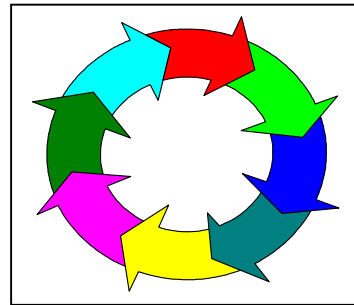
1. The **New Demographics** with a workshop on *Immigration as a Strategy for Growth*, led by Ken Zeigler, Robertson Stromberg, Saskatoon. (Session 1)
2. The **Investment Climate** with separate workshops on:
  - a. *Attracting Corporations and Companies*, led by Al Scholz, Executive Director, Saskatchewan Agrivision Corporation Inc. (Session 2)
  - b. *Attracting Investment Capital*, led by Bill Peterson, Senior Vice President, Points West Consulting Inc., Saskatoon. (Session 3)

# DOUBLING SASKATCHEWAN'S POPULATION

3. Major Sector Opportunities with workshops on:
  - a. *Agriculture – Capturing the Value*, led by Tom Halpenny, Triticum Management Consulting, Saskatoon.
  - b. *Energy: Becoming a Leading Energy Supplier*, Lionel LaBelle, Director Ethanol Development Council, Saskatoon.

connections, communications and water degraded and weakened the attraction of the province for investment.

**Figure 25**  
The Never Ending Process of Political Economic Decision Making



## MAKING IT HAPPEN – CREATING A VISION

The information contained in this paper is not a secret. Reports and studies prepared over the years have identified opportunities and often been at the global forefront of technology and innovation. While opportunities were available, the province entered into a process of discussion and debate that too often never led to conclusions. Opportunities for investment, growth and job creation have been lost in uranium refining, bank cards, radiation treatments for cancer, fibre optics, agricultural biotechnology and others.

Economic development becomes a political football of governments of all political persuasions who are happy to adopt projects most likely to meet the current electoral need, but cannot sustain a process of economic development planning over a longer period. This process differs markedly from that pursued outside of government, where several options may be considered, including remaining with the status quo and then decisions are made based on a limited time frame consistent with market opportunities for investment.

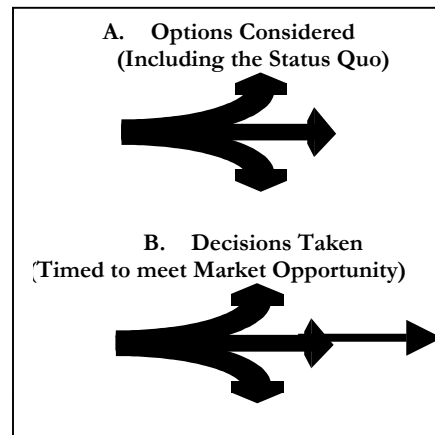
Saskatchewan has developed procrastination in economic decision making to an art. Unfortunately, procrastination is diametrically opposed to the strategic planning requirements for new commercial or economic opportunities and to successfully compete.

The results of this all-too-common Saskatchewan approach of endless discussion and prevarication (Figure 25) instead of strategic decision making (Figure 26) has been that the first movers advantages are lost and provincial competitive positions are weakened. The opportunity to commercialize development disappears to some other competitor who moved faster, just as occurred with the uranium refinery proposed for Warman, fibreoptics and agricultural biotechnology. Some would also add hog production, canola crushing and ethanol production.

In my recent book on wealth creation in Saskatchewan I noted: *“In the new global economy little is unique. Products, services, skills are being offered from many locations. Decisions are being taken and acted upon while windows of opportunity remain open. Those who move first to take advantage of the opportunities – the First Movers – are successful in the market place. This is perhaps better understood in Saskatchewan as “the early bird gets the worm.”*

*Once established, first movers are difficult to displace. Swift decision making therefore becomes central to successful decision making and wealth creation. There is some economic truth to the popular saying “You snooze, you lose.”*<sup>6</sup>

**Figure 26**  
Efficient Decision Making



Too often however, Saskatchewan has not had the structure either in or out of government to place a sustained priority on the economic development opportunities that would last beyond the electoral cycle of the day. Today is no different. Discussion and debate follows a closed loop that may be in sync with the current political cycle, but misses the available and often short lived windows of opportunity for investment and growth. First movers win.

While discussion rather than action has prevailed, public spending has been increasingly directed towards social welfare and redistribution expenditures, while the basic and essential infrastructure of a modern competitive economy in the form of roads, air

<sup>6</sup> Parsons, G., This Year Country, Wealth Creation in Saskatchewan, Prairie Centre, Saskatoon, 2002.

# DOUBLING SASKATCHEWAN'S POPULATION

The uranium refinery proposed for Warman never occurred in Saskatchewan, its logical home, but was constructed at Chalk River Ontario. Today in 2003, that plant has reached the end of its commercial life.

Over the life of the Chalk River, Ontario refinery over 2,000 person years of highly paid union and salaried professional employment were lost to Saskatchewan and \$300 million was lost from provincial economic activity.

In recent years, too many similar opportunities have been lost from other sectors of the Saskatchewan economy. It is time to capture more of today's opportunities for investment and growth. A sustainable apolitical planning framework is required to bring forward a plan for consultation and development on these issues so that Saskatchewan can reclaim its earlier role as a First Mover in the Canadian economy.

## A Sustainable Planning Framework

There is a growing consensus among leaders across Saskatchewan to move forward on a more positive growth agenda for the province. The Chamber of Commerce "*Action Saskatchewan*" initiative has identified many similar opportunities and constraints on growth. The systematic review of agricultural development opportunities and constraints by the *Action Committee on the Rural Economy* and *Agrivision* are all adopting positive attitudes towards future growth. The economic development strategies of the Saskatoon Regional Economic Development Authority (SREDA) and Regina Economic Development Authority (REDA) with the support of their city councils have each developed a focus on specific clusters of economic opportunity and investment. All of these proactive interests must be built into an inclusive process for provincial economic and social planning. Without such a sustained process it is unlikely that integrated action will occur.

A framework for economic planning is therefore required to:

1. Adopt long term planning horizons well beyond the four year electoral cycles of government.
2. Incorporate the interests of the wide array of provincial stakeholders in the future of the province, including the public, governments – federal, provincial, municipal and First Nations, Industries, the Arts, Labour Unions, universities and others.
3. Bring forward for public discussion on a short timetable specific proposal, programs and policies for the economic and social renewal of the province.

## A PLANNING PARTNERSHIP TO DOUBLE SASKATCHEWAN'S POPULATION

A Planning Partnership is therefore proposed as a means of engaging a small group of business, community and other leaders in and out of government who are willing to work with the Universities and others to provide the required vision and leadership for growth.

The partnership would operate between industry, governments, the universities and other international, national and provincial organisations with an interest in the long term future of Saskatchewan. The Partnership would exist to develop options, strategies and development plans for discussion with industry, investors and governments that are seen as central to designing a more positive economic and social future of Saskatchewan.

A vision and mandate for the partnership would be to:  
***To Create a Sustainable Action Plan to Double Saskatchewan's Population.***

A strategy for the Partnership would be to produce the framework and economic plan to double the Provincial Population in thirty years. A short term goal of would complete a draft First Strategic Framework, Plan and Program of Investigation for Public Discussion by the end of 2003.

The Partnership recognizes the large amount of work that has been done in recent years on the topic enhancing Saskatchewan's economic future. This includes the work of:

- Saskatchewan Agrivision and its investigations into agriculture value-add and rural renewal
- The Action Committee on the Rural Economy (ACRE)
- Action Saskatchewan and the Saskatchewan Chamber of Commerce
- Partnership for Planning by the Province of Saskatchewan
- Project support by Western Economic Diversification
- Conference and Research Projects of the Universities of Saskatchewan and Regina.
- Labour Unions
- Regional Economic Development Authorities in Saskatoon and Regina and in smaller centres.
- Research Institutes like the Saskatchewan Institute on Public Policy, the PrairieCentre, the Organisation for Western Economic Cooperation and the Canada West Foundation.
- Others

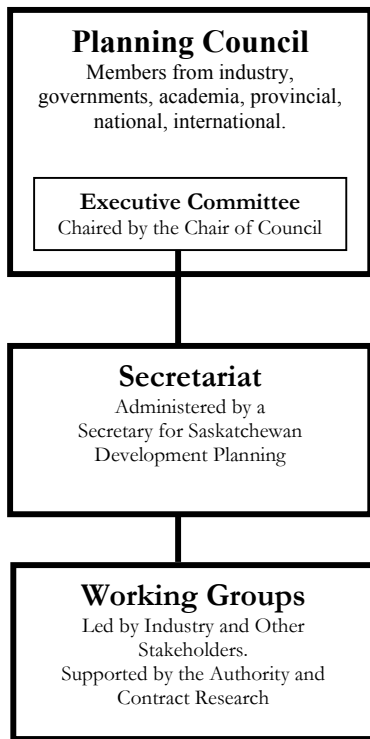
Much of this valuable work can become the foundation for an effective planning process.

# DOUBLING SASKATCHEWAN'S POPULATION

## Management of the Partnership

The Partnership would be directed by a Planning Council (name to be determined) with participants from all major sectors, industries, governments, interests and regions of the province. It would be structured as a non-elected representative Council and incorporated as a non-profit corporation.

**Figure 27**  
Conceptual Design of A Planning Partnership to Double Saskatchewan's Population



## Executive Committee of Council

The Executive Committee would be created from five members of Council. The Committee would implement an economic workplan for the province following discussions with Council and others as required. The Committee would be chaired by the Chair of the Council and also include the head of the Secretariat as Secretary to the Committee.

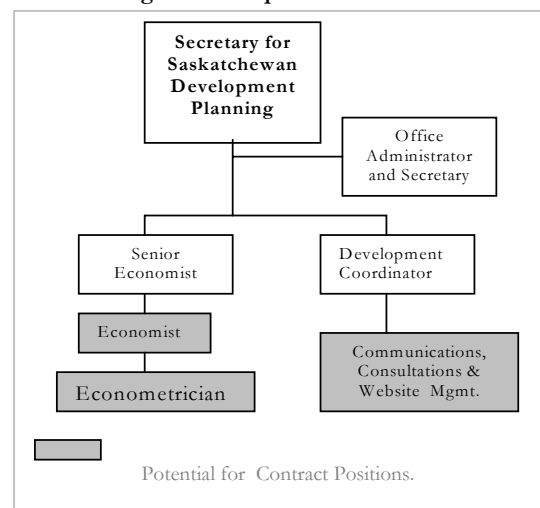
## The Secretariat

The Secretariat represents the administrative arm to sustain the economic planning process in the province beyond the mandate of any individual government and across the rise and fall of the ever changing engines of provincial economic growth.

The Authority would include a permanent staff consisting of a Secretary for Saskatchewan Economic Planning and a small administrative staff. (Figure 28) In addition, secondments to the unit would be invited from universities, government and industry. The primary responsibilities of the Authority will be to:

- Implement the Directions of the Executive Committee of the Planning Council.
- Support the Planning Council.
- Create and regularly update a Long Term Saskatchewan Development Plan
- Consult and advise with interested parties including industry, governments, the public and other interest groups on the Plan and its implementation.
- Monitor Provincial economic and social progress towards implementing the plan.
- Administer the economic planning and consultation process of the Partnership.

**Figure 28**  
Organisation in Support of the Planning Partnership and Council



Key elements in the Authority would be:

- A core staff consisting of the Secretary, Administrator, development economists, econometrician, development coordinator and communications and website specialist to sustain the work of the Partnership.
- An interactive website to facilitate consultations and the work of project groups.
- A presence in Saskatoon and Regina.
- A capacity to undertake economic modeling and forecasting.

The authority would be operated as a virtual office with a presence in both Saskatoon and Regina and a capacity to undertake on-line meetings, consultations and discussions and to disseminate research results and hold workshops through its interactive website.

## Sector, Region and Project Working Groups

Much of the work of developing economic plans and strategies for the province would be undertaken through sector, region and project working groups. It is anticipated these would be created on an ad hoc basis to address priority economic opportunities and issues.

# DOUBLING SASKATCHEWAN'S POPULATION

Such groups, for example, might be established to examine and bring forward for wider assessment and review the future opportunities for expanding the uranium cycle in Saskatchewan, or developing water infrastructure of the new economy or expanding opportunities to develop the benefits from the Synchrotron. An illustrative list of required sector reviews and plans is shown below in Table 9

**Table 9  
Illustrative List of Sector Review Projects**

Opportunity Evaluations	
1	Nuclear Cycle Review And Plan
2	Energy Review And Plan
3	Agricultural Development And Diversification Review And Plan
4	Agriculture Processing Review And Plan (Crops, Livestock etc.)
5	Mining Review And Plan
6	New And High Technology Review And Plan
7	Forestry Review And Plan
8	Metro Review And Plan (Saskatoon- SREDA, Regina – RREDA)
9	New Drivers from Technology, Research and Innovation Review And Plan (Synchrotron, CO2, Biotechnology, Nuetraceuticals)
10	Arts, Culture and Sports
Infrastructure And Climate For Growth	
1	Immigration Review and Plan
2	Labour Market Supply And Plan
3	Investment Climate Review And Plan
4	Infrastructure Review And Plan
	a) Transportation
	b) Water
	c) Communications
	d) Municipal Structures
5	Education and Training Review and Plan
6	University Review And Plan, Innovation, Research and Development, Saskatchewan, Regina

### Financing

It is estimated that the annual operations of the Partnership would be in the order of \$500,000. In addition it is likely that in the first three years of operation there would be a contract requirement for an additional \$5 million. The operations of the Council, its Secretariat and Working Groups would also be financed from membership fees from the participating parties and from contracts obtained from senior governments and industry.

### Why is A New Planning Framework Needed?

#### A Non-Governmental Framework

Planning in Saskatchewan has long been seen as a priority by the Saskatchewan public, their governments and industries. For the most part, however, much economic planning in the province has always been undertaken through the government. Changes in government result in a return to the new ideological basis of the day and the economic planning process returns to square one.

This is not the way in many other jurisdictions. In Rotterdam, for example, the economic planning for the port, bombed out after the war was commenced by the local Chamber of Commerce equivalent on an inclusive basis. Over the years the planning process has seen governments come and go but the port has remained committed to its long term vision of making the Port of Rotterdam the main point of entry for Europe.

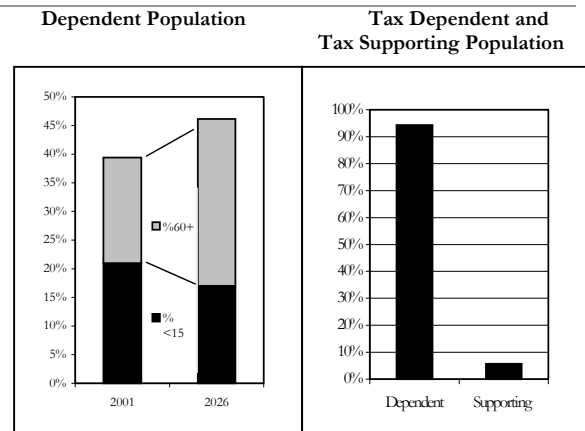
Today over fifty years after the World War II Rotterdam plays exactly that role as not only a sea port, but also a major airport and a train terminus. It is perhaps the largest transportation hub in the world. Rotterdam's experience is a testament to the cooperative, inclusive long term planning that Saskatchewan would do well to consider in its economic planning partnership for long term planning.

### The Fiscal Consequences of Doing Nothing

Saskatchewan's demographic outlook and structure is accompanied by fiscal consequences that rapidly deteriorate as the provincial status quo continues. In turn this threatens the very social and welfare structure of the province for education, health and social services that most provinces value so highly.

Population forecasts for Saskatchewan show the dependent population rises from 2001 to 2026 with a median age increasing from 36 in 2001 to 46 by 2003. Combining this data with tax-filer statistics and adjusted for participation, unemployment rates and tax status it is predicted that maintaining the status quo in the future will leave each productive tax payer with 17 dependents.

**Figure 29  
Rising Demographic and Fiscal Dependency in Saskatchewan 2001 – 2026**



With fewer private sector tax suppliers to the province, the fiscal burden of increasing education, social service and health care costs falls on fewer and fewer taxpayers. Eventually the rising burden on this more productive sector of the provincial population becomes a fiscal incentive for them to leave the province along with their accumulated capital. This scenario is not sustainable.

## DOUBLING SASKATCHEWAN'S POPULATION

These levels of individual tax support are unlikely to be sustained by the taxpaying public, who will leave. Other options for financing health care, education and other social services will require attention on a priority basis, including a larger economy and productive population base.

### Retaining The Quality of Life

Perhaps the strongest arguments for a larger Saskatchewan economy and population are to be found in the deep family and community ties that most residents of the province hold and the value they place on the benefits of this society. Its clean natural environment, vista's across lakes, forests, fields of gold, shadows across the hay bales at dusk and a million and one other natural perfections of the province. These are attractions not to be re-created by any Act of Legislature, accounting or economic gymnastics.

**Figure 30**  
**Saskatchewan's Pristine Beauty**



Similarly, our family ties are important to most of us and are threatened by the status quo. The ability to visit parents, children or grandchildren is rapidly disappearing with the existing status quo as the children leave for opportunity elsewhere.

The arts, culture and sports of a society have more opportunity to grow in a larger, wealthier economy. These are the attractions of artists with commercial markets, professional sports, major athletic events, opera, the theatre and many higher level services.

### A FINAL PERSONAL PERSPECTIVE ON THE FUTURE OF SASKATCHEWAN

Saskatchewan is one fine place to live and work. Those of us who travel the world know full well the quality of life we experience in Saskatchewan. The economic opportunities available to the province are substantial by any standards and probably more than enough to double the provincial economy over the next twenty years and thereby double the population.

I do not believe, however, that the question of doubling the provincial economy and population is a question of economic accounting alone. It is a matter of collective choice for the people of Saskatchewan. It is a question

of publicly examining and then bringing forward alternatives for public discussion, review and decision. The process and organization outlined in this paper provides a way of moving an economic agenda forward in a timely way for decision, action and investment.

Saskatchewan people are amongst the smartest in the world. They already trade the world, run many of the world's most successful companies and innovate and create at home. It is clearly possible to do the things that would grow the province. Around the world others are actively pursuing their economic interests for growth. In the 1980s and 90s the Asian Tigers led growth, more recently Ireland and Kansas. Soon Saskatchewan could take the lead. Why not?

The real question is whether we choose to do so – that is do we as a society have the vision and foresight to create a better land for our children? I believe it is an attainable vision that is worth pursuing.

The status quo has not worked now for many years and is now clearly threatening not only the fiscal position of the province but also the foundations of the society in which we live. Many rural people have already seen their communities disappear. Decades of one social experiment left the province with a stagnant population. It is time to adopt new models for the province. It is time to plan for a more positive future.

In my view there are merits in having a larger economy and population. A stronger tax base, more secure social services and health care, a basis for the arts and sports, more consumer choice, more frequent visits with children and grandchildren.

However, decisions on this future cannot be taken in isolation by individuals, industries, governments or the most well intentioned of leaders. They are the responsibility of a public interest and thus a wider public debate must now follow to outline the options, consequences and plan for a better future. It really is as simple as spelling out our collective vision and determining our collective choice.

The Double the Population conference is the first small step in a longer process that can lead to a much brighter future for the province and its people assuming we are willing to take that first step. Ironically, moving forward in the future may in practice mean returning to some of those visionary leaders of the past. I believe we will be in good company.

*"Just as sure as the sun shines there will be within this Province alone some day a population running into the tens of millions...."*

*T. Walter Scott, first premier of Saskatchewan.*

*Barnhart, G.L., Building for the Future, a photo journal of Saskatchewan's Legislative Building, University of Regina, Canadian Plains Research Center, 2002, inside front cover.*

*Doubling Saskatchewan's Population*  
*Building the Legacy for Future Generations*