

“Saskatoon: World Class For Life”

A Discussion Paper on Health Related Challenges and Opportunities in the Saskatoon Region

As at September 8, 2005

Prepared for: Saskatoon World Class for Life Sub-Committee

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**Funded by: Greater Saskatoon Chamber of Commerce
Saskatoon Health Region**

“Saskatoon: World Class For Life”

Phase 1: Status Assessment

Purpose:

As a follow up to the series of “Health Opportunities” conferences over the past few years, the Committee wishes to advance the analysis of Saskatoon as a “World Class for Life” centre.

Whereas the prior conferences have focused on speakers offering examples of “what world class has done for their community”, the focus of the November 2005 conference will be on “creating World Class for Life, at a local level”. In order to do so, a scenario, in the form of a business case, is to be included.

This document is intended to help facilitate a more focused discussion, while concurrently creating specific and quantifiable examples that will enable participants to form a clear image of how the region would look as a “World Class for Life” centre.

Scope of Discussion:

The term, “World Class for Life”, can assume almost as many meanings as there are people who ponder the issue. To some, it could mean being the leading community on the entire globe, across the full range of health issues. To others, it might connote being a leader in specific areas of health. To others, it could mean being a national leader in, for example, research and development. Additionally, the phrase can be interpreted as a broad statement of the health of citizens of a community as measured by, for example, prevention of disease or average length of life of residents.

For purposes of this document, the following parameters have been employed in order that it remain sufficiently focused to enable a discussion at the November 2005 conference.

The geographic area being considered is Saskatoon and the surrounding district. The actual physical dimensions of what is considered to be “the region” is not of particular consequence. It could be considered similar to that of the Saskatoon District Health region. It could also be seen as the area for the Saskatoon Regional Economic Development Authority.

Exactly where the boundaries for this discussion start and stop is less relevant than realizing that Saskatoon and area is an integrated community. Small towns in the region are as relevant to the future of health services as are neighbourhoods within Saskatoon itself.

The Saskatoon District Health area map, which is one way of looking at the “Saskatoon region”, is as follows:



The Saskatoon region, according to the Saskatoon Regional Economic Development Authority, and its particular boundaries, is as follows:



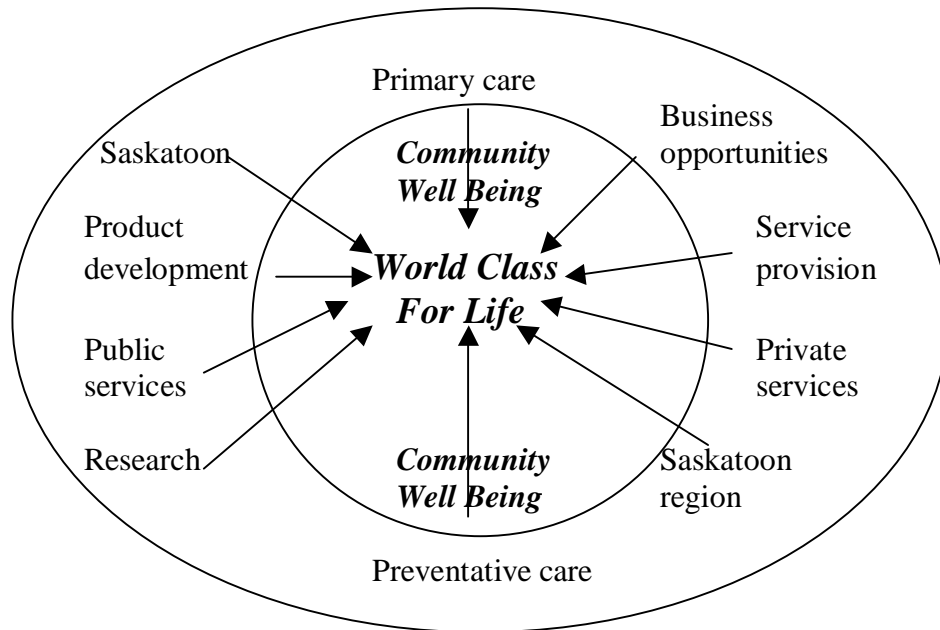
Either map can be utilized. Again, the issue to note is the regional focus.

If you were to ask many people what “health care” includes, common responses would likely include government funding or waiting lists. The issues incorporated into this document, however, constitute a wider range.

This discussion is intended to focus on issues that impact on the ability of Saskatoon to be a “World Class for Life” community. Therefore, a range of health related activities must be considered, such as primary health care, preventative health issues, research and development, attraction of health related business and economic activity, and the ability of the region to attract and retain population in general and specific groups, in particular.

“Health”, then, for purposes of this discussion is a very broad term that may be better expressed as “community well being”.

Below are examples, even though the list is not intended to be exhaustive, of how wide and varied the topics can be when looking at the Saskatoon region within the context of development of “World Class for Life”.



Intended Use:

The overriding purpose for the preparation of this document is to invoke focused discussion at the November 2005 conference.

No single document can envelope the entire range of health related issues, nor can it identify all opportunities. What it attempts to accomplish, however, is to provide sufficient data, information, trend analysis and strategy ideas that the conference participants will utilize in their discussions, and from that define clear options and directions for the future.

The Community:

At several points in the past, participants in the World Class for Life initiative have discussed the attributes of the region that will either assist or deter, the development of the health scenario they would like to see.

Elements of these discussions have been recapped, in the form of a SWOT analysis. It will be noted that some statements are, in fact, contradictory which is simply a function of assembling a diverse group. Again, the SWOT list is not intended to be the ultimate analysis of the Saskatoon region, but merely an indication of the thought process of those who have participated in the process to date.

Strengths:

- A strong and vibrant community
- A community identity
- Intergenerational mix
- Strong network and collective voice of seniors
- Strong volunteer sector and their network - seniors participate
- Collaboration and synergy with processes to connect, research, business and clinical services
- Growing market in leisure, housing and transportation
- Better access and delivery of service due to 'hub' services -retirement activities

Opportunities:

- The university is committed to research
- Synchrotron development potential
- Successful programs developed locally e.g. In Motion program
- Attractive climate, particularly in the summer and fall
- Cultural and entertainment opportunities
- Region is small enough to be very accessible and easily navigated
- River Landing can be the beginning of a renewed city centre
- Lower cost of living than larger cities
- Co-existence of private and public health care gives greater options
- Entrepreneurial spirit
- Rural communities enhance the number of seniors moving here
- Already many seniors living in Saskatoon
- Accumulated capital wealth
- Economic stability

Weaknesses:

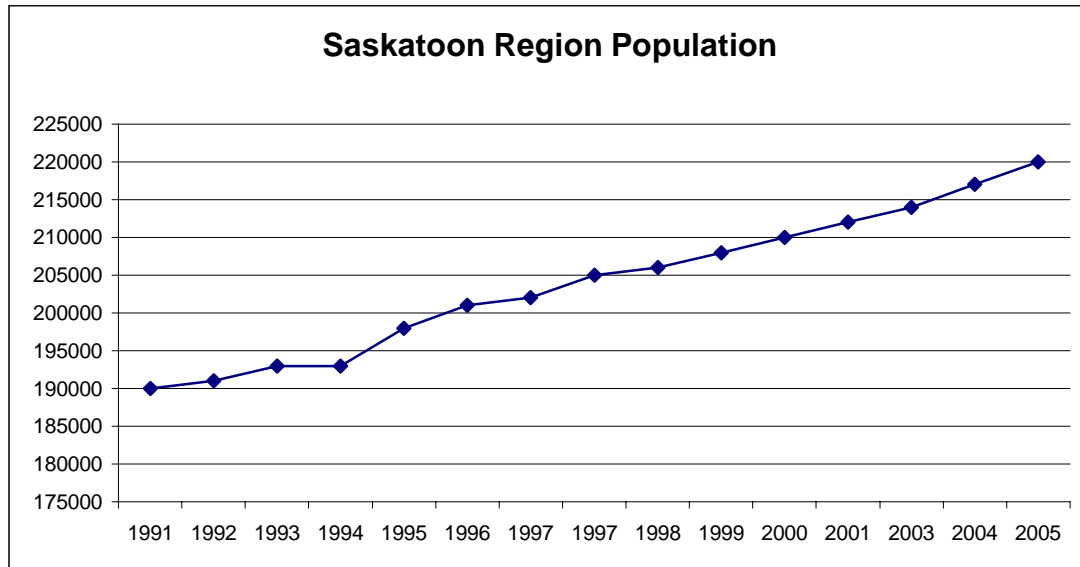
- Health issues being poorly addressed
- Resistance to change
- Ageism
- Lack of media coverage for seniors' issues
- Intergenerational gaps including family members not being in the Saskatoon region
- Business being unaware of seniors market
- Lack of awareness of health related economic development opportunities

Threats:

- Conventional thought on e.g. ageism
- Negative media focus on weather
- Empty nesters pre-gifting
- Too much government involvement in the business environment, restricting entrepreneurial spirit
- No partnership with private enterprise in the health area
- Slight culture of envy against those who succeed
- Declining tax base

Demographic Trends:

Several demographic trends are relevant to this discussion in that they will define, to some degree, the type of community in which this initiative to enhance the area as a World Class for Life centre, will take place. Overall, the population of the Saskatoon region continues to expand.



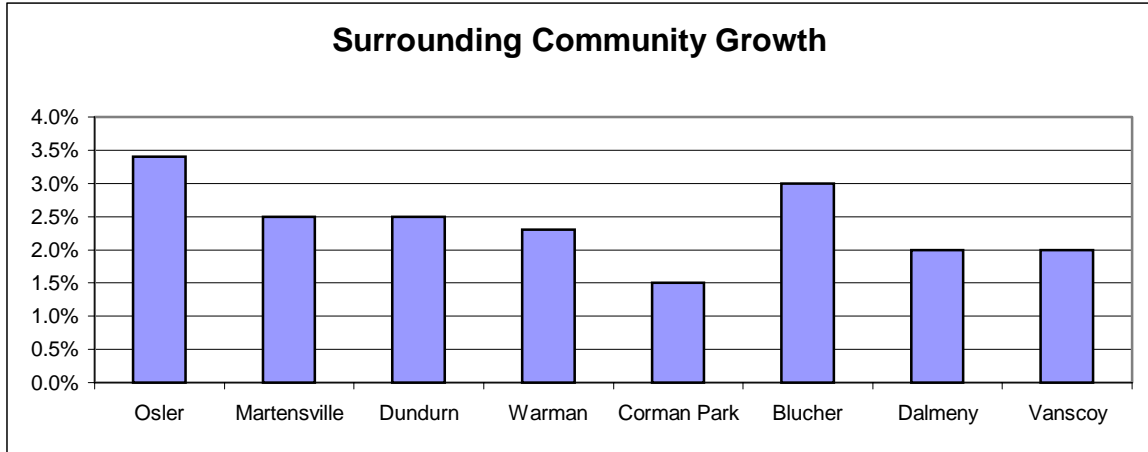
Source: City of Saskatoon Planning Branch Estimate

It should be noted that the rate of growth for Saskatoon has not been even throughout the past 15 years. In the past five years, in particular, the growth pattern has increased. That is, the population is now increasing at an increasing rate.

Given the expanded level of economic activity within the city, it is quite reasonable to assume that trend will not only continue, but that the growth rate percentage increase is most likely to continue to move further upward.

Using the statistics, as developed by the City of Saskatoon, the current population of the city is approximately 220,000.

In addition, the growth within the Saskatoon region bolsters the population count used in this discussion paper. It is notable that the population of many surrounding communities has grown faster, on a percentage basis, than has Saskatoon itself.

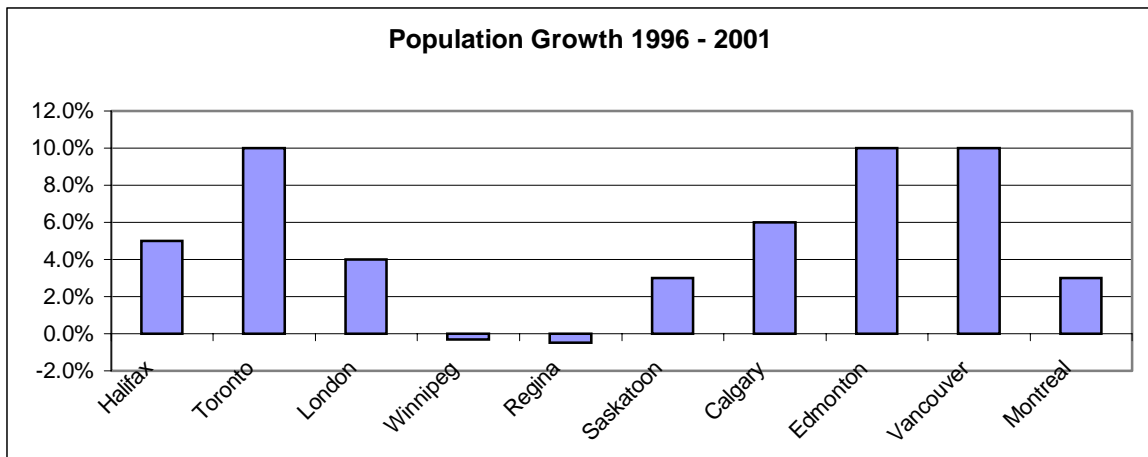


Source: Statistics Canada

Because there is more than one way to define the actual “Saskatoon region”, the population count can only be estimated.

For purposes of this discussion paper, the current population for the region will be assumed at 234,000 persons, as estimated by the Saskatoon Regional Economic Development Authority (SREDA).

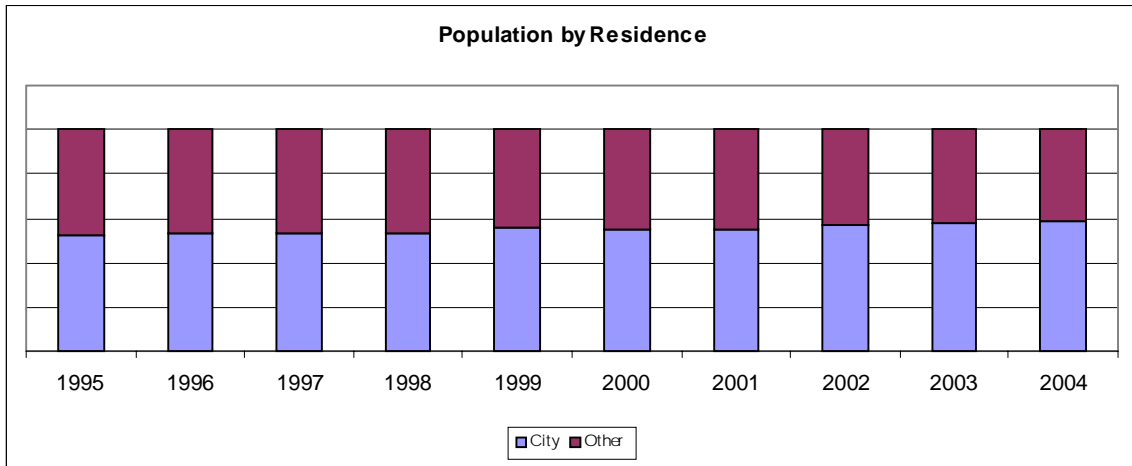
Relative to other Canadian cities, and quite contrary to internal and external perceptions of Saskatchewan, Saskatoon has shown capacity to grow. It should be noted that the population growth rate for Saskatoon has actually increased since the time frame identified in the graph below.



Source: Statistics Canada

The “rural to urban shift” describes the trend of an increasing number of residents moving to larger centres. It is important that it be understood that it does not mean, for example, that people are moving from the towns and villages within the Saskatoon region, into Saskatoon itself.

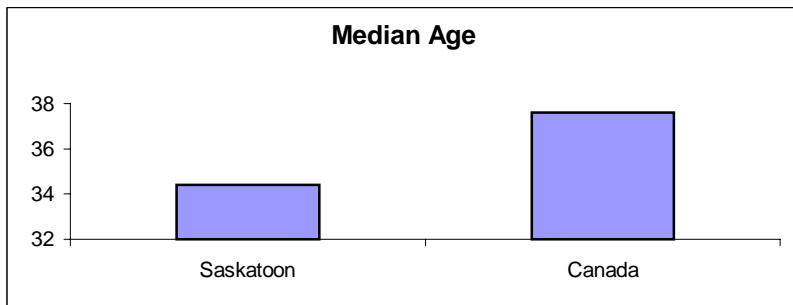
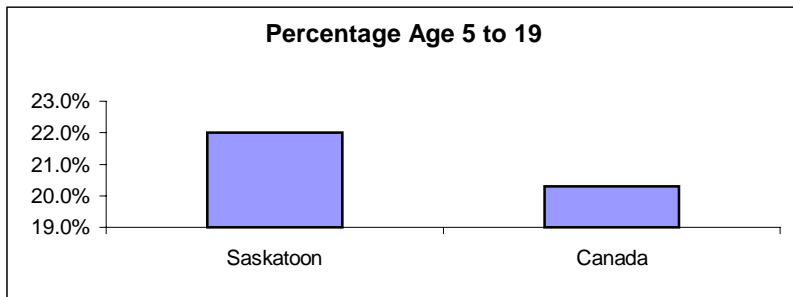
Rather, as per the graph below, taken from the Government of Saskatchewan Economic Review 2004, the trend is from rural areas outside the Saskatoon region, into either Saskatoon or a community in the Saskatoon region.



Source: Statistics Canada

One subset of the population count that is relevant to this discussion is age. It is assumed by many people that the Saskatoon area is “older than the Canadian average”, a reasonable conclusion since that is the case for Saskatchewan as a whole. It is not, however, an accurate conclusion.

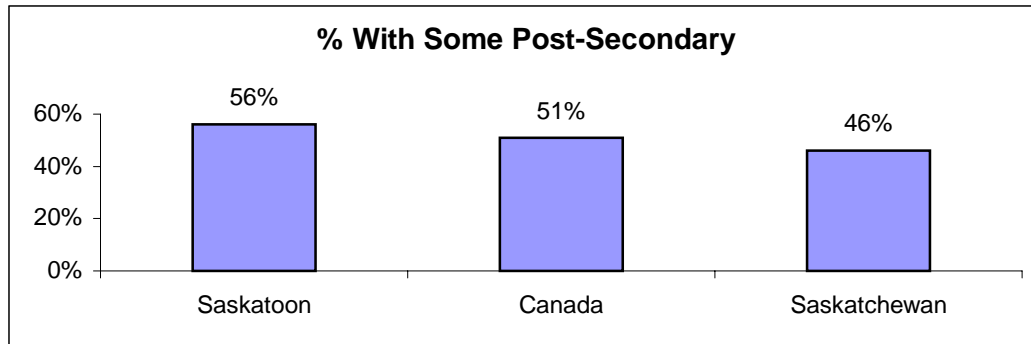
SREDA notes that “Saskatoon also boasts the youngest population in Canada (median age of 34.4), as well as the highest percentage of people 19 and under (22.0%).”



Source: Statistics Canada / SREDA

These statistics are highly relevant to this discussion. Not only is Saskatoon and area younger than the Canadian average, it is younger by a substantial margin. Moreover, it is quite divergent from the common perception of a Saskatchewan community.

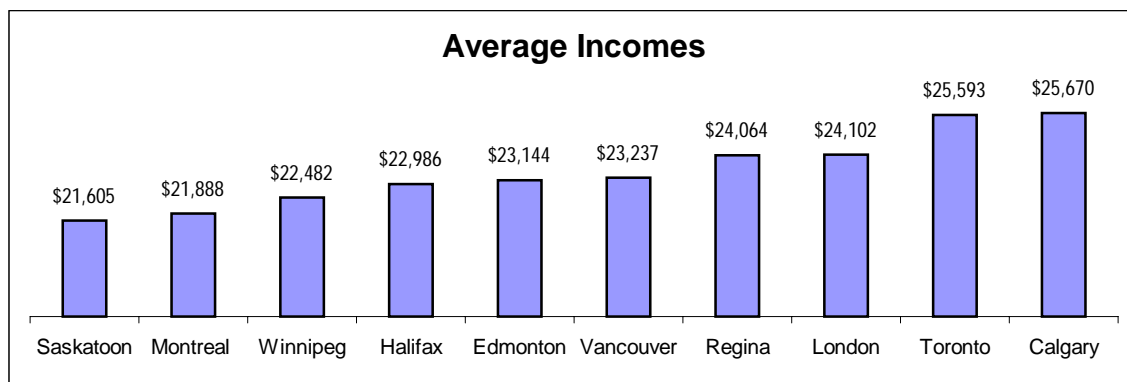
As well, the Saskatoon region is more highly educated than average. According to SREDA, “More than 56% of Saskatoon’s population 15 years and older has obtained some form of post secondary education. This is higher than the national average (51%), as well as the provincial average (46%)(Statistics Canada, 2001).



Source: SREDA

Average income measurement is a classic dichotomy. On one hand, lower incomes are a positive factor in terms of their capacity to attract the attention of companies and industries in which the cost of wages is a key competitive element. On the other hand, lower than average income levels are a detriment to the attraction of personnel, particularly at higher skill levels.

The average incomes for a range of Canadian cities are as follows:



Source: Statistics Canada, 2004

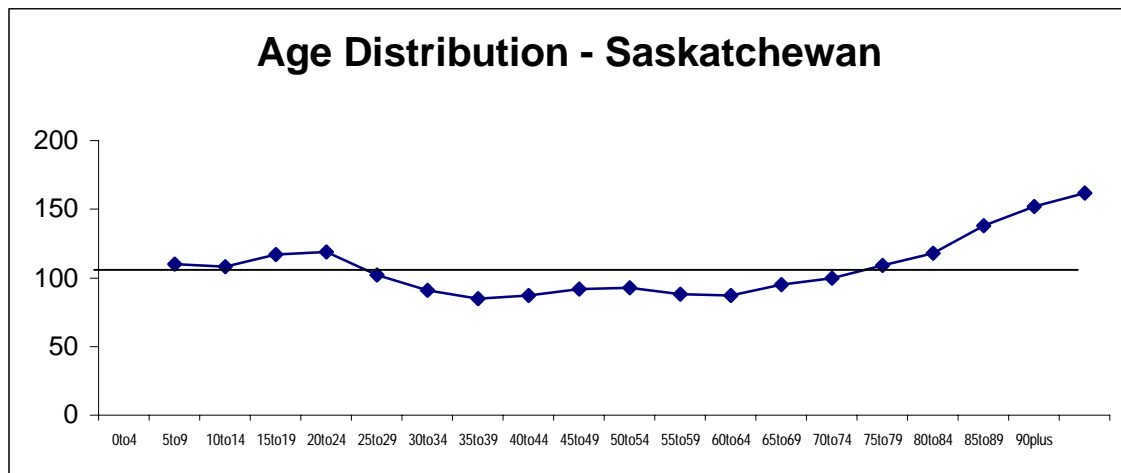
Another demographic that emerges as a common discussion point within the health topic is the Aboriginal population. Health issues that are specific to the Aboriginal population as well as the substantial impact on population growth of the Saskatoon region cause this issue to be relevant to the discussion on the Saskatoon being a World Class for Life community.

A Statistics Canada report, as of June 2005, notes the following:

- Between 1981 and 2001, the Aboriginal population in eleven urban centres in Canada more than doubled.
- The Aboriginal population of Saskatoon increased from 4,200 to over 20,000 between 1981 and 2001, representing the largest rate of increase of any of the metropolitan areas studied.
- Approximately 3 of every 10 Aboriginal persons now live in a metropolitan area.
- None of the publications or research reviewed indicates in any way that the pace of Aboriginal population growth in Saskatoon has diminished or will do so in future.

The age issue in Saskatchewan is another in which perceptions do not necessarily match up with reality. The following graph, from “Demographic Trends in Saskatchewan”, a report prepared in August 2003 by SaskTends Monitor for the Saskatchewan Government, shows the province has above average numbers of old and young people.

Whereas a flat line (Canadian Average = 100) would indicate even distribution of population by age, the picture for Saskatchewan differs substantially.



Source: Statistics Canada, 2004

The population of the province is typified by the “bowl shaped graph” which illustrates Saskatchewan’s below average attraction and/or retention of persons from the ages of 30 to 60.

Business Conditions:

Overall business conditions in the province and in the Saskatoon region will impact on the capacity of the area to capture opportunities health related and will influence the likelihood of success in this area.

A comparison of Saskatchewan Gross Domestic Product growth to the Gross Domestic Product growth for Canada, from 1996 through to 2003, provides a benchmark for assessment of provincial economic health.

	1996	1997	1998	1999	2000	2001	2002	2003
Real Gross Domestic Product Comparisons (Chained 1997\$)								
Saskatchewan Real GDP (Millions\$)	28,225	29,359	30,004	30,000	31,037	30,523	30,564	31,948
Canada Real GDP (Millions\$)	846,952	882,733	918,910	969,750	1,020,488	1,038,845	1,074,621	1,096,359
Saskatchewan Real GDP Annual Rate of Change	4.2	4.0	2.3	-0.1	3.5	-1.7	0.1	4.5
Canada Real GDP Annual Rate of Change	1.6	4.2	4.1	5.5	5.2	1.8	3.4	2.0
Saskatchewan as a Percent of Canada Real GDP	3.3	3.3	3.3	3.1	3.0	2.9	2.8	2.9

Source: Economic Review 2004, Government of Saskatchewan Bureau of Statistics

As can be seen, the Saskatchewan share of national GDP has declined slightly and although the provincial Gross Domestic Product has bounced back sharply in the past couple years, it has done so after lagging the national average for several years.

For the Saskatoon region, similar statistics are not available. However, there is widespread agreement that the economy of Saskatoon and area is stronger than the provincial average and that most of the underpinnings of recent economic strength e.g. resource sector performance, are benefiting the Saskatoon region moreso than any other area of the province. Additionally, there is nothing to suggest this stronger than average performance by the Saskatoon region economy will subside in the short to medium term.

In particular, research activity in Saskatoon has achieved unprecedented levels, including the following:

- Innovation Place with its 2,000 staff and 117 companies and organizations
- InterVac, the former Veterinary Infectious Diseases Organization, has expanded and has become a North American and global leader in its field of expertise
- The Synchrotron development group has identified a number of health related research opportunities
- The National Research Council is globally recognized for its contribution to the city's reputation in the area of agricultural biotechnology

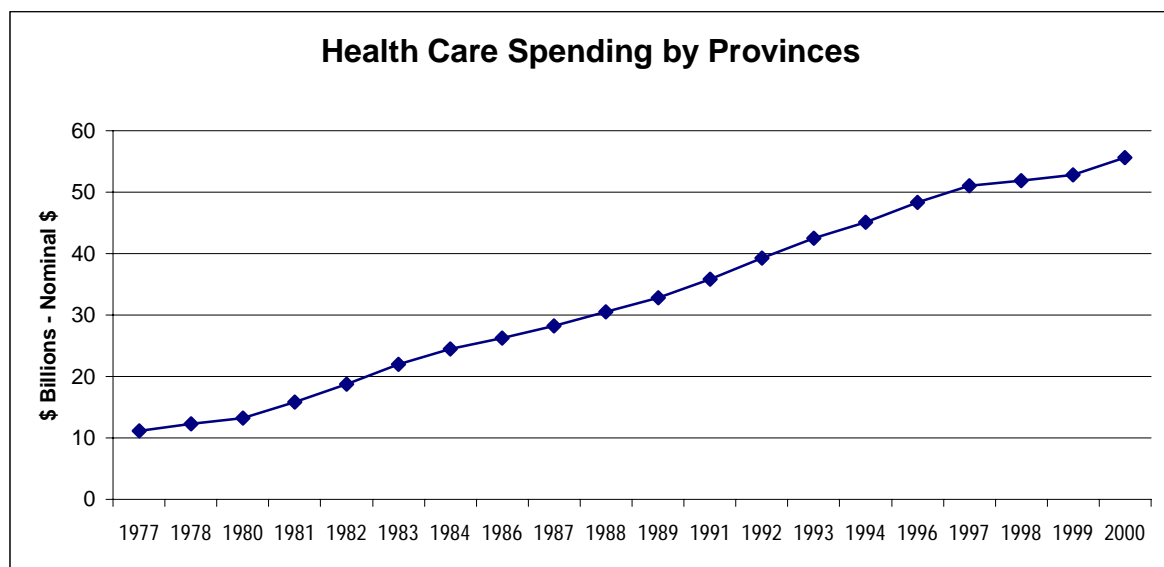
Dozens of other organizations and subsets of research groups have created an economic sector that is relatively new, that is over the past decade in particular, in Saskatoon.

Health Care Funding:

Seldom does a discussion about health opportunities arise without the issue of health care funding accompanying it.

Several trends are worthy of note. The first is federal government funding of health care services which it undertakes primarily through provincial governments. Federal funding as well as funding shortfalls have led to a great deal of discussion on the adequacy and sustainability of the current system.

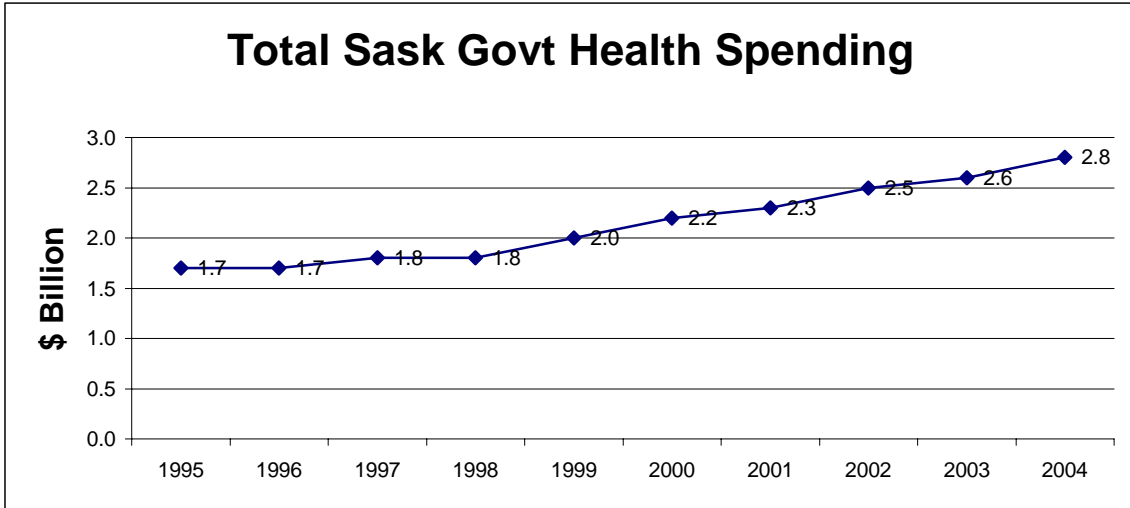
The following chart illustrates the tremendous financial pressures on the system as provincial health care expenditures outstrip increases in federal funding provided.



Source: Canadian Institute for Health Information, Federal Department of Finance

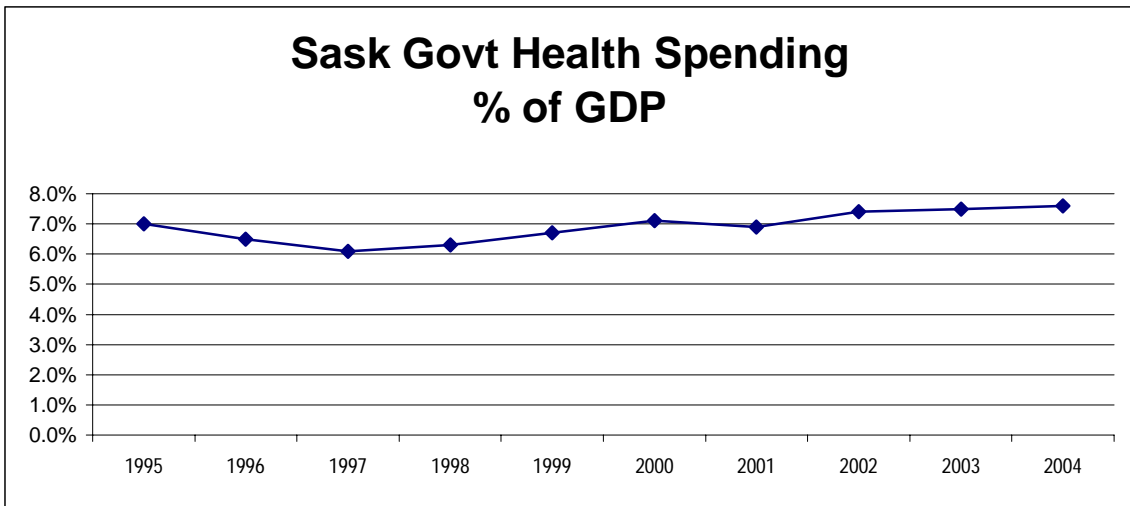
Escalating costs, incurred by the provinces, combined with federal transfers that have been relatively stagnant by comparison, have resulted in shortfalls of a severe nature. In fact, during the time in which health spending by the provinces rose from about \$10 Billion to well in excess of \$50 Billion, federal government transfers for health to the province rose from about \$2 Billion to about \$6 Billion. As a result, whereas federal transfers in 1977 covered about 20% of expenditures by the provinces, by the year 2000, they accounted for less than 10%.

Meanwhile, the pressures on the Saskatchewan government are significant. In fact, health spending has not only increased at a pace that exceeds any cost of living measurements, but has also increased rapidly as a percentage of the total provincial budget.



Source: Provincial Auditor's Report on Health Expenditures, 2004

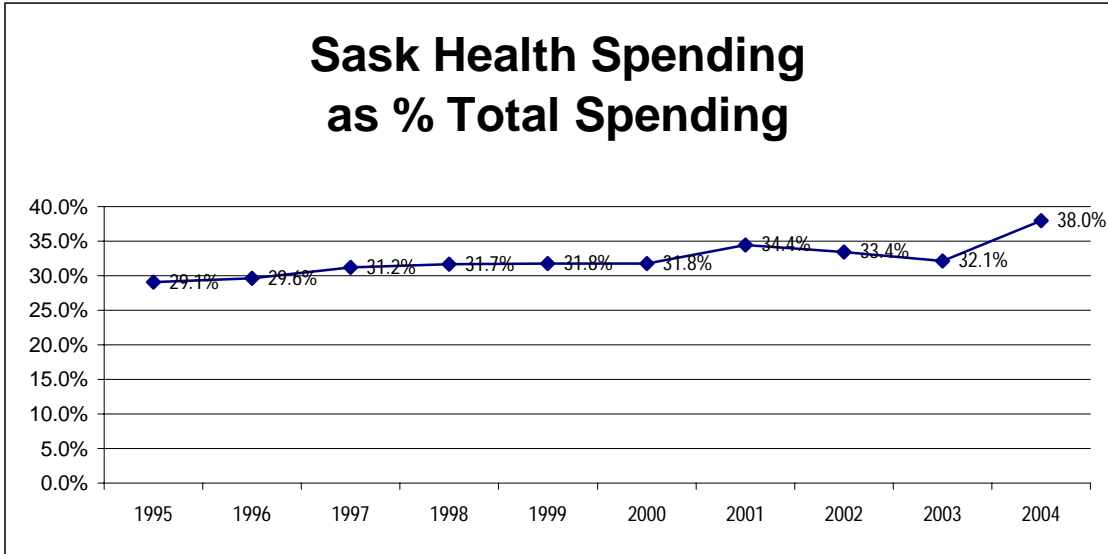
Health expenditures are not only increasing, they are doing so at an increasing rate. From 1996 to 2000, the increase was \$0.5 Billion. In the next four year time frame, the increase was \$0.6 Billion.



Source: Provincial Auditor's Report on Health Expenditures, 2004

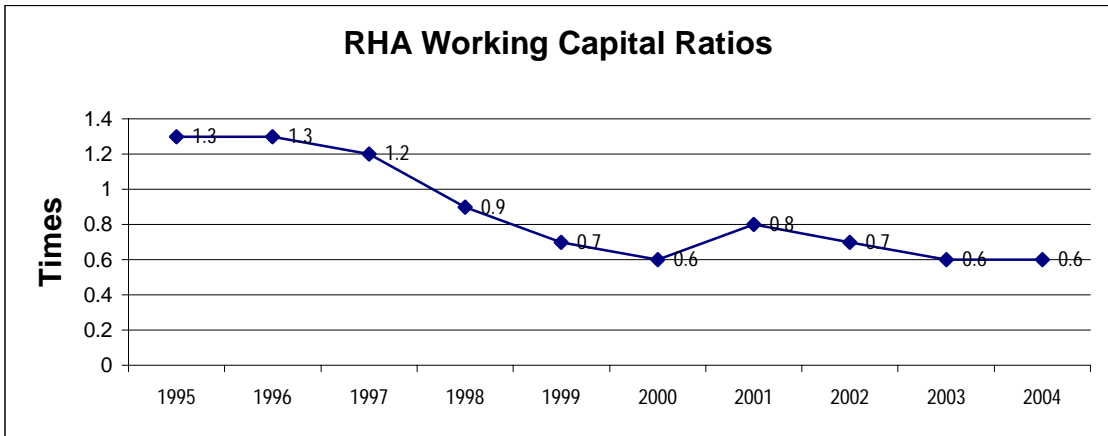
The pressure on the provincial government and its financial capacity to fund health care is evident as the percentage of GDP fell during the late 1990's as the government of Saskatchewan contended with budgetary pressures.

As a percentage of Gross Domestic Product, provincial funding is only marginally higher than was the case ten years earlier.



Source: Provincial Auditor's Report on Health Expenditures, 2004

Health expenditures continue to take up an increasing share of provincial government financial resources. One issue of debate is whether the recent spike (i.e. during 2004) is a short term anomaly or the beginning of a longer term trend. Given a number of other factors noted in this discussion paper, the conclusion is that the necessity of rising health funding, as a percentage of total provincial funding, is the long term trend.



Source: Provincial Auditor's Report on Health Expenditures, 2004

Although health care is funded federally and provincially, services are provided at a local and regional level. Regional Health Authorities, as the service delivery agent, have experienced very serious declines in their financial capacity, as noted by the significant reduction in working capital ratios.

Emerging Competitive Pressures:

Competition to attract health services, professionals, staff, research and activity continues to intensify in North America. Four examples are used here to illustrate the differing mechanisms by which communities and regions today attempt to attract and retain health related economic activity.

Focused Regional Economic Development Strategies

The Niagara region of Ontario has incorporated health services into its economic development mix by working toward being a “centre of excellence”. Although this phrase is overused and therefore has limited value, it is notable that the Niagara region has integrated health care into its overall development strategy as a key sector it feels vital to the attraction of population and other business activity. Steps it has followed in the process include building a stronger collective voice for the region in this strategy area, focusing on the creation of a competitive business environment, directly targeting strategic health sector employers, improving transportation and related infrastructure, re-branding Niagara as a health centre and working to develop Niagara’s talent pool in this area. None of these strategies are particularly earthshaking on their own. What is somewhat unique, however, is the focus of a regional economic development agency on health care as a sector of focus.

Building on a “Brand”

Any community or region that has within its midst a Mayo Clinic utilizes this well known brand, billing it as “the first and largest integrated group practice in the world”. The jurisdictions focus on the fact that specialists from every medical specialty work together to care for patients, joined by common systems and a philosophy of “the needs of the patient come first.” They also note that more than 2,500 physicians and scientists and 42,000 allied health staff work at the original clinic in Rochester, Minn., and newer clinics in Jacksonville, Fla., and Arizona. Collectively, the three clinics treat more than half a million people each year. The “Mayo” brand is used extensively to illustrate the areas’ commitment to health care as a strategic priority.

Enabling a Wider Choice of Options

Recently, the government of Alberta has announced it will move, however slowly, toward the implementation of additional private sector health services. While the discussion on this initiative typically takes on philosophical overtones, the issue of an additional competitive pressure for personnel and investment should not be overlooked. When implemented, it will be possible for Alberta to either promote directly its expanded health services “product” or alternatively, simply allow the market to quietly recognize the existence of additional services available, a strategy it has adopted with the advent of private sector MRI services in that province.

Enhancing the Incentive Offerings

Although geographically removed from Saskatchewan, the individual states in the U.S. do provide some indirect competition, again for personnel and investment. American states offer an array of incentives to business for locating in their jurisdictions on a scale that virtually no Canadian provinces can or will match. It is also quite common that state incentive packages are less targeted, and therefore less restrictive than those offered by provinces such as Saskatchewan or cities such as Saskatoon.

Common elements of incentive packages offered by American states include relocation allowances for key personnel, very significant job creation incentives, revolving loan funds that provide low or no cost financing, no state corporate taxes, personal tax reductions for key individuals and property tax reductions and abatements for both companies and individuals.

As a case in point, Minnesota's Medical Alley is widely recognized as a highly successful attempt to create a health related economic cluster. According to the September 2001 Medical Devicelink website publication, it has worked.

As the authors of the report on various states' strategies to expand this sector note, "Clearly, Minneapolis and Medical Alley, with their strong infrastructure and cluster of companies, are always frontrunners. Medical Alley is Minnesota's concentration of more than 8000 healthcare industry businesses; it stretches from Rochester through the Twin Cities to the northern part of the state."

To build up the sector, the following strategies were used:

- Two Minnesota trade associations bring like-minded medical industry professionals together to network and learn about current industry issues.
- The Medical Alley trade organization, which has more than 230 medical product manufacturers, hospitals, and other healthcare organizations as members, offers monthly meetings on such topics as how to build an incubator facility and how to attract venture capital.
- MNBIO, formerly the Minnesota Biotechnology Association, links biotechnology firms with financial and academic partners with similar interests.
- The state is home to numerous venture capital organizations, and one-third of the 12 Minnesota-based companies receiving funding were medical device and equipment manufacturers.
- The Minnesota Investment Fund offers loans and grants of up to \$500,000 to companies seeking to add jobs or invest in new equipment.
- The new for-profit Biomedical Innovation and Commercialization Initiative seeks to match the state's medical research institutions and companies with investors to hasten the commercialization of new technologies.

The package of incentives, then, is extensive but does not rely solely on direct grants or dollar-based incentives. Rather, incentives are a part of the total package.

Closer to home, the following is the manner in which Manitoba describes its health sector development advantages:

- Programs like the Manitoba Research and Development Tax Credit and the federal Scientific Research and Experimental Development Tax Credit provide Manitoba companies with considerable leverage for their R&D investments.
- A 1999 study comparing the R&D tax incentives among the world's industrialized countries found that Canada's federal tax support to R&D is "one of the most generous and stable offerings in the industrialized world."
- In 2003, after considering both Manitoba's R&D tax credit and the federal credit, the after-tax cost of one dollar of R&D expenditure in Manitoba for a non-manufacturing firm is between 41 cents and 46 cents, depending on the size of the firm.

In addition, Manitoba notes the following sector specific organizations exist for purposes of furthering research that will be converted into health related economic activity.

- Advanced Foods and Materials Network
- Canadian Arthritis Network
- Canadian Genetic Diseases Network
- Canadian Network for Vaccines and Immunotherapeutics
- Canadian Stroke Network
- Protein Engineering Network
- Magnetic Resonance Imaging Technology;
- Spectroscopy
- Biosystems;
- Informatics

Implications and Arising Issues

The Saskatoon region faces a “mixed bag” of pressures and opportunities. Some of the key or overriding pressures include:

- Increased pressures on provincial funding for health services
- Increased population for which services will need to be provided
- Limited capacity of the provincial government to keep pace with health funding in future
- Increasing competitive pressure from other regions and provinces in Canada and from American locations that have chosen the health area as a priority attraction target
- The continued perception of Saskatchewan as an area of limited economic potential, despite the recent economic upturn.
- Continued financial pressure for regional health districts
- A shortage of “prime years tax payers” i.e. those from 30 to 60 at the height of their working careers.

Conversely, the region has several significant opportunities and upsides, in cluding:

- Being increasingly recognized as a employment growth centre
- Experiencing significant population growth
- Being at the centre of the activity in the recent improvement in the provincial economy
- Being very well positioned to take advantage of the growth in health related research activity in the province, most of which is occurring in Saskatoon
- Achieving expanded recognition as a location in which world class research and development work is conducted through institutions such as InterVac and the Synchrotron.
- Success in attracting high profile researchers to the community because of the addition of high profile institutions used by the research community.

Phase 2:

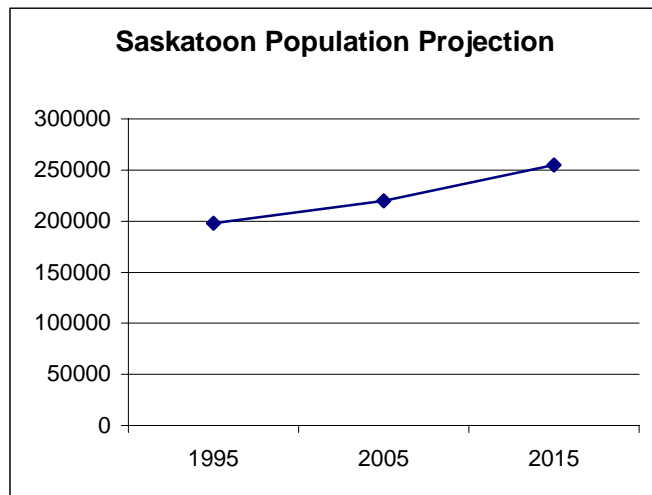
“The Costs of Doing Nothing”

The title of this section of the report may be seen as somewhat dramatic. However, by taking some of the issues and factors identified in the first phase into account, and extending their effects out by 10 years from present, a rather bleak scenario quickly becomes rather obvious.

Unless dramatic changes are made, and unless substantial corrections are made, the future of health services in the Saskatoon region is under severe pressure.

This is evident, based on the following graphs where, for each the underlying assumptions are explained.

Saskatoon region population:

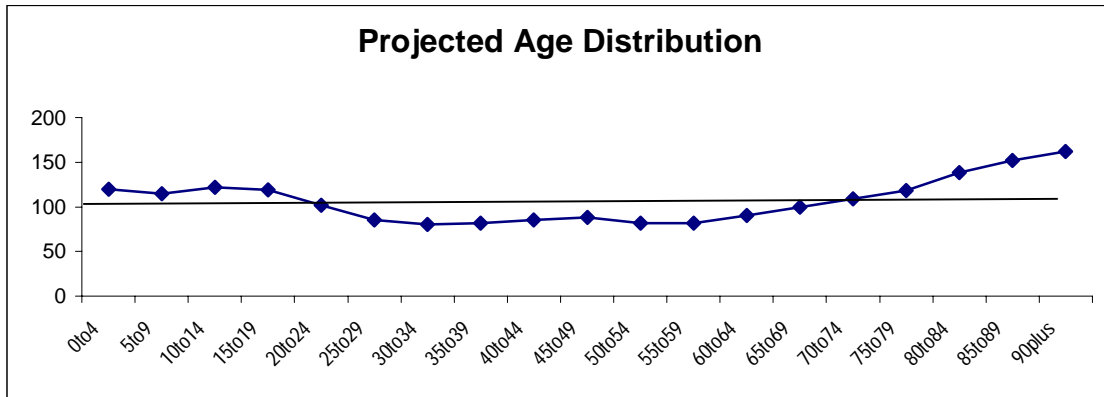


The population of Saskatoon itself is projected to grow from its level of 198,000 in 1995, to the current population count of 220,000 residents, on to 255,000 by the year 2015.

The growth rate experienced from 1995 to 2005 was 11%. The growth rate assumed for the upcoming ten years is 18%. The pace of growth, it is projected, will increase for the following reasons:

- The rural to urban migration pattern will continue
- The Saskatoon area economic base will continue to lead the province of Saskatchewan in expansion capacity
- The Saskatoon economy, as the most diversified in the province, will continue to provide the fastest rate of job growth in Saskatchewan.
- The rate of growth of Saskatoon’s Aboriginal population will continue to climb
- The communities in the Saskatoon region will continue their above average growth.

Saskatoon population composition:

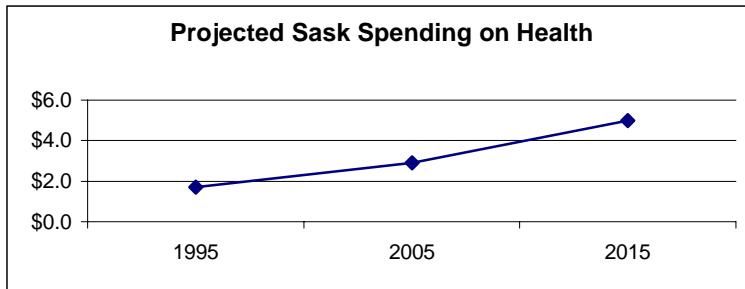


The shortage of 30 to 60 year old residents in Saskatoon will not only continue, it will be accentuated by 2015.

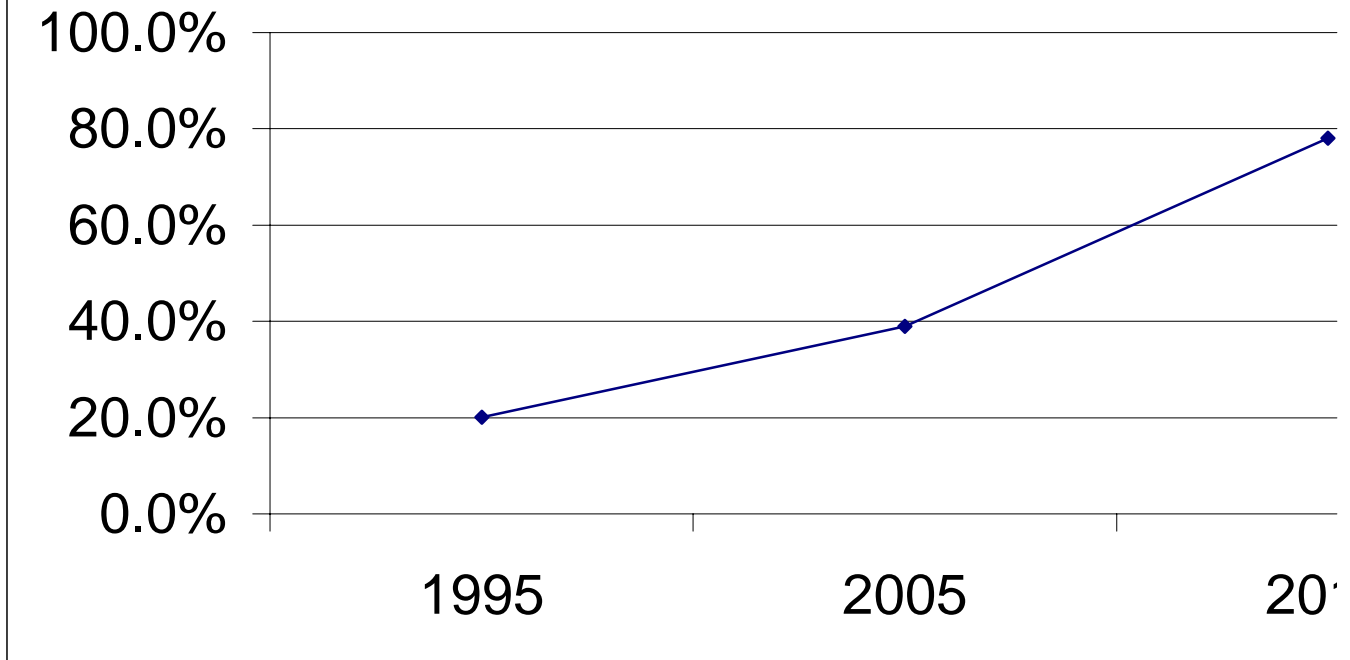
This is projected for the following reasons:

- Lower than average incomes in Saskatoon, relative to other cities, will continue to be of concern to those who are at the prime of their working careers.
- The growing Aboriginal population is young and therefore will contribute to the “under 20” portion of the population most significantly.
- Below average provincial economic performance, and the stigma attached to the Saskatchewan economy, will continue to deter 30 to 60 year old residents from moving to Saskatoon.
- There is little on the horizon to suggest that the youth retention issue is being addressed in any meaningful way.

Saskatchewan health care spending:



Sask Projected Health Spending as % of Total

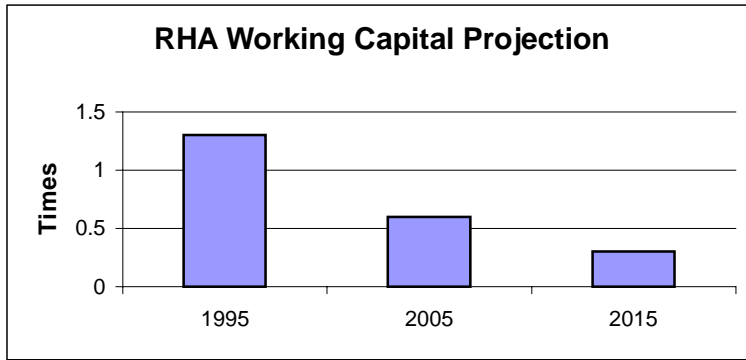


Health expenditures are on their way to consuming the entire provincial budget.

This is projected for the following reasons:

- A continuation of the current trend line in health spending will see total health expenditures in Saskatchewan increase from about \$1.7 Billion 1995, to approximately \$2.9 Billion in 2005 (a 70% increase), and on to \$5.2 Billion by 2015.
- This future increase is projected to be 79%, given that all trend lines in the health services expenditure field have shown increases at increasing rates of growth.
- What this means, at a provincial funding level, is that in 1995, health spending consumed 20.1% of the total provincial budget.
- As of 2005, this has grown to the point it now consumes approximately 39.0% of total provincial government expenditures.
- Unless dramatic changes are made, in the next ten years, health spending, using the same pattern as has been the case for the past decade, will consume 78% of the entire provincial budget.

Local impact on health regions:



Local health region funding will become dangerously low.

This is projected for the following reasons:

- Although health funding is considered to be a federal and provincial jurisdiction, health care services themselves are actually carried out at a local and regional level.
- Given the significant pressures on funding, which will become worse not better unless substantial changes are made, the working capital ratios will become precarious, tapping health regions of their capacity for personnel attraction among other dangers.

Summary and Implications of “The Cost of Doing Nothing”

While the projections contained in this section, may seem alarmist in nature, it should be considered that in almost no other sector are there the types of cost increases and financial pressures that are the norm in the health system.

If no innovative, bold or corrective action is taken, the following attributes could describe the health sector in the Saskatoon region by 2015:

- The population of the region will have grown by 35,000 people in Saskatoon alone, as well as by approximately 5,000 in the region. These 40,000 new residents will access health services that have not expanded to a significant degree beyond that available today. Therefore the strain on the health delivery system will be worse than at present. Waiting lists will be worse, not better.
- The group best able to pay for health services (i.e. 30 to 60 years of age and at the height of their earning capacity) will be an even smaller proportion of the total population.

- Health expenditures will consume, at a minimum \$3, or at the current pace, \$4 of every \$5 received by the provincial government, clearly an untenable and unsustainable situation.
- In future, health costs on a national basis could quadruple, rising from about \$55 Billion today to approximately \$190 Billion by the year 2027.
- The financial burden from unsustainable provincial health costs will impact on local health regions more dramatically and more negatively than at present.
- The provincial economy, although performing well at this point in time, is unlikely to be able to achieve or sustain growth rates that are anywhere close to the pace at which health care expenditures are projected to increase.
- By virtue of being known as a “low income” location, Saskatoon and Sask atchewan will continue to be challenged in attracting highly skilled and qualified health personnel.
- Increased competition from other provinces for skilled personnel will create additional pressures in recruitment and retention.
- Increased competition from municipalities and regions that focus their attention on the creation of a health centre of excellence, complete with a development strategy, will create additional pressures in recruitment and retention of skilled personnel, along with increased pressure on research grants and activities.
- The demographic backdrop against which all of these trends are playing out is a stagnant provincial population. Having hovered around the million mark for several decades now, there is no compelling reason to expect it will change in any significant manner for the time frame in which the above projections are made. The result of a stagnant population is an increasing lack of capacity with which to fuel enhanced health services at a provincial level. In the absence of concrete actions such as those suggested in this document, given this expected lack of population growth, the situation deteriorates more rapidly in future than it has in the past. That is, unless action is taken!

Phase 3:

“Opportunities and Strategies”

Following on the issues noted in the “Status Report”, and considering potential consequences identified in the “Costs of No Action” section, the question is now “What can be done?”

In order to expect outcomes that differ greatly from the “doomsday” scenarios identified as possibilities, this section deals with:

- A key decision
- Identifying outcomes
- Strategy options
- The challenge

The First Decision:

Before embarking on a set of strategies to develop the Saskatoon region as home to World Class for Life, the Committee will have to ponder one important question.

“Should it go down this road on its own?” That is, should it abandon any real hope that either the federal or provincial government will provide the types of level of assistance that will enable a region to become “world class”?

While it may be tempting to quickly reply that has occurred already, it should be noted that there is risk associated with a reply in the affirmative to this question. It could be the catalyst to either level of government wanting an excuse not to provide the Saskatoon region with the necessary resources to operate effectively, even if it is doing so for another area of Saskatchewan. That is a risk that cannot be overlooked. Some Committee members may be reluctant to wear the “renegade” label for their community.

On the flipside, it is reasonable to ask that if nothing different is done, can anything different be expected?

Will the federal government, for example, be able and willing to backfill more than a decade of declining proportionate contribution to health expenditures at a provincial and regional level? If they do, will the conditions attached allow the Saskatoon region to move down the path of World Class for Life? Or send the region in a different direction than planned?

Will the provincial government, realistically, increase the level of funding allocated to regional health districts? First, it would have to increase funding simply to bring the regions’ working capital financial ratios back into balance. Then, it would have to allocate funds to bring capital requirements back into current status. Then it would have

to allocate additional funds to better enable hospitals to recruit and retain staff. This might be questionable when one institution already has a fund raising program in place for this purpose. Then the provincial government would have to agree to increase funding in a substantial manner in order that the Saskatoon region can accommodate the health service needs of a quickly growing population base.

Even if the provincial government agreed to all of this, it would raise the question as to whether it would “up the ante” within its budget considerations. Already hovering around the 40% mark in terms of total provincial budget allocated to health, whether it could work up the political will to increase it to, for example, 50% is a huge question mark. The signals that would send to financial markets would be one reason offered by the province in declining to do so. This is somewhat understandable, as the half and half mark may be seen as a signal of a serious financial problem looming ahead.

The first decision, then, is whether to “go its own way” as a region, developing new strategies. Those reluctant to embark on this new path might want to review, just one more time, the trend lines in the graphs in Section 2 of this report.

Desired Outcomes:

This committee, predecessor volunteer organizations, development groups, prior World Class for Life Conferences and individuals have identified some key outcomes that would move the region further toward World Class for Life status.

Some of these positive outcomes are as follows:

- Positioning Saskatoon as the Seniors Health Capital of Canada.
 - The region already has some of the requisites – numbers of seniors that far outweigh national averages, very active seniors organizations and top notch programs such as In Motion where that brand can be concurrently attached to the seniors market. The opportunity exists to convert the faulty, but common, perception of the seniors market as being a liability, into being a significant asset.
- Downward pressure on health care costs.
 - This outcome appears to be completely at odds with current and future trends in health care. Costs have skyrocketed, not decreased. Future costs are expected to increase at a faster pace than we have seen to date. The impact of enhanced seniors’ health, however, as just one example, can be one factor that reins in this trend. There is a wealth of documented evidence that increased activity levels for seniors reduces health problems, and therefore, health costs. Positioning the Saskatoon region as the Seniors Health Capital of Canada has positive financial and image outcomes.

- Attraction of personnel.
 - The health market is no different than many other specialized markets, whether in the public or private sector. Skilled people attract other skilled people. A growing perception that an area is “the place” to which skilled personnel are moving makes a great deal of difference in the success rate of attracting those people. More people want to move to where there is an array of employment opportunities than want to be the pioneer.

- Youth retention.
 - Retaining young people is often described as the Achilles Heel of Saskatchewan. The question arises – why do they leave? Invariably, the answer revolves around opportunity, and opportunity typically translates into a question of where the greatest number of jobs and interesting career options exist. The growth and expansion of the health services field, particularly one that is “world class” can be a key component in the decision process of young people looking at their future jobs and careers.

- Research funding.
 - With skilled people, particularly in the research area, often come grants and project funding. Therefore success in attracting skilled people will also tend to flow into this outcome. One strategy that will be identified, however, is to communicate these successes past the health community.

- New business operations.
 - Business start ups and expansions are a desirable goal within any sector, but there are unique elements of health related business operations that are highly desirable, among them the opportunity for skilled people to branch into additional venues where they can further apply their skills. These businesses, however, are a unique subset of the business community and therefore appropriate strategies will be required.

- Aboriginal health issues.
 - As the home of the largest percentage increase in Aboriginal residents, as a region in a province with one of the largest populations of Aboriginal people, and as a city in which urban reserves already exist, the opportunity and the necessity of becoming a Canadian leader in Aboriginal health opportunities exist simultaneously.

- Reputation of the region.
 - Other organizations have had the discussion about positioning the city as “Saskatoon Canada”. This idea is not, for the most part, about being disrespectful to the province. Rather, it is about positioning the Saskatoon region on a large stage – nation and international. A company in Europe, the United States or Asia does not really care which province Saskatoon is in. Only the country is relevant. And “Saskatoon Canada” does connote being a major community in the country.

Strategy Options:

While the above goals may be considered laudable, the real test is whether strategies can be developed to meet these or other targets identified during the November 2005 conference.

Regardless of the particular targets chosen after the conference, several strategies will be required in order to have any hope of achieving these goals.

1. A new organizational format.

One of the truisms within the world of organizational development is that the wrong format is capable of killing off the best of ideas. In other words, in order to move toward any of the identified goals, it is most likely that a new form of organization will be required. That is not to say that a new organization with its attendant costs, overhead and administration will necessarily be needed, although that may be the case and should not be excluded out of hand.

It may well be that each of the goals, and its accompanying strategies requires a different format in order to be successful. That is actually quite likely given that the noted targets are quite different and benefit different groups in different ways.

By way of example, attraction of skilled personnel for the health services industry is typically undertaken by individual employers when, and only when, they require specific skills. At first pass, it seems to be a rational approach, given that, in reality, employers in this region may well be competing for the same person. Co-operation is not the first thought that enters the minds of those casting about for people.

This situation can be compared to a regional economic development authority. It too has members and constituents that compete with each other. However, they realize that the region is better served if the number of companies that starts or expands within the region is larger, rather than smaller. As a result, they pool resources and communicate as one voice to the external market.

In a more commercial venue, realtors compete very directly with each other day in and day out. Yet, they too coalesce through the Multiple Listing Service to attract buyers to “their industry”. Does it work? In most Canadian cities, the MLS brand is well known and despite all kinds of new competitive pressures, most are retaining or, in fact, increasing the “market share” that uses the MLS service. By contrast, in the U.S. the market is fragmented with many states having many “MLS” equivalents. The result, almost without exception, is that the market share for “organized real estate” using their MLS equivalent is much lower.

In short, these types of initiatives enable the industry to develop its brand and to enhance its reputation. A similar organizational format should be evaluated for the Saskatoon

region, but not until such point as it has at least a couple clearly identified goals such as attraction of personnel and establishment of new health related businesses, as examples.

In that way, the effectiveness of the process can be measured. One of the flaws with many groups that are as diverse as the World Class for Life committee is that their identified outcomes are not sufficiently clear and not at all measurable. Under these circumstances, it is little wonder that ad hoc groups have a difficult task to convince the major, or even the minor, participants to invest funds in the initiative.

If, to follow this example through, the singular focus of a newly constituted group were the attraction of skilled medical personnel to the Saskatoon region, how many companies and organizations would benefit if it succeeded? Hospitals, the health district, First Nations health organizations and larger private sector health service providers, for example, would be the funders. If they have money invested, they will tend to be involved to direct the efforts. Given their market knowledge that is a great benefit.

The active inclusion of First Nations health service organizations is another component of this strategy. The Saskatoon Tribal Council, for example, has an extensive health program consisting of twelve components such as a nursing program, a TB program, a children's program, nutritional counselling and home care. In order to fully exercise the capacity of the Saskatoon region to become a more highly effective region, it is imperative that the First Nations health program be a partner. It brings to the process a range of programs in addition to health services interests of the rapidly increasing First Nations population. This strategy component is an important part of being, and being shown to be, an integrated community based initiative.

Effective organizations provide the needed administrative assistance to get the work done, so as to relieve volunteers of this function. It is important, then, to identify the cost of undertaking the program with sufficient funds that it can succeed, while only tapping volunteers' time for high impact activities such as referrals and market knowledge.

2. Incentives:

When incentives to attract desired economic activity are looked at in philosophical terms, most people would agree they are inherently wrong. However, the economic development market is flooded with varying types of incentive programs. Some are restricted and narrow in their applications, while others are quite wide in scope.

The City of Saskatoon has several programs in place. All incentives have a "perform or forfeit" clause and all focus on forgoing future revenue, as opposed to "handing out cash" and are applicable for either companies new to Saskatoon or local companies expanding.

The details of what is currently available are as follows:

Business Development Incentives Policy:

- A graduated five-year tax abatement starting with 100% in year one and ending with a 50% abatement in year five.
- To qualify, a minimum of \$100,000 must be invested along with the creation of five new full-time positions for an expanding company or 15 new full-time positions for a new company.
- When 100 new full-time positions are created, companies in the manufacturing and processing sectors may be eligible for a tax abatement of up to 100% for five years.

Temporary Incentive Policy:

- Available to companies investing a minimum of \$500,000 in construction value
- Provides a one-year tax abatement.
- Companies involved in manufacturing, processing, technology, telecommunications, data processing, or call centres are eligible to apply for these incentives.

Municipal Enterprise Zone Policy:

- Focused on eight neighbourhoods that may be at risk of falling further behind the rest of the city in terms of income, job creation, economic opportunity, property values, and some essential commercial services.
- A variety of business uses fall within the guidelines of this policy with incentives including tax abatements, land exchanges, fee rebates, and environmental screening charges.

The incentive packages in Saskatoon are quite constrained and very targeted, compared to those offered in some other cities, and lag substantially behind the offerings of most states in the U.S.

As evidenced by the success of Medical Alley, and based on the approach taken by the Government of Manitoba, it becomes quite clear that the inclusion of financial incentives must be part of the total offering, not the full extent of it. In fact, the combination of financial incentives and sector specific clusters is the most common development strategy adopted by most jurisdictions surveyed.

In the area of incentives that could be extended to health related companies, what is currently offered in Saskatoon would only be applicable to a manufacturer of medical devices. This incentive would have to be broadened to include more health related companies and organizations. As well, because medical supply manufacturers are highly desired by so many jurisdictions, what is offered at present will probably not work. More must be done to attract the manufacturing and processing sectors to the Saskatoon region.

Small medical product manufacturing companies, for example, will likely incur additional research and development cost, compared to many other manufacturers, and therefore a larger, rather than smaller, incentive package will be needed to attract their attention.

Large medical product manufacturers often use site location companies to evaluate potential locations. To even get “on the list” with the site locators, a package geared for this specialized market will need to be in place.

Organizations such as SREDA have substantial expertise in administering programs of this type. In order to be effective from the marketing side, the organization undertaking the work would need the active assistance of the existing medical community to identify targets and leads.

3. *The “Activity” strategy:*

While the billing that Saskatoon is the “Science City” is good, it may not be enough. It needs a more action oriented message to drive home the point that the region has a reputation built of a success. The *in motion* program provides an example of how this can be implemented.

As a province-wide movement aimed at increasing physical activity for health benefits, *in motion* is designed to blend provincial, regional and local resources together with those of community leadership to increase physical activity for health benefits where people live, learn, work and play.

The intent of *in motion* is to ingrain understanding and behavior changes into the culture and fabric of the community. Key to its success has been the full participation of communities, schools and workplaces throughout the province.

As well, the *in motion* older adult initiative is geared to seniors’ organizations where the objective is to facilitate and coordinate the support required for older adults with a focus on a physical activity initiative so as to improve the health of older adults.

This is a good example of successfully developing a brand that resonates not only outside, but also inside, the community. The uptake has resulted in the organizers of the program being asked about their interest in exporting the program.

When this occurs, it is typically because some other community likes “the product”. In the process, however, that community and, incidentally some of its skilled health professionals, come to be aware of the Saskatoon region. The program has a positive image, and therefore so does the city.

Any success achieved with the marketing of this or any other locally developed product or program can be communicated to external markets in a manner such as “Saskatoon’s *in motion* ... now playing in city, city, city and city”.

Brands such as the Science City are good, although they may be diminished because many communities can use the phrase. However, when used in conjunction with a successful product such as *in motion*, the Science City moniker achieves reality status and therefore works better.

4. Sponsorship

The concept of attracting sponsors is somewhat foreign to most discussions about the development of a health sector. The fact it is a new idea does not diminish its importance, however. It needs to be an integral part of the discussion for three reasons – financial, image and outcomes.

The addition of sponsors to the development of programs can substantially aid and abet their development. This is no different than attracting venture capital to a start up business in that adequate capital is often the difference between success and failure.

There must, of course, be philosophical alignment between a new health related venture and the sponsor organization. This is not a complicated process. A locally produced initiative can find a host of global companies and organizations that are equally committed to enhanced health. The first potential outcome, then, is increased financial capacity to take a local idea and convert it into a national or international phenomenon.

The second positive outcome is the enhanced stature of the region. When a Saskatoon region initiative is “trotted out” on to the world stage, the status of the entire region is positively impacted. The best example is biotechnology where the Saskatoon region is globally recognized as world leader in the area.

The practical outcomes of this enhanced reputation is greater access to capital for “the next project” and the enhanced capacity to attract skilled people to the region. People within specific sectoral areas tend to have a very global view today. Geography becomes a fairly insignificant barrier when an area holds a reputation as a cluster of world class activity.

5. Encouraging critical mass.

Throughout the literature on other centres in North America that have developed a significant health services and product sector, critical mass is key to their success. Despite the attempts many areas have made to develop a formalized “opportunities list”, time after time, experience says that the majority of new products and services were imagined and developed as a result of constant interaction by industry participants.

New product developments typically identified, including areas such as imaging software, nutraceuticals, health foods or medical devices, or new services such as drug design or health communications, as examples, were the product of this interaction in an environment that fostered discussion and interaction.

Saskatoon is better positioned than ever before for this type of collaborative process. With its strong offering of government based research organizations, and now with the Synchrotron, the region has the “place”. Innovation Place already provides a concrete

example of clustering success. Now, the process must simply be refined and targeted to the health sector.

Part of that process will have to be the communication of the message that the health sector extends past just the “Medicare” part of the equation. That is, everything from the sale of locally produced health foods to the provision of private sector health services, and on to providing medical consulting services or, for that matter, royalties from programs such as *in motion*, are examples of wealth creation activities that do not detract in any way from publicly funded medical services. Rather, they enhance local economic activity and job creation, in addition to creating the environment that is appealing and assists in attracting health professionals.

6. *Growing local initiatives.*

While attracting companies from outside is the most commonly held perception of economic development, most results are actually driven by expansion of local initiatives. In fact, there is an 80/20 rule that suggests 80% of job growth in an economy results from the expansion of companies and organizations already in existence in the area.

There are already a number of local companies producing programs (such as *in motion*), medical devices, food research, health food production and health service products. The key issue is how to encourage their growth and expansion.

This is an area that will require focused attention, by an interested group. This development strategy will require the gathering resources in areas such as finding expansion capital, assisting with global marketing strategies, helping to find international markets, ensuring the organization has access to the skills required to operate in a wider marketplace and locating the specific legal and financial expertise needed to operate in this global environment.

Assembling the nucleus of expertise that can assist local organizations to “go global”, or at a minimum move into a wider geographic market, will be an essential determinant of the success of helping “local ideas go global”.

7. *Communication.*

The entire concept of maximizing the impact of the health services sector is “new ground” for many people in the region. The communication process must be internal as well as external. This strategy actually ties together the first four steps, and is the essential element that will enable them to work.

A failure to clearly identify and communicate the purposes of the initiative within the Saskatoon region will lead to confusion, and in all likelihood criticism or suspicion about the real purpose. Failing to communicate the message externally will be to walk away from a significant opportunity to point out specific wins the community has achieved.

In both cases, the potential for the development of the sector will be untapped. Invariably, another community will pick up if Saskatoon does not start.

Several key message components are available to this initiative, reflecting the types of opportunities identified in this document. These include:

- “For our people! For the world!”
- “Saskatoon – the beta site for ‘the next big thing’”
- “The Saskatoon region - an exciting place to work in the health field.”
- “World class health – World class work”
- “More good ideas per square foot than anywhere on the globe”
- “Converting a healthy idea into a healthy economy”
- “Local ideas, global markets”

The opportunity is there, to be seized! Few other regions in Canada have actually taken this approach. While cities, regions and provinces promote their health offerings in terms of being part of the service package to residents, it is relatively uncommon that they also take up the cause of converting it into a significant opportunity.

The Saskatoon region has the potential to create quite a unique position as being “World Class for Life”!

Summary:

Opportunity awaits those who can convert this vision into a reality!

And there is good reason for doing so. As shown in this paper, the consequences of “no action” are severe and real. Inadequate funding, deteriorating capacity to provide health services at a regional level, continued exodus of our youth and sitting on the sidelines watching other regions of North America build an exciting medical nucleus of jobs and economic activity are just some of the outcomes of a failure to act.

It need not be that way. As identified as well, there are a number of core advantages already held by the Saskatoon region, including the expertise required to expand the sector, the science base needed to be a health centre, and the development of a research sector that is aided and abetted by new facilities.

Perhaps most importantly of all, there is a will to act on this opportunity. The fact there is a “World Class for Life” initiative at all distinguishes the Saskatoon region from much of Canada and many areas of North America. The fact this discussion is occurring at all positions the Saskatoon region as one with potential in this area.

The focus on mapping out a new component of the future for the Saskatoon region should be a very encouraging signal to the entire community. And therein lies the challenge. To create the vision. To determine the strategies. To enlist the active involvement of the key players. And finally, and most of all, to act!