

Sask. poised to replace Alta. as economic growth leader: economist

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REGINA -- Fueled by sky-high commodity prices and a favourable business climate, Saskatchewan is poised to replace Alberta as Canada's economic growth leader in 2008, according to the Canada West Foundation.

Brett Gartner, senior economist with the Calgary-based think tank, told a breakfast meeting here Wednesday the economic forecast for the province is "overwhelmingly positive."

"(We're) predicting that Saskatchewan will lead the country in economic growth," with inflation-adjusted growth of 3.6 per cent, compared to the national average of less than two per cent, Gartner said.



CREDIT: Don Healy, Leader-Post

Brett Gartner

The main factor in Saskatchewan's economic growth is record high prices for the province's resources, including oil, potash and uranium. "The primary driver of the economic resurgence is the boom in the natural resource sector. The strong demand for potash, uranium (and other commodities) is fueling the economy."

The only flies in the ointment are the current labour shortage and the economic downturn in the U.S., said Gartner, a Saskatchewan native educated at the University of Saskatchewan.

"There are downside risks. Saskatchewan exports are different than, say, Ontario's, where the vast majority are manufactured goods. That's where the biggest impact is.

"On the commodity side, there's still going to be demand. It will taper off perhaps, but it's not going to tank like the manufacturing sector," Gartner told reporters.

"The labour shortage affects everyone. When you go to get your coffee in the morning, the coffee shop doesn't have enough staff ... Big construction projects, they're looking for skilled workers, engineers and other types of tradespeople. (The labour shortage) will make those projects cost more."

"It will ultimately put a damper on how fast things will grow. That's just a fact of life when you're dealing with a rapidly growing economy."

Gartner said joining the Trade, Investment and Labour Mobility Agreement (TILMA) between Alberta and B.C. would help ease the province's labour shortage.

The Canada West Foundation also urging the provincial government to increase the

participation of aboriginals in the labourforce through skills training, education and workplace programs.

Gartner said the Saskatchewan Party government also needs to learn from Alberta, where the province's economic growth has outstripped its infrastructure.

"It's dealing with that big surge of natural resource wealth that will be flowing into the province into the government coffers and having a plan for that wealth. Alberta did not have a great plan, they spent a lot of it, they didn't save very much.

"Saskatchewan could definitely learn some lessons (from Alberta)."

He said debt reduction and infrastructure investment are good ways of spending non-renewable resource revenues, as opposed to putting them into the operating budget.

"Those natural resources don't last forever and future generations will not see the benefits if they're extracted and spent today."

Marilyn Braun-Pollon of the Canadian Federation of Independent Business (CFIB) said Saskatchewan small business owners are the second-most optimistic in the country and the most optimistic in Western Canada.

"The business climate has been changing and improving over the last couple years. We've seen substantive corporate tax relief, with the final stage this year. That's having an impact."

Braun-Pollon added 60 per cent of Saskatchewan respondents report increased customer demand, compared with 30 per cent nationally, while 40 per cent say the investment climate has improved, compared with only eight per cent nationally.

Enterprise and Innovation Minister Lyle Stewart said the two reports suggest that the province's economic momentum should continue into 2008.

"The news we heard here this morning at the Canada West Foundation meeting was very encouraging on all economic fronts," Stewart said.

But he conceded that province needs to do more to increase aboriginal participation in the workforce, attract and retain more immigrants, and increase skills training programs to reduce the impact of the labour shortage.

"That is a huge challenge for us and it has to be addressed by bringing (Saskatchewan) people back from other provinces, bringing immigrants in from outside the country and engaging our First Nations youth and getting them trained and into the workforce."

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