



**saskatchewan
chamber of
commerce**

Saskatchewan Chamber of Commerce Submission to the Standing Committee on Crown and Central Agencies

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Presented By:

**Mr. Steve McLellan, CEO
Saskatchewan Chamber of Commerce
Suite 1630 - 1920 Broad Street
Regina, Saskatchewan S4P 3V2
Phone: (306) 352-2671
Fax: (306) 781-7084
Email: smclellan@saskchamber.com
Website: www.saskchamber.com**

Introduction

The Saskatchewan Chamber of Commerce acknowledges the need to meet the growing energy needs of the province in a safe and reliable manner, while still maintaining the affordability of electricity for Saskatchewan businesses and individuals now and in the future.

The current growth that Saskatchewan is experiencing is helping to create an exciting new business environment in our province; one that is filled with many new opportunities as well as challenges. Without increasing the supply of affordable electricity in the years to come however, it will become increasingly difficult to maintain our projected rates of growth.

As the voice of business in this province, the Saskatchewan Chamber of Commerce has created a Growth Strategy to set a direction for the future in this province.

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

It is worth noting that while the Saskatchewan Chamber of Commerce is an organization which represents business, this strategy will make the lives of all Saskatchewan residents more productive and expand their opportunity to achieve greater prosperity.

There are some people who say that this is not a time to talk of growth, especially when Saskatchewan's economy is outperforming many other jurisdictions within North America while coping with the aftermath of one of the most severe recessions in modern times. It is the position of the Saskatchewan Chamber of Commerce that for precisely this reason, it is exactly the right time to put forward a collective effort to ensure the momentum continues, but in a more strategic manner. We have the right environment to create the framework to keep the economy growing, keep the population growing, and to finally, after over 100 years as a province, start to achieve our full potential.

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

Why Saskatchewan needs to grow

The total number of people and demographic structure of Saskatchewan's population have a direct impact on the quality of life enjoyed by the people here, as well as the range of services that can be provided.

The population of Saskatchewan has hovered around one million people since the 1930's, and we have experienced significant limitations to the rate of economic growth in our province because of this. We have a limited workforce and a declining number of net contributors to the tax base. With a large number of retirees and an under-employed Aboriginal population, the tax base is not sufficient to cover the long-term cost of running the province.

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

In order to fuel this kind of growth however, sufficient new sources of energy must be established in order to power the homes and businesses of the future.

How 500,000 more people would improve Saskatchewan

- A more vibrant rural economy as the population grows in all communities.
- Better job and career opportunities for the graduates of Saskatchewan's post-secondary institutions.
- More people paying taxes which would help pay for better services.
- Higher and more stable private property values.
- A greater number of private sector businesses harnessing the human capacity and potential revenues of operating here in Saskatchewan.
- A greater focus on creating value-added products and services.
- We would be better equipped to maintain stable health care and education systems.

A growth in population, coinciding with a proportionate number of new homes, new jobs, enhanced municipal infrastructure, and a fully integrated workforce will mean great things for this province. Although population increases are critical to our overall growth, it can only happen if Saskatchewan's electricity generation capacity grows as well.

Powering our growth

SaskPower has recently indicated that the two primary factors which are creating a requirement for new electricity generation sources are the need to retire or extend the life of current electricity generating units, and the overall growing demand for electricity in the province.

They have also stated that they will have to rebuild, replace, or acquire approximately 4,100 megawatts (MW) of power generation capacity by 2030 at a cost of \$15-billion in just the next decade of that period alone.

With such an unprecedented need for investment in the electricity generation sector of our province, it would be foolish not to explore all of the options when trying to fill that need. Having diversified energy supplies would also help to ensure the stability and sustainability of future electricity prices for consumers.

Traditional coal, natural gas, and hydro power will certainly fill part of that growing need for power. Renewable sources such as solar, wind, and geothermal may also help to alleviate our province's appetite for electricity. Nuclear power could also potentially play a significant role in Saskatchewan's future growth and we encourage the government to explore the business feasibility of that option as well. We believe that if a solid business case can be made for any method of power generation and the process has long term viability and is environmentally sustainable, then we should fully explore the merits of that option.

Regardless of what methods are used to fill the existing and future need, there should be an opportunity for private business to help build the Saskatchewan of tomorrow. With nearly \$15 billion of investment needed over the next decade, it makes good business sense to allow private enterprise to shoulder part of the burden on SaskPower for generating the needed amounts of electricity.

We are not suggesting that private entities will eliminate the need for SaskPower to exist. In fact, with the massive amounts of infrastructure investment required over the coming years, we will need to use every investment dollar and every bit of expertise available in order to ensure that Saskatchewan has the proper framework in place to grow far into the future.

In some areas however, it makes good sense to allow other players onto the scene. With regard to renewable energy for example, SaskPower does not have a lot of experience in starting and maintaining renewable energy projects, something which a wide variety of private businesses within Saskatchewan and Canada have an excellent record at doing.

Another way for Saskatchewan's people and businesses to help SaskPower carry our province's energy burden is to allow individuals and businesses who generate electricity through renewable energy sources such as wind turbines sell their excess power back

into the province's power grid or to their neighbours. To let these potential sources of excess electricity generation go to waste is simply something we cannot afford to do when every possible megawatt of capacity must be utilized effectively within the province.

Regardless of how we choose to finance and implement our energy infrastructure growth, the tax burden on individuals and businesses should be minimized whenever possible. The Saskatchewan Chamber encourages the government to create a provincial policy framework that encourages entrepreneurs to make capital investments into the power generation industry of our province. By allowing private enterprise and individuals to participate in the process of creating our energy infrastructure, we will be helping to minimize the massive rate increases that would be required if SaskPower was to undertake this entire process alone.

By allowing other entities to participate in the process, SaskPower would also have greater freedom to focus on the kinds of electricity generation that they have gained expertise in over the years, primarily coal, natural gas, and hydro. The financial risk of expanding into less traditional areas of electricity generation would also be shifted from the taxpayer to private businesses, which would make all taxpayers in our province more comfortable with any attempts to expand the portion of our electricity that is derived from wind, solar, geothermal, and other sources.

The insufficient capital investment by SaskPower into Saskatchewan's energy infrastructure over the past decade can be partly attributed to the strong ties between SaskPower and the decision-making authority of the provincial Cabinet. In order to minimize political involvement in these complex issues, the creation of a new regulatory body that can make unbiased decisions in regard to SaskPower's ongoing investment agenda should also be considered.

These efforts to build Saskatchewan's energy capacity clearly need to be undertaken as a partnership between all levels of government and all business enterprises in the province. The role of government would be to establish the right environment to ensure that business growth can happen. This may mean a combination of ensuring that any unnecessary roadblocks are removed, the proper infrastructure is in place, and that private research is encouraged in key growth areas.

The role of business enterprises would be to find the right opportunities for themselves in helping to create Saskatchewan's future electricity generation capacity, and actively pursue those opportunities. The private sector in Saskatchewan is quite adept at seeking out and acting upon new opportunities, so it is our hope that the government will be open to allowing such opportunities to present themselves now and in the future.