

Overview of SCC 2020 Provincial Election Policy Pillars

Introduction

This memo contains an overview of the SCC policy platform pillars to be considered by the Board for use during the upcoming provincial election tentatively scheduled for October 26, 2020. The purpose of this memo is to provide the Board with a refined list of policies that includes input from the membership and Board. This policy platform document will be shared with the membership, government, and the opposition, as well as the general public when the writ is dropped, and the election is called.

The SCC Policy Pillars for the 2020 provincial election are centered around the theme of enabling business recovery and resiliency as a response to the COVID-19 pandemic and the ensuing economic slowdown. In addition to viewing policy through the lens of business recovery and resiliency, the policy recommendations are also informed by key themes outlined in the current SCC Strategic Plan, along with specific actions identified in the Province's Saskatchewan Growth Plan 2030. The policy recommendations here are grouped under the following pillars:

1. Economic Recovery
2. Financial Literacy
3. Energy Efficiency and the Low Carbon Economy
4. Labour Markets
5. Trade Diversification and Supply Chain Resiliency
6. Government Procurement
7. Indigenous Engagement

Platform Pillar 1: Economic Recovery

Prior to the COVID-19 outbreak, the Saskatchewan economy was already challenged by low commodity prices and anemic business and consumer confidence. The economic lockdown associated with COVID-19 has certainly exacerbated these challenges. Key economic performance indicators like GDP, employment, and business investment are down across the board. Therefore, a strategic, collaborative effort between the private and public sector will be needed in the interim to retain and attract business investment. Such a path forward should include both short and long-term goals that build upon our current competitive strengths, while also unlocking new business models and opportunities across the value chain. We believe the SCC and the larger Saskatchewan Chamber network are best suited in facilitating the development of an economic recovery plan in conjunction with the provincial government.

Getting the taxation environment right at this juncture will be critical to supporting business recovery going forward. Research suggests that Saskatchewan has one of the highest *marginal effective tax rates* (METR) on new or incremental capital investment among provinces. The main factors within the provincial domain that are driving Saskatchewan's high taxes on capital are a Provincial Sales Tax (PST) that is unrecoverable for most business activities, a general corporate income tax rate that has become increasingly uncompetitive in light of Alberta's recent tax changes, a costly and distortionary corporation capital tax levied on financial institutions, along with punitive business property taxes.

To this end, the SCC recommends that the provincial government:

- In the short term, reduce the statutory general corporate income tax rate from the current 12% to 8% to remain competitive with Alberta and make the PST recoverable for businesses. This will help jumpstart much-needed business investment activity.
- In the long-term, undertake a comprehensive review of the province's tax system (inclusive of resource-based royalties, taxes, fees, and surcharges) with the goal of improving competitiveness and incentivizing investment that will help foster future economic growth.

It can be said that the COVID-19 pandemic and the ensuing economic disruption it caused accelerated and intensified larger trends that were already in play before the crisis, most notably the trend toward a digital or intangibles economy. Prior to COVID-19, there was already a digital divide between urban and rural/remote regions and businesses. The shift toward work from home and remote learning arrangements will likely exacerbate this divide. This could inhibit Saskatchewan business competitiveness over the long-term.

To this end, the SCC recommends that the provincial government:

- Invest in and encourage public-private partnerships to improve the province's broadband (cell phone and internet) infrastructure, particularly in rural and remote areas to better enable work from home, remote learning, and high-tech agricultural practices. Doing so will ensure rural and remote businesses and their workers will have a fair shot at success in the post-pandemic digital economy.

Platform Pillar 2: Financial Literacy

Many consumers have a limited understanding of their finances and the impacts that their financial decisions will have on their future personal economic well-being. Effectively

managing money is not only a part of everyday life, it also plays an essential role in planning important life decisions like starting a business or planning when to retire. With the COVID-19 pandemic having major impacts on day-to-day cashflow and debt servicing, the importance of financial literacy has become even more apparent.

The SCC began to organize and build momentum around this issue starting with the adoption of the Policy Resolution on Youth Financial Literacy in 2016 and later the formation of the Saskatchewan Financial Literacy Network (SFLN). In February 2020, the Government of Saskatchewan announced that financial literacy will be available across all high schools in the province. While the Province has made great strides in promoting youth financial literacy through the inclusion of Financial Literacy curriculum available as an elective for Grades 11 and 12 students, the course content remains optional and is not guaranteed to be offered in every high school across Saskatchewan. There is also a shortage of teachers with the appropriate training to educate students in financial literacy. Moreover, there is also no Financial Literacy curriculum currently being developed for delivery to Grades 7-10.

Building upon the SFLN's earlier advocacy success, the SCC will recommend that the provincial government through the Ministry of Education act on the following items:

- Make the Financial Literacy curriculum mandatory for Grades 11 and 12 in secondary schools across Saskatchewan
- Develop Financial Literacy curriculum for Grades 7-10
- Ensure that teachers instructing these courses are adequately trained to teach the new course material
- Create a distance education course that provides quality content to students in communities where teaching capacity is constrained

Platform Pillar 3: Energy Efficiency and the Low Carbon Economy

The SCC Board has identified the transition to a low carbon economy as a key strategic priority. Decisions by institutional investors are increasingly being made through a climate lens; governments at all levels are implementing more stringent environmental regulations and taxes; and the increased insurance-related costs of more frequent and severe natural disasters attributed to climate change will impact how business is conducted in the future. As younger generations become more environmentally conscious, the business community will need to respond accordingly as this demographic will make up a large segment of the consumer market and eventually become business leaders themselves.

The SCC has promoted energy efficiency as the important first step toward reducing emissions through its 2017 *Energy Efficiency Strategy* and successfully advocated for an energy efficiency rebate program (Climate Action Incentive Fund for SMEs) at the federal level.

Through its *Prairie Resilience* strategy, the Province has listed specific actions around requiring new or renovated government buildings to exceed the energy performance standards of the 2015 National Energy Code for Buildings by 10%. The province has also committed to increasing its target for renewable energy generating capacity from 25% to 50% by 2030. Both actions remain a work in progress.

To this end, the SCC recommends that the provincial government:

- Use revenue from the province’s technology fund to promote energy efficiency by accelerating the real-time energy monitoring and capital retrofitting of provincial government-owned buildings to improve their energy performance, hedge against future rising energy costs for taxpayers, and provide much-needed short-term economic stimulus for both businesses and workers
- Promote the increased uptake of clean energy sources like wind, solar, geothermal, and biomass where appropriate; encourage the sharing of technology and expertise around carbon capture and storage (CCS) with the private sector
- Proactively identify and remove barriers to encourage growth in non-utility scale, distributed energy generation systems, particularly at the “grid fringe”
- Encourage the development and eventual adoption of small modular nuclear reactors (SMRs) for clean baseload power

Platform Pillar 4: Labour Markets

The SCC heard from employers during its *Beyond 2020* consultations that many recent graduates are not equipped with the necessary work-ready skills and competencies that employers require. The nature of work is rapidly changing; globalization, technology and new processes are massively disrupting established industries and occupations. Employers have typically relied on broad-based, formal credentials (e.g. degrees, diplomas, certifications) as a proxy for assessing job-specific skills. However, many employers are now finding that the job-specific and marketable skills they seek from prospective employees are often “hidden” or not made explicit on traditional credentials.

We have also heard from our members that employers are paying closer attention to essential skills (literacy, numeracy, critical thinking, problem-solving, digital fluency, etc.) now more than ever. To date, the Government of Saskatchewan, through the Ministry of Immigration and Career Training, has been developing more education and training around essential skills and work readiness and reforming adult basic education. On this file, the SCC’s overarching objective is to attract, retain, educate, and support workers to serve the needs of the Saskatchewan business community.

To this end, the SCC will recommend that the provincial government:

- Continue to ensure the importance of essential skills and experiential learning are clearly communicated and acted upon with all relevant ministries
- Proactively engage with underrepresented segments of the workforce, such as women, immigrants, and Indigenous people
- Collaborate with post-secondary institutions and private industry in the development of curriculum
- Incorporate more STEM and digital learning opportunities into the K-12 curriculum
- Create a framework for modular, stackable micro credentials to help workers better showcase their often-hidden job-specific, marketable skills to employers, as well as offer increased opportunities for remote learning

Platform Pillar 5: Trade Diversification and Supply Chain Resiliency

The COVID-19 pandemic and the ensuing economic shutdown clearly illustrated how vulnerable, complex, and interconnected supply chains have become during times of crisis. Prior to the pandemic, our 2019 report *Beyond 2020* noted that trade-related uncertainty with the United States and China at the time was creating major problems for many businesses. As a province that exports about 70% of the goods it produces, this is very concerning. The Province is in the process of establishing trade commissioner offices located in key export markets (Japan, Singapore, India, and China) to facilitate market access. The SCC will continue to support this initiative.

To this end, the SCC recommends that the provincial government:

- Work in collaboration with the federal government to pursue trade diversification as an overarching economic policy objective by allocating more resources to diversifying away from volatile markets like the US and China and toward emerging, high-growth economies
- Continue its ongoing internal exercise around assessing the province's supply chain-related risks in the post-pandemic era, given Saskatchewan's relatively high level of exposure to international trade and events beyond our borders
- Hedge against future international trade-related risks by working with the federal government to reduce and/or remove internal trade barriers by establishing equivalencies or mutual recognition of standards for certifications, inspections, regulations, etc. across sectors in the interim with the goal of achieving harmonization over the long term

Platform Pillar 6: Government Procurement

Among SCC members, government procurement has been consistently identified as both a challenge and an opportunity for facilitating economic development and developing a more competitive business climate. The SCC encourages the provincial government through SaskBuilds and Crown Investments Corporation (CIC) to view the development of policies and processes related to government procurement through a supply chain resiliency lens in the post-pandemic era. Supply chain resiliency will be critical for the province going forward. The Province must focus on meaningful, regular engagement with the local vendor community with the aim of developing greater capacity. Developing the local vendor supply chain will help enable that goal.

Recent work by the SCC on this file included submitting recommendations to SaskBuilds during the summer of 2020 on government procurement policies and guidelines, as well as providing policy recommendations under the procurement section of our 2019 report, *Beyond 2020*. More recently, the SCC has been in discussions with SaskBuilds around the development of their Indigenous procurement guidelines. The SCC will continue to support the spirit and intent of *Priority Saskatchewan* and the best value procurement methodology, help support SaskBuilds and CIC operationalize their newly revised government procurement policies and suggest improvements where needed.

To this end, the SCC recommends that the provincial government through SaskBuilds and CIC:

- Subject to interprovincial and international trade agreements, operationalize their newly-revised government procurement policies by prioritizing Saskatchewan-based vendors going forward; engage meaningfully and early on with the local vendor supply chain; and communicate multi-year capital plans to vendors in advance so that vendors have time to plan and build capacity
- Adopt minimum safety standards (e.g. Certificate of Recognition [COR] and Small Employer Certificate of Recognition [SECOR] as a required standard for any vendor working on a provincial government contract
- Invest capital in both the hardware and software that will help generate the data necessary to inform long-term decision-making around major capital projects. Make allocating funds for capital projects a data-driven approach.

Platform Pillar 7: Indigenous Engagement

As a matter of principle, the SCC strongly supports increased engagement with Indigenous people and Indigenous-owned businesses to close the outcomes gap between Indigenous

and non-Indigenous people. Throughout 2020, the SCC released its *Indigenous Engagement Charter*, hired a Director of Indigenous Engagement to work with businesses who have signed on to the Charter, offered Indigenous awareness training workshops across the province, provided input to SaskBuilds on the development of its Indigenous procurement guidelines, and launched an Indigenous Business Directory.

Aside from the obvious moral and ethical reasons for doing so, there exists a strong business case for greater engagement with Indigenous communities and companies and it has to do with changing demographics; Indigenous youth are the fastest growing demographic in the province and Indigenous companies comprise one of the fastest growing segments of the economy. The Indigenous youth of today will be our future workers, customers, and suppliers and so businesses need to be ready for this unique opportunity.

To date, the provincial government has not released a government-wide Indigenous engagement strategy in response to the Truth and Reconciliation Commission's *94 Calls to Action*.

To this end, the SCC recommends that the provincial government:

- Develop and release a whole-of-government Indigenous engagement strategy
- Through SaskBuilds and CIC, incorporate Indigenous procurement guidelines into a larger procurement strategy going forward
- Through SaskBuilds and CIC, create incentives for non-Indigenous vendors to partner or sub-contract with Indigenous vendors when bidding on work