

EXEC Q&A - ENTERPRISE SASKATCHEWAN'S NEW CEO, CHRIS DEKKER

When Chris Dekker stepped into the CEO position with Enterprise Saskatchewan (ES) on July 16, he must have felt the heat of the spotlight. Since its inception, ES has been dismissed by some in the business community as ineffective and criticized by others in business circles as not having lived up to its billing. That reaction is somewhat of a surprise, given the decidedly business-oriented leadership on the Enterprise Saskatchewan Board of Directors.

Nonetheless, Dekker acknowledges he has his work cut out for him. And as he notes in this exclusive interview with Street, he is keenly aware of some of the shortfalls of ES, whether perceptual or real, and talks about what it has accomplished to date and the game plan to build on the organization's impact going forward.

Street: *What are the primary purposes of Enterprise Saskatchewan (ES)? That is, why did they form this new organization in the first place?*

Dekker: The concept of doing something new in the field of economic development was born out of "The Promise of Saskatchewan", with the basic premise to identify, develop, and monitor competitive advantages and disadvantages in each economic sector, and prescribe action.

The principal difference from "traditional" provincial economic development models is removing the function from executive government and bringing it closer to the businesses and industries it serves. Enterprise Saskatchewan was created with leadership from an independent board of directors driven by input straight from the province's key sectors. The result is an agency expressly designed to overcome barriers to growth, and to find or create new opportunities — essentially to press the Saskatchewan advantage wherever possible.

In short, our role is to continually push the competitive envelope. The ultimate goal is to keep Saskatchewan among the most competitive and attractive business climates in Canada - and the world.

Street: *What do you believe are the primary misconceptions about ES?*

Dekker: ES is not entirely a new organization. Rather, it's an amalgamation and reconfiguration of two former Ministries – Industry and Resources, and Economic and Cooperative Development. We continue to do the significant work of these former Ministries – economic monitoring and analysis, incoming and outgoing investment attraction missions, major projects facilitation, supply chain facilitation, etc. We also run key programs such as BizPal, SaskBiz, the Canada – Saskatchewan Small Business Service Centre, the Small Business Loans Association, the Labour Sponsored Venture Capital Corporation, the Western Economic Partnership Agreement, the Community Development Trust Fund, and the list goes on.

So, the primary misconception is that the operations of ES are only made up of the recommendations from the Board, Sector Teams, and Issues Councils. While this is a critically important and new function for the province, the amount of additional work being carried on by the agency is remarkable.

Street: *Many in the business community have claimed that ES is not yet hitting the mark. What have been the primary wins in its two years?*

Dekker: I think most would agree that to amalgamate two ministries, create and recruit a new Board of Directors, establish and recruit 18 sector teams, three Issues Councils and all the corresponding governance policies and reporting structures is no small undertaking. In fact, the last pieces were put together at the end of 2009. But even as all this was being established, the agency has still managed to produce over the past two years.

The list of accomplishments is actually quite extensive. This includes our significant efforts in concert with SREDA to attract multi-million-dollar investment projects to Saskatchewan, like Fortune Minerals. Another good example is the introduction of a new high-clearance corridor between Saskatchewan and Alberta on Highway 7, and Highways 15 and 4, from Melville to Rosetown. Previously, shippers had to work with authorities to arrange for utilities to be raised or cut with each move.

Shippers will now pay a permit fee to use the corridor; however, compared to the cost of raising utilities for each move, this permit fee will dramatically reduce costs, time and effort.

This is important because the growth and success of the province's manufacturing sector has led to increased demand for Saskatchewan-made products, such as ready-to-move homes and industrial products destined for the oil sands. In addition, many economic development projects occurring within the province, like expansion of potash mining, require the importation of over-dimension components, equipment and machinery.

I mention this example because it's indicative of the background work we are involved in. You typically won't see us cutting ribbons or breaking ground. Our role is to create the best environment for business - then get out of their way. Economic development is a lot like special effects in a movie - it should help tell the story, but never BE the story. The businesses that are doing the expanding are the ones in the media limelight, as they should be.

Street: *Why did ES set up so many advisory councils? Most people Street talks to don't believe any group can handle that many. If you agree, what are you going to do about it?*

Dekker: ES was established under the "The Enterprise Saskatchewan Act" which prescribes several different economic sectors to address. As such, 18 sector teams were established in 2008-09, each comprised of seven to nine members who are active in their respective sectors and provide expert advice. To address issues that cut across individual economic sectors, three issues councils were also developed - Youth Economic Engagement Council, Regulatory Modernization Council and Entrepreneurship Council.

These teams have been doing some great work, but in my short time with ES, it has become apparent that the number of sector teams is too cumbersome. Most, including members of the Teams, agree that we can reduce the number and still meet the principles and intent of the legislation. To make any further reductions would require changes to the Act, which we believe we need to pursue. Some of the provisions in the Act are very restrictive. We lack the ability to adapt - the flexibility to change. And like the business world, the economic development world needs maneuvering room to change as the world and the economy changes around us.

Street: *Has ES captured the hearts, minds and commitment of the business community in the province?*

Dekker: For those businesses or industries we have worked closely with - yes. For others, with whom we have yet to work or who have not heard our message, not yet. In that regard, we need to do much more work.

Some would say that the extra spotlight that has been cast on a new agency like Enterprise Saskatchewan, as opposed to the relative obscurity in which the former ministries of Industry and Resources and Economic and Cooperative Development worked in, has been a little harsh or premature.

I can tell you however, that Minister Jeremy Harrison, our Board Members, our staff, and I all welcome the extra light. It helps to show us where we need to go. And to be sure, we could be doing more. We can do better. We will do better.

Street: *How do you respond to the assertion from some business people that Street hears on occasion - the economy is good and these economic development groups aren't needed at all?*

Dekker: I have yet to see a business cut sales and promotion because business was good - or stop looking for more efficiency because profits were "good enough". The same should be said about economic development. Is our tax and regulatory environment ever competitive enough? When times are good, economic development is more important than ever. In jurisdictions such as Alberta, where times have been hot for decades, economic development efforts have increased.

Developing and sustaining a diverse, growing, globally connected economy is the enabler for everything else we need in this province: health care, education, infrastructure, arts and culture, jobs—*everything*. Is there anything else that comes close?

While we have made much progress, and we have improved our business environment significantly -there is so much more to do. We need to continue to lead in the reduction of barriers to business. We need to reduce more red tape. We need to lobby and push for more competitive tax regimes. That's what our Sector Teams, Councils, and Enterprise Regions are saying. That is what our Board has asked us to do. That is what business is expecting.

Street: *What are the new Enterprise Regions (ERs - groups formed regionally across the province), supposed to bring to the table that the old REDAs (Regional Economic Development Authorities) didn't?*

Dekker: Prior to the establishment of ES, there were 28 REDAs across the province. In spite of these numbers, there were many "blank spots", that is, areas of the province that did not have economic development coverage.

Establishing 13 larger Enterprise Regions has not only reduced the numbers, it has led to more consistent service – no white spaces on the map. We were also able to increase funding to the Enterprise Regions - which still remains, on average, at a higher level than ever before in spite of the recent budget cuts.

The last two ERs were established just last year, but they are already doing some incredible work. We are working closely with our ERs to ensure they have access to appropriate development tools such that they can meet their regional mandates to enhance business and industry competitiveness, realize their economic potential, and compete nationally and globally.

Street: *What should business people expect to see from ES going forward? And what are the appropriate benchmarks in your view?*

Dekker: The Premier's Mandate Letter to Minister Jeremy Harrison sets out some specific measurables for Enterprise Saskatchewan which we are confident we can meet. These include bringing a number of investments into Saskatchewan, as well as new business start ups. You can also expect to see some continued progress in reducing the regulatory burden for business and industry. We are developing some unique and productive partnerships that will pave the way to increasing business productivity. We hope to introduce these during the next legislative session. As always, our success in maintaining and enhancing the competitive environment will continue to be measured by GDP growth, business confidence as measured by the CFIB, and the important feedback we receive from business groups such as our Chambers of Commerce and from the **Street** readers.

Finally, telling the Saskatchewan story is a critical component of ensuring our ongoing success. CNN Radio has referred to our province as “an economic superstar”. We have a great “product” – it's time we told the nation that Saskatchewan is **the** place to live, work, and do business.

IDEAS INC.WORKS

After a full year, the business incubator called Ideas Inc., located in Saskatoon, can already be considered a success. Business incubators are common throughout North America. But in Saskatchewan, that's not the case, as there are very few around. And Ideas Inc. became the first one in Saskatoon about a year ago. The basic idea with an incubator is to have people launching a new business, or those going through an expansion of an existing company, locate in common premises. Then, those businesses receive mentoring, advice and the sharing of experience with the other business startups.

And here's the important part; it is intended they graduate from the incubator. That is, they move out into other commercial space. And when the process works right, they take more space at their new locale than they had at the incubator, because they are growing. But here's the catch. Many incubators are good at encouraging startup companies to move in. Many are good at helping them succeed. But when it comes time, usually a three year term at most, for those companies to fly from the nest, many incubators find they are very attached to the rent money. And so many of those other incubators, quite incorrectly, encourage companies to stay when they should be pushing them to leave. Not so at Ideas Inc. This new incubator, only a year or so old, has already had four companies move out. That's a real success because those four companies all needed more space or more appropriate space. And all of that is because they grew, they hired more people and it was time. Well ahead of schedule. And well done.

WHO SHOULD CONTROL SASKATOON'S TAXI BUSINESS?

Who should control the taxi business in any city? Well, if the recent consultant's report is to be followed, the answer in Saskatoon is someone at city hall. It's little wonder the taxi companies are less than pleased with that part of the report. The issue arose because of well publicized incidents at the Saskatoon airport, and that became the focal point. Undoubtedly, taxi service, or reports of a lack of it, fueled the review.

But this review was coming anyway. For one simple reason - the population of Saskatoon has grown, but the number of taxi licenses has not done so for several years now. The City, after hearing a litany of complaints, made the decision to look at the entire issue of how many licenses there should be and who is going to regulate the industry. There are a few issues in the mix that most people don't realize. There was a cry to let any taxi company provide service at the airport, for example. But it's the norm at almost all Canadian airports that one company has the contract. There has been some amount of discussion about deregulating taxi service completely and letting anyone in. Again, that is certainly not the norm in Canada or in North America. And there is a clear expectation that the number of licenses in Saskatoon will increase. But what is not so obvious is that demand is very seasonal - much less in summer and much more in winter. So, it's not all that simple. But the answer? To have a couple of people at city hall control the entire industry? Tell me the last time that worked well.

SASKATCHEWAN REMAINS ON A ROLL: SO SAY THE NUMBERS

A review of statistical information from across a wide spectrum of economic activity points to one conclusion. The relative economic advantage Saskatchewan has enjoyed, even through the downturn of 2008-2009, is not a blip on the radar. It's long term and here's how it can be measured out. The numbers tell the story.

- From January to May of this year, the potash sector produced just over 4 million tonnes of product. That compares to only 1.7 million tonnes for the same time in 2009. The percentage change is so large, it becomes irrelevant. More important, is where the most recent production numbers put Saskatchewan from an historical perspective. At this pace, we should see about 9.7 million tonnes produced for 2010, if the first five months are an indicator. It could easily be a bit better than that, and will be at or above the long term average.
- Last year, Saskatchewan exports were down from prior years by quite a margin, but are bouncing back so far in 2010. The value of goods manufactured in the province is up for the period from January to May of this year, compared to the same time in 2009. Food production, the largest single category, is up by 12%. Clothing, paper and wood products are the other manufacturing categories that are seeing major increases this year. On the export side, the big gains are still coming from the energy sector as well as the industrial goods category. Exports of agricultural products, the third of the three major categories, remain well behind last year's pace. Overall, the bounce back isn't huge but it is steady. The value of shipments of goods manufactured in Saskatchewan is up by about 6%. Exports originating in this province are ahead by almost 5% compared to the same time in 2009.
- Of the thirteen largest communities in Saskatchewan, twelve are seeing residential construction permit growth. Moose Jaw is behind last year's pace and it is the only exception. The rest of the province's cities are building at a frantic pace. Humboldt's residential building permits are by about 4 times that of last year, with Melfort, Prince Albert and Saskatoon more than double, and Regina is up 50%. The list goes on, but you get the picture. This increased investment pace in residential housing is a province-wide trend.
- If you thought the strength of Saskatchewan's resource sector was limited only to metals and minerals, here's a bit of a surprise. Yet another of this province's products is seeing a price surge. This time it's wheat. A record setting drought in Russia has caused wheat prices to jump recently. Their government has declared a state of emergency amidst fears that the country's exports could fall by up to 50%. That's devastating for an economy that is continually lurching from one calamity to the next on a regular basis. Meanwhile, dry weather in Australia has compounded the issue sending Chicago Board of Trade wheat futures in July to their highest monthly gain in about 50 years.
- As a rule, when June and July roll around, the size of the labour force in Saskatchewan expands, with many students entering the workforce. So, it's no big deal that the size of the provincial workforce is bigger than it was in the spring. But it is a big deal that the workforce, as of June of this year, is about 10,000 larger than it was at the same time last year. And last year was larger than the year before. That has been the trend in Saskatchewan – a continual increase in available workforce. And just as well, given the way that the economy continues to expand at its nation-leading pace. But there is more than just total numbers that are encouraging. Part time work is a smaller and smaller portion as time goes on. That flies in the face of the assumption that all of this increase in the workforce might be nothing more than just students at part time jobs for a couple months. As of this June, part time employment was 17.9% of the total workforce. A year ago in June, part timers made up 18.1% of the workforce. That's not a particularly big change, on its own. But it is significant, because it represents a continuation of an important trend in Saskatchewan. As the workforce continues to expand, the portion of it that is full time jobs is expanding even faster.
- Saskatchewan is displaying amazing consistency. And it's happening in an area that really matters – our population. Following are the population increases as of April 1st. of the past three years. In April 2008, the population jumped by 16,000 compared to April 2007. Then in April 2009, we found we had gained 16,000 new residents in the course of one year – again. And as of the latest count at April 2010, there are now 1,042,000 of us. So, it shows we did the same thing – we gained 16,000 people in a year. In fact, the last quarter in which we had a population decline was April 2006 – more than four years ago. That is now 16 consecutive quarters of population growth. Saskatchewan is not only growing. It's going to continue. We now have over 50,000 more people than we did just four years ago. And given the way that interprovincial migration works, because only the net gain is reported, that likely means there could be well over 100,000 people living in Saskatchewan who were not here four years ago.