



THE SASKATCHEWAN SANDBOX

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The 2017 provincial budget put shovels in the ground in a big way. “Shovels,” of course, is a relative term. At 192 tonnes and more than two stories tall, the Hitachi EX-1990 excavator is among the biggest shovels ever seen. It’s one piece of equipment put in motion by the government’s recent budget.

Budget 2017 includes the largest single-year capital commitment ever at \$3.7 billion dollars. “Solid capital investment will help Saskatchewan meet the challenge of a growing province, and strengthen the economy now and in the future,” said Finance Minister **Kevin Doherty** on budget day.

The largest single investment is toward the Regina bypass, a 464-km combination of overpasses, highway, and service roads around the capital city.

The project serves two purposes, says project manager **Stacy Wolitski**. “Safety is the top priority. New overpasses for Balgonie, Pilot Butte, and White City will make access to Highway 1 safer and faster.”

The second benefit is to the economy, says Wolitski. “Saskatchewan is an exporter. The Bypass gives our businesses better access to major trade routes, both the Trans-Canada and Highway 6 south to the United States.”

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Those overpasses will begin opening this fall. It’s one reason local town councils support the project.

“Municipal governments of the White Butte region are fully supportive of the Regina bypass,” they wrote in an open letter. “As a whole we are satisfied that the project, as designed, will serve the region well for years to come.”

Yet the bypass is only a small part of overall capital spending. Other transport projects, such as interchanges for Martensville and Warman and twinning of Highway 39, bring transportation investments to \$861 million.

SaskPower is putting \$1.3 billion into the province’s power grid. SaskTel projects more than \$300 million to upgrade its infrastructure, including for wireless and Internet services.

SaskEnergy is also looking at \$292 million in investments to meet growing customer demand for natural gas.

Crown corporations are borrowing \$1.1 billion to finance capital this year. The balance for their investment is covered through cash flow from operations.

More than \$260 million is flowing to municipalities in infrastructure transfers. It includes funding for Saskatoon's new bridge, a public-private partnership (P3) led by Graham. That build is now more than half done and on track to open in October 2018.

"Capital projects create construction jobs at a time when sectors such as mining and oil and gas are experiencing commodity price downturns," said Minister Doherty.

One of those projects is the new Saskatchewan Hospital North Battleford (SHNB), a 284-bed mental health facility. Funding for the P3 build is part of \$231 million in health capital funding this year.

Twenty-five Saskatchewan companies are now engaged on the SHNB build. **Joel Dynna**, area manager for North Battleford construction firm G&C, spoke publicly on his support for the project at a construction event on May 5.

"It is so great to be a part of such an historic project as a local business alongside so many other Saskatchewan companies. The residents of this community and province are seeing many benefits from this project with job creation and a boost to the local economy," said Dynna.

Perhaps some of the most exciting news was in the education sector. Budget day began a 100-day countdown to the completion of new elementary schools in Regina, Saskatoon, Warman, and Martensville.

"It is pulling away from the traditional standard, which is where students learn and work in the classroom, and it's setting up a more open area where students can be the leaders of their own learning," said one Saskatoon student.

Two new schools, in Rosthern and Weyburn, were also announced.

Overall, the \$3.7 billion dollars invested in capital projects will help Saskatchewan's economy through this period of low oil and potash prices. Regina bypass construction alone is expected to support 8,200 jobs.

A pre-budget report by CUPE shows that out of all possible options for government spending, investing in infrastructure has the highest possible economic impact. By their count, every \$1 million invested into projects like new roads and schools triples into nearly \$3 million in economic growth.

If their analysis is correct, this year's capital spend will support some \$11 billion in growth. It is no doubt one reason that the province is seeing the start of good economic news. Year-over-year building permits, a major indicator of growth, jumped 13.2 per cent in March 2017. It was the highest percentage increase among the provinces. Residential permits were up 26.8 per cent over this period.

Employment news is positive. April showed major year-over-year gains in professional, scientific and technical service jobs (+5,900) and manufacturing (+3,100), while off-reserve Aboriginal employment was up for the tenth consecutive month.

The Petroleum Services Association of Canada is also forecasting a major increase in oil and gas activity in Saskatchewan.

Paul Martin, local business commentator and Chair of Martin Charlton Communications, points out there's a strong link between public and private investment.

"If you look at the economic growth period we had...what really drove Saskatchewan was capital investment in the resource sector, the service sector, new commercial activity, and retail.

"[Government] capital spending enables the private sector to step up and spend the bulk of what we would consider new capital spending. Infrastructure is something that enables the economy to accept growth. Government has to carry on with it."

It's a point the Finance Minister made on budget day as well, pointing to \$158 billion in public and private investment since 2007.

"Annual private and public capital investment has increased by nearly 75 per cent in Saskatchewan. That massive capital investment, by both government and the private sector, is a tremendous vote of confidence in the future of our province." ■

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