

Saskatchewan shucks image as bit player

Resource-rich province force to be reckoned with in the West

Gina Teel, Calgary Herald; with files from Canwest News Service

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Saskatchewan was once touted as a place people could hardly wait to leave, but the opposite now rings true as the province's resource-based economy picks up steam.

Richly endowed with the world's critical must-have commodities of uranium, potash, crude oil, and grains and oilseeds, Saskatchewan has shucked its image as a bit player and become a major economic force in the west.

Paul Caton, a senior market analyst with Canada Mortgage and Housing Corp., said the commodities boom and the fact that nearly 20 per cent of oil production in Canada comes from Saskatchewan -- oil traded just above \$133 per barrel Monday -- are driving the influx of people.

"It's almost like somebody flicked a switch and said, 'Hey look at this,' " he said.

Skeptics need look no further than Statistics Canada data released Monday, which showed Saskatchewan led the nation in retail sales growth in 2007 -- knocking shop-happy Alberta from its three-year reign supreme.

It's the first time Saskatchewan has finished first in the retail growth ranking since Statistics Canada began the series in 1991.

Retail sales in Saskatchewan soared 13 per cent to \$13 billion in 2007 -- the first time the gain has topped 10 per cent -- and twice the province's growth rate in 2006.

Alberta, meanwhile, had to make do with second place, with 9.3 per cent growth to \$61.2 billion in 2007.

Saskatchewan's GDP growth was 11.4 per cent in 2007, ahead of Alberta's 8.3 per cent and behind only Newfoundland's 13.4 per cent.

The numbers reflect a swelling population base in Saskatchewan, which recently topped the one million mark.

In the last six quarters, the province has experienced a rush of people, reversing a 22-year trend of net outmigration.

The influx of bodies is creating a scene many Calgarians are familiar with -- rapidly rising housing prices in centres like Saskatoon and Regina, traffic congestion and, anecdotally at least, more pricey vehicles on the roads.

"Over a period of a few months, the economy and the housing markets were just transformed," Caton said from Saskatoon.

"It looks more like Calgary with Escalade trucks and the like."

Earlier this month, a CMHC report forecast Regina will see increases across the board in housing starts and prices for new and resale homes.

The average resale price in Regina for all types of homes is expected to hit \$230,000 in 2008, up from \$165,613 the previous year.

Prices are even hotter in Saskatoon, where the average is projected to hit \$275,000. Prices are expected to continue their upward march, Caton said.

Diana Wyman, senior analyst with Statistic Canada's current economic analysis division, said the people moving to Saskatchewan are 25 to 45 years in age, and are largely from Alberta.

"In Saskatchewan you actually have these people moving back planning to have families, so it has a different possible ramification for population growth long term," she said.

Saskatchewan is also leading exports for all the provinces so far in 2008, partly because of potash shipments and potash prices, she said.

In April, China agreed to pay \$576 US a tonne for potash this year from Canadian marketing company, Canpotex Ltd.

Comprising Potash Corp. of Saskatchewan Inc., Mosaic Co. and Calgary's Agrium Inc., Canpotex's deal represented a \$400 per tonne increase over 2007 levels and set the stage for even higher prices down the road.

Saskatchewan is also Canada's lone producer -- and the world's largest producer -- of uranium, supplying about one-quarter of world uranium production, according to a government of Saskatchewan website.

Agriculture is also booming in response to robust commodity prices.

Wyman noted the amount of land left fallow this year in Saskatchewan will be the smallest since 1920. Farmers expect to plant more canola and wheat -- both at record high prices -- and less oats and barley.

There's also a big drive in agricultural machinery in 2008, indicating a willingness by farmers to invest to meet the demand, she said.

But agriculture isn't the only thing eating up Saskatchewan land. In April, Saskatchewan recorded its highest land sale in its history of \$265 million -- or \$15 million more than reaped in all of 2007 -- as oil and gas companies look to develop the province's energy prospects.

Up to April 11, Saskatchewan led Alberta in terms of the amount of land sold for these reasons in 2008. Saskatchewan had taken in \$462 million compared with \$148.42 million in Alberta, not including oilsands.

(Saskatchewan holds land sales every other month, while Alberta brings down the hammer every two weeks.)

It's the same story with agricultural land values. Farm Credit Canada's spring 2008 report shows agricultural land values jumped 7.8 per cent in the last six months of 2007, the biggest increase in value seen in at least a decade.

Saskatchewan's land value increase was the third-highest in Canada, behind British Columbia (14.5 per cent) and Alberta (10.3 per cent).

Frank Atkins, a University of Calgary economist, said it's the western economies that are preventing the Canadian economy "from looking extraordinarily dismal."

"The whole West is the engine of growth out here, not counting Manitoba," Atkins said.

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