

The Business Sector and the 2020 SK Election

Introduction

Saskatchewan is a province noted for its stark contrasts. These contrasts are evident, most notably in our geography and climate, but also in our political culture and unique brand of electoral politics. Saskatchewan's almost folkloric social democratic tradition and DIY co-operative spirit exists (often uneasily) alongside its equally storied reputation for developing (and exporting) rugged, innovative entrepreneurs. Saskatchewan today is equal parts Tommy Douglas and Brett Wilson. Our provincial economy is marked by state ownership of key industries like auto insurance and utilities that operate alongside private sector resource-based businesses competing in a hypercompetitive global marketplace.

With this juxtaposition in mind, our central argument here is that neither the newly re-elected centre-right Saskatchewan Party (SP) nor the left-leaning opposition New Democratic Party (NDP) this time around proposed any grandiose ideas or suggested a major course change. Instead party platforms focused more on practical measures, like getting money in the hands of businesses and households and getting people back to work. The need for the parties to address voters' more pressing COVID-related concerns about economic recovery and health care amidst a second wave likely served to temper parties' bolder policy ambitions.¹ This piece will illustrate this point further by citing specific examples in the following areas: business taxation, childcare affordability, and government procurement.

Business Taxation

Neither the SP nor the NDP policy platforms articulated any sweeping changes on the business taxation front. The SP's proposal to reduce the provincial small business rate (SBR) from the current 2% to 0% over two years is a temporary measure that will likely be well-received by small business owners, a key constituency group for the SP.² This proposal would benefit about 31,000 of Saskatchewan's roughly 40,000 incorporated small businesses that maintain payroll.³ While reducing the SBR to 0% temporarily will provide much-needed tax relief for small businesses, not mentioned in the SP platform was a pledge to reduce the higher general corporate rate or reduce the differential between the SBR and the general corporate rate as a means to encourage small businesses to scale up.

Instead of promising to lower statutory corporate rates across the board, the NDP opted for targeted tax measures, like reinstating the film tax credit, bringing back start-up loans for rural small businesses, reducing the province's regressive craft beer levy to assist homegrown producers compete, and removing the PST on construction labour that has been a thorn in the side of the industry since 2017.⁴ No doubt these measures were developed with key groups in mind, like creatives in the film industry, craft brewers, rural entrepreneurs, and workers (and their trade unions) operating in the building trades.

¹ Arthur White-Crummey. "Health, Economy and Resources are Top Issues for Saskatchewan Voters." *Regina Leader Post*. October 15, 2020, <https://leaderpost.com/news/politics/sask-election/health-economy-and-resources-are-top-issues-for-sask-voters>

² Saskatchewan Party. *Our Plan for a Strong Saskatchewan*, (Regina, SK: Saskatchewan Party, 2020). 5.

³ Government of Saskatchewan, Ministry of Trade and Export Development. *Saskatchewan Small Business Profile 2019* (Regina, SK: Ministry of Trade and Export Development, 2020).

⁴ Saskatchewan New Democratic Party, *People First Platform 2020*, (Regina, SK: Saskatchewan New Democratic Party, 2020).

Other established parties with no representation in the legislature also included targeted tax measures in their platforms. The Liberals promised to eliminate the PST on insurance, modernize the tax system by adjusting income tax brackets for inflation (bracket creep), and to reinstate the film tax credit.⁵ Progressive Conservatives (PC) want to ‘create’ a manufacturing tax credit⁶, reinstate the potash production, and film tax credits, as well as remove PST from select goods.⁷ It is noteworthy that none of the established parties proposed a review of the province’s tax system or significant tax policy changes like GST/PST harmonization or even PST recoverability for businesses.

Childcare Affordability

COVID-19 and the ensuing economic shutdown exacerbated existing childcare affordability challenges faced by parents. Both the SP and the NDP pledged to make childcare more affordable but each party approached it from a different angle. In true small-c conservative fashion, the SP’s approach to achieving childcare affordability was more supply-side focused. The SP’s pledge to create 750 new spaces over the next four years is focused on reducing the up-front costs borne by licensed daycare providers with the expectation that those cost savings would be passed along in the form of lower daycare costs for parents.⁸

In contrast, the NDP pledged to create 2,200 new spaces every year, deliver subsidized \$25 per day childcare, and conduct an expert panel review of the childcare system.⁹ The Liberal platform included a vague promise to make quality licensed day care affordable for all low and middle-income families.¹⁰ While parties may differ on specific actions around childcare, they do so only by varying degrees. COVID-19 has forced parties of all ideological persuasions to make childcare affordability a way to promote labour force (re)attachment, particularly among women who often find themselves tasked with caregiving duties. Promoting childcare affordability will be crucial to helping Saskatchewan businesses remain competitive. It will go a long way in ensuring workplaces have available to them the skilled workers they require.

Government Procurement

Both SP and NDP policies around government procurement for this election were shaped heavily by the massive disruption to established supply chains brought on by COVID and the need to retool government procurement policy to ensure that Saskatchewan workers and businesses enjoy the full stimulative impacts of an of an unprecedented COVID-19 economic stimulus package worth \$7.5 billion total in spending over two years.¹¹ Just before the writ was dropped, the SP government put into force a SaskBuilds Board-approved government policy designed to prioritize Saskatchewan-based vendors, consistent with the original intent of *Priority Saskatchewan*.

⁵ [Saskatchewan Liberals. *Our Ideas*, \(Regina, SK: Saskatchewan Liberal Party, 2020\).](#)

⁶ Note: [The Government of Saskatchewan already offers a suite of tax credits to the manufacturing and processing \(M&P\) sector.](#)

⁷ [Progressive Conservative Party of Saskatchewan, *Making Saskatchewan Our Priority: Economy – Taxes* \(Regina, SK: Progressive Conservative Party of Saskatchewan, 2020\).](#)

⁸ Saskatchewan Party. *Our Plan for a Strong Saskatchewan*, 10.

⁹ Saskatchewan New Democratic Party, *People First Platform 2020*, 8.

¹⁰ Saskatchewan Liberals. 2020, “Our Ideas: Leadership in Education and Health Care.”

¹¹ [Government of Saskatchewan. “Building a Strong Saskatchewan: \\$7.5 Billion Invested in Infrastructure Over Two Years to Stimulate Provincial Economic Recovery.”](#) (Media Release, May 6, 2020).

The awarding of many tenders to out-of-province firms has been a point of contention among the province's business community in recent years. In an attempt to court frustrated voters operating in the procurement space, the NDP platform contained a "Saskatchewan First" procurement policy whereby Saskatchewan-based firms and workers would be given priority for Crown and government-led projects.¹² The PC platform also contained similar overtures regarding a preference for sourcing locally.¹³ In the case of government procurement policy, neither the SP, NDP, or PC platforms differed substantially in this regard.

Conclusion

The need to address voters' pressing concerns over COVID-19 served to temper the more grandiose policy ambitions (and therefore spending promises) of established parties for this election. The ideological gulf that has gradually narrowed over time between parties, particularly the SP and the NDP, is indicative of a larger trend that began in the 1990s and continued into the 2000s.¹⁴ Whether the next provincial election scheduled for 2024 will see a continuation of ideological convergence toward the centre or a stark departure from it is anybody's guess.

About the Authors:

Steve McLellan is the CEO of the Saskatchewan Chamber of Commerce, a position he has held since 2007. Mr. McLellan has held several senior positions in the Saskatchewan business community, including 26 years spent in the tourism and hospitality sector.

Steve has served on dozens of Boards of Directors and was elected as Chair to many of them, including his current role as the Chair of the RCMP Heritage Centre in Regina. He is currently a member of the Saskatchewan Red Cross Executive Cabinet Committee and is the 2020 United Way of Regina's Community Champion.

Mr. McLellan is a recipient of several medals, including the Senate of Canada medal, the Saskatchewan Centennial Medal, and the Queen's Jubilee Medal. Steve has been named by Sask Business magazine as one of Saskatchewan's 'Men of Influence'.

Steve is a proud graduate of Saskatchewan Polytechnic and received their Alumni Partnership Award in 2015. In 2017, Steve was honored to be a recipient of the Tourism Saskatchewan Builder Award. He recently completed his Director Education training through the Institute of Corporate Directors (ICD) program out of the University of Toronto.

Joshua Kurkjian MA, MCertPPOL is the Director of Research and Policy Development with the Saskatchewan Chamber of Commerce and has served in this role since February 2017.

Joshua grew up in Windsor, Ontario and completed his B.A. in Political Science at the University of Windsor in 2010. Joshua completed an M.A. in Political Science (specialization in International Relations) and an

¹² Saskatchewan New Democratic Party, People First Platform 2020, 10.

¹³ Progressive Conservative Party of Saskatchewan, *Making Saskatchewan Our Priority: Priority for Saskatchewan People and Businesses*.

¹⁴ David McGrane, *New Directions in Saskatchewan Public Policy*. (Regina: Canadian Plains Research Centre Press - University of Regina, 2011).

M.A. in American Studies (Canada-US Relations) both from the University of Western Ontario in 2011 and 2013 respectively.

He recently completed a Master's Certificate in Public Policy Analysis (MCertPPOL) from the Johnson Shoyama Graduate School of Public Policy at the University of Regina. Joshua and his spouse reside in Regina, SK with their two cats.