

The logo for Canadian Manufacturers & Exporters (CM&E) is displayed in the top left corner. The letters 'C', 'M', and 'E' are white, while the ampersand '&' is red. The background of the entire page is a composite image of industrial machinery, with a dark blue and red color scheme.

CANADIAN  
MANUFACTURERS  
& EXPORTERS

MANUFACTURING  
SASKATCHEWAN'S  
FUTURE

SEPTEMBER 2024

# INTRODUCTION

The manufacturing sector plays a pivotal role in Saskatchewan's economic landscape, driving both provincial and national prosperity through innovation, job creation, and significant contributions to public revenue. *Manufacturing Saskatchewan's Future* is a report by Canadian Manufacturers & Exporters (CME), which delves into the vital importance of this sector and outlines a strategic framework aimed at ensuring its continued growth and competitiveness. By leveraging Saskatchewan-specific economic analysis and insights from industry leaders, the report identifies key opportunities and challenges facing the province's manufacturers. The collaborative effort behind this report underscores the collective commitment to fostering a robust manufacturing environment that can thrive in both local and global markets.

Saskatchewan has vast fertile land and a strong entrepreneurial spirit amongst those found in the prairies, creating a significant opportunity for its manufacturing sector. With rich natural resources, including a thriving agri-food industry, energy, and minerals, Saskatchewan sources and manufactures many supply-chain essentials. From *Many Peoples Strength*, the province is well-equipped with resources and a business-friendly environment, making it an ideal partner for CME to collaborate with the Government of Saskatchewan to further grow the manufacturing sector.

We owe thanks to the many manufacturers across the province who participated in CME's roundtables, sharing the challenges they face in Saskatchewan and offering ideas on how the government, industry, and stakeholders can help drive the future of manufacturing in the province.



## TERRY SHAW

Regional Vice President, Prairies  
CME

As I settle into my role here at CME as the Regional Vice-President of the Prairies, it is clear that manufacturing isn't just one piece of the economic makeup of the prairie provinces. It is the underpinning of the success of the prairies themselves.

Last fall, CME released its "Manufacturing Canada's Future" report at its national conference, outlining key pillars for success and policy recommendations for the Federal government. The report identified opportunities that could lead to positive outcomes nationwide. However, it is crucial to examine what can be done in each province to build upon this foundation and ensure

success is achieved uniformly. The "Manufacturing Saskatchewan's Future" report focuses on ensuring success in Saskatchewan.

CME conducted a province-specific economic analysis and hosted a series of manufacturing and exporting roundtables with business leaders across Saskatchewan to capture the unique opportunities and competitive challenges faced here.

Throughout this report, while the data paints a clear enough picture, it is the first-hand accounts that CME was able to gather during roundtable consultations that gives shape to the issues holding back Saskatchewan from reaching its manufacturing potential. Between the lack of labour quality and availability, insurmountable costs associated with doing business, and the realities of being a low-density, land-locked province, CME has identified workable solutions to inform the province's government and stakeholders to set manufacturing on the path to success.

As the new Regional Vice President of the Prairies, I am pleased with the insights shared by CME members and the efforts of CME staff in compiling this report. The report highlights how effective public policy can encourage productivity and competitiveness investment in Saskatchewan manufacturing for the long term and support policies addressing current labour, cost and transportation challenges impacting competitiveness.

**It is through these policy recommendations that the larger manufacturing community can work together to manufacture Saskatchewan's future.**





# WHO WE ARE

## ABOUT CANADIAN MANUFACTURERS & EXPORTERS

Since 1871, we have made a difference for Canada's manufacturing and exporting communities. Fighting for their future. Saving them money. Helping manufacturers grow. The association directly represents more than 2,500 leading companies nationwide. More than 85 per cent of CME's members are small and medium-sized enterprises. As Canada's leading business network, CME, through various initiatives including the establishment of the Canadian Manufacturing Coalition, touches more than 100,000 companies from coast to coast, engaged in manufacturing, global business, and service-related industries. CME's membership network accounts for an estimated 82 per cent of total manufacturing production and 90 per cent of Canada's exports.

## ABOUT THE CANADIAN MANUFACTURING COALITION

The Canadian Manufacturing Coalition is comprised of more than 50 major industry groups, united by a common vision for a world-class manufacturing sector in Canada. The Coalition speaks with one voice on priority issues affecting manufacturers, and what must be done to ensure all Canadians continue to enjoy economic growth, high-value outputs and high-paying jobs. The Canadian Manufacturing Coalition's member organizations represent roughly 100,000 companies through their collective networks.

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# EXECUTIVE SUMMARY

Manufacturing Saskatchewan's Future is a provincial strategy developed by Canadian Manufacturers & Exporters (CME) to leverage opportunities presented by Saskatchewan's manufacturing sector and usher in a new era of growth and prosperity in the province. Drawing on public consultation and exhaustive data collection and analysis, the recommendations contained in this report will seek to inform government on the path to manufacturing excellence in Saskatchewan.

## MANUFACTURING OPPORTUNITY

The manufacturing sector is a major driver of Saskatchewan's economy, playing a crucial role in creating jobs, fostering innovation, and driving economic growth. The province's 1,063 manufacturers directly generate 6.3 per cent of Saskatchewan's real gross domestic product (GDP) and close to one-quarter of the province's outbound goods. Taken together, the sector's direct, indirect and induced impacts amount to 14.4 per cent of Saskatchewan's total economic activity. In addition, by employing 33,000 Saskatchewanians and supporting 44,100 more jobs through supply chain activity and employee spending, the manufacturing industry undoubtedly makes substantial contributions to communities across the province.

While the manufacturing sector in Saskatchewan thrives, thanks to many forward-thinking and business-friendly measures taken by the provincial government, there's ample opportunity for further growth and enhancement. Collaboration between private enterprises and research institutions can fuel innovation and drive technological advancements, positioning Saskatchewan as a leader in manufacturing excellence. By fostering an ecosystem that nurtures entrepreneurship and supports small and medium-sized enterprises, Saskatchewan can create a fertile ground for manufacturing to flourish. With a focus on encouraging innovation, developing talent, and strengthening industry, Saskatchewan's manufacturing sector is poised for continued growth and success in the global marketplace.

## DECLINING COMPETITIVENESS

The unfortunate counterpoint is that expenses associated with conducting business in Saskatchewan are on the rise. This escalation prompts manufacturers to consider relocating to more competitive regions, often outside of Canada, and discourages foreign investment. These shifting dynamics pose a threat to the long-term viability of the manufacturing sector and to the livelihoods of those living and working in Saskatchewan.

Policies aimed at fostering middle-class expansion and innovation must acknowledge that manufacturing propels innovation forward and generates strong career opportunities. Without this foundational economic engine, Saskatchewan cannot realize its desired policy objectives. The necessity for more supportive measures for manufacturers is evident in various key metrics that determine global success in the sector. Manufacturing productivity lags behind competitive jurisdictions around the world. Investment in new capital equipment and technologies is on the decline.

The business environment is deteriorating due to escalating regulatory and tax burdens. Innovation investments are dwindling, resulting in fewer new product developments. Saskatchewan is importing more value-added goods than it is exporting, significantly limiting sales and growth prospects. Consequently, Saskatchewan risks falling behind, potentially becoming too costly and lacking the necessary technological advancements and innovation to compete effectively in the global marketplace.

## THE SOLUTIONS

During the consultation process, manufacturers confirmed the longstanding issues confronting the sector: shortages in labor and skills, bureaucratic hurdles, and the overall cost of doing business. Additionally, fresh challenges emerged, including housing scarcity, municipal level barriers to growth, and mounting inflationary pressures.

Saskatchewan companies are competing with not only the nation's best, but also the world's best. To prosper, they need a business environment that is equally world class to set them up for success at home and abroad. Manufacturing Saskatchewan's Future provides a clear pathway with proven solutions to bring Saskatchewan's manufacturers into the future and provides recommendations organized under four main themes:

1. Encourage, expand and upskill Saskatchewan's manufacturing workforce
2. Ensure market access and better foreign protection for Saskatchewan's manufacturers
3. Stimulate investment and reduce the cost burden on Saskatchewan's manufacturers
4. Support rural manufacturing

# MANUFACTURING SASKATCHEWAN'S FUTURE

Manufacturing Saskatchewan's Future began by asking two simple questions: What are the major roadblocks holding back growth and prosperity and what are some bold ideas or solutions that would jumpstart manufacturing in Saskatchewan?

These questions were at the beginning of the research and the province-wide consultation process that formed the heart of the study. CME heard about the issues, challenges and opportunities Saskatchewan manufacturers see every day.

In addition to the in-person consultations, CME carried out a Manufacturing Saskatchewan's Future Survey to add quantitative depth to the analysis. These efforts were combined with rigorous economic analysis to identify where specific and direct action is needed to support and grow manufacturing in Saskatchewan and reverse the concerning trends of the past decade.

CME looks forward to working with association members, the Government of Saskatchewan and the broader manufacturing community to affect change, maximize the potential for the sector and drive growth and prosperity for the entire province.



# MANUFACTURING IN SASKATCHEWAN

This section presents a quantitative analysis of Saskatchewan's manufacturing sector, divided into two parts: a provincial analysis and a regional analysis. The provincial analysis focuses on the sector's total economic impact, GDP trends, and industry structure. It also compares trends in Saskatchewan's manufacturing sector with those of the U.S. over time, benchmarking Saskatchewan's performance against a valuable reference point. The regional analysis, meanwhile, focuses on employment, broken down by census division and economic region, two common geographic units defined by Statistics Canada. This detailed examination provides for a nuanced understanding of local economic conditions, enabling policymakers to design strategies that address specific regional needs.

## PROVINCIAL ANALYSIS

### The Economic Impact of the Manufacturing Sector

Manufacturing is an important contributor to Saskatchewan's economy and to the living standards of all Saskatchewanians. It directly generated \$4.9 billion in real GDP in 2023, employed 33,000 residents, and sold \$11.5 billion worth of goods abroad. (See Table 1.) This makes it a key business sector in Saskatchewan, accounting for 6.3 per cent of total GDP, 5.6 per cent of total employment, and close to one-quarter of its merchandise exports.

However, these numbers only tell part of the story of the impact of manufacturing in Saskatchewan. Every manufactured good produced in Saskatchewan creates demand for raw materials, semi-finished inputs, transportation, and a host of other goods and services. That demand, in turn, sparks additional purchases all the way up the production chain. These are known as indirect effects. Along the way, jobs are created, income is generated, and taxes are collected. The wages and salaries that Saskatchewanians earn from these direct and indirect effects are then spent on other goods and services, generating another round of induced effects.

**TABLE 1**  
**MANUFACTURING SECTOR'S**  
**ECONOMIC FOOTPRINT**

Saskatchewan (2023 GDP and employment, 2020 multipliers)

	Total	Direct	Indirect	Induced
<b>Real GDP (billions \$)</b>	11.2	4.9	5.2	1.1
<b>Employment (000s)</b>	77.1	33.0	34.1	10.0

Sources: Statistics Canada; CME.

The total impact that the manufacturing sector makes on the Saskatchewan economy is the sum of the direct, indirect, and induced impacts. When accounting for the economic ripple effects sustained by the supply-chain and income effects within the province, the sector's aggregate footprint rises to \$11.2 billion in value-added output or 14.4 per cent of total GDP.

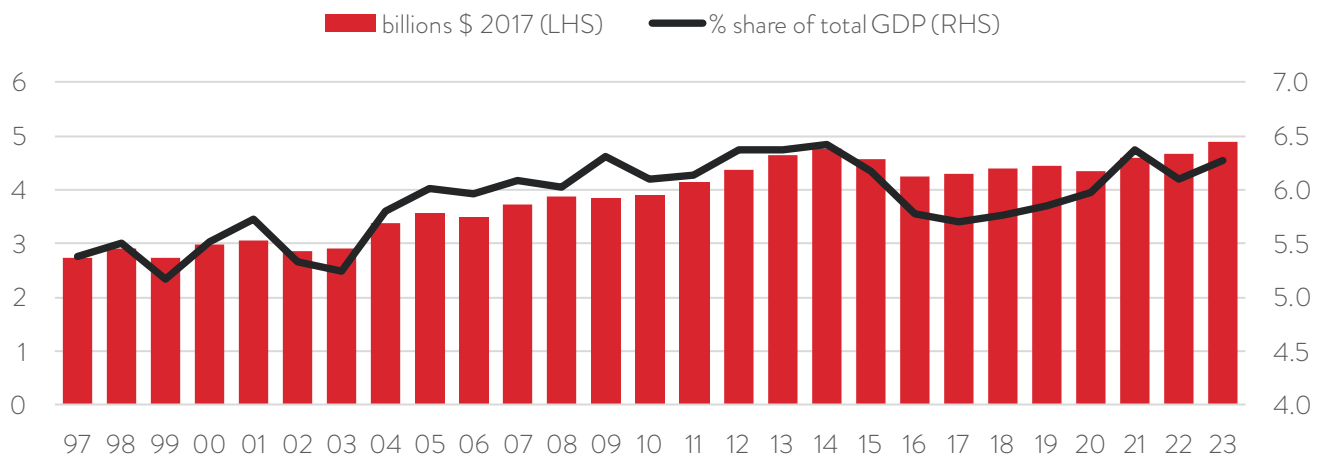
Manufacturing is also a major job creator. Along with a manufacturing workforce of 33,000 people in 2023, the spinoff effects from manufacturing activities supported an additional 44,100 jobs in Saskatchewan, bringing total employment attributable to manufacturing up to 77,100—equivalent to 13.0 per cent of all jobs across the province.

### GDP Trends

The overall level of manufacturing GDP in Saskatchewan grew steadily between 1997 and 2008, increasing from \$2.7 billion to \$3.9 billion, equivalent to an average annual growth rate of 3.3 per cent. Over this period, the sector's share of provincial GDP rose from 5.4 per cent to 6.0 per cent, as the broader economy expanded at a more moderate pace.

The sector's growth streak finally came to an end in 2009 when the global financial crisis wreaked havoc on the world economy, leading to a 0.9 per cent contraction in Saskatchewan's real manufacturing GDP. However, the sector recovered quickly and posted annual average growth of 4.4 per cent over the subsequent five years. The robust growth experienced by the sector over the 2003-14 period coincided with a commodities boom.

**CHART 1**  
**REAL MANUFACTURING GDP AND ITS SHARE OF OVERALL ECONOMIC ACTIVITY**  
 Saskatchewan



Sources: Statistics Canada; CME.

However, another downturn occurred in 2015-16 following the collapse of commodity prices, with GDP plunging by a total of 11.0 per cent. This downturn underscored the manufacturing sector's vulnerability to shifts in global commodity markets.

The sector saw a return to growth in the years following, but this was disrupted by the COVID-19 pandemic, which triggered a 2.2 per cent drop in manufacturing GDP in 2020. However, a significant recovery in 2021 with a 5.9 per cent growth rate brought renewed optimism. By 2023, manufacturing GDP had climbed to an all-time high of \$4.9 billion.

Despite the ups and downs experienced by the sector over the years, its share of overall provincial GDP averaged 6.3 per cent last year, matching its contribution in 2009. All told, the latest growth spurt demonstrated the resilience of Saskatchewan's manufacturing sector, capable of recovering and expanding even after significant global shocks.

## Industry Structure

Saskatchewan's manufacturing sector, a key component of the provincial economy, harnesses local natural resources to fuel diverse industrial activities. Examining manufacturing GDP data by subsector helps demonstrate the sector's deep interconnections with other key industries such as agriculture, mining, and construction.

### Petroleum and Coal Product and Chemical Manufacturing

While the manufacturing sector's direct impact on Saskatchewan's economy is significant, its share of real output is lower than its share in Canada as whole. As noted above, it accounted for 6.3 per cent of Saskatchewan's real GDP in 2023. In comparison, manufacturing activity made up 9.7 per cent of Canada's real output. This smaller share is due to the dominant role that the agriculture and mining and oil and gas extraction industries play in the province. In fact, these sectors directly generated nearly one-quarter of Saskatchewan's GDP in 2023, significantly higher than their 6.9 per cent national share. Notably, Saskatchewan is the world's largest exporter of potash and uranium.

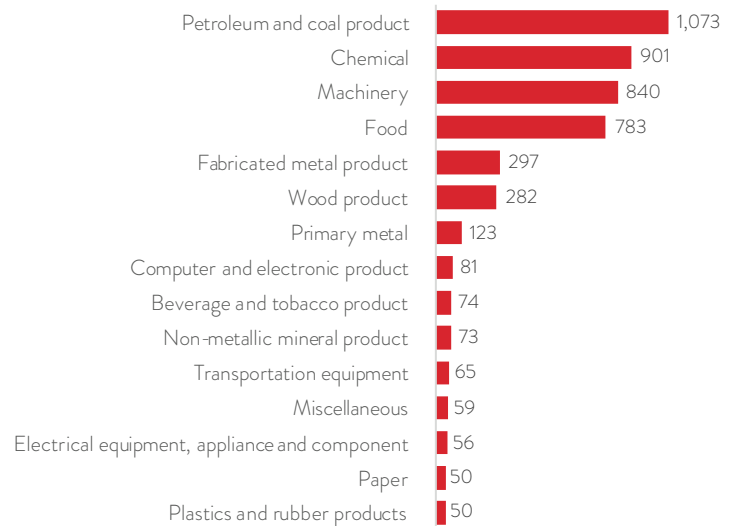
Saskatchewan's abundant resources explains why the chemical and petroleum and coal product industries are the province's two largest manufacturing subsectors. In fact, petroleum and coal product manufacturing leads the pack, generating real output of \$1.07 billion in 2023, equivalent to a whopping 22.0 per cent of the province's manufacturing GDP. (See Chart 2.) This is a downstream activity that adds significant value to Saskatchewan's natural resources, instead of just exporting them in their raw form.

Similarly, chemical manufacturing generated \$901 million in GDP in 2023, representing 18.4 per cent of manufacturing output, making it the province's second-largest manufacturing subsector. This industry capitalizes on the availability of oil as a primary feedstock, transforming it into valuable chemical products.

### Machinery and Fabricated Metal Product Manufacturing

The machinery and fabricated metal products subsectors, with GDPs of \$840 million and \$297 million, respectively, in 2023 are also key components of Saskatchewan's manufacturing industry. Machinery manufacturing is the province's third-largest subsector, accounting for 17.2 per cent of the overall industry's GDP in 2023, while fabricated metal product is the fifth biggest, contributing 6.1 per cent of manufacturing output. These subsectors are intricately linked to agriculture, construction, and mining, supplying these industries the essential equipment and inputs needed for their operations. These relationships highlight the symbiotic relationship between manufacturing and other major sectors in Saskatchewan.

**CHART 2**  
**TOP 15 MANUFACTURING SUBSECTORS IN SASKATCHEWAN IN 2023**  
Real GDP (millions \$)



Sources: CME; Statistics Canada.

### Food Manufacturing

Food manufacturing, Saskatchewan's fourth-largest manufacturing subsector, generated \$783 million in GDP last year, equivalent to 16.0 per cent of manufacturing GDP, illustrating the successful integration of Saskatchewan's agricultural strengths into higher-value processed goods. This subsector not only supports local agriculture by providing a market for crops but also contributes to the economic stability of the region by supplying processed food products both domestically and internationally.

# SASKATCHEWAN VS. THE U.S.

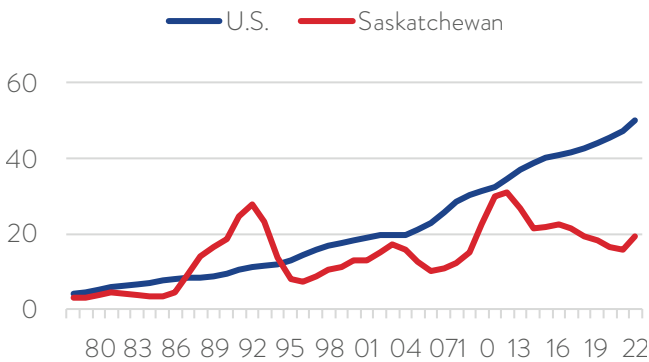
In this section, we compare the manufacturing sector in Saskatchewan against that of the United States by examining three critical indicators: investment, labour productivity, and output. We benchmark Saskatchewan's performance against the U.S. because it provides valuable insights into the competitiveness of Saskatchewan's manufacturing industry.

## INVESTMENT

Capital investment is crucial for long-term economic growth, as it provides the machinery, equipment and buildings needed to allow for the efficient production of goods and services. The challenge Saskatchewan is facing can be illustrated using one common metric: non-residential investment per worker. Business investment per worker or capital intensity is an important measure because it shows the extent to which the average employee is getting equipped with new capital that can raise productivity and enhance competitiveness relative to workers elsewhere.

**CHART 3  
REAL MANUFACTURING INVESTMENT  
PER WORKER**

(Thousands of dollars, purchasing power parity basis, three-month moving average)



Sources: Statistics Canada; U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; CME.

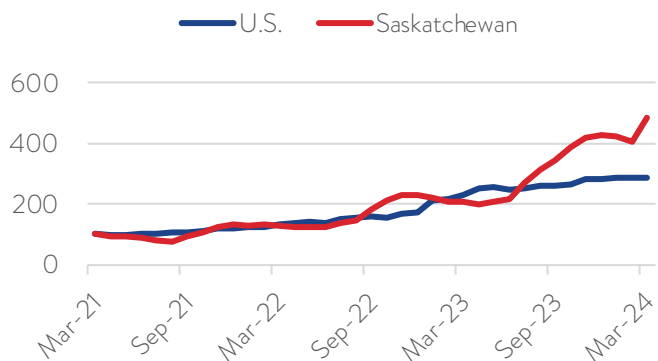
Unfortunately, the data in Chart 3 presents a worrying picture: non-residential business investment per worker in the manufacturing sector has been lower in Saskatchewan than in the U.S. for more than 25 years. Specifically, in 2022, manufacturing investment per worker was \$49,500 in the U.S., but only \$19,100 in Saskatchewan. Low capital intensity sends a worrying signal about Saskatchewan's future productivity growth and prosperity.

Fortunately, the latest data suggest that Saskatchewan has slightly closed the gap with the U.S. in recent months. This is happening despite the fact that the U.S. is in the grips of a factory-building boom, helped by the generous incentives included in the Inflation Reduction Act (IRA) and the CHIPS and Science Act, both of which were introduced in August 2022. Manufacturing construction has soared dramatically, nearly doubling over the past three years (+186 per cent), as the sector continues to make significant increases in capacity, spurred by industrial policy and a desire to reshore production. (See Chart 4.)

But manufacturing investment in Saskatchewan is rebounding from pandemic lows at an even faster pace, in contrast to many of its provincial peers that continue to lag the U.S. performance. In fact, investment at factories and plants has nearly quadrupled (+385 per cent) over the same time frame. This bodes well for future growth in the province's manufacturing activity.

**CHART 4  
SASKATCHEWAN OUTPACING U.S.  
IN RECENT MONTHS**

Manufacturing construction spending (March 2021=100)



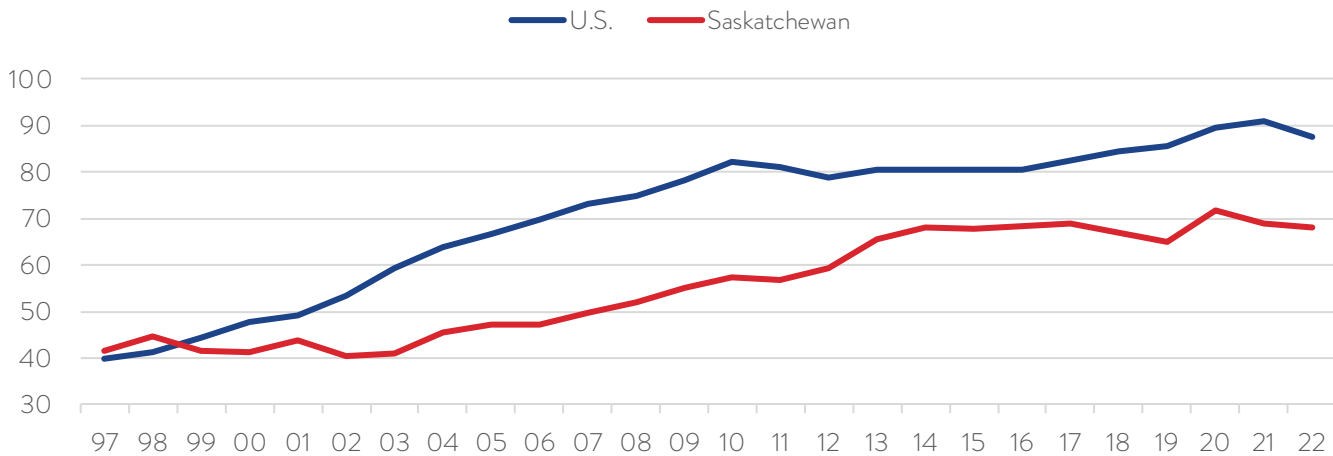
Sources: Statistics Canada; U.S. Census Bureau; CME.

## LABOUR PRODUCTIVITY

Investment plays a crucial role in boosting labour productivity, which is essential for sustained economic growth, increasing global competitiveness, and higher living standards. The significance of productivity explains why economists dedicate considerable effort to what may seem like a complex and obscure topic. Unfortunately, factory workers in Saskatchewan and in Canada are less productive than their American counterparts because companies north of the border tend to use less capital and technology and operate at a smaller scale.

Labour productivity, measured as GDP per hour worked, presents an interesting comparison between the U.S. and Saskatchewan from 1997 through 2022. Initially, Saskatchewan began with higher productivity levels in 1997 at \$41.50 compared to the U.S.'s \$39.80. (See Chart 5.) Over the following years, however, the trends diverged significantly. The U.S. saw a steady increase in labour productivity, reaching a high of \$91.00 in 2021 before dipping slightly to \$87.40 in 2022. This consistent upward trajectory reflects broad gains in efficiency and technological advancements within the industry.

**CHART 5**  
**LABOUR PRODUCTIVITY IN MANUFACTURING**  
Real Manufacturing GDP per hour worked (U.S.\$, purchasing power parity basis)



Sources: Statistics Canada; U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; CME.

In contrast, Saskatchewan's labour productivity expanded at a much more muted pace. After starting higher than the U.S. in 1997, it remained relatively flat or decreased slightly until the early 2010s, resulting in GDP per hour worked falling behind the U.S. While a notable increase occurred from 2013 onward, reaching a peak of \$71.80 in 2020, Saskatchewan's productivity levels have remained well below those of the U.S. Indeed, the average American factory worker produced \$87.40 worth of goods per hour in 2022, compared to \$68.00 for the average factory worker in Saskatchewan.

However, on a more positive note, Saskatchewan's factory workers are more productive than their Canadian counterparts. Nationally, output per hour worked in the manufacturing sector averaged just \$59.80 in 2022. This is partly to do with the structure of Saskatchewan's manufacturing industry. The petroleum and coal product manufacturing industry—the second largest subsector in Saskatchewan—stands out for its exceptional productivity, a characteristic attributable to its capital-intensive nature, where substantial investments in machinery and equipment drive efficient production processes and significant output.

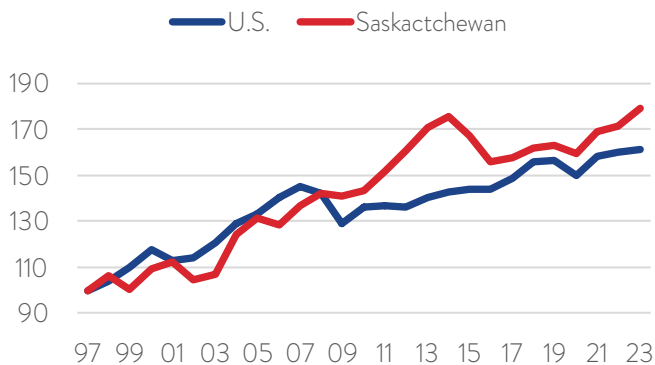


## SASKATCHEWAN VS. THE U.S. (continued)

### MANUFACTURING OUTPUT

Chart 6 compares the evolution of real manufacturing GDP in Saskatchewan versus the U.S. from 1997 to 2023. From 1997 to 2008, manufacturing output in Saskatchewan and the U.S. exhibited similar growth rates, but this changed during the global financial crisis, which hit the U.S. sector much harder than Saskatchewan's. While both regions experienced steady growth in their manufacturing sectors leading up to 2008, the post-crisis recovery diverged significantly. The U.S. manufacturing sector struggled to regain its pre-crisis momentum, resulting in a more gradual growth trajectory. In contrast, Saskatchewan's manufacturing GDP demonstrated remarkable resilience and a robust recovery, largely attributed to the province's strong ties to commodity markets.

**CHART 6**  
**REAL MANUFACTURING GDP**  
1997=100



Sources: Statistics Canada; OECD;  
U.S. Bureau of Economic Analysis; CME.

The period from 2003 to 2014, known as the commodity supercycle, was particularly beneficial for Saskatchewan's manufacturing sector. This commodities boom, driven primarily by China's industrialization, significantly boosted the province's manufacturing activities related to resource extraction and processing, leading to a surge in Saskatchewan's manufacturing GDP that outpaced growth rates in the U.S.

However, this rapid growth came to a sudden halt as commodity prices collapsed and the boom ended. The sharp decline in global demand for commodities, particularly from China, led to a significant drop in

Saskatchewan's manufacturing output. While the U.S. manufacturing sector continued its slow but steady recovery post-2008, Saskatchewan faced a more pronounced slowdown, reflecting its dependence on external demand for commodities. This downturn underscores the vulnerability of Saskatchewan's economy to fluctuations in global commodity markets.

Nevertheless, while the U.S. manufacturing sector has grown steadily, supported by continuous innovations and a massive market size, Saskatchewan's manufacturing sector, though smaller, has experienced even faster growth, leveraging the province's rich natural resources. Indeed, from 1997 to 2023, real manufacturing GDP in Saskatchewan grew at an average annual rate of 2.3 per cent, outpacing the 1.9 per cent average pace achieved by the U.S. manufacturing sector. Besides Saskatchewan, Prince Edward Island is the only other province where the manufacturing sector achieved stronger growth than its U.S. counterpart over this period.

### REGIONAL ANALYSIS

This section provides an in-depth analysis of Saskatchewan's manufacturing sector at the regional level. The regional data highlights the complex relationship between local resources and industrial capabilities, revealing an industry that serves local, national, and global markets.

Statistics Canada breaks provincial data down into several different geographic units. In this report, we will focus on two of these units: census divisions (CDs) and economic regions (ERs). Unlike some provinces, census divisions do not correspond to Saskatchewan's official administrative divisions, but rather they consist of groups of urban and rural municipalities. Saskatchewan is home to 18 census divisions, simply named number 1 to 18.

An economic region is a higher-level geographic area that consists of groups of census divisions. Saskatchewan is home to six economic regions: Regina-Moose Mountain, Swift Current-Moose Jaw, Saskatoon-Biggar, Yorkton-Melville, Prince Albert, and Northern. Statistics Canada combines the Prince Albert and Northern economic regions into a single unit when reporting labour market information.

## SASKATCHEWAN'S CENSUS DIVISIONS

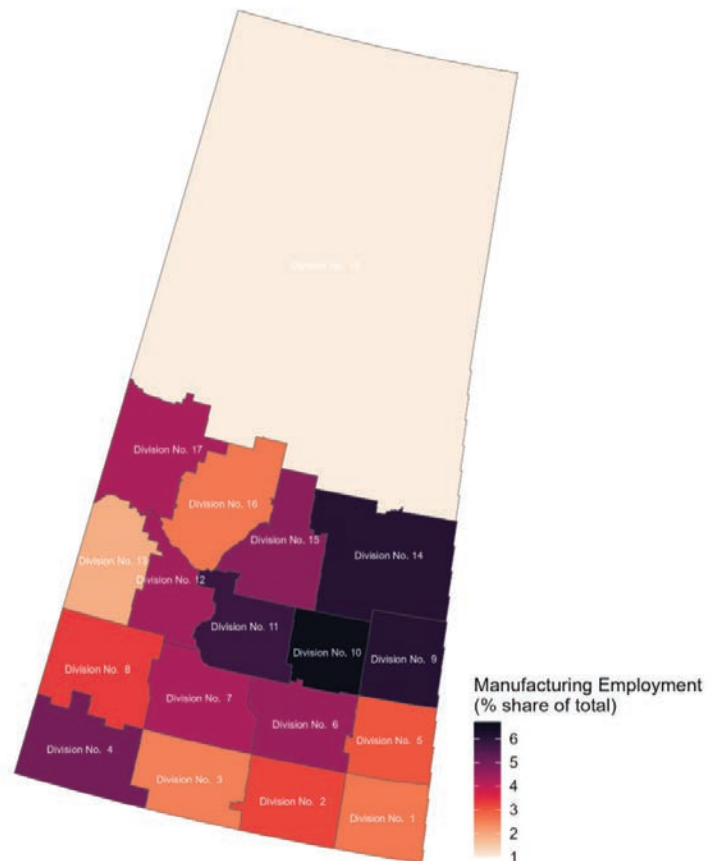
Figure 1 is a heat map that depicts the role that manufacturing employment currently plays in Saskatchewan's 18 census divisions. This visual tool uses colours to show the percentage of total workers that are employed in the manufacturing sector across the province. Areas with higher concentrations of manufacturing jobs are coloured in darker tones, while areas with lower concentrations of manufacturing jobs are coloured in lighter tones. This map makes it relatively easy to see at a glance which parts of Saskatchewan have the highest and lowest shares of manufacturing work, helping to understand the economic landscape of the region in terms of job distribution.

According to data from the 2021 Census, the share of manufacturing employment in Saskatchewan varied significantly across its census divisions, reflecting a diverse economic landscape. Divisions such as No. 10 and No. 9, which form part of the Yorkton-Melville economic region, exhibited higher concentrations of manufacturing jobs, with shares reaching 6.7 per cent and 6.1 per cent respectively, indicative of a robust industrial base in these areas. Likewise, Division No. 14, which is located in the Prince Albert economic region, also had a relatively high concentration of manufacturing employment in 2021, with its share also coming in at 6.1 per cent. Close behind was Division No. 11, which includes Saskatoon, where manufacturing accounted for 5.8 per cent of employment. Notably, these census divisions are all adjacent to each other, implying that this area can be considered the main manufacturing hub of Saskatchewan. In the remaining census divisions, manufacturing's share of total employment ranged from 5.0 per cent in Division No. 4 to 1.0 per cent in Division No. 18 (Northern economic region).

## SASKATCHEWAN'S ECONOMIC REGIONS

The analysis in this section relies on two datasets: the Labour Force Survey (LFS) and the 2021 Census. Table 2 presents LFS data, showing total manufacturing employment by economic region from 2006 to 2023. This allows us to analyze overall employment trends within Saskatchewan. Table 3 contains data from the 2021 Census, detailing manufacturing employment by subsector and economic region. This enables us to examine the economic structure of the manufacturing sector across different regions of the province.

**FIGURE 1**  
**MANUFACTURING JOBS AS A SHARE**  
**OF TOTAL EMPLOYMENT IN 2021**  
Saskatchewan Census Divisions



Sources: CME; Statistics Canada, 2021 Census.

## Industry Trends

The data depicts a pattern of fluctuations in manufacturing employment in Saskatchewan that align with the broader economic conditions of the province. In 2023, manufacturing employment in Saskatchewan reached 33,000, marking a notable increase from 29,300 in 2006. However, this overarching trend masks significant variability across the intervening years. Indeed, manufacturing employment trends in Saskatchewan and its various economic regions reflect four distinct economic shocks that have shaped the recent economic history of the province: the 2003-14 commodities boom, the 2008-09 global financial crisis, the 2014-15 commodity price collapse, and the COVID-19 pandemic.

## SASKATCHEWAN VS. THE U.S. (continued)

During the commodities boom from 2003 to 2014, manufacturing employment in Saskatchewan benefited from increased demand for resources, which bolstered industrial activity. However, the global financial crisis in 2008-09 interrupted this growth, showing resilience in some areas and setbacks in others. For instance, in Saskatoon-Biggar, employment dipped from 13,300 in 2008 to 12,200 in 2009, demonstrating the impact of global economic disturbances on the region.

Employment then recovered steadily, reaching a peak before facing another downturn during the commodity price crash of 2014-15. During this period, the broader province saw a reduction in manufacturing employment from 30,500 in 2013 to 25,500 in 2016, reflecting the region's susceptibility to global commodity market dynamics. Regina-Moose Mountain was hit particularly hard, as manufacturing employment fell from 8,800 to 7,800 over the same period.

Recovery was swift in some regions post-2015, only to be interrupted by the COVID-19 pandemic, which again affected employment levels. By 2021, manufacturing employment in Saskatchewan dipped before rebounding strongly to 33,000 by 2023, the highest level since at least 2006.

Despite these challenges, each downturn was followed by a recovery phase, highlighting the robustness of Saskatchewan's manufacturing sector. For instance, by 2023, not only had the province and its various regions bounced back, but most areas also exceeded the employment levels seen before the pandemic. This group includes Prince Albert-Northern, Swift Current-Moose Jaw, and Yorkton-Melville.

### Industry Structure

Here's a brief overview of the structure of the manufacturing sector in each of Saskatchewan's six economic regions, as it stood in 2021. Table 3 presents detailed manufacturing employment by subsector in level terms, while Table 4 displays the same information but as a share of total manufacturing employment. These regional profiles reflect the varied industrial capacities across Saskatchewan, showcasing each area's unique resources and economic strengths.

#### Regina-Moose Mountain

In the Regina-Moose Mountain region, machinery manufacturing holds the highest share of manufacturing employment at 21.7 per cent, indicating a robust presence of industrial machinery and equipment production. This is followed by significant employment concentrations in petroleum and coal product manufacturing (15.2 per cent) and primary metal manufacturing (12.4 per cent), highlighting the region's ties to the resource extraction and processing industries. Food and beverage manufacturing also plays a crucial role, accounting for 13.3 per cent of employment, reflecting the region's strong agricultural and food processing activities.

#### Swift Current-Moose Jaw

The Swift Current-Moose Jaw region, which has a relatively small manufacturing sector, is also characterized by a substantial focus on machinery manufacturing, accounting for a whopping 28.7 per cent of its manufacturing employment. This high concentration underscores the region's industrial capabilities and specialization in producing agricultural and industrial machinery. Food and beverage manufacturing also holds a significant share at 24.0 per cent, aligning with the region's agricultural base. Other notable sectors include chemical manufacturing (9.6 per cent) and fabricated metal product manufacturing (8.7 per cent).

### Saskatoon-Biggar

Saskatoon-Biggar, which boasts the largest manufacturing workforce in the province, is led by food and beverage manufacturing. This subsector makes up almost 30.0 per cent of manufacturing employment, indicative of the region's strong agricultural processing activities. Fabricated metal product manufacturing is the second largest sector at 13.9 per cent, followed by machinery manufacturing at 13.8 per cent, both of which reflect the region's industrial strengths. Transportation equipment manufacturing (6.9 per cent) and chemical manufacturing (6.3 per cent) also play significant roles, illustrating the region's varied industrial base.

### Yorkton-Melville

The Yorkton-Melville region is overwhelmingly dominated by food and beverage manufacturing, which accounts for more than half of manufacturing employment, reflecting the region's strong agricultural output and food processing capabilities. Machinery manufacturing is the second-largest sector at 17.5 per cent, highlighting the region's industrial machinery production. Other notable sectors include fabricated metal product manufacturing (7.4 per cent) and chemical manufacturing (4.2 per cent), indicating a relatively wide-ranging industrial environment.

### Prince Albert and Northern

The Prince Albert and Northern regions are distinguished by significant manufacturing employment in machinery manufacturing, making up 26.3 per cent of the total factory workforce. This reflects the region's focus on industrial machinery and equipment production. Wood, pulp, and paper manufacturing also plays a major role, accounting for 23.2 per cent of employment, underscoring the importance of the forestry sector. Food and beverage manufacturing (17.9 per cent) and fabricated metal product manufacturing (7.7 per cent) are other key sectors that contribute to the region's industrial activities.

**TABLE 2**  
**MANUFACTURING EMPLOYMENT BY ECONOMIC REGION**  
Saskatchewan (000s)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Saskatchewan</b>	29.3	31.0	31.5	30.2	30.5	27.9	28.2	30.5	29.4	27.3	25.5	28.8	28.3	30.3	30.8	31.6	31.9	33.0
<b>Regina-Moose Mountain</b>	8.0	7.9	8.3	8.6	8.3	8.5	8.9	8.8	8.9	8.8	7.8	10.2	8.9	8.6	9.5	7.3	9.4	9.4
<b>Swift Current-Moose Jaw</b>	2.7	3.2	2.4	2.3	2.8	2.2	2.0	1.8	1.9	1.6	1.5	2.5	2.3	2.4	2.2	2.5	2.8	2.7
<b>Saskatoon-Biggar</b>	11.6	12.1	13.3	12.2	11.2	10.3	11.3	12.7	11.1	10.2	10.0	9.4	11.2	11.7	13.0	14.1	11.9	12.6
<b>Yorkton-Melville</b>	2.2	1.8	1.8	2.1	2.1	1.8	2.0	1.8	2.5	2.2	1.9	2.1	1.6	2.6	1.8	2.9	2.1	2.2
<b>Prince Albert and Northern</b>	4.8	5.9	5.7	5.0	6.0	5.0	4.0	5.3	5.0	4.4	4.3	4.7	4.3	5.0	4.4	4.8	5.8	6.1

Sources: CME; Statistics Canada.

## SASKATCHEWAN VS. THE U.S. (continued)

**TABLE 3**  
**MANUFACTURING EMPLOYMENT BY SUBSECTOR BY ECONOMIC REGION IN 2021**  
Saskatchewan (000s)

	Saskatchewan	Regina-Moose Mountain	Swift Current-Moose Jaw	Saskatoon-Biggar	Yorkton-Melville	Prince Albert And Northern
Food and beverage manufacturing	6.1	0.9	0.4	3.0	1.0	0.7
Apparel and textile manufacturing	0.3	0.0	0.0	0.2	0.0	0.1
Wood, pulp and paper manufacturing	1.5	0.2	0.0	0.2	0.1	1.0
Printing and related support activities	0.6	0.2	0.0	0.3	0.0	0.0
Petroleum and coal product manufacturing	1.2	1.0	0.1	0.1	0.0	0.1
Chemical manufacturing	1.4	0.3	0.2	0.6	0.1	0.1
Plastics and rubber products manufacturing	0.6	0.1	0.0	0.4	0.0	0.1
Non-metallic mineral product manufacturing	0.7	0.2	0.1	0.2	0.1	0.1
Primary metal manufacturing	1.0	0.8	0.0	0.1	0.0	0.1
Fabricated metal product manufacturing	2.6	0.5	0.2	1.4	0.1	0.3
Machinery manufacturing	4.8	1.5	0.5	1.4	0.3	1.1
Computer and electronic product manufacturing	0.5	0.0	0.0	0.4	0.0	0.0
Electrical equipment, appliance and component manufacturing	0.4	0.3	0.0	0.1	0.0	0.0
Transportation equipment manufacturing	1.2	0.1	0.1	0.7	0.1	0.2
Furniture and related product manufacturing	0.9	0.2	0.0	0.6	0.0	0.1
Miscellaneous manufacturing	1.0	0.2	0.1	0.5	0.1	0.2

Sources: CME; Statistics Canada.

**TABLE 4**  
**MANUFACTURING EMPLOYMENT BY SUBSECTOR BY ECONOMIC REGION IN 2021**  
Saskatchewan (% share of total manufacturing employment)

	Saskatchewan	Regina-Moose Mountain	Swift Current-Moose Jaw	Saskatoon-Biggar	Yorkton-Melville	Prince Albert And Northern
Food and beverage manufacturing	24.6	13.3	24.0	29.7	51.6	17.9
Apparel and textile manufacturing	1.4	0.3	0.5	1.8	0.5	1.2
Wood, pulp and paper manufacturing	6.0	3.2	1.6	2.0	2.6	23.2
Printing and related support activities	2.3	3.0	2.2	2.5	0.0	0.8
Petroleum and coal product manufacturing	5.0	15.2	2.7	0.9	0.5	1.3
Chemical manufacturing	5.6	5.1	9.6	6.3	4.2	3.0
Plastics and rubber products manufacturing	2.5	1.6	0.8	3.6	1.3	1.9
Non-metallic mineral product manufacturing	2.9	3.3	7.1	1.9	3.4	2.2
Primary metal manufacturing	4.1	12.4	0.5	0.8	0.8	1.3
Fabricated metal product manufacturing	10.4	8.0	8.7	13.9	7.4	7.7
Machinery manufacturing	19.5	21.7	28.7	13.8	17.5	26.3
Computer and electronic product manufacturing	2.0	0.7	0.0	4.1	0.0	0.2
Electrical equipment, appliance and component manufacturing	1.5	4.5	0.0	0.5	0.0	0.2
Transportation equipment manufacturing	4.7	1.9	5.7	6.9	2.6	4.7
Furniture and related product manufacturing	3.5	2.4	1.4	5.6	0.8	1.8
Miscellaneous manufacturing	4.1	2.8	2.7	5.1	3.7	4.4

Sources: CME; Statistics Canada.



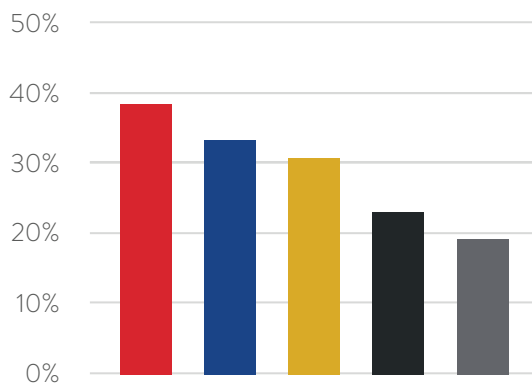
# BARRIERS TO GROWTH

To ensure this report is relevant to manufacturers in all parts of the province, CME embarked on a wide-ranging consultation process. CME began by asking a simple question: What are the major roadblocks holding back your company’s growth and prosperity?

This question was the beginning of the research and consultation process that formed the heart of the exercise. CME learned about the issues and challenges manufacturers see everyday while running their businesses. We combined the results of that consultation with our survey responses to identify the following major areas where manufacturers face obstacles.

## SURVEY CHART 1 WHAT ARE THE BIGGEST CHALLENGES YOUR COMPANY IS FACING RIGHT NOW? (SELECT UP TO 3)

Answered: 78 Skipped: 0



- Attracting and retaining a quality workforce
- Rising cost of inputs
- Unfavorable business climate (e.g., taxes, regulations)
- Rising costs in real estate, leasing or property taxes
- Weaker domestic economy and slower sales to Canadian customers

## LABOUR

Manufacturers province-wide highlighted the pressing issue of labour scarcity, encompassing both skilled and unskilled workers. In fact, when surveyed by CME when asked what the greatest challenge manufacturers face, labour topped the list. This manifests itself in hurdles to recruitment, training, and retention.

The government of Saskatchewan has implemented a number of successful and robust programs and partner organizations focused on expanding their reach of labour-focused recruitment. This model has led the nation with both government sponsored trade missions and Saskatchewan Trade & Export Partnership (STEP) facilitator workshops for small and medium-sized enterprises. Continuing to proactively provide and promote these services to Saskatchewan’s manufacturers should be at the forefront of the government’s labour-led efforts.

Citing a lack of high-quality in-province labour, falling promotion of trades-based careers in general society has hit manufacturers. Despite innovative practices like signing bonuses, smaller manufacturers find themselves at a disadvantage in attracting labor. This is compounded by insufficient skilled labor pipelines from trade schools and technical programs. This shortage is structural in nature and is exacerbated by societal influences steering youth away from skilled trades and other “hands on” career options.

## COST OF DOING BUSINESS

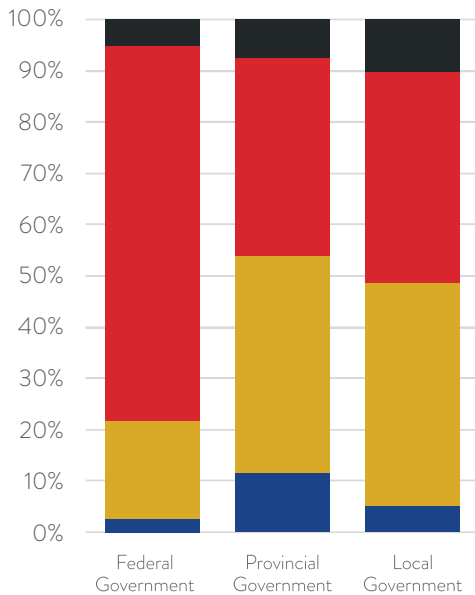
From increasing taxes placed on manufacturers, to the higher-than-average transportation costs associated with rural and remote industrial settings, to layers of regulatory compliance, many manufacturers cited the high cost of doing business in Saskatchewan to be a limit to their growth.

Manufacturing provides a number of financial advantages to the communities in which it operates. These include job creation, wealth generation and economic growth. Yet the seemingly punitive costs placed on successful manufacturers continue to undermine the ability to operate successfully and profitably. They often feel unwelcome while in contrast, manufacturers cited other jurisdictions, namely in the United States, as regularly approaching with significant financial incentives. Manufacturers in Saskatchewan are beginning to listen to these offers much more seriously.

## BARRIERS TO GROWTH (continued)

### SURVEY CHART 2 OVER THE LAST THREE YEARS, HAVE GOVERNMENT TAXATION AND REGULATORY POLICIES BECOME MORE OR LESS BUSINESS FRIENDLY?

Answered: 78 Skipped: 0



- More business friendly
- Remained about the same
- Less business friendly
- Don't know

## MADE IN CANADA

Canadian manufacturers face a double-edged challenge in global competitiveness. Unregulated dumping of manufacturing goods, particularly from countries like China, flood the Canadian market, undercutting local producers and making it difficult for them to compete on price and quality. Concurrently, escalating protectionism in the United States further limits the reach of Canadian access to key markets. All the while, Canada lacks these same robust measures to shield its own manufacturers, leaving them vulnerable to international pressures. With the correct level of intervention by all levels of government, leveling the playing field for Canadian manufacturers will make for a more prosperous industry environment in the sector.

Compounding these issues, are the procurement practices of Canadian governments at all levels. There are different elements to this challenge. The first is that by favoring a lowest-cost bidding system, rather than prioritizing Canadian suppliers, the government undermines local producers. Yes, there are international agreements to be met, but other jurisdictions find creative ways to promote local products, like factoring the ongoing cost of maintenance into a procurement plan. The insufficient promotion of "Buy Canadian" initiatives fails to stimulate domestic demand for locally manufactured goods, further eroding the market share and viability of Canadian manufacturers.

The second element with respect to procurement is the inconsistency of procurement requirements and practices across jurisdictions. This varies not only between the federal and different provincial governments but also across the important municipal sector. Greater standardization among the different governments in how they manage procurement would be particularly beneficial to smaller operators.

This combination of international dumping, protectionist barriers, and inadequate domestic support creates significant obstacles for Canadian manufacturers striving to thrive in a competitive global marketplace.

## UNCERTAIN FUTURES

At a minimum, business owners need stability. Canada's regulatory landscape presents a challenging environment for businesses, particularly small enterprises, due to its inconsistent and ever-changing nature. The lack of uniformity in prescribing regulatory frameworks across different provinces adds complexity and confusion for businesses aiming to comply with constant new directives and regulations.

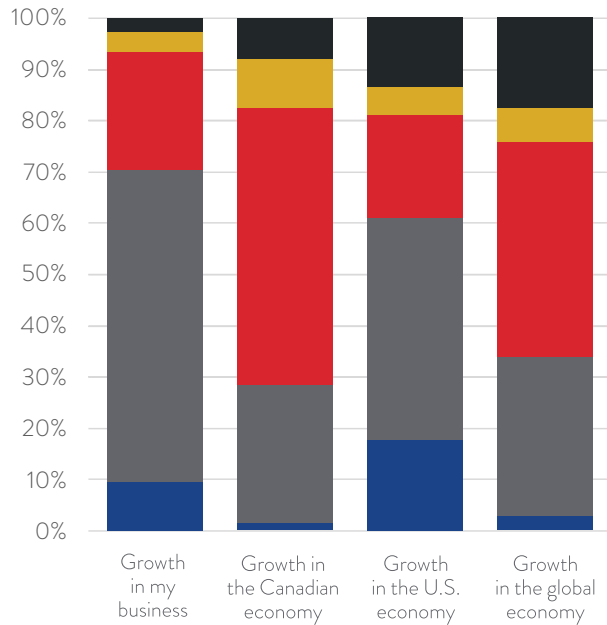
Moreover, the frequent alterations and updates to regulations, requirements, and directives further exacerbate the compliance burden, creating a dizzying array of obligations for businesses to navigate. This volatility adds to the administrative cost burden and poses significant challenges for small businesses with limited resources and capacity to adapt swiftly to regulatory changes.

Manufacturers of all sizes struggle with this regulatory burden but it is the smaller operators that are impacted the most, hindering their ability to operate efficiently and effectively within the Saskatchewan market and focus on core manufacturing activities and priorities.

## SURVEY CHART 3

### WHAT IS YOUR OUTLOOK FOR YOUR BUSINESS AND THE ECONOMY OVER THE NEXT YEAR?

Answered: 74 Skipped: 4



- Very optimistic
- Somewhat optimistic
- Pessimistic
- Somewhat pessimistic
- Don't know

## BARRIERS TO GROWTH (continued)

### UNIQUE RURAL CHALLENGES

For manufacturers located in rural and remote areas of the province, there are distinct and nuanced challenges not faced by manufacturers in Saskatchewan's urban hubs. The issues that arose fall into two broad categories. Those that are unique to the rural experience, and those broader issues that affect all manufacturers but are particularly acute in the rural setting.

There are two unique challenges that were particularly important. The first is that the devaluation of rural land prices has significantly undermined the investment already made by manufacturers, and also acts as a nearly impenetrable barrier to new investment. This makes it nearly impossible for even successful manufacturers to expand. The unique nature of this challenge means that a solution like tax credits on qualifying investment would not be a viable response because the manufacturer can not access capital for the initial investment. A second issue relates to the unique logistical challenges inherent to operating in a rural area. Without economies of scale, the transportation costs of the supply chain or of shipping product are acute. In addition to these unique challenges, the more familiar issues like labour shortages and the cost of doing business are emphasised in rural Saskatchewan. With a smaller population base, rural municipalities around the province find themselves unable to attract and retain talent for the many trades needed to continue operations. This holds true for the challenge of servicing equipment as well.

Government infrastructure costs are also increased. When government infrastructure costs are downloaded to rural municipalities, the smaller population base means there is no economy of scale. This increases the cost for workers but also means a greater proportion of this infrastructure cost is borne by the local industrial operations.

While discussing these challenges with rural manufacturers and other leaders in those communities, there was one important nuance that must be emphasized. There was real concern that the challenges these communities face cannot be looked at with the same lens as those in urban municipalities. These communities believe that policy to address these challenges must be developed with direct input from the affected communities, and that implementation should be decentralized, and any programs be delivered locally. We must acknowledge that failing to address this rural development challenge will undermine the manufacturing sector outside of our urban centres.

“Property and building values are significantly devalued by banks when they are based outside of Saskatoon and Regina. We’ve received packages from a variety of lenders including the big 5 that take a 50% or greater discount off of assessed values. So for every \$1M in buildings and property that we have, the bank recognizes \$500,000 of value in their calculations. This

creates a substantial disadvantage when trying to grow. Many manufacturing businesses are capital intensive and require significant investments. This reduces an organization’s ability to grow and invest in productivity enhancing initiatives. Similar challenges exist when seeking insurance on assets in these areas.”

**- Trailer manufacturer based in rural Saskatchewan**

# A STRATEGY TO FUTURE-PROOF SASKATCHEWAN'S MANUFACTURING FOR GROWTH

Upon identifying the problem areas that manufacturers face in Saskatchewan, CME asked participants the following question: What are some bold ideas or solutions that would jumpstart manufacturing production and exports in Saskatchewan? Although there were nuances among the solutions, manufacturers throughout the province came to similar conclusions on where the solutions lie.

CME took the ideas garnered through this consultation and combined it with in-depth analysis by CME economists and researchers. As a result, Manufacturing Saskatchewan's Future provides a clear pathway with proven solutions to bring Saskatchewan manufacturers into the future. It provides recommendations organized under five main themes:

1. Encourage, expand and upskill Saskatchewan's manufacturing workforce
2. Ensure market access and better foreign protection for Saskatchewan's manufacturers
3. Stimulate investment and reduce the cost burden on Saskatchewan's manufacturers
4. Support rural manufacturing

Drawing on world class case-studies of global manufacturing success, as well as identifying the unique challenges that rural Saskatchewan manufacturers face, CME identified areas of direct action where both public and private sectors can work together towards manufacturing excellence.

Implementing these recommendations will not only result in a more competitive business environment, lead to higher levels of investment, innovation, and productivity, boost the sector's production and exports, contribute to emissions reductions, and secure manufacturing's rightful place as a key driver of Saskatchewan's economic growth and prosperity. It will serve as a keystone in the province's strategy to grow a flourishing middle class by allowing manufacturers to create high-quality employment and triggering the additional economic growth needed to fund and provide for key community infrastructure.

The detailed recommendations below represent a suite of tools by which Saskatchewan can encourage, support and grow its manufacturing sector. It is important to consider however that a piecemeal approach could simply shift the challenges around without creating overall solutions. Often elements of one challenge can impact on elements of another. This leads to our first recommendation.

## 1. ENCOURAGE, EXPAND AND UPSKILL SASKATCHEWAN'S MANUFACTURING WORKFORCE

Manufacturers province-wide consistently highlight labor scarcity, spanning skilled and unskilled workers. When surveyed by CME, the number one issue that manufacturers stated as stunting their growth was labour.

These shortages go far beyond the head count on the shop floor. During various roundtable consultations across the province, it was evident that this issue is systematic in nature. From a homegrown perspective, the education system lacks the promotion, prevalence and encouragement from educators and institutions to get students interested in careers in manufacturing. Much of the 21st century has seen a strong emphasis on academia, favouring arts degrees over red-seal certifications. Without the optionality for expanded trades-based learning in high schools, the pathway to post-secondary is often skewed away from high-paying, high-quality jobs in the manufacturing sector, necessitating manufacturers to look beyond their provincial borders.

The province of Saskatchewan has been uniquely successful in Canada and the governments Saskatchewan Immigrant Nominee Program (SINP) has become a model of success for many other jurisdictions to follow. In fact, In 2023, the Government of Saskatchewan led a recruitment mission to Manila, which included 26 Saskatchewan employers and resulted in over 1,000 anticipated nominations for permanent residency to fill occupational demand in the province.

While many of the government-led programs have seen great success, a number of smaller manufacturers cited difficulties involved with application processes. Additionally, retaining the employees in Saskatchewan that immigrate has been a challenge, with rural-based



manufacturers noting that Saskatchewan seems to be a staging point before eventually relocating to urban centres, often outside of the province. When manufacturers make the decision to locate themselves in a specific location, they are not simply choosing to create widgets for market. They are making a decision, especially in rural areas, to become a fixture of that community, often providing employment for the majority of job-seekers in a community.

In addressing labour productivity, the data is clear. When compared to the U.S., which saw a steady increase in labour productivity and an upward trajectory that reflects broad gains in efficiency and technological advancements within the industry, Saskatchewan's labour productivity expanded at a much more muted pace. After starting higher than the U.S. in 1997, it remained relatively flat or decreased slightly until the early 2010s, resulting in GDP per hour worked falling behind the U.S. Indeed, the average American factory worker produced \$87.40 worth of goods per hour in 2022, compared to \$68.00 for the average factory worker in Saskatchewan.

Labour-focused policy must be centred around equipping young people with the opportunities to enter trades and manufacturing-based careers, ensuring a clear pathway to attract and retain talent in the province from outside Saskatchewan, and making productive gains from each additional worker hired. Working to achieve these pillars, CME recommends the following:

**1. Utilize the Saskatchewan Trade & Export Partnership (STEP) program to proactively seek out small & medium sized enterprises that would stand to benefit from the outcomes of the various government-led trade missions and the labour capacity that has historically followed.**

**2 Refocus Saskatchewan's education system to connect youth to manufacturing and skilled trades jobs through increased technology and trades demonstrations in high schools.**

Through implementing an "Open Doors" initiative in high school curriculum, more youth can experience careers in manufacturing first-hand. Across the country, CME hosts Open Door tours to introduce new, current and future workers to the world of manufacturing, hosting a number of youth groups including Girl Guides Canada to facilities in Alberta, aimed at getting more young women interested and aware of various career paths.

**3. Create a skilled-trades bursary beginning in grade-11 focused on skilled trades to provide financial support to train and complete apprenticeships, purchase tools, and cover basic living expenses.**

Saskatchewan can draw on the success of the Ontario Skilled Trades Bursary through the Ministry of Labour, Immigration, Training and Skills Development. In 2023, the Ontario government announced an increased apprenticeship registrations by 24 per cent in the last year – from 21,971 to 27,319 – as more people decide to pursue rewarding, well-paying careers in the skilled trades.

It's no secret that well before the turn of the century, the "good life" became less about physical work, and turned its emphasis to academia and the liberal arts. While this path has provided a high standard of living to many Canadians, the relatively shorter timeline of trades education, often high-pay, and growth potential associated with careers in manufacturing have floundered.

With technology continuing to improve efficiency, productivity and capability, gone are the days of the backbreaking labour associated with manufacturing of the past.

Working with the government to further promote the trades in a number of capacities such as bursaries and general promotion, more young people can set their sights on the fast-paced, high-tech realities of manufacturing in 2024.

**4. Work with the Government of Canada to expand and improve the Canada-Saskatchewan Job Grant by making it permanent, increasing the funds available including for multi-year training, providing for more frequent reimbursements during the grant period, expanding the range of eligible on-the-job training, and speeding up application approval times.**

Government incentives can play a critical role in addressing this challenge. Financial support for workforce training helps to offset the risk and uncertainty associated with making these critical investments in worker training. Thankfully, a solution to these problems exist: expand the Canada Job Grant (CJG). This program offsets two-thirds of the cost of training, reduces the risks associated with training expenditures, and it gives businesses the freedom to pursue the training most suited to their individual needs.

## 2. STIMULATE INVESTMENT AND REDUCE THE COST BURDEN ON SASKATCHEWAN'S MANUFACTURERS

To unleash Saskatchewan's manufacturing sector for innovation and growth, access to capital must not hinder daily operations. Manufacturers face barriers like complex grant applications and inconsistent equipment valuation, constraining their potential growth.

Both federal and provincial governments offer support programs, yet CME surveys consistently reveal low participation rates. Governments must adapt these programs to better align with business needs, addressing factors like low awareness and rigid eligibility criteria. Limited uptake is also due to the smaller scale of Canadian manufacturing firms, which lack resources and managerial capacity compared to larger counterparts, hindering their ability to access support.

When surveyed: Over the last three years, have government taxation and regulatory policies become more or less business friendly, the results were very interesting. The data shows the from a federal lens, Saskatchewan-based manufacturers found the federal government and their policies to be much less business friendly, with 78% of respondents saying that the current environment was hurting their business success. On the provincial side, a comparative 38% found that provincial taxation and regulatory policies were hindering their growth, with the remaining respondents finding the policies either unchanged in the past 3 years, or business friendly.

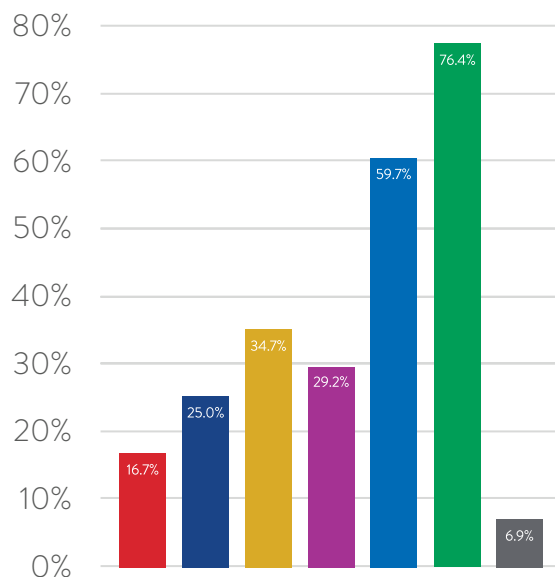
This provides an excellent opportunity for the government of Saskatchewan to offset some of the regulatory and policy barriers that manufacturers stated in both the survey, and during the roundtable process. During the roundtables, there was an overwhelming sentiment that the federal carbon tax, still affecting manufacturers, as well as the myriad of other, ever-changing taxes and regulatory frameworks was hurting their abilities to thrive.

The roundtables also exemplified the difficulties associated with obtaining tools for business investments. Manufacturers across the province noted there was significant work to do to become a leading destination for investment. Why does this matter? Business investment influences the speed at which an economy can grow. When manufacturers build new factories and purchase new machinery, they increase the productive capacity of the economy and lift labour productivity growth, defined as output per worker. This is critical because

Saskatchewan's ability to improve its standard of living over the long run will depend almost entirely on its ability to raise output per worker. The stakes are high. The long-term rate of productivity growth has profound implications for individual wage growth, corporate competitiveness, and the ability to raise government revenue to pay for key public services.

**SURVEY CHART 4**  
**WHICH OF THE FOLLOWING PROGRAMS, POLICIES, OR REFORMS DO YOU BELIEVE WOULD MOST EFFECTIVELY ENCOURAGE YOUR COMPANY TO INVEST MORE IN PRODUCTIVITY-ENHANCING TECHNOLOGY? (SELECT UP TO 3)**

Answered: 72 Skipped: 6



- Enhanced access to training programs for employees
- Greater collaboration initiatives between government, academia, and industry
- Increased funding for research and development
- Streamlined regulatory processes
- Subsidies or grants
- Tax incentives or credits
- Other (Please specify)

## A STRATEGY TO FUTURE-PROOF SASKATCHEWAN'S MANUFACTURING FOR GROWTH (continued)

In working with both the private and public sector to enhance and simplify funding and investment to Saskatchewan's manufacturers, CME recommends the following:

### **5. Create a matching grant program to support SME investments in technology similar to the Manufacturing Investment Fund in Ontario.**

CME partnered with the Government of Ontario, Canada's FedDev Ontario and FedNor Agencies to provide direct funding to over 1,400 manufacturing projects in Ontario. Funds from the CME SMART Programs facilitated improved productivity and allowed SMEs to invest in their futures.

### **6. Create an Saskatchewan-based manufacturing centre of excellence to provide in-province manufacturing equipment support and encourage adoption of new technologies.**

The Technology Visits Program (TVP) and Innovation Insights Program (IIP) was organized by CME and funded in part by IRAP, designed to promote best manufacturing practices and peer-to-peer exchanges. The TVP provided support for educational opportunities for manufacturing executives to learn more about modern advanced technology platforms through global outreach, education tours, and technology showcases.

### **7. Introduce a provincial manufacturing investment tax credit (ITC) for investments in new buildings and new machinery, equipment, and software.**

Achieved in part through CME advocacy, the Ontario Made Manufacturing Investment Tax Credit is a 10% refundable Corporate Income Tax credit for eligible corporations on qualifying investments in buildings, machinery and equipment for use in manufacturing or processing in the province. An eligible corporation could receive a tax credit of up to \$2 million a year.

Costs will always be a barrier to investment, both in the form of regulation and taxation. CME has identified the following measures as avenues to reduce that cost burden and encourage our industry to grow.

### **8. Introduce programs to help manufacturers minimize their rising carbon tax obligations by supporting energy efficiency and waste elimination**

In Alberta, the Technology Innovation and Emissions Reduction (TIER) Regulation is the government tool used to regulate emissions management in Alberta. The TIER system implements Alberta's industrial carbon pricing and emissions trading system. TIER helps industrial facilities find innovative ways to reduce emissions and invest in clean technology to stay competitive and save money. This program allows for tax dollars to be reinvested into research, development and implementation of low carbon technologies that have benefited countless SMEs across the province.

### **9. Continue a complete, province-wide regulatory review process with an aim to eliminate duplication between levels of government, to support better regulatory processes at local levels.**

## **3. ENSURE MARKET ACCESS AND BETTER FOREIGN PROTECTION FOR SASKATCHEWAN'S MANUFACTURERS**

Saskatchewan is uniquely positioned in that its abundant natural resources and dependence on the global marketplace can create the perfect storm for a boom or a bust, depending on global commodity needs.

As highlighted in the economic analysis above, from 2003 to 2014, the province experienced rapid growth due to global demand. However, this rapid growth came to a sudden halt as commodity prices collapsed and the boom ended. The sharp decline in global demand for commodities, particularly from China, led to a significant drop in Saskatchewan's manufacturing output. While the U.S. manufacturing sector continued its slow but steady recovery post-2008, Saskatchewan faced a more pronounced slowdown, reflecting its dependence on external demand for commodities. This downturn underscores the vulnerability of Saskatchewan's economy to fluctuations in global commodity markets.

Saskatchewan has a small domestic market, making international trade a critical component of the economy and a primary way for Saskatchewan companies to grow their business. By providing export incentives and assistance to companies looking to go global and by increasing access to foreign markets, governments can drive economic growth, innovation, and job creation.

At the same time, with protectionism strong south of the border, and Saskatchewan falling victim to unfair and unregulated dumping schemes across the industry, the province must ensure protection of Saskatchewan products.

Within our borders, to encourage domestic production and to help companies scale-up and commercialize made-in-Canada technologies, governments can do a better job of leveraging procurement. This could best be accomplished by taking more than cost into consideration and by broadening assessment criteria to include local economic, societal, and environmental benefits.

In growing Saskatchewan's presence globally, while protecting ourselves at home, CME recommends the following:

**10. Grow and leverage our position with our counterparts south of the border by enhancing policy tools like reciprocal procurement to maintain market access and create an equitable environment for Canadian Manufacturers.**

The Government of Ontario has signed several agreements with US states to ensure reciprocal market access. Additionally, the Government of Ontario also has a cabinet-level directive that directly blocks any state from selling goods into Ontario that has blocked access for Ontario manufacturers.

**11. Create and fund a provincially driven campaign to identify, promote, and celebrate locally made goods, aimed at helping consumers identify, align within business-to-business sales, and providing avenues for government procurement opportunities**

Created and managed by CME, the #OntarioMade program has been a large success, which brings together manufacturers and makers, retailers, and consumers to celebrate and promote the many world-class products that are made in the province. It is dedicated to helping consumers identify Ontario-made products, celebrate what is Ontario Made, and support the purchase of Ontario-made products

**12. Introduce government procurement reforms that promote domestic innovation and production by including criteria beyond the lowest cost.**

**13. Encourage procurement innovation through an innovation fund administered by the provincial government**

The US Defense Advanced Research Projects Agency (DARPA) provides a useful model for government leadership in basic and applied research. Designed on the principles of public-private partnerships and demand-driven generation, DARPA was created to solve technological issues for the US government, underpinning that publicly funded R&D must be closely tied to industry to ensure better technology transfers.

## 4. SUPPORT RURAL MANUFACTURING

When undertaking the development of Manufacturing Saskatchewan's Future, Canadian Manufacturers & Exporters (CME) was committed to hearing from manufacturers in all parts of the province. During our process we were struck by the passion of those in Saskatchewan's rural areas and by the level of frustration being engendered by a lack of solutions. To better reflect the unique challenges, we felt it important to include this supplement that would reiterate the challenges that we heard and emphasize how the unique challenges faced in these areas deserve some special consideration. This supplement does not bring new issues or recommendations to the discussion but allows these issues to be examined and addressed separately.

For manufacturers located in rural and remote areas of the province, there are distinct and nuanced challenges not faced by manufacturers in Saskatchewan's urban hubs. The issues that arose fall into two broad categories. Those that are unique to the rural experience, and those broader issues that affect all manufacturers but are particularly acute in the rural setting.

There are two unique challenges that were particularly important. The first is that the devaluation of rural land prices has significantly undermined the investment already made by manufacturers, and also acts as a nearly impenetrable barrier to new investment. This makes it nearly impossible for even successful manufacturers to expand. The unique nature of this challenge means that a solution like tax credits on qualifying investment would not be a viable response because the manufacturer can not access capital for the initial investment. A second issue relates to the unique logistical challenges inherent to operating in a rural area. Without economies of scale, the transportation costs of the supply chain or of shipping product are acute.

## A STRATEGY TO FUTURE-PROOF SASKATCHEWAN'S MANUFACTURING FOR GROWTH (continued)

In addition to these unique challenges, the more familiar issues like labour shortages and the cost of doing business are emphasised in rural Saskatchewan. With a smaller population base, rural municipalities around the province find themselves unable to attract and retain talent for the many trades needed to continue operations. This holds true for the challenge of servicing equipment as well.

Government infrastructure costs are also increased. When government infrastructure costs are downloaded to rural municipalities, the smaller population base means there is no economy of scale. This increases the cost for workers but also means a greater proportion of this infrastructure cost is borne by the local industrial operations.

While discussing these challenges with rural manufacturers and other leaders in those communities there was one important nuance that must be emphasized. There was real concern that the challenges these communities face cannot be looked at with the same lens as those in urban municipalities. These communities believe that policy to address these challenges has to be developed with direct input from the affected communities, and that implementation should be decentralized so any programs are delivered locally. This kind of broader economic development is not an area of expertise for CME, yet in smaller more remote regions the local manufacturing is too closely intertwined with the economy and the community for us to ignore it. We must acknowledge that failing to address this rural development challenge will undermine the manufacturing sector outside of our urban centres.

Rural areas face some unique challenges to investment in addition to being more significantly impacted by the issues that affect all manufacturers.

**14. To provide equitable and reliable financing, allowing the backstopping of loans for rural operations through the Treasury Board of Saskatchewan. The risk could be mitigated by valuing the property by its in-kind investment rather than the depressed property value.**

The US Department of Agriculture (USDA) for example has a loans program that backstops loans in distressed rural areas. These are areas that meet certain criteria for 'distressed' and the USDA will guarantee loans in those areas. Although largely targeted at farmers this is a program that Saskatchewan could model a solution from.

**15. Take advantage of the tight knit, supportive nature of rural communities by supporting the development of regional peer networks to mitigate costs through addressing economies of scale and to foster mutual support and advice.**

CME successfully operates peer councils in other jurisdictions. These Manufacturing Executive Councils meet monthly to gain strategic insights, share ideas, and learn from each other's experiences. It serves as a peer-mentoring forum where executives can exchange confidential business information related to the ongoing operations and growth of their businesses.

# CONCLUSION

Manufacturing is a critical element to Saskatchewan's economy but is often overshadowed by our natural resource and agricultural space. Despite this, value-added manufacturing holds the key to stable economic growth. Like the rest of Canada, our manufacturing sector is facing increasing challenges in a fierce global competition. By addressing these issues, we can revive manufacturing and ensure long-term prosperity for Saskatchewan through job creation, community investment, and economic growth.

Manufacturing Saskatchewan's Future began by asking manufacturers about the barriers holding back their growth and prosperity. CME believes that any economic analysis must begin with a grassroots conversation among those most effected, and those making the investment decisions. Only by listening to manufacturers can we create solutions for manufacturers.

Within our province we have the people, the natural resources, the supporting infrastructure and the technology to accelerate growth in Saskatchewan's manufacturing sector. A coordinated plan that addresses a variety of issues will be more effective than individual measures in isolation. The recommendations in this report can form the basis of a plan to manufacture growth, innovation and prosperity for the province.

# ACKNOWLEDGEMENTS

CME would like to thank the following organizations for their support through providing locations and promoting participation from regional manufacturers:

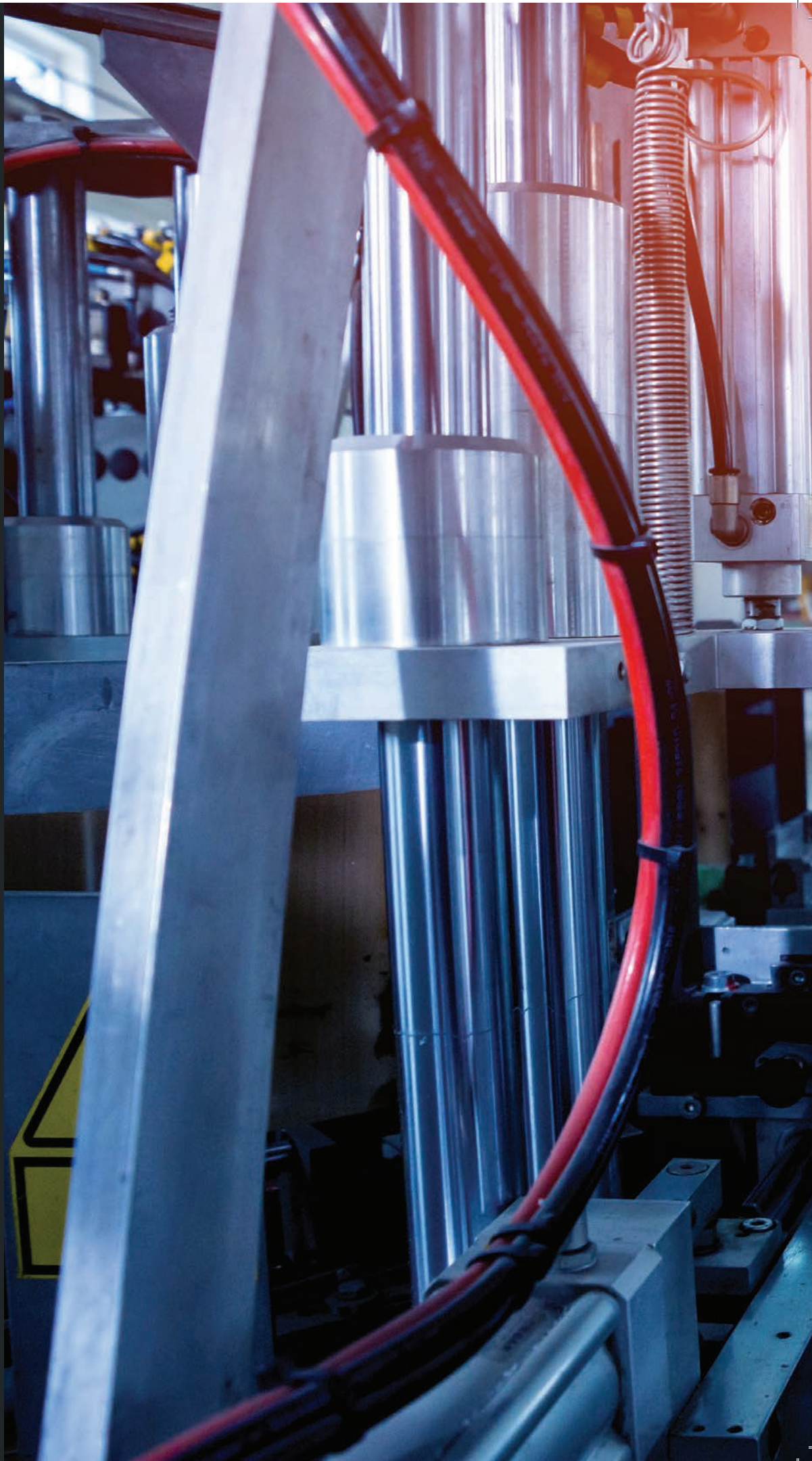








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