

CHAMBRE DE COMMERCE  
DE GRAVELBOURG  
CHAMBER OF COMMERCE

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**OUR MISSION:**  
TO FOSTER AN ENVIRONMENT WHERE GRAVELBOURG  
AND AREA BUSINESSES CAN PROSPER

**OUR VISION:**  
TO BE THE VOICE OF GRAVELBOURG AND AREA  
BUSINESSES

**“Business success isn’t something that  
just happens – success is learned, success  
is practiced and then it is shared.”**

**MESSAGE FROM CHAMBER PRESIDENT, FRED HUNDERSMARCK**

After the disappointed news that our Minister of Finance won’t support our Small Business Loans anymore, which might have a temporally stand still in our business community, I overall think the budget was quite responsible, especially given the huge drop in oil prices over past months and the resulting impact on provincial revenues.

First, they did very well at limiting the growth of government operational spending, which I’m very supportive of. We have a policy that calls for the government to restrain operational spending growth to the lower of either the rate of GDP growth or inflation (Consumer Price Index) and the government successfully kept operational spending growth below that level.

Second, there were no new tax increases. The Premier and Ministers have been publicly musing about increasing the educational component of property tax, tinkering with mill rates, changing revenue sharing for municipalities, changing royalty rates, and various other taxes, but they ultimately did not increase taxes. While there are certainly taxes that I would like to see reduced, like property tax, the corporate tax rate (as it was promised a couple budgets ago), and personal income tax rates, it is positive that they were able to create a budget that did not increase taxes on businesses and individuals.

Third, the government is making some pretty significant new investments in infrastructure, particularly transportation-related infrastructure. We have numerous policies that call for greater investments into infrastructure (in Saskatchewan, through P3s, and in bridges and roads generally), so having them invest more money into those areas is a good thing. The one drawback on this additional spending is that they are having to borrow \$700 million to make those kind of record investments into infrastructure. If you speak to most business owners though, they’ll likely tell you that if they are able to borrow money very cheaply to accelerate the growth of their business by making investments into equipment or buildings, then that is generally the most attractive reason for taking on debt. Since the government is using that \$700 million in borrowed money to make capital investments like repairing aging infrastructure and investing in new infrastructure, those kinds of prudent investments will likely translate into greater economic growth for Saskatchewan in the future.

As I mentioned at the outset, I think this is a good budget when you consider the revenue challenges the government is facing because of low oil prices. Once oil prices return to higher levels (hopefully soon, but personally I like the lower gas prices) I will resume asking them to fulfill their promise of lowering the corporate tax rate and making additional reductions to property tax and personal income tax rates. Given the situation though and I’m not really a big fan of politics, I’m fairly pleased with the 2015 provincial budget. I have some important numbers from the 2015 budget available on request.

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GRAVELBOURG  
ECONOMIC DEVELOPMENT

**BUSINESS VIEW**

VOLUME 8

MARCH 2015

**Economic Forecast in Canada for 2015/2016**

The Organization of Economic Co-operation and Development (OECD) is a grouping of the world's richest countries that provides updates to its forecasts each March and November.

The Paris-based organization is now estimating Canada's economy will grow by 2.2 percent this year, 0.4 less than previously thought. Next year's forecast has been trimmed to 2.1 percent, down 0.3.

The OECD says Canada is among the countries that has been affected by the sharp decline in oil and commodity prices while others, particularly in Europe and Asia, will benefit from sharp drop in oil prices to six-year lows.

"Lower oil prices both raise the real incomes of households and reduce costs for firms, and should therefore be beneficial for global growth, notwithstanding the loss of real income for oil producers," it said.

Oil prices – which had stabilized at about US\$50 a barrel – have now slid for seven days in a row. The April contract in New York fell US\$1.04 to US\$42.42 a barrel early Wednesday. Crude had been as high as US\$107 a barrel last summer.

**Saskatchewan: Quick Facts**

- Innovation Place Saskatoon is one of the world's top university-related research parks
- Saskatchewan has become a location of choice for many of the world's leading companies:
  - AkzoNobel - Dutch chemical company
  - AMEC -British engineering and project management company
  - Royal Dutch Shell -Energy/geological investor
  - Bayer AG -German biotechnology company
  - Hitachi -Japan-based multinational
  - BHP Billiton -world's largest mining company
  - AREVA -French energy company
  - Rio Tinto -International mining company
  - Hutchison Whampoa -Chinese conglomerate
- Saskatchewan leads the West in supporting entrepreneurship (Canadian Federation of Independent Business)
- Agriculture: Saskatchewan exports 53% of the world's lentil exports

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## 2015-2016 PROVINCIAL BUDGET HIGHLIGHTS

- 'Balanced budget' with a surplus of \$107 million
- Provincial debt went from \$11.7 to \$13.3 billion (balanced budget on the 'operational side')
- Projected revenue is \$14.28 billion (up 1.2% from last year)
- Total budget expense has been held at \$14.17 billion (up 1.2% from last year)
- Health, education and social services accounts will have an increase of 1.9% from last year with a total of \$10.4 billion
- \$5.5 billion for health care; \$3.7 billion for education, and \$1.2 billion for social services
- \$265.3 million for revenue sharing from the province to municipalities (up \$8.3 million from last year)
- Infrastructure and capital investments over a 4yr period at \$5.8 billion commitment—includes schools, health care facilities, roads, bridges and highways
- Government will borrow \$700 million for capital projects
- No personal tax increases and no new taxes
- MLA's, Cabinet Ministers and all out-of-scope employees will have salaries frozen in 2015-2016
- Eligibility for supplement to families with children has changed from 18 years of age to 12 years of age
- Post-secondary graduates who stay in Saskatchewan will still be able to receive full amount of tuition back—up to \$20,000—over a 10 yr period instead of 7yrs, to use this tax reduction

## DID YOU KNOW....?

- That power and energy costs for the Palestre is approximately \$54,000/year ?
- That 180,000 gallons of water is needed to fill the swimming pool and that it comes at a cost of approximately \$7,000?
- That the town will be installing approximately 50 new E-Coders in 2015? These are radio-frequency water meters that are able to store up to 96 days of data and also has the ability to red-flag potential leaks.

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## KEY ISSUES AND CHALLENGES FACING RURAL MUNICIPALITIES

The Federation of Canadian Municipalities shared its long term infrastructure plan to the Federal Government. Some areas of concern mentioned are: **Securing a Long-Term Infrastructure Plan: Rural Infrastructure Challenges**

Rural municipalities face financial barriers to providing the infrastructure their communities need. New public investment by all orders of government in rural municipal infrastructure is needed to support rural communities and their industries, help to attract new residents, improve Canada's economic competitiveness, and create jobs and growth.

### What should the Government of Canada do?

FCM is asking the Government of Canada for a 15 to 20-year commitment to a national municipal infrastructure plan to provide fair and predictable new investment to all municipalities. Under this plan, the

federal government would invest \$2.5 billion annually in a new Core Economic Infrastructure Fund. Municipal and provincial/territorial cost sharing would bring the annual budget to \$7.5 billion for roads, bridges, water treatment, and stormwater and wastewater systems. Federal investments would be allocated to provinces and territories on a "base plus per capita" basis, and governments would allocate funds based on priorities identified in municipal capital plans.

### Benefits for small and rural Municipalities:

#### • Funding targeting small communities:

The plan calls for streamlining the Small Communities Component of the Building Canada Fund and reducing the population threshold for applications to below 100,000. These changes would ensure that funding better supports small, rural and remote communities.

• **Wastewater funding:** Many rural municipalities cannot afford upgrades to meet new federal wastewater regulations. The plan would see the federal government allocate \$300 million of the Building Canada Fund for projects to meet these regulations, with a separate application process.

• **Capacity building:** FCM proposes partnering with the federal government to provide small and rural municipalities with training, tools and resources to help them manage their infrastructure.

#### Time for action

Industries based in rural Canada benefit the national economy. Rural communities provide the workforce and much of the infrastructure to support these industries, but cannot afford to pay an unfair share of this support. It is a national problem that requires federal leadership. The time for action is now.

## SASKATCHEWAN'S LATEST ECONOMIC TRENDS

- Population now at 1.13 million—as of October 2014
- GDP shows a growth of 0.8% (largely due to the drop in oil prices) - projected growth of 2.4% in 2016
- Saskatchewan set a record for international exports in 2014 at \$35.1 billion—making Saskatchewan the largest per capital exporter in the country for the second straight year
- Saskatchewan remains the top agriculture and agri-food exporter in Canada
- Saskatchewan's manufacturing sales increased by 5.3% in 2014
- Saskatchewan maintains the lowest unemployment rate in Canada at 3.8% - 5,600 more jobs were created. Average weekly earnings for Saskatchewan people increased by 3.2% in 2014 to \$976.08 (4.4% higher than the national average)

## GRAVELBOURG BUSINESS NEWS

- Next Chamber of Commerce meeting is scheduled for Wednesday, April 1st at 7:00pm at the TOWN OFFICE — 2ND FLOOR.
- Coming soon: Official Community Plan Community Engagement Session. We need your final input! Watch for details.

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