

Survey Results

January 2015

Economic Outlook 2015

In January 2015 the Saskatchewan Chamber of Commerce circulated its economic outlook survey to the membership. The economic outlook survey was first introduced by the Chamber in 1996. Where applicable the following data from the 2015 survey is compared to the data collected last year and the data from the 2010 survey. There were 199 respondents to the survey.

Key Results of the Survey include:

- While the majority felt the provincial government was creating a more competitive and attractive environment for business (60%) only 28% felt the same about the federal government.
- 42.4% of respondents indicated that they felt the economy was better or much better in 2014; this is down from the 62.2% who felt this way in 2013.
- 45.18% of respondents felt that the state of their own business got better or much better in 2014, down from the 57.5% in 2013.
- 52.6% of respondents experienced an increase in business revenue in 2014 compared to 61.3% in 2013.
- Only 49% of respondents are expecting to increase business revenue in 2015, down from 67% at the end of 2013.
- 25.3% of respondents indicated that they expect the state of the economy to get better or much better in the coming year. This is down significantly from the 55% who reported a similar outlook last year
- About 46% of respondents experienced an increase in capital investments in 2014, up from 39% in 2013
- 28.57% of respondents are expecting an increase in capital investments next year, compared to 34.6% expecting an increase in 2013
- 44% of respondents expected their sales to increase provincially in 2015, down from 54% last year. Predictions for national and international were also lower.
- 43.8% of respondents had a job remained unfilled due to a shortage of qualified workers in 2014, almost the same as 2013
- 42% of respondents are planning to hire more full time employees in 2015, down from 46% in 2013 and 27% are planning to hire more part time employees, the same as 2013
- Of the 75.65% of respondents expecting wages/salaries to increase in 2015, the average increase expected is 4%, down from the 5.5% projected in 2013.

*outliers removed

Results

Considering your business, please rank the following issues in order of priority in terms of the effect they have on your business' efficiency, profitability, productivity, and/or stability:

2015 Ranking	2014 Ranking	2010 Ranking
1) Finding new staff/ Retaining staff	1) Finding new staff/ Retaining staff	1) Building market share – Sales development
2) Training	2) Training	2) Workforce – training, retaining, and locating staff
3) Building Market Share – Sales development	4) Building Market Share – Sales development	3) The economy and international markets
4) Corporate Taxation	5) Corporate Taxation	4) Taxation – corporate and/or personal
5) The economy and international markets	6) Personal Taxation	5) Availability of financing
6) Paper burden – regulatory compliance, permits, etc.	7) The economy and international markets	6) Paper burden – regulatory compliance, permits, etc.
7) Personal Taxation	8) Paper burden – regulatory compliance, permits, etc	7) Capital expansion
8) Capital expansion	9) Capital expansion	
9) Availability of financing	10) Availability of financing	

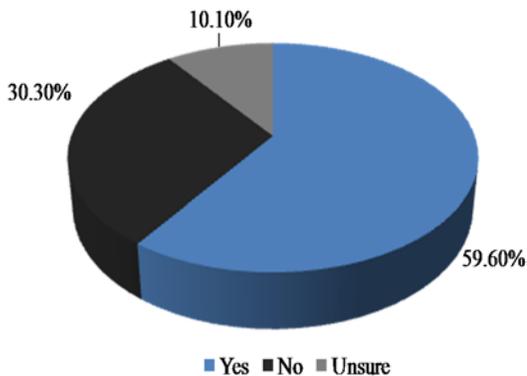
Other comments:

- The transportation of goods to market in a timely, cost-effective manner and infrastructure development is crucial.
- Change the labour laws to allow employers to communicate factual information to employees (such as provide copies of contract offers provided to unions) during bargaining.
- The dollar exchange rate has the biggest impact and it is positive for our exporting environment

*outliers removed

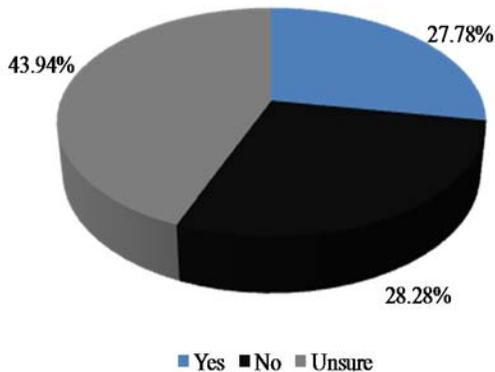
Environment

Do you believe the provincial government has been creating a more competitive and attractive environment for businesses over the past year?



At the end of 2014 almost 60% of survey respondents indicated that they believed the provincial government was creating a more competitive and attractive environment for businesses. This was down slightly from the 64% who felt the same way in 2013 and the 66% in 2010.

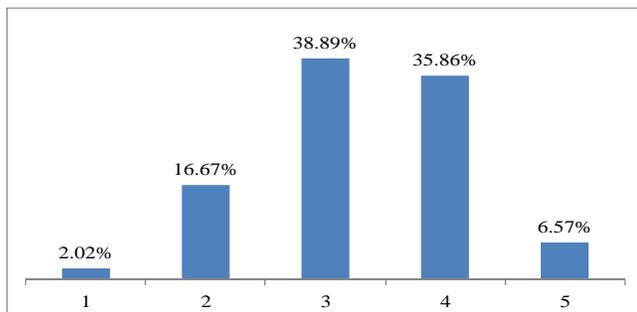
Do you believe the federal government has been creating a more competitive and attractive environment for businesses over the past year?



Almost 28% of respondents in 2014 felt that the federal government was helping create a more competitive and attractive environment for business. This is up slightly from 24% in 2013 and down slightly from the 32% who felt the same way in 2010.

State of Economy

Did the state of the Saskatchewan economy get better or worse in 2014?
On a scale of 1 to 5, where 1 is "much worse" and 5 is "much better"

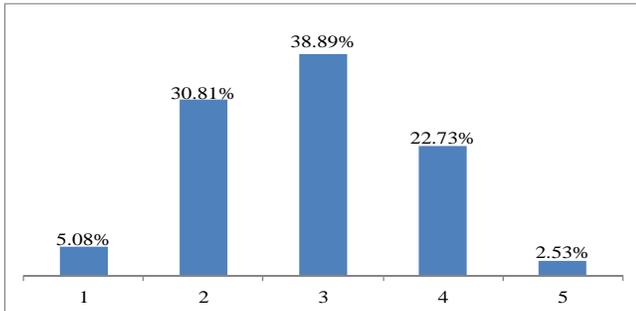


42.4% of respondent indicated that they felt the economy was better or much better in 2014, this is down from the 62.2% who felt this way in 2013.

*outliers removed

Do you expect the state of the Saskatchewan economy to get better or worse in 2015?

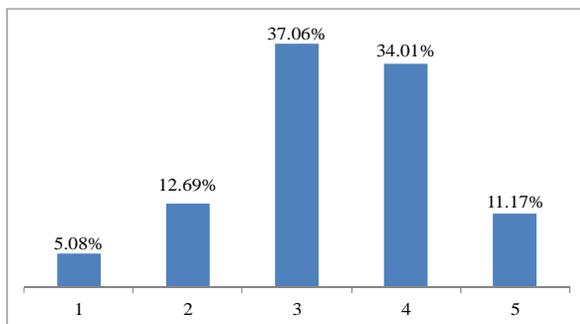
On a scale of 1 to 5, where 1 is "much worse" and 5 is "much better"



25.3% of respondents indicated that they expect the state of the economy to get better or much better in the coming year. This is down significantly from the 55% who reported a similar outlook last year and lower than the 45.5% of respondents who felt the economy would get better or much better at the end of 2009.

Did the state of your own business get better or worse in 2014?

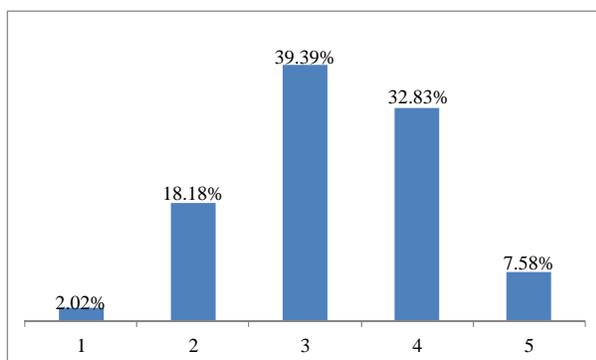
On a scale of 1 to 5, where 1 is "much worse" and 5 is "much better"



45.18% of respondents felt that the state of their own business got better or much better in 2014, down from the 57.5% in 2013. While 17.77% felt that the state of their own business got worse or much worse, down only slightly from the 16.8% who reported the same in 2013.

Do you expect the state of your own business to get better or worse in 2015?

On a scale of 1 to 5, where 1 is "much worse" and 5 is "much better"

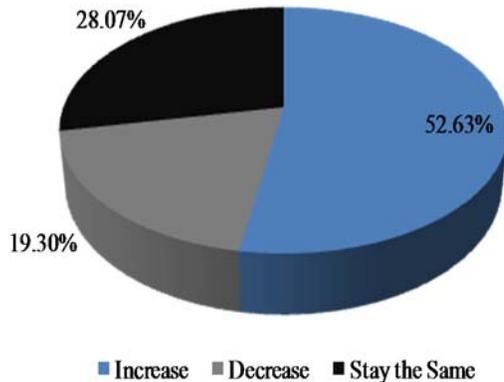


40.41% of respondents expect the state of their own business to get better or much better in 2015, down from the 59.5% who reported the same last year. Looking forward at the end of 2009, 55.6% of respondents felt the state of their business would get better or much better in the coming year.

*outliers removed

Revenue

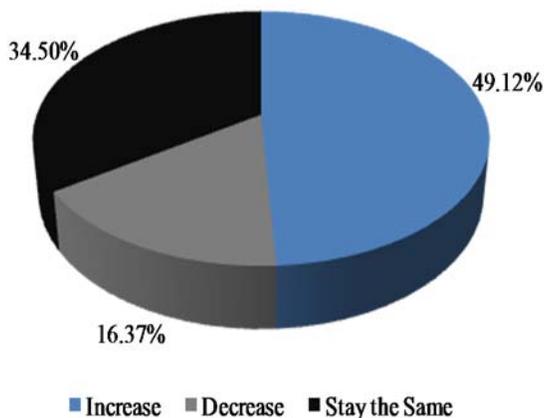
In 2014, did your business revenue:



52.6% of respondents experienced an increase in business revenue in 2014 compared to 61.3% in 2013. In 2009 52.5% reported an increase. 19.3% of business had revenue decrease in 2014 compared to 16% in 2009.

The average increase in revenue was 14% (20% in 2013 and 16.9% in 2009) and the average decrease was 15% (15% in 2013 and 5% in 2009).

In 2015, are you projecting that your business revenue will:

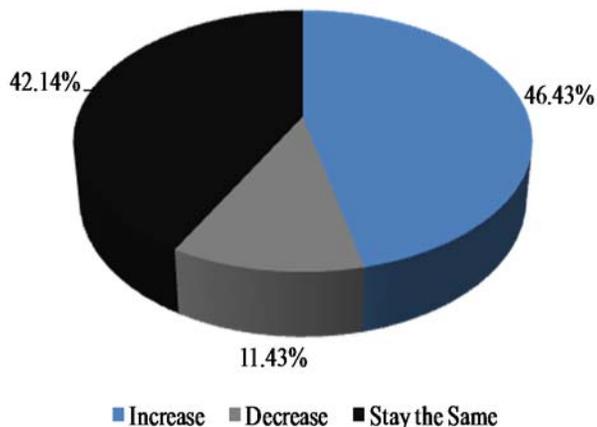


49.12% of respondents expect business revenue to increase in 2015 compared to 67% who projected the same last year and 60.3% who were projecting an increase in 2009. The number of businesses projecting a decrease jumped to 16.4% in 2014 from 10.1% last year.

The average increase in revenue expected was 13% (16% in 2013 and 14% in 2009) and the average decrease expected was 14% compare to 9% in 2013 and 11.8% in 2009.

Capital Investments

When compared to 2013, in 2014 did capital investments in your business:

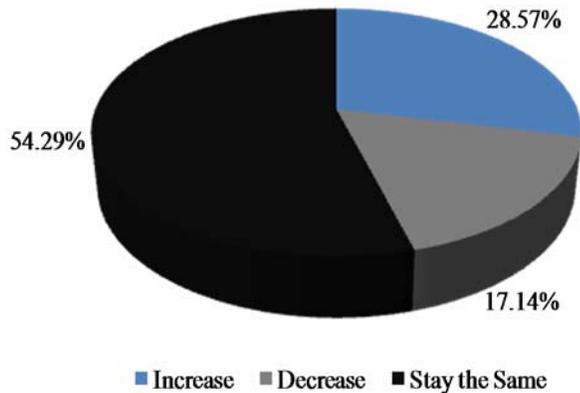


About 46% of respondents experienced an increase in capital investments in 2014, up from 39% in 2013 (the same amount as 2009). 11.4% of respondents reported a decrease in capital investment down from the 14% last year.

For those that experienced increased capital investments, the average increase was 24% compared to 32.9% in 2013 (23.4% in 2009). The average decrease was 25% compared to 16% in 2013.

*outliers removed

In 2015, do you expect capital investments in your business to:



28.57% of respondents are expecting an increase in capital investments next year, compared to 34.6% expecting an increase in 2013 and 31.4% in 2009. The average expected increase was 22% almost the same as the 21% reported in 2013 (18.4% in 2009). The average expected decrease was 30% which is in line with the 29% reported in 2013 (32.4% in 2009).

Rank these provincial taxes in the order of which would (if reduced) cause your business to invest more capital in Saskatchewan? In order of priority:

2014 Ranking

- Provincial Corporate Income Tax
- Provincial Sales Tax
- Provincial Personal Income Tax
- Property Tax
- Tax on Capital Gains
- Fuel Tax
- Royalties

2013 Ranking

- Provincial Corporate Income Tax
- Provincial Personal Income Tax
- Provincial Sales Tax
- Property Tax
- Tax on Capital Gains
- Fuel Tax
- Royalties

2009 Ranking

- Provincial Corporate Income Tax
- Property Tax
- Provincial Sales Tax
- Provincial Personal Income Tax
- Tax on Capital Gains
- Fuel Tax

Please identify any regulatory changes that, if made, would cause your business to invest more capital in Saskatchewan.

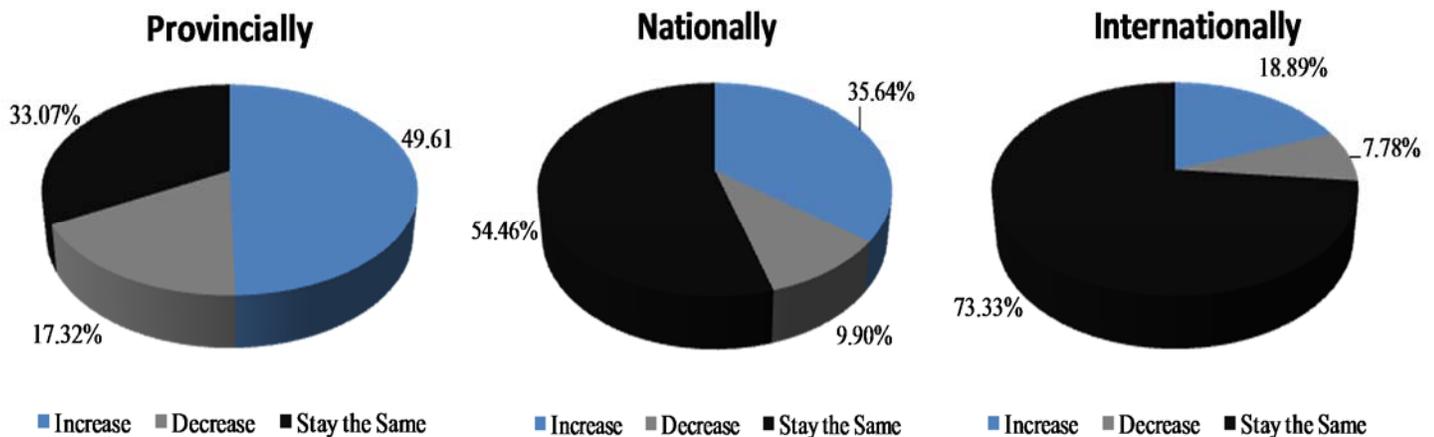
- Better procurement policies/ local recognition
- Reduce and eliminate provincial trade barriers
- Raise the threshold for the first increase in markup on microbrewery beer
- Potash royalties and taxes
- Privatization of Crown Corporations
- Less paperwork
- Only implement balanced trade agreements
- Effective Foreign Worker Programs
- Equitable taxation of out of province contractors
- Less regulation like the Multi-Materials Recycling Program
- Power source options
- Privatization of liquor retailing
- Training dollars
- Infrastructure transportation/ rail movement

*outliers removed

The accelerated capital cost allowance (ACCA) was introduced to allow for a faster write-off and cost recovery for manufacturing equipment (since 2007) and clean energy equipment (since 2010). This was introduced as a temporary measure and has been extended to December 31, 2015. What impact, if any, has this allowance had on your business' capital investment decisions and what impact would its extension or discontinuation have?

- While many respondents were not impacted by the ACCA due to the industry they operate in, the following is a summarized list of some of the comments:
 - ACCA increases confidence in investing and recovering costs, very positive impact
 - This has had a significant impact, with the significant downturn in oil this should be extended
 - Impact on decision making is not that significant
 - Allows continued capital investments
 - Positive effect and remove might delay future investment
 - Does help but is off-set by the low Canadian dollar
 - Savings have been re-invested
 - Little impact and nothing on final decision making
 - Has triggered accelerated investment in high cost equipment

In 2014, did your markets:



For those that experienced an increase of their market base:

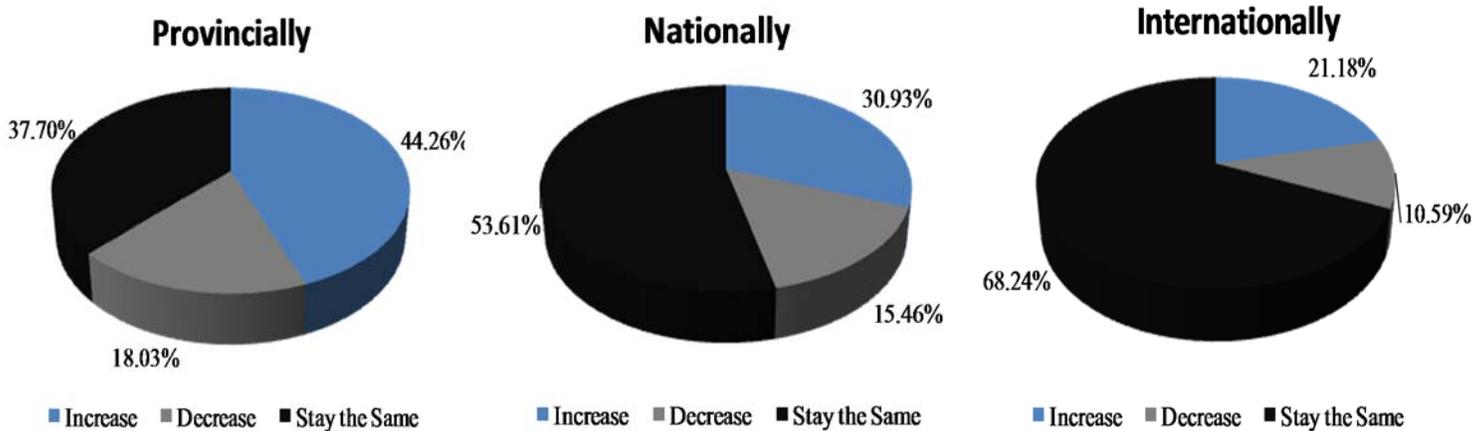
- The average provincial increase was 13% the same as 2013
- The average national increase was 13% up slightly from 11.1% in 2013. The average international increase was 7% down from 16.8% in 2013

*outliers removed

For those that experienced a contraction of their market base:

- The average decrease provincially was 17%, down from 18.9% in 2013
- The average decrease nationally was 14%, up from 13.3% in 2013
- The average decrease internationally was 6% down from 11% in 2013

In 2015, do you expect your markets to:



44% of respondents expected their sales to increase provincially in 2015, down from 54% who predicted an increase at the end of 2013. 30.9% expect national sales to increase in 2015 down from 37% last year. 21% expect international sales to increase, down from 32% last year.

For those that are expecting to increase their sales:

- The average provincial increase expected is 12%, up from the 10.7% last year
- The average national increase expected is 10%, up from 11.8% last year
- The average international increase expected is 13%, down from 17% last year

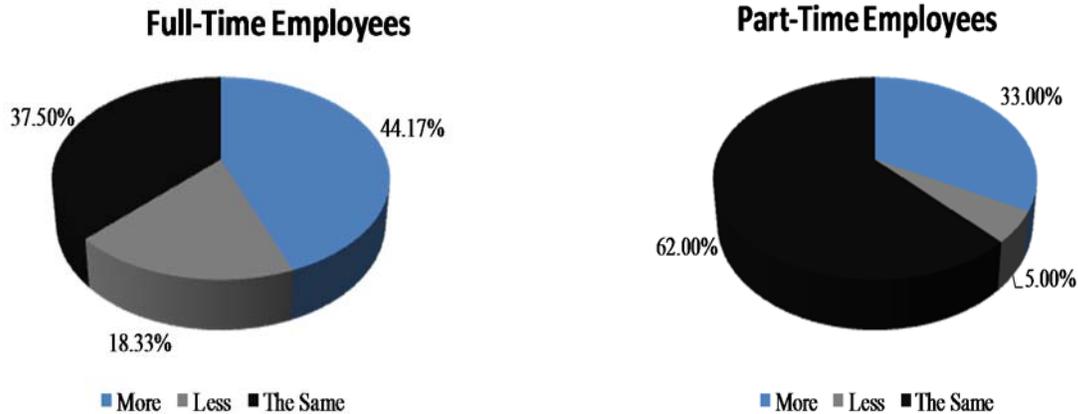
For those that expecting to decrease their sales:

- The average decrease expected provincially was 10%
- The average decrease expected nationally was 5%
- The average decrease internationally was 6% down from 11% in 2013

*outliers removed

Staffing

In 2014, how did your business' staff change?



44.17% of respondents increased their full-time employees in 2014, down from 49% in 2013. 33% increased their part-time staff, up from 22% in 2013. In 2009, 33.9% increased full time employees and 28.2% increased part-time.

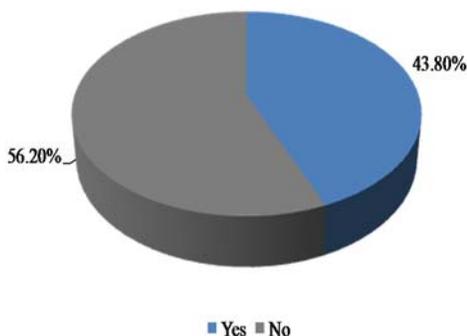
For those that hired more staff:

- The average increase in full time employees was 17 (6.5 in 2013)
- The most common response was 5 additional full time employee
- The average increase in part time employees was 11 (5.25 in 2013)
- The most common responses was 1 additional part time employee

For those that reduced staff:

- The average decrease in full time employees was 19 (6.5 in 2013)
- The most common response was 2 less full time employees
- The average decrease in part time employees was 8 (3.8 in 2013)

Did you have job remain unfilled in 2014 due to a shortage of qualified workers?



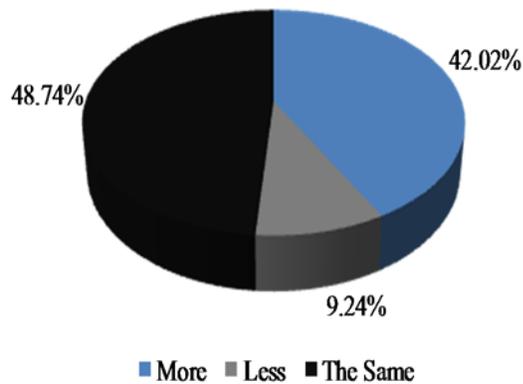
43.8% of respondents had a job remained unfilled due to a shortage of qualified workers in 2014, almost the same as 2013 compared to only 25.6% who reported the same problem in 2009.

54% of those who reported a difficulty hiring staff in 2014 had trouble with hiring skilled trades people.

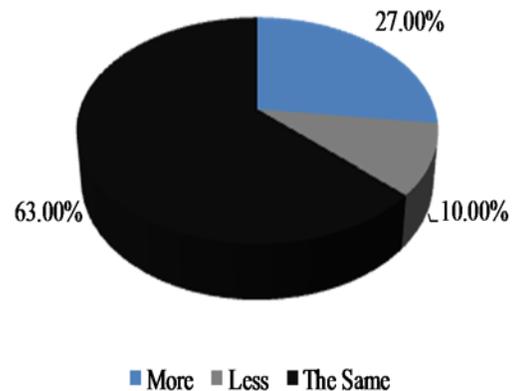
*outliers removed

In 2015, do you expect to employ?

Full-Time Employees



Part-Time Employees

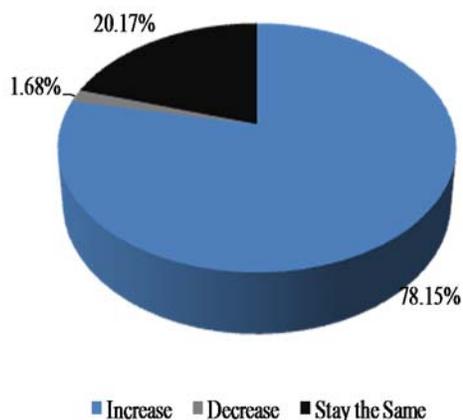


42.02% of respondents are planning to hire more full time employees, down from 46% in 2013 and 27% are planning to hire more part time employees, the same as 2013. In 2009, 41.4% were planning on hiring more full time staff and 26.2% were planning on hiring more part time staff.

For those that expect to hire more people

- The average increase in full time employees was 14 (5.4 in 2013)
- The most common response was 2 additional full time employees
- The average increase in part time employees was 9 (3.45 in 2013)
- The most common response was 2 additional part time employees

In 2014, did wages/salaries in your business:

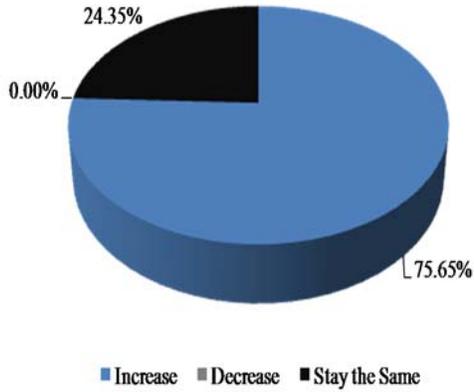


78.15% of respondents reported that wages/salaries had increased over the past year down from 82% in 2013.

For those that who experienced increased wages/salaries the average increase in wages/salaries was 5% (6.4% in 2013).

*outliers removed

In 2015, do you expect wages/salaries in your business to:



75.65% of respondents expect wages/salaries to increase in the next year, up from 73% in 2013.

For those that who expect an increase in wages/salaries, the average increase expected is 4%, down from the 5.5% projected in 2013.