

Saskatoon good for business

Study ranks city No. 1 as most competitive place to set up new enterprise

Murray Lyons

The StarPhoenix

Wednesday, March 22, 2006

It was a big deal a few years ago when Saskatoon ranked No. 2 in central North America as the most competitive place to locate a new business, says Ted Mitchell, CEO of the Saskatoon Regional Economic Development Authority (SREDA).

But now that KPMG has found Saskatoon ranks No. 1, it's an even more effective tool for economic developers here, Mitchell said.

The SREDA head says the study released Tuesday by the business consulting firm is relevant, despite criticisms of the KPMG studies that have cropped up in the past year.

The previous KPMG studies became a bit of a political football when groups opposed to cutting Saskatchewan business taxes last year cited the report's previous findings.

Their argument was that if Saskatchewan was already close to being the most competitive place in North America to locate a new business, why the need to lower provincial corporate and capital taxes?

Even Jack Vicq, the chair of the business tax review committee, felt the need to weigh in on the subject. When he released his report last fall, he told news conferences that it should concern Saskatchewan policy makers that our level of investment and corporate reinvestment is so low here relative to other jurisdictions despite the KPMG findings on location costs.

Vicq said it would appear to him that outside investors see Saskatchewan corporate taxes as being high and don't bother going beyond that to consider positively other cost factors cited in KPMG like land costs.

As well, a research paper done for Vicq's report found that the industries surveyed by KPMG represent no more than 10 per cent of recent capital investment in Saskatchewan.

However, Mitchell says the KPMG report is particularly important in areas such as biotech where Saskatoon has "synergistic" advantages because of the research institutions located here. SREDA says Saskatoon also does well in manufacturing, research and development, software, and corporate services industries when it comes to location cost competitiveness.

Mitchell says the No. 1 status will be even more enhanced for Saskatoon if the provincial government lowers corporate taxes in line with the Vicq report in next month's provincial budget.

"We're still competitive even with the current tax environment, but how much more competitive could we be if the Vicq report was implemented?" he said.

He says every jurisdiction tries to find a way to use the KPMG report to its advantage.

"From a marketing perspective, every single economic development authority in every single community uses the KPMG study as a reference point," he said. "It's one of many tools we use."

The SREDA analysis of the KPMG report notes that Canadian cities as a whole continued to do well despite the rise in the Canadian dollar.

The study compares business costs in 95 global cities in nine countries across North America, Europe and Asia Pacific.

Benchmarked against the entire U.S. and Canada, Saskatoon is the sixth most cost-competitive city in Canada with a cost advantage over the U.S. Sherbrooke, Que., Moncton, N.B., Charlottetown, P.E.I., Halifax, N.S., and Quebec City were ahead of Saskatoon.

However, Mitchell notes that companies looking to locate usually pick a geographic region of North America for issues of transportation and product shipping and then look within that region for cost-competitive locations.

"If people are looking at our community purely from a price point perspective, we still will be a very competitive place to locate," Mitchell said.

mlyons@sp.canwest.com

© The StarPhoenix (Saskatoon) 2006

CLOSE WINDOW