



# POLICY ECONOMIC RESILIENCE

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Calgary is facing economic uncertainty unlike anything our community has seen before.

The COVID-19 pandemic's ongoing impacts, together with the global energy crisis and the lingering effects of the pre-pandemic recession, threaten both our communities and livelihoods. Our provincial government's unwillingness to prioritize the health and wellbeing of workers, businesses, and consumers in this time of crisis further jeopardizes our prosperity. Our city requires steadfast leadership and real solutions to address these wicked challenges.

Over the past decade, global forces beyond our control have brought about structural changes to world energy markets. The resulting impacts - specifically the 2014 oil price collapse - changed the face of our economy and our community. Many well-paying jobs disappeared, leaving countless families with few options and ever fewer opportunities. Years later, unemployment rates in Calgary's economic region have remained stubbornly above both provincial and national averages both before and during the pandemic.

This economic downturn also drastically reduced Calgary's downtown property values, with serious implications for the City's finances. As office vacancies rose to nearly 30%, downtown properties collectively lost over \$16 billion dollars in assessed value. This represents hundreds of millions of dollars in lost municipal revenues, in turn requiring difficult but necessary changes in how the tax burden is shared between homeowners and businesses.

Beginning in March 2020, the COVID-19 pandemic introduced new uncertainties and anxiety into our economic future. Among other impacts, women's labour force participation in Canada was set back decades, with almost half a million female workers yet to be rehired by January 2021.

In Alberta, cycles of restrictions and re-openings have come to threaten the viability of countless businesses as well as the integrity of our healthcare system. In many cases, rapidly changing public health restrictions have rendered many employees and employers unable to provide for themselves and their families.

Faced with so many challenges, we must draw on our community's history and unique strengths to chart our own path forward. The seeds of our future success lie with our wealth of experience in the energy sector and the understanding that we must evolve the industry. We also have an agricultural heritage that can lead the world in food security and sustainability solutions. Based on our community's innovative and forward-looking mindset, our recovery will be built on embracing a transition economy supported by our many communal assets, such as quality public transit, impressive parks and public spaces, strong post-secondary institutions and housing affordability options.

Calgary's local government has an important role to play in supporting our community's economic recovery. In these uncertain times, the City of Calgary must be a source of stability for business, a focused convenor of opportunities, and a mindful community capacity builder. With bold leadership and a collaborative approach, we can leverage our strengths into an inclusive economic recovery for all. Only then will we be able to take the action needed to welcome and retain the people and capital our city needs.

## **1. Provide certainty and predictability for investors and business**

To attract capital and support our economic recovery, the City of Calgary must ensure a stable and supportive operating environment for business and investors. This means streamlining regulatory processes, and establishing consistent and appropriate public health measures in light of COVID-19's fourth wave.

Until it is safe to do so, mitigation measures such as vaccine passports and mandatory masking in indoor public places must continue. This is necessary not only to safeguard our healthcare system, but also to protect local businesses and the livelihoods of countless Calgarians.

The City's response to COVID-19, as well as other recent disasters, demonstrates its capacity to be nimble and responsive to local business needs. Initiatives such as sidewalk patios and adaptive roadways illustrate this ability. This kind of innovation and flexibility must be cultivated and welcomed as a permanent feature of the City's operations and internal culture.

We must also stay committed to the investments made toward the downtown recovery, which include incentive programs that generate private sector capital investments. The success of the \$45 million investment toward office-to-residential conversions is clear in the program being fully subscribed. Private companies have responded to our investment strategy by following up with their own capital, signaling much-needed market confidence in our future.

Finally, budget reform is critical in providing certainty to residential and non-residential property taxpayers. Budgeting should begin with a clear understanding of total assessed property value to have an estimated revenue stream from which to set the operating budget. There should also be equity in how the proportion of operating budget is allocated to residential and non-residential properties. Capital budgets should be set with a clear indication of matched funding opportunities that will be leveraged from other orders of government and the private sector.

## **2. Refocusing our economic development agenda**

Calgary's past as a centre for the energy and agriculture sectors will be foundational to our renewed prosperity. By focusing on these key industries, together with our city's emerging innovation and tech sectors, we can reinvent Calgary as a hub for companies dedicated to addressing pressing challenges such as food insecurity and the global energy transition. Many exciting companies and partnerships are already establishing themselves in Calgary to take advantage of our city's strengths.

Despite some successes, our City's efforts to identify and develop economic opportunities suffer from a lack of coordination and focus, resulting in missed opportunities and wasted resources.

Multiple civic bodies with similar mandates continue to work in silos, while poorly conceived direct-to-business investment and granting programs have been introduced in recent years.

To maximize the impact of our limited resources, we must combine the numerous agencies and authorities that currently exist to promote Calgary as a destination for investment and visitors. Such bodies include: Tourism Calgary, Calgary Economic Development, and the Calgary Convention Centre Authority. This will support a more stream-lined approach to cultivating economic opportunities.

The City of Calgary should not be in the business of investing taxpayer dollars into private companies through granting programs operated by a wholly-owned subsidiary. Rather, the City should focus on what it is best positioned to do: investing in the services and amenities that strengthen our communities.

We must also create a proper economic development strategy for our regional partnership, where shared costs and benefits of regional strategies serve to build a strong industrial and commercial tax base.

### **3. Attract and retain talent by building complete communities and offering services**

To welcome and retain talent in Calgary, we must build complete communities that support high-quality municipal services at tax rates we can afford. Though Calgary possesses many assets such as an enviable system of parks and pathways, a relatively high degree of housing affordability, and easy access to recreational opportunities, we must work to strengthen our communities' appeal to potential residents.

The historical planning approach of separating land uses has resulted in communities where it is difficult for many Calgarians to meet their daily needs without a car. This kind of development is costly for the taxpayer as well as unattractive to the talent we need to attract for Calgary's economic recovery. Basic amenities such as groceries stores must be available within close proximity to residential areas, and access to key services such as childcare facilities must be improved in all areas of our city.

The COVID-19 pandemic has highlighted the need to improve access to safe, high-quality childcare in Calgary and around the country. In Alberta, gender-based labour market disparities have persisted into 2021, with workers with young children continuing to be disproportionately affected by the economic impacts of COVID-19. Attracting and retaining talent to support Calgary's economic recovery requires that the City take all possible measures to improve the availability of childcare to our citizens.

Finally, we must return to fundamental issues of cost and revenue when planning our city. We must approach all planning exercises with an understanding of the costs of servicing new development, and then proceed to build communities that generate sufficient property tax revenues to cover these costs.