



Calgary



CITY OF CALGARY  
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# C2019-1439 Economic Update (Verbal)

Strategic Meeting of Council  
2019 November 12



# Summary of the economic update

## Important Themes

## Summary Messages

**Fiscal  
Sustainability**

**Better economic performance  
expected next year (2020)**



**Transparency/  
Accountability**

**However, downside risks to the  
outlook have increased this fall**



**Fiscal  
Responsibility**

**Competitive local taxes offer  
support for the economy**





# Economy should gather momentum in 2020

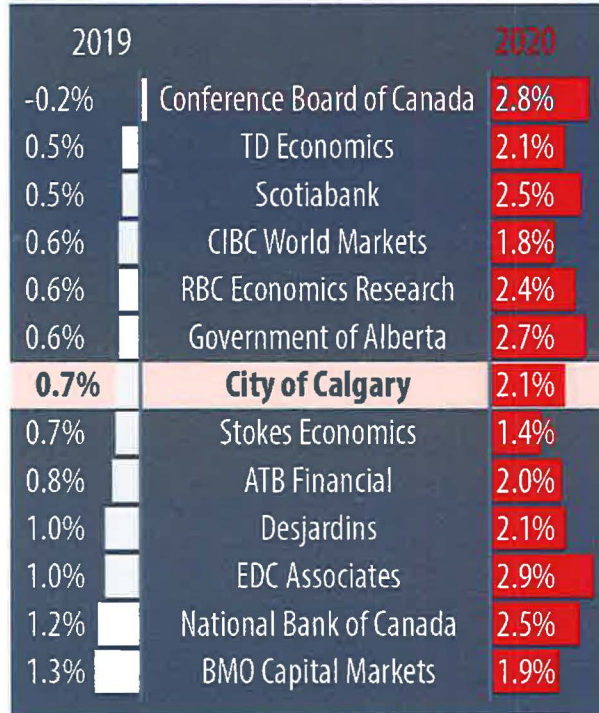
Better economic performance expected in 2020

1

## Canadian Real GDP Growth Rate



## Alberta Real GDP Growth Rate



## Calgary Real GDP Growth Rate



Source:

City of Calgary (2019 Fall Economic Outlook Working Papers)











# Alberta budget approach to economic stimulus

Better economic performance expected in 2020




1




## Using tax measures affecting individuals

	Domestic demand impact relative to cost	Length of lag from enactment to impact	Certainty of economic effects
 Lump-sum rebates and incentives	Larger	Moderate (6-12 months)	Small
 Temporary across-the-board tax rate cuts	Smaller	Short (6 months or less)	Large
 CARBON LEVY: Deferring/eliminating scheduled tax (or tax increases)	Below Average-to-Average	Long (1 year or more)	Moderate-to-Large




 Approaches to fiscal stimulus introduced by the province  
 Approaches to fiscal stimulus removed by the province  
 Approaches to fiscal stimulus adjusted by the province



## Using tax measures affecting businesses

	Domestic demand impact relative to cost	Length of lag from enactment to impact	Certainty of economic effects
 Incentives for new investment	Average	Moderate (6-12 months)	Small
 TAX: Cut in corporate tax rates	Smaller	Long (1 year or more)	Large
 Operating loss and carryback provisions	Smaller	Moderate (6-12 months)	Small

 Approaches to fiscal stimulus introduced by the province  
 Approaches to fiscal stimulus removed by the province  
 Approaches to fiscal stimulus adjusted by the province

## Using government spending measures

	Domestic demand impact relative to cost	Length of lag from enactment to impact	Certainty of economic effects
 Direct transfer payments to households	Larger	Short (6 months or less)	Large
 Targeted investment in public works projects	Smaller	Long (1 year or more)	Large
 General funding support to local governments	Moderate	Moderate (6-12 months)	Small

 Approaches to fiscal stimulus removed by the province  
 Approaches to fiscal stimulus adjusted by the province

### Sources:

City of Calgary (2019 Fall Economic Outlook Working Papers), Government of Alberta (Budget 2019)

Adapted from U.S. Congressional Budget Office (Options for Responding to Short-Term Economic Weakness, 2008)

# Numerous elements are creating uncertainty

Downside outlook risks have strengthened this fall

2

Risks arising from activities outside Canada and in the rest of the world



Global GDP Outlook



Trade Tensions



Interest Rate Policy

Risks from policy differences across Canada or policies targeting average conditions in Canada



Housing Investments



Crude Oil Production



National vs Regional

Risks from potential changes in Alberta provincial government policies



Crude Oil Exports



Government Spending  
(provincial and local)



Infrastructure Spending  
(3 orders of government)

Risks from local and regional private and public-sector influences



Private Investment



Government Investment  
(local government)






Labour Force Changes



# Risks from the economy we are watching

Downside outlook risks have strengthened this fall 

Impact	Likelihood	“High Risk Ratings”	Direction
Moderate	Likely	<input type="checkbox"/> Level of crude oil exports	
Significant	Possible	<input type="checkbox"/> Level of infrastructure spending (3 orders of government)	
Significant	Likely	<input type="checkbox"/> Level of housing investment <input type="checkbox"/> Level of City capital investment <input type="checkbox"/> Level of government spending (3 orders of government)	



# Municipal property taxes for two-storey is low

Competitive local taxes offer support for economy 3

## Representative Two-Storey House Municipal Property Tax



3-bedroom



2-bathroom



located in  
an average  
neighbourhood



an average  
1,500 square feet  
above grade living space  
(including only those houses  
with 1,100 to 1,900 square  
feet into the calculations)

### Representative Two-Storey House (Selected Canadian Cities)

Grande Prairie	2,755
Lethbridge	2,712
Leduc	2,705
Toronto	2,679
Edmonton	2,327
Regina	2,268
Saskatoon	2,143
Halifax	2,124
Winnipeg	1,733
Medicine Hat	1,720
<b>Calgary</b>	<b>1,658</b>

## Summary Calgary Rank

	Calgary Region Ranking (out of 5 municipalities)	Canadian Cities Ranking (out of # of Cities Reporting)
Municipal Property Tax	2nd	1st / 11
Municipal & Provincial Property Tax (less Homeowner Grants)	2nd	2nd / 11
Combined Municipal Property Tax and Utility Charges	3rd	3rd / 11
Combined Municipal & Provincial Property Tax (less Homeowner Grants) and Utility Charges	3rd	4th / 11

■ Better than Average ■ Average

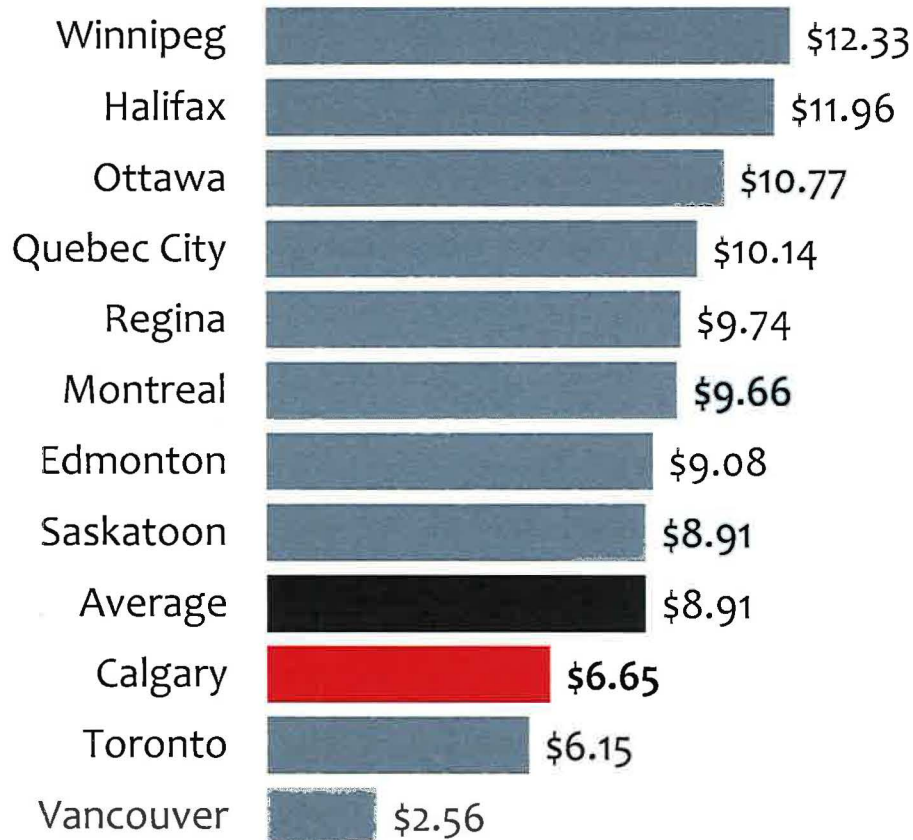
Source:

City of Calgary 2018 Residential Property Taxes and Utility Charges Survey

# 3rd-party property tax competitiveness analysis

Competitive local taxes offer support for economy 3

## 2019 Estimated Residential Property Taxes per \$1,000 of Assessment



## 2019 Estimated Commercial Property Taxes per \$1,000 of Assessment



Source: 2019 Canadian Property Tax Rate Benchmark Report

Authors: Altus Group





# Median property taxes and utility charges

Competitive local taxes offer support for economy **3**

## Typical Monthly Utility Consumption

calculation for 30.4 days usage:



600 kW/h usage of electricity



19 cubic meters of water usage



17.5 cubic meters of wastewater disposal

on a per-residential-dwelling basis:



recycling fees, garbage disposal, and other

## Combined Average Property Tax and Utility Charges

**All Single Detached Houses**  
(Selected Canadian Cities)

Grande Prairie	7,288
Vancouver	6,487
Edmonton	6,464
Toronto	6,356
Regina	6,248
Leduc	6,152
<b>Calgary</b>	<b>6,064</b>
Saskatoon	5,678
Lethbridge	5,645
Winnipeg	5,271
Medicine Hat	5,045
Halifax	4,956

## Summary Calgary Rank

	Calgary Region Ranking (out of 5 municipalities)	Canadian Cities Ranking (out of # of Cities Reporting)
Average Municipal and Provincial <b>Property Tax</b>	4th	9th / 14
Median Municipal and Provincial <b>Property Tax</b>	3rd	4th / 10
Average Combined Total <b>Property Tax and Utility Charges</b>	4th	6th / 12
Lowest Proportion of <b>Property Tax</b> Load Paid by Residential	1st	2nd / 14

■ Better than Average
 ■ Average
 ■ Worse than Average

Source:

City of Calgary 2018 Residential Property Taxes and Utility Charges Survey

# Questions?