

Post-Pandemic Economic Recovery

RECOMMENDATIONS:

That the Priorities and Finance Committee, Direct Administration:

1. Through the Service Owner Network, to track progress on Calgary's post-pandemic economic recovery support, including communication with the broader Calgary community;
2. To report on economic recovery progress, including benefits realized, every six months starting with a 2021 November update; and
3. To incorporate concluding recommendations of the Economic Resilience Task Force (ERTF) in the 2021 November update.

HIGHLIGHTS

- By 2021 February, there was significant depth, breadth and variety to The City of Calgary's (The City's) plans, programs and initiatives supporting Calgary's economic recovery. Future updates to the Priorities and Finance Committee (PFC) would assess the success of these efforts in supporting a return to strong and sustained economic growth.
- The coronavirus pandemic led to lower aggregate demand for goods and services, the deepest recession in 34 years of uniformly reported data, and adverse impacts on Calgary businesses and the workforce.
- Many enterprises in the Calgary business community are facing financial vulnerability and the risk of business closures. Similarly, Calgary residents are tackling job losses and associated insecurity.
- Short-term or temporary relief and stimulus measures by all orders of government have provided only a buffer with numerous economic indicators below pre-pandemic levels by the end of 2021 Q1.
- Investments, Innovation and Jobs – are three opportunity channels for supporting post-pandemic economic recovery and growth through municipalities where The City is active.
- There were 63 City-specific plans, programs and initiatives in five categories using these channels to address the profound economic challenges at the end of 2021 February.
- These activities are at various stages of progress. Some approved activities are yet to commence, a few may be facing challenges, and many others are advancing progressively.
- The activities include four programs recommended by the Council directed Economic Resilience Task Force (ERTF).
- Through semi-annual Priorities and Finance Committee updates, City Administration would assess progress and identify enhancements for effectiveness and success.
- There is Strategic Alignment with the 'Prosperous City' Citizen Priority.
- Background and Previous Council Direction is available in Attachment 1.

DISCUSSION

Calgary's sluggish economic growth in recent years turned into a deep recession last year. By 2020, economic activity (measured by the Gross Domestic Product (GDP)) was set back to a pre-2014 level. Public health restrictions, targeted at slowing the spread of the coronavirus, led to lower aggregate demand for goods and services. The result was adverse impacts on businesses

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and the workforce that supports providing the goods and services. Today, the Calgary business community and residents are facing:

- Heightened level of financial vulnerability: A steady decline in Calgary region business insolvency filings from 2011 to 2015 got disrupted by structural change due to the 2015-16 Calgary recession. Not only have filings for insolvency increased, but there is also a significant increase in the magnitude of financial vulnerability. At the insolvency filing, net liabilities increased from a decade-long low of \$71 million in 2013 to \$1.02 billion in 2019.
- Substantial drop in business enterprises: The number of businesses with employees operating in the city declined from 53,603 in 2015 (peak) to 51,696 in 2020. Medium-sized enterprises and large firms got hit harder than small businesses and micro-enterprises primarily in five industries: (a.) professional, scientific and technical services; (b.) construction; (c.) mining, quarrying, oil and gas extraction; (d.) business, building and other support services; and (e.) finance, insurance, real estate and leasing.
- Significant job losses and declining job market fortunes: At 11.7 per cent, the Calgary region's 2020 unemployment rate is the highest in 34 years of uniformly reported data. 110,400 Calgarians were willing to work and searching for work but unable to find jobs in 2020. That's 26,200 more unemployed than at any time in Calgary's history. Temporary extensions to unemployment insurance and other relief measures served as a buffer for many Calgarians.

Strong municipal government efforts are a consistent feature of successful attempts at powering economic progress from deep recessions. Three opportunity channels for supporting post-pandemic economic recovery and growth are available to municipalities. They are, in descending order of the ability of municipal authorities to directly influence changes, the following:

- I. Investment: direct infrastructure investment is beneficial because each dollar of municipal government capital spending yields more than one unit of economic growth. Government spending and tax relief are indirectly beneficial when it supports private sector investment.
- II. Innovation: municipal policies could encourage innovation and higher productivity to indirectly spur advances in production techniques, knowledge, and the efficient provision of goods and services.
- III. Jobs: municipalities can implore post-secondary institutions and provincial government authorities to address the shifts in skills for the evolving economy and the impact of an ageing workforce on the pool of available skills and talent.

Recently, and through support from the Service Owner Network, City Administration completed an inventory of the volume of ongoing post-pandemic economic recovery activities. The outcome is a list of 63 City-specific plans, programs and initiatives in five categories aligned with the opportunity channels at the end of 2021 February (Attachment 1). Many of the plans, programs and initiatives have strong support for economic recovery because it is their specific focus. Others have low or moderate support because economic recovery considerations are a by-product of the work. The five categories are:

1. Identifying necessary City-building investment
2. Enabling environment for business investment and innovation
3. Direct support for innovation in the business community
4. Investment in local community's economic wellbeing
5. Direct spending and Investment or taxpayer relief to spur the economy.

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This report focuses on City-specific post-pandemic recovery work. Response and recovery work is also underway through the investment of operating and capital funds and City-owned assets in partnerships. Through partnership, The City benefits from partners' knowledge and expertise and their ability to leverage and multiply The City's investment. Detailed information about Civic Partners program and services, including their current state, will be available as part of the *Civic Partner Annual Report* to the Standing Policy Committee on Community and Protective Services on 2021 May 27, and the Wholly Owned Subsidiaries annual general meetings to be held on 2021 June 15 and 2021 June 29. A full update on the implementation of - Calgary in the New Economy: An economic strategy for Calgary - will be presented by Calgary Economic Development to the Priorities and Finance Committee on 2021 May 18.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- Public Engagement was undertaken
- Public Communication or Engagement was not required
- Public/Stakeholders were informed
- Stakeholder dialogue/relations were undertaken

The work on post-pandemic economic recovery includes two categories of stakeholder engagement. The first category allowed The City to receive external stakeholder perspectives through the ERTF. Many members engaged with others in the community to inform ERTF discussions. The second and still-ongoing category allows City Administration to gather details on economic recovery efforts underway through Civic partners.

Further engagement with the business community would leverage existing relationships established by the Business and Local Economy Team, including the Business Advisory Committee. Following Committee and Council review, there would be public communication of The City's post-pandemic economic recovery activities.

IMPLICATIONS

Social

The recovery activities target aspects of the Social Wellbeing Policy:

- Meeting people's diverse needs, strengths and social realities (i.e. equity).
- Advancing an active and shared process to reconciliation through mutually respectful and beneficial relationships between indigenous and non-indigenous people.
- Supporting and growing culture in Calgary by providing an opportunity to express the broader Calgary society's unique identity.
- Preventing social issues and problems before they start.
- Improving our understanding of the needs in the Calgary society.

Environmental

The recovery activities target aspects of the Climate Resilience Strategy:

- Reducing community greenhouse gas (GHG) emissions in both the short and long term.
- Evaluating the effectiveness of GHG reduction using carbon abatement costs or investment associated with actions to reduce, avoid, or sequester GHG emissions.

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- Limiting local environmental impacts by caring for the environment and promoting resilient neighbourhoods where residents connect and live active, healthy lifestyles.
- Advancing the low carbon economy through actions and partnerships that drive energy and GHG reductions and stimulate innovation, clean development and jobs.

Economic

The activities target economic growth and aspects of the Calgary in the New Economy strategy:

- Increasing employment opportunities for Calgarians and contributing to the Calgary Region's economic growth.
- Increasing the ability to retain, develop, and attract talented and educated individuals and, by extension, increase the local supply of educated and talented individuals.
- Enhancing value creation (i.e. economic value added) through the activities.
- Enhancing opportunities for higher wealth across all segments of the population.

Service and Financial Implications

Other:

The impact on The City's operating budget from all 63 activities is available in Council progress reporting. There are no specific operating budget requirements requested through this report. However, specific activities may require funding support. Council would receive updates on capital and operating (capital portion) budget changes as they arise.

RISK

To mitigate further risk to the Calgary business community and workforce due to the coronavirus pandemic and adverse economic events, The City has identified numerous economic recovery activities. There is a substantial economic risk to The City if it does not provide adequate support for these activities and remains vulnerable to future economic stresses and shocks.

There is a capacity for change risk arising from the number of plans, programs and initiatives. There are many City staff involved. Some activities are approved but not started because of the workload on existing staff. Mitigation would require exploring alternative governance, resourcing, coordination, sequencing and execution approaches in a value-driven, more efficient manner.

There is a reputational risk to The City from not communicating efforts to support the economy, unlike other big Canadian cities. Provincial and federal government post-pandemic economic recovery objectives are outlined in the 2020 June Alberta Recovery Plan and the 2020 September Federal Speech from the Throne. Failure to outline the approach to supporting Calgary residents and businesses through the most severe recession in decades could generate political risks.

ATTACHMENTS

1. Previous Council Direction, Background
2. Plans, Programs and Initiatives for Post-Pandemic Economic Recovery
3. Survey Findings on Oversight and Implementation Team Composition

**Chief Financial Officer's Report to
Priorities and Finance Committee
2021 April 27**

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Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Carla Male	Chief Financial Officer	Approve
Jennifer McMurtry	Customer Service & Communication	Consult