

## Post-Pandemic Economic Recovery

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### RECOMMENDATION(S):

That the Executive Committee recommend that Council, Direct Administration:

1. To provide a 2022 May progress report to the Executive Committee on Calgary's post-pandemic economic recovery. Administration will provide a briefing note unless specific items require Council approval;
2. To implement Economic Resilience Task Force (ERTF) program recommendations; and
3. To thank the citizen volunteers on the ERTF for their professional contributions and their passion for Calgary's success.

### HIGHLIGHTS

- Calgary has a highly cyclical economy. However, the 2020 Calgary recession is the deepest in 34 years.
- Economic insecurity remains elevated. Many Calgary businesses are more vulnerable financially and at risk of closing. One in every eleven Calgarians that want to work can't find jobs.
- Short-term or temporary relief and stimulus measures were only a buffer. Many economic indicators are still worse than before the pandemic.
- Municipal, provincial, and federal governments are aware that more work is needed. As a result, many City activities are underway to support Calgary's recovery.
- Investments, Innovation and Jobs – are three opportunity channels. Municipalities use them to support medium- and long-term growth. The City is active in all three.
- There were 63 City-specific, ongoing post-pandemic economic recovery activities in 2021 Q1. By 2021 Q3, the City had completed implementation work on six of them.
- We have summarized these activities in five categories. Some started recently. A few are facing challenges. Most are on track.
- The Economic Resilience Task Force (ERTF) offered support. They recommended four programs before concluding work in 2021 September. These programs will yield robust financial, economic, environmental, and social benefits.
- All 63 activities align with some or all five Council-approved Citizen Priorities.
- Background and Previous Council Direction are available in Attachment 1.

### DISCUSSION

For six years, from 2015 to 2020, Calgary has had a volatile economy. For three years, Gross Domestic Product fell (2015, 2016 and 2020). Then, for three other years, the economy expanded (2017, 2018 and 2019).

The Calgary economy should return to the 2014 level sometime in 2021. That is some respite. However, economies like Calgary grow at an average rate of about 2 per cent every year. It means that Calgary's economy should not be at the 2014 level but should be about 15 per cent larger.

Because we have effectively lost seven years, Calgary's economy looks very different. Three notable forces were at work.

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- a. Ongoing structural change across industries. A few industries have thrived with moderate growth. Some industries have suffered a substantial decline.
- b. Public health restrictions targeted at slowing the spread of the coronavirus. Household and business activity have fallen. It reduces what we produce and consume.
- c. Price volatility has affected the oil and gas industry. West Texas Intermediate was once negative and once at a seven-year high, all within 18 months.

There are some undesirable outcomes for Calgary businesses and the workforce.

Business insolvency filings and the magnitude of financial vulnerability have increased in Calgary. For example, total net liabilities at the insolvency filing increased from \$71 million in 2013 to \$1.02 billion in 2019.

The number of businesses with employees operating in the city declined from 53,603 in 2015 (peak) to 51,696 in 2020. Nearly every business has felt the impact of the economy. 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.

Calgary's unemployment rate remains very high. It is not only higher than the level before the pandemic. It is also higher than the provincial and national average.

There are three features of successful attempts at powering economic progress in cities. These opportunity channels explored in ongoing work are:

- Investment. Municipalities invest in infrastructure. Every dollar invested yields more than one unit of economic growth. Government spending and tax relief also spur private sector investment.
- Innovation. Municipalities can encourage innovation. It drives higher productivity. It means benefitting from producing more goods and services with the same resources.
- Jobs. Municipalities can work with post-secondary institutions and the provincial government. The goal is to get them to focus on the skills Calgary needs as some industries thrive and others decline.

City Administration, through the Service Owner Network, identified recovery activities underway. Attachment 2 summarizes the 63 City-specific plans, programs, and initiatives in five categories. Many of them have strong support for and focus on economic recovery. For others, it is a by-product of work to achieve other Council Priorities. 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.

The update focuses on City-specific post-pandemic recovery work. There is more work through the investment of operating and capital funds and City-owned assets in partnerships. The City benefits from partners' knowledge and expertise. The City also benefits from their ability to leverage and multiply The City's investment.

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Council can expect to receive updates on specific activities through committees as outlined in Attachment 3. The current update uses the Council committee structure in place in 2021 September. Future updates will adopt the recently approved Council committee structure. The ERFT recommended four economic recovery programs. An overview of those programs is available in Attachment 4.

### **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

There are three categories of stakeholder engagement. The first was through external stakeholder perspectives from the ERTF. Members engaged with others in the community to inform ERTF discussions. The second and still-ongoing category involves Civic partners. Civic partners developed programs using external stakeholder feedback. The third is through business community and public engagement embedded in each initiative.

### **IMPLICATIONS**

#### **Social**

The recovery activities target Social Wellbeing Policy goals:

- Meeting people's diverse needs, strengths, and social realities (i.e. equity).
- Advancing an active and shared process to reconciliation. The focus is on mutually respectful and beneficial relationships between indigenous and non-indigenous people.
- Supporting and growing culture in Calgary. It requires 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 Climate Resilience Strategy goals:

- Reducing community greenhouse gas (GHG) emissions in the short and long term.
- Evaluating the effectiveness of GHG reduction. Some focus on carbon abatement costs. Others focus on investments to reduce, avoid, or sequester GHG emissions.
- Limiting local environmental impacts. It requires care for the environment. It involves promoting resilient neighbourhoods where residents connect and live active, healthy lifestyles.
- Advancing the low carbon economy through actions and partnerships. Driving energy and GHG reductions. Stimulating innovation, clean development, and jobs.

#### **Economic**

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

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- Increasing employment opportunities for Calgarians and regional economic growth.
- Increasing the ability to retain, develop, and attract talented and educated individuals.  
Increasing 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 operating budget from all activities is available in Council progress reporting. There are no specific operating budget requests in this report. Specific activities may require future funding support. Council will receive capital and operating budget changes as they arise.

#### **RISK**

The City has started many economic recovery activities. They are helping businesses and Calgarians deal with a volatile economy. They need ongoing Council support. Reduced support could hurt some in the community. Businesses and workers will be vulnerable to present and future economic stresses and shocks.

There is a capacity for change risk, given the volume of work. There are many City staff involved. The same staff often supports multiple initiatives. Some activities progress slowly because of the workload. Mitigation would require responsive coordination and execution approaches with a focus on value and efficiency.

There is a reputational risk to The City from not communicating efforts to support the economy. Many large Canadian cities continue to communicate.

The provincial and federal government post-pandemic economic recovery objectives are available. They were initially outlined in the 2020 June Alberta Recovery Plan and the 2020 September Federal Speech from the Throne. These governments are actively working to continue support for those hurting. Failure to outline The City's efforts through the most severe recession in decades could generate political risks.

#### **ATTACHMENT(S)**

1. Previous Council Direction, Background
2. Plans, Programs, and Initiatives for Post-Pandemic Economic Recovery
3. Oversight and Implementation Team Composition
4. Overview of Economic Resilience Task Force Recommendations

#### Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Carla Male	Chief Financial Officer	Approve