

City Hall-Business Leader Dialogue

VEDC's first City Hall-Business Leader Dialogue on July 2 discussed resource industries, technology development, taxation and the role of City elected officials in economic development.

The Dialogues, which will take place every quarter, have been established by VEDC in response to a unanimously approved motion at City Council. Council's request came after discussion of a VEDC report (hotlink) that recommended more dialogue between City Hall and business leaders.

Representing City Council at the meeting were the official Council liaisons to VEDC, Peter Ladner and Kim Capri; other Councillors sent their regrets. James Ridge, Deputy City Manager, also attended the Dialogue. "It was a very good meeting," said Ladner afterwards "where a tremendous amount of useful information was exchanged."

Business sector representatives were John Allan (Confederation of Forest Industries), Bruce Flexman (International Finance Centre BC), John Groves (Royal Bank of Canada), Pascal Spothelfer (BC Technology Industry Association), Chuck We and Tom Knoepfel (representing the National Association of Industry and Office Property), and Robert Harper and Tom English (representing the VEDC Board).

Among the topics discussed were:

Resource industries

- Forest industry is currently hard hit; it will bounce back fairly soon, as a smaller industry
- Downtown has a significant dependence on the forest industry – a dated study suggested a fifth of occupied downtown office space was related to the forest sector, and this has not changed too much
- Development of Asian markets for building with wood is an important new priority for the industry
- The technology and forest industries are closely related – they are working together on the Province's new \$25M bioenergy initiative and technology companies in areas such as ICT depend on the forest industry for a significant amount of their work

Technology Development

- Tech companies represent over 5% of the economy, but have significantly higher than average weekly wages - \$1080 p.w. versus \$740 for all industries

- Main clients are in BC – only 20% of product is exported – so strength in the domestic economy is very important
- Quality of life and immigration are vital to the industry because it needs to grow critical mass
- Tech employees live downtown, but more tech companies are moving to the suburbs, forcing tech employees to commute there
 - That's why development of GNWC is so important

Taxation

- Provincial 2008 tax changes, particularly the removal of the capital tax, provide a real opportunity for Vancouver to secure more financial sector jobs
- Work being done by KMPG suggests BC is very tax competitive – see www.competitivealternatives.com/new/tax.html
- The International Financial Centre qualifying activities are also appropriate for many larger companies outside the financial sector, and could prove very useful in attracting Asian companies to establish regional offices in Vancouver
- Provincial carbon tax will shift taxes from individuals to corporations – worst hit sectors include forestry (increase of \$35M in first year), mining, transportation, cement
- Tax rates are an important issue beyond dollars and cents because they send a very important signal to companies about the business-friendliness of the taxing jurisdiction
- Property tax levels are mostly not a major burden relative to other jurisdictions. But because they are unrelated to earnings, they can pose a huge problem for start-ups and others without an established cashflow. Tax increases on properties under development should be deferred until the new buildings are completed.

Role of City Elected Officials in Economic Development

- Politicians' presence in business meetings can be very useful as long as they either bring something to the meeting (e.g. new information) or they take something away (e.g. better understand they share with their peers)
- Listening to business concerns, availability for meetings when requested, and showing appreciation for contributions to the community, are always important, and particularly so in dealing with incoming investment prospects
- Politicians should concentrate more on:
 - ✓ Making Vancouver a world class city
 - ✓ Taking advantage of economic complementarity of different jurisdictions and regions (e.g. using bioenergy from the interior to meet urban energy needs)
 - ✓ Areas where public and private sector interests are aligned

Other

- Commercial development
 - ✓ MetroCore Jobs approach positive
 - ✓ Ecodensity will provide a little more commercial space, but not space of interest to international companies
 - ✓ Densities are increasing in suburban areas
 - ✓ Rents still do not justify commercial development downtown, given the high cost of construction
 - ✓ Some sectors still see Georgia St as the southern boundary of the CBD
- City permitting process is still very problematic
 - ✓ One company needed to produce 41 layout designs to secure an approval

Summarizing the meeting, VEDC's CEO, Phil Heard, said "This has been a very good first meeting. The informal format worked well and our challenge now is to attract more Council members to the next meeting in September."