

CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: October 29, 2007
Author: Karen Levitt
Phone No.: 604.873.7251
RTS No.: 6957
VanRIMS No.: 08-3000-11
Meeting Date: November 15, 2007

TO: Standing Committee on City Services and Budgets

FROM: General Manager of Corporate Services

SUBJECT: Vancouver Economic Development Commission - Final Report of the Blue Ribbon Council for Vancouver's Business Climate

RECOMMENDATIONS

- A. THAT Council receive for information the *Blue Ribbon Council Report for the City of Vancouver on Business Climate Strategy*, attached in Appendix A of this report.
- B. THAT Council direct staff to report back, in consultation with the Vancouver Economic Development Commission, with analysis and comment on the recommended actions contained in the *Blue Ribbon Council Report for the City of Vancouver on Business Climate Strategy*.

CITY MANAGER'S COMMENTS

The report prepared for the Vancouver Economic Development Commission (VEDC) by the Blue Ribbon Council for Vancouver's Business Climate (BRC) provides Council with a comprehensive view of the critical role economic development plays in Vancouver's long-term sustainability objectives. The authors have put forth a number of specific recommended actions to address a variety of important business climate issues. These actions vary in terms of the City's role in their implementation, as well as in their scale, scope, and potential cost and benefits to the City.

City staff will work in consultation with the VEDC to assess the BRC's recommended actions, and report back to Council with this analysis. This work will assess the BRC's recommendations in the context of current initiatives, policies, and projects at the City, and will include the associated cost implications and resource commitments for the City.

We have been fortunate to have had the benefit of the significant time and expertise dedicated to this project by the members of the Blue Ribbon Council, and would like to sincerely thank each of these individuals, as well as the many other business and community leaders that have participated in this initiative.

COUNCIL POLICY

City Council has a policy of contracting with the Vancouver Economic Development Commission for the provision of economic development services, with the general terms of this agreement defined in a three-year service contract. Specific deliverables and associated funding is determined through approval of a business plan that is presented annually to City Council by the VEDC. The most recent VEDC business plan was presented to Council in February 2007, with associated funding approved through the City's 2007 operating budget process. The VEDC will be bringing its 2008 business plan to Council prior to the end of the year.

On July 20, 2007, Council approved the following set of guiding principles, intended to give direction to the VEDC for its economic development strategy, and to inform wider city strategies, planning, policy development and decision-making:

- *Competitive Business Climate* - Vancouver will establish a competitive business climate that puts the city ahead of competitor jurisdictions.
- *World Class Industry Clusters* - Vancouver will identify, grow and build world-class export-oriented industry clusters that contribute to a diverse and resilient economy.
- *Strategic Infrastructure Investment* - Vancouver will make investments in infrastructure that are strategic, sustainable, and focused to deliver economic returns to the city.
- *High Quality of Life* - Vancouver will maintain a high quality of life that attracts and retains skilled and talented workers required to drive the city's economy.
- *Regional Leadership & Collaboration* - Vancouver will provide regional leadership for economic development.

-
- *Sustainability* - The City of Vancouver will be a global leader in sustainability practices, balancing social, environmental and economic considerations for the benefit of both residents and business.

On Feb 27, 2007, Council approved funding for VEDC to implement Phase 1 of the Business Climate strategy, subject to Council approval of a project plan.

P (ii). THAT Council approve funding of the implementation of the Business Climate Strategy for \$50,000. These funds ensure VEDC can take action on the Economic Development (Business Climate) Strategy Phase I currently being developed; release of funds subject to Council approval of project plan; funding to be added to the 2007 Operating Budget, increasing 2007 property taxes by 0.01%.

PURPOSE

This report presents to Council the *Blue Ribbon Council Report for the City of Vancouver on Business Climate Strategy*.

BACKGROUND

In July 2006, Council approved \$212,000 in funding for the first phase of the Business Climate Strategy project, to be initiated by the VEDC. (This project was referred to as the VEDC's Economic Development Strategy or ED Strategy in the project's early stages.)

The VEDC has divided the Business Climate Strategy into two phases.

PHASE 1 objectives are:

- to identify and benchmark key factors that sets Vancouver apart from its competitors,
- to establish a business climate vision that sets Vancouver apart from its competitors,
- to establish goals and strategies to guide future action, and
- to implement actions that will ensure that Vancouver becomes an internationally competitive business location.

PHASE 2 involves the initiation of a competitive industry cluster strategy; more details on this phase will be included in the upcoming VEDC 2008 business plan.

The VEDC Board of Directors appointed members to the Blue Ribbon Council on Vancouver's Business Climate (BRC), and gave this group the mandate of providing direction to and guidance in the development of the Business Climate Strategy. The members of the BRC are listed in Appendix B of their report.

In November 2006, the VEDC delivered a progress report on this project to Council (RTS 6399), and this current report is the final report of the Blue Ribbon Council.

DISCUSSION

The *Blue Ribbon Council's Report for the City of Vancouver on Business Climate Strategy* provides an overview of the current state of Vancouver's business climate, which they define as the "... conditions that affect the ease, opportunity and profitability of conducting business in Vancouver." The authors identify the key issues relating to maintaining and strengthening Vancouver's business climate, and present forty recommended actions related to these issues.

The BRC has grouped each of their recommended actions into one of the following four categories:

- short-term projects for the City to initiate or facilitate (each designated as either a high, medium or lower priority),
- ongoing initiatives for the City to undertake or facilitate (each designated as either a high, medium or lower priority),
- existing initiatives that the City could support, and
- issues that the City could influence.

The authors' designation of high, medium, or lower priority is an indication of their view of which initiatives are likely to have the biggest impact on Vancouver's business climate. The VEDC's introduction provides their commentary on the nine recommendations actions that have been designated as high-priority by the BRC.

In their introduction, the VEDC recommends that the City, in its 2008 budget:

- provide funding to initiate the proposed review of all business-related regulations,
- provide additional funding to mitigate the impact of crime on small business, and

-
- begin implementation of the Property Tax Policy Review Commission recommendations.

These recommendations will be specifically addressed at the time staff and the VEDC report back to Council, per Recommendation B.

FINANCIAL IMPLICATIONS

There are no financial implications of this current report. There may in future be cost implications, through two possible avenues:

- **VEDC FUNDING REQUESTS:** Funding for any recommendations from the BRC report that the VEDC chooses to implement in 2008 will be sought in the VEDC's 2008 business plan, which will come to Council before the end of the year.
- **CITY OF VANCOUVER BUDGET IMPACTS:** Some of the BRC's recommendations involve either one-time or ongoing costs to the City of Vancouver. Any cost implications for the City related to the BRC report will be reported to Council at the time staff and the VEDC report back with an analysis of the Blue Ribbon Council's recommendations, per Recommendation B of this report.

It is noted that Council has already approved \$50,000 in funding for the VEDC to implement Phase 1 of the Business Climate Strategy (on February 27, 2007). The release of these funds is subject to Council approval of a project plan, and it is anticipated that the VEDC will bring this plan to Council as part of their 2008 business plan.

At this time, there is no funding in place for Phase 2 of the Business Climate Strategy; it is anticipated that this will also be addressed in the VEDC's 2008 business plan.

CONCLUSION

This report presents to City Council the final report of the Blue Ribbon Council for Vancouver's Business Climate. Working in consultation with the VEDC, staff will report back to Council with an analysis of the recommendations, as well as any associated cost implications for the City.

* * * * *

BLUE RIBBON COUNCIL REPORT
FOR THE CITY OF VANCOUVER BUSINESS CLIMATE STRATEGY



VANCOUVER



BUSINESS CLIMATE REPORT

October 2007





BOARD OF DIRECTORS

Mark Betteridge, Vice Chair

Discovery Parks Inc.

Bruce Clayman

Centre for Policy Research on Science
& Technology, SFU

Thomas English, Chair

Fraser Milner Casgrain LLP

Robert Fitzgerald

Vancouver Port Authority

Robert Fung

The Salient Group

Colin Heartwell

Canadian Manufacturers and Exporters

Raquel Hirsch

Hirsch Strategies Inc.

Betty Icharia

EPCOR Water Services

Valerie Jenkinson

Nova Quality Training & Consulting

Maureen Kirkbride

Telus

Karim Kassam

Kassco Advisory Services

Soo Lee

Eminata Group

Gordon Stewart

Independent Contractors and Businesses
Association of BC

George Wang

National Research Council

EX-OFFICIO MEMBERS

Bob Laurie

CB Richard Ellis Ltd.

Leonel Roldan-Flores

Government of British Columbia

Phil Boname

Urbanics Consultants Ltd.

CITY COUNCIL LIAISONS

Councillor **Kim Capri**

Councillor **Peter Ladner**

Vancouver Economic Development Commission
#1620 - 1075 West Georgia Street
Vancouver, BC V6E 3C9
Toll Free: 1-800-632-9668

Phone: 604-632-9668

Fax: 604-632-9788

www.vancouvereconomic.com

VISION

Vancouver is known around the world
as much for the excellence of its business climate
as for its quality of life.

October 25, 2007

Mayor and Councillors
City of Vancouver
City Hall, 453 West 12th Avenue
Vancouver, BC V5Y 1V4

On behalf of the Board of the Vancouver Economic Development Commission (VEDC), it is my privilege to present a Report on the Business Climate in the City of Vancouver. The Report has been completed in response to direction from City Council in June 2006.

The Report is the culmination work based on the concepts outlined in City Council's July 2006 report *Guiding Principles: Economic Development in the City of Vancouver*. Much of the work was carried out by external consultants and VEDC staff, but I am also proud of the many hours devoted to this Report by members of VEDC's Board.

I want to take this opportunity to thank over 100 business and community leaders who took time to speak to us at length and with considerable specificity about the City's business climate. Their observations played a major role in shaping the findings in this Report.


I also want to express my appreciation to the twelve members of the Blue Ribbon Council (BRC) who deliberated at length over the summer to produce detailed recommendations on improving the business climate. The report produced by this group of talented and experienced executives, ably chaired by Sarah Morgan-Silvester, comprises the heart of our findings. It is attached to the VEDC's Report as Appendix 1.

The VEDC Board endorses the entire BRC report in principle. It has produced this Report to complement the BRC report, providing:

- Broader context for some issues, including those that relate to the VEDC
- Recommendations on implementation of the BRC report findings

The VEDC Report and recommendations are based on the BRC report, analysis and benchmarking conducted by the VEDC, comments provided by business and community leaders, and the experience of those who serve the City of Vancouver as members of the VEDC Board.

Respectfully submitted,



Tom English
Chair,
VEDC Board of Directors

TABLE OF CONTENTS

REPORT ON THE BUSINESS CLIMATE IN THE CITY OF VANCOUVER	1
APPENDIX 1 Blue Ribbon Council Report for the City of Vancouver Business Climate Strategy	11
APPENDIX 2 City of Vancouver Economic Development Guiding Principles	51
APPENDIX 3 Vancouver’s Economic Performance	59
APPENDIX 4 2006 Stakeholder Outreach Summary	75
APPENDIX 5 2007 Stakeholder Outreach Summary	83
APPENDIX 6 VEDC May 2007 Business Climate Update Report.....	101
APPENDIX 7 Regional Collaboration on Economic Development MOU	113



**REPORT ON THE BUSINESS
CLIMATE IN THE CITY OF
VANCOUVER**

In July 2006, City Council asked the Vancouver Economic Development Commission (VEDC) to undertake a two phase project to develop an economic development strategy for the City of Vancouver.

Phase 1 of the project was to examine and make recommendations on Vancouver's business climate.

This Report concludes the VEDC's work on Phase 1. The Report structure follows the four-step process discussed with City Council in July, 2006 and repeated in the VEDC's 2007 Update report to City Council.

WHERE WE ARE NOW

In 2006, the VEDC engaged a consulting team to interview over 50 business and community leaders,¹ and to work with the VEDC on an analysis of Vancouver's economy, including benchmarking performance against competitor cities.²

These two studies were the basis of the VEDC's 2007 Update report to City Council, which noted:

- There are reasons to be concerned about Vancouver's longer-term economic sustainability and the competitiveness of our business climate.
- Vancouver does not perform well on a number of important business climate factors, relative to competing jurisdictions.
- People and business in Vancouver have growing concerns about Vancouver's business climate.³

During 2007, the VEDC and consulting team established a Blue Ribbon Council (BRC) of business leaders to make specific recommendations for business climate improvements. The report of the BRC constitutes the core of our recommendations to City Council.⁴

The VEDC also interviewed 60 business and community leaders on business climate issues and recommendations, and to provide a *2007 Outreach Summary* report.⁵

The VEDC's work in the last six months has identified much to reinforce the concerns expressed in the *2007 Update* report, and nothing to mitigate them. Businesses of all sizes, and from a wide variety of sectors, share a perception that the business climate in the City could and should be significantly improved.

VEDC notes a growing consensus that our economy faces significant challenges in the medium term.⁶

These include:

- The impact of a strong dollar, and a potential weakening of the US economy, on our exports and trade balance
- Improving our chronically poor productivity record
- The province-wide impact of the pine beetle infestation
- A post 2010 slowdown in capital spending

Vancouver needs an excellent business climate to weather these challenges successfully. The *2007 Outreach Summary* report identifies five areas in which significant numbers of business leaders found the current business climate problematic. Three of these areas were each characterized by a number of business and community leaders as Vancouver's number one business climate issue; the other two areas were seen as both City and region-wide issues.

• Regulations

• Safety & Deteriorating Public Realm

• Property Taxes & City Expenditures

• Lack Of Available Space CITY & REGION

• Traffic Congestion & Affordable Housing CITY & REGION

¹ See Appendix 4

² See Appendix 3

³ See Appendix 6; pp. 4, 6, 8

⁴ See Appendix 1

⁵ See Appendix 5

⁶ See, for example, Vancouver Sun, October 13, 2007, p. F1; Business Council of BC, Submission in Advance of the 2008 Provincial Budget, esp. pp. 6-11

Beyond specific areas of concern, Vancouver's business climate faces a less tangible, but more problematic, source of weakness. The VEDC's work over the last year has convinced it of the existence of a significant gap in understanding between City Hall and businesses in the municipality.

Businesses frequently feel their contribution to the City's success is not fully recognized and appreciated; equally, businesses are often unaware of the range of challenges the City has to address.

The VEDC applauds City Council for recent steps taken to recognize the importance of a strong business sector. These include reducing the differential in residential and commercial property tax rates, adopting *Guiding Principles: Economic Development in the City of Vancouver*, and funding this study.

But there remain important differences in opinion within the community regarding the business sector. The VEDC, and many others, see a competitive business climate and a strong economy as the essential fiscal underpinning of our enviable quality of life; others perceive them as threats to our environment and sustainability.

A lack of community consensus around the importance of a strong economy as one of the pillars of sustainability is a major problem. It is a significant impediment to the community's ability to work together to improve our overall productivity, to raise income levels, and to realize community social and environmental goals. Over time, it could undermine the City's financial integrity, since businesses are increasingly mobile, and account for about half of the City's revenues.

Building relationships that work towards a broad community consensus on advancing economic,

environmental and social sustainability may be the single most important task in improving our City's overall productivity, business climate and international competitiveness.

WHERE WE WANT TO BE

As noted by City Council in July 2006, the first guiding principle in achieving a strong and sustainable economy is a competitive business climate.⁷

The VEDC recommends the following business climate vision to the City:

***Vancouver is known around the world
as much for the excellence of its business
climate as for its quality of life.***

HOW WE WILL GET THERE

Creating a competitive business climate is complex and time consuming. It is not just a matter of implementation; it is an on-going process of community-wide continuous improvement that builds relationships and trust, thereby allowing businesses to thrive.

The BRC report recommends 40 Actions in 14 different areas. Twelve of these are characterized as "Supporting existing initiatives" and a further eight are "Influencing others". Of the remaining 20 Actions, nine are categorized as "High priorities."⁸

VEDC fully supports the direction set in the BRC report and the intent behind each of its recommended Actions. VEDC offers the following comments on the BRC's nine high priority Actions.

⁷See Appendix 2

⁸See Appendix 1: pp 42-47

Action 1-1:
Mayor and Council support the implementation of the BRC strategy with clear communication to the public.

VEDC strongly supports this Action. It believes that the role of Mayor and Council should be not only to support the strategy, but also to help the public better understand the economic underpinnings of our quality of life, and the interdependence of our economy with the regional economy and the economy of British Columbia.

The VEDC offers its services for the design and implementation of an effective program of events, speaking engagements, business visits and other activities in support of this Action.

Action 2-1:
Create the senior position of City Economist.

The VEDC supports the development of greater capacity for economic analysis at City Hall.

Action 3-1:
Comprehensively review the structure, funding and mandate of the VEDC, including its role in regional economic development.

The VEDC strongly supports this Action, which the BRC report advances in the context of a strategy to provide stable, long term funding for economic development activities.

The VEDC will address this issue in the fall of 2007 by:

- Presenting a 2008 Budget request based on a level of economic development activity consistent with the BRC report
- Reporting to City Council, as part of its Business Plan presentation, on VEDC's proposed mandate for 2008
- Preparing a report for City Council on longer term options and recommendations for the future of VEDC.

This report, prepared in conjunction with the City's Finance and other appropriate departments, could be delivered in January, 2008

Action 3-2:
Undertake the proposed Phase 2 of the Economic Development Strategy.

The VEDC strongly supports this recommendation, and will request City funding for this Phase in its 2008 Budget request.

Phase 2 of the VEDC's economic development strategy will build on this Report and articulate an economic future for Vancouver. More specifically, it will:

- Define how our relatively small regional economy relates to the evolving global economy.
- Identify Vancouver's strengths as a relatively high cost location in the evolving regional economy.
- Articulate a vision for how Vancouver can identify and leverage its strengths and opportunities, maximize its comparative advantages and enhance its exports of goods and services.
- Address the needs of a number of broad, export-oriented sectors.
- Integrate economic development strategies with those of the tourism, technology, culture, creative/arts, transportation, education and other relevant sectors.
- Analyse the competitiveness of different commercial and industrial areas of the City relative to alternative locations elsewhere in the region.
- Investigate sustainability as an economic driver, and the impact of sustainability-related issues on the competitiveness of the City's economy.
- Provide support and economic development context for City policies related to land use, taxation and regulation.

The VEDC's work plan to develop Phase 2 will be designed as much to build strong, on-going relationships, as to produce an economic development plan.

With an economy increasingly comprised of small businesses, it is particularly important to work with business associations to help build networks, share information and increase social capital among small businesses and their potential collaborators, clients, suppliers and financiers.

Relationship building between governments and businesses will be addressed by involving municipal departments, BIAs and federal and provincial government entities. In addition, to ensure the economic strategy developed is consistent with community environmental and social goals, outreach during the development of the strategy will include not-for-profits, educational and cultural institutions, labour, environmental and social groups.

A coherent economic development plan, created and implemented through a collaborative process, is both a powerful economic development tool and a means to improve the business climate. The more businesses understand government plans and community priorities, the better they are able to make their own plans, reduce their risks, and increase their productivity.

The VEDC's 2008 Business Plan will include details on the proposed Phase 2 work plan.

Action 4-1:
Undertake a comprehensive review of City regulations relating to business and development

Action 4-3:
Institute BizPaL in order to increase transparency of City regulations and processes

VEDC strongly supports action to reduce the amount of City regulation of businesses, and to provide more regulatory speed and certainty to businesses.

This will:

- Significantly improve business productivity in a tight labour market
- Support entrepreneurship, as regulations and slow processing typically create a disproportionately greater burden for small and starting businesses
- Address concerns that the regulatory burden in the City negatively impacts the City's competitiveness in the region.⁹

At the same time, the VEDC recognizes that municipalities face enormous on-going challenges in updating their regulatory systems to address emerging issues, notably those associated with increasing sustainability, through "greener" buildings, Eco Density and other initiatives.

VEDC recommends that the City review, in conjunction with business, all existing regulations relating to business, with the objectives of reducing the regulatory burden while increasing both the economic and the environmental sustainability of the City.

The VEDC does not recommend any specific review mechanisms, noting that all possible approaches have advantages and disadvantages. The VEDC believes that whatever methodology is chosen, it should focus as much on relationship building between City Hall and regulated businesses as on modifications to City bylaws and processes.

The VEDC offers its services for the design and implementation of appropriate mechanisms to provide business sector input to City business regulatory review processes.

⁹See Appendix 5: pp. 88-89

Action 5-1:

Request that Metro Vancouver and/or the Provincial Government facilitate a process to create a regional economic development strategy and formal economic development organization for the Metro Vancouver region.

Action 5-2:

Establish, with interested regional partners, joint initiatives for marketing Metro Vancouver for investment attraction and addressing other economic development issues of common interest.

The VEDC strongly supports the intent of these Actions to foster a regional approach to economic development wherever possible.

Economic development includes both locally focused retention and growth activities, and externally focused trade and investment attraction activities.

Municipalities frequently compete with one another in locally focused activities; it is therefore appropriate that these activities remain at the municipal level.

Externally focused trade and investment attraction activities are most effectively carried out by a public-private agency on a regional basis. Trade and investment activities, more than any other activities, establish the community's economic identity worldwide. It is therefore crucial that the region provide consistent messages to global audiences about its economic strengths.

Several top-down initiatives to develop a regional economic development agency have been unsuccessful; the most recent attempt, by the Greater Vancouver Economic Council, failed earlier this year. Accordingly, in support of a regional approach, VEDC has chosen to pursue a grass-roots, "bottom-up" strategy, based on an agreement to collaborate with a limited

number of municipalities, on a specified number of investment attraction projects.

By focusing on specifically defined activities in areas where municipalities have the greatest incentive to collaborate, and by starting with a limited number of partnering municipalities, this approach avoids hurdles faced by previous, more broadly conceived efforts at regional collaboration.

On October 24, 2007, a Memorandum of Understanding (MOU) was signed by the Cities of Richmond, Surrey and Vancouver, as well as the District of North Vancouver. This will allow the VEDC and its counterparts to collaborate in specified investment attraction activities. The VEDC cooperated in the development of the MOU, which is attached as Appendix 7.

The VEDC is working hard to maintain the momentum that created the MOU, to use the MOU to leverage funding from senior levels of government, and to deliver on commitments made in the MOU, notably in respect of activities in Beijing during 2008. The MOU is open for co-signing by all Metro Vancouver municipalities.

Action 6-1:

Establish strong land-use policies for industrial and commercial land to eliminate the possibility of conversion to residential development.

The VEDC strongly supports this Action.

The City has already done significant work in this area. The VEDC envisages that Phase 2 of its economic development strategy will complement the City's work by providing a better understanding of the City's potential to compete with other municipalities and regions for commercial and industrial development and for jobs. It will, for example, consider the growth needs of thriving manufacturing and exporting companies (e.g. in apparel and food processing) in MetroCore industrial areas.¹⁰

¹⁰ Metro Core Jobs, step 3, Issues & Directions Report, draft, June 27, 2007, p.6 notes the role of industrial lands for production, distribution and repair (PDR) activities and for "services and office uses", but doesn't refer to manufacturing

WHAT WE NEED TO MAKE IT HAPPEN

The VEDC and many businesses that have provided input to this Report are strongly encouraged by the actions City Council has taken with regard to the City's business climate in the last eighteen months.

The VEDC believes that further action is both urgent and necessary. It is urgent that a more competitive business climate be established well in advance of any economic slowdown. It is necessary to address the issues identified in the BRC report, and to build a stronger community consensus around the essential role of business in advancing community sustainability.

The VEDC believes priority areas for City action should be those that the *2007 Outreach Summary* report indicated were most important to business and community leaders:

- Regulations
- Safety and deteriorating public realm
- Property taxes and City expenditures

With regard to safety and the public realm:

- The VEDC notes the broad range of negative impacts on businesses created by safety and other public realm challenges.¹¹
- The VEDC strongly supports Actions 13-1, 13-2 and 13-3 of the BRC report.

With regard to property taxes:

- The VEDC is pleased that, in addressing commercial and industrial tax burdens, the Property Tax Policy Review Commission stressed the importance of the City maintaining its tax competitiveness relative to other parts of the region.¹²

- The VEDC strongly supports Action 14-1 of the BRC report, which recommends implementation of the Commission's recommendations.

The VEDC recommends that, in its 2008 Budget, the City:

- ***Provide funding to initiate the proposed review of all business-related regulations.***
- ***Provide additional funding to mitigate the impact of crime on small businesses.***
- ***Begin implementation of the Property Tax Policy Review Commission recommendations.***

CONCLUDING COMMENTS

As a City-created, business sector-led organization, the VEDC believes it is uniquely positioned to play a leading role in building the positive and open relationships between the City and the business community that are fundamental to an excellent business climate.

The VEDC looks forward to Phase 2 of its work to develop an economic development strategy for Vancouver, which will be an important opportunity to strengthen the City's economy, sustainability and quality of life.

¹¹ Appendix 5: pp. 90-91

¹² City of Vancouver Property Tax Policy Review Commission Final Report, p.52

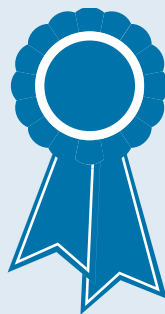


APPENDIX 1

Blue Ribbon Council Report for the City of Vancouver Business Climate Strategy

Vann Struth Consulting Group
Eric Vance & Associates

October 2007





VANCOUVER: CAN WE MAKE A GREAT CITY BETTER?

**Former U.S. President John F. Kennedy once said,
“The time to fix your roof is when the sun is shining.”**

Well, figuratively, if not always literally, the sun is shining in Vancouver. Ours is an exquisitely beautiful city, consistently ranked as one of the top five most livable in the world. Our economy is robust, the skyline is crowded with cranes, unemployment is at a 30-year low and there is a palpable sense of excitement as the city prepares to host the 2010 Olympics. It seems almost churlish to ask, what could go wrong?

Perhaps nothing. The gathering credit crunch in the United States may stabilize. B.C. commodity traders may weather the challenge of the rising dollar and the wobbling U.S. economy. The Olympic-inspired real estate and construction boom may carry on past 2010 and the forest industry may continue to find fibre, even after we have exhausted the last of the forests felled by the mountain pine beetle. Our growing strength as a Gateway for trade with Asia and India may help keep our economy strong.

But is it wise to leave it to chance? Early signs already show Vancouver's vulnerability. Although the employment rate increase has been among the fastest in Canada for the past five years, the jobs we have been creating are not, for the most part, in the high-pay, high value categories. With the second-lowest median income of any major city in Canada, it would take 73 per cent of that income, pre-tax, to service the average mortgage on a two-storey home (compared to 52 per cent in Toronto). So, even if Vancouver's economy does not suffer a cyclical downturn, we are at risk of becoming a hollow shell of a city, where rich people live or visit while the service employees who run the economy must commute from somewhere else.

The Three-Legged Stool: Integrating Social, Environmental and Economic Factors

Much has been written of the three-legged stool of a sustainable society: true sustainability can only be achieved if the societal stool rests securely on each of three legs – on social, environmental and economic strength.

But the idea of “balance” can be misleading. It suggests that you can play each of these elements off against the others. In fact, all three must be integrated. Successful businesses, paying taxes and providing jobs, are essential to pay for the quality of life, amenities and social safety nets that serve the people of Vancouver so well. You cannot attract world-class business leaders – or maintain social cohesion – in an environmentally compromised city. And if there isn't affordable housing, businesses will move to suburban centres where their employees can afford to live.

Vancouver is renowned for the progress it has made in constructing a livable city. Our urban innovations are an international model of success and our planners are becoming top draft picks in other jurisdictions. The City also has engaged with the Provincial and Federal governments on tackling issues like the fair provision of social housing. We are, and must remain, a regional leader and collaborator.

Only in monitoring and promoting economic development does Vancouver fall behind. On a per-capita basis, the Vancouver Economic Development Commission (VEDC) operates with about 40 per cent of the funding level typical in other large Canadian cities. Day to day, we are missing a critical level of policy development and business planning oversight.



Prosperity 2012: A Strategy for the Next Five Years

In July 2006, Vancouver City Council approved six guiding principles for economic development, the first of which was: Vancouver will establish a competitive business climate that puts the city ahead of competitor jurisdictions. The attached report addresses this first principle.

Here are three critical first steps:

1. Create the senior position of City Economist

A City Economist, appropriately placed within Vancouver's hierarchy, would help better understand the economic implications of events within and beyond the city's control. The position could provide an essential link to the region, to other levels of government and to the business community, even while bringing independent analysis of fiscal impacts and opportunities. The City would gain insight and foresight on critical issues of economic planning and development.

2. Make Sure Supportive Economic Infrastructure is in Place

While many of the essential infrastructural elements will flow from Phase 2 of the VEDC's Economic Development Strategy, other jurisdictions are currently far ahead of Vancouver in this area. For example: Calgary's Corporate Economics department gives that city an edge with up-to-the-minute research and economic and policy analysis; the City of Winnipeg commissioned a "Red Tape Commission" in 2004-05 that produced 30 recommendations to eliminate or reduce unnecessary or inefficient municipal processes and costs. And, of course, stable, long-term funding is critical to a credible economic development function.

3. Foster a Regional Approach to Economic Development

It is crucial to Metro Vancouver's international reputation that the global audience receives a consistent – and obviously positive – message about the region's potential as an economic destination. The VEDC has successfully engaged four municipalities (including Surrey, Richmond and North Vancouver District) in a Memorandum of Understanding to begin working regionally, but success will depend on support, commitment and leadership from the City of Vancouver. But Metro Vancouver also needs a formal economic development function to facilitate investment attraction, to set regional economic priorities, and to encourage the preservation and coordination of regional employment lands to foster economic development.



PROSPERITY 2012:

A STRATEGIC FIRST LOOK AT SOLIDIFYING THE STRENGTH IN VANCOUVER'S BOOMING ECONOMY

TABLE OF CONTENTS

1. INTRODUCTION	17
<i>Integrating sustainability</i>	17
<i>Warning signs on the horizon</i>	17
<i>Innovation and productivity</i>	18
<i>Maintaining quality of life</i>	19
2. BUSINESS CLIMATE STRATEGIES	20
2.1 Building Blocks for Economic Development.....	20
<i>Economic development leadership</i>	20
<i>Valuing economic considerations</i>	21
<i>Support for a formal economic development function</i>	21
<i>Streamlining regulation</i>	22
<i>Regional coordination</i>	23
2.2 Protecting & Enhancing Employment Lands.....	24
2.3 A Global City.....	25
2.4 Ability To Move.....	27
2.5 Developing A Superior Workforce.....	28
<i>Education</i>	28
<i>Supply of labour</i>	29
2.6 Addressing Crime & Safety.....	31
2.7 Balancing Property Taxes.....	31
3. IMPLEMENTATION FRAMEWORK	32
3.1 Short-Term Projects.....	32
3.2 Ongoing Initiatives.....	35
3.3 Supporting Existing Initiatives.....	38
3.4 Influencing Others.....	40
3.5 Implementation Summary.....	42
<i>High Priorities - Short-Term Projects</i>	42
<i>High Priorities - Ongoing Initiatives</i>	43
<i>Medium Priorities - Short-Term Projects</i>	43
<i>Medium Priorities - Ongoing Initiatives</i>	44
<i>Lower Priorities - Short-Term Projects</i>	45
<i>Lower Priorities - Ongoing Initiatives</i>	45
<i>Support Existing Initiatives</i>	46
<i>Influencing Others</i>	46
3.6 Performance Measurement.....	47
4. STUDY PROCESS	48
5. BLUE RIBBON COUNCIL ON VANCOUVER'S BUSINESS CLIMATE	49



1. INTRODUCTION

In July 2006, Vancouver City Council adopted a set of guiding principles for economic development. The first principle states that “Vancouver will establish a competitive business climate that puts the city ahead of competitor jurisdictions”. This Business Climate Strategy, which was developed with the guidance of a Blue Ribbon Council of business and community leaders appointed by the Vancouver Economic Development Commission (VEDC), sets out a course of action in support of this principle.

But why is business climate important, and *why does Vancouver need a Business Climate Strategy?* After all, Vancouver is widely viewed as one of the best cities in the world. The Economist magazine recently ranked Vancouver first in the world for liveability, while the Mercer Quality of Living Survey routinely ranks Vancouver in the top five in the world and highest in North America. The economy is also strong, with booming construction, rising real estate values, new businesses opening and record low unemployment. However, there are no guarantees that these conditions will continue, especially in a highly competitive environment for choice economic development opportunities. The Business Climate Strategy is needed to support the economic component of sustainability, and to ensure Vancouver is well positioned for economic growth over the long term.

INTEGRATING SUSTAINABILITY

Vancouver’s long-term sustainability requires strength in all three legs of the proverbial stool – the economic, the social and the environmental. Too often, discussions of sustainability focus on balancing these three elements, as if gains in one area naturally come at the expense of the others. But in fact, the three legs of sustainability should be integrated, meaning that ways should be found for gains in one area to support gains in other areas. Economic growth can be supportive of the

Business Climate Defined

The definition of business climate adopted by the VEDC for this study is:

The conditions that affect the ease, opportunity and profitability of conducting business in Vancouver.

environment by providing resources for governments and everyday citizens to make more environmentally sound choices, while new markets are continually being created for “green” products.

The social sphere, including public amenities and services, the social safety net, health care, education, and culture all rely on strength in the economy. Without a strong business sector, there is less employment and lower wages for citizens, and less tax revenue, corporate sponsorships, and charitable giving by the private sector. Vancouver needs economic strength in order to support the parks, the arts and cultural amenities, the community centres, the streets and sidewalks, and the social services that help make Vancouver one of the most admired cities in the world.

WARNING SIGNS ON THE HORIZON

Although Vancouver’s economy is strong, there are reasons to be concerned about the future. Many of the current drivers of Vancouver’s economy are cyclical. The rapid pace of both residential and non-residential construction will not last indefinitely, strong demand for BC commodities like minerals and energy will not continue rising unabated, the rapid pace of harvesting of pine beetle-infected wood in the Interior will decline, and the overall performance of the world economy will fluctuate.



But a more fundamental problem is that Vancouver has what might be called a “low-value economy”. Jobs in Metro Vancouver pay substantially less than jobs in other large Canadian cities (see Appendix 3). The region also exports relatively little (most goods leaving our ports are not produced in the region), and labour productivity is low (meaning that workers in other Canadian cities produce more value per hour worked). Household incomes are therefore low (Metro Vancouver ranks 22nd out of 27 Canadian metropolitan areas), a fact that is especially problematic given high housing costs in the region. Despite having one of Canada’s fastest rates of employment growth in the last five years, the economic value created by these jobs, and the wages paid to these workers, is low.

With less economic value being created, there is less tax revenue generated and fewer high-end job opportunities that will retain the best and brightest that our post-secondary institutions are graduating. Once the economic cycle that is currently favouring Vancouver turns downward, will there be other fundamental strengths to keep driving the local economy forward?

INNOVATION & PRODUCTIVITY

Over the next 25 years, there are projected to be an extra 700,000 people living in Metro Vancouver, and nearly 100,000 more in Vancouver. The economy must grow at the same rate as population just to maintain current standards of living, so if per capita income grows by an additional 2% per year, the economy of Metro Vancouver will more than double in size.

But doubling the size of the economy does not mean that all components of the economy are also doubled – there is no room to double industrial land, double roads and utilities, or double truck traffic. Doubling the size of the economy means that the value of what is produced is doubled, but not necessarily the amount of material that is produced or the amount of energy that is consumed. Vancouver is physically constrained,

City or Region?

This Business Climate Strategy has been developed for the City of Vancouver, although a strong theme expressed throughout the entire process by stakeholders, by the City, by the Vancouver Economic Development Commission, and especially by the Blue Ribbon Council, is the importance of a regional approach to economic development.

Vancouver’s business climate is barely discernible from Metro Vancouver’s business climate, as many of the most important issues (e.g. transportation, education, housing affordability, crime, and preservation of employment lands) cannot be adequately solved by Vancouver alone.

and even more than most other cities, must grow by being smarter and using its resources more efficiently. By increasing productivity, the same limited resources can produce more value, which is then converted into profits, wages, and taxes.

Throughout history, the key to increasing productivity has been through innovation. Most of the exponential growth in the world economy over the last 200 years has not been due to adding more labour or more resource inputs, but to the creation of entirely new products and entirely new ways of producing them.

Innovation does not refer only to fundamental scientific discoveries (although Vancouver has scientists making such discoveries and they are part of the answer). It is more likely to occur in small, incremental steps, and can occur in the private, public and non-profit sectors. The economy benefits through the accumulation of many small productivity improvements, which occur by refining production methods, adopting more efficient



technologies, re-working organizational structures, and identifying faster transportation links.

Strategies to address innovation are therefore not geared toward just science and technology. An important focus, especially at the municipal level, is to reduce the barriers and inefficiencies that stifle innovation and prevent productivity improvements from being realized and implemented. For example, modifying a permit application process to reduce wait times is a productivity improvement, and so is increasing the use of information technology by small business.

The need for the Vancouver economy to become more productive, and to foster the innovation that supports productivity and creates entirely new sources of economic growth, is a fundamental underpinning of this Strategy. The City of Vancouver as an entity must increase its own productivity, and also help to create the conditions by which the business sector can best increase its own productivity.

MAINTAINING QUALITY OF LIFE

The stakeholders consulted for this project were nearly unanimous in identifying the quality of life as the best part of Vancouver's business climate. Quality of life is therefore recognized as an essential component of Vancouver's business climate, yet it is so pervasive, and interrelates with so many other issues, that it is not treated as a separate focus of the Strategy. Rather, the approach of the Blue Ribbon Council is to use quality of life as a "filter" for evaluating all other strategies, thereby ensuring that maintaining and enhancing Vancouver's quality of life remains of paramount importance.

A message to the Vancouver business community —

This Strategy was written to identify actions that can be taken by the City of Vancouver (including its economic development function) and its partners to improve Vancouver's business climate. But to build a more prosperous and sustainable economy, businesses must also take responsibility.

Government can help create the necessary conditions for economic success, but the private sector must deliver the results. In order to make Vancouver's economy more productive, the private sector must invest in technology, in research and development, and perhaps most importantly, in its workforce. The private sector must become more open to the opportunities of the global economy, and not be constrained by the small size of Vancouver and Canada on the world stage.

There will be many opportunities for the business community to become involved with the City in the implementation of this study's recommendations. Creating real change in Vancouver's business climate will require plenty of cooperation, hard work, and innovation by the City and all of its partners.



2. BUSINESS CLIMATE STRATEGIES

The recommended business climate strategies have been organized into seven topics:

1. **Building Blocks for Economic Development**
2. **Protecting Employment Lands**
3. **A Global City**
4. **Ability to Move**
5. **Developing a Superior Workforce**
6. **Addressing Crime and Safety**
7. **Balancing Property Taxes**

These topics reflect the major business climate issues that were raised by business and community stakeholders in the consultation phases of the project. The Strategy focuses on the areas where the City can make the greatest difference at the local level, while also including topics that require a coordinated effort across the region or with senior levels of government.

There are a number of examples where the City has already undertaken important initiatives (e.g. Property Tax Policy Review Commission, Civil City Initiative), so additional recommendations in those areas are limited.

2.1 Building Blocks for Economic Development

Business climate is all about the fundamentals. It's about improving the overall environment for all types of economic activity and allowing citizens and companies to more successfully reap the rewards of their labour and ingenuity.

But just because it's about fundamentals doesn't mean it's easy, and one of the essential first steps is recognizing the linkages between a healthy business climate and all of the public services and facilities that contribute to Vancouver's quality of life.

ECONOMIC DEVELOPMENT LEADERSHIP

Strategy 1: Demonstrate public leadership that emphasizes the importance of a strong economy and the role of the business sector in the future wellbeing of Vancouver.

Action 1-1

Mayor and Council support the implementation of this Strategy with clear communication to the public.

Mayor and Council should express support for the Business Climate Strategy and explain the value of a healthy economy in supporting the City's social and environmental objectives, in a wide variety of public forums. They should reinforce the message that business climate is important, explain the recommendations of the Strategy, and emphasize the benefits to all segments of the community of implementing the Strategy.

Action 1-2

Develop regular points of contact for Mayor and Council and the business community.

To foster ongoing dialogue between the business community and City leadership, it is recommended that the City institute means of regular contact with Mayor and Council. This could include, for example, a quarterly "Mayor's Breakfast" that would allow for a presentation by a company or organization on some aspect of Vancouver's business community, with time for networking and a discussion of issues of importance to the business community. Business achievements, such as the arrival of new businesses and significant expansions, should be celebrated and communicated to the public as benefits to the quality of life for all.

Another option is to arrange a schedule of regular briefings by business and industry organizations involving submission of a briefing paper to Council, followed up by a presentation. This provides Council with solid policy input, and by appearing before Council, also allows the organizations to receive media coverage that will help to educate the public on their issues. Senior City staff should also be encouraged to actively participate in such events.



Action 1-3

Mayor and Council and senior City staff engage more frequently with the business community at business events.

Mayor and Council and senior City staff should regularly attend business events that cover a wide range of sectors and both large and small business interests. This regular, informal contact would lead to a greater appreciation for the ongoing issues facing Vancouver's business community and new perspectives on how to address them.

VALUING ECONOMIC CONSIDERATIONS

Strategy 2 : Ensure that economic and fiscal impact analysis is fully incorporated into City decision-making.

Action 2-1

Create the senior position of City Economist.

The City of Vancouver needs to take greater account of the economic and fiscal implications of its policies, regulations and other actions on an ongoing basis. The position of City Economist (or similar title such as Chief Economist, Director of Economic Analysis, etc.) would help the City implement the economic agenda set through the City's Economic Development Strategy, as well as provide ongoing analysis and commentary to ensure that City decisions take into account the business climate and the City's ongoing fiscal and economic sustainability, just as social and environmental factors are given careful consideration in decision-making.

The position would also be responsible for collecting, analyzing and disseminating data from an economic development and economic sustainability perspective. The function would be similar to the City of Calgary's Corporate Economics department, which provides research, forecasting, and economic and policy analysis. It would not be directly involved in economic development activities (such as investment attraction, trade promotion, and business retention), but would focus on policy analysis, tracking of relevant initiatives

at the national and international level (e.g. Conference Board of Canada's *Mission Possible* reports promoting a productivity-led improvement in Canada's standard of living), policy development, and data collection in support of economic development goals.

Action 2-2

Allow the opportunity for greater influence on City policy from established economics, business and labour organizations.

Organizations such as the Vancouver Board of Trade, the British Columbia Business Council, the Canadian Federation of Independent Business, and Credit Union Central of BC have the capability to provide valuable input on the impact of City policies on Vancouver's economy. While these and other organizations are currently free to provide comment at City Council meetings, their input should be actively solicited during the development of policy, not merely in reaction to finished policy. This input could be coordinated through the City Economist position outlined above.

SUPPORT FOR A FORMAL ECONOMIC DEVELOPMENT FUNCTION

Strategy 3 : Provide stable long-term funding, direction and support for a formal economic development function.

Action 3-1

Comprehensively review the structure, funding and mandate of the Vancouver Economic Development Commission, including its role in regional economic development.

Vancouver requires an effective economic development function, with sufficient staffing and financial resources to implement an Economic Development Strategy, other strategic initiatives such as the 2010 Plan, and other duties and responsibilities as determined in a renewed mandate. The economic development function must be comprehensively reviewed, with options for its structure including being an external



agency like the current VEDC, become an internal City department, or be part of a regional economic development group, must be viewed as a credible organization within City Hall, in the business community, and in the general public. Funding is only part of this equation, but the City's financial commitment to economic development is considerably lower than other Canadian cities. On a per-capita basis, the VEDC operates with about 40% of the funding level of other large cities across the country. In dollar terms, the VEDC's current budget of \$954,000 would need to rise to \$2.3 million to be on a par with the average large Canadian city.

The mandate of the organization should be determined in part through the completion of Phase 2 of the Economic Development Strategy (see below). Best practices in economic development suggest that an external organization, such as the current VEDC, is the best approach, although consultation revealed another school of thought that suggests that the economic development function would be more credible within the City itself. Regardless of the structure that is determined, the future mandate must give full consideration to the integration of Vancouver's economic development function with regional partners on a formal or informal basis.

Action 3-2

Undertake the proposed Phase 2 of the Economic Development Strategy.

The Business Climate Strategy is intended to be the first of a two-phase Economic Development Strategy. The purpose of the proposed second phase is to focus on one of Council's Economic Development Guiding Principles: "To build world-class export-oriented industry clusters that contribute to a diverse and resilient economy". Whereas the Business Climate Strategy addresses the "big-picture" issues that affect most or all aspects of Vancouver's economy, the second phase will focus on proactive economic development initiatives to capitalize on Vancouver's competitive advantages and will establish ongoing programs for

attracting investment, retaining and expanding existing businesses, promoting trade, and other initiatives.

The second phase is, as yet, unfunded by Council. Its completion is required to finalize the overall Economic Development Strategy for Vancouver and establish the priorities for the City's economic development function.

STREAMLINING REGULATION

Strategy 4: Ensure that City processes are efficient, transparent, consistent and relevant.

Action 4-1

Undertake a comprehensive review of City regulations relating to business and development.

It is recommended that the City of Vancouver initiate a process similar to the "Red Tape Commission" of the City of Winnipeg in 2004-05 that produced 30 recommendations to eliminate or reduce unnecessary or inefficient municipal processes and costs. The Commission was led by a member of Council and brought together a team of civic and business leaders to comprehensively review Winnipeg's processes over a six-month period.

The implementation of the recommended changes should be tracked in a very transparent way by providing a continually updated status report and timeline for action, with fixed goals for achieving regulatory reductions. This initiative could build on the recent completion of the Mayor's Task Force on the Film Industry by undertaking a comprehensive evaluation of regulations affecting all types of business (and citizens, non-profits, etc.) in Vancouver.

Action 4-2

Review internal City policies to ensure innovative and efficient delivery of public services.

In addition to streamlining of external policies and regulations, the City should also ensure that internal policies reward innovation by both management and staff that lead to more efficient processes, better quality



services, and lower costs. Openness to employee feedback and use of incentives to reward achievements are desirable characteristics of an innovative City staff.

Action 4-3

Institute BizPaL to improve access, increase transparency, and create time savings in City regulatory processes.

BizPaL is a “one-stop shop” online service that explains all relevant City processes, permits and regulations for a given type of business (e.g. restaurant) in a straightforward and transparent fashion. After a successful pilot project at the City of Kamloops, BizPaL is being adopted by a growing number of BC municipalities, including the City of Langley. The BC Government has also created a BizPaL service at the Provincial level (www.bcbizpal.ca), while Industry Canada and Natural Resources Canada use BizPaL at the Federal level (the program is coordinated nationally through Industry Canada).

BizPal is a natural extension of the regulatory review that is recommended in Action 4-1, and its implementation should follow the completion of the regulatory review.

Action 4-4

Provide customer service training to front-line City employees.

The City of Vancouver is in the service business. It provides public services to households and businesses in exchange for revenue from a variety of sources. City staff clearly have a responsibility to enforce municipal laws and regulations, but they should also have a role in helping facilitate legitimate business and development activity in Vancouver. If applications are not compatible with City bylaws and procedures, staff should help applicants understand the shortcomings and how they can be addressed.

Increasing the speed and efficiency of City services does not imply a reduction in the City’s commitment to livability and other goals – providing better customer service can be integrated into the City’s other objectives.

Action 4-5

Explore, with municipal partners in Metro Vancouver, the creation of a regional business licensing system.

The VEDC has previously recommended the adoption of a regional business licensing system within Metro Vancouver. The Province also recently announced a Single Business License Initiative with the goal of creating a single license for all of BC.

It is not yet clear how the Provincial initiative will proceed, but if it is successful, then a regional license is no longer necessary. The City should take a leadership role in encouraging discussions to continue with the Province and other municipalities to push for a Provincial license, although if the initiative is not successful a regional license should still be a goal within Metro Vancouver.

REGIONAL COORDINATION

Strategy 5: Engage in economic development activities on a regional basis.

Action 5-1

Request that Metro Vancouver and/or the Provincial Government facilitate a process to create a regional economic development strategy and formal economic development organization for the Metro Vancouver region.

The inability of the Metro Vancouver region to develop a coherent approach to regional economic development is costly not just to this region, but to the entire British Columbia economy. There have recently been several attempts to create a region-wide economic development function, including the Greater Vancouver Economic Council (GVEC) that has failed for the last several years to secure funding to commence operations, and the Greater Vancouver Economic Partnership (GVEP), which was a business-led initiative that ceased operating due to lack of funding and support in 2001.



There are many economic challenges that can be effectively solved only through a regional approach. These include marketing of the region to the world as an investment location, developing strategic economic priorities on a regional basis, and coordinating land use to support economic development. These challenges require Metro Vancouver to become more than just a name, and if the region is unable to fulfill this imperative on its own, then the Provincial government has a vital interest in actively encouraging the success of a regional economic development initiative.

A possible model to emulate within Metro Vancouver is the Province's facilitation of regional emergency planning. Emergency planning is clearly a regional issue and demands regional coordination – economic planning demands no less.

Action 5-2

Establish, with interested regional partners, joint initiatives for marketing Metro Vancouver for investment attraction and addressing other economic development issues of common interest.

While the City must support efforts to establish a permanent regional economic development organization, it should also capitalize on immediate opportunities for regional collaboration. VEDC is currently working toward a Memorandum of Understanding with several other municipalities in the region that will guide joint marketing, investment attraction, and other initiatives.

There are numerous examples of “pay-to-play” partnerships between municipalities elsewhere in the province (e.g. Linx BC initiative to attract call centres, New Marine Frontier initiative to attract shellfish processing to Vancouver Island). Clear demonstration of support by multiple municipalities may also prompt financial and other support from senior levels of government (e.g. Provincial Ministry of Economic Development, Western Economic Diversification).

This “bottom-up” approach avoids the requirement that all regional partners must agree and allows the firmly committed municipalities to move forward quickly and in a coordinated way on important initiatives.

2.2 Protecting and Enhancing Employment Lands

Land use and economic development are inextricably linked. Left purely to market choice, the economics of land development in recent years have been far more favourable for residential development than for commercial or industrial development. Concern is now being widely expressed within the business and economic development communities about the excessive loss of employment supporting land in Vancouver and throughout the region.

Strategy 6: Ensure an adequate supply of employment-supporting land in Vancouver is maintained.

Action 6-1

Establish strong land-use policies for industrial and commercial land to eliminate the possibility of conversion to residential development.

Even the slightest hint from the City that current commercial or industrial land might be considered for conversion to residential use is often sufficient to inflate the land value to a level that becomes uneconomic for significant employment use. Only through firm and consistent application of land use policies can this speculative pressure be defused.

To this end, the City should support the recommendations of the Metro Core Jobs and Economy Land Use Plan to ensure sufficient employment land remains available in the city core, and that similar consideration is given to employment land throughout the city. Some of these recommendations include changes to height and density restrictions, discouraging conversions of office space to residential use, expansion of the Central Business District, review of parking regulations, and consideration of expanded live-work space.



Action 6-2

Support existing industrial land by ensuring appropriate buffers around industrial activity, limiting non-industrial uses, and encouraging more intensive use.

Not only is the preservation of Vancouver's existing industrial land a critical objective, but the utility of the land must also be maintained by ensuring that surrounding development does not infringe on vehicular access, hours of business, and otherwise regular industrial operations. An alternative consideration to protect industrial land is to place covenants on nearby residential development that cover noise, truck traffic, and other normal by-products of industrial activity.

Limited industrial land should not be used for non-industrial purposes (e.g. retail), yet appropriate complementary uses, such as offices adjoining industrial production facilities, should be permitted. In order to make the best use of remaining industrial land, the intensification of use on these sites should be encouraged by requiring higher densities and a broadening of uses.

Strategy 7: Support the development of an innovative and sustainable economy by collaborating with the post-secondary education and advanced technology sectors to create a Vancouver "innovation hub".

Action 7-1

Use a variety of City policies, the specifics of which will be determined through consultation with project partners to support the development of the Great Northern Way Campus.

The development of a more innovative and productive economy in Vancouver is a fundamental objective of this Strategy, and a key milestone in achieving that objective would be the completion of the Great Northern Way Campus (which is a collaborative venture between the University of BC, Simon Fraser University, the BC Institute of Technology, and Emily Carr Institute of Art +

Design). The GNWC is envisioned as an integrated, and environmentally sustainable, community that brings together advanced education and research, technology companies, residents, and supporting services.

Relevant City policy tools include land use planning, urban design, social, cultural and recreational investments, building regulations, sustainable procurement, and transportation planning. This recommendation is not intended to support any particular sector (as many industries have the potential to benefit from the GNWC), but rather to recognize this opportunity to significantly boost Vancouver's innovation potential, as well as its external reputation.

2.3 A Global City

Throughout its history, Vancouver has been enriched by the contributions of immigrants and investors from around the world. The city's future prosperity similarly relies in large part on its ability to become more integrated into the global economy, increasing exports of high-value goods and services, attracting visitors from around the world, and becoming an innovative leader in key industry clusters such as sustainable development practices, alternative energy, and new media. Vancouver has many advantages as a location for global commerce, including a time zone that permits daytime business dealings with both Asia and Europe.

Joining the leading ranks of global cities is possible only in cooperation with other municipalities in Metro Vancouver, yet the city remains the core of the region. It is home to many of the region's higher-order functions, including corporate head offices, post-secondary educational institutions, research facilities, government offices, entertainment and recreational amenities, immigrant organizations, social services, hospitality services, and artistic and cultural events. The actions taken in Vancouver are therefore critical in shaping the future of Metro Vancouver's interactions with the global economy. The importance of this role must not be underestimated or neglected.



There are many specific initiatives that could be developed to foster international trade and investment linkages that are more appropriately addressed in Phase 2 of the Economic Development Strategy. For example, more work can be done to build on the established International Financial Centre and International Maritime Centre designations that provide benefits for firms in those industries to operate in Vancouver. For the purposes of business climate, what is needed is the encouragement of greater openness by both businesses and citizens to global opportunities. The City can set an example in this regard through its own actions and its own communications with the public.

Strategy 8: Encourage the City's private and public sectors to adopt an outward-looking perspective and openness to trade.

Action 8-1

Support the execution of the recently-approved "2010 Plan".

City Council recently approved funding in support of the VEDC's 2007-2010 Strategic Plan with respect to the 2010 Olympics. The goals of the plan are to increase international awareness of Vancouver as an investment location, to assist local businesses to capitalize on Games-related business opportunities, and to work with the Province and City to have an effective presence at the 2008 and 2010 Olympic Games.

The City must ensure, through the recommended re-examination of the structure and mandate of VEDC, that this plan is funded and executed in a timely fashion.

Action 8-2

Establish systematic contact with Ministry of Economic Development staff to identify and pursue collaborative international marketing and trade promotion initiatives, particularly in the Asia Pacific region.

Vancouver will benefit from collaborating with the Province of BC in its various trade promotion activities. While the city's business community should be

receptive to trade opportunities around the world, its comparative advantage relative to other Canadian and US cities is its relationship with Asia Pacific countries. Vancouver is the closest large North American city to Asia, it has an exceptional natural port and rapidly improving transportation systems, and it has well-established patterns of immigration and trade.

The Ministry of Economic Development has recently hired permanent staff located in Japan and China to promote BC as an investment location and will be engaging in numerous other initiatives in the next few years, including those relating to the 2008 Beijing Olympics, Expo 2010 in Shanghai, and of course the 2010 Olympics in Vancouver. VEDC is currently working with the Province on a trip to China in late 2007.

In order to best collaborate with multiple Provincial initiatives, the City should organize a twice-yearly forum with representatives of each of the major divisions within the Ministry of Economic Development, and potentially other ministries if relevant. This forum should also be open to Vancouver's economic development partners in Metro Vancouver, as well as other organizations with strong international linkages, particularly universities.

Action 8-3

Capitalize on existing Sister City relationships.

The City of Vancouver currently has five sister-city relationships, including two with Asian cities (Yokohama, Japan and Guangzhou, China – the others are Los Angeles, Edinburgh, and Odessa, Ukraine). These relationships can be leveraged, particularly in the run-up to the 2010 Olympic Games and beyond, as a natural entry-point for Vancouver businesses, economic development officials, arts and cultural groups, non-profit organizations and others who would benefit from greater international relationships.

Other municipalities in Metro Vancouver also have sister-city relationships, so there is potential for joint regional initiatives that capitalize on the existing relationships developed by neighbouring municipalities.



2.4 Ability to Move

One of the most obvious ways to improve the efficiency and sustainability of Vancouver's economy is to reduce the amount of time (and therefore money) it takes to move goods and people intra and inter-regionally. The transportation system affects Vancouver's international competitiveness in terms of the ability of the ports, airports, railways, and roads to deliver goods to and from the region's many international and domestic trading partners. The amount of time it takes residents and visitors to commute for work, shopping, leisure and other purposes also has significant economic implications.

Strategy 9: Support the efficient movement of goods and people throughout Vancouver and region-wide.

Action 9-1

Support regional transportation improvements proposed and ongoing through the Pacific Gateway Program that foster business and commerce.

The Pacific Gateway Program includes a series of major transportation system improvements that are designed to improve the flow of both goods and people within Metro Vancouver, improve access to key facilities like ports and industrial areas, and facilitate connections to the public transportation system.

The intent of the program is to support the expansion of international trade opportunities and take advantage of Metro Vancouver's natural role as the Asia Pacific Gateway to North America. This role is based on the region's geography, location with respect to Asia, and the history of strong business, cultural and social ties between the region and Asia. There are many opportunities to leverage the investments in physical infrastructure by fostering high-value trade-related services, and initiatives to capitalize on these specific opportunities should be developed in Phase 2 of the Economic Development Strategy.

Action 9-2

Support further development of the regional transportation system, with a high priority on public transit, that is based on demonstrated need and public good, not on political considerations.

While the City of Vancouver is just one of a multitude of municipalities and senior government agencies that influence the ongoing development of the region's transportation system, it is a high profile and respected organization that should use its influence to advocate for system improvements (including public transit, parking, roads, bridges, bicycle lanes, etc.) that meet demonstrated need. For example, public transportation systems should be developed to support commuting corridors that are in greatest need of improved transit service, not those that are most politically expedient.

Public transit systems that provide an effective alternative to the automobile are essential to meeting the long-term transportation requirements of a growing city and region, particularly given high housing costs within Vancouver and the increasing difficulty faced by local businesses in attracting sufficient staff, particularly lower-paid staff in various service industries. The development of better public transit is also essential to reduce pressure on the road network and provide significant environmental benefits.

Action 9-3

Review City transportation regulations to enhance the efficient movement of goods within and through the city, with particular emphasis on hours of operation restrictions.

One of the challenges of the regional transportation system is not an absolute lack of road capacity, but a lack of road capacity at particular times of the day. By ensuring that off-hours movement of trucks is permitted where it would have the greatest benefit, goods are able to move more quickly when roads are not otherwise full, thereby also freeing up more space during the day for other traffic movements.



Action 9-4

Ensure that land use is supportive of regional transportation through densification.

The City's EcoDensity initiative will be supportive of a more efficient transportation system, particularly by improving the efficiency of public transit and other non-automobile modes of transportation.

Action 9-5

Ensure that transportation rights of way are protected.

Through collaboration with regional partners, ensure that key road, rail and air rights of way are protected. This includes the protection of "back-up lands" which are required for warehousing, distribution, trans-shipment, and other transportation-related industrial uses.

Action 9-6

Support the use of transportation demand management techniques.

Demand management techniques, such as tolling and congestion pricing, should be supported as useful tools to promote more efficient use of limited transportation capacity in Metro Vancouver.

2.5 Developing a Superior Workforce

The future sustainability of Vancouver's economy will rely to a great extent on innovation and finding better ways to use limited resources to produce high-value goods and services. Perhaps the most critical element in that future economy is a highly-educated, skilled, and entrepreneurial workforce.

Vancouver and BC are experiencing labour shortages in all occupations, while demographic trends suggest that these shortages could become much worse in areas like health care and the skilled trades.

EDUCATION

While the City of Vancouver has little direct control over the education system, it has a role as a strong supporter and facilitator of the education system and other measures to improve the supply of a quality labour force.

Strategy 10: Support an education system that produces high-quality graduates that are prepared for the requirements of Vancouver's future economy.

Action 10-1

Support the post-secondary education sector as a critical link in developing a superior workforce through advanced education and research, and support the principles of excellence in the Province's Campus 2020 Plan for post-secondary education.

The post-secondary education sector, including most notably the public universities and colleges in Vancouver, are a critical link in developing the skills and knowledge required for a more innovative future economy in Vancouver. The City should be supportive of the development of tighter links between the post-secondary education system and the business community, including the land use issues associated with the development of learning facilities downtown and at the Great Northern Way Campus.

The Province's Campus 2020 Plan should be supported for its drive to make post-secondary education a learner-centric model, with improved access and a strong commitment to excellence across the range of post-secondary institutions. Of particular note is the Plan's strong commitment for BC's research-intensive universities, two of which (UBC and SFU) are based in this region and have a strong presence in downtown Vancouver.

Action 10-2

Support programs through the Vancouver School Board, Provincial and Federal agencies, and other educational service-providers to increase the educational focus on the areas of (1) science, technology, engineering and mathematics (STEM); (2) lifelong professional development; (3) adult basic literacy and numeracy; and (4) early childhood education.

Programs to address each of these needs are already in place through a variety of service providers. The role of the City of Vancouver should be to emphasize the



importance of education to the overall business climate and to provide more direct assistance only if the need arises.

The demands of an increasingly knowledge-based economy will require a workforce with ever-expanding technical skills, while the advanced research and development that is required in an innovation economy will require more advanced degrees in disciplines such as science, technology, and engineering. And as technological change continues at a rapid pace and spurs the development of wholly new types of economic activity, adult workers will require continual retraining and upgrading of skills throughout their professional lives.

An unacceptably high proportion of the labour force is not sufficiently literate or numerate to understand safety manuals or perform basic mathematical calculations, so increasing these skills in the adult population is important as the share of employment that relies only on manual labour continues to decline. Increasing amounts of research are uncovering the importance of early childhood development (0-5 years, with emphasis on the earliest years) as important determinants of adult outcomes. Early childhood development is therefore increasingly being reflected in economic development and workforce development strategies throughout North America. Of note, the types of skills that are essential in an innovative and knowledge-based economy, including problem-solving, communication, and teamwork, are those that are most affected by our earliest experiences in life.

Action 10-3

Work with the business community, the Vancouver School Board, universities and colleges, and other post-secondary institutions to raise the profile of entrepreneurship among secondary and post-secondary students.

While Vancouver scores well on many measures of entrepreneurship compared to other Canadian cities, the development of a more dynamic, innovative

economy requires the fostering of a culture of risk-taking, including acceptance of failure as part of the entrepreneurial process. Entrepreneurship should be promoted in high schools, universities, and colleges as a viable career option.

Action 10-4

Facilitate dialogue between the business community and post-secondary educational institutions to encourage a closer match between educational programs and business needs and to promote commercialization of innovation.

As labour shortages grow in many fields, it will become even more imperative for labour market needs and educational and training programs to become better aligned. Working with the business community and educational institutions, the City can play a facilitating role in developing a regular pattern of communication between business, education leaders, and students.

Greater communication is also required to support the commercialization of innovation. The business community can become more aware of the types of academic research and development occurring in the region and how it might be applied to business, while academic institutions can benefit from a greater understanding of businesses' research needs.

Action 10-5

Support the expansion of funding for graduate student places.

The Province has committed to create 2,500 new graduate student spaces by 2010. Increasing the number of graduate and post-graduate students allows for more advanced research and development activity to occur in universities. Most of this activity is concentrated in Metro Vancouver.

SUPPLY OF LABOUR

Strategy 11: Support efforts of senior levels of government, industry, and specific labour initiatives to enhance the quality of the Vancouver labour force.



Action 11-1

Support Federal and Provincial governments in initiatives to streamline immigration and temporary worker programs and make them more responsive to domestic labour market requirements.

Vancouver, and Canada in general, will continue to rely on immigrants to bolster the domestic labour market, especially as more of the baby boom generation moves into retirement. Most western countries are similarly in need of immigration to help support an aging population, so Canada is competing for the best international migrants. Application processes need to be as efficient as possible, with an emphasis on economic immigrants that will help to address the skill requirements of the Canadian labour market.

Temporary workers are also increasingly important in sectors afflicted by acute labour shortages, such as construction and hospitality. Temporary worker programs should be extended to identified occupations and industries in a timely fashion.

Action 11-2

Encourage Federal/Provincial governments to enhance integration of immigrant workforce, including more efficient evaluation and recognition of credentials, and assistance with technical and language training.

As the BC Progress Board has pointed out, the length of time for immigrants to become fully integrated and productive members of the labour force has lengthened. The Provincial Ministry of Economic Development recently announced funding to help various Provincial regulators to improve their foreign credentialing capacity and efficiency, while a series of other worthy initiatives that should be supported by the City are contained in the recent report "WorkBC: An action plan to address skills shortages in B.C."

Action 11-3

Encourage Federal/Provincial governments to provide universal access to child care, and continue to support child care through City policies, thereby

allowing greater participation of women in the workforce.

The City of Vancouver has long supported the principle of universal access to child care. The increased participation of women will help to counter the aging of the population and will reduce welfare costs and the incidence of poverty, particularly for single mothers. The expansion of quality child care opportunities will also support the need for early childhood development (see Action 10-2).

Action 11-4

Develop marketing initiative to attract skilled managers and workers to Vancouver.

Organizations in both the public and private sectors have difficulty attracting skilled managers and workers to Vancouver. High housing costs are often cited as the biggest barrier to attracting the required talent, so the intent of this marketing initiative is to emphasize the benefits of living and working in Vancouver, including the benefits of a more urban lifestyle than is found in many other North American cities.

Strategy 12: Ensure that Vancouver residents have a range of housing choices, including non-market housing.

Action 12-1

Pursue planning and development policies, including the EcoDensity initiative, that provide a balance of housing options.

Workers moving from elsewhere in Canada and from many parts of the United States require significantly more income in Vancouver to maintain the same standard of living, or must live further away from work.

The City has some control of the housing market through land use, density, parking, and other regulations. The EcoDensity initiative and the City's overall willingness to incorporate different types of housing throughout Vancouver is beneficial to the labour market by providing a mix of housing types, sizes, and prices for the resident workforce.



2.6 Addressing Crime & Safety

Based on the stakeholder consultation, crime and its impact on public and employee safety are issues of paramount importance to many businesses in Vancouver, particularly those operating in Downtown and the Downtown Eastside, those with streetfront locations, and those involved in serving tourists. The crime problem not only has local effects, such as increased security costs, loss of customers, and difficulty attracting workers, but also potentially far more harmful effects on Vancouver's international reputation as a safe location for tourists, for foreign students, and for corporate investment.

Strategy 13: Reduce the incidence of crime in Vancouver and its negative impacts on personal safety and business viability..

Action 13-1
Ensure the business community is engaged in seeking solutions to crime and safety issues through the Project Civil City initiative.

The Project Civil City initiative is intended to address the problems of petty theft, aggressive panhandling, open drug-dealing and other “nuisance crimes” that negatively affect public comfort and safety, particularly Downtown, in the Downtown Eastside, and in other high-crime areas. The business community should be consulted throughout the process to ensure their concerns are fully understood.

Action 13-2
Pursue complementary crime-reduction initiatives that address affordable housing, substance addictions, and mental illness.

Crime and safety problems cannot be effectively reduced without addressing the conditions that lead to crime, so the City should continue to pursue other initiatives addressing homelessness, substance addictions, and mental illness.

Action 13-3
Support the Vancouver Police Department in its efforts to reduce all crime in the city, including property and violent crime.

The Project Civil City initiative focuses primarily on street-level crime that affects the public realm experienced by residents, workers, and visitors. Reducing all crime, including property and violent crime and the pernicious influence of organized crime and the drug trade, is beneficial to Vancouver's business climate and how the city is viewed by potential new residents, investors and visitors.

2.7 Balancing Property Taxes

The issue of the imbalance in the property tax burden in Vancouver between residents and businesses has been well-documented by groups such as the Fair Tax Coalition. Property taxes emerged in the stakeholder consultation as a serious problem mainly for smaller businesses, many of which are vital to the provision of retail and personal services and the unique character of Vancouver's neighbourhoods.

Strategy 14: Address the imbalance in property tax burden between residential and business classes.

Action 14-1
Implement the recommendations of the Property Tax Policy Review Commission.

The City of Vancouver's Property Tax Policy Review Commission released an extensive report in September 2007 that recommends the gradual reduction of the total share of Vancouver's property tax burden paid by business classes to 48% (from the current level of 55%).

This will help to alleviate the high property tax rates paid by Vancouver businesses relative to the value of services they receive from the City, and relative to other property classes, notably residential.

Although the focus of the Tax Commission was on the balance of taxes, the City must also endeavour to limit increases in the overall property tax burden shared by all taxpayers.



3.0 IMPLEMENTATION FRAMEWORK

The recommended strategic actions discussed in the previous section of this report cover a variety of important business climate issues. Many of the actions are under the direct control of the City of Vancouver, including several that the City is already acting upon. Some actions are considered high priorities and should be undertaken in the short term, while others are more long-term in nature and will require consistent effort and support over a number of years, including through partnerships with other public and private sector organizations.

The purpose of the implementation framework is to organize each of the recommended actions, prioritize them, and provide additional detail on what is required for successful implementation. They are organized into four main categories:

1. Short-term projects. These are projects that have a defined end.

2. Ongoing initiatives. These are projects that it is recommended the City undertake or facilitate, and which should continue to operate indefinitely or until the initiative is no longer needed.

3. Supporting existing initiatives. The recommended actions in this category we related to initiatives that are either ongoing or have been recently completed by the City of Vancouver or another organization. They are included in the Business Climate Strategy due to their importance to Vancouver's business climate and to show that they deserve the support of the business community

4. Influencing others. These actions refer to issues over which the City does not exercise direct control. The City can, however, exert influence through cooperation and lobbying efforts with regional partners and senior levels of government.

Each action is identified as a "High", "Medium" or "Lower" priority.

These designations provide an assessment of which initiatives are likely to have the biggest impact on the Vancouver's business climate, and are based on input from all groups involved in the development of the project.

Note that there are no "Low" priorities – the "Lower" priorities are still important (or they would not have been included in the Strategy), but are considered less vital than the "High" and "Medium" priority actions.

While potential partners are identified for nearly all recommended actions, it must be noted that the City of Vancouver, or its economic development function, is assigned a lead role in each case. In the event that a regional economic development organization is created, many of these initiatives are still valid in a regional context, but can be re-examined to identify new regional partners to share resources and increase each initiative's overall effectiveness.

Also note that the VEDC is considered, as the City's economic development agency, to be part of the City. It is therefore not identified as a separate external implementer.

3.1 Short-Term Projects

Action 1-1

Mayor and Council support the implementation of this Strategy with clear communication to the public.

- Strong support from Council is essential to the Strategy's implementation.
- Provides an opportunity for Council to emphasize the integration of all three components of sustainability, as well as the importance of sustainability overall.
- Continual emphasis on importance of business climate should be part of future communications with the public to help create broad awareness of economic issues.



Outcome:

Builds support for the Strategy’s implementation among City staff, the business community, the media and the general public. Will also help to improve the general awareness of the importance of a strong economy to other worthwhile social and environmental objectives.

Priority: High

Timing: Immediately upon study’s release, and ongoing

Potential Implementation Partners:

- Blue Ribbon Council (for release of study)
- Business and social organizations

Action 2-1

Create the senior position of City Economist.

- Create senior management position to work closely with Community Services, Corporate Services, and the City Manager’s Office, as well as the City’s economic development function.

Outcome:

Higher profile for economic issues within the City and greater consideration of economic and fiscal impacts of policy.

Priority: High

Timing: 2008

Potential Implementation Partners: None

Action 3-1

Comprehensively review the structure, funding and mandate of the Vancouver Economic Development Commission, including its role in regional economic development.

- Establish a committee, including City staff, VEDC staff and Board members, and independent members of the business community, to review the VEDC’s structure, mandate and budget.
- The committee’s initial task should be to determine the most appropriate organizational structure of the economic development function, including reporting relationship with the City, composition of an external Board, and funding requirements to meet VEDC’s current operational requirements.
- Final determination of budget and staffing requirements should be deferred until the completion

of Phase 2 of the Economic Development Strategy, which will make clearer the budget and staff requirements to implement the Strategy’s proactive business development initiatives.

- The structure, mandate, budget and activities of economic development organizations in other large Canadian cities should be reviewed as a comparison, recognizing that there are some critical differences – most other large cities operate on a regional level, the City of Vancouver is a much smaller share of this region than are the central cities in most other metropolitan areas, and some of the activities of other organizations may not be replicable or desirable in Vancouver.
- This process must include consideration of the City’s approach to regional economic development. As discussed in Action 5-2, the most likely short-term approach is to collaborate with interested partners within the region on a project-specific basis, although the creation of a formal regional economic development organization remains a high priority and would require the shifting of some resources to the regional entity (Action 5-1).

Outcome:

A renewed economic development function with a clear mandate from the City and support from the business community, who will view the organization as a partner in the economic development of Vancouver.

Priority: High

Timing: Immediately, to be completed by March 2008

Potential Implementation Partners:

- Business Community

Action 3-2

Undertake the proposed Phase 2 of the Economic Development Strategy.

- Provide funding to the City’s renewed economic development function to manage the completion of Phase 2 of the Economic Development Strategy.
- Phase 2 will facilitate sustainable economic growth in Vancouver by recommending proactive initiatives to attract investment, retain and expand existing businesses, enhance exporting, etc.



Outcome:

Identification of growth opportunities and strategies to capitalize upon them.

Priority: High

Timing: Following completion of the recommended review in Action 3-1, to be completed within a year.

Potential Implementation Partners:

- Business community
- Other stakeholders in the economy, including educational institutions, other levels of government, and transportation authorities.

Action 4-1

Undertake a comprehensive review of City regulations relating to business and development.

- Follow example of Mayor's Red Tape Commission in Winnipeg.
- Appoint "Red Tape Commission", to be chaired by a member of Council and to include representatives of the various stakeholder groups that are affected by City regulation.
- Invite submissions from the business community and the public at large on examples of City regulations and processes where there are perceived opportunities for improvement.
- Appoint committee of City staff, to report to the Red Tape Commission, representing affected City departments to provide staff perspective on the rationale for existing regulations and processes and the feasibility of changes.
- Final cost for Winnipeg initiative estimated at \$95,000.

Outcome:

Faster processing times, a more transparent process for users, reduced costs, and a more streamlined and efficient working environment for City staff.

Priority: High

Timing: 2008 start, to be completed within 12 months.

Potential Implementation Partners:

- Community stakeholders
- Business community
- Other groups affected by City regulation

Action 4-2

Review internal City policies to ensure consistency with the innovative and efficient delivery of public services.

- Undertake this internal review as part of the overall regulatory review recommended in Action 4-1.
- Create a sub-committee within the "Red Tape Commission" comprised of City staff at all levels to review internal policies identify problem areas, and recommend solutions.

Outcome:

Internal City policies that support continual improvement in public service

Priority: Medium

Timing: In tandem with Action 4-1.

Potential Implementation Partners: None

Action 4-3

Institute BizPaL to improve access, increase transparency, and create time savings in City regulatory processes.

- Institute BizPaL system once regulatory review (Action 4-1) is complete.
- Seek assistance from Industry Canada and Ministry of Small Business and Revenue with specific implementation issues as they are working with a growing number of BC municipalities to bring them into the BizPaL system.

Outcome:

Easier and more transparent regulatory process for businesses, reduced costs for both businesses and the City, increase in regulatory compliance, and time savings for applicants

Priority: Medium

Timing: Following completion of Action 4-1

Potential Implementation Partners:

- Industry Canada (facilitators of BizPaL program)
- Ministry of Small Business and Revenue



Action 4-4

Provide customer service training to front-line City employees.

- Process-related issues can also be addressed through the recommended review of all regulatory and permitting processes in Action 4-1.
- Should be completed after regulatory review to also serve the purpose of training staff on revised or updated regulations and processes.

Outcome:

Faster service and a more facilitative approach by City staff.

Priority: Medium

Timing: 2009

Potential Implementation Partners: None

Action 5-1

Request that Metro Vancouver and/or the Provincial Government facilitate a process to create a regional economic development strategy and formal economic development organization for the Metro Vancouver region.

- The City, together with interested local government partners and other business and community stakeholders, continue to advocate within the Metro Vancouver structure for the development of a regional economic development function.
- The City and other advocates of regional economic development also continue to impress upon the Ministry of Economic Development the importance of a regional function to the future economic wellbeing of the entire province, and seek Provincial assistance in making it a reality.

Outcome:

Renewed imperative to undertake regional economic development planning.

Priority: High

Timing: 2008

Potential Implementation Partners:

- Interested municipal partners in Metro Vancouver
- Metro Vancouver
- Business community
- Ministry of Economic Development

Action 11-4

Develop marketing initiative to attract skilled managers and workers to Vancouver.

- Coordinated through the City's economic development function.
- Seek feedback from large recruiting companies across a variety of industries, as well as executive search firms, to more clearly define the need and characteristics of a sales package providing key information on Vancouver's economy and quality of life.
- Invite municipal partners in Metro Vancouver to participate.
- Discuss with Tourism Vancouver making the package available to individuals requesting tourism information.
- Develop the sales package on a shared-cost basis with companies interested in using the package to aid in their employee recruitment.

Outcome:

An effective tool to assist in the attraction of necessary skilled workers to Vancouver.

Priority: Lower

Timing: 2009 - 2010

Potential Implementation Partners:

- Business community
- Tourism Vancouver
- Municipal partners

3.2 Ongoing Initiatives

Action 1-2

Develop regular points of contact for Mayor and Council and the business community.

- Program of briefings to be organized by the City's economic development function, based on discussions with business groups and key issues identified through this Strategy and other economic development activities.
- One example to emulate is the "Mayor's Breakfast Series" in Ottawa that involves a networking breakfast and a presentation focused on specific issues.



Outcome:

Improved communication between Council and the business community and enhanced understanding of each other’s needs and positions on economic issues.

Priority: Medium

Timing: Develop program in 2008, for ongoing operation.

Potential Implementation Partners:

- Business community

Action 1-3

Mayor and Council and senior City staff engage more frequently with the business community at business events.

- City’s economic development function provides Mayor and Council with regular information on upcoming business events, with commentary, if appropriate, on the importance of attendance at particular events and the connection of these events to other important issues facing the City.

Outcome:

Improved communication between City Council and staff and the business community and enhanced understanding of each other’s needs and positions on economic issues.

Priority: Lower

Timing: Ongoing

Potential Implementation Partners:

- Business community
- Tourism Vancouver

Action 2-2

Allow the opportunity for greater influence on City policy from established economics, business and labour organizations.

- Regular schedule of meetings with key groups to be established by City Economist to facilitate continuous discussion of City-related issues and collect feedback on policy directions and ideas.
- Role is not simply reactive – City Economist position can also receive policy recommendations to take forward for discussion within the City.

Outcome:

Greater consideration within the City of economic factors.

Priority: Medium

Timing: Following appointment of City Economist (Action 2-1)

Potential Implementation Partners: None

Action 5-2

Establish, with interested regional partners, joint initiatives for marketing Metro Vancouver for investment attraction and addressing other economic development issues of common interest.

- Discussions regarding joint initiatives are underway involving VEDC and other municipalities. In the absence of a formal regional entity, or until such a regional entity is created, collaborations among municipalities with similar interests should be encouraged.

Outcome:

The development of regional partnerships to undertake priority initiatives.

Priority: High

Timing: Immediately, and ongoing

Potential Implementation Partners:

- Interested municipal partners in Metro Vancouver

Action 6-1

Establish strong land-use policies for industrial and commercial land to eliminate the possibility of conversion to residential development.

Following any necessary realignments of City policy as a result of the Metro Core Jobs and Economy Land Use Plan, the City must use very clear and unambiguous language to communicate policy with respect to the future use of employment lands in the city.

Outcome:

Clear recognition by all stakeholders of the long-term vision for employment supporting lands and reduced pressure on these lands from alternative uses.



Priority: High

Timing: In tandem with implementation of Metro Core Plan recommendations

Potential Implementation Partners: None

Action 8-2

Establish systematic contact with Ministry of Economic Development staff to identify and pursue collaborative international marketing and trade promotion initiatives, particularly in the Asia Pacific region.

- Coordinated through the City's economic development function.
- Build on relationships and joint planning of initiatives already underway with the Province as part of Olympics-related and other initiatives.
- Invite other municipalities in the region, interested members of the business community, and universities and colleges with international operations.

Outcome:

Greater communication and awareness regarding international business development opportunities.

Priority: Medium

Timing: Immediately, and ongoing

Potential Implementation Partners:

- Ministry of Economic Development
- Interested municipal partners in Metro Vancouver
- Business community
- Universities and colleges

Action 8-3

Capitalize on existing Sister City relationships.

- City's economic development function to hold discussions with City staff responsible for the Sister City Program to identify ways to strengthen Vancouver's trade relationships with sister cities.
- Identified opportunities for greater involvement with sister cities may be incorporated into other economic development initiatives, such as those associated with the Olympics.

- The participation of other organizations in the business and cultural communities in Vancouver is essential to achieve meaningful deepening of the relationship with sister cities.

Outcome:

Greater international opportunities for Vancouver companies.

Priority: Lower

Timing: 2008, and ongoing

Potential Implementation Partners:

- Business community
- Educational institutions
- Cultural and ethnic business groups, particularly those focused on sister city countries

Action 9-3

Review City transportation regulations to enhance the efficient movement of goods within and through the city, with particular emphasis on hours of operation restrictions.

- City's to seek input from transportation, manufacturing, and port-related organizations on the benefits of expanded hours of operation for port facilities and truck movements.
- Identify other issues affecting the efficient movement of goods and integrate these issues into other City transportation initiatives.

Outcome:

Better use of limited transportation capacity to move goods within and through Vancouver.

Priority: Medium

Timing: 2008, and ongoing at regular intervals

Implementation Partners:

- TransLink
- Vancouver Port Authority

Action 10-3

Work with the business community, the Vancouver School Board, universities and colleges, and other post-secondary institutions to raise the profile of entrepreneurship among secondary and post-secondary students.

- City's economic development function to provide assistance and support with entrepreneurship



programs through the Vancouver Board of Trade and other local business organizations.

- These programs may involve presentations to be delivered to secondary and post-secondary students on the advantages of a career in entrepreneurship, or other initiatives such as business plan contests.

Outcome:

Greater awareness of entrepreneurship among Vancouver youth and an increase in new business formation.

Priority: Medium

Timing: 2009, and ongoing

Potential Implementation Partners:

- Vancouver Board of Trade, and other business orgs.
- Vancouver School Board
- Provincial Government
- Universities and colleges

Action 10-4

Facilitate dialogue between the business community and post-secondary educational institutions to encourage a closer match between educational programs and business needs and to promote commercialization of innovation.

- The City's economic development function to facilitate a regular gathering of academic and business community representatives to promote communication and ongoing understanding of respective interests.

Outcome:

Closer working relationship between business and education sectors leading to a workforce with more of the skills necessary to support Vancouver's long-term economic development.

Priority: Medium

Timing: 2009, and ongoing

Potential Implementation Partners:

- Universities and colleges
- Business community
- Provincial Government

3.3 Supporting Existing Initiatives

Action 4-5

Explore, with municipal partners in Metro Vancouver, the creation of a regional business licensing system.

- Work within framework of Provincial initiative to create a Province-wide business license. The Ministry of Small Business and Revenue is leading the Provincial initiative and will be consulting with municipalities throughout the province. The City of Vancouver should be in favour of this initiative.
- The City's economic development function should be consulted with respect to any City submissions to the Ministry to ensure the business and economic development perspective on this issue is reflected.

Action 6-2

Support existing industrial land by ensuring appropriate buffers around industrial activity, limiting non-industrial uses, and encouraging more intensive use.

- The City already considers buffering and other issues in its planning, but conflicts still occur, especially with new residential development in areas that were previously predominately industrial.
- Each situation of conflict must be dealt with separately, but as a general principle, it is critical to Vancouver's economy that the effectiveness of remaining industrial lands not be compromised by adjacent non-compatible development.

Action 7-1

Use a variety of City policies, the specifics of which will be determined through consultation with project partners to support the development of the Great Northern Way Campus.

- Work already being done by the City in partnership with the proponents of the Great Northern Way Campus.



- The Great Northern Way Campus is an important project for Vancouver and was emphasized by numerous stakeholders and members of the Blue Ribbon Council. The City should use its various powers to support the development of this project, the details of which will become more apparent through the GNWC's design charrette process in early 2008 and the subsequent continuation of the planning and permitting processes for the site.

Action 8-1**Support the execution of the recently-approved "2010 Plan".**

- Council has already approved and funded the VEDC to implement this plan.
- The purpose of this recommendation is to emphasize the importance, and time-critical nature of this initiative and to support its continued implementation through the recommended review of the City's economic development function.

Action 9-1**Support regional transportation improvements proposed and ongoing through the Pacific Gateway Program that foster business and commerce.**

- Council expressed support for the VEDC's Pacific Gateway Strategy, which outlines how Vancouver can benefit from gateway developments.
- Continue to support Pacific Gateway initiatives that will benefit the movement of goods within and through the region.

Action 9-4**Ensure that land use is supportive of regional transportation through densification.**

- Continue, through initiatives such as EcoDensity, to support regional transportation through densification.

Action 11-3**Encourage Federal/Provincial governments to provide universal access to child care, and continue to support child care through City policies, thereby allowing greater participation of women in the workforce.**

- City continues to support provision of childcare spaces and support initiatives by Canadian and BC governments to increase childcare quality and access.

Action 12-1**Pursue planning and development policies, including the EcoDensity initiative, that provide a balance of housing options.**

- Continue to pursue the provision of affordable housing options, including non-market housing, through a variety of initiatives.

Action 13-1**Ensure the business community is engaged in seeking solutions to crime and safety issues through the Project Civil City initiative.**

- Continue to address public disorder and crime issues through the Civil City Initiative.
- Ensure business community is fully engaged in addressing issues that most affect businesses.

Action 13-2**Pursue complementary crime-reduction initiatives that address affordable housing, substance addictions, and mental illness.**

- The City is engaged in a variety of formal and informal initiatives to address social issues, either on its own or in partnership with the Province and/or Federal governments.
- Continued work toward reducing the incidence of these issues is essential for social development purposes but also has a positive impact on the business climate.



Action 13-3**Support the Vancouver Police Department in its efforts to reduce all crime in the city, including property and violent crime.**

- Continue to support the ongoing activities of the Vancouver Police Department.

Action 14-1**Implement the recommendations of the Property Tax Policy Review Commission.**

- Implement the recommendations of the Review Commission and continue to monitor innovations in property tax regulation or legislation in efforts to maximize fairness in the property tax system on an ongoing basis.

3.4 Influencing Others

Action 9-2**Support further development of the regional transportation system, with a high priority on public transit, that is based on demonstrated need and public good, not on political considerations.**

- City to use its influence with the Province and through regional bodies like TransLink and Metro Vancouver to consistently advocate for the region's transportation problems to be addressed in a sound, rational fashion.

Action 9-5**Ensure that transportation rights of way are protected.**

- City to use its influence with regional and provincial authorities to ensure that current and future transportation planning is protective of critical goods movement corridors, as well as associated industrial lands used for trans-shipment, storage, etc.

Action 9-6**Support the use of transportation demand management techniques.**

- Demand management techniques such as tolls, congestion pricing, and other tools should be

encouraged region-wide to make more economic use of the region's limited transportation system capacity.

- Future use of these techniques should be done as part of a comprehensive regional approach, with appropriate consideration given for the priority of goods movement over private single occupancy vehicles.

Action 10-1**Support the post-secondary education sector as a critical link in developing a superior workforce through advanced education and research, and support the principles of excellence in the Province's Campus 2020 Plan for post-secondary education.**

- The City can support post-secondary education through land use decisions, and can use its influence to support the post-secondary education sector on specific issues if and when the need arises.

Action 10-2**Support programs through the Vancouver School Board, Provincial and Federal agencies, and other educational service-providers to increase the educational focus on the areas of (1) science, technology, engineering and mathematics (STEM); (2) lifelong professional development; (3) adult basic literacy and numeracy; and (4) early childhood education.**

- The City can support the childhood education system through land use decisions, and can use its influence to provide support on specific issues if and when the need arises.

Action 10-5**Support the expansion of funding for graduate student places.**

- The City does not have a direct role, but should use its influence to support the expansion of graduate programs at UBC and SFU and take more specific action if and when the need arises.



Action 11-1

Support Federal and Provincial governments in initiatives to streamline immigration and temporary worker programs and make them more responsive to domestic labour market requirements.

- The City does not have a direct role, but should use its influence to support the improvement of immigration and temporary worker programs to support Vancouver's labour market.

Action 11-2

Encourage Federal/Provincial governments to enhance integration of immigrant workforce, including more efficient evaluation and recognition of credentials, and assistance with technical and language training.

- The City does have a direct role, but should use its influence to support the efforts of senior levels of government to increase Vancouver's supply of highly-educated and highly-skilled labour.



3.5 Implementation Summary

High Priorities - Short-Term Projects

For ease of reference, this section of the report summarizes the list of recommended actions and categorizes them according to the type of action and priority level.

Action	Timing	CITY IMPLEMENTATION			Key Role for Business Community?	New Costs for City?
		ED Function	Other City	New City Economist		
Action 1-1 Mayor and Council support the implementation of this strategy with clear communication to the public.	Nov. 2007 and ongoing		X			No
Action 2-1 Create the senior position of City Economist..	2008		X			Costs of adding senior staff position.
Action 5-1 Request that Metro Vancouver and/or the Provincial Government facilitate a process to create a regional economic development strategy and formal economic development organization for the Metro Vancouver region.	2008, and ongoing if necessary	X	X		X	Minimal, staff time only
Action 3-1 Comprehensively review the structure, funding and mandate of the Vancouver Economic Development Commission, including its role in regional economic development.	By March 2008		X		X	Minimal, staff time only.
Action 4-1 Undertake a comprehensive review of City regulations relating to business and development.	mid 2008		X		X	\$100,000 - \$150,000
Action 3-2 Undertake the proposed Phase 2 of the Economic Development Strategy.	2008-2009	X	X		X	\$125,000



High Priorities - Ongoing Initiatives

Action	Timing	CITY IMPLEMENTATION			Key Role for Business Community?	New Costs for City?
		ED Function	Other City	New City Economist		
Action 5-2 Establish, with interested regional partners, joint initiatives for marketing Metro Vancouver for investment attraction and addressing other economic development issues of common interest.	Ongoing	X				Possibly new costs on project-by-project basis.
Action 6-1 Establish strong land-use policies for industrial and commercial land to eliminate the possibility of conversion to residential development..	Ongoing		X	X		No.

Medium Priorities - Short-term Projects

Action	Timing	CITY IMPLEMENTATION			Key Role for Business Community?	New Costs for City?
		ED Function	Other City	New City Economist		
Action 4-2 Review internal City policies to ensure innovative and efficient delivery of public services.	Mid-2008		X			Minimal, staff time only.
Action 4-3 Institute BizPaL to improve access, increase transparency, and create time savings in City regulatory processes.	2009		X			Staff time.
Action 4-4 Provide customer service training to front-line City employees.	2009		X			Training consultant.



Medium Priorities - Ongoing Initiatives

Action	Timing	CITY IMPLEMENTATION			Key Role for Business Community?	New Costs for City?
		ED Function	Other City	New City Economist		
Action 1-2 Develop regular points of contact for Mayor and Council and the business community.	Start 2008	X	X			Staff time, minor meeting..
Action 2-2 Allow the opportunity for greater influence on City policy from established economics, business and labour organizations.	Start 2008			X	X	Staff time.
Action 8-2 Establish systematic contact with Ministry of Economic Development staff to identify and pursue collaborative international marketing and trade promotion initiatives, particularly in the Asia Pacific region.	Ongoing	X				Possibly new costs on project-by-project basis.
Action 9-3 Review City transportation regulations to enhance the efficient movement of goods within and through the city, with particular emphasis on hours of operation restrictions.	Start 2008		X		X	Minimal, staff time only.
Action 10-3 Work with the business community, the Vancouver School Board, universities and colleges, and other post-secondary institutions to raise the profile of entrepreneurship among secondary and post-secondary students.	Start 2009	X			X	Staff time and cost-shared presentation materials.
Action 10-4 Facilitate dialogue between the business community and post-secondary educational institutions to encourage a closer match between educational programs and business needs and to promote commercialization of innovation.	Start 2009	X			X	Minimal, staff time only.



Lower Priorities - Short-term Projects

Action	Timing	CITY IMPLEMENTATION			Key Role for Business Community?	New Costs for City?
		ED Function	Other City	New City Economist		
Action 11-4 Develop marketing initiative to attract skilled managers and workers to Vancouver.	2009-2010	X			X	Staff time, hard costs shared.

Lower Priorities - Ongoing Initiatives

Action	Timing	CITY IMPLEMENTATION			Key Role for Business Community?	New Costs for City?
		ED Function	Other City	New City Economist		
Action 1-3 Mayor and Council and senior City staff engage more frequently with the business community at business events.	Ongoing	X	X		X	Minimal, Council and staff time.
Action 8-3 Capitalize on existing Sister City relationships.	Start 2008	X	X		X	Possibly new costs on project-by-project basis.



SUPPORTING EXISTING INITIATIVES

The recommended actions in this category are repeated here for ease of reference.

Action 4-5

Explore, with municipal partners in Metro Vancouver, the creation of a regional business licensing system.

Action 6-2

Support existing industrial land by ensuring appropriate buffers around industrial activity, limiting non-industrial uses, and encouraging more intensive use.

Action 7-1

Use a variety of City policies, the specifics of which will be determined through consultation with project partners to support the development of the Great Northern Way Campus.

Action 8-1

Support the execution of the recently-approved “2010 Plan”.

Action 9-1

Support regional transportation improvements proposed and ongoing through the Pacific Gateway Program that foster business and commerce.

Action 9-4

Ensure that land use is supportive of regional transportation through densification.

Action 11-3

Encourage Federal/Provincial governments to provide universal access to child care, and continue to support child care through City policies, thereby allowing greater participation of women in the workforce.

Action 12-1

Pursue planning and development policies, including the EcoDensity initiative, that provide a balance of housing options.

Action 13-1

Ensure the business community is engaged in seeking

solutions to crime and safety issues through the Project Civil City initiative.

Action 13-2

Pursue complementary crime-reduction initiatives that address affordable housing, substance addictions, and mental illness.

Action 13-3

Support the Vancouver Police Department in its efforts to reduce all crime in the city, including property and violent crime.

Action 14-1

Implement the recommendations of the Property Tax Policy Review Commission.

INFLUENCING OTHERS

The recommended actions in this category are repeated here for ease of reference.

Action 9-2

Support further development of the regional transportation system, with a high priority on public transit, that is based on demonstrated need and public good, not on political considerations.

Action 9-5

Ensure that transportation rights of way are protected.

Action 9-6

Support the use of transportation demand management techniques.

Action 10-1

Support the post-secondary education sector as a critical link in developing a superior workforce through advanced education and research, and support the principles of excellence in the Province’s Campus 2020 Plan for post-secondary education.



Action 10-2

Support programs through the Vancouver School Board, Provincial and Federal agencies, and other educational service-providers to increase the educational focus on the areas of (1) science, technology, engineering and mathematics (STEM); (2) lifelong professional development; (3) adult basic literacy and numeracy; and (4) early childhood education.

Action 10-5

Support the expansion of funding for graduate student places.

Action 11-1

Support Federal and Provincial governments in initiatives to streamline immigration and temporary worker programs and make them more responsive to domestic labour market requirements.

Action 11-2

Encourage Federal/Provincial governments to enhance integration of immigrant workforce, including more efficient evaluation and recognition of credentials, and assistance with technical and language training.

of this project is summarized in Appendix 3. The data in this Appendix, and other relevant data that may be identified elsewhere, should be tracked on an ongoing basis. The January 2007 Progress Report issued by the VEDC included a grading system of 15 business climate indicators that can be used as the basis for ongoing tracking, with modifications and improvements based on feedback from City staff and others.

Second, one of the most powerful economic development tools is a business retention and expansion program. VEDC has such a program, called Business First!, that includes interviews with companies to better understand the issues and opportunities they face operating in Vancouver. While the ultimate scope of this program needs to be addressed (and ideally expanded significantly) through Phase 2 of the Economic Development Strategy, the business interviews are a very useful tool for measuring company opinions and perceptions with respect to a wide variety of business climate issues. Changes in these issues over time can form part of the feedback to the City on its success in addressing business climate challenges.

3.6 Performance Measurement

Performance measurement in economic development is always a very difficult proposition. The ultimate aim of the Business Climate Strategy is an improved Vancouver economy, featuring more and better employment, more business activity, more exporting, higher productivity, and overall the development of a “higher-value” economy. Yet while changes in these variables can be observed, they are all subject to a myriad of complex influences and the impact of any one specific initiative is nearly impossible to isolate.

There are two main recommendations with respect to performance measurement.

First, the City’s economic development function should build on the benchmarking work done as part



4. STUDY PROCESS

The Blue Ribbon Council Report was developed by the consulting team of Jamie Vann Struth (Vann Struth Consulting Group Inc.) and Eric Vance (Eric Vance & Associates). The communications component of the project was executed by Nancy Spooner (Nancy Spooner Consulting Inc.). Gordon Harris (Harris Consulting) was originally part of the project team, but withdrew at the end of 2006.

The study was prepared for the City's economic development agency, the Vancouver Economic Development Commission (VEDC). Guidance was provided in a series of three meetings by a Blue Ribbon Council of business and community leaders (see Appendix B). The identification and recruiting of the Blue Ribbon Council was managed by Elizabeth Watson (Watson Governance Advisory Services).

The study was undertaken from August 2006 to September 2007. The main steps in the process:

1. Initial statistical research to evaluate Vancouver's economic competitiveness and benchmark its business climate – August 2006 to early 2007.
2. Consultation with business and community stakeholders – total of 52 interviews conducted from November 2006 to December 2006.
3. Workshop with City Council to review initial results – January 2007.
4. Recruitment of Blue Ribbon Council of senior business and community leaders to advise through the Strategy development process – January 2007 to April 2007.
5. Meetings with Blue Ribbon Council to identify business climate priorities and discuss strategic solutions – May, June and September 2007.
6. Workshop with City of Vancouver senior staff in Planning, Cultural Services, and Sustainability - May 2007.
7. Second workshop with City Council – May 2007.
8. Final Strategy development – June to September 2007.
9. Stakeholder briefings to provide update on Strategy process and receive further feedback on business climate issues – June to September 2007.
10. Final review of Business Climate Strategy by Blue Ribbon Council and presentation to VEDC – October 2007.



5. BLUE RIBBON COUNCIL ON VANCOUVER'S BUSINESS CLIMATE

The Blue Ribbon Council on Vancouver's Business Climate is a group of business and community leaders appointed by the VEDC Board to provide direction and guidance to the development of the Business Climate Strategy.

The members of the Blue Ribbon Council gave generously of their time and expertise at three meetings (May, June, and September 2007), and also provided feedback on priorities and draft strategies between meetings. Their contribution to Vancouver's Business Climate Strategy was invaluable.

Members

Ms. Sarah Morgan-Silvester, Corporate Director (Chair)

Ms. Janet Austin, YWCA

Mr. Tung Chan, S.U.C.C.E.S.S.

Mr. Jim Cox, VanCity Enterprises

Dr. Warren Gill, Simon Fraser University

Ms. Evaleen Jaeger Roy, Electronic Arts

Mr. Kirk Kuester, Colliers

Ms. Carol Lee, Linacare

Mr. Stephen Lewis, Telus

Mr. Steve Mallett, Finning International

Mr. Glenn Munro, Rocky Mountaineer Railtours

Dr. Gerri Sinclair, World Center for Digital Media



APPENDIX 2

**Guiding Principles:
Economic Development in the
City of Vancouver**

City of Vancouver

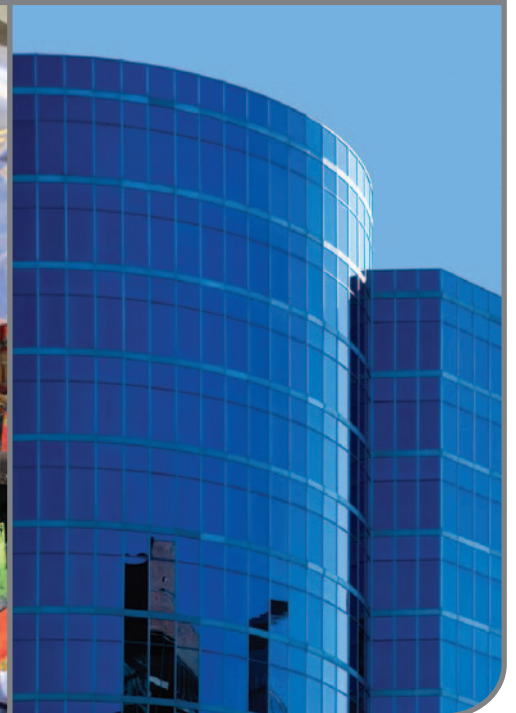
July 2006



GUIDING PRINCIPLES

Economic Development in the City of Vancouver

JULY 2006



Introduction

These guiding principles are aimed at providing the City of Vancouver with a strong and sustainable economy.

Guiding principles are intended to inform or shape decision-making. These guiding principles are statements of purpose that define how the City and its appointees will make decisions pertaining to the city's economy.

Vancouver doesn't have an economic development strategy that provides a vision and sets out economic goals. Guiding principles will provide context for policy, resource allocation, and assist in priority setting until a strategy is developed and more specific economic goals are articulated.

Guiding Principles

Competitive Business Climate

Vancouver will establish a competitive business climate that puts the city ahead of competitor jurisdictions.

Vancouver competes against cities around the world to attract and retain companies and skilled employees that contribute to the city's economic sustainability. Companies and talented workers are increasingly mobile. Establishing a competitive business climate is essential to attracting and retaining enterprise and talent. To be successful, Vancouver must have an environment that welcomes and supports business success.

To this end, the City of Vancouver will:

- ▶ Value economic development as a key city priority that contributes to Vancouver's sustainability, quality of life, and financial well-being.
- ▶ Welcome new businesses and acknowledge the important contribution of existing businesses to the city's long-term economic sustainability.

- ▶ Ensure that municipal costs are competitive relative to other jurisdictions, especially within the industry sectors that are important to the city's economic success.
- ▶ Provide an environment of "certainty" for businesses by establishing clear, consistent policies for development, regulation, and taxation.
- ▶ Streamline regulatory and permit processes while balancing community goals.
- ▶ Provide responsive and flexible customer service at City Hall.
- ▶ Include economic impact considerations in municipal decision-making.
- ▶ Demonstrate pride in the successes of Vancouver firms and business leaders.
- ▶ Recognize and support the importance of the "Creative City" and the "Learning City" as vital elements of a healthy business climate.

"Establishing a competitive business climate is essential to the continued growth and sustainability of our local economy. These principles will help us to set out a vision for our City and region to encourage both large and small businesses, as well as ensure a stable employment base in Vancouver."

Councillor Peter Ladner
Chair, City Services and Budget Committee

World Class Industry Clusters

Vancouver will identify, grow and build world-class export-oriented industry clusters that contribute to a diverse and resilient economy.

In a globally competitive environment, differentiation has become an important ingredient for economic success. For cities, differentiation means identifying, understanding, and supporting the unique “industry clusters” that enjoy a competitive advantage in that jurisdiction. Vancouver has international advantage in several industry clusters that have considerable growth potential and capacity to create high-value jobs. While all sectors are important to the economic mix of the city, the city’s limited economic development resources should be focused on strategies that provide the most efficient and highest value economic returns, and contribute to differentiating Vancouver from its competitor cities.

To this end, the City of Vancouver will:

- ▶ Leverage existing assets and strengths (e.g. the Port, YVR, 2010 Games, research institutions) to help make Vancouver a world economic leader in key industry sectors.
 - ▶ Attract, retain and support innovative, creative and unique Vancouver businesses that maintain Vancouver’s distinct character and will grow into economic leaders.
 - ▶ Place priority on supporting the growth of “economic drivers”– firms that produce goods and services for export and bring new wealth into the community to support local market-serving firms.
- ▶ Support both large and small business.
 - ▶ Grow and maintain head offices.
 - ▶ Recognize the added value of locally-owned businesses and support their success;
 - ▶ Preserve an adequate supply of industrial and commercial zoning to maintain and attract highly skilled, creative, and well-paid jobs close to where people live, and to provide city-serving uses.
 - ▶ Ensure an adequate supply of industrial and commercial land to accommodate the evolving needs of changing industries and that land use planning is in a regional context.
 - ▶ Affirm the City of Vancouver’s unique position as the Asia-Pacific Gateway for North America and identify specific areas where we can synchronize the economic strengths of the Asia-Pacific Region with our leading industry clusters.
 - ▶ Develop and nurture people and companies in our multicultural communities whose experience and connections give us a competitive advantage in the Asia-Pacific Region.



Strategic Infrastructure Investment

Vancouver will make investments in infrastructure that are strategic, sustainable, and focused to deliver economic returns to the city.

Economic activity is supported by public and private investments in infrastructure that facilitate the flow of trade, commerce, information, and knowledge. Every industry has unique infrastructure requirements; in developing the industry clusters that build on our strengths and assets, priority will be placed on strategic infrastructure investments that build competitive advantage for Vancouver's economy.

To this end, the City of Vancouver will:

- ▶ Facilitate telecommunications and wireless infrastructure.
- ▶ Support the infrastructure investments of research institutions, universities, colleges, trade and vocational institutions, and K-12 schools.
- ▶ Support investment in cultural institutions that underpin the creative city;
- ▶ Ensure that transportation investments, including port, airport, rail and road infrastructure, take into account the goods-movement and other needs of the region's business base.
- ▶ Ensure that Vancouver has well-placed and affordable land, buildings and office space that meet the operational needs of city and regional businesses.
- ▶ Support competitive energy costs.

High Quality of Life

Vancouver will maintain a high quality of life that attracts and retains skilled and talented workers required to drive the city's economy.

In our knowledge-based economy, business success is increasingly dependent on the skills, talent and creativity of the workforce. Companies locate and flourish in places where they can find talent; talent is increasingly mobile, drawn to cities that balance economic opportunity and quality of life. Quality of life is Vancouver's signature – the city consistently ranks in the top 3 cities in the world for quality of life. To attract and retain skilled workers and quality jobs, Vancouver will continue to make the city's quality of life a top priority.

To this end, the City of Vancouver will:

- ▶ Be a safe place to live and work.
- ▶ Maintain a vibrant downtown that balances opportunities to live, work, and play.
- ▶ Encourage an active nightlife.
- ▶ Support a thriving arts and culture sector.
- ▶ Provide outstanding indoor and outdoor recreational opportunities.
- ▶ Nurture unique, economically sound and vibrant neighbourhoods.
- ▶ Ensure that Vancouver has affordable housing options.
- ▶ Encourage high quality education at all levels.



Regional Leadership & Collaboration

Vancouver will provide regional leadership for economic development.

Although Vancouver may have the largest concentration of economic activity in the region, the city's economic success relies heavily on regional assets. Vancouver recognizes its role within the regional economy, and will work collaboratively with others in the region to capitalize on the region's strengths provincially, nationally, and globally.

To this end, the City of Vancouver will:

- ▶ Provide leadership for the development and endorsement of a regional economic development plan by all three levels of government and the private sector.
- ▶ Ensure the economic goals for the City of Vancouver are coordinated with the goals and objectives for the region and other regional municipalities.
- ▶ Support federal, provincial, and regional economic development objectives that positively impact Vancouver. Successful partners will translate into successful partnerships and increased economic benefits for the city.

Sustainability

The City of Vancouver will be a global leader in sustainability practices, balancing social, environmental and economic considerations for the benefit of both residents and business.

To this end, the City of Vancouver will:

- ▶ Establish benchmarks and measures to assess the city's position, direction and progress in becoming a world leader in sustainability.
- ▶ Encourage prudent use of non-renewable resources.
- ▶ Support transit options that keep the city's transportation networks efficient for residents, tourists and commercial users.
- ▶ Pioneer sustainable practices that establish the city as a world-leading demonstration centre that will attract visitors and build the reputation of local practitioners who export their talents, services and products.
- ▶ Support and encourage green technologies and sustainable development.
- ▶ Provide civic leadership to showcase sustainable operations, technology, and long term planning.





APPENDIX 3

VANCOUVER'S ECONOMIC PERFORMANCE

Vann Struth Consulting
Vancouver Economic Development Commission

April 2007

VANCOUVER'S ECONOMIC PERFORMANCE

By most accounts, Vancouver is in the midst of an economic boom. Both the city and the Metro Vancouver region have seen record or near-record levels of construction activity for most of this decade. Vancouver has benefited greatly from the success of British Columbia's resource industries, many of which have corporate headquarters, processing facilities, or transportation links to the region. Global demand, especially from China and India, has driven prices higher for coal, metals, and oil and gas, while the mountain pine beetle epidemic in the Interior has created a frenzied pace of harvesting activity. China's growth has also driven expansions in port facilities as the region attempts to fulfil its natural gateway role between Asia and North America. And perhaps the biggest stimulus of all, the impending arrival of the Winter Olympic Games in 2010, has prompted massive investments in transportation infrastructure as well as numerous public and private investments that will cater to visitors leading up to and beyond 2010.

The analysis in this report, however, argues that there are reasons to be concerned about Vancouver's future economy. Despite all of the evidence of rapid growth, much of this growth is cyclical. The rapid pace of both residential and non-residential construction will not last indefinitely, strong demand for BC commodities like minerals and energy will not continue rising unabated, the overall performance of the world economy will fluctuate, and the Olympics will be over in less than three years.

Vancouver's essential problem is that it has what might be called a "low-value economy". Too many of its jobs are low-paying, and they are in industries that primarily serve local consumers, not the export markets that pull new money into a region and drive its economy. Not enough jobs rely on innovation and advanced technologies to push productivity higher, which is

ultimately the only way for incomes to increase and to achieve long-term economic growth.

And why does this matter? Because a low value economy produces less funds to support public services and amenities, and fewer jobs that pay enough for people to afford to live in Vancouver.

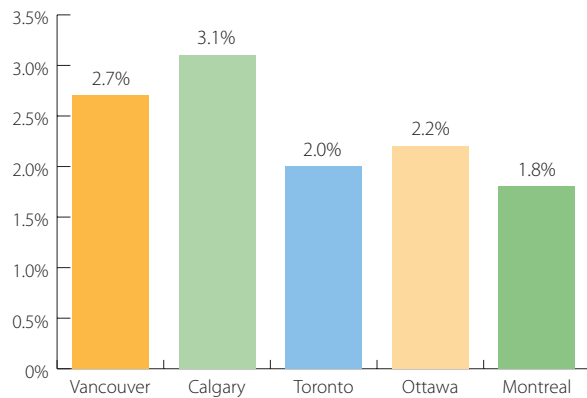
NOTES ON THE RESEARCH

In many cases, data is shown not for the city of Vancouver, but for the entire Metro Vancouver region or in some cases all of British Columbia. This is due partly to the availability of data (there is less data available for smaller geographic areas), but when discussing Vancouver's economy in comparison to other major Canadian cities, the entire metropolitan area is the right level to compare. This is because economies are regional, not city-specific, and also because Vancouver only accounts for about one-quarter of Metro Vancouver, whereas cities like Calgary and Toronto account for much larger shares of their metro area. So comparing only the city of Vancouver to the city of Calgary is not a valid comparison – the city of Vancouver is actually comparable to roughly one-quarter of the city of Calgary surrounding its downtown.

EMPLOYMENT GROWTH

Over the five years from 2001 to 2006, employment in Metro Vancouver¹ grew by an average of 2.7% per year, which trails only the Calgary metro area among the group of five largest Canadian metro areas shown below.

Average Annual Employment Growth, Metro Areas, 2001 - 2006



Source: Statistics Canada, annual Labour Force Survey

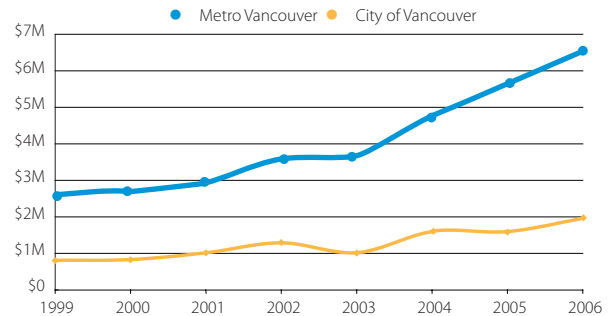
BUILDING PERMITS

Both the city of Vancouver and the Metro Vancouver region have had significant increases in building permit values since 1999, with continuous increases every year (except 2003, when Vancouver had a slight dip). For both the city and region, the value of permits issued was about 2.5 times higher in 2006 than it was in 1999.

The strength in construction activity crosses all categories. The BC Major Projects Inventory, which is published by BC Stats and counts all construction projects in the region with a value of \$20 million or more, listed more than 400 projects that were either proposed or under construction in the Mainland/Southwest region (which includes the Fraser Valley, Squamish-Lillooet, and Sunshine Coast Regional Districts) as of June 30, 2007. Of these 400 projects, about 65% are residential/commercial, with the

remaining 35% divided between transportation infrastructure, other infrastructure, industrial, and institutional projects.

Total Building Permit Values, 1999 - 2006
(\$ 000)

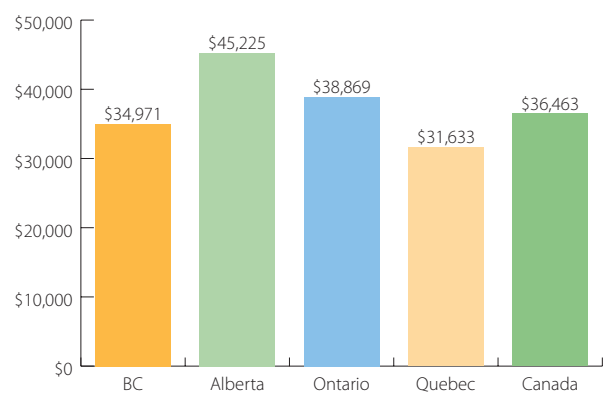


Source: Statistics Canada, data compiled by BC Stats

GROSS DOMESTIC PRODUCT (GDP)

Gross Domestic Product (GDP) is the first of several indicators that address the larger question of the “value” of the Vancouver economy. While it is an imperfect measure, GDP is nevertheless the best way to compare the total market value produced in the British Columbia economy compared to other provinces. Statistics Canada does not produce GDP estimates for sub-provincial areas, but given Vancouver’s linkages to the entire BC economy in its role as the main service and

GDP Per Capita, 2006 (\$1997)



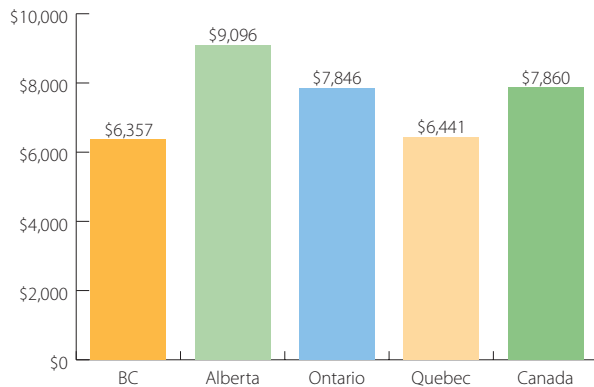
Source: Statistics Canada, compiled by BC Progress Board

¹ Ideally, employment data would be shown for both Metro Vancouver and the city of Vancouver. However, the only available data on city-specific employment is available from the Statistics Canada Census and the 2006 results are not released until early 2008. Employment trends in Vancouver ending in 2001 are only marginally useful in understanding Vancouver’s current economic performance and were therefore not included in this report.

transportation centre for the province, Vancouver's fortunes are closely related to what is occurring elsewhere in the province.

While GDP growth in BC has been strong in recent years, ranking in the top half of Canadian provinces for the last 5 years, a better measure for relating GDP to personal welfare is the per capita GDP. BC's per capita GDP, which measures the average value produced in the economy per BC resident, is lower than the Canadian average. This value is what ultimately determines individual incomes, as well as the amount of tax revenue to support the public sector.

Growth in GDP Per Capita, 1996 - 2006 (\$1997)



Source: Statistics Canada, compiled by BC Progress Board

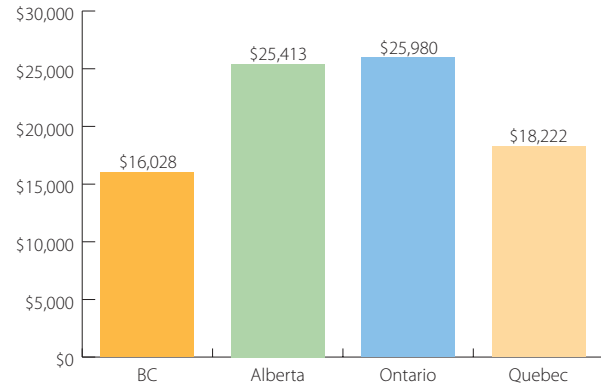
Not only is BC's per capita GDP lower than the Canadian average, the province has fallen further behind the rest of Canada over the last decade. The increase in BC's per capita GDP is substantially less than the Canadian average increase, and trails the three other large provinces.

EXPORTS

Exports are a key contributor to economic performance. By selling goods and services outside the province, external income is pulled into the BC economy that is used to support local consumption and local public services. Economies that are more successful in exporting are able to support higher levels of local

consumption, meaning both higher personal incomes as well as more extensive public services.

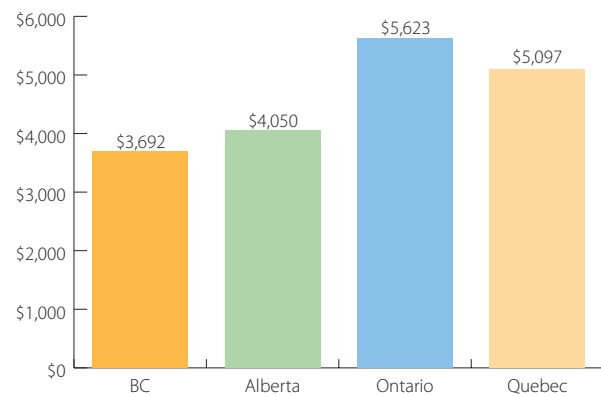
Exports Per Capita, 2006 (\$1997)
(Includes International and Inter-Provincial Exports)



Source: Statistics Canada, compiled by BC Progress Board

On a per capita basis, BC's exports (including exports to other Canadian provinces) are significantly lower than those in Alberta and Ontario, and somewhat lower than Quebec's.

Growth in Exports Per Capita, 1996 - 2006 (\$1997)
(Includes International and Inter-Provincial Exports)



Source: Statistics Canada, compiled by BC Progress Board

Similar to GDP, BC's exports are not only the lowest among the large provinces, but are falling further behind. From 1996 to 2006, the per capita increase in BC's exports was significantly lower than the increase in Ontario and Quebec, and marginally lower than Alberta's increase.

While official statistics on exports at the regional level are not available, estimates of the value of exports originating in 10 BC regions were calculated by Urban Futures Institute.² These estimates show that the “Lower Mainland”, including Metro Vancouver and the Fraser Valley Regional District, have per capita exports of about \$10,000, which is considerably lower than the BC average and ranks 9th out of 10 BC regions. So not only is BC a low-exporting province within Canada, but Metro Vancouver is a low-exporting region within BC.

What this means is that Metro Vancouver is primarily an economy of consumers, not producers. Residents of this region rely on the bounty of the province’s resource industries, but do not, on their own, produce enough high-value products and services that can be sold around the world to support higher incomes and improved public goods and services.

PRODUCTIVITY

The other component of the province’s economic performance that affects personal incomes is productivity. Labour productivity measures the amount of economic value that is generated per hour worked in the provincial economy.



Source: Statistics Canada, compiled by BC Progress Board

Clearly, if productivity can be increased, the amount of additional value that is generated also increases and supports both higher personal incomes and higher tax revenues. The BC Progress Board has emphasized the need for a concerted focus on improving BC’s mediocre productivity track record.³



Source: Statistics Canada, compiled by BC Progress Board

In 2006, the GDP produced per hour worked in BC trailed the other three large provinces as well as the Canadian average.

The increase in labour productivity over the last decade tells the same story as GDP and exports. BC is lower than the Canadian average, and falling further behind.

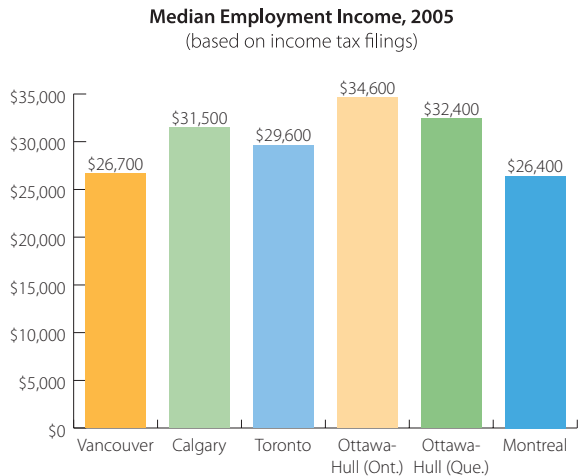
EARNINGS

Official data on GDP, exports and productivity is unfortunately not available for the city of Vancouver or even the Metro Vancouver region. Another way to observe the value of the city’s and region’s economies, however, is to compare average earnings.

Based on income tax filings for 2005, the median employment income for someone working in Metro Vancouver was \$26,700, marginally higher than Montreal but substantially lower than Calgary, Toronto, and Ottawa.

² Urban Futures Institute (2005) Regions & Resources: The Foundations of British Columbia’s Economic Base.

³ B.C. Progress Board (2006) Boosting Incomes, Confronting Demographic Change: B.C.’s “Productivity Imperative”, Vancouver, BC.

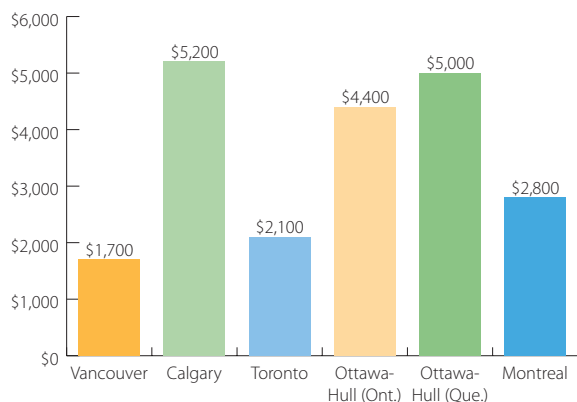


Source: Statistics Canada, CANSIM, based on data from Canada Revenue Agency

From 2000 to 2005, despite having one of the fastest rates of employment growth in the country, the median income for a Metro Vancouver worker increased by just \$1,700, easily the lowest among Canada’s major metropolitan areas.

Why have average earnings in Vancouver increased so slowly, despite the rapid increase in regional employment over the last five years? One of the explanations is that the jobs that have been created in Vancouver are “lower-value”, meaning that they pay less and are less productive and less export-oriented, than the jobs created elsewhere.

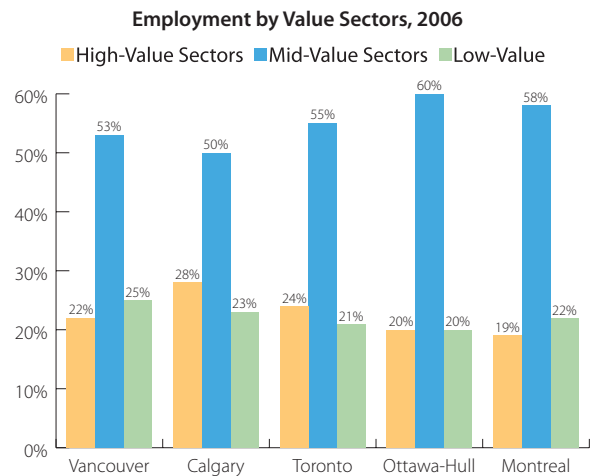
Growth in Median Employment Income, 2000 - 2005
(for metro areas, based on income tax filings)



Source: Statistics Canada, CANSIM, based on data from Canada Revenue Agency

Jobs are categorized using NAICS (North American Industrial Classification System). Using data from the five largest metro areas in Canada (Toronto, Montreal, Vancouver, Ottawa and Calgary), the 20 economic sectors in NAICS can be categorized into high-value, mid-value, and low-value sectors.

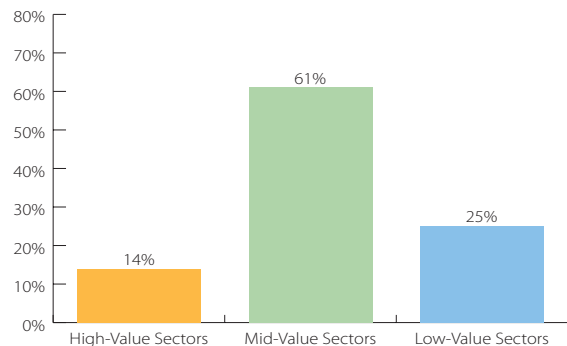
Using the sector categories established on the next page, the graph below shows the share of employment in high, mid, and low-value sectors in the Metro Vancouver area compared to other Canadian metro areas in 2006.



Source: Vann Struth Consulting Group, Statistics Canada Labour Force Survey

Vancouver ranks in the middle of the five largest Canadian metro areas in the percentage of high-value jobs (22%), and it ranks highest in the percentage of low-value jobs (25%).

Employment Growth by Value Sectors, Metro Vancouver 2001 - 2006



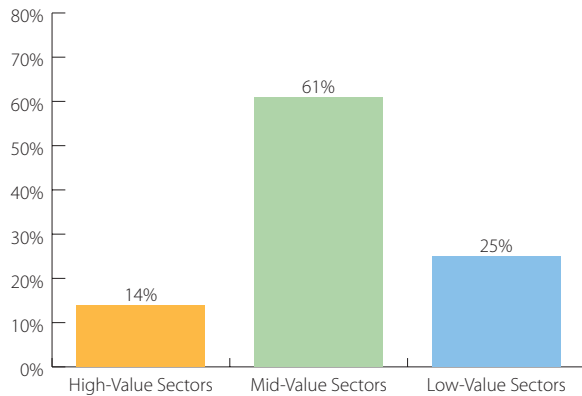
Source: Vann Struth Consulting Group, Statistics Canada Labour Force Survey (compiled by Metro Vancouver)

SECTOR CATEGORIES

Value Category	Sector (with NAICS code)	Toronto	Montreal	Vancouver	Ottawa-Hull	Calgary	Average Rank
High	[55] Management of companies and enterprises	1	1	1	1	2	1.2
High	[21] Mining and oil and gas extraction	2	2	2	8	1	3
High	[54] Professional, scientific and technical services	4	4	4	2	4	3.6
High	[22] Utilities	5	3	3	6	3	4
High	[51] Information and cultural industries	6	5	6	3	6	5.2
High	[52] Finance and insurance	3	6	5	9	5	5.6
Mid	[41] Wholesale trade	7	9	8	5	7	7.2
Mid	[91] Public administration	9	7	7	7	8	7.6
Mid	[61] Educational services	10	8	9	10	10	9.4
Mid	[31-33] Manufacturing	12	12	10	4	13	10.2
Mid	[53] Real estate and rental and leasing	8	11	13	11	9	10.4
Mid	[48-49] Transportation and warehousing	14	10	11	12	11	11.6
Mid	[62] Health care and social assistance	11	13	12	14	14	12.8
Mid	[23] Construction	13	14	14	13	12	13.2
Low	[71] Arts, Entertainment and recreation	15	15	16	15	18	15.8
Low	[44-45] Retail trade	16	17	15	17	16	16.2
Low	[56] Administrative and support, waste management and remediation services	17	16	19	18	15	17
Low	[81] Other services (except public administration)	18	18	17	16	17	17.2
Low	[11] Agriculture, forestry, fishing and hunting	19	19	18	19	19	18.8
Low	[72] Accommodation and food services	20	20	20	20	20	20

Vann Struth Consulting Group, Statistics Canada 2001 Census

**Employment Growth by Value Sectors, Metro Vancouver
2001 - 2006**



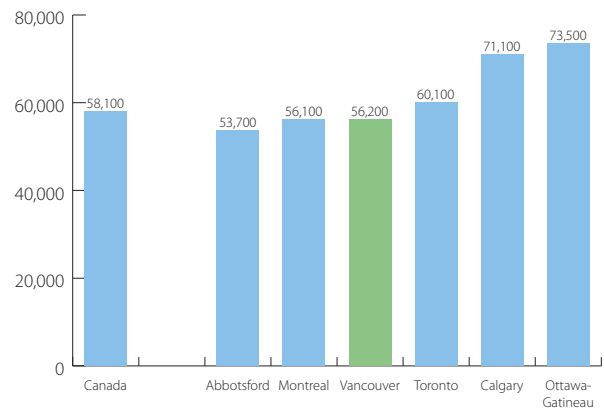
Source: Vann Struth Consulting Group, Statistics Canada Labour Force Survey (compiled by Metro Vancouver)

Over the five-year period from 2001 to 2006, the rapid job growth in Metro Vancouver has been concentrated mainly in mid-value jobs. The region's share of employment in high-value sectors has fallen, with only 14% of new jobs in these sectors compared to 22% of existing jobs in 2001.

are supporting more non-working residents than in other cities.

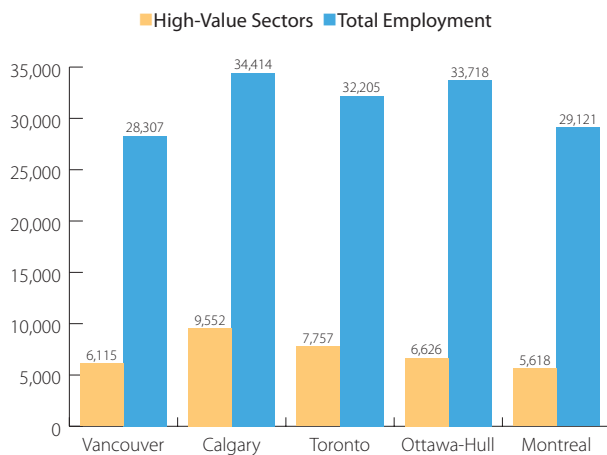
Other measures of income that go beyond employment are similarly concerning. Based on 2004 taxfiler data for all 27 metropolitan areas in Canada, the median family income in Vancouver ranked 22nd.

Median Total Income of Census Families 2004



Source: Statistics Canada (CANISM: tables 111-0009 to 111-0023 and 111-0032 to 111-0035)

Employment per 100,000 Residents, Metro Areas 2006



Source: Vann Struth Consulting Group, Statistics Canada Labour Force Survey

Not only does Metro Vancouver have a declining percentage of employment in high-paying sectors, but there are, overall, fewer people working in this region compared to Canada's other major metro areas. This means that working residents of Metro Vancouver

BENCHMARKING VANCOUVER'S BUSINESS CLIMATE

The definition of business climate that was adopted by the Vancouver Economic Development Commission (VEDC) for this project is:

The conditions that affect the ease, opportunity and profitability of conducting business in Vancouver.

The components of business climate that are most important depend greatly on the type of business, the location of employees, the degree of exporting and importing, the rate of growth of the company, and many other factors. The VEDC conducted a wide-ranging review of possible business climate indicators, based on:

- Review of other jurisdictions' business climate indices,
- Data availability within the time frame,
- Solicited input from VEDC Board members and interviews with businesses,
- Review of concerns of local businesses voiced through industry associations, e.g. the Vancouver Board of Trade or the Canadian Federation of Independent Business.

The results of this work were published in an interim report called *Vancouver Business Climate Report: January 2007 Progress Summary*.

The remainder of this report is derived from background analysis from the January 2007 summary report. It identifies a series of key business climate indicators and discusses their importance and data limitations, if any. Vancouver is compared to competing cities elsewhere in Canada, North America, and in some cases within Metro Vancouver. For many of the indicators, the only possible is on the metro basis, so all of Metro Vancouver

is used to compare to other metro areas elsewhere in North America.

Some of the data has been updated from the original January 2007 report.

QUALITY OF LIVING

Measured by:

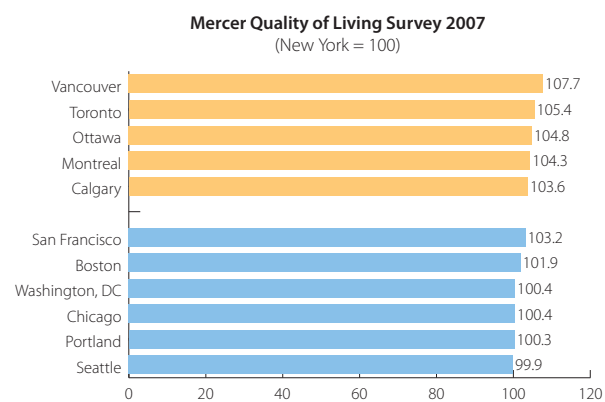
Mercer Human Resource Consulting, Quality of Living Survey.

Measured against:

215 cities around the world including major Canadian cities.

Why it's important:

With business success increasingly dependent on a skilled workforce, the quality of living of a location is increasingly considered an important factor of the business climate. Locations judged to offer a high quality of living make it easier for firms to recruit and retain skilled workers, since these workers often place a high priority on the quality of living when making employment decisions. Mercer's Survey is used by organizations to calculate appropriate remuneration packages for expatriate assignments by assessing relative living conditions.



Source: Mercer Human Resource Consulting, Quality of Living Survey 2007

What it tells us:

The Vancouver city-region is ranked third in the world and first in North America. It is perceived as a safe, politically and economically stable city, offering good medical and health considerations (air pollution, sewage treatment, hospital services, potable water, few ‘troublesome and destructive animals’), schools, recreation opportunities, availability of consumer and durable goods, and a benign natural environment. All Canadian cities are within 4 points of each other suggesting that Canada’s major city-regions offer high quality of living.

Why this specific indicator was chosen:

This was the most comprehensive measure available for measuring location attractiveness: each city is evaluated on 39 criteria, including political, social, economic and environmental factors, personal safety and health, education, transport, and other public services. Mercer notes that the Quality of Living Index is not the same thing as Quality of Life: “The Quality of Living index is based on several criteria used to judge whether an expatriate is entitled to a hardship allowance. A city with a high Quality of Living index is a safe and stable one, but it may be lacking the dynamic *je ne sais quoi* that makes people want to live in world-renowned cities such as Paris, Tokyo, London or New York. Sometimes you need “a little spice” to make a city exciting—but that ‘spice’ may result in a lower ranking.”

HOUSING AFFORDABILITY

Measured by:

RBC Housing Affordability Index.

Measured against:

Other CMAs in Canada since people make housing choices based on regional (as opposed to municipal) availability.

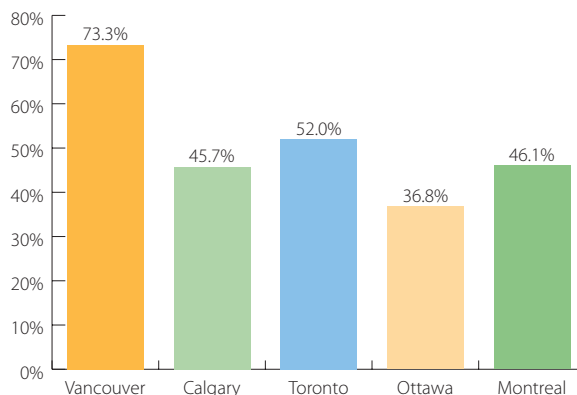
Why it’s important:

Housing prices affect a firm’s ability to recruit and

retain employees and play a role in determining appropriate salary levels or relocation allowances. Housing costs are often the most important component in a cost of living index. If housing becomes unaffordable, employees may consider relocation to own a home or a company’s cost structure may increase if it is forced to offer additional compensation to employees. If a region’s housing cost structure is such that employees are forced to relocate further and farther away, this may result in increased urban sprawl and traffic congestion unless measures are taken towards regional transport integration. If housing costs are high enough they may force relocation to other regions altogether, threatening the economic potential of the region.

Housing Affordability Index, Metro Areas, Q2 2007

(Share of pre-tax median income required to service average mortgage, property taxes, and utilities, for a standard two-storey home)



Source: RBC Economics September 2007, Housing Affordability (Index for Standard Two Storey, 1,500 square feet)

What it tells us:

This index shows the proportion of median pre-tax household income required to service the cost of mortgage payments, property taxes and utilities on a standard two-storey house of 1500 square feet. Vancouver with over 70% of the median pre-tax income required to service home ownership costs is easily the least affordable among large Canadian metro areas.

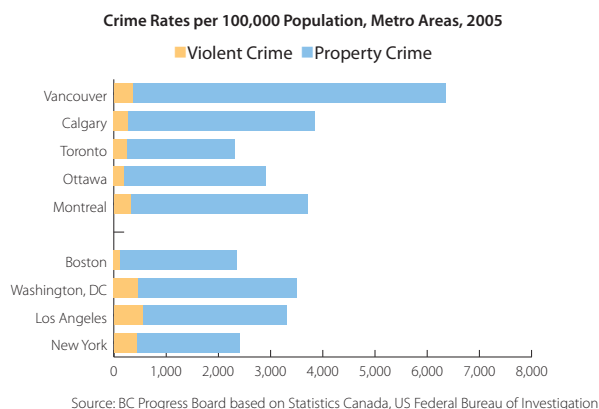
LOCATION SAFETY

Measured by:

Violent and Property Crime Rates per 100,000 population (2005).

Measured against:

Other Canadian CMAs and US MSAs.



Why it's important:

Since crime rates affect perceptions of both personal and business safety, they have an impact on business investment decisions. Crime can lead to increased business costs directly due to costs of repairing and replacing damaged property and goods and higher insurance premiums. It can lead to indirect costs through revenue lost during temporary business closures and by discouraging both tourists and locals from visiting their area.

Furthermore, high crime rates can affect a firm's ability to recruit employees locally and may affect the relocation choices of potential employees from other regions for whom high crime rates detract from a location's quality of life.

What it tells us:

Of benchmarked metropolitan areas, Vancouver has the highest combined crime rate because of its high rate of property crime (theft, break and enter and motor vehicle theft).

REAL ESTATE INFRASTRUCTURE

Measured by:

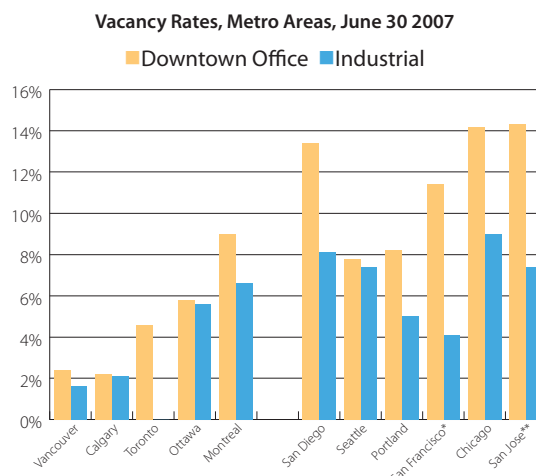
Vacancy Rates, Office and Industrial Markets.

Measured against:

Metro Vancouver submarkets, Canadian and US cities.

Why it's important:

Availability of space to conduct business is a key factor in investment decisions. If suitable space is unavailable or options are very limited, a city may be bypassed in favour of another for a new location or expansion decision. While tight supply conditions are usually addressed by the real estate market in the long term through construction of new space, in the short term (1-3 years), tight supply can limit new business investment resulting in lost economic opportunity and job creation.



* Industrial figure refers to San Francisco Peninsula - San Mateo
 ** San Jose refers to San Jose - Silicon Valley for both industrial and office
 Source: Colliers International: North America Office Real Estate Highlights 2nd Quarter 2007 & North America Industrial Real Estate Highlights 2nd Quarter 2007

What it tells us:

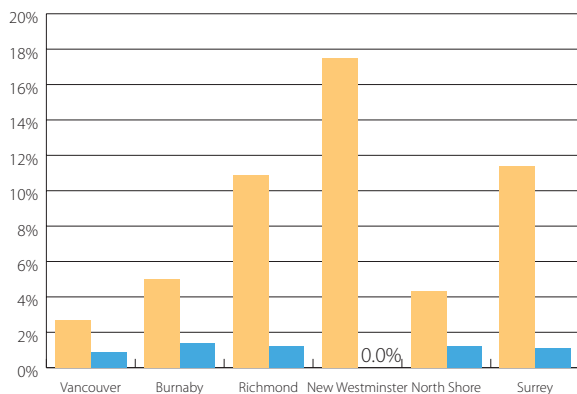
Vancouver's low vacancy rates for industrial and office space may deter new businesses from locating in the city and may limit growth plans of existing businesses. The Vancouver CMA's industrial vacancy rate at 1.3% is lower than any of the 55 American markets covered in the Colliers survey, and lower than all Canadian markets except Victoria.

Vancouver's downtown office vacancy rates are also at the low end of the range, only slightly higher than Calgary. Both of these western Canadian cities have lower downtown office vacancy rates than any of the American cities in the Colliers survey. Outside the downtown core, office inventory vacancy rates in Vancouver, Ottawa, Montreal and Toronto are between 7-12% with the exception of Calgary at 1.8%.

Metro Vancouver Vacancy Rates:

The following tables show office and industrial vacancy rates in greater detail within Metro Vancouver. The regional industrial market is characterized by strong demand with limited available supply. Industrial land values (specifically serviced and zoned industrial land) continue to increase. Suburban office vacancies are significantly higher.

Vacancy Rates, Metro Vancouver Municipalities, Q2 2007
 ■ Office ■ Industrial



Source: Colliers International Vancouver Market Report Third Quarter 2006

The impact of low vacancy rates on perceptions of business climate may also be gauged by interviews conducted by the VEDC as part of its Business First! Program aimed at supporting retention and expansion of the existing business base.⁴

A significant proportion of businesses (62% of 64 surveyed within the City of Vancouver) are apprehensive about expansion prospects, indicating that Vancouver

has no 'room for expansion'. Most of these businesses (97%) lease their premises, increasing the risk of relocation to other facilities once their leases expire. For a business, vacancy rates are pertinent to benchmarking the business climate since they signal the cost and ease of availability of premises from which to conduct business. For policymakers the analogous measure is land use distribution within Metro Vancouver.

AVAILABILITY OF A SKILLED WORKFORCE

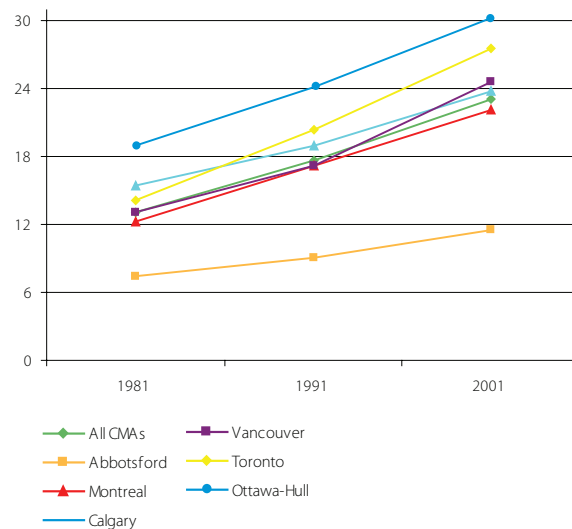
Measured by:

Share of CMA workers with a university degree (1981; 1991; 2001).

Measured against:

Canadian CMAs (metro areas) since businesses consider the availability of skilled workforce on a regional basis when considering investment decisions.

Share of Workers* with a University Degree



*Includes employed and unemployed. Excludes institutional residents and non-permanent residents.
 Source: Statistics Canada, Census 1981, 1991, 2001

⁴The companies tend to be high-profile or flagship companies in various industries and are not a statistically representative sample of all businesses.

Why it's important:

Since a firm's human capital base is often one of its most important competitive assets, availability of a skilled workforce is one of the most factors in business investment decisions. The relative priority placed on availability of a skilled workforce may vary to some degree by industry but the importance of human capital relative to a firm's physical and financial capital is playing an increasingly important role in determining a firm's market value in the North American and global economy. Even financial executives today see human capital as a key value driver, not merely an expense.⁵

What it tells us:

Vancouver holds a competitive position when it comes to providing firms with a skilled talent base. Between 1991 and 2001, the Vancouver CMA overtook Calgary and stayed ahead of Montreal, increasing the proportion of its skilled workforce; however Vancouver lags behind Ottawa and Toronto.

Why this specific indicator was chosen/other measures were not:

For many firms, more specific indicators of a skilled workforce may be relevant: e.g. number of skilled tradespersons or the proportion of science degrees awarded or PhD degrees. However, since this paper does not focus on a specific sector, the most general type of university educational achievement is chosen.

ENTREPRENEURIAL CAPACITY

Measured by:

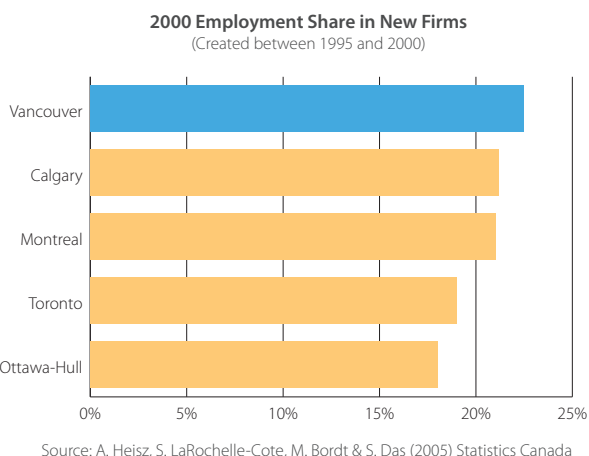
- (a) Employment Share in New Firms and
- (b) Growth in Small Business Formation.

Measured against:

Canadian CMAs (metro areas).

Why it's important:

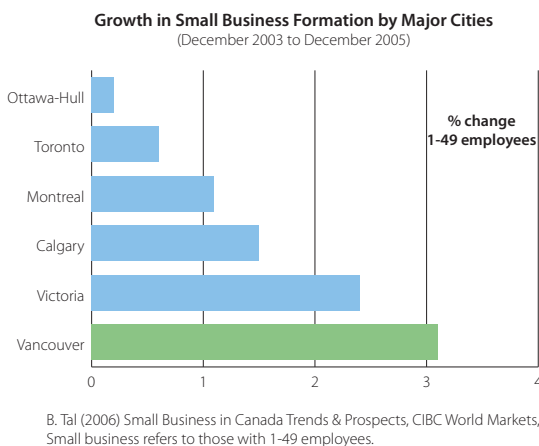
The rate at which new businesses are formed indicates the degree to which the business climate and economic opportunity allow entrepreneurial activity.



What it tells us:

Small business has historically played an important role in BC. Cities in BC, including Vancouver have a high share of employment in new firms indicating relative success on the region's entrepreneurial capacity. Vancouver also had the second highest share of self-employed workers (14%) in all CMAs in 2001. The relatively high employment share within new firms indicates that the region's entrepreneurial capacity plays an important role in creating employment opportunities.

A report by CIBC World Markets shows that Vancouver led Canadian CMAs in small business formation (i.e. in the percentage in the number of small businesses with 1-49 employees) between 2004 and 2005.



⁵ "CFOs want greater role in managing human capital", Management Issues, February 21, 2003.

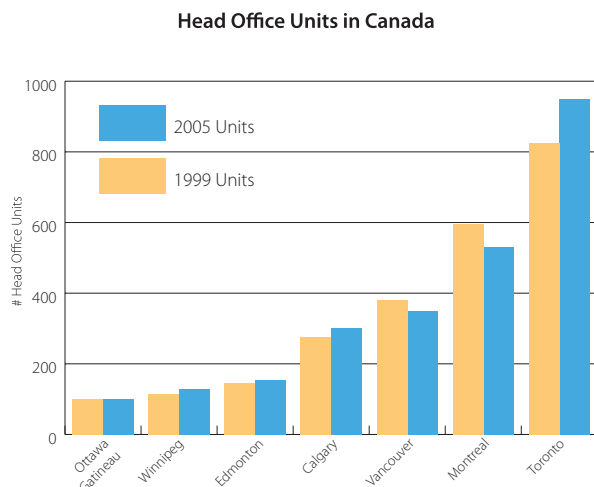
LARGE/GLOBAL COMPANY DEVELOPMENT

Measured by:

Head Office Units and Employment, 1995 to 2005.

Measured against:

Canadian CMAs (metro areas) since the distribution of head offices--and more generally economic opportunity--is evaluated on a regional rather than municipal basis.



Source: Statistics Canada, Head Office Employment in Canada, 1999 - 2005

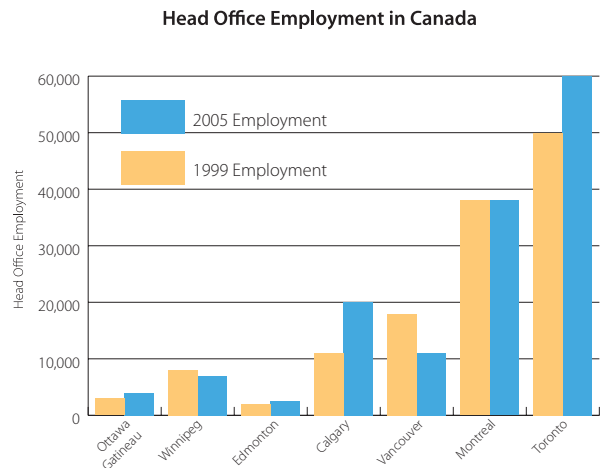
Why it's important:

Head offices are believed to represent concentrations of decision making and economic power (critical mass of employment, purchasing power, or taxes payable), Head offices may play an important 'anchor company' role in enabling the growth of industry clusters. The presence of large companies is assumed to create economic opportunity for the region through their assumed links to international markets.

What it tells us:

Like Montreal, Vancouver has seen a decline in its competitiveness as a location for head offices. Vancouver's decline is more serious, because not only have the number of head office units decreased as in Montreal, so has the number of the employees

employed by head offices. The size of head offices in Vancouver has decreased too: average employment per head office unit fell from 48 in 1999 to 35 in 2005 in Vancouver.



Source: Statistics Canada, Head Office Employment in Canada, 1999 - 2005

Other:

While Vancouver's head office flight is sometimes thought of as being of recent origin, as long ago as 1990, Calgary was successfully competing with Vancouver as a headquarters location. In 1990, Canada's five largest headquarters cities in resources, manufacturing, and services were: Toronto (42.2% of national revenues in the three sectors), Montreal (21.6%), Calgary (8.4%), Vancouver (5.6%), and Winnipeg (3.4%). Calgary was one of the most rapidly growing head office centres with an increase of 62% from 1970 to 1990.⁶

⁶ Rice, M. (1996) "Functional Dynamics and a Peripheral Quaternary Place: The Case of Calgary," Canadian Journal of Regional Science, Vol. 19(1), Spring/Printemps 1996.

SUCCESS OF NEW FIRMS

Measured by:

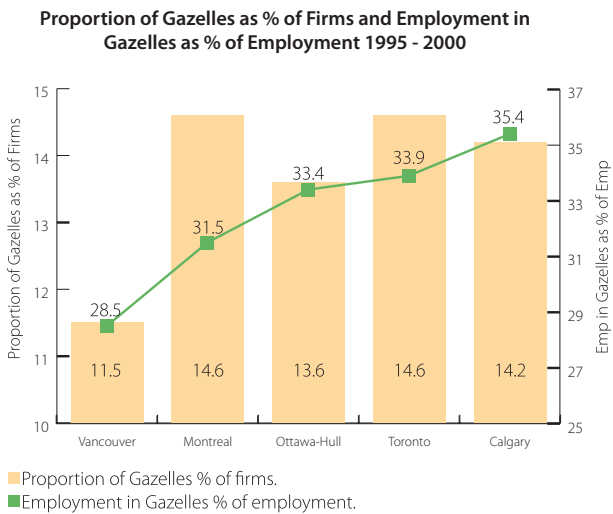
Performance of 'gazelles' or fast growing firms.

Measured against:

Canadian CMAs (metro areas).

Why it's important:

A 'gazelle' is a firm which more than doubled its employment between 1995 and 2000. Growth of a firm is assumed to be an indicator of its own market success and increased opportunity for firms with which it has business linkages. A high proportion of 'gazelles' along with a high proportion of employment within these firms suggests that the business climate supports corporate growth.



Source: Heisz et al. (2005) Statistics Canada

What it tells us:

Like the previous indicator, the data suggest that in spite of strong entrepreneurial capacity suggested by an earlier indicator (4.4), the business climate in Vancouver, though supportive of entrepreneurship appears to limit the growth of these companies and their share of employment.



APPENDIX 4

2006 STAKEHOLDER OUTREACH SUMMARY

Vann Struth Consulting

January 2007

STAKEHOLDER CONSULTATIONS

Stakeholder consultations were conducted by members of the VEDC Business Climate Strategy consulting team in November and December, 2006. The purpose of the interviews was to identify the most important business climate issues facing Vancouver, to understand how the identified problem areas affect each stakeholder's interests, and what should be done to address the issues.

The consulting team conducted a total of 52 interviews, nearly all in person, that collected feedback from more than 60 individuals. The stakeholders represent a cross-section of organizations that view business climate from a wide variety of perspectives, including:

- **21 industry/business associations**
- **8 government departments**
- **6 private companies**
- **5 educational institutions**
- **3 Crown agencies**
- **3 transportation authorities**
- **6 others**

GENERAL FEEDBACK

Overall there was a very positive reception to the project. Many stakeholders were happy to see the City taking this step, and several thought it was long overdue.

A broad range of business climate issues were identified (see below), with no single issue dominating the discussions. There was strong emphasis placed on the importance of a regional perspective to the issues – in fact, several stakeholders prefaced their comments by stating that their preference would be for the issues to be addressed regionally.

TOP BUSINESS CLIMATE ISSUES

Each stakeholder was asked to identify the top three business climate issues that were most important from their perspective. Many of the issues that were identified are broader in scope than strictly the city of Vancouver, and many of the issues are also inter-connected (e.g. high housing costs is connected to shortages of labour).

Based on the top three or four issues identified by each stakeholder, the following issues were deemed to be most important: the number in parentheses is the number of stakeholders ranking the issue as a top priority. Bullet points provide a sample of some of the specific comments that were received, and may not reflect the views of the consulting team or the Blue Ribbon Council.

Housing affordability and availability (18)

- Was the top issue, and ranked as a top issue by 18 respondents, one-third of all stakeholders.
- A critical issue for attracting labour to Vancouver.
- Housing market is disconnected from the local labour market – there isn't enough economic activity here, and salaries are too low, to justify the prices.

Labour availability and affordability (17)

- Problem is most acute for experienced management and those with specialized skills.
- Strong connection to housing and pay levels aren't sufficient to provide housing that potential recruits are accustomed to in other cities.
- The market for some skilled occupations is not sufficiently deep that if the first opportunity doesn't work that another similar opportunity will be available.
- The region is unable to keep all of its graduating students due to the lack of anchor companies.

Transportation of goods and people (16)

- Closely tied to labour shortages and housing costs – high housing costs causes employees of Vancouver companies to live further away from the city, thus adding to the region’s transportation difficulties.
- Goods movement problematic within the city – there is a perception that City gives higher priority to bike lanes than the efficient movement of goods.
- Simple problem of too much congestion for cars, trucks, and rail.
- Idling is very costly and damaging to productivity.

Property taxation (14)

- Importance of this issue varied considerably depending on the type of stakeholder.
- The ones most affected are small, streetfront companies and family-owned businesses that contribute greatly to the vibrancy of neighbourhoods throughout the city.
- Parking tax also a major irritant to these small companies.
- Not so much an issue for larger companies and chain stores.

Land availability and cost (12)

- General concern about loss of industrial land.
- Concern about losing land for office development to residential development, with examples cited of companies wanting to expand having to leave the city.
- Resolving this issue critical to reversing the out-migration of jobs.
- City shouldn’t reduce the value of industrial land by putting residents next to industrial areas.
- Lack of clarity on the City’s direction. Does it want to become less of a business centre? This would have repercussions across Canada.

Regulation (11)

- Affects only sectors that deal a lot with the City, primarily developers, small retailers, restaurants etc. that must deal with City licensing.
- Lack of regional business license is an irritant.
- Overall feeling is there are too many regulations and a lack of certainty in their application, but also not a welcoming or helpful attitude by City staff.

Crime and safety (10)

- An issue mainly for retailers, tourism-related businesses, and those operating downtown.
- From a tourism perspective, there is a sense that there has not yet been a significant loss of business, but if Vancouver’s external reputation changes to that of an unsafe location, it will be very difficult to change it back.

Innovative capacity (7)

- Perception is Vancouver does well with innovation, but not commercialization.
- Notably, stakeholders with the closest connection to Vancouver’s most innovative industries have the lowest opinion of the city’s innovation capacity.
- Lack of financing a challenge.
- Perception that Vancouver is “too Canadian” and doesn’t use resources to focus on strengths that would enable truly first class results – the result is “high-quality second class”.

Structure of region (4)

- Lack of coherent approach to regional economic development and regional marketing a key shortcoming of the region.
- There is a lack of clear regional priorities - in short, lack of a strategy.
- The port and gateway are clear examples where regional coordination is badly needed.

Culture and attitude with respect to business (3)

- Region doesn't sufficiently embrace internationalism - still very inward-looking, very parochial, and more concerned with politics in the region than positioning the region on a global stage – “metropolitan but not cosmopolitan” – students don't focus on international business – it's tough to be great exporters and to operate in an increasingly competitive global economy with this mindset
- Polarized politics and some people who feel that business is inherently bad
- Region doesn't celebrate business success – perhaps because there is no clear driver of the regional economy, the issue of how business is doing is not a general topic of conversation in Vancouver (unlike, for example, Calgary or Seattle)

OTHER KEY POINTS

Other key points raised by multiple stakeholders include:

Current economic strength obscures the need for change

- Economic is still resource-dependent.
- Construction is cyclical.
- There is nothing sustainable being developed to replace the current boom.

Business and social development not an either/or proposition

- There are unfortunately segments of the population that feel that if business is doing well that must mean someone else is doing poorly
- There is no sense of long-term investment in the economy.
- Business and social interests really go together, because without business development there no funds to pay for social causes.

Business contribution not recognized

- Business success is required to provide good-quality jobs in Vancouver for everyone's children and grandchildren.
- The public struggles to see the linkages – how business and industrial taxes support residents.
- Businesses also provide support for arts and culture, sponsorship of events, and contributions to charity.
- The City often does not recognize the business contribution – the relationship is often adversarial, not cooperative.

City should be regional leader

- Many of these business climate issues should be addressed regionally, but City of Vancouver should be a leader.
- The lack of regional cohesion leads to lack of focus on international competitiveness – not having a regional business development function is foolish.

False Creek Flats potential

- There was much discussion of the potential of this area – need for a landmark building and technology area that can be shown off to the world – but does the City have the vision to make this happen?

Strong desire for City leadership

- Overall stakeholders recognize the value of the City and have a strong desire to see greater City leadership on economic issues.
- City needs to emphasize that business success is important.

Need business-focused marketing

- Marketing of the city for business is poor – the focus should not be kayaks and mountains, but the story of Dr. Michael Smith, the decoding of SARS virus, and other important discoveries or business successes from here.

- Visitors are often surprised that Vancouver has this type of economic activity
- The “Vancouver” brand is far better known internationally than the “British Columbia” brand and this needs to be capitalized on.
- Vancouver relies too much on its quality of life, which is a premium over other cities but it’s not the overwhelming advantage that locals often think it is, especially given the costs of living here.

City for the wealthy

- Concern that Vancouver will become a city for the wealthy if current issues are not addressed.
- Because Vancouver is so beautiful and people want to visit here and buy property here, our housing market is decoupled from our local labour market.
- There is a danger of creating a city that is affordable only to professionals and a wealthy elite (both domestic and foreign).
- The service jobs to support this economy will be filled by people commuting into Vancouver from elsewhere.
- This danger needs to be countered by strong business development that keeps good-quality employment in the city.

List of Consulted Stakeholders

- John Allan, Council of Forest Industries
- Annette Antoniak, 2010 Secretariat
- Lynda Brown, New Media BC
- Ron Burnett, Emily Carr Institute of Art + Design
- Susan Croome, BC Film Commission
- Rob Cruickshank, BC Technology Industries Association
- Don Dalik, Fasken Martineau
- David Dolphin, BC Innovation Council
- Dale Dorn, Vancouver Community College
- Maureen Enser & Peter Kenward, Urban Development Institute
- Karimah Es Sabar, BC Biotech
- Karen Flavelle, Purdy’s Chocolates
- David Fung, ACDEG Group
- Charles Gauthier and board members, Downtown Vancouver Business Improvement Association
- Mathew George, Telus
- Tony Gugliotta, Vancouver International Airport Authority
- Soren Harbel, BC Ministry of Economic Development
- Sue Harvey, City of Vancouver Cultural Services
- Phil Hochstein, Independent Contractors and Businesses Association of BC
- Ronda Howard, City of Vancouver Planning Department
- Laura Jones and Liv Fredricksen, Canadian Federation of Independent Business
- Jacqueline Kirby, Apparel BC
- Werner Knittel, Canadian Manufacturers and Exporters
- Tony Knowles, BC Institute of Technology
- Shana Korotash, Wireless Innovation Network of BC
- Cathy Kwan, Strathcona Business Improvement Association

- Paul LaBranche, Building Owners and Managers Association of BC
- Jerry Lampert & Jock Finlayson, BC Business Council
- Stan Mavis, Sugoi Performance Apparel
- Tim McEwan, BC Progress Board
- Michael McPhie & Byng Giraud, The Mining Association of British Columbia
- Derral Moriyama, Vancouver Board of Trade Regional Economic Development Committee
- Tom Osdoba, City of Vancouver Sustainability Group
- Bob Paddon and Clive Rock, TransLink
- Helmut Pastrick, Credit Union Central of BC
- Yuen Pau Woo, Asia Pacific Foundation
- Dennis Pavlich, University of British Columbia
- Wayne Peppard, BC and Yukon Territory Building and Construction Trades Council
- Harriet Permut, Greater Vancouver Real Estate Board
- Moura Quayle, Ministry of Advanced Education
- Richard Rees, Lesley MacGregor & Kerri Brkich, Institute of Chartered Accountants of BC
- Darcy Rezac, Vancouver Board of Trade
- Wayne Robson, Industry Canada
- Lino Siracusa, Canada Mortgage and Housing Corporation - Granville Island
- Mark Startup, Retail BC
- Michael Stevenson, Simon Fraser University
- John Tak, Hydrogen & Fuel Cells Canada
- Ian Tostenson, BC Restaurant and Foodservices Association
- Paul Vallee, Tourism Vancouver
- Faye Wightman, Vancouver Foundation
- Bob Wilds, Greater Vancouver Gateway Council
- Tom Winkler, Vancouver Port Authority



APPENDIX 5

2007 STAKEHOLDER OUTREACH SUMMARY

Tylee Consulting

September 2007

INDEX

- SUMMARY OF MAIN THEMES**..... 87

- DOING BUSINESS IN THE CITY** 88
 - Regulations..... 88
 - Lack of available space 89
 - Safety and deteriorating public realm..... 90
 - Traffic congestion and affordable housing..... 91
 - Property taxes and City expenditures..... 92

- ECONOMIC DEVELOPMENT AND SUSTAINABILITY** 93
 - Support for economic development..... 93
 - An economic vision or plan 93
 - Economic sectors..... 94
 - Area-specific economic development..... 94
 - Sustainability..... 95

- OTHER COMMENTS**..... 96

- METHODOLOGY** 97

SUMMARY OF MAIN THEMES

There was a high degree of consistency among the over 60 business and community stakeholders interviewed; there were also many differences in emphasis, and relatively few disagreements. Two themes predominated.

1. Doing business in the city is becoming less desirable and more businesses, especially small businesses, are moving out of the city.

- **Regulations.** A wide range of regulatory concerns, both general and specific, were mentioned in 22 interviews. A significant number of respondents believe the regulatory burden is greater in the city than in other jurisdictions. Many recommendations for change were made.
- **Lack of available space.** Shortages in industrial, office, arts-related and other space were mentioned in 20 interviews. Comments focused on the region-wide shortage of industrial land and on challenges facing city-based businesses wanting to expand.
- **Safety and deteriorating public realm.** The negative business impacts of increased property crime, dirtier streets, panhandling and drug use were mentioned in 18 interviews. The focus was mainly, but not exclusively, on Downtown Eastside.
- **Traffic congestion and affordable housing.** Region-wide road and transit inadequacies, and their impact on efficiency and employee retention, were mentioned in 18 interviews. Congestion is partly due to city-based employees being forced by house prices (10 mentions) to live elsewhere in the region. But congestion and poor transit service makes city jobs less desirable to suburban residents, so businesses facing staff shortages (8 mentions) are increasingly moving out of the city, closer to their employees' homes.
- **Property taxes and City expenditures.** Taxes on businesses, especially in relation to residential taxes, were mentioned in 16 interviews; related concerns included the level of City expenditure and the possibility of more outsourcing by the City (9

mentions), and better mechanisms for business sector input to City Council (5 mentions).

2. Action is required to support economic development and sustainability.

- **Support for economic development.** More public sector leadership in explaining and supporting economic development, and in building appropriate alliances, was mentioned in 23 interviews; a regional approach was mentioned 10 times.
- **An economic vision or plan.** The need for some economic vision or plan, with associated implementation, branding and marketing activities, was mentioned in 19 interviews. There were significant differences among the types of plan recommended: some envisaged a broad plan that would integrate economic, social, environmental and transportation factors; others suggested a tighter focus on economic development. Similarly, some emphasized the need to integrate with Provincial planning, others advocated planning at the regional level, and others were more concerned with municipal or area planning.
- **Economic sectors.** Individual economic sectors were mentioned in 35 interviews; comments varied from general acknowledgement of the importance of the sector to specific recommendations to strengthen the sector. The sectors most frequently identified were: transportation (16 mentions), high tech/education (13 mentions), retail (7 mentions), sustainability related industries (7 mentions) and tourism (6 mentions).
- **Area-specific economic development.** Actions to spur economic development in specified parts of the city, including MetroCore, False Creek Flats and industrial areas, were suggested in 15 interviews.
- **Sustainability.** A variety of comments were made in 12 interviews, ranging from sustainability as the number one business climate priority to increasing densities and supporting green buildings and technologies.

Areas in which research or action were suggested by several respondents included multicultural and immigration concerns, labour relations and First Nations issues.

DOING BUSINESS IN THE CITY

REGULATIONS

In more than half of all interviews, respondents expressed concern about a wide range of City processes and regulations, including those covering zoning, restaurants, parking, development, building inspection, naming City buildings and noise. Many respondents share a belief that the amount of regulation is increasing; one noted “it’s to the point where it is difficult to do the right thing when you are trying to do the right thing”. A significant number of respondents said regulatory issues were their number one business climate concern.

Several respondents noted that regulations disproportionately affected small businesses. This was a particular problem for the tourism sector, because tourists like to see unique local businesses, not chain stores they can find in their own communities.

In many cases, respondents appeared as concerned about the attitude of City staff administering regulations as about the regulations themselves. Staff are perceived as unaware of the impact of their actions on businesses, particularly small businesses. Among comments made were “see themselves as gatekeepers, not facilitators”, “not friendly to business”, “business is at the bottom of the food chain”, “indifferent to business”, “them v us”, “businesses see themselves as victims of City Hall.” One respondent said business people often get a positive message from elected officials, but a totally different response from staff.

One interviewee offered that an indifference to business might arise in some cases because, by virtue of their enforcement duties, City staff become more acquainted with those few businesses in regular violation of regulations than they do with the overwhelming majority of businesses in compliance with regulations.

Numerous interviewees expressed a conviction that the regulatory burden in the city is greater than in other

municipalities, in the region and elsewhere. They also felt that other municipalities were more welcoming to business, “much less intimidating”, and quicker and clearer in their responses to business requests for information or approval of projects.

Several respondents indicated their concern was more with speed in moving through regulatory processes, rather than with the processes themselves. It was suggested that more effort be given to tracking speed of processing, and to taking action where processing times were increasing.

One respondent noted that the definition of a “truck” differs from municipality to municipality in the region. Metro Vancouver has proposed a standard regional definition, but its proposed standard is inconsistent with standards used within the industry.

For many Asian entrepreneurs, Alberta is seen as more business-friendly than BC because there are fewer regulations, and other municipalities in the region are seen as more business-friendly than the city. Half of Taiwanese entrepreneurs that come to the region go back to Taiwan. 95% of locally raised young Chinese entrepreneurs leave for China or the U.S., because they perceive the business opportunities to be greater there.

Several interviewees noted that regulations and regulatory processes are not user friendly. It is often not clear which and how many places at City Hall needed to be visited for regulatory signoffs; this is a particular problem for starting businesses and for those whose first language is not English. Where “road maps” to processes are available, they are not necessarily complete.

One interviewee noted areas in which the City does not have the resources to adequately enforce its own regulations, with the result that compliant companies are put at a competitive disadvantage relative to their less scrupulous competitors. Another noted that where the City assumes a regulatory role, but does not have

the specialized resources to carry it out effectively, this increases the City's exposure to liability. Others expressed concern that regulations are enforced selectively, and that "if all bylaws were enforced all of the time, the city would close down."

One interviewee noted a particular concern that regulations may change even as businesses are going through the prescribed process, which can create major costs and problems. Another noted that the regulatory environment makes it "impossible to manage risk" and, as a result, many companies are moving activities to more business-friendly jurisdictions.

One respondent deplored the slow process to make business-friendly changes to regulations; referring to a proposal that had received at City Council, he noted "I feel like I've won the lottery, but won't get the prize for 40 years." In similar vein, another condemned long delays to do more studies before changes can be made.

Some respondents noted changes in municipal regulations may come from senior government-supported initiatives, including TILMA, BizPaL and regional business licensing. In addition, the City's current initiative to look at regulations that affect arts groups, working with a roundtable of arts organizations, was seen as positive.

One respondent noted that cutting red tape is not the answer to making the city's economy work more efficiently, because it often results in some people or organizations being made worse off.

Among many recommendations made, the most far reaching were:

- Undertake a complete regulatory review, as previously done by the BC government and the City of Winnipeg. Beyond reducing regulatory costs, this approach could have huge symbolic value in demonstrating City efforts to be more business-friendly. For credibility, it would have to have a strong measurement component.

- Move to regional licensing and regulation where possible (though one interviewee noted that every attempt to simplify regulations on a regional basis over the past two decades had "crashed and burned")
- Move toward regulating outcomes, rather than regulating what must be done to achieve outcomes
- Adopt the BizPaL approach (A Canada-wide initiative to put all regulations on the internet; Kamloops is a pilot community)
- Outsource regulation to the private sector where possible (e.g. through more use of letters of assurance)
- Eliminate regulation that duplicates activities at other levels of government and activities that are already carried out by the private sector
- Appoint a City Hall "go-to" person for each most-regulated industry; each such person to work in partnership with the appropriate industry association(s) to troubleshoot all regulatory issues that arise in relation to that industry
- Create a "one stop shop" for all regulations, federal, Provincial and municipal. To the extent that all regulations cannot be addressed at a single location, create detailed and complete "road maps" to all requirements.

LACK OF AVAILABLE SPACE

Many interviewees expressed strong concern about one or more of:

- Lack of space for City-based businesses to grow, notably industrial and PDR (production, distribution, repair) businesses, but also businesses requiring office space in MetroCore
- Lack of industrial space throughout the region
- Lack of space of all sorts for the arts/cultural sector, including office space, performance and display space, and live/work space

- The need to restrict residential development in areas zoned commercial or industrial

Particular concern was expressed about how industrial land shortages might affect:

- City businesses, notably in manufacturing, that wish to expand to take advantage of current economic conditions
- Future development of high tech business parks
- Industrial sprawl, with businesses forced to move further away from urban centres, increasing their costs and congestion on the roads
- Ports and the Pacific Gateway strategy
- Developing efficient goods-traffic corridors linking key goods destinations, including YVR

One interviewee emphasized that industrial companies have changed radically in recent years, with heavy industry now mainly off-shored and remaining industry now 90% office jobs. This work, and the growing amount of assembly work in the region, is more compatible with other land uses than heavy industry.

While most high volume manufacturing has been offshored, there are still vibrant manufacturing companies in the region that thrive in specific niches and on low volume, customized work. In addition, manufacturing is necessary to support the development of high tech products – for example, by building prototypes. A successful economy has small and large firms, high and low tech.

Several interviewees acknowledged a potential conflict between increasing the availability of industrial land and preserving the existing size of the Agricultural Land Reserve. They emphasized a comprehensive approach to this issue, one that looked at all economic, environmental and fiscal impacts of different configurations of land use.

SAFETY AND DETERIORATING PUBLIC REALM

Interviewees expressed concern about crime, aggressive panhandling, dirty streets and drug-related activities. Many concerns were about the Downtown Eastside (DTES), but others referenced downtown and areas outside MetroCore. One respondent called DTES “an open wound on our collective body” and “a blight on everything we do.”

Several respondents believe that the negative impacts of the DTES on the community are not well understood. They note that the current situation is well known world-wide, so economic impacts extend far beyond the difficulties of businesses within the DTES and neighbourhoods with similar problems. Among the negative impacts identified were:

- On the region’s international reputation for good governance and safety
- On office location decisions and the overall attractiveness of MetroCore to businesses
- On investment in the city
- On student recruitment, particularly from abroad
- On tourism, from abroad and from other parts of BC and Canada
- On the attractiveness of downtown as a regional event, dining and shopping destination
- On staff attraction and recruitment
- On property owner and tenant costs
- On attracting and retaining customers

In a number of areas, safety is the number one business climate issue. There are not just “perceptions about safety”, but real safety concerns. One respondent mentioned the “drive-by interview” phenomenon: a person drives to a job interview and, seeing the condition of the public realm in front of the recruiting business, does not bother to get out of the car.

One respondent stressed the need to continue to pressure the federal government for changes that would improve safety in the city, including:

- Improved sentencing guidelines, particularly for repeat offenders
- Bail reforms to make bail less easy
- Addressing non-returnable warrants
- Conducting more frequent victimization surveys, instead of relying on reported crime statistics

Interviewees who stressed the importance of improving the public realm also emphasized looking after the needs of individuals on the streets, and addressing social and economic conditions concurrently. One respondent emphasized an upside of the current situation: all levels of government working together, along with not-for-profits, businesses and universities, could develop a model of addressing the problem that might be recognized and replicated world-wide.

Several interviewees expressed cautious optimism that the Civil City initiative could make a difference; another thought radical new approaches were necessary because currently policies were not working. Several noted that other cities have been more successful than Vancouver in addressing safety and public realm issues, and that Vancouver needs to learn from these more successful cities. Several respondents supported decriminalization of drugs as part of the solution; others expressed concern that the police and justice system do not sufficiently recognize the problems for businesses and property owners caused by drugs and vagrancy.

Two interviewees thought subsidies to businesses to locate in depressed neighborhoods might be useful, but others thought addressing business issues before social conditions were improved was a waste of money. Another interviewee stressed a major investment in social housing as part of the solution.

Concerns were expressed about the number of not-for-profits located in struggling areas; this it makes it more difficult to establish businesses in these areas. In addition, not-for-profits detract from the attractiveness of an area to businesses, tourists and shoppers if their presence gives rise to informal markets or large queues on sidewalks. The large number of not-for-profit agencies makes it harder for businesses to work with not-for-profits on DTES issues.

TRAFFIC CONGESTION AND AFFORDABLE HOUSING

Lack of adequate investment in transportation infrastructure was the main concern expressed, but other comments referred to all infrastructure. Transportation concerns were mainly related to ease of travel for cars and trucks, but transit inadequacies were also mentioned. Road congestion was seen as a particular problem for:

- The attractiveness of downtown and other city areas as a business location; its impact on employee attraction/retention was emphasized
- The productivity of small businesses with projects in different parts of the region
- The success of the Pacific Gateway program

Several interviewees noted that some trades currently charge a premium for work in the City, because of the time it takes to get to the job.

One interviewee noted that transportation is the key to economic development – as long as infrastructure is being built, the economy will grow. Most comments focused on more investment, but others stressed maximizing use of existing assets. Actions suggested included:

- Preservation of traffic corridors
- Facilitating 24/7 flow of trucks
- Adjustments to parking regulations

- More use of intelligent transportation systems
- Better controlled access to major routes
- More left hand turn bays
- Better coordination of traffic signals
- Use of Skytrain for goods transportation after passenger services are closed for the evening
- Allowing more taxis to pick up fares at the cruise ship terminal

Lack of affordable housing and labour shortages were directly related to traffic congestion. Respondents noted that: affordability issues push people into homes further away from the city, which increases congestion, which negatively impacts employee willingness to work in the city, and thereby entices businesses to move to suburban locations. Housing affordability affects more than people with low incomes; it also impacts recruitment of middle executives and faculty, as well as impacting the arts community.

PROPERTY TAXES AND CITY EXPENDITURES

Several interviewees identified the high level of property taxes paid by businesses as their number one business climate concern, particularly in relation to residential property taxes levels and relative to other jurisdictions in the region. Many interviewees expressed appreciation that the City had begun to address this issue in 2007, while arguing that more needs to be done. Several interviewees believe that residential property tax levels are low relative to other Canadian jurisdictions and could be raised in the longer term.

The level of municipal spending in the City was identified as a separate concern. A related issue was outsourcing of work by the City. Several respondents identified activities carried out by the City that other BC municipalities routinely outsource. One respondent said public sector wages at the working level are significantly

higher than in the private sector, which is both a government expenditure problem and an impediment to smaller companies' efforts to recruit workers in a tight labour market. One respondent identified user charges, privatization and public-private partnerships as ways to reduce property tax levels.

Processes for consultation with the business community, particularly around budget issues, were noted as a cause for concern. One interviewee wondered why there was an on-going City bicycle advisory committee, but no on-going business advisory committee; another commented that businesses get more opportunity to input into the budgets of the federal and provincial governments than they do to local municipal budgets. Winnipeg was held out as a model for effectively engaging business sector input.

DOING BUSINESS IN THE CITY

SUPPORT FOR ECONOMIC DEVELOPMENT

Many interviewees believe that economic fundamentals and the role of the business sector are poorly understood in the community and at City Hall. Two interviewees expressed strong concern that, throughout the region – in the private sector, in local government and in federal departments – people have little understanding of the province-wide economy, and of the interdependence of Metro Vancouver’s economy and that of the rest of the province.

Many interviewees look to “a cultural shift from the top down”. Several interviewees recognized the City’s Guiding Principles for Economic Development as a good start, but stressed that more is needed. Others noted that the business sector, as well as the public sector, has important responsibilities in building recognition of the importance of the economy. One interviewee noted that the opportunity for effective dialogue with City Hall is an important advantage of a downtown location; to the extent that such dialogue is absent, MetroCore is a less attractive business location.

Many respondents would like the City to recognize and articulate that a vibrant economy is critical to the future of the city, to give more consideration to economic impacts in their decision-making, and to celebrate our economic strengths.

One respondent believes a key issue is for governments to lead the building of better relationships among labour, business and government, and noted that the VEDC Board lacks union representation. Another respondent noted that there is too much negativity at present and stressed governments’ role in creating an attitude of hope and aspiration.

Several interviewees noted positive partnerships with the City in addressing specific economic issues, and

expressed appreciation to the City for constructive lobbying of the federal and provincial governments on behalf of specific business initiatives. Others are looking to City Council to give clear and highly visible support to specific economic initiatives and opportunities. Strong City support for projects is often a prerequisite for funding from senior levels of government. Attendance at relevant events, and voicing City support, may be particularly important for helping visiting delegations, particularly from Asian countries, understand the value of partnerships with local businesses and institutions.

A regional approach to economic development was emphasized, though one respondent emphasized this meant a regional perspective, not a regional bureaucracy. Another noted that unanimity among all 21 municipalities in the region was not required; working with just the key municipalities had proved successful in the 1980s.

AN ECONOMIC VISION OR PLAN

Interviewees expressed strong support for development of a vision or plan for the City’s economic future, which could provide the basis for branding and marketing Vancouver globally. Several people expressed concern that, in the absence of a plan, Vancouver could become “hollowed out” and a bedroom community for the rest of the region.

A number of respondents noted that, in a global context, Metro Vancouver had a small population that could not hope to be successful in all areas. It was therefore important to make choices, set a direction and concentrate on those areas with the best chance of success.

Respondents differed on how comprehensive an economic plan or strategy might be. Several mentioned

of a fully comprehensive approach that might become a social and economic contract among all sectors of society; others looked to an integration of economic planning with transportation and/or sustainability planning. One suggested that more attention should be given to the approaches of smaller countries that have developed successful economic strategies, such as Ireland and Sweden. These countries build success on:

- Strong relationships among business, government and unions
- Flexibility created by investment in human capital
- Excellent health care, education, child care and public transit as key components of economic development

Some respondents focused on economic development planning at the area or city level, others on the regional level, others on better integration of regional and Provincial planning.

Several interviewees noted that lack of a longer term plan resulted in short term, ad hoc decisions. If the money invested in short term decisions was applied against a long term plan, economic development of the city could be far more advanced, at minimal incremental cost.

ECONOMIC SECTORS

A large number of interviewees mentioned support of one or more specific sectors; one noted he had been waiting for an industrial strategy for over six years.

Comments relating to specific sectors included:

- General statements of support
- Recommendations for specific actions
- The need for a sector strategy
- The need for incentives, either financial or regulatory

The most often mentioned sectors were transportation, high tech/education (including new media, biotech and IT), retail, sustainability-related sectors, and tourism.

Also mentioned were manufacturing, development and construction, arts/culture including film, and business and professional services, to Asia Pacific countries and to the resource sector.

Interviewees also identified some of the challenges in developing sector strategies. In many sectors, strong support from post secondary institutions is crucial for success, but it is often difficult to get institutions to collaborate with one another. An effective environmental/sustainability sector plan would likely require more public sector risk taking. Creating location critical mass for certain sectors may require changes in land use plans – e.g. to accommodate a tech village, or a health-sciences cluster around VGH. To foster growth of early stage technology firms, creative procurement policies may be appropriate.

Several interviewees noted the possibility of using regulatory changes, including fast tracking of projects, as a way of assisting specific sectors, notably those related to creating a more sustainable built environment. One interviewee called for an end to on-going subsidies to specific sectors, such as film. Another suggested creating strategies for specific sectors as a way to develop a bottom-up regional approach to economic development.

AREA-SPECIFIC ECONOMIC DEVELOPMENT

Different respondents commented on economic development in different parts of the city, including MetroCore/downtown, False Creek Flats, the Downtown Eastside, and industrial areas. Comments included:

- Need for an economic development plan for an area
- Need to support one or more specific sectors within an area
- Specific recommendations to improve the economic performance of an area

Several respondents emphasized the need to follow through on the recommendations of the Provincial Technology Strategy by accommodating some form of tech/sustainability village in the False Creek Flats area.

SUSTAINABILITY

Respondents identified sustainability as both an important principle in planning the region's future, and as an economic sector that may require special consideration.

One respondent noted that sustainability constituted an important part of the region's international reputation; numerous others saw aspects of sustainability, including addressing climate change and increasing densities, as important aspects of economic planning. Metro Vancouver has been working on combining economic development and sustainability planning in its Sustainable Region Initiative.

Several respondents mentioned the City's EcoDensity program as important in the context of increasing densities, enhancing sustainability and increasing the supply of affordable housing.

Several respondents noted the difficulty in pulling together a sustainability-related industry sector, partly because of the wide variety of issues, industries, technologies and research avenues involved. Other respondents believe, because municipalities determine the urban form, the city should entertain regulatory or financial incentives to encourage more sustainable building. Export sales of sustainability products typically require demonstration projects, and these projects typically depend on collaboration with municipalities, so municipal support is more important to the success of the sustainability sector than of many other sectors.

One respondent noted that places such as Austin, TX and Portland, OR have had success with a "carrot" approach to green buildings, including use of a green facilitation/education organization within city

government. In contrast, Vancouver appears to follow a more "stick" approach. Another respondent noted with approval that the City has waived bylaws for the CIRS building, but argued that much more proactive investment in research and training is needed, so bylaws can be redrafted to encourage sustainable building practices in all new buildings.

OTHER COMMENTS

Comments covered a variety of other topics. Several interviewees mentioned exports, lack of head offices, demographically-driven labour shortages and productivity, but did not propose any action. One noted that, in a longer term perspective, labour shortages could become the major small business issue because, unlike larger organizations, small businesses would have difficulty in reducing their demand for labour through restructuring or massive deployment of technology.

Areas in which research or action were suggested included: celebrating success, entrepreneurship education, speeding action on First Nations treaties, concentrating on high value jobs, addressing gentrification, regional governance, changing immigration-related policies, improving labour-management relations, and supporting multiculturalism.

METHODOLOGY

Overview

Over 40 interviews, involving over 60 respondents, have been held with organizations identified either as leaders in the community, or as representative of a specific sector or group of businesses. Interviews were conducted by VEDC staff or the consultant, often accompanied by a VEDC Board member, and normally at the offices of the interviewee. In some cases, group meetings were held; in these cases, all comments made were counted as those of a single organization.

Interviewees were provided with:

- ***Guiding Principles: Economic Development in the City of Vancouver, approved by City Council in July, 2006***
- ***VEDC's Business Climate Report, May 2007 Update***
- ***VEDC's backgrounder on Business Climate Strategy, dated June 12, 2007.***

Following a brief discussion of these documents, comments were invited on the types of recommendations respondents would like to see in VEDC's report to City Council on ways to create a "Competitive Business Climate" (Guiding Principles, Appendix 2).

The comments made in response to this invitation are summarized in this report; not all organizations interviewed chose to make comments. Comments have been put into main categories, recognizing that categorization is sometimes unavoidably arbitrary where issues overlap. The responses made do not represent an assessment of the current business climate, but a collation of ideas about issues in the current business climate, and how they might be addressed.

Consistency With Previous Outreach

About a third of the people interviewed had previously been interviewed by Vann Struth Consulting in 2006. Business responses in 2007 were broadly consistent with those in 2006; there were some differences because the 2006 interviews focused on issues, while the 2007 interviews focused on recommendations. Thus "lack of head offices" emerged as an important issue in 2006, but generated no recommendations in 2007; lack of economic planning was not a leading issue in 2006, but was recommended by many respondents in 2006.

The 2007 interviewees generally agreed with the major issues from the 2006 interviews, as identified in the June 12 backgrounder, and with the benchmarking in the May 2007 Update report. One interviewee disagreed with the benchmarking characterization of Vancouver as having "a good base of skilled workers."

List of Interviewees

Glenn Alteen	Grunt Gallery
Rick Antonson	Tourism Vancouver
Patricia Barnes	Hastings North BIA
Maureen Bader	Canadian Taxpayers Federation
Lynda Brown	New Media BC
Johnny Carline	Metro Vancouver
Shirley Chan	Building Opportunities with Business
Eliza Chang	S.U.C.C.E.S.S.
Tak Shing Chau	Vancouver Chinatown BIA Society
Anne Chen	Taiwan Chamber of Commerce
Ian Cheng	Sino CanAm Education & Technology Society
Robin Ciceri	BC Ministry of Small Business & Revenue
Bob Cruickshank	BC Technology Industries Association
Jack Davidson	BC Road Builders & Heavy Construction Association
Ed DesRoches	Fair Tax Coalition
Erik Dierks	Vancouver Symphony
Maureen Enser	Urban Development Institute
Karimah Es Sabar	Life Sciences BC
Paul Evans	Asia Pacific Foundation
Don Fast	BC Ministry of Economic Development
Jock Finlayson	BC Business Council
Albert Fok	Vancouver Chinatown Merchants' Association
Charles Gauthier	Downtown Vancouver BIA
Barbara Grantham	Vancouver Foundation
Tony Gugliotta	YVR
John Halani	EthnoBusiness Council
Philip Hochstein	Independent Contractors and Businesses Association of BC
Craig Jones	Richmond Chamber of Commerce
Laura Jones	Canadian Federation of Independent Businesses
Peter Kingston	Vancouver Foundation

Werner Knittel	Canadian Manufacturers & Exporters
Tom Knoepfel	National Association of Industrial and Office Properties
Paul LaBranche	Building Owners and Managers Association
Delia Laglagaron	Metro Vancouver
Jerry Lambert	BC Business Council
Paul Landry	BC Trucking Association
Bob Laurie	Fair Tax Coalition
Jerry LiCanada	China Society of Science & Technology
Jianming LuCanada	China Society of Science and Technology
Bernard Magnan	Vancouver Board of Trade
Derral Moriyama	Bank of Montreal
Cameron Muir	BC Real Estate Association
David Murray	Aboriginal Business Council
Dan Muzyka	Sauder School of Business, UBC
Stephen Owen	University of British Columbia
Helmut Pastrick	Credit Union Central of BC
Dennis Pavlich	Great Northern Way Campus
REDS Committee	Metro Vancouver
Bill Rempel	Downtown Vancouver BIA
Jim Reichart	BC Institute of Technology
Minna Schendlinger	PUSH festival
Jim Sinclair	BC Federation of Labour
Linda Sinclair	Downtown Vancouver BIA
Michael Stevenson	Simon Fraser University
Julian Taylor	Power Technology Association
Ian Tostenson	BC Restaurant and Foodservices Association
Heather Tremain	Lighthouse Sustainable Building Centre
John Van Lusen	Strathcona BIA
Terry Whitehead	Artsclub Theatre
John Wiebe	GLOBE

Bob Wilds	Greater Vancouver Gateway Council
Andrew Wilhelm-Boyles	Alliance for Arts & Culture
Tom Winkler	Port of Vancouver
John Winter	BC Chamber of Commerce
Yuen Pau Woo	Asia Pacific Foundation
Louise Yako	BC Trucking Association
Kenny Zhang	Asia Pacific Foundation



APPENDIX 6

**Vancouver Economic Development
Commission**

BUSINESS CLIMATE REPORT

VANCOUVER

BUSINESS CLIMATE REPORT

May 2007 Update



INTRODUCTION

Vancouver ranks as one of the most livable cities in the world. But like many Canadian cities, we are facing challenges that could compromise the quality of life for all Vancouverites. In order to protect our quality of life, we must ensure the sustainability of our economy. A robust economy and strong business sector in Vancouver will ensure that we have the funds to support social, environmental, and economic priorities, and develop the services and amenities that create our quality of life.

To ensure the balanced growth and sustainability of our economy, we need a competitive business climate, so that businesses – both large and small – will continue to locate in Vancouver, contributing jobs and tax base.

This report is a summary of the results of the first stage of the “Business Climate Strategy” initiated by the Vancouver Economic Development Commission, at the direction of City Council in July 2006. The Business Climate Strategy is the first phase of work undertaken to develop an economic development strategy for Vancouver. The objectives of this phase are to:

1. **Identify and benchmark key factors** that affect Vancouver’s business climate and competitive position;
2. **Establish a vision** that sets Vancouver apart from its competitors;
3. **Establish goals** and strategies to guide future action;
4. **Implement actions** that will ensure that Vancouver becomes an internationally competitive business location.

The outcome of the Business Climate Strategy, to be completed by the fall of 2007, will be a list of recommended actions that the City can consider to ensure that Vancouver has a competitive business climate to support retention of the city’s existing business base and attraction of new business investment. It also sets the stage for the second phase of proposed work (presently unfunded), to develop industry cluster strategies.

BACKGROUND

As part of the 2006 budget deliberations, Vancouver City Council approved incremental funding of \$106,000 in 2006 and \$106,000 in 2007 for VEDC to initiate an economic development strategy, subject to receiving a detailed workplan and budget. VEDC provided a detailed workplan in June 2006, focusing the initial phase of work on “business climate”, reflecting Council’s newly adopted “Guiding Principles for Economic Development”.

The workplan provided to Council in June 2006 outlined a four-step process, outlined in Figure 1.

Council released their funding for the project in July 2006, and the VEDC issued a call for proposals from qualified consultants. In August 2006, VEDC engaged a consulting team lead by Vann Struth Consulting Group to carry out stakeholder engagement work and strategy development; in addition, VEDC hired an in-house researcher on a term contract to provide research support to the first step of the project, and committed to providing progress reports to Council.

Figure 2. Milestones for the Business Climate Strategy Project

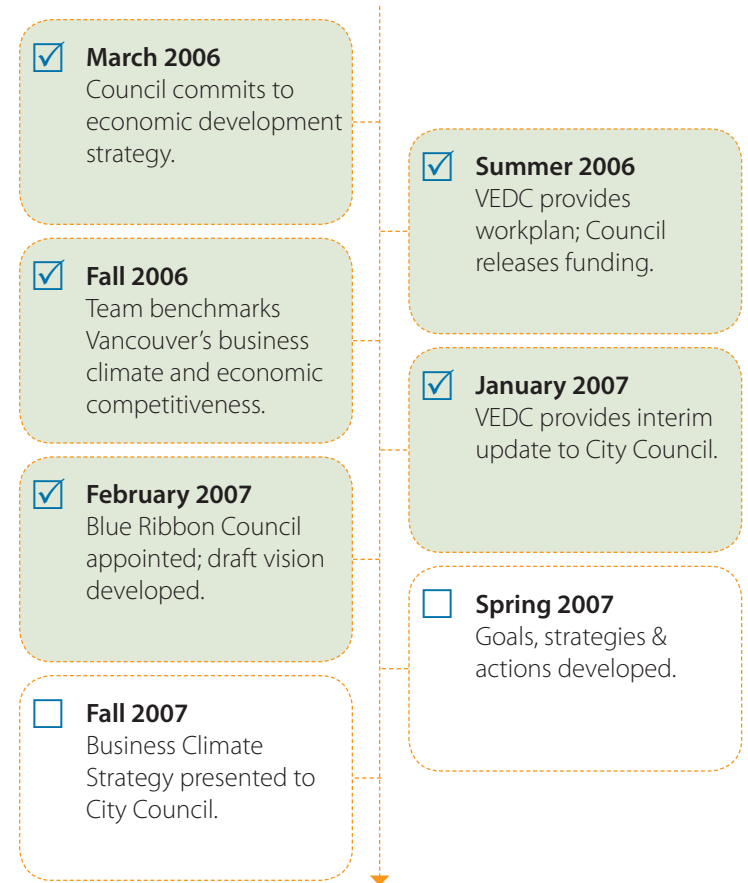


Figure 1. Process to Develop the Business Climate Strategy



RESULTS

This is the first progress report for Council, focusing on step one of the process, a review of “where we are”, addressing factors that impact Vancouver’s business climate, and benchmarking Vancouver relative to competing cities.

To date, the team has gathered qualitative and quantitative data to benchmark factors that affect Vancouver’s business climate, and carried out more than 60 in-person interviews. Consultations have included input from a broad cross section of the community, including business leaders, educators, infrastructure providers, industry associations, and government.

The key finding from this work is that **although the economy appears to be strong now, there are reasons to be concerned about Vancouver’s longer-term economic sustainability and the competitiveness of our business climate.**

This finding is supported by evidence in three broad areas:

1. Vancouver’s **economic structure & performance**;
2. Quantitative **benchmark measures** of factors that affect Vancouver’s business climate, relative to competing cities; and
3. **Qualitative feedback** from the local community reflecting opinions about Vancouver’s business climate.

Economic Structure & Performance

Economic performance and business climate are linked, as shown in figure 3. Business climate creates opportunity; the degree to which firms capitalize on this opportunity delivers economic performance, which in turn shapes the future business climate. Therefore, as a starting point for our Business Climate Strategy, the VEDC reviewed indicators of economic performance, and examined Vancouver’s role in the provincial economy.

Figure 3: Business Climate and Economic Performance



Although the economy appears to be strong now, there are reasons to be concerned about Vancouver’s longer-term economic sustainability and the competitiveness of our business climate.

■ Role of Vancouver Within BC

British Columbia’s economic prosperity is largely driven by the resource sector – forestry, mining, agriculture, and energy; more than 56% of BC’s export wealth is generated by these industries.¹ Much of the activity in these sectors happens primarily in communities outside the Lower Mainland.

So, how is this relevant to Vancouver? In short, **the Vancouver region’s economic health remains strongly tied to the economic activities in rural British Columbia.** While Vancouver enjoys a well-diversified economic base, with growing “clusters” of activity in “new economy” sectors like tourism, technology, and creative industries, these sectors are comparatively small in terms of their contribution to the province’s GDP. Activity in the resource sector drives demand in supporting industries such as transportation and logistics, business and professional services, finance, and education – industries where there is a strong presence in the Lower Mainland, particularly Vancouver. Indeed, downtown Vancouver is in many ways the downtown “service centre” for British Columbia.

Vancouver’s role as BC’s service centre is becoming more pronounced, as the city’s economic base increasingly shifts towards service-based industries. The ratio of employment in the service sector to the goods sector is 7:1 in the city of Vancouver, compared to 5:1 in the GVRD and 4:1 in BC.² This indicates that Vancouver’s economic base is comprised of a high proportion of service industries. The dominance of the service sector is reflected in the high concentration of office space in Vancouver; downtown Vancouver accounts for more than 50% of the office space in the greater Vancouver region.³

But Vancouver’s role within the GVRD is changing. There are indications of a shift in economic activity from the City of Vancouver to surrounding municipalities in the region. Population and job growth in the GVRD is rapidly outpacing growth in Vancouver; companies looking to expand their operations have choices to relocate to other municipalities within the GVRD. This has important implications for land use planning, taxation and regulatory policy decisions, and economic development priorities.

¹ Source: Regions & Resources: The Foundation of BC’s Economic Base, Urban Futures Institute 2005

² Source: Statistics Canada

³ Source: Metro Core Jobs & Economy Land Use Plan, City of Vancouver 2006

■ Economic Performance Measures

Vancouver's Strengths

There are a number of economic indicators that point to a strong economy in British Columbia, and in Vancouver. For example:

- British Columbia's real GDP per capita has grown by an average annual rate of 1.8% between 1996 and 2005;⁴
- British Columbia's real exports per capita have grown in value by 28%, from \$12,336 in 1996 to \$15,847 in 2005;⁵
- British Columbia's real per capita personal disposable income has grown by 13.5% from 1996 to 2005;⁶
- Employment in the Greater Vancouver area has grown by 21% from 1996 to 2005; the unemployment rate is near a record low at 4.5%;⁷
- Median family income for Vancouver region residents increased by 2% between 2003 and 2004;⁸
- The value of building permits in Vancouver grew by 30% from 2005 to 2006.⁹

Vancouver's Weaknesses

And while recent trends appear positive, the economic strength of British Columbia and Vancouver lags behind other jurisdictions:

- BC ranks **10th in Canada** in terms of growth rate of real GDP per capita between 1996 and 2005; this indicates that growth in the value of goods and services produced in BC is lower than other regions in Canada.¹⁰
- BC ranks **9th in Canada** in terms of exports per capita from 1996 to 2005; this indicates that BC has not developed strong exporting sectors, compared to other regions of the country.¹¹
- BC ranks **last in Canada** in terms of exports as a percent of economic output¹²; this indicates that BC's economic performance has been limited by its export performance.
- Greater Vancouver ranks **9th out of 10 regions** in BC in terms of exports per capita¹³; this reflects Vancouver's role as a service centre, but also highlights the city's vulnerability to downturns in the cyclical resource sector. It indicates that we are a city of consumers rather than producers.
- Greater Vancouver ranks **22nd out of 27 cities in Canada**



in terms of median family income¹⁴; this reflects the high rate low-income households and working poor in the city, and the growing inequity of high and low income earners.

- Job growth in the city of Vancouver was 1.4% between 1996 and 2001, compared to 9.8% in the GVRD;¹⁵ this indicates that other GVRD municipalities have benefited from greater job creation and increases in tax base than Vancouver.

Trouble Ahead

These performance indicators are troubling for several reasons.

- First, they indicate a relative **lack of economic strength compared to other regions**. This impacts Vancouver's future economic potential and its capacity to attract and retain business and talent.
- Second, they indicate that **we are unlikely to sustain our current economic prosperity** because of our strong dependence on the cyclical, commodity-driven resource sector. History shows a clear and repeated pattern, and at some point the current resource boom will end, and all of British Columbia, including Vancouver, will need to adjust to a new economic reality. Our resilience to this inevitable change will depend on our ability to diversify and strengthen our export base, increase productivity, and create a climate that attracts and retains

^{4,5,6,10,11} Source: BC Progress Board, Final Benchmarking Report, December 2006

⁷ Source: Statistics Canada, Labour Force Survey

⁸ Source: Statistics Canada

⁹ Source: City of Vancouver

¹² Source: The Performance of Interprovincial and International Exports, Statistics Canada 2004

¹³ Source: Regions & Resources: The Foundation of BC's Economic Base, Urban Futures Institute 2005

¹⁴ Source: Statistics Canada 2004

¹⁵ Source: BC Stats

business investment.

Business Climate Benchmarks

When businesses make location decisions, they consider various “business climate” factors. While Vancouver is the internationally recognized “brand name” for the region, the city competes for business investment simultaneously with other cities around the world as well as with neighbouring municipalities.

The VEDC has benchmarked a number of factors that influence the “business climate” in Vancouver, comparing Vancouver to cities with which it competes for new business investment and expansion. The key finding from this work shows that **Vancouver does not perform well on a number of important business climate factors, relative to competing jurisdictions.**

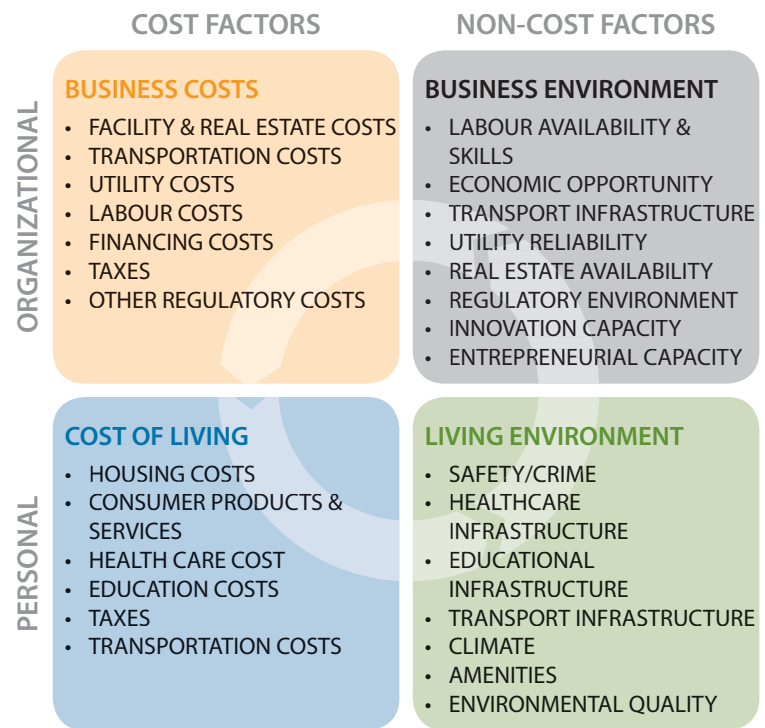
For the purposes of this project, “business climate” has been defined as “the conditions that affect the ease, opportunity and profitability of conducting business in Vancouver”. Business climate is influenced by a diverse range of factors, including both cost and non-cost factors, and organizational and personal factors, as noted in the Figure 4. The relative importance of these factors varies according to industry, size of firm, and markets served.

Business Climate Factors

VEDC identified a broad list of more than 40 factors that could influence business climate, and through consultation with business groups and a review of business climate studies in other jurisdictions, refined this list to 15 key factors which fall into 5 broad areas:

- 1. Location Attractiveness**, which refers to the desirability of the destination in its ability to attract and retain employees;
- 2. Fiscal and Regulatory Climate**, which refers to municipal tax rates and regulatory processes;
- 3. Cost of Doing Business**, which includes the labour, facility, transportation, energy and financial (interest, taxes) costs of doing business;
- 4. Business Development Capacity**, which refers to the infrastructure and human capital available to encourage new business formation and support long-term economic growth;
- 5. Economic Opportunity**, which describes the ability of businesses to grow as a result of the region’s economic opportunities.

Figure 4: Business Climate Factors



For each factor, quantitative indicators were compared across competing jurisdictions to identify business climate factors on which Vancouver excels or lags behind. A summary of the benchmarked results is shown in figure 5 on the next page.

The purpose of this benchmarking work is to flag areas of strength and weakness, in order to guide the priorities and recommended actions that will be developed during the next steps of the Business Climate Strategy project.

Vancouver performs well in the areas of quality of life and entrepreneurial capacity, and moderately well for skilled workforce and innovation capacity measures. While there is room for improvement in some of these areas, Vancouver performs relatively well compared to competing jurisdictions.

However, Vancouver lags behind competing jurisdictions in a number of areas. There is cause for concern on measures of municipal tax environment, total business costs, available real estate infrastructure, capacity and sustainability of transportation infrastructure, and economic opportunities that support success of new firms.

Of greatest concern are areas where Vancouver receives a failing grade, namely housing affordability, location safety, ease and cost of municipal processes for business start up, and the economic opportunities that support large company development.

Figure 5: Summary of Business Climate Benchmarks

Each indicator has been assigned a subjective rating grade as follows:

A = Acceptable B = Room for Improvement	C = Cause for Concern D = Failing, Needs Attention
--	---

BUSINESS CLIMATE FACTOR	INDICATOR(S)	BENCHMARKED AGAINST ¹⁷	RESULT	
GRADE 1. LOCATION ATTRACTIVENESS				
A	1.1 Quality of Living	Quality of Living Survey	Toronto, Montreal, Calgary, Ottawa, select US Cities	The Vancouver region ranks third in the world and first in North America.
D	1.2 Housing Affordability	Housing Affordability Index	Toronto, Montreal, Calgary, Ottawa	Vancouver has the least affordable housing among benchmarked cities.
D	1.3 Location Safety	Crime rate per 100,000 population	Toronto, Montreal, Calgary, Ottawa, select US cities	Vancouver has the highest crime rate among benchmarked cities in North America because of its high rate of property crime.
2. FISCAL/REGULATORY CLIMATE				
D	2.1 Ease of Business Startup	Municipal processing times for office development proposals	GVRD municipalities	Vancouver shows the longest processing time in the GVRD for the past 4 years.
D	2.2 Cost of Business Startup	Municipal development fees for office development proposals	GVRD municipalities	Vancouver shows the highest development costs in the region for the past 2 years; Vancouver's ranking has dropped from 9 th in 2002 to last in 2006.
C	2.3 Tax Environment	Average property taxes per square foot, Class A office	Toronto, Montreal, Calgary, other GVRD cities	Vancouver has second highest property taxes per square foot among benchmarked cities.
3. COST OF DOING BUSINESS				
C	3.1 Total Business Costs	Total business costs index	Toronto, Montreal, Calgary, Ottawa, select US cities	The Vancouver region is the highest cost jurisdiction among benchmarked Canadian cities, but is competitive within select industries.
4. DEVELOPMENT CAPACITY				
C	4.1 Real Estate Infrastructure	Office and industrial vacancy rates	Toronto, Montreal, Calgary, Ottawa, select US cities	Vancouver has a scarce supply of vacant space ; industrial and office vacancy rates are near the lowest among benchmarked cities.
		Per capita value of building permits	Toronto, Montreal, Calgary, Ottawa, Victoria, Abbotsford	Vancouver has the second highest per capita value of building permits , indicating strong development intentions.
B	4.2 Skilled Workforce	Share of Vancouver region workers with a university degree	Toronto, Montreal, Calgary, Ottawa	Vancouver has a good base of skilled workers , ranking third among the benchmarked cities.
B	4.3 Innovation Capacity	University research index	Toronto, Montreal, Calgary, Edmonton, Ottawa	Vancouver has a good base of university research , ranking third among the benchmarked cities.
A	4.4 Entrepreneurial Capacity	Employment share in new firms	Toronto, Montreal, Calgary, Ottawa	Vancouver has a high share of employment generated by new firms ; Vancouver ranks first among benchmarked cities.
		Growth in small business formation	Toronto, Montreal, Calgary, Ottawa	Vancouver has the highest growth rate for small business formation among the benchmarked cities.
C	4.5 Transportation Infrastructure	Ratio of annual investment in public infrastructure versus private infrastructure	Toronto, Montreal, Calgary, Ottawa	Vancouver invests proportionally less into public transportation infrastructure, ranking 4th out of the 5 benchmarked cities.
		Proportion of total motorized passenger kilometres on public transportation	Toronto, Montreal, Calgary, Ottawa	Vancouver has the lowest ranking among benchmarked cities.
C	4.6 Sustainability (Transportation)	Daily median parking rate in central business districts	Toronto, Montreal, Calgary, Ottawa, select US cities	Vancouver has the lowest daily parking rates among the benchmarked cities.
5. DEVELOPMENT OPPORTUNITY				
D	5.1 Global/Large Company Development	Head office units and employment	Toronto, Montreal, Calgary, Edmonton, Ottawa, Winnipeg	Vancouver has experienced a decline in the number of head offices and head office employment; Vancouver's declines are greater than any other benchmarked city.
C	5.2 Success of New Firms	Performance of fast growing firms	Toronto, Montreal, Calgary, Ottawa	New firm success is limited in Vancouver; there are a smaller proportion of fast growing firms than any other benchmarked city.

¹⁷ Benchmarked cities have been selected to include Vancouver's typical competitors for business investment, and on the basis of available data.

Business Climate Opinions

Business climate is influenced by the perceptions of individuals and businesses about the prevailing or future conditions for doing business. To better understand perceptions about Vancouver as a place to do business, and further explore the results from the quantitative benchmarking work, the consulting team interviewed more than 60 representatives from business, government, education, the arts, and industry associations. The key finding from this work shows that **people and business in Vancouver have growing concerns about Vancouver's business climate.**

Issues that emerged from the interviews include:

- Availability of land for development, and the competition for land between residential and commercial and industrial uses;
- Availability of labour, and the difficulty attracting experienced management and skilled employees to Vancouver given our high housing prices;
- Transportation, both congestion within the region for the movement of goods and people and the city's role as a gateway for international trade;
- Taxation, particularly the balance between residential and business property taxes.
- Regulation;
- Challenges posed by the political structure of the Greater Vancouver region, including the transferability of licensing and regulations between municipalities and the problems of coordination on economic issues;
- Culture of the general population with respect to business;
- Lack of head offices and the challenges of growing entrepreneurial small companies into large companies;
- Perceptions of crime and its effect on our international reputation as an attractive, safe city.

The interviews also revealed that different sectors may have differing priorities and issues. This can create a dilemma for policy makers wishing to address business climate – the actions required to address a problem for one sector may in fact create an issue for another sector. This means that a “one size fits all” policy solution may not be possible. It also underlines the importance of selecting priority sectors to foster strategic growth.

WHY IS “BUSINESS CLIMATE” IMPORTANT?

Vancouver aspires to be one of the greatest cities in the world; a city of unique neighbourhoods where residents will find shops, jobs, community services, public amenities and housing for people of all ages and income levels; a place that is safe, and affordable, and offers unparalleled quality of life.

Business climate is an important concern because our **quality of life is directly linked to our economic prosperity.** Without a strong and vibrant economy, we will not be able to afford needed social services; there will be less money for police, fire protection, parks, recreation, and arts & culture; our roads and transit systems will decline from lack of investment. Without economic opportunity, our children and grandchildren will be pulled to other locations that offer more promising and challenging prospects.

Although the outward signs of development suggest a thriving economy in Vancouver, there are also signs of trouble. Our economic performance indicators show that Vancouver lags behind other jurisdictions on important indicators of economic strength, and despite the apparent diversity of our economy, we remain vulnerable to downturns in the resource sector. Our business climate benchmarks show that Vancouver is not competitive compared to other cities on a number of factors that are important for business investment.

And people are telling us they are concerned. If we continue on this path, our long term economic prosperity and quality of life are threatened.



CITY OF VANCOUVER'S ROLE

Although there are signs of trouble, there are also reasons for hope. In funding the Business Climate Strategy, City Council has acknowledged the important relationship between the city's quality of life and economic prosperity, and mandated the Vancouver Economic Development Commission to provide recommended actions for improving Vancouver's business climate and economic competitiveness. Council has demonstrated foresight and interest in building a strong and prosperous economy.

As the VEDC's work to date shows, there are many factors that affect the business climate and competitiveness of a city; some of these factors are within the direct control of the municipality; for other factors, the municipality can use its influence with other agencies; and for a few areas, the city has very little ability to affect the factor.

A summary of these general areas is shown in figure 6. The City of Vancouver can affect our economy through its leadership and influence, its policies and regulations, and its investments in services and infrastructure. City Council has the power to create changes needed to improve Vancouver's business climate.

NEXT STEPS

The Vancouver Economic Development Commission has completed the first of four steps anticipated in the Business Climate Strategy process, reviewing Vancouver's economic competitiveness, and the business climate factors where Vancouver excels and lags behind its competitor cities.

The next step of the process, now underway, involves establishing a vision for the future for Vancouver's business climate, and then providing a "reality check" to that vision, and developing options and recommendations for Council's consideration. This work will be complete by the fall of 2007.

A "Blue Ribbon Council" is being established to provide input to the next stage of work. The Council will be comprised of key business and community leaders who collectively have experience in the areas that affect business climate. The role of the Council will be to provide expertise and guidance as VEDC develops recommended strategies to enhance Vancouver's business climate.

Vancouver has the potential to become one of the world's greatest cities – a city that can lever the strength of its quality of life to build a thriving, diversified business base that creates prosperity for residents, the province, and the nation.

Ensuring a positive business climate will enhance our economic competitiveness. The Business Climate Strategy will provide a blueprint for action; the City of Vancouver has the power to make it happen.

The Business Climate Strategy will provide a blueprint for action; the City of Vancouver has the power to make it happen.

Figure 6: City of Vancouver's Role in Affecting Business Climate Factors

	Direct Control	Influence	No Impact
BUSINESS COSTS	<ul style="list-style-type: none"> • Taxes • Regulatory Costs 	<ul style="list-style-type: none"> • Facility & Real Estate Costs • Transportation Costs 	<ul style="list-style-type: none"> • Utility Costs • Labour Costs • Financing Costs
BUSINESS ENVIRONMENT	<ul style="list-style-type: none"> • Transportation Infrastructure • Real Estate Availability • Regulatory Environment • Support for New Ideas 	<ul style="list-style-type: none"> • Labour Availability • Economic Opportunity • Innovation Capacity • Entrepreneurial Capacity 	<ul style="list-style-type: none"> • Workforce Skills • Utility Reliability
COST OF LIVING	<ul style="list-style-type: none"> • Taxes • Transportation Costs 	<ul style="list-style-type: none"> • Housing Costs • Cost of Consumer Products & Services • Health Care Costs • Education Costs 	
QUALITY OF LIFE	<ul style="list-style-type: none"> • Safety & Crime • Community Planning • Transportation Infrastructure • Community Amenities • Environmental Quality 	<ul style="list-style-type: none"> • Healthcare Infrastructure • Educational Infrastructure • Childcare • Community Diversity 	<ul style="list-style-type: none"> • Climate/Weather



Suite 1620 - 1075 West Georgia Street
Vancouver, BC V6E 3C9
604 632 9668

www.vancouvereconomic.com



APPENDIX 7

**REGIONAL COLLABORATION ON
ECONOMIC DEVELOPMENT**

Memorandum of Understanding (MOU)

PURPOSE

The purpose of this MOU is to serve as an agreement to identify, design and implement collaborative projects and activities that will strengthen the economies of the municipalities that are signatories to it.

An action-oriented, grass-roots campaign of collaborative projects will be undertaken, which could be expanded over time, and move toward a comprehensive regional economic development program.

PARTICIPATING MUNICIPALITIES

The municipalities initiating this MOU (“participating municipalities”) are the cities of Richmond, Surrey, Vancouver and the District of North Vancouver. Other municipalities within Metro Vancouver are invited to sign the MOU and become participating municipalities.

Any participating municipality may choose at any time to withdraw from the MOU by informing other participating municipalities accordingly, and paying to participating municipalities any amounts owing for projects or activities agreed to under this MOU.

This MOU shall remain in force as long as at least two municipalities continue as participating municipalities.

RATIONALE

Competition for economic development is increasingly among regions, as well as among nations and individual municipalities. In a global context, Metro Vancouver is a small region, with a population of less than 2.5 million, which must continuously focus on strengthening its overall competitive position in Canada, across North America and world-wide.

It therefore makes sense, wherever possible, for municipalities within Metro Vancouver to act supportively and collaboratively in pursuing economic development opportunities.

Collaboration among municipalities in the region on economic development may be particularly fruitful at the present time, because:

- The upcoming 2008 and 2010 Olympics, and to a lesser extent, the 2012 Olympics, provide a unique opportunity for the region to showcase itself as a business location to the rest of the world, and thereby attract investment, businesses, entrepreneurs and skilled workers, at all levels, to the region.
- The Pacific Gateway program offers significant long-term job opportunities throughout the region, provided there is strong collaboration among municipalities to make Vancouver’s gateway to Asia Pacific as efficient and reliable as those of competing ports.
- The upcoming Metro Vancouver Growth Strategy Review will be the first regional land use plan to explicitly take economic development needs into account. It therefore offers an excellent opportunity to address, on a regional basis, a variety of issues, including availability of industrial and commercial land, and allowable uses for these industrial and commercial lands.

By carrying out collaborative projects and activities that successfully enhance the economies of participating municipalities, it is anticipated that this MOU will build a foundation upon which a strong range of region-wide economic development activities will emerge in future years.

TASK FORCE ON REGIONAL ECONOMIC DEVELOPMENT OPPORTUNITIES (“TREDO”)

- Within a week of signing this MOU, each participating municipality shall appoint one person (“Director”) as its representative on a Task Force on Regional Economic Development Opportunities (“TREDO”)
- TREDO will meet as often as its member Directors determine, but at least quarterly. Minutes shall be produced, and distributed to City Managers/CAOs of each participating municipality, for each TREDO meeting, documenting all decisions, particularly those related to projects, project management and funding of projects.
- TREDO will produce a written report of its activities, to be distributed to each participating municipality, twice yearly. The first such report shall be completed within six months of this MOU coming into effect. TREDO will, each year, offer to the City Council of each participating municipality, as well as to the Metro Vancouver Board of Directors, at the beginning of their respective budget cycles, an overview of the regional economy and the opportunities for increased collaboration among municipalities within the region.
- TREDO will update Metro Vancouver’s Regional Economic Development Sub-Committee as appropriate.

PROJECTS AND ACTIVITIES

TREDO will develop and implement an action-oriented, grass roots campaign of collaborative activities, including some of the following:

1. Documentation of the economic development activities planned by each participating municipality for Beijing 2008, Vancouver/Whistler 2008-2010 and London 2012, and the opportunities for synergy among participating municipalities, including:

- Joint approaches to the BC and federal governments and/or VANOC regarding specific activities and/or funding

- Joint events
- Joint development of digital and print materials
- Joint assessments of the effectiveness of various engagement techniques

2. In the context of the Olympics and other activities, documentation of the top priority sectors for attraction for each participating municipality and, for those sectors where there are opportunities for synergy among municipalities:

- Joint approaches to relevant trade associations and other institutions
- Joint development of marketing materials
- Joint development and execution of appropriate events and activities

3. Joint assessment of the regional economic development implications of the Pacific Gateway program, in order to report, possibly with recommendations for action, to respective City Councils.

4. Joint assessment of the regional economic development implications of Metro Vancouver’s Growth Strategy Review, in order to report, possibly with recommendations for action, to respective City Administrative Officers and City Directors of Planning.

5. Documentation of marketing and other background materials and data used by each participating municipality for economic development purposes, and consideration of opportunities for:

- Sharing of data and materials among participating municipalities
- Joint development of additional and/or updated materials for use by all participating municipalities
- Joint acquisition, analysis and/or reporting of 2006 census material and its implications, as this material becomes available
- Tailoring the “look” of materials used by participating municipalities, so such materials reflect both the

uniqueness of each municipality and the common region of which all are part

- Work toward a basic promotional plan for the Metro Vancouver region

6. Documentation of recently completed, and currently underway, economic development research by each participating municipality, and consideration of:

- Opportunities to share completed research with other interested municipalities
- Opportunities to undertake joint research on issues of importance to all participating municipalities

7. Documentation of economic development techniques and performance measures used by each participating municipality, and consideration of opportunities to:

- Develop common measures
- Learn from each others' experience
- Stage seminars and other events, with or without external speakers, to learn about economic conditions, opportunities and challenges in different parts of the region
- Establish best practices
- Develop winning strategies and a "game plan" that works for this region

FIRST PRIORITIES

TREDO will, in its first three months:

1. Develop a joint approach to marketing in Beijing in 2008. This will include:

- Joints displays
- Joint seminars aimed at attracting investment, trade and skilled immigrants
- Joint collaboration with others, including the BC and federal governments, VANOC and LINX

2. Review all data and statistics used for economic development purposes, and develop and implement a strategy to:

- Achieve maximum efficiency through sharing of data and reducing duplication of effort
- Identify data gaps and ways to fill them
- Review additional data becoming available from Statistics Canada over the next year, and determine the most cost effective approach for ordering special tabulations and other necessary data
- Consider joint, cost effective ways to update data regularly, store and share data, and make data available to the public

3. Identify, document and prioritize key investment attraction and economic development events world-wide over the next two years.

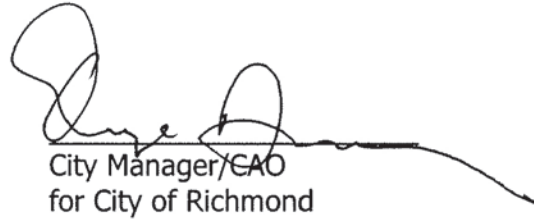
- Evaluation trips will be made to potentially useful events, by each participating municipality, in order to assess their relevance to the region's marketing efforts
- Once a list of useful and cost-effective events is established, each participating municipality will indicate which events it plans to attend
- One or more participating municipality may attend each event, and distribute at the event marketing materials for all participating municipalities
- Those attending events will report back to other participating municipalities on their experience, with regard to both leads generated and the cost-effectiveness of the event

FUNDING AND MANAGEMENT OF PROJECTS AND ACTIVITIES

- Where TREDO agrees to pursue a collaborative project (or activity), it shall:
 - Appoint one Director as responsible for the management of the project
 - Document the goals, deliverables, responsibilities, timelines and deadlines associated with the project
 - Establish a budget and document the cash and in-kind contributions required of each participating municipality, with time lines (not all participating municipalities need to join in all projects)
 - Determine the schedule and reporting of progress on the project by the responsible director to TREDO
- Each work product of TREDO shall be the joint property of those municipalities that join its creation.

EFFECTIVE DATE

This MOU shall come into effect immediately after signature by participating municipalities.



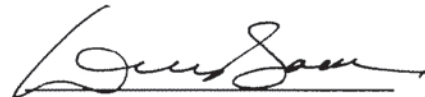
City Manager/CAO
for City of Richmond



City Manager/CAO
for City of Surrey



City Manager/CAO
for City of Vancouver



City Manager/CAO
for District of North Vancouver

Date: Oct 24 / 07