

# South Island Prosperity Partnership

Rising Economy Taskforce  
Committee Updates

July 7th, 2020



# Table of Contents

Introduction	1
Retail, Services and Restaurants Committee: Calen McNeil, Co-Chair	2
Tourism, Arts, Culture, Sports and Recreation Committee: Frank Bourree, Co-Chair	3
Indigenous Economy Committee: Christina Clarke, Co-Chair	4
Real Estate & Construction Committee: Robert Jawl, Committee Member	6
Finance and Capital Committee: Rasool Rayani, Co-Chair	8

## Introduction

The South Island Prosperity Partnership (SIPP) launched the Rising Economy Taskforce in the spring of 2020 to coordinate a strong local response to the economic crisis created by COVID-19. This Taskforce is the **largest coordinated industry-led recovery effort currently being led in British Columbia**. The Taskforce will support recovery by establishing a regional plan that will accelerate recovery efforts, promote inclusive growth, and identify opportunities and partnerships for greater resiliency.

The Taskforce works with 11 sector committees to inform a recovery strategy in the following areas:

- Tourism
- Arts, Culture, Sports & Recreation
- Agriculture
- Food and Beverage
- Retail, Services and Restaurants
- Oceans & Marine
- Indigenous Economy
- Inclusive Economy
- Real Estate & Construction
- Education & Skills Development
- Finance & Capital
- Travel & Transportation
- Technology & Advanced Manufacturing

During the July 7 meeting, we asked sector committee representatives from five committees to talk about the progress in their sectors and their greatest challenges. There will be presentations from our other committee representatives in the coming weeks.

The following selected excerpts from each of the five committee representatives have been edited for length and clarity.

## Retail, Services and Restaurants Committee

### Calen McNeil, Co-Chair

- Our committee has completed a situational analysis survey with about 70 respondents across Greater Victoria. Essentially, we're dealing with a variety of issues throughout the retail, restaurants, and services sector. Businesses are suffering, and lack of occupancy downtown is a particular problem. There have also been worker retention issues and problems getting workers back to work. This presents a unique problem for retail and restaurant services, which are notoriously low paying.
- Generally speaking, government support has been good. While most people have been voicing gratitude for that, there is concern with respect to the program for rent abatement and how slow and cumbersome it's been for some
- There is also an issue around consumer confidence due to inconsistency in how government guidelines are being implemented. That comes down to instilling consistency and communication around safe practices, and providing information about how consumers can attain services safely. We're encouraged by the development of the app we've been involved in. Consumers will be able to download this app to get an idea of what local businesses are doing with respect to COVID practices. It's a really good way to communicate, and it also supports local businesses operating in the region. If nothing else, this app shows the government is thinking more entrepreneurially, and I think that's pretty encouraging.
- There's been a lot of discussion around big box stores or national companies versus local companies, but all of those businesses support jobs and support the economy moving forward, so it's important to try to salvage as many of those as possible while giving extra exposure to some of the fringe businesses on the cusp of survivability.

# Tourism, Arts, Culture, Sports and Recreation Committee

## Frank Bourree, Co-Chair

- This sector has been hammered by COVID-19. Our committee is working closely with Destination Greater Victoria (DGV) as well the Tourism Industry Association of British Columbia (TIABC) because many of the issues we're talking about are actually provincial-level support issues. I sit on the task force of DGV as well, so we've got continuity between groups. We're in alignment in terms of identifying issues and trying to come up with some strategies, not only longer-term but also quick wins.
- The industry doesn't have time to wait until the fall for some of these interventions. Many businesses are open, a lot aren't, but being open doesn't guarantee profitability – that's the biggest issue. There's a liquidity problem they're going to have throughout the fall, and just getting through the winter is going to be a challenge. The same applies to the restaurant and retail sector.
- Last July, we were at 75% of hotel occupancy; 2018 was 90%. This year we're hovering between 30% and 40%, depending on the hotel. That's largely a reflection of the lack of U.S. visitors.
- The wage subsidy has been working for a lot of tourism employers, but there's still a bit of a challenge getting people back to work. Last week there was the issue in provincial court around severance pay, where it was delayed until the end of August. That allows employers a little more time. Inevitably, it may still be a problem. Severance is such a big issue for some operators that it could spell bankruptcy. When the pandemic hit, employment throughout B.C. dropped 10.7%. In the tourism sector it was 49%, and we're still struggling. I think 60% employment at this point is optimistic.
- DGV, along with TIABC, is making a rather large ask to the provincial government, and there's been an ongoing dialogue with the premier and a number of the ministers related to the tourism sector. Quebec got \$750 million in liquidity and marketing support, and B.C. operators are looking at that same type of support as a way to keep the industry afloat over the winter. Another issue that's hot for tourism operators, particularly hotels, is property tax relief.

- In Greater Victoria, the sport industry has started to get active, at least in amateur sports. Becoming a centre for training and tournament competition is a huge opportunity, as we're a very safe and healthy location.
- In terms of the arts, we've had lots of input from the AGGV and the McPherson and Royal Theatre foundations. They're all looking at 2021 as the recovery year. Currently, the restriction to 50 people at events is creating a challenge. It's a cash shortfall issue. Some sports and arts organizations have local and provincial support, but they still fall well short. A lot of it is to do with corporate sponsorship that's just fallen right off for many of them. They're going to need the same kind of support the entire tourism industry is looking for.
- The Film Commission is up and running with tremendous potential moving forward and high hopes for a potential studio project with Camosun College. Our fingers are crossed for that in terms of a shovel-ready project. It would be fantastic for the film industry as well as the tourism industry.

## **Indigenous Economy Committee**

### **Christina Clarke, Co-Chair**

- There were existing conditions that were challenging the [Songhees First Nation's] involvement in economic development. Those conditions are exacerbated under COVID. Among the issues that have come to the forefront are a lack of capital for infrastructure – particularly sewer, water, and road access – that's needed to attract investment and build economies on Reserve.
- Federal funding for such projects is geared towards the immediate needs of band members, such as water treatment facilities. That's understandable, but if we don't have the ability to create the infrastructure, we can't attract investment and we can't build our economy on Reserve. We see economic development as a path to improving the lives of members, but it seems funders see economic development as some kind of extra thing that some First Nations do rather than critical to our functioning.
- Another issue is a lack of capital for the technological shift that's required right now. We need rapid deployment of technology and training to move our businesses online and to develop online programs and services for the community. We're trying to balance both. Just

to switch those to online is a tremendous challenge for all the Nations. We need money to be able to figure out how to make that shift.

- Insufficient funding is a common theme across all areas. The funding that does come is for whatever priority has been established by the government at the time, not aligned with what the Nation's priorities are. The Nation's priorities are often unfunded or underfunded. These funds are also flowing to ineffective programs that the Nations are required to deliver under their comprehensive service funding agreements.
- We need mid-management skills and training. These are lacking because all of the programming is focused toward people who are unemployed rather than people who are underemployed. Our actual unemployment [rate] pre-COVID was very, very low – we were mostly employed – but these are not household-sustaining jobs. What we're trying to do is help people develop careers. In particular, in the First Nations context, we're trying to prepare the membership of the communities to be the professionals who can run their organizations. So we need up-skilling – and we're challenged to get funding to do that.
- Indigenous business is under-utilized. Government funding is different, visibility is different, and the challenges are different. That means that Indigenous business tends not to be part of the main discussion. There's no lack of ideas – the best ideas tend to come from the communities themselves. What is needed are the resources to do it and a willing government who will also get out of our way.
- Proposed solutions include establishing more connections and collaboration between the Nations and our regional partners, promoting the Indigenous Business Directory, and pooling training needs for efficiency.
- Some of these solutions are already in the works but need to be accelerated. The First Nations Fiscal Management Act provides participating First Nations with the ability to access pooled borrowing and use property tax dollars for infrastructure financing for very long-term borrowing the way that local government would do. Virtually every First Nation on the South Island has chosen to go under that legislation, but the skills deficit in the band offices impedes the ability to implement it fully.
- There's not enough capital in the communities. Federal and provincial programs need better alignment with priorities rather than creating additional barriers. There seems to be little or no synchronization between provincial and federal programming, then the funding goes

down through many organizations across the region that are trying to help. There, no common approach exists. A First Nation is left trying to navigate all these different areas where there might be support, and pull little pieces out of each one that might fit in with what it's trying to do. It's an ineffective approach that is making progress very, very slow.

- The common denominator of all of these things is the First Nation. If the First Nation could have more local control and there was an annual allotment of infrastructure money, for example, then the First Nation could make decisions that can impact them immediately, on the ground. That's the challenge we have.

## **Real Estate & Construction Committee**

### **Robert Jawl, Committee Member**

- Our committee has a very diverse group of stakeholders representing multiple facets of the real estate and construction umbrella. Our representatives have visibility in all 13 municipalities, as well as all parts of the subset of the industry by product type, from office to retail, residential to industrial. So this committee represents a very broad lens into the health of the region.
- Generally speaking, our industry is a reaction to the health of the economic ecosystem here. We respond to net migration, we respond to job growth, and it's the successes of other industries that ultimately drive the demand conditions that enable our industry to survive and thrive.
- Our efforts in the first couple of meetings were premised around the situational analysis and starting a future-casting exercise. We did an industry survey identifying pain points and opportunity areas, some that are independent of the COVID situation; some in direct reaction to it.
- The standing of the industry has been variable amongst industry subsets. Those representing retail have identified probably the most acute pain points. Within that, there's an identification that street-level small- and medium-sized businesses are hardest hit.
- New rental apartment leasing activity paused during March/April/May, though there's been encouraging signs of late that it may be coming out of hibernation.

- Many offices are empty, though there doesn't seem to be much immediate distress. The industrial warehouse subset generally seems fine. The construction industry, other than a brief hiccup in March, has done a good job of figuring out how to continue some degree of activity while complying with WorkSafe guidelines. Most of those sites that temporarily had to close are all back online, albeit with some efficiency loss on account of new safety protocols.
- The health, safety, and livability of our communities is essential. That's why so much of our discussion related to small business and the activation of the street front. That led us to views on things like an extension of the Canada Emergency Commercial Rent Assistance (CECRA) program. Likely, the pain experienced by street-front retail operators is not going to taper, even with the extension period the feds just announced. There needs to be some further tuning to that program to enable more widespread participation. We also heard concerns about the Canada Emergency Response Benefit (CERB) program and some of the negative incentives.
- Safety and security issues [are] particularly acute downtown and in other core areas. That's affecting industry-led people's desire to live there and work there, and for consumers and shoppers.
- Municipal application processes have been interrupted as various councils figure out public engagement and public meetings in a socially distanced world. Our committee members and survey responses identified this as being a challenge that, if nothing else, is slowing down the pace of capital investment. [However] I think our committee views this as an exciting opportunity to look at new engagement pathways, virtual supplements to the way that things have historically been convened. This may have the potential to have a very positive legacy for a future, with more broadly disseminated opportunities for engagement and different ways for applicants to reach key stakeholders.
- We have a continuing housing crisis in the region. When you look at the employment and the economic investment that comes from within the real estate residential space, it seems natural to look at strategies to induce housing investment across the spectrum of housing types to revive a building boom.
- The industry is grappling runaway construction costs. This is not COVID-specific, but one that's going to be exacerbated by COVID as site regulations and efficiencies get more complicated.

- A lot of our talk has been about how our industry can be a participant in selling the region. During the last three or four months, the region has shown a comparatively extraordinary response to a public health crisis. It's a story we would do well, as an industry, to tell on a broader scale. Part of that is doubling down on economic development. There's a lot of appetite amongst committee representatives to participate in developing an enhanced brand for Victoria that can be industry led or industry-funded, at least in part, acknowledging that we're going to rise with the tide of this in this region as it returns to health.

## **Finance and Capital Committee**

### **Rasool Rayani, Co-Chair**

- Our committee is a combination of regional banks, national banks, credit unions, British Columbia Investment Management Corporation (BCI), Raven Indigenous Capital Partners, and some representation from the innovation side of the equation in the form of early-stage financing.
- We started with a situational analysis and a survey response approach, where we went directly to the clients of our committee members. Our observation was that there is no sectoral consistency, so we had a diversity of responses across the sector. This led us to shift the work of the committee into two areas: 1) to ensure that we distributed the responses to appropriate task groups so they could incorporate the data for their analysis, and 2) to shift our focus on collecting additional primary data from the economic and financial institutions that are part of our committee.
- Some of you may be familiar with South Island Prosperity Partnership's monthly Economic Recovery Dashboard, which captures several indicators showing the health of the region from a finance and economic perspective. Our hope is to add the following to this dashboard: commercial lending volumes (COVID-specific program utilization for example), the mortgage deferral program, and additional data from other regional entities, including early-stage financing from the Capital Investment Network, along with Woman's Equity Lab, to give insight into how capital is flowing in the region and the area which is being leveraged.
- Our hope, as we collect this data, is that there will be some insight on program flaws or opportunities to get feedback on those programs.

- We're looking towards leveraging the human intellectual capital we have on our committee to support Rising Economy Week (November 16-20, 2020), inviting John Stackhouse from RBC and Avery Shenfeld from CIBC, and additional economic insights from the banking partners.
- During Rising Economy Week, we will host Paul Lacerte from Raven Indigenous Capital Partners as well to talk about how to get capital flowing into Indigenous business opportunities, to increase economic literacy and to promote an understanding of how financing options can be accessed. This is primarily with a lens towards a 'rebuild' and the new business models that will emerge through the shifts in social norms as a result of COVID.