



For the Committee of the Whole Meeting June 6<sup>th</sup> 2019

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**Date:** May 29<sup>th</sup> 2019      **From:** Mayor Helps

**Subject:** Jobs for the Future 2041 Action Plan

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### **Background**

Council's Strategic Plan includes the following Actions under Objective #4 Prosperity and Economic Inclusion:

- Convene Mayor's Task Force on Economic Development and Prosperity 2.0 to hit 2041 jobs target
- Work with the Downtown Victoria Business Association to develop a Downtown Retail Strategy
- Explore the creation of a Legacy Business Program that specifically protects and highlights longstanding local businesses that are being priced out of our neighbourhoods
- Explore ways for businesses in Victoria to become living wage employers
- Continue work to support entrepreneurs and small businesses
- Support placemaking entrepreneurs – food trucks, more patio spaces

In addition, Objective #2 Indigenous Relations and Reconciliation includes the following Actions:

- Create opportunities for Indigenous contractors and employers through City infrastructure projects and contracts
- Work with the Songhees and Esquimalt Nations on First Nations economic development projects

And Objective #5 Health, Well-Being and a Welcoming City includes the following Action:

- Support entrepreneurial ambitions of newcomers through the Business Hub at City Hall

### **Purpose**

This report outlines the proposed approach for developing jobs for the Future 2041 Action Plan. It also lays out the current reality in the city and regional economy as well as global trends and identifies areas of focus for the action plan. Finally, the report proposes a small informal steering committee convened by the Head of Business and Community Relations and a series of focussed roundtables from key sectors and areas of the community rather than a Mayor's Task Force. The roundtables will be hosted and facilitated by the Mayor. This approach will allow us to reach a wider diversity of people and to involve more people than a 12-person task force.

## Introduction

In 2012 the City of Victoria adopted its [Official Community Plan](#) which outlines growth and development patterns in the city out to 2041. Research that the OCP was based on projected a need for 20,000 new household sustaining jobs by 2041. In the five-year OCP update in 2017, staff reported that only 1100 new jobs had been created, which gets us only 5.5% of the way towards the 2041 goal in the first five years of a 29-year plan. We must do better. This is the core mandate of the Jobs for the Future 2041 Action Plan. Bold action is required. And big-picture, long-term thinking is also needed.

## Background on Mayor's Task Force on Economic Development and Prosperity 1.0 (2015)

In early 2015 the Mayor and staff convened the first Mayor's Task Force on Economic Development and Prosperity to tackle the issues of the day namely a high retail vacancy rate and a sense that City Hall was not open for business. After seven task force meetings and an opportunity for gathering public input, the task force released [Making Victoria: Unleashing Potential](#) which was adopted by City Council in the fall of 2015. A key recommendation was to open a Business Hub and hire a Business Ambassador at City Hall to:

- Streamline and de-mystify all business and development processes at City Hall
- Make it easier to do business in Victoria
- Advise on how to reduce unnecessary red tape
- Connect entrepreneurs with the resources they need
- Accelerate the development of a vibrant downtown

The Business Hub opened in December 2015. At the time the downtown retail vacancy rate was over 10%. Today it is below 4% and has not gone above this even as retail space from new construction becomes available.

*Making Victoria: Unleashing Potential* also recommended building on our assets and playing to our strengths by focusing on six key sectors:

- Advanced Education and Research & Development
- Ocean and Marine Sector
- Experiential Tourism
- Government
- Technology
- Entrepreneurship, Start-Ups and Social Enterprise

In each of these areas the task force developed a Story, Objectives, Actions and Metrics as well as assigned responsibility for each of the Actions. Many of the Actions in the plan have been completed, some have evolved. We did not put in place a good process or resources for tracking the metrics. This is a lesson learned going forward and City Hall is building the capacity to measure progress on economic and other initiatives.

## Jobs for the Future

Along with other major cities across the globe, Victoria is in a time of change and disruption. This [2016 UN Cities Report](#) outlines the current and future trends facing cities. Although Victoria is a small city on a global scale, it is not exempt from these forces. The pace of change and technological advancement is unprecedented. There is a growing gap between rich and poor and the erosion of the middle class is also accelerating. Climate change poses a real and significant

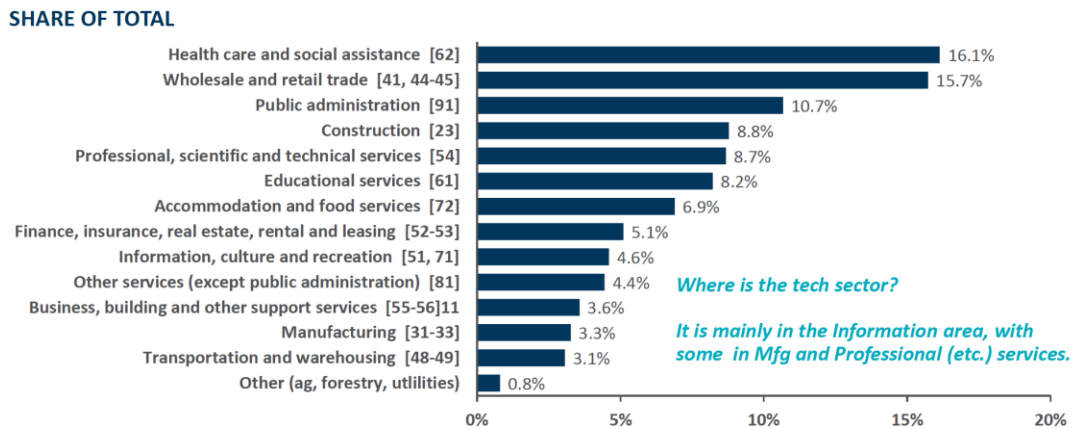
threat to our communities and economies. Populism is on the rise. And so is migration from the global south to the global north, in some cases because of climate change. This is predicted to increase.

A Jobs for the Future 2041 Action Plan is not going to address all of these issues head on. But it's important to situate our work in this global context and to seize on the tremendous opportunities that these trends will produce.

Current Regional Jobs Snapshot

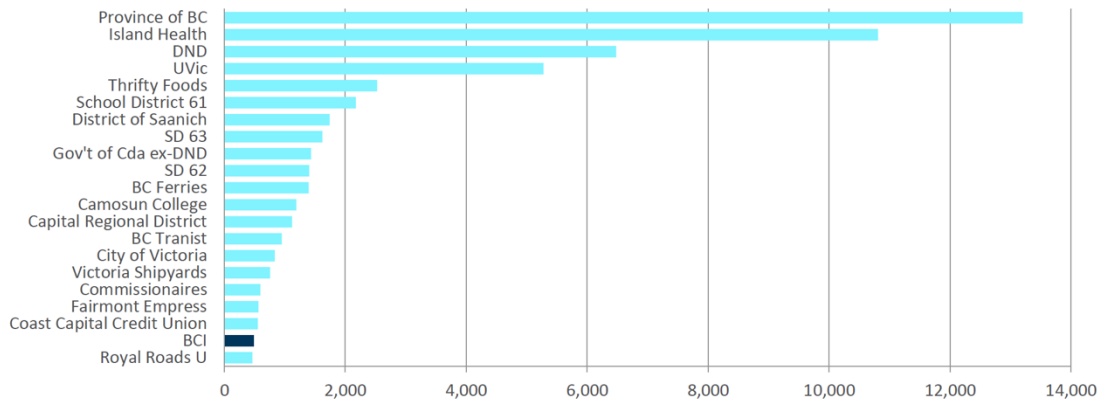
There are approximately 195,800 jobs in the region. Most of these jobs are in the public sector. In the last year (between February 2018 to February 2019), more jobs were lost than jobs created. There is a very low unemployment rate, at 3.2 percent. This is making it difficult to hire in all sectors and for the economy to grow sustainably.

## Victoria CMA employment by sector, 2018

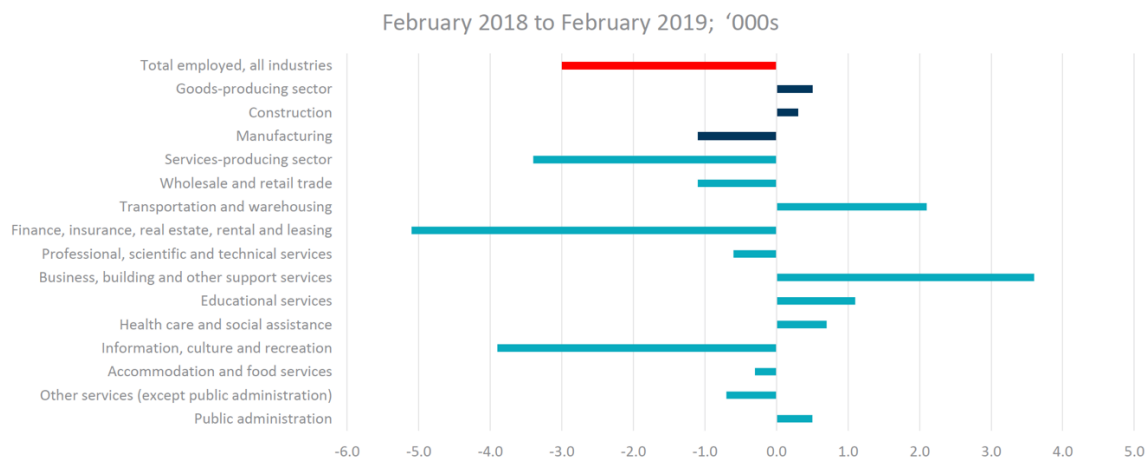


## Victoria – top 20 employers (+ BCI)

2017 ESTIMATES



## Victoria CMA employment change by sector



### Automation and the Skills Economy

From 2017-2018 RBC [conducted a major study of Canada's workplace](#). They talked to students, workers, educators in all sectors. They studied job openings and automation trends and analyzed a wealth of data. They concluded that "Canada is shifting from a jobs economy to a skills economy, and yet employers, educators and policy makers are not prepared." They cite four important trends that we need to be aware of: Disruption is Accelerating; Flexibility is the Future; Digital Literacy is Essential; We need to prepare for the future of work. The Jobs for the Future 2041 Action Plan must take all of these seriously and consider what City Hall, the private sector and post-secondary institutions can do, together.

### Indigenomics and Diversity

Carol-Anne Hilton is Founder and CEO of the Indigenomics Institute and advisor to the Federal Minister of Finance. A [December 2018 National Observer](#) article outlines that "An essential part of

the institute's work to promote the role of Indigenous peoples, communities and businesses in the new economy involves changing the narrative of Indigenous peoples in Canada. Rather than seeing Indigenous peoples as 'in a place of economic despair,' Hilton works to uphold Indigenous economic prosperity through the recognition of Indigenous rights and title." The Indigenomics Institute is working to increase Indigenous communities' contribution to the national economy from \$32 billion to \$100 billion over the next five years. Locally there is an opportunity to harness the innovation and creativity of the Songhees and Esquimalt Nations and work with them to further develop economic opportunities.

Another key element for the Jobs for the Future Action Plan to focus on is the integration of newcomers to Canada into our community through economic inclusion. Not only does this enhance a sense of connection and belonging and make us a more diverse and resilient community. But also, a report from the 2017 Victoria Forum notes that "though there are barriers to achieving these goals, it was found that a one per cent increase in ethno-cultural workplace diversity led to one per cent increase in productivity and 2.4 per cent increase in revenue."<sup>1</sup> There are clear economic benefits to workplace diversity and there are many skilled people in the city and region who have arrived from places around the world and who are looking for work.

### A City in a Region

The South Island Prosperity Partnership (SIPP) was created in April 2016 after many months of consultations with local governments about systemic issues in the regional economy and how a region-wide collaborative approach could help address these issues and pursue opportunities that might not otherwise be available.

SIPP's founders preferred to incorporate as a non-profit society that is driven by members but has an independent and private-sector led board of directors. In order to achieve buy-in, SIPP was set-up as a five-year "project" with four membership categories (government, business/industry association, non-profit, and business). Municipal members had the option to exit as members after the third year, to date none have done so.

Now in year four of its initial term, SIPP is forming an organizational review committee in fall 2019 in order to set the stage for organizational evolution. The Jobs for the Future 2041 Action Plan should consider this evolution.

SIPP's Future of Jobs work has focused on established, export-oriented companies within its programming (as opposed to companies that are in start-up or pre-revenue stages, and/or focused on local market). SIPP is building an in-bound investment pipeline that has resulted in two wins to date: Daitan Group and NetMotion, both companies established in Victoria in 2018. In 2019, SIPP is focused on stronger value-propositions, marketing and trade activities within its target market of pacific northwest USA or 'Cascadia'.

### Housing Matters

The single largest and most persistent barrier to growing companies and adding workers in the city is lack of access to housing. There is no shortage of capital to be invested in housing, in particular in rental housing. For pools of capital like the pension funds managed by BC

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<sup>1</sup> Bessma Momani, Mark Tschirgi and Adel Guitouni, "Diversity and Economic Prosperity," in *Canada@150: Promoting Diversity & Inclusion: Report of the Inaugural Victoria Forum*, ed. Adel Guitouni, Saul Klein, Sébastien Beaulieu, (Victoria: University of Victoria, 2018), 24.

Investment, the best asset class to invest in is rental housing. The investors are not looking for a high-yield, short-term return; rather a return of 6 ¼ over a 20- to 30- year period is reasonable.

While the Jobs for the Future 2041 Action Plan won't focus on the City's housing policies, the process may identify ideas that could be brought forward to Council for consideration as part of an update to the Victoria Housing Strategy. In addition, people involved in the process of developing the Action Plan will receive a briefing from City Staff on the current proposed thinking for additions to the Victoria Housing Strategy which is in the process of being updated.

### **Action Plan Focus**

The City created *Making Victoria: Unleashing Potential* the 2015 economic action plan to address the challenges facing Victoria at the time. As outlined above, we are currently facing new challenges (automation, low-unemployment, heavy reliance on public sector jobs) and new opportunities (economic inclusion of increasing number of newcomers, Indigenomics, growing economic diversification, regional strengths). Based on these challenges and opportunities, early research and exploratory conversations, we've determined that we need to have a laser-like focus on the following sectors. This will enable the Action Plan to address opportunities and challenges not already being addressed by other means. Proposed focus areas include:

- Technology including civic tech
- Advanced education, research and development including commercialization opportunities
- Financial Services and Investment
- Entrepreneurship, Start-Ups and Social Enterprise

The other Strategic Plan Actions identified (outlined in Background):

- Work with the Downtown Victoria Business Association to develop a Downtown Retail Strategy
- Explore the creation of a Legacy Business Program that specifically protects and highlights longstanding local businesses that are being priced out of our neighbourhoods
- Explore ways for businesses in Victoria to become living wage employers
- Continue work to support entrepreneurs and small businesses
- Support placemaking entrepreneurs – food trucks, more patio spaces
- Support entrepreneurial ambitions of newcomers through the Business Hub at City Hall
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– will be undertaken by the Business Hub and other relevant departments as part of the regular course of business over this term of Council.

### **Action Plan Development Process**

Between July and October the Mayor and the Head of Business and Community Relations will convene roundtables including but not limited to the following sectors and groups of people:

- Tech including civic tech
- Finance
- Advanced education, research and development

- Small business and entrepreneurs
- Immigrants and newcomers
- Indigenous nations and organizations
- Neighbourhoods
- Social enterprises

The roundtables will be future focused and solutions-oriented addressing – but not limited to – such questions as:

- Where do you see your business / industry / community in 2041?
- What does sustainable economic development mean to your business / industry / community?
- How many jobs do you anticipate being created in your business / industry / community by 2041? (This may need some support in terms of industry / community specific modelling or forecasting)
- What are the barriers facing your business / industry / community?
- What can the City do in the next five years to address these barriers to set you on a path for sustainable job growth out to 2041?
- How do we measure success for your business / industry / community?

The input will be used to develop Jobs for the Future 2041 Action Plan which will be presented to Council for consideration no later than January 31<sup>st</sup> 2020.

### **Importing Best Practices and Learning from Others**

The Jobs for the Future 2041 Action Plan will be based on the following research:

- Case studies on what select cities/regions have done in terms of economic development strategies to successfully position for success in the 21<sup>st</sup> century economy
- Case studies on what cities/regions have done to deliberately unlock the following:
  - SME innovation / BERD rates
  - Research commercialization (University spin-off)
  - Municipal role in economic reconciliation with First Nations that has led to increased empowerment for Nations to successfully lead and/or collaborate on economic development

### **Recommendation**

1. That Council any provide input into the proposed process.
2. That Council approve the proposed process and amend the strategic plan Objective #4 2019 Action #1 to “Create Jobs for the Future 2041 Action Plan.”

**Respectfully Submitted,**



Mayor Helps