

# POST COVID-19 ECONOMIC BLUEPRINT



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During the COVID-19 pandemic, the Canadian chamber network has supported our public health professionals, recognizing that good health policy is good economic policy. The best strategy for long-term economic health is to starve the COVID-19 virus.

It is clear that adherence to infectious disease containment policies have served Canada well in limiting domestic spread of COVID-19, allowing us to avoid the worst-case scenarios that would have over-run our health care systems. Hamilton, in particular, has been disciplined during the quarantine, allowing us to enter Stage 3 of reopening.

However, COVID-19 abatement measures placed our everyday lives on hold and have exacted considerable damage to the national and local economies. Though it's important we maintain our fight against the virus, it is imperative that we progress in the responsible reopening of the economy.

Tapping into our national, provincial and regional networks, and upon the advice and consultation of our members, the Hamilton Chamber of Commerce has created this document as a guide for the City of Hamilton's newly-established Economic Recovery Task Force as we return to Hamilton's regularly-scheduled renaissance within the new post-COVID-19 reality.

Given the rapidly-evolving nature of the situation, the Chamber is presenting these recommendations to all three levels of government as a living advocacy document. With changing circumstances, we intend to adapt our recommendations to the needs of our members.

## ***Principles:***

- 1.** The initial phase of the recovery will be challenging for businesses as they adapt to the new reality. It will be important for public health professionals to work closely with the business community to navigate the regulations and recommendations that will be in force. We must adopt, and endeavour to create, best practices in serving local business owners through this transition.
- 2.** The need for stimulus will be acute, and while we must be sensitive in resuming pre-COVID conversations, Hamilton has a number of large capital investments teed up to deliver significant economic uplift.
- 3.** COVID-19 has revealed many structural challenges, especially the need to address societal inequalities and the ecological precipice that confronts us. The post-COVID recovery must finally advance the principles of sustainability to which we have given so much lipservice.

## SHORT TERM RECOMMENDATIONS:

### Support for Businesses

Businesses, already battered by the quarantine, will face significant challenges in the coming months and years. As restrictions are systematically loosened and new regulations imposed on a sector-by-sector basis, businesses will have to respond to rapidly-changing circumstances and to consult with public health authorities and all three levels of government.

Even as restrictions are lifted, the serious financial impacts – namely debt, loss of revenue, loss of clientele, loss of staff, deferred payments – of the quarantine will linger for a long time. These delayed repercussions suggest that further government support will be necessary to restore businesses well into the recovery. While the future remains highly uncertain, and we'll need to constantly adapt to changing circumstances, there are some things upon which we can be certain.

Businesses will need to adapt further to e-commerce, provide personal protective equipment and, in many cases, refurbish their offices to accommodate physical distancing, adding more expenses. As well, they will need to navigate the PPE supply chain.

As an example of how governments are going to have to be responsive to entrepreneurial ingenuity, municipalities like Hamilton have developed regulations to allow restaurants and bars to expand their patios into parking lots and sidewalks. This has enabled these establishments to expand into public spaces to facilitate social distancing among patrons, while generating enough revenue to survive. A swift approval process from the AGCO and the City of Hamilton made it possible.

And, when things do slowly return to “normal”, procedural backlogs will need to be cleared to get back on track; the City of Hamilton delayed a number of development processes due to COVID-19, impacting business across the city, and all Committee of Adjustment meetings, public hearings, and Planning Committee meetings, were cancelled.

Mayor Eisenberger's leadership in launching Hamilton's Economic Recovery Task Force, which has received Council approval, is a good first step to help guide the City through the difficult times ahead. The task force is representative of each sector, but must be responsive, look to partner with stakeholders across the region and seek to adopt the best practices of other communities (if not create some ourselves).

The City of Hamilton can use this time to roll out new and improved forms of assistance to local businesses to mitigate the pandemic's impact on the local economy. For example, the City of Pittsburgh offers a grant program to assist business owners with exterior enhancements to enhance the public realm. By offering incentives for businesses to install and improve outdoor patios, Pittsburgh encourages property owners to invest in improvements to the public realm.

The City of Hamilton currently offers the Business Improvement Area Commercial Property Improvement Grant Program, which aims to improve the appearance of commercial properties and contribute to the public realm. However, outdoor patio furniture is explicitly ineligible for funding under this grant. During COVID, the use of expanded patios will be essential for businesses to remain open during these unprecedented times. Financial support and/or flexibility from the City will be critical to success.

Additionally, the City of Hamilton can certainly address some of the impediments to development that were identified pre-pandemic. For example, the City can encourage economic recovery through fast tracked development initiatives. The City of Burlington offers a Fast Track Service for building permits, where applicants are given the opportunity to expedite their permit review for a fee. There are many other regulatory process improvements that are encouraged and COVID has proved that organizations can speed up their digital transformations when absolutely necessary.



Finally, though these recommendations are primarily directed at government, it will be important for the citizens of Hamilton to be mindful of where and how they spend their hard-earned income. Initiatives that stimulate local businesses, charities, and not-for-profits, like the Chamber's *Canada United* campaign, should be encouraged and supported.

### **Recommendations:**

1. Each level of government must create resources and lines of communication to help, on a sector-by-sector basis, guide businesses through the ever-changing conditions for their being open. The national chamber network is well-poised to play a key role in facilitating interactions between businesses and governments. The Mayor's Economic Recovery Task Force is an excellent way for the City to seek the input from all of its industry sectors.
2. Help businesses with the costs and procurement of PPE, and create a testing and tracing regime that will increase confidence among consumers and workers.
3. The federal government should extend CERB, CEWS, CEBA, and CERCA program offerings.
4. The provincial government should forgive deferred payments, where possible, to the extent that is possible.
5. The City of Hamilton should further defer payments of property taxes and water charges, where possible, to the extent that is possible.
6. The City of Hamilton should temporarily lower licencing and permit costs, to spur economic activity.
7. The provincial government should clearly stipulate whether virtual meetings would meet the requirements for public participation, legislated in the Planning Act, to de-risk adoption by municipal governments.
8. The federal and provincial governments just announced an extension of the Digital Main Street program and the creation of: ShopHERE, Future Proofing Main Street, and the Recovery Activation Program (RAP). These programs will be critical to enhancing the digital and marketing needs of Hamilton's SMEs and retail businesses. The City's Economic Recovery Task Force is encouraged to support the Hamilton Small Business Enterprise Centre, the Hamilton Chamber of Commerce and Innovation Factory in the local delivery and promotion of these programs.
9. The City of Hamilton should expand the Business Improvement Area Commercial Property Improvement Grant Program by offering matching grants to better incentivize outdoor patios. More specifically, the City should consider the Sidewalk Activation Grant offered in Pittsburgh, and expand its own program to cover outdoor patio furniture expenditures.
10. The City of Hamilton should offer fast-tracked service for development application review, by giving applicants the opportunity to expedite their permit review for a fee. This service ought to ensure specific, guaranteed timelines for review, to ensure the fee is worth the applicant's investment.
11. The Government of Ontario should ensure that the AGCO has the resources/staff needed to expedite the approval process for restaurants and bars looking to obtain a seasonal liquor license and those who currently have a liquor license but need to expand to facilitate social distancing.
12. The City of Hamilton should direct existing marketing program funding to encourage citizens to shop, eat, and vacation locally to boost local business and attractions. For example, the Canadian Chamber network has launched *Canada United*, a social movement asking Canadians to complete micro-actions in support of small and local businesses. For each action, RBC will contribute 5 cents to the new Canada United Small Business Relief Fund, providing small businesses with grants of up to \$5,000.

## Social Inequality

The 2008 recession was dubbed a “he-cession” in Canada, since the downturn hit male-dominated industries hardest. As a result, more than 70% of the unemployed were male workers.

Conversely, the forthcoming recession caused by the COVID-19 lockdown has been dubbed the first “she-cession.”

Canada’s employment has dropped significantly since March, with female-dominated service-sector jobs among the hardest hit. Retail, restaurants, childcare centres, and hotels are particularly vulnerable to the shutdown, many of which have closed down completely. Worse still, these same female-dominated sectors may also be the last to reopen and recover from this downturn, since these jobs involve a lot of human interaction that makes social distancing difficult.

Adding further to this emerging social inequality is concern for childcare. In order to return to work, children who might otherwise be attending daycare, summer camps, or school will require supervision and care. To ensure the workforce can return in full, childcare provisions are a necessity.

When looking at the post-lockdown stage, governments should consider a multi-pronged approach to recovery. Infrastructure spending is a tried and true approach to stimulus, however, construction is a predominantly male sector, meaning pouring government money into shovel-ready projects will not account for female job losses (unless there is a goal to increase representation of women in construction and trades in the process). As such, a multi-pronged approach ought to be considered to ensure post-lock down stimulus spurs growth for all Canadians.

### Recommendations:

1. Governments should offer affordable childcare options for children who might otherwise be attending daycare, summer camps, or school, to ensure the workforce can return to work fully to stage an economic recovery.
2. The provincial government should deploy immediate funding to training and re-training women in skilled trades, to ensure women can participate in and equally benefit from infrastructure stimulus projects. Extending skilled trades programs like those offered by YWCA Hamilton will result in fast deployment and uptake among women.
3. The City of Hamilton should maintain the HSR’s route frequency to ensure that workers can get to their place of employment.

## Government Budgets

Government revenues rely on consumers and markets. As governments commit to necessary spending measures, defer tax payments, and see dampened economic activity, this health crisis is shrinking government revenue.

This risk is particularly acute for municipal governments, which are unable to run budget deficits. The City of Hamilton has reported that if Hamilton does not receive support from the provincial and federal governments, property taxpayers would face a one-time hike of 7%.

If pressure on municipal government is not relieved by provincial and federal counterparts, drastic reorientation of government revenue and spending models may take place, resulting in spending cuts in essential municipal services and/or taxation increases for residents and businesses. During these harsh times, municipal services are more important than ever and tax increases may serve to worsen the economic downturn.

In July 2020, Ontario received \$7 billion in federal transfers, with some funding going towards municipal operating costs. It remains unclear whether the funding will be enough to avoid placing further economic pressure on residents and businesses to account for immediate budgetary gaps.

### Recommendation:

1. The federal and/or provincial governments should provide relief for municipal government budgetary needs, in line with the City of Hamilton and the Federation of Canadian Municipalities’ request for funding to avoid placing further economic pressure on residents and businesses to account for immediate budgetary gaps.

# LONG TERM RECOMMENDATIONS:

## Stimulus

COVID-19 has impacted every community and investments will be needed across the country. At some point, our efforts will change from fighting the spread of the virus, to reestablishing economic activity. The need for stimulus will be acute, as evidenced by federal Infrastructure Minister, Catherine McKenna's announcement to spend billions of dollars on 'shovel-ready' infrastructure once the current pandemic restrictions are lifted.

Fortunately, with Hamilton's economy well into a decade-long upswing and many projects already in the works, there are many opportunities to make significant infrastructure investments that will have an immediate impact.

### ► **B-Line LRT**

With 10 years and \$162 million in planning behind us, the B-Line LRT project is a shovel-ready project with provincial and federal commitments.

Just as COVID-19 emerged, the Hamilton Transportation Task Force (HTTF) delivered an exhaustive and effective evaluation of Hamilton transit investment. The Chamber agrees with the HTTF that the \$1B in committed provincial funding must be dedicated to intra-city, higher-order transit that is ready to implement. And, after thorough analysis, we're sure that decision-makers will concur that Hamilton's long-planned LRT is ready to be built and will deliver the most substantial long-term economic benefits for our city.

We are committed to working with the City of Hamilton and the Province to secure additional LRT funding from the private sector and/or the federal government, which has recently indicated receptivity to a request.

#### **Recommendation:**

1. The provincial government should resume the B-line LRT RFP process and work with the federal government to close any shortfalls in funding, with the aim of commencing construction as quickly as possible.

### ► **Morrison Bypass Highway Infrastructure Project**

There is a severe bottleneck obstructing goods movement on Highway 6, resulting in major productivity losses for industry and agriculture. As Ontario emerges from COVID-19 crisis and considers the need for economic stimulus and job creation, the Morrison Bypass stands out as an ideal, shovel-ready investment. On March 29, 2016 the Government of Ontario announced its commitment to proceed with the construction of the Morrison Bypass. The project was identified as a priority in the government's 2020 report, "Connecting the Southwest: a draft transportation plan for Southwestern Ontario". While the provincial government recently announced that they were committed to this project, the many decades of planning and talking about this bypass prove that pressure is still required.

#### **Recommendation:**

1. The provincial government should begin construction of the Morrison Bypass.

### ► **Utility Extension and Servicing**

The Airport Employment Growth District (AEGD) has been designed to provide for a major business park development adjacent to John C. Munro Hamilton International Airport. The AEGD is intended to offer a range of employment in industrial, light industrial, airport-related business and institutional development. Though air travel has been severely disrupted by COVID-19, cargo shipments have remained vital and represent a huge growth opportunity for Hamilton International Airport.

To allow this district to flourish post-COVID, utility servicing will need to be essential.

#### **Recommendation:**

1. The City of Hamilton should fast track the planned expansion of utility servicing to employment lands.

### ► **McMaster Innovation Park**

McMaster Innovation Park contributes to Ontario's innovation ecosystem by supporting startups, businesses, and research. MIP offers collaborative space for each sector to co-locate, connect and commercialize, and to transform ideas from vision to commercial reality. A particular emphasis for MIP has been in support of life sciences; COVID-19, which has brought great renown to Hamilton-based researchers, has only underscored the importance of leaning in to our strengths in that sector.

McMaster Innovation Park has a large impact on the economy of not only Hamilton, but across the province. To date, MIP has:

- Generated \$18.6 million to the Hamilton economy in direct spending and the ripple effect of sales and procurements
- Generated up to \$52 million for the Ontario economy
- Become a place of job creation with over 700 full-time jobs

Just before COVID-19, MIP announced exciting plans for rapid expansion across the West Hamilton Innovation District, including a Southwestern Ontario Life Sciences Megahub that is shovel-ready. Private capital is accessible to fund 88% of the Phase 1 renovation of the recently-purchased property at 44 Frid Street (formerly the Hamilton Spectator building), but government funding is required to unlock it.

#### **Recommendation:**

1. Support MIP's request for the government funding necessary to unlock private financing for the remainder of the Southwestern Ontario Life Sciences Megahub project. FedDev Ontario would be a natural source for funding and they have reached out to Hamilton to investigate how they can help our community.

### ► **Downtown Asset Renewal**

There is no doubt that Hamilton's arena and convention centre are in need of significant refurbishment or full replacement. After years of inaction, there was recent momentum to finally address these important Downtown assets, with two private sector bidders stepping up with exciting plans for renewal. On July 17th, it was announced that the Hamilton Urban Precinct Entertainment Group (HUPEG) has been invited to advance their development plans. As well, much progress has been made in the development of affordable housing options in Hamilton. COVID-19 has only exposed how acutely necessary these projects are.

#### **Recommendations:**

1. The City of Hamilton should maintain momentum behind the refurbishment of its arena and convention centre. HUPEG must be supported every step of the way.
2. As government stimulus projects are selected, select new, affordable housing projects and emergency shelters for construction to address the ongoing shortages.

### ► **Commonwealth Games**

Years of hard work have been invested by a large group of local stakeholders in putting together a bid for the 2030 Commonwealth Games, which would be the 100th anniversary of the very first British Empire Games held in Hamilton. The Commonwealth Games governing body has now invited Hamilton to move up its bid, to secure the 2026 games without any competition. Given the impact of expected tourism and the spending required to host the games, including investments in facilities, transit and affordable housing, if the federal and provincial governments are in support, this would be a difficult opportunity to pass up.

#### **Recommendation:**

1. The City of Hamilton should work with the federal and provincial governments to secure their support to host the 2026 Commonwealth Games.

## Sustainability

COVID-19 has revealed many structural challenges, especially the need to address societal inequalities and the ecological precipice that confronts us. As governments opt for investment projects across the country to revitalize the economy, the post-COVID recovery must finally advance the principles of sustainability to which we have paid so much lipservice. The Hamilton Chamber of Commerce considers it essential that sustainability serves as a key eligibility criteria for considered projects, including projects that improve the efficiency and sustainability of existing infrastructure and business operations.

We can be 'locked in' to long term and ongoing carbon emissions as a result of the difficulty and costs associated with changing or retiring existing structures and adopting new ones. As we move forward with stimulus spending and infrastructure investment for the COVID-19 recovery, excessive carbon lock-in can be avoided if sustainability is applied as a key eligibility criterion for projects.

Furthermore, the Hamilton Chamber of Commerce has been actively working towards achieving environmental sustainability, through improved efficiency along the Hamilton Bayfront. The Chamber has been working with The Atmospheric Fund to spearhead a project to drive local energy efficiency improvements, business competitiveness and reductions in GHG emissions. The project will help manufacturers operating in the Hamilton Industrial Bayfront Area adopt new and emerging approaches to waste heat capture and utilization.

Increased adoption of waste heat recovery systems in the study area is expected:

- a. To improve energy efficiency leading to lower costs.
- b. To decrease industrial GHG emissions leading to a cleaner environment.
- c. To support modernization efforts leading to increased business competitiveness.

### **Recommendations:**

1. Government stimulus spending and infrastructure investment for the COVID-19 recovery should include sustainability as a key eligibility criterion for projects.
2. Projects that improve the efficiency and sustainability of existing infrastructure and business operations should be considered for stimulus.
3. The federal or provincial government should fund a regional "concierge service" for business owners to access free, personalized advisory services that streamline the process of making energy efficiency investments to buildings and operations.

## Regional Mindset

Regions now compete with each other in the global economy. Thus, Hamilton's economic health is tied to the health of our region. Over the last few years, led by the chambers of commerce behind Canada's Innovation Corridor, institutions across the Toronto-Waterloo-Hamilton region have greatly enhanced their collaboration. As the post-COVID world emerges, this is a time for greater regional cooperation and connectivity.

### **Recommendations:**

1. The provincial government should expand GO Train Service to two-way, all-day service between Union Station and Hamilton.
2. The provincial government should begin construction of the Morriston Bypass.
3. Work with regional partners in post-COVID recovery to facilitate further collaboration among businesses and institutions within the Innovation Corridor.



## Domestic and International Trade

The world is highly integrated and interdependent, with supply chains spanning across the globe. These international supply chains exist for the efficiency they offer in production methods and their maintenance will serve the interconnected economic structures upon which the global economy relies.

Despite measures being enacted to ensure COVID-19 is contained, trade policies in the COVID-19 recovery should strive to return to open markets, including from province to province.

Prior to the pandemic crisis, the perils of misalignment between provinces and territories were apparent. The pandemic has served to exacerbate this existing problem. Companies that operate across provincial and territorial boundaries need to have clarity and consistency to minimize confusion and ensure a seamless reboot.

### **Recommendations:**

1. Governments should return to free trade practices that allow modern supply chains to function efficiently. Companies will need certainty and lead-in time to fully re-engage with the global economy as these measures are lifted.
2. All inter-provincial trade barriers should be eliminated.
3. Provide companies that operate across provincial and territorial boundaries clarity and consistency in regulation to minimize confusion and ensure a seamless reboot.
4. Provide companies that have answered the call to re-tool their operations funds to re-tool yet again post-COVID.
5. Where possible and reasonable, opt for local suppliers for government procurement to support the recovery of firms.