

From: "Johnston, Sadhu" <Sadhu.Johnston@vancouver.ca>

To: "Direct to Mayor and Council - DL"

CC: "City Manager's Correspondence Group - DL"

"Catherine Warren" <cwarren@vancouvereconomic.com>

Date: 12/11/2018 4:41:39 PM

Subject: VEC Budget Response to Council

Attachments: VEC Budget Response to Council - Dec 11.pdf

---

Greetings Mayor and Council

During the Council orientation on the VEC, there were a few questions that you asked for follow-up on. To answer your questions, Catherine Warren has forwarded the attached memo. Please feel free to connect with her directly if you have follow-up questions.

Best

Sadhu

**Sadhu Afochs Johnston** | City Manager

City of Vancouver | 453 W 12<sup>th</sup> Avenue

Vancouver | BC V5Y 1V4

604.873.7627 | [Sadhu.johnston@vancouver.ca](mailto:Sadhu.johnston@vancouver.ca)

Twitter: [sadhuajohnston](https://twitter.com/sadhuajohnston)



## To Mayor and Council

This document provides supplementary budget information requested following our recent Council orientation presentation. We've provided VEC budget figures since 2009 and measurable VEC deliverables mapped to classic economic indicators for this period.

Vancouver is a growing and thriving city and VEC has played a key role in contributing to our City's economic success. Since 2009, our budget has grown at 5.9% (CAGR), while the amount of investment flowing into our City's businesses has grown at 17% (CAGR). For the past five years Vancouver has achieved the fastest rate of economic growth in Canada and jobs have been created at a faster rate than any other Canadian city.

The VEC is acknowledged by our peers as delivering the most value dollar-for-dollar of any major economic development agency in Canada. Specifically, we deliver significant return on the investment for funds invested by the City of Vancouver and our corporate partners. Fortunately, 2018 has been a banner year for corporate funding, another endorsement of our work from the business community, and this funding is trending up for 2019.

That said, our total funding is the lowest per capita of our peer agencies across North America, mainly due to the fact that we are the only major economic agency in Canada that does not yet receive any core federal or provincial funding.

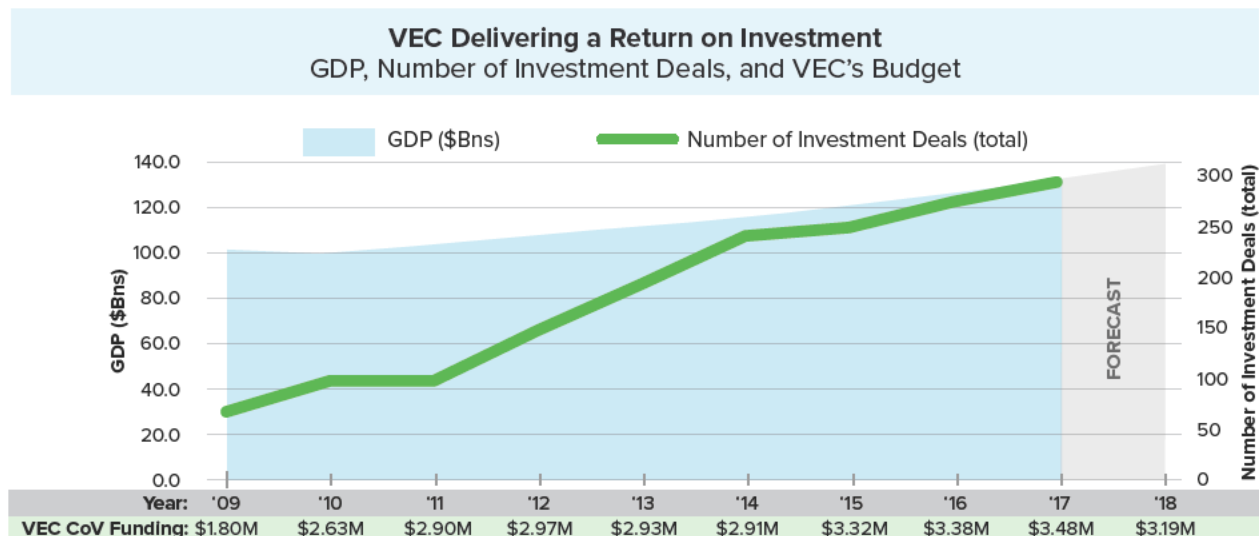
Since 2009, the VEC has continued to help attract billions of dollars of direct investment to Vancouver. There is a classic metric for economic development success, and this year VEC has exceeded expectations, attracting \$1.8B in high impact investment to our city, creating high-paying jobs – all with the potential for innovation.

Still, the vast majority of our work is with local businesses, for example, our extensive work with industrial companies, or start-ups working through our Green and Digital Demonstration Program or Climate Smart Certifications. We also help local talent too, running Western Canada's largest career fair, as well as helping local businesses to hire the best local employees through our extensive connections to post-secondary schools and colleges.

We look forward to the continued support from the City of Vancouver, support that is critical, support that we can leverage for greater prosperity for all Vancouverites.



Chief Executive Officer



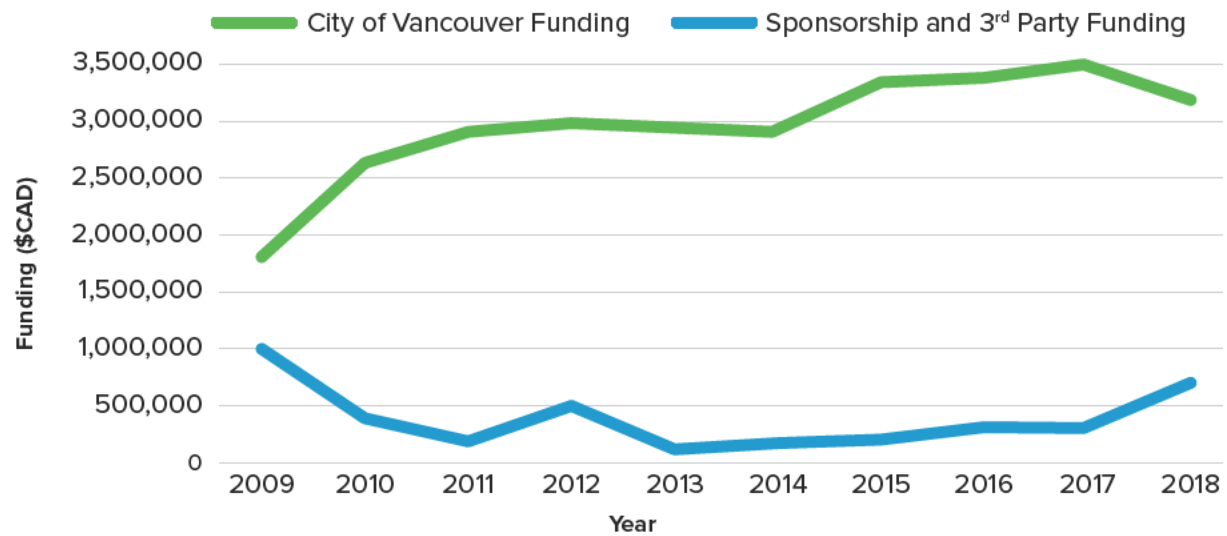
## Return on Investment

### Historical Financials

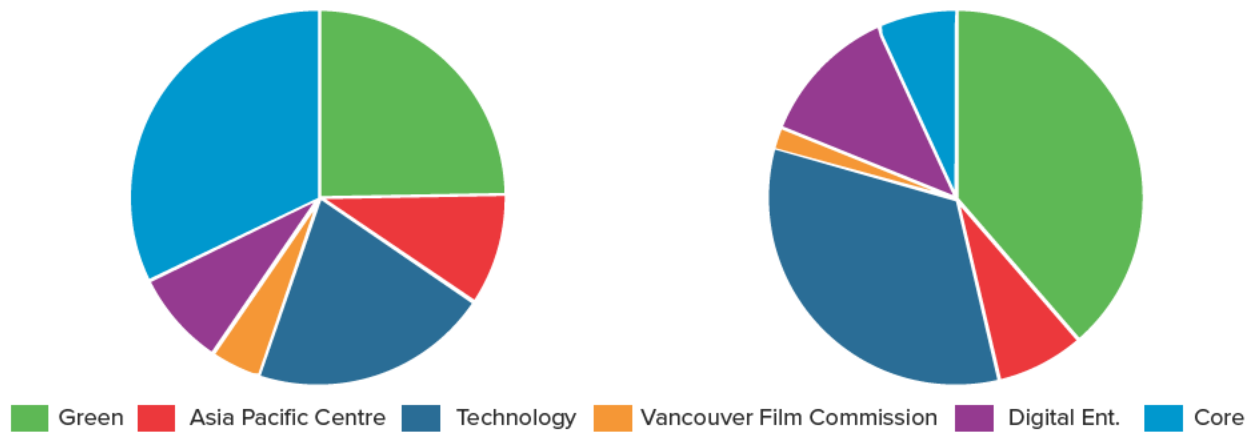
Total VEC funding in 2018 stands at \$3.87m, with \$3.19m (85% of our budget) coming from the city of Vancouver. The CAGR from 2009 to 2018 is 5.9%.

With corporate fundraising, we are likely to reach \$4m in 2019.

**City of Vancouver Funding vs. Third Party Funding**  
 2009 - 2018



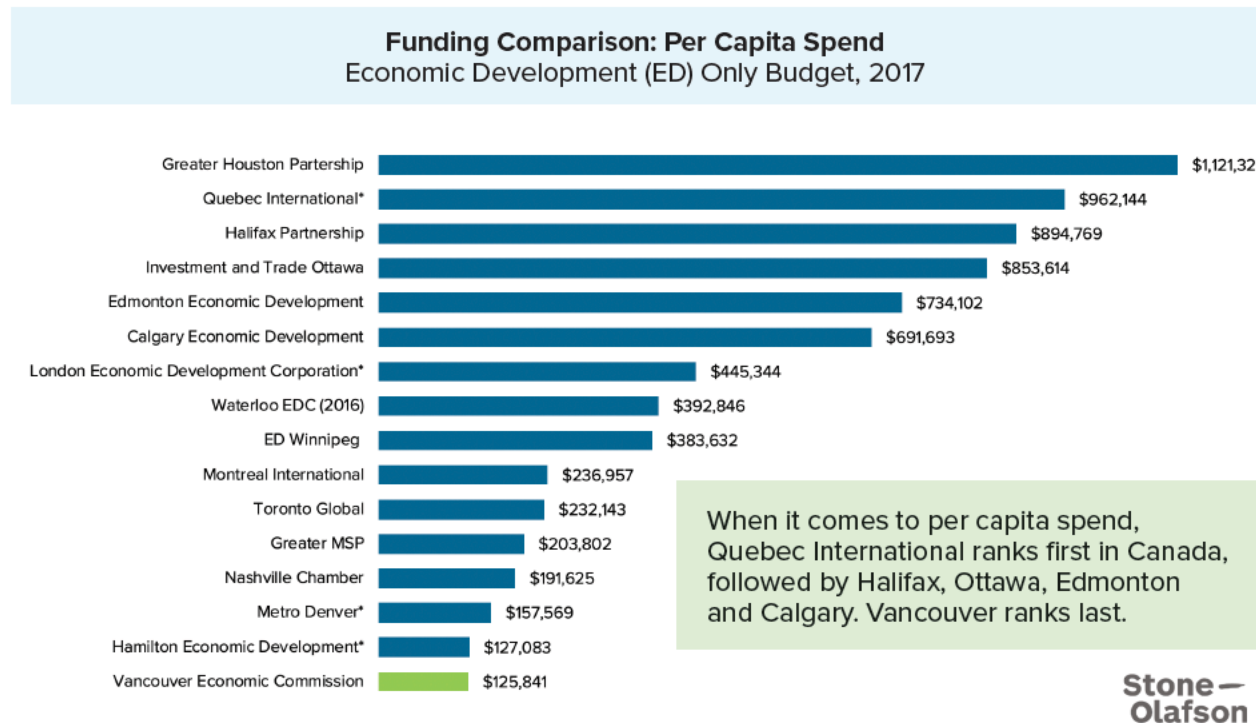
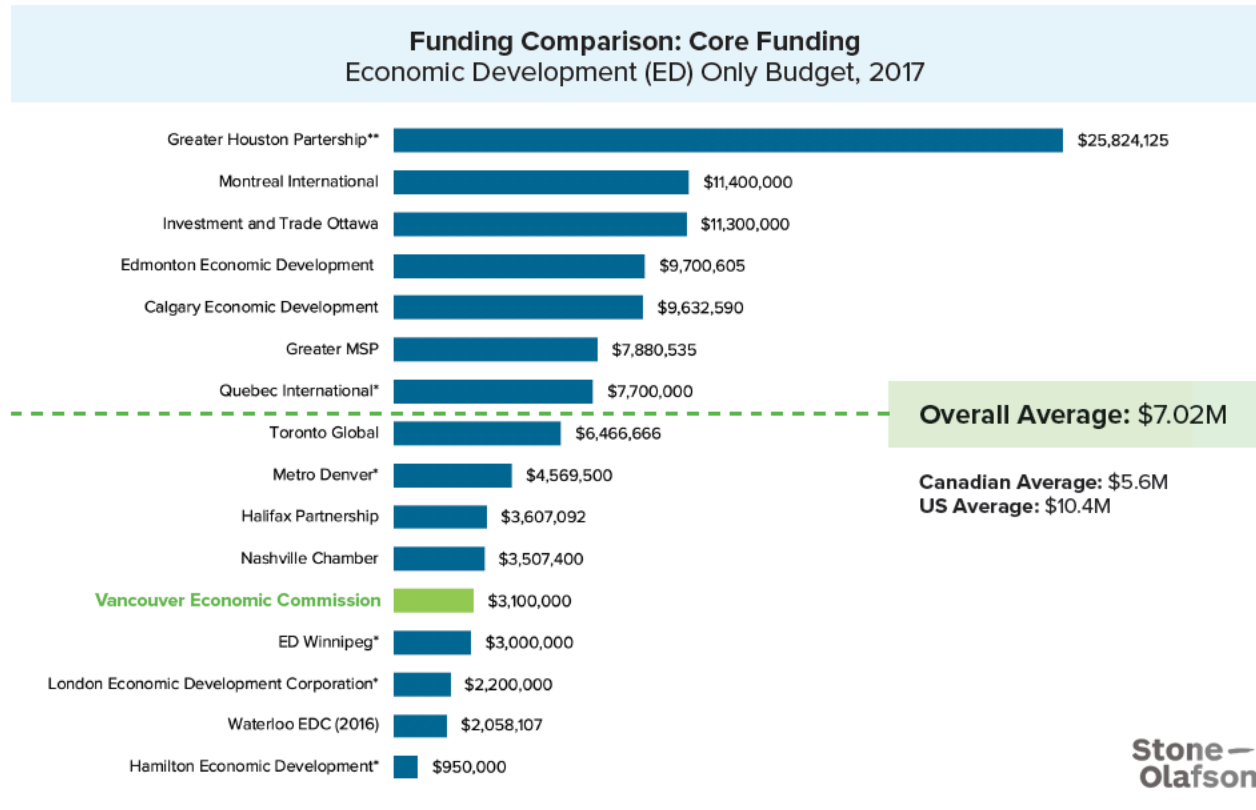
**Breakdown of VEC Expenses 2018**      **Breakdown of Successful Fundraising 2018**



## Funding Comparison

The VEC has one of the lowest budgets of any major economic development agency in Canada.

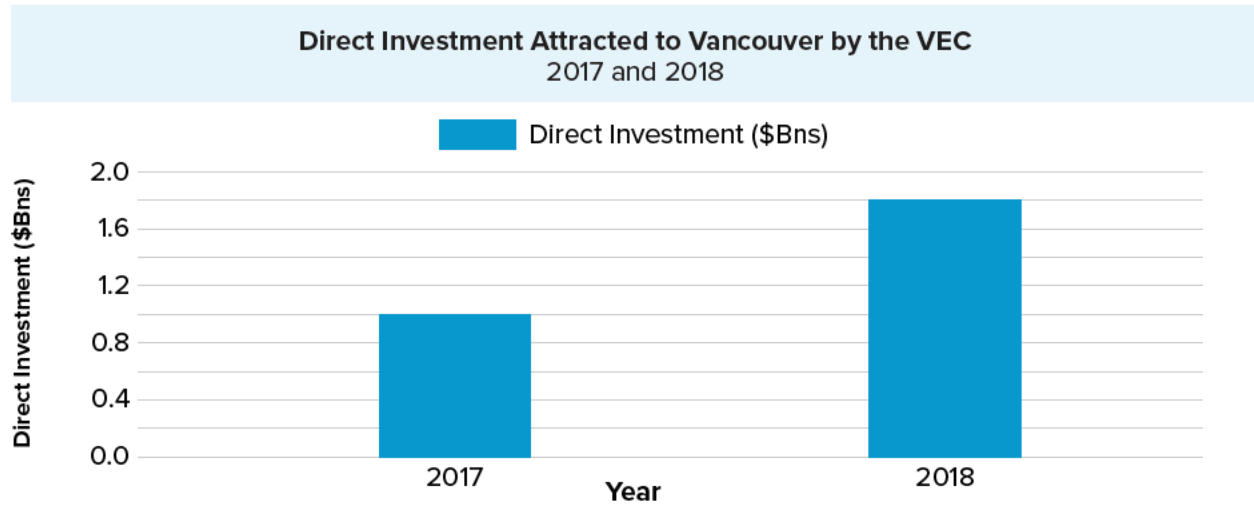
The VEC is the only major economic development agency in Canada not to receive any provincial or federal government core funding.



## Notable Metrics

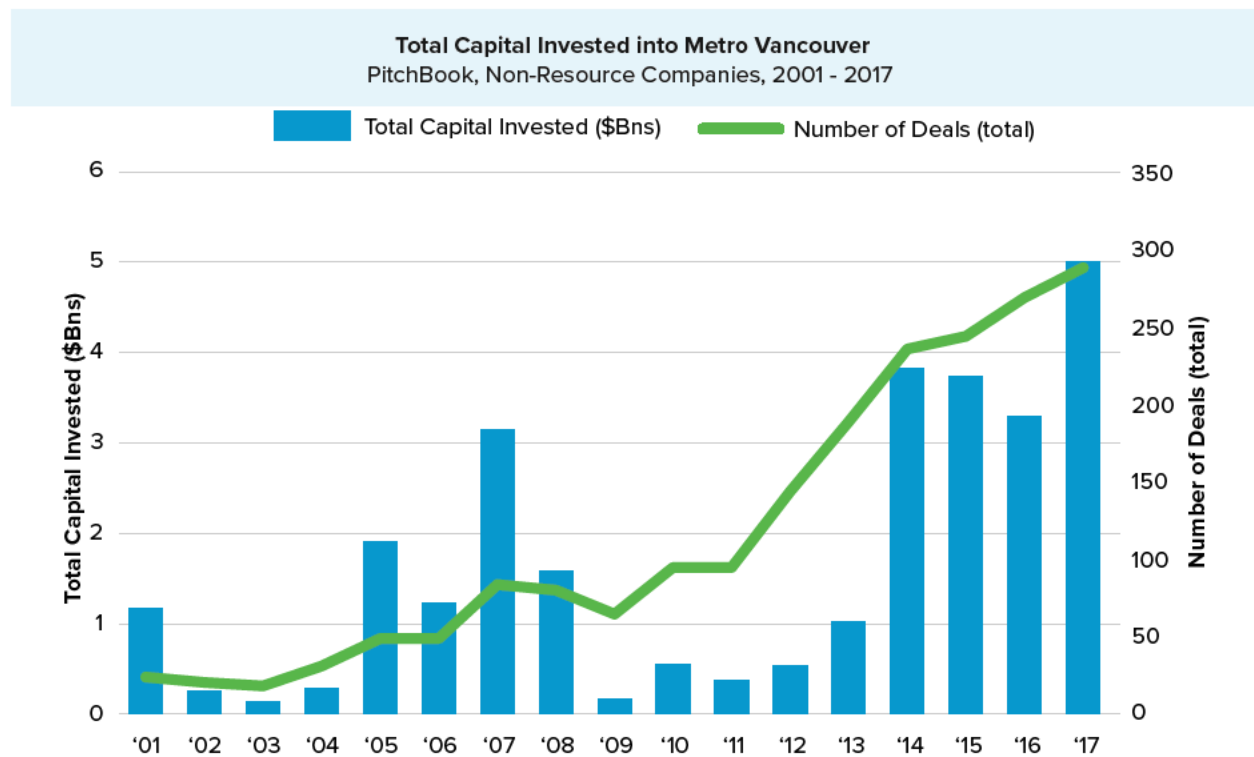
### Direct Investment

Direct Investment comprises domestic and cross-border investment in the form of new businesses setting up in Vancouver, or an expansion of existing major companies that the VEC has helped to facilitate. It is an estimation of the total spend by company, comprised of total expenditure on leasing and upgrades, as well as estimated wages over 3 years. Since 2017, VEC has helped attract \$2.8bn in Direct Investment to Vancouver.



### Total Capital Invested

Total Capital Invested is the total amount of capital invested into Vancouver companies in the form of venture capital, angel capital, corporate venture, M&A, IPO or any other form of investment. This graph excludes any capital that is invested into local real estate or resource companies.



### Gross Domestic Product (GDP)

GDP has grown by 40% since 2009, an average rate of growth of 3%. In the last 5 years, Vancouver has averaged 3.8% GDP growth – the fastest rate of any Canadian city in that period.

Note: GDP data is only available at a Metropolitan level. The City of Vancouver comprises more than a third of Metro GDP.

**Metro Vancouver GDP Growth**  
 2009 - 2017, plus 2018 Forecast

