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CALGARY-EDMONTON CORRIDOR ONLY CANADIAN URBAN CENTRE TO AMASS U.S. LEVEL OF WEALTH WHILE PRESERVING CANADIAN-STYLE QUALITY OF LIFE, SAY TD ECONOMISTS

- GDP per capita in the Calgary-Edmonton Corridor is 10 per cent above average U.S. metropolitan areas and 40 per cent above Canadian colleagues.
- Strong economy, coupled with vast wealth of natural resources, low crime, highly educated workforce makes it a highly desirable urban area.
- The Corridor has the potential to widen its economic lead in Canada and be counted among the best places to live in North America.
- Challenges including reliance on oil and gas, aging infrastructure, urban sprawl and labour shortages do require attention.

CALGARY and EDMONTON– The Calgary-Edmonton Corridor is in the enviable position of being the only Canadian urban centre to amass a U.S.-level of wealth while preserving a Canadian-style quality of life, say economists at TD Bank Financial Group (TDBFG).

In a report released entitled, “**The Calgary-Edmonton Corridor, Take Action Now To Ensure Tiger’s Roar Doesn’t Fade,**” TD economists hail the Corridor as home to one of the strongest economies in North America. The results will be presented in Calgary and Edmonton today and are also available online at www.td.com/economics.

The report is the third study of the role that cities play in the challenge launched by past TDBFG Chairman and Chief Executive Officer, A. Charles Baillie over two years ago, aimed at surpassing the U.S. standard of living within 15 years.

“The Calgary-Edmonton Corridor has chalked up one of the strongest gains in both real GDP and population increases on the North American landscape. It truly is Canada’s western tiger,” said Derek Burleton, Senior Economist at TDBFG and author of the report. “While we believe there is tremendous potential to build upon this success, there are some roadblocks in the way that need to be addressed.”

Challenges

While the Corridor’s economy is indeed strong, it is inextricably linked to the oil and gas sector and that always represents a vulnerability if oilpatch activity shifts into long term decline. The Corridor has reaped the benefits of attracting a highly educated workforce over the years but Alberta lags behind other provinces in the share of high school students moving on to post-secondary education. In addition, the region has witnessed growing labour shortages in recent years, a trend expected to continue as baby boomers near retirement.

The surge in population growth is responsible for creating several other challenges. Urban sprawl is a growing problem in the Corridor, making public transportation more difficult and increasing reliance on roads. Of course increased dependence on roads leads to congestion and pollution. In addition, severe strains are now being placed upon physical infrastructure including transportation, utilities and buildings. Water in particular represents a significant challenge and could put the brakes on future expansion.

Finally, despite shrinking poverty rates and numbers receiving social assistance in the Calgary-Edmonton Corridor in recent years, there is evidence that the rising tide in the region is not lifting all boats equally. Growth in earnings at the low-end of the income spectrum has been trailing those at the higher end. In addition, those with lower incomes have seen affordable homeownership drift out of reach as healthy demand for housing has driven home prices skywards in recent years.

Room For Improvement

The TD Economics report makes specific recommendations aimed at each level of government and the private sector. Above all else, the report calls for a more sustainable funding arrangement for municipalities, one that will arm them with increased flexibility to tackle their individual needs.

1. For the provincial government:

- Give municipalities a wider array of revenue sources, notably the flexibility to levy municipal excise taxes. TD economists recommend that the province agree to lower its gasoline excise tax and give municipalities across the province the authority to levy their own gasoline tax up to a stated amount, perhaps seven cents per litre.
- Continue to make investments in education an area of high priority.
- Legislate a timetable to reduce the provincial corporate income tax (CIT) rate to eight per cent.

2. For the federal government:

- Increase the amount invested in the 10-year infrastructure program established in the 2003 budget from an average of \$300 million per year to \$1 billion per year.
- Fully exempt Canadian municipalities from paying the Goods and Services Tax (GST), which would save Corridor municipalities roughly \$40-\$50 million per year.
- Stimulate rental construction across the country by changing CHMC mortgage-insurance so it is not a persistent profit taker.

3. For municipal governments:

- Continue to improve cooperation in the region, recognizing the attractive economic returns to effective region-wide coordination and planning.

- Place considerable energy into a thorough assessment of which services should remain core areas of responsibility and which should be provided through alternative service delivery.
- Limit urban sprawl by encouraging greater population densities. Public transit and projects aimed at urban renewal should also be carefully considered.

4. For the private sector:

- Take greater interest in the affairs of the Calgary-Edmonton Corridor by getting more involved in civic matters, such as economic development.
- Raise levels of community giving.
- Establish a group such as the U.S. initiative “CEOs For Cities” in the Corridor to serve as a vehicle for partnering the private and public sectors with municipalities and community groups.

Towards a higher standard of living

“While the Calgary-Edmonton Corridor’s economic engine is firing on all cylinders, we must place considerable attention on ongoing maintenance and upgrades. The private sector must be prepared to do its part and work alongside the various levels of government to move us forward as we work towards building on this success,” said Burleton.

For more information, please contact:

Derek Burleton
Senior Economist, Canadian Industries & Provinces
TD Bank Financial Group
647-225-9496

Don Drummond
Senior Vice President and Chief Economist
TD Bank Financial Group
416-982-2556

This report, “The Calgary-Edmonton Corridor, Take Action Now To Ensure Tiger’s Roar Doesn’t Fade,” (including charts) is available in PDF format on TD Economics’ Home Page at: www.td.com/economics.