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Jesse Kline: Only Oilers owner scores from subsidized arena

Ed Kaiser / Postmedia News

A small group from Occupy Edmonton disrupts a public hearing on the funding for the proposed downtown arena, in council chamber at City Hall Tuesday.

[Jesse Kline](#) Oct 26, 2011 – 9:10 PM ET | **Last Updated: Oct 26, 2011 9:26 PM ET**

Already facing sub-zero temperatures by nightfall, Occupy Edmonton protesters have added the winter parka to the already cliché Guy Fawkes masks, which must be making some enterprising capitalist a fortune. But unlike protesters in other parts of the country, Edmontonians have clear reasons to resent corporate control.

On Sunday, the company that owns the park that's being occupied served protesters with an eviction notice. But hippies don't take orders from "greedy" corporations — they've vowed to stay as long as possible.

Not far away, city council voted on Wednesday to approve a controversial deal to build a new arena for the Edmonton Oilers.

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Supporters of the plan argued that the new arena will revitalize the downtown core and give a boost to the economy. Unfortunately, this argument flies in the face of more than 20 years of economic studies, which suggest that sporting arenas provide little economic benefit.

A study published in the *Journal of Economic Perspectives* in 2000 concluded that, "independent work on the economic impact of stadiums and arenas has uniformly found that there is no correlation between sports facility construction and economic development."

Likewise, the Cato Institute found that the results of its study were “no different from those of the previous studies that found no relationship between the professional sports environment and local economies.”

Other studies have found that even successful arenas provide only localized benefits, rather than improving the region as a whole. Often times, new stadiums actually hurt local businesses by taking away customers, and only serve to reshuffle jobs and capital, rather than attract new investment to the city.

And this arena will not come cheaply. The total budget for the complex is \$450-million, and the city will also be on the hook for upwards of \$81-million for the land and half the cost of a pedestrian overpass.

The city is expecting \$100-million to come from the province, but Premier Alison Redford has been lukewarm to the whole idea. Another \$125-million is expected to come from a ticket tax, which will be matched by funds from other sources. Oilers owner Daryl Katz will invest \$30-million in the area before construction starts and will contribute \$100-million in the form of rent over the next 35 years.

The only reason the city began contemplating such a lousy deal was because Mr. Katz threatened to move the team to another city if he didn't get a new arena.

According to Forbes, Mr. Katz is the 16th-wealthiest person in Canada, with an estimated net worth of \$2-billion. He could certainly afford to pay for his own arena, but will now be increasing his fortune by having his capital costs subsidized by taxpayers.

This is nothing more than corporate welfare, and by threatening to relocate the Oilers, Mr. Katz was essentially threatening to make business decisions based on how much money he can extract from local governments, rather than what city is the best market to do business in. All things being equal, Edmonton has always been the logical choice for the franchise.

The fact remains that virtually no one in Edmonton wanted to see this storied franchise leave. Most Edmontonians still remember the glory days when Wayne Gretzky captained a virtually unstoppable team. They now have hope that they can once again see their hometown boys hoist the Cup over their heads.

But cities should not be in the business of giving subsidies to billionaires, and governments should not allow their finances to be co-opted by companies shopping around for special favours — which necessarily come at the expense of the taxpayers.

The deal to secure a new arena for Edmonton should be upsetting to Alberta's large conservative base and the Occupy Edmonton movement alike.

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