

ECONOMIC IMPACT STUDY

EVENT

2011 LAKE LOUISE WINTERSTART WORLD CUP

NOVEMBER 26-27 & DECEMBER 1-4, 2011

THE SPORT

ALPINE SKIING

THE LOCATION

LAKE LOUISE, ALBERTA

THE VENUE

LAKE LOUISE SKI RESORT



Credit: Roger Witney/Alpine Canada Alpin

THE HOST ORGANIZATION

WINTERSTART

Survey and Data Management Consultant

Discovery Research Ltd.

Software

S.I.M.A. (Sport Impact Model – Alberta)

Developed by: Econometric Research Limited

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SECTION A: GENERAL OVERVIEW OF ECONOMIC IMPACT ANALYSIS

1. INTRODUCTION TO ECONOMIC IMPACT ANALYSIS

An economic impact study conducted around a sport event can provide a snapshot of the current and residual economic value an event may impart on local, provincial and national economies.

An economic impact study is used to report on the change in the economy resulting from hosting a sporting event. In general terms, this is done through calculations and modeling of all visitor expenditures, event operations revenues and expenses, and related capital projects undertaken as a result of hosting an event. More specifically, an economic impact analysis is a mathematical application that quantifies patterns and magnitudes of interdependence among a wide variety of sectors and activities and is predicated on two fundamental propositions:

- a) Regardless of the inherent value of primary activities such as recreation or tourism, to the extent that activity involves the use of resources, they generate economic returns that can be measured and compared.
- b) Economic impacts are only partially captured by assessing *direct* expenditures. All economies are complex with their own interdependent and interacting activities. Consequently, there are some *indirect* and *induced* impacts associated with all direct expenditures. These indirect and induced impacts can be larger than the direct impacts and are necessary to assess in order to capture a more accurate measure of the overall economic impact of an event.

2. SPORT IMPACT MODEL FOR ALBERTA (SIMA)

The model used for these studies is a “Sport” application of a generic model developed by Econometric Research Limited in conjunction with Alberta’s Ministry of Tourism, Parks and Recreation. It is a unique model that captures the economic impact of sport-related expenditures at the local level (counties or economic regions) and the provincial level (Alberta). The underlying system used for this model has previously been applied in economic impact studies of tourism in Alberta and several other Alberta economic development and tourism projects.

The model is based on technology that integrates input-output analysis and location theory. It utilizes economic and technical databases that are published by Statistics Canada. A short list includes the inter-provincial input and output tables, employment by sector, taxes by type of tax and the level of government collecting it, prices of products, energy used in physical and energy units, etc.



3. METHODOLOGY

The input data used were specifically derived to reflect exclusively the incremental expenditures of the event and the visitors to the event.

The input data were all adjusted to net out expenditures that would otherwise be made in the economy in the absence of the event and/or to net out expenditures that are likely to not be re-circulated through either the local or provincial economy. This was accomplished by concentrating on the expenditures that can exclusively be attributed to the event and that represent “new” money to the economy.

For example, *all visitors* from outside the local region create incremental tourism impact in the local region; whereas *other Alberta visitors* do not create incremental province-wide impacts. The only visitor expenditures that are incremental to both the local region and to the province as a whole are those by other Canadian, USA and international visitors.

The economic impacts of incremental tourism from operational expenditures, capital projects and visitor expenditures were estimated separately and then rolled together to identify the total impacts of the event on the local, provincial and national economies.

4. GENERAL ASSUMPTIONS

A best-efforts basis has been employed to ensure estimates in this report are conservative in nature in order to avoid overstating results.

The simulation model applied in these studies may create a theoretical picture of the future through the application of a series of assumptions, which may or may not hold true over time.

To the extent that attendees at an event spend their money on that event instead of on other activities in the local economy, the event results in reallocation of expenditures in the economy, rather than in a real net increase in economic activity. The methods used in these studies were designed to account for and remove to the greatest extent possible the influence of this *substitution effect* on the results of the analysis.

Impacts and new costs associated with traffic congestion, vandalism, environmental degradation and disruption of local resident lifestyles are not measured.

Impact benefits are not always expressed in monetary terms. For example, social, cultural, and sport development benefits and costs are often not easily measured. This report does not attempt to capture or measure these benefits.



SECTION B: EVENT OVERVIEW & ECONOMIC IMPACT REPORT

1. BACKGROUND

In March 1980, the first ever men's World Cup downhill in Canada was organized at Lake Louise. The Lake Louise Winterstart World Cup is now one of Canada's highest-profile alpine ski races and is the first World Cup speed event of every season for both the men and the women. The Lake Louise venue is the only Canadian internationally sanctioned race course for these events.

The fastest skiers in the world compete in downhill and super-G in the picturesque Canadian Rocky Mountains and, for Canadian alpine athletes, this represents the only opportunity of the season to medal at a World Cup in Canada and on Canadian soil.

In 2003, the Lake Louise World Cup was the first downhill course outside of Europe to gain membership into Club 5, which is one of the leading alpine ski race organizations. In 2003 Lake Louise was designated as one of the 15 classic downhill courses in the world, along with the original Club 5 members including: Gardena/Groden, Italy; Kitzbühel, Austria; Garmisch-Partenkirchen, Germany; Val d'Isère, France; and Wengen, Switzerland.

2. VENUE OVERVIEW

A 45 minute drive from downtown Banff, the Lake Louise Ski Area is a ski resort located in Banff National Park and near the village of Lake Louise and is situated on the southern slopes of the Merlin Ridge of the Slate Range, between the heights of Mount Richardson, Ptarmigan Peak, Pika Peak and Redoubt Mountain.

With 139 marked ski runs and back bowls on four mountain faces, Lake Louise has been an outstanding centre for mountain sports since the arrival in 1890 of the first European guests.

The Lake Louise Ski Area was established in 1936 and by 1954 the first mechanized lift was installed on the slopes.

3. EVENT OVERVIEW

a. EVENT DATES:

Men's World Cup: November 26-27, 2011

Women's World Cup: December 1-4, 2011

b. PARTICIPATING COUNTRIES

The 2011 event on the Men's side had athletes from 14 different countries compete including: Austria, Canada, Croatia, Finland, France, Germany, Great Britain, Italy, Netherlands, Norway, Slovenia, Sweden, Switzerland, and the USA. The Women's races had athletes from 14 countries as well including: Austria, Canada, Czech Republic, Germany, France, Italy, Liechtenstein, Norway, Slovenia, Spain, Sweden, Switzerland, Uruguay and USA.



c. MEDIA EXPOSURE

The Lake Louise event is one of the largest broadcast sport events in Europe with an *estimated media audience of over 100 million*.

d. ATTENDANCE

The following attendance estimates* are based upon interview surveys of both teams and spectators and weighted with other data from gate counts. It is most likely that these numbers are understated slightly from the actual figures.

i. MEDIA & VIP

In total, there were approximately 455* media and VIP related people including television, newspapers, radio and internet reporters representing 9 different countries as well as local, regional and national reporting from a Canadian perspective. CBC, alone, had as many as 80 people working over the course of the 2 weekend event.

ii. VOLUNTEERS & OFFICIALS

Approximately 370* volunteers over the course of a 3-week period beginning two weeks prior to the event were required to make the event a success.

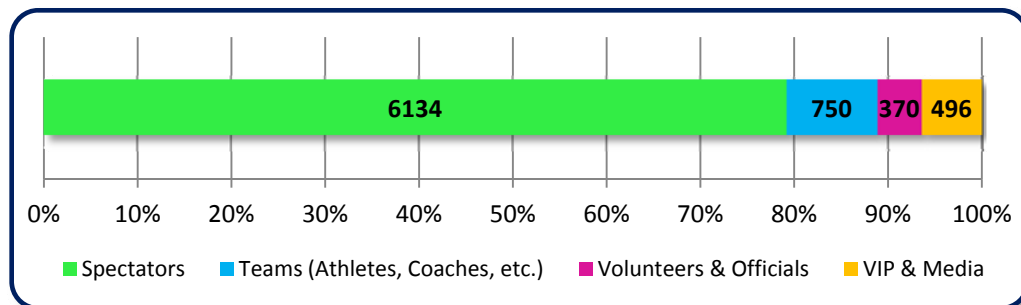
iii. SPECTATORS

There were an estimated 6,134* unique non-team visitors influenced to visit Lake Louise over the course of the Winterstart 2011.

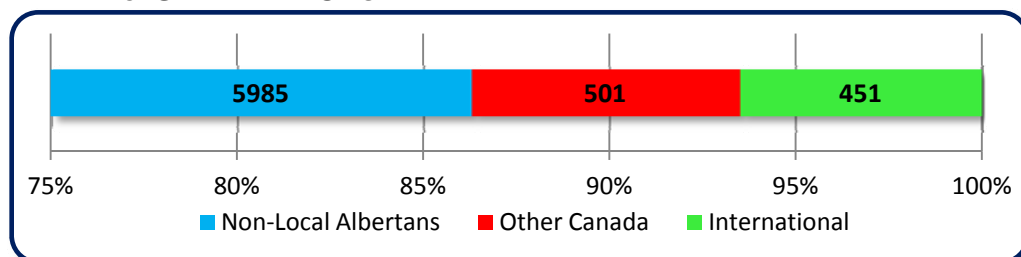
iv. TEAM VISITORS

There were 750* “Team Visitors” (Athletes, Coaches, and Technical Support Personnel) that came to Alberta and the Lake Louise area because of this event. *Note: Being the first World Cup races of the season, many of the visiting teams arrive and visit Alberta for several weeks prior to the event itself.*

v. ATTENDANCE GRAPH: BY TYPE



vi. ATTENDANCE GRAPH: BY BY ORIGIN



e. EVENT OPERATIONAL REVENUES SUMMARY

Source	Amount	Percentage
TV & Advertising Revenue	\$2,712,754	75.00%
Major Event Grant - Sport Canada	\$250,000	6.88%
Major Event Grant - Travel Alberta	\$250,000	6.88%
Sponsorships	\$153,250	4.22%
Timing	\$131,985	3.63%
Sales	\$92,084	2.27%
Other Income	\$22,826	0.63%
Hosting Grant - ASRPWF	\$20,000	0.55%

Note: Figures are rounded to nearest thousand.

f. EVENT OPERATIONAL EXPENSES SUMMARY

Expenditure Area	Amount	Percentage
Team and Visitor Support	\$1,081,382	30.11%
Fees & Insurance	\$691,183	19.24%
Venue & Race Costs	\$479,946	13.36%
Volunteers and Officials (Technical)	\$475,584	13.24%
Event Management	\$390,316	10.87%
Media, Marketing, Hosting, & Communications	\$348,003	9.69%
Miscellaneous	\$125,301	3.49%

Note: These figures have been custom bundled (adapted from organizational financial statements) for the purposes of this report and are rounded to nearest thousand; categories, therefore, are not necessarily representative of the host organizations' financial reporting.



4. EVENT ECONOMIC IMPACTS

a. ECONOMIC IMPACTS PROVINCE-WIDE

- Direct visitor spending, capital expenditures and event operational expenditures attributed to hosting the 2011 Lake Louise Winterstart World Cup of Skiing was approximately \$6.49 million in 2011 dollars
- These expenditures resulted in an economic impact value-added of \$7.63 million province-wide
- A total of 110 person years of employment equivalent were generated province-wide by expenditures attributed to the event
- Approximately \$2.87 million in total taxation revenues accrued to all three levels of government as a result of provincial-wide impacts. Of this, there was:
 - \$1,892,612 to the federal government
 - \$727,281 to the provincial government
 - \$249,808 to local* governments, province-wide.

* see glossary (Appendix A) for detailed explanation of tax impacts

b. ECONOMIC IMPACTS REGION-ONLY (LAKE LOUISE AND BANFF)

NOTE: REGIONAL ONLY IMPACTS ARE A SUBSET OF PROVINCE-WIDE IMPACTS

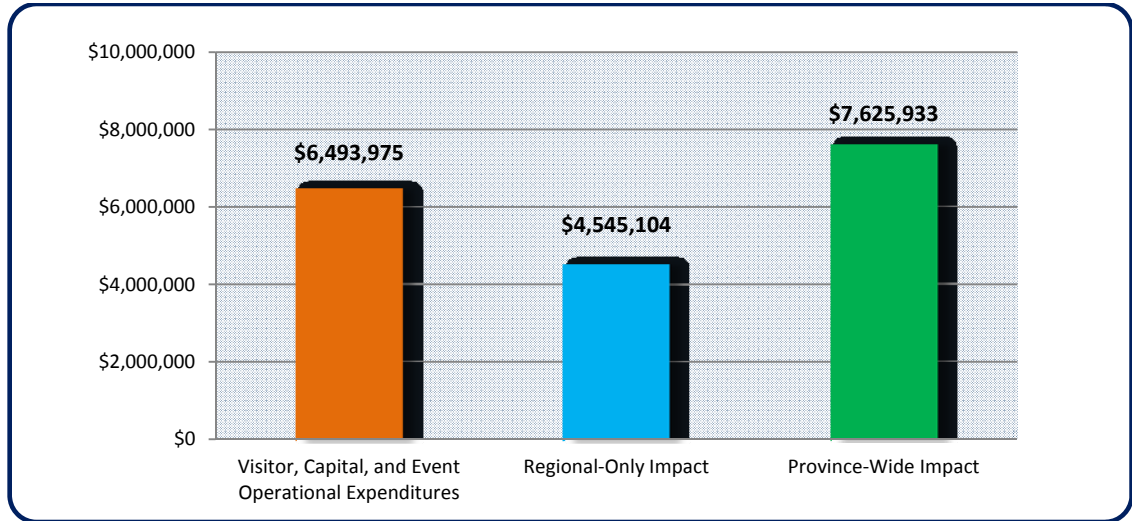
- Direct visitor spending, capital expenditures and event operational expenditures attributed to hosting the 2011 Lake Louise Winterstart World Cup of Skiing was approximately \$6.49 million in 2011 dollars
- These expenditures resulted in an economic impact (value-added) of \$4.54 million in the Lake Louise and Banff Region
- A total of 83 person years of employment equivalent were generated in Lake Louise and the Banff region by expenditures attributed to the event
- Approximately \$1.86 million in total taxation revenues accrued to all three levels of government as a result of the Lake Louise and Banff region only impacts. Of this, there was:
 - \$1,187,031 to the federal government
 - \$502,989 to the provincial government
 - \$172,768 to local governments, province-wide

* see glossary (Appendix A) for detailed explanation of tax impacts



c. GRAPH #1: EXPENDITURES AND VALUE-ADDED ECONOMIC IMPACTS

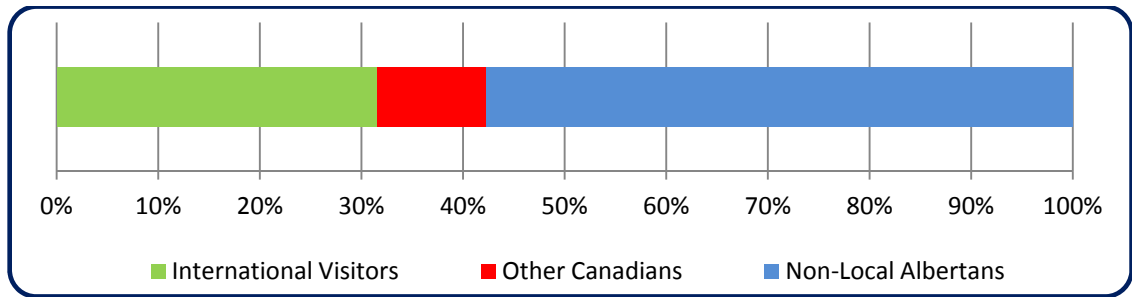
The graph shows the direct spending, capital expenditures, and event operational expenditures attributed to hosting this event and the related *value-added economic impact*, both “Regional-Only” and “Province-Wide”



NOTE: REGIONAL-ONLY IMPACTS ARE A SUBSET OF PROVINCE-WIDE IMPACTS

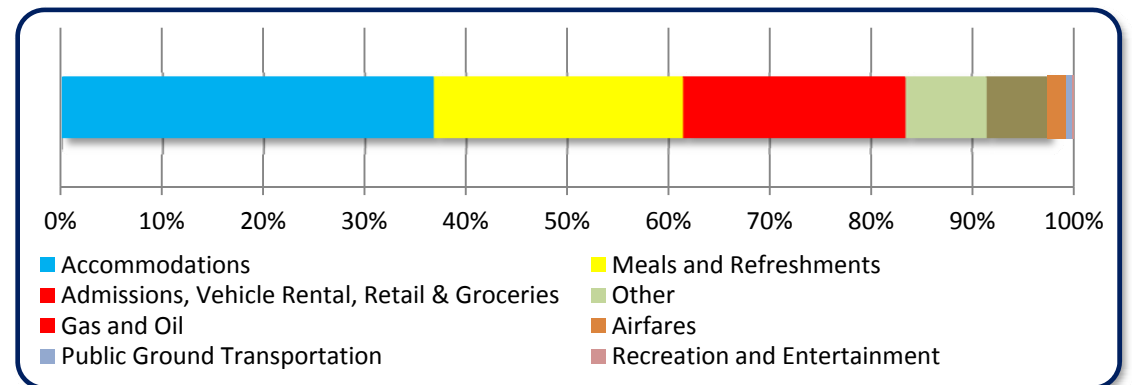
d. GRAPH #2: TOTAL VISITOR EXPENDITURES BY PERCENTAGE AND BY ORIGIN OF VISITOR

The graph shows the total direct visitor expenditures attributed to hosting this event as broken down by the percentage of expenditures and by origin of visitor.

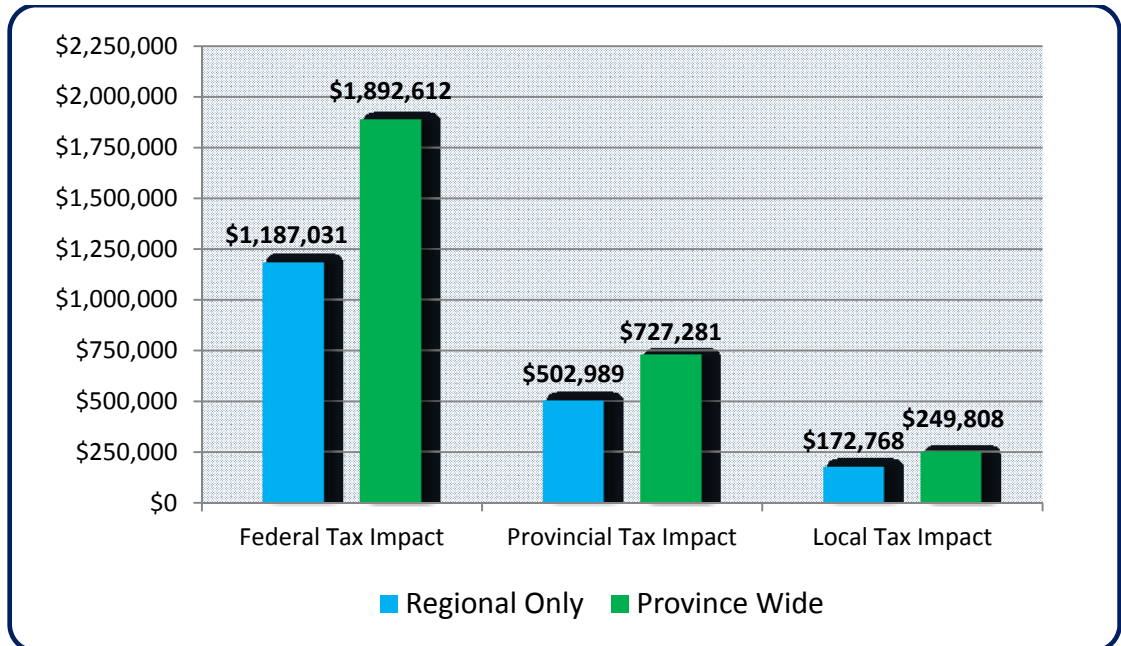


e. GRAPH #3: VISITOR EXPENDITURES BY PERCENTAGE OF TYPE

The graph shows the direct visitor expenditures attributed to hosting this event as broken down by the percentage of each type of expense; and the largest expenditure amounts have been identified as reference. Categories are associated with visitor expenditures during their entire time visiting Alberta or the region as can be attributed to the event. “Admissions”, for instance, does not necessarily mean admissions to the event but rather admission expenses in general incurred during their trip.

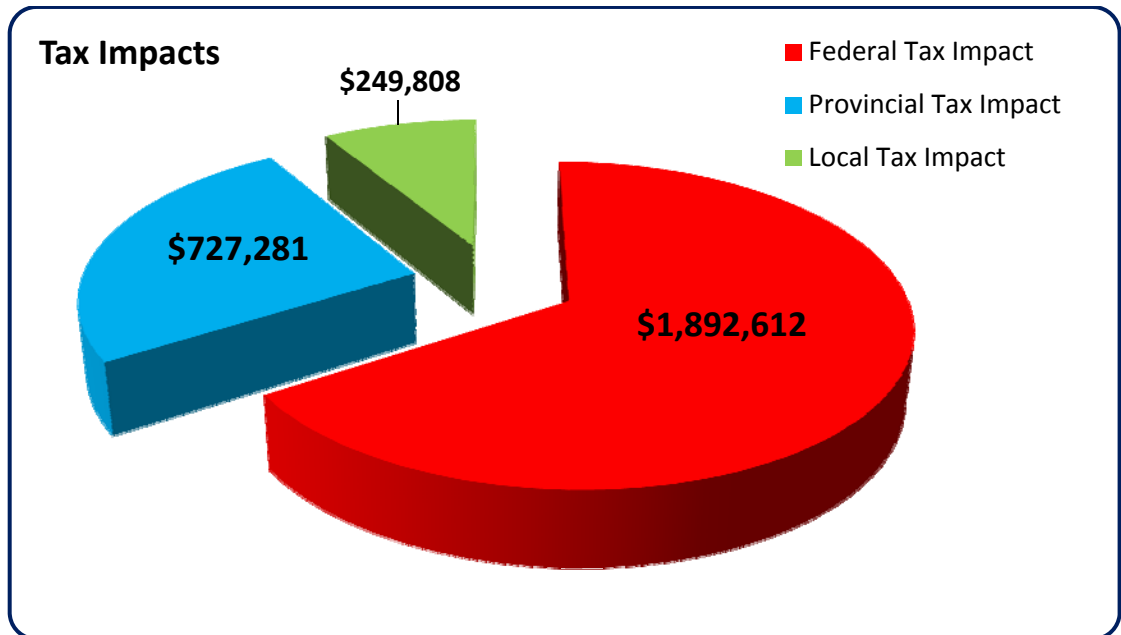


f. **GRAPH #4: TAX IMPACTS: REGIONAL-ONLY AND PROVINCE-WIDE**



* see glossary (Appendix A) for detailed explanation of tax impacts

g. **GRAPH #5: TAX IMPACTS, PROVINCE-WIDE, BY RECEIVING LEVEL OF GOVERNMENT**



APPENDIX A: GLOSSARY

Direct and Indirect Effects - The initial expenditures of the visitors on food, beverage and accommodations are generally referred to as the **initial (direct) effects**. Subsequent purchases by suppliers of materials and services to sustain the original and derivative expenditures are called the **indirect effects**. These indirect effects are the ripple effect of additional rounds of re-circulating initial visitor's spending.

Induced Effects - The increase in employment and household income that result from the economic activity fueled by the direct and indirect effects and emerge when workers in the sectors, stimulated by initial and indirect expenditures, spend their additional incomes on consumer goods and services including such things as household expenditures.

Multipliers - These are summary measures that represent the division of the total impacts (direct, indirect and induced) by the initial expenditures. For example, the income multiplier associated with incremental tourism expenditures is calculated by dividing the total income (value added) impact by the initial incremental tourism expenditures. The only exception is in employment multiplier where total employment is divided by direct employment in order to preserve the common units.

Initial Expenditures - This figure indicates the amount of expenditures directly made by the administrators running the event and by the visitors. It is these expenditures that drive the results.

Value Added (Gross Provincial Income) - This figure represents net output generated by the initial expenditures in the community, province or nation. It is typically the sum of wages, rent, interest and profits in addition to indirect business taxes and depreciation minus subsidies.

Employment - This refers to the total person years that can be attributed to an event's impact.

Taxes - This impact system examines a variety of taxes (income taxes, GST, liquor and tobacco taxes, room tax, etc.) that are attributed to a given event, each of which is linked with the various levels of government. For example, the Federal government receives the proceeds from the GST tax and income taxes; the Provincial government receives the hotel room tax; whereas local tax impacts* are not necessarily representative of the amount of money received directly by the local government.

* Impacts are generated in the economy on account of the expenditures of sport events (incomes, jobs, etc). These incomes translate into higher property values. The impact linkage to "local government" is based on a statistical relationship between income and property values. Given a mill rate, this implicit value increase occasioned by the impacts of sport related events and activities is translated into additional property and business taxes. Calculations of the local tax benefits are, therefore, predominantly based on the indirect and induced impacts.

Imports - These represent the goods and services acquired from outside the province to sustain the event and the expenditures of their visitors. They essentially represent leakages from the province.

