

The Economic Impact of the 2012 Alberta Cross Country Ski World Cup

Event Dates: December 13, 15, & 16, 2012



Venue:

Canmore Nordic Centre
Canmore, Alberta, Canada

Host Organization:

Alberta World Cup Society

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Survey and Data Management:
Discovery Research Ltd.

Modeling Software:
S.I.M.A. (Sport Impact Model—Alberta)
Developed by Econometrics Research Limited



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Introduction:

The Alberta World Cup 2012 (December 13 to 16, 2012) was the fourth cross country ski world cup race to be hosted in Canmore, Alberta since 2005. It was preceded by a pair of races in Quebec City on December 7 and 8; and was the last cross-country world cup race to be held outside Europe prior to the 2014 Olympic Games in Sochi, Russia.

The Canmore event was blessed with near-perfect weather conditions as well as superb early season snowfall. The Alberta World Cup Society and its partners staged a flawless event for over 200 athletes from 20 countries and the international media audience exceeded 42 million. This event provided 36 Canadian athletes with the opportunity to compete at home and for many it was their first-ever World Cup.

This report provides a conservative snapshot of the economic and media exposure benefits that can be attributed to hosting this event in Alberta. In addition to the economic and media impacts described in this report this event also provided numerous sport development benefits including additional international racing opportunities; providing over 130+ junior athletes and volunteers from over 14 communities across Alberta to learn and gain inspiration from being exposed to high caliber sport near home.

The Competition Venue:

Originally developed for the 1988 Winter Olympic Games Nordic events, the Canmore Nordic Centre Provincial Park was designed to be a world class cross country ski centre.

Between 1988 and 1997 the Centre was host to several international events but by the early 2000's the Centre no longer met international competition standards. In 2004 the Alberta Government decided to re-invest \$25.6 million into refurbishing the Canmore Nordic Centre so it could once again be a world leading competition and training facility for Nordic sports.

Since these upgrades, the Canmore Nordic Centre has hosted 6 international Nordic sport events, one National Championship, several North American events, and numerous provincial and local events. The Canmore Nordic Centre is currently recognized as one of the top facilities of its kind in the world.

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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:

1. 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.
2. 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.

Let's suppose a tourist travels to Alberta and spends \$100 at a gas station. In an economic impact analysis, the focus is not on the amount of sales (in this case \$100), but rather the impact of those sales on the provincial/regional economy. If you consider:

- **Direct Impact:** The gasoline station owner must take part of the \$100 spent by the tourist and buy more gasoline from a wholesale distributor, and pay wages and taxes.
- **Indirect Impact:** In the second round, the wholesale gasoline distributor buys additional items and pays salaries/wages with part of the \$100.
- **Induced Impact:** The gasoline station employees and the employees of the wholesale distributor spend part of their salaries on groceries, rent, automobiles, and so on.

This ripple effect based on the initial amount of tourist spending circulates throughout the economy and creates a "multiplier effect". In this analysis, the objective is to estimate and analyze the ripple effect of tourism spending in each Tourism Region and understand tourism's vital economic contribution to every region of the province.

METHODOLOGY

The input data used were specifically derived to exclusively reflect 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.

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.

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. While this report does include information on some of these other impacts it does not attempt to attribute value to these benefits.

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Economic Impact Summary

Economic Impacts Province-Wide:

- Direct visitor spending and event operational expenditures attributed to hosting the 2012 Alberta Cross Country Ski World Cup was approximately **\$3.52 million**
- These expenditures resulted in a net **province-wide economic impact (value-added)** of approximately **\$3.98 million**
- Approximately **46.7 person-years of employment** were generated province-wide as a result of expenditures attributed to this event
- **Province-Wide**, approximately **\$1.85 million in total taxation revenue accrued to all three levels of government** as a result of expenditures attributed to this event. This included approximately:
 - **\$1,077,261** to the federal government
 - **\$553,027** to the provincial government, and
 - **\$220,207** to the local governments province-wide.

Economic Impacts Regional-ONLY:

Note: Regional-ONLY Impacts are a sub-set of the Province-Wide impacts.

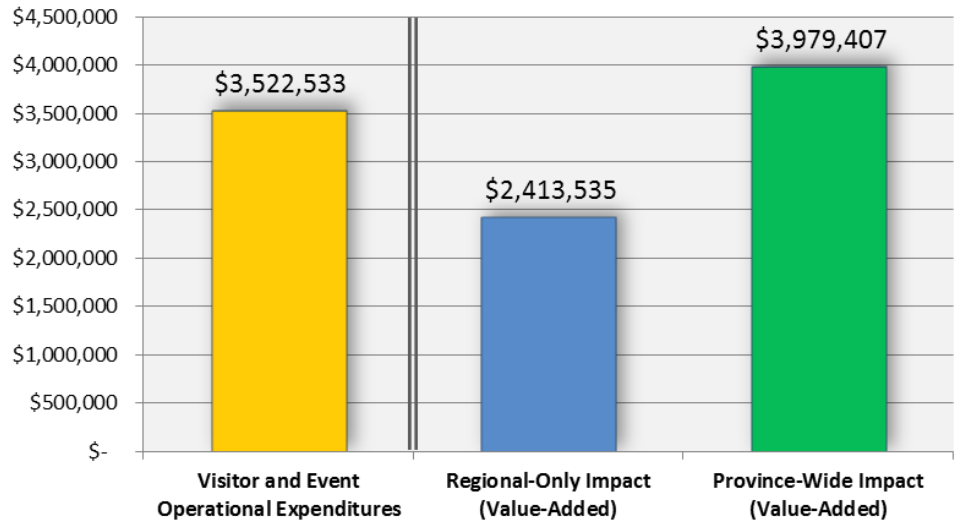
- Direct visitor spending and event operational expenditures attributed to hosting the 2012 Alberta Cross Country Ski World Cup was approximately **\$3.52 million**
- These expenditures resulted in a net **regional economic impact (value-added)** of approximately **\$2.41 million**
- Approximately **30.2 person-years of employment** were generated **regionally** as a result of expenditures attributed to this event
- **Regionally**, approximately **\$1.16 million in total taxation revenue accrued to all three levels of government** as a result of expenditures attributed to this event. This included approximately:
 - **\$659,912** to the federal government
 - **\$358,050** to the provincial government, and
 - **\$142,570** to the local governments province-wide.

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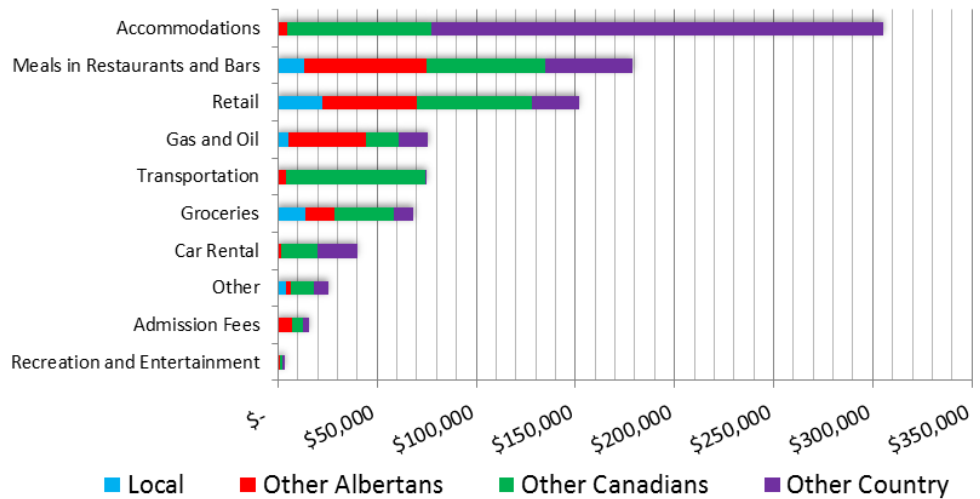
Visitor expenditure information is gathered through a careful examination of those attending the event. Through detailed “gate counts” and “visitor intercept survey” methods, the origin of visitors and how much they spent is tabulated before being modeled to calculate their contribution to the event economic impact. Expenditures by local residents to the event are not counted as they are not viewed as incoming impacts to the local area.

Total Expenditures and Economic Impacts



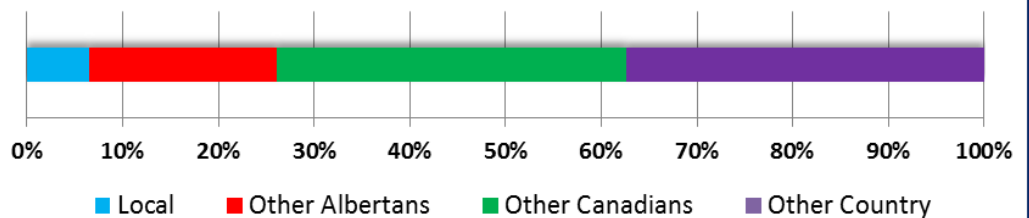
Expenditures by Visitor-Origins and Expense-Type

Visitor & Operational Expenditures
By Visitor-Origin & Expense-Type



Expenditures by Percentage & Visitor-Origins

Visitor Expenditures by Percentage & Visitor-Origin



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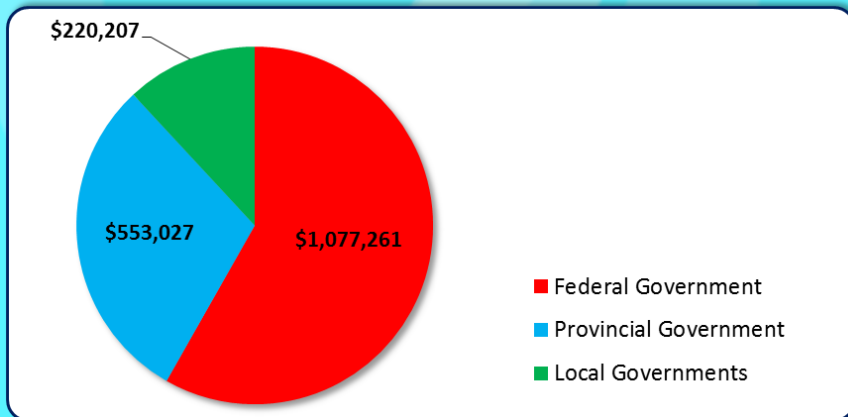


Tax Impact Summary

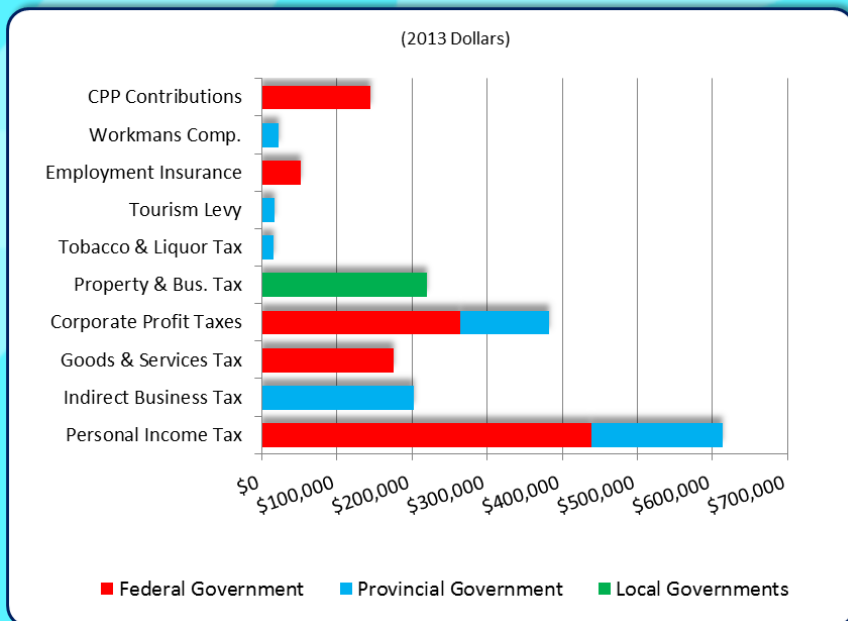
This impact system examines a variety of taxes (income taxes, GST, liquor and tobacco taxes, room tax, etc.) that are attributed to a given event, each of which is linked with the various levels of government. For example, the Federal government receives the proceeds from the GST tax and income taxes; 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). At a local level, these incomes translate into an impact on property values. The impact linkage to “local government” is therefore based on a statistical relationship between income and property values. Given a mill rate, the 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.

Total Tax Impact by Level of Government



Tax Impact by Level of Government & Source



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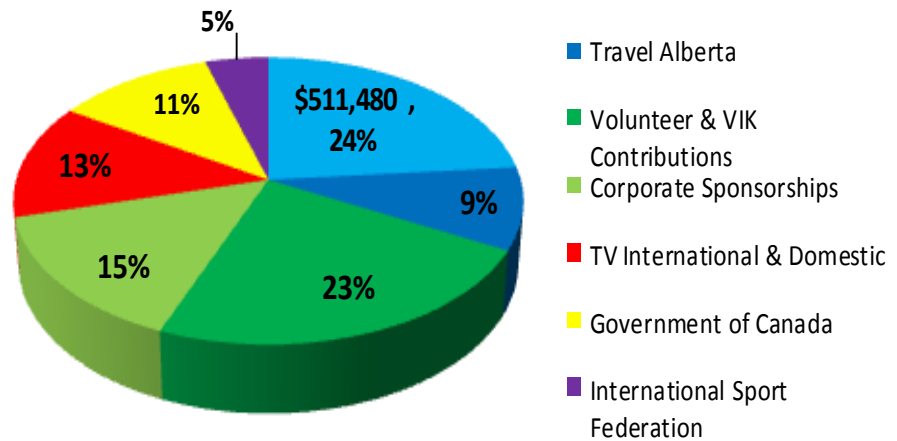


EVENT REVENUE & EXPENSES

The following charts are provided to illustrate the distribution and sources of event operational revenue and expenditures. This information helps to understand the scope and range of operational capacities and pressures.

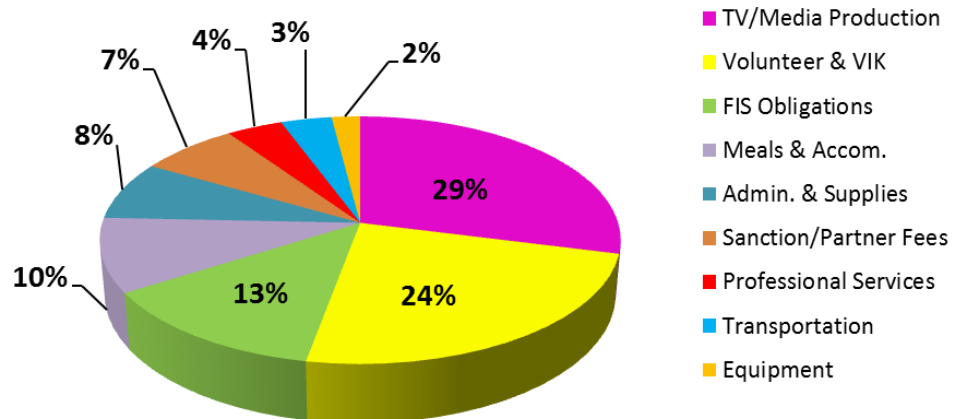
Event Operational Revenues

2012 Cross Country Ski World Cup (Canmore)



Event Operational Expenditures

2012 Cross Country Ski World Cup (Canmore)



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Attendance, Media Exposure, & Volunteerism

ATTENDANCE

The following attendance estimates are based upon interview surveys of 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.

MEDIA & VIP

There were approximately 59 media and VIP related people including television, newspapers, radio and internet reporters. Local, regional and national reporting were also represented at this event.

MEDIA EXPOSURE

The combined world-wide audience for this event was over 42 million spanning 20 countries.

(source: Infront media report from Host Society)

VOLUNTEERS & OFFICIALS

Approximately **390 volunteers and officials** were required for over an average equivalent of 5 full days each to make this event a success. This volunteer contribution represents over 12,000 hours of community volunteer engagement. Additionally, many of the attending officials were gaining valuable technical event hosting experience.

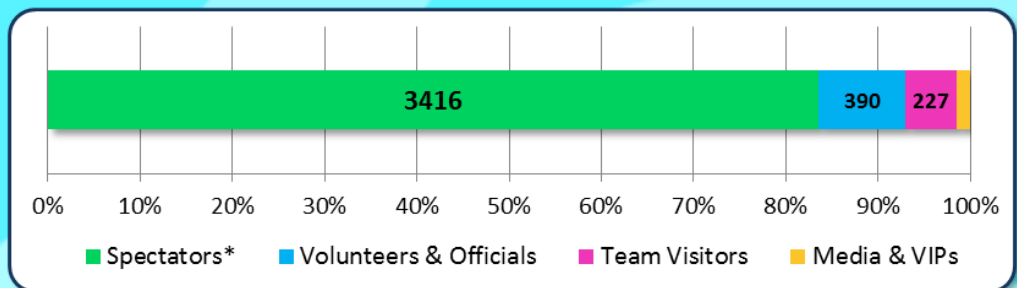
SPECTATORS

There were an estimated **3,416 spectators** (unique non-team visitors) influenced to attend this event.

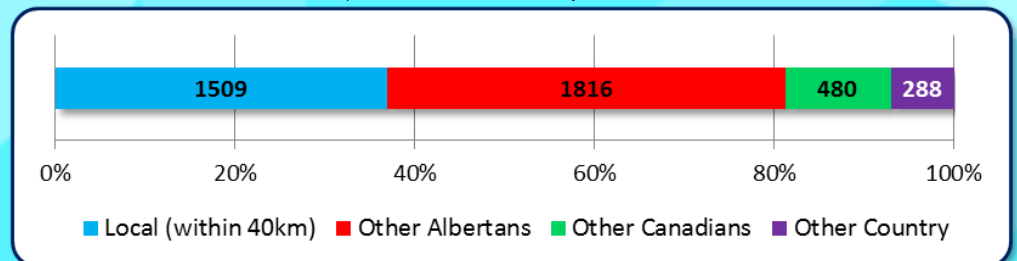
TEAM VISITORS

There were **227 Team Visitors** (Athletes, Coaches, and Technical Support Personnel) that came to Alberta specifically for this event.

ATTENDANCE BY TYPE:



ATTENDANCE BY ORIGIN (LOCALS NOT INCLUDED)



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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 event-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.



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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.

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.

Taxes Impacts

See Page 7 for detailed explanation

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