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Credit: Arno Hoogveld



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The Economic Impact of Alberta's Winter Olympic Legacy Events

1988 Olympic Winter Games gave Alberta many world class winter sport facilities designed specifically to host international caliber events. Over the 25 years since the Winter Olympics were held, these world class venues have hosted well over 125 major international, North American, or national level events. This means Alberta has hosted an average of at least 5 major winter sport competitions every year since 1988. The four (4) economic impact studies highlighted in this summary report provide a conservative snapshot of the economic legacy benefits being experienced annually through hosting events at these venues. The events examined in these reports (and summarized here) include:

- 2011 World Allround Speed Skating Championships
- 2011 Snowboard World Cup
- 2011 Canadian National Cross Country Ski Championships
- 2011 Lake Louise Winterstart World Cup

While this summary contains information from all four studies, a separate report has been completed for each event.

The Venues:

The venues where these four events took place include Lake Louise Ski Resort, Canada Olympic Park, the Calgary Olympic Oval, and the Canmore Nordic Centre.

Other sports:

These studies do not reflect the entire winter Olympic sport events that are common to Alberta. Other sport events regularly hosted in Alberta include World Cups, North American and/or National Championships in the sports of Biathlon, Bobsleigh-Skeleton, Freestyle Skiing, Luge, Short Track Speed Skating, Ski Cross (Alpine), Hockey and Curling. Future studies may include an analysis of these other important winter legacy events.

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 Destination Region (TDR) and understand tourism's vital economic contribution to every region of the province.

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.

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.

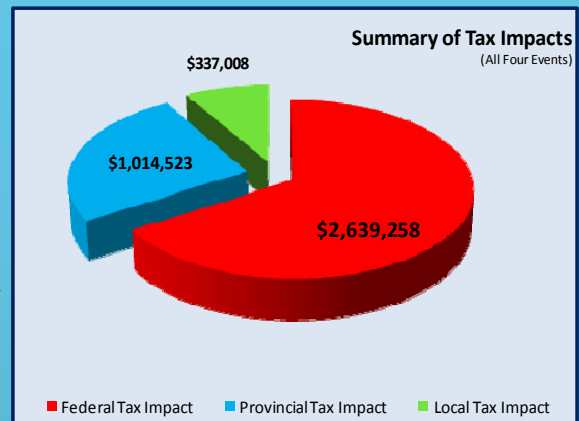
Impact benefits are not always expressed in monetary terms. For example, social, cultural, and sport development benefits and costs are often not easily measured. This report does not attempt to capture or measure these benefits.

Economic Impact Summary

Aggregate province-wide impacts from 4 winter legacy events:

- Visitor spending and operational expenditures from all four events was approximately \$9 million
- These expenditures resulted in a net province-wide economic impact (value-added) of approximately \$10.6 million
- Approximately 157 person-years of employment were generated province-wide as a result of expenditures attributed to these four events
- Over \$3.99 million in total taxation revenue accrued to all three levels of government in 2011 as a result of province-wide impacts attributed to these four events. This included approximately:
 - \$2.64 million to the Federal Government
 - \$1.01 million to the provincial government, and
 - \$337,000 to the local governments province-wide.

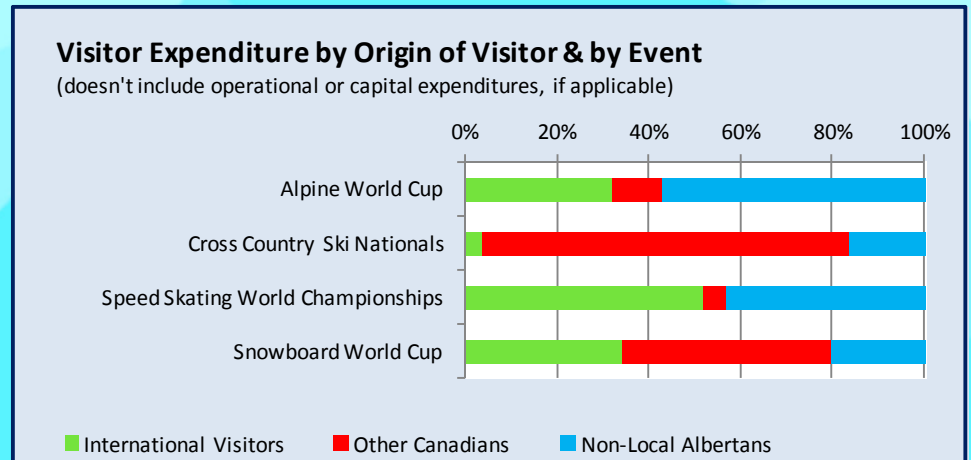
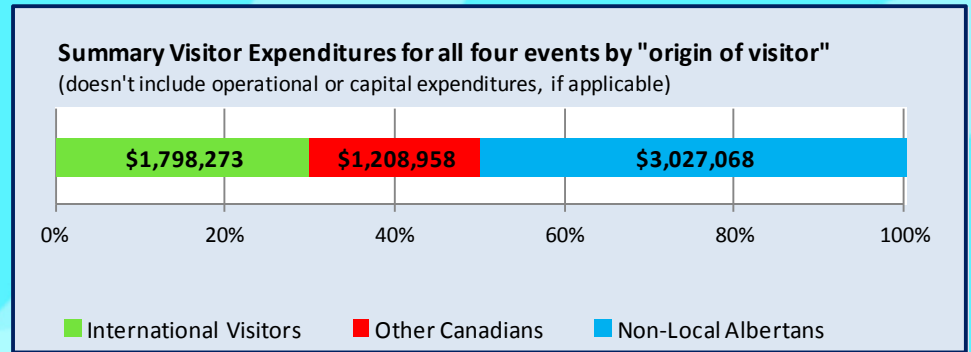
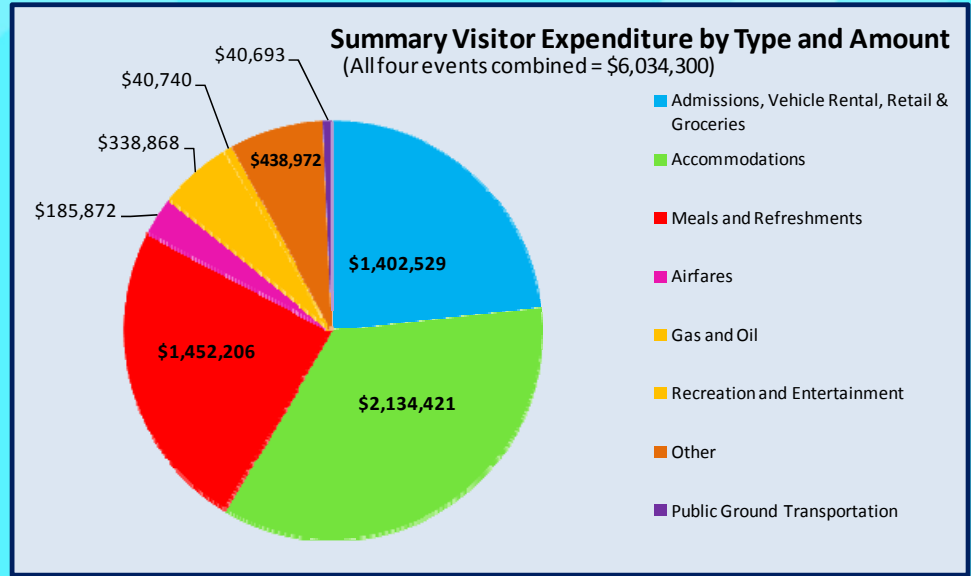
This impact system examines a variety of taxes (income taxes, GST, liquor and tobacco taxes, room tax, etc.) that are attributed to a given event, each of which is linked with the various levels of government. For example, the Federal government receives the proceeds from the GST tax and income taxes; 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.

Visitor Expenditure Summary

Visitor expenditure information is gathered through a careful examination of those attending the event. Through detailed “gate counts and “visitor intercept survey” methods, the amount spent by visitors and where they are from 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.



Attendance Summary

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.

MEDIA & VIP

At the three international events, there were approximately 891 media and VIP related people including television, newspapers, radio and internet reporters representing between 9 & 14 different countries. Local, regional and national reporting from a Canadian perspective was also present at all three of the international events.

MEDIA EXPOSURE

The three international events in this group of studies were all broadcast live. **The combined world-wide audience was over 130 million spanning 14 countries.**

The Cross Country Ski National Championship was not televised and therefore the media coverage was mostly local paper and television with some internet media coverage.

VOLUNTEERS & OFFICIALS

Approximately *905 volunteers and officials* were required to make these four events a success. This volunteer contribution represents over 30,000 hours of community engagement.

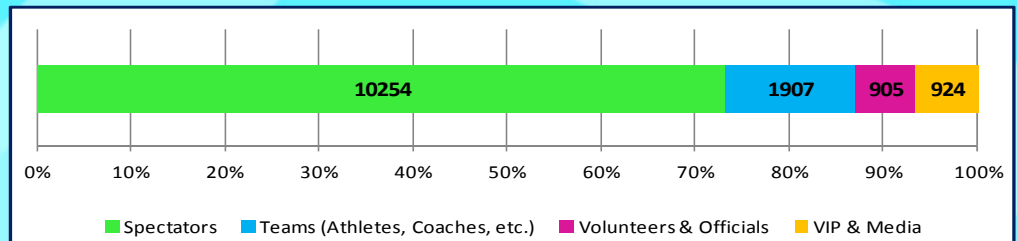
SPECTATORS

There were an estimated *10,254 spectators* (unique non-team visitors) influenced to attend these four events.

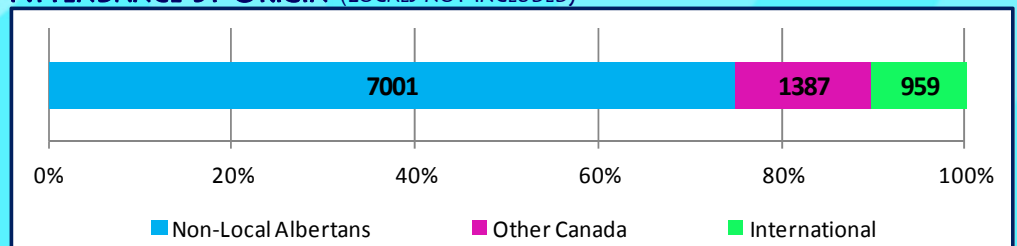
TEAM VISITORS

There were *1,907 Team Visitors* (Athletes, Coaches, and Technical Support Personnel) that came to Alberta for these four events.

ATTENDANCE BY TYPE



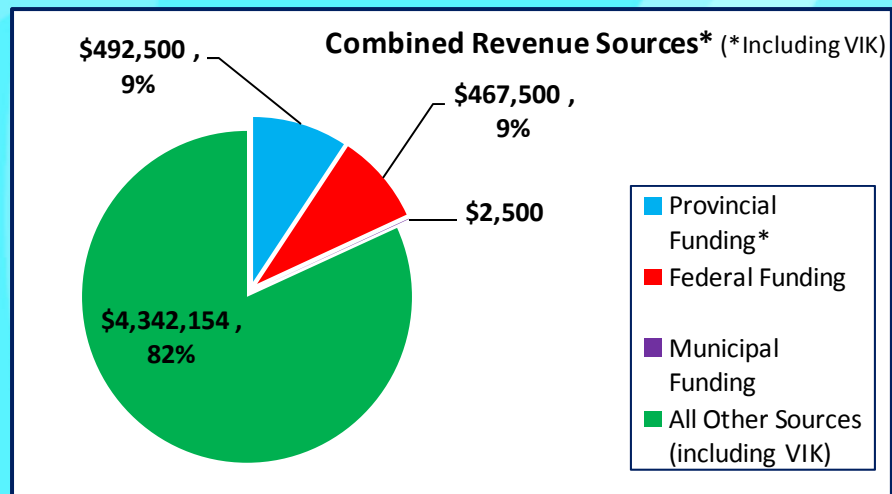
ATTENDANCE BY ORIGIN (LOCALS NOT INCLUDED)



COMBINED REVENUE SOURCES

The following chart illustrates the revenue sources of all four events combined and bundled into the following four sources: Provincial Funding, Federal Funding, Municipal Funding, and All Other Sources.

Notes: This distribution is not necessarily the normal distribution in alternate years. Provincial Funding includes funding from Travel Alberta, Alberta Lottery Fund, TPR and ASRPWF.



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.



For more information, please contact Glen Cowper at the Strategic Development Branch of Alberta Tourism, Parks and Recreation

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