

ECONOMIC IMPACT STUDY

THE EVENT
2011 WORLD ALLROUND
SPEED SKATING CHAMPIONSHIPS
FEBRUARY 12-13, 2011



Credit: Arno Hoogveld

THE SPORT
SPEED SKATING (LONG TRACK)

THE LOCATION
CALGARY, ALBERTA

THE VENUE
CALGARY OLYMPIC OVAL

THE HOST ORGANIZATION
OLYMPIC OVAL ASSOCIATION

Survey and Data Management Consultant
infact Research and Consulting Inc.

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: 2011 WORLD ALLROUND SPEED SKATING CHAMPIONSHIPS EVENT OVERVIEW & ECONOMIC IMPACT REPORT

1. BACKGROUND

In 1892, the Dutch association organized a meeting of representatives from 15 countries around Europe who were interested in developing and hosting international competitions. The result was the first Congress convened in the Netherlands.

From this summit, the ISU was born with a mandate to manage the global interests of the sport and to establish rules and protocols for international competitions. Canada became the first non-European member joining in 1894 and was also Canada's first national level sport association.²

In 1854, the first recorded race in Canada took place on the St. Lawrence River with three British army officers racing from Montréal to Québec City. From here, speed skating races grew in popularity and in 1887, the Amateur Skating Association of Canada was formed.

As a major international sporting event, the business of speed skating provides a worldwide audience and increased profile for Alberta.

2. VENUE OVERVIEW

It was during the speed skating events of the Olympic Winter Games in 1988 that The Oval became known as "*the fastest ice on Earth*", as world records times were set in seven distance events. The combination of the climate-controlled facility and the effects of high altitude have been credited to the fast ice surface. Throughout the following years the vast majority of speed skating world records were set at the Calgary Olympic Oval. The Olympic Oval now holds 12 current world records and continues to be regarded as a premier speed skating venue and a preferred training facility for speed skating teams across the globe. The 26 World Cups and World Championships that have been hosted at the Calgary Olympic Oval over the previous 22 years is a strong indicator of the international reputation of both the venue and the host organization.

Along with the 400 m long-track speed skating oval the Olympic Oval also includes two international-sized ice rinks for short-track speed skating and ice hockey, as well as a 450 m running track surrounding the main oval and an eight-lane 110 m sprint track for year-round athletics training.

3. EVENT OVERVIEW

a. EVENT DATES: February 12-13, 2011

b. PARTICIPATING COUNTRIES

The 2011 event had athletes from the following 14 different countries: Austria, Canada, Czech Republic, France, Germany, Italy, Japan, Kazakhstan, Netherlands, New Zealand, Norway, Poland, Sweden, and United States.



c. MEDIA EXPOSURE

The estimated *world-wide media audience was over 16 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. It should also be understood that 76% of all attending (including spectators) were classified as “Local”.

i. MEDIA & VIP

In total, there were approximately 97 media related people including television, newspapers, radio and internet reporters representing 6 different countries as well as local, regional and national reporting from a Canadian perspective.

ii. VOLUNTEERS & OFFICIALS

Approximately 176 volunteers were required to make the event a success.

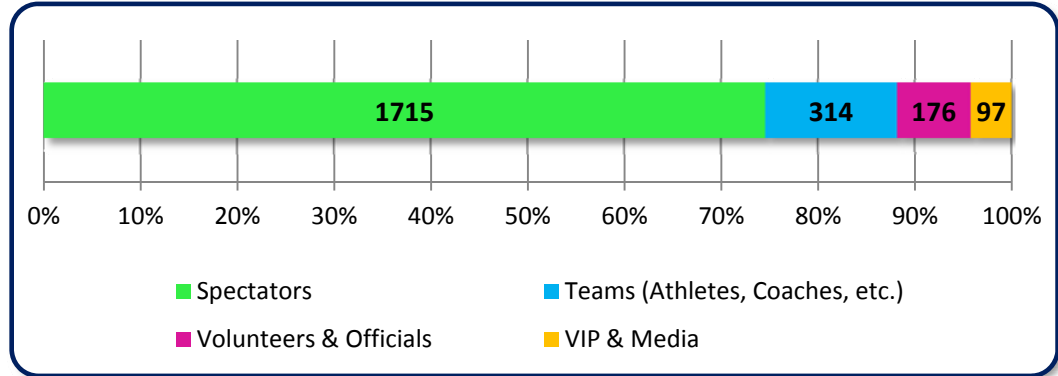
iii. SPECTATORS

This event was a gated event and therefore had ticket sales for all spectators. The Saturday race sold 906 tickets and the Sunday race sold 809 tickets.

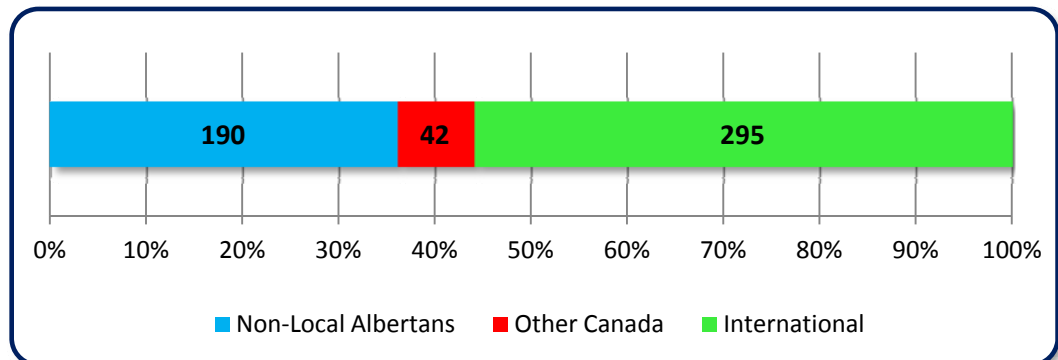
iv. TEAM VISITORS

There were 314 “Team Visitors” (183 Canadian and 131 International) that came to Alberta and the Calgary area to support athletes participating in this event. Of the 183 Canadians, 176 were local.

v. TOTAL ATTENDANCE GRAPH: BY TYPE



vi. NON-LOCAL ATTENDANCE GRAPH: BY BY ORIGIN



e. EVENT OPERATIONAL REVENUES SUMMARY

| Source | Amount | Percentage |
|---|-----------|------------|
| TV & International/National Federation Sponsors | \$420,779 | 48.53% |
| Value In-Kind | \$188,187 | 21.70% |
| Sport Canada | \$95,000 | 10.93% |
| Alberta Lottery Fund (CIP) | \$75,000 | 8.63% |
| Sales | \$68,159 | 7.84% |
| Travel Alberta | \$20,000 | 2.30% |

Note: Figures are rounded to nearest thousand.

f. EVENT OPERATIONAL EXPENSES SUMMARY

| Expenditure Area | Amount | Percentage |
|--|-----------|------------|
| Value In-Kind (volunteer, supplies and services) | \$188,187 | 21.70% |
| Production | \$172,724 | 19.92% |
| Office | \$160,675 | 18.53% |
| Communications | \$113,302 | 13.07% |
| Event Support | \$107,292 | 12.37% |
| Operations | \$105,614 | 12.18% |
| Technical | \$15,696 | 1.81% |
| Administration | \$3,635 | 0.42% |

Note: Figures are rounded to nearest thousand.



4. EVENT ECONOMIC IMPACTS

a. ECONOMIC IMPACTS PROVINCE-WIDE

- Direct visitor spending and event operational expenditures attributed to hosting the 2011 World Allround Speed Skating Championships was approximately \$1.04 million in 2011 dollars
- These expenditures resulted in an economic impact value-added of \$1.21 million province-wide
- A total of 17.5 person years of employment equivalent were generated province-wide by expenditures attributed to the event
- Approximately \$450,860 in total taxation revenues accrued to all three levels of government as a result of provincial-wide impacts. Of this, there was:
 - \$299,860 to the federal government
 - \$112,140 to the provincial government
 - \$38,860 to local* governments, province-wide

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

b. ECONOMIC IMPACTS REGION-ONLY (CALGARY)

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

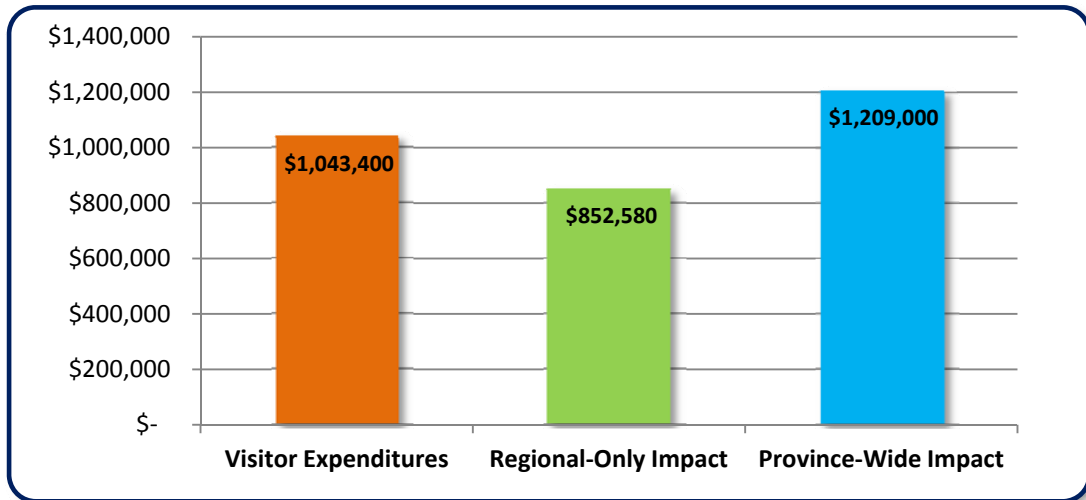
- Direct visitor spending and event operational expenditures attributed to hosting the 2011 World Allround Speed Skating Championships was approximately \$1.04 million in 2011 dollars
- These expenditures resulted in an economic impact (value-added) of \$852,580 in the Calgary Region
- A total of 14.5 person years of employment equivalent were generated in Calgary region only by expenditures attributed to the event
- Approximately \$336,000 in total taxation revenues accrued to all three levels of government as a result of the Calgary region only Impacts. Of this, there was:
 - \$220,400 to the federal government
 - \$86,400 to the provincial government
 - \$29,920 to local governments, province-wide

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



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

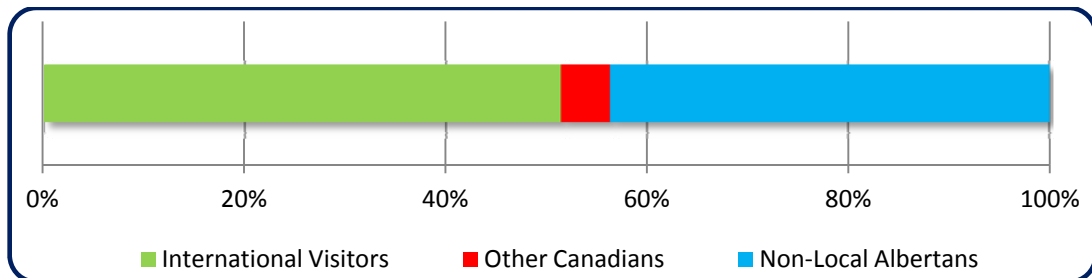
The graph shows the direct spending and event operational expenditures attributed to hosting this event and the related *value-added economic impact*, both “Regional-Only” and “Province-Wide”



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

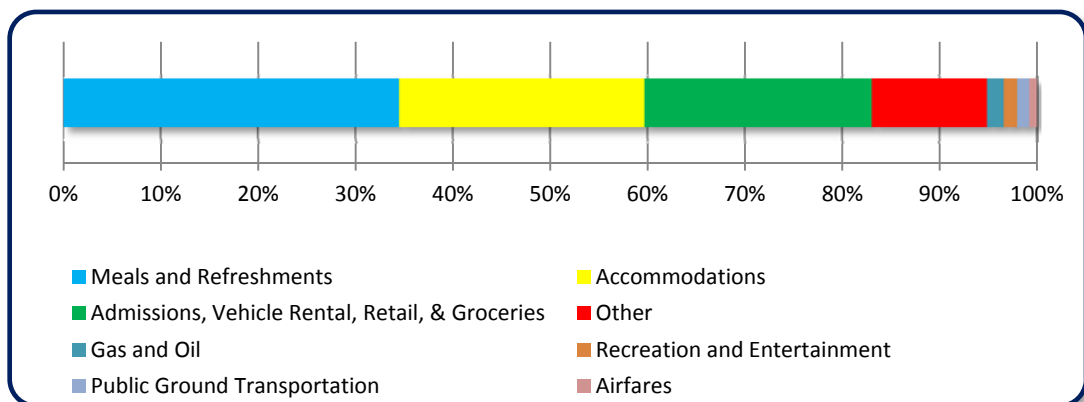
d. GRAPH #2: TOTAL VISITOR EXPENDITURES BY PERCENTAGE OF ORIGIN

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

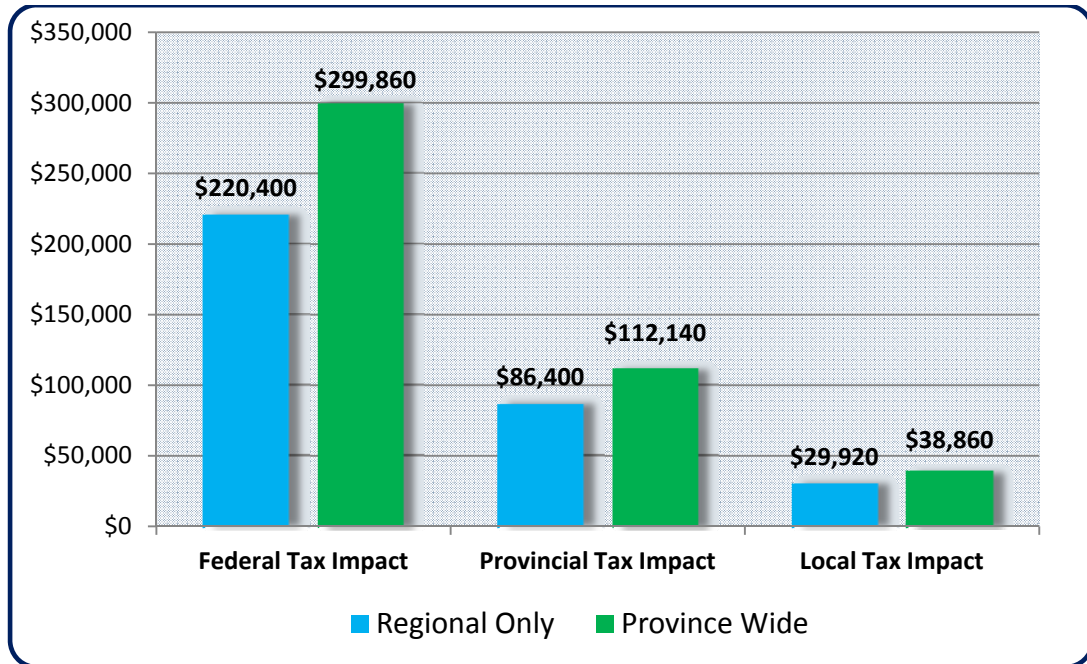


e. GRAPH #3: VISITOR EXPENDITURES BY PERCENTAGE OF TYPE

The graph shows the direct visitor spending 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.

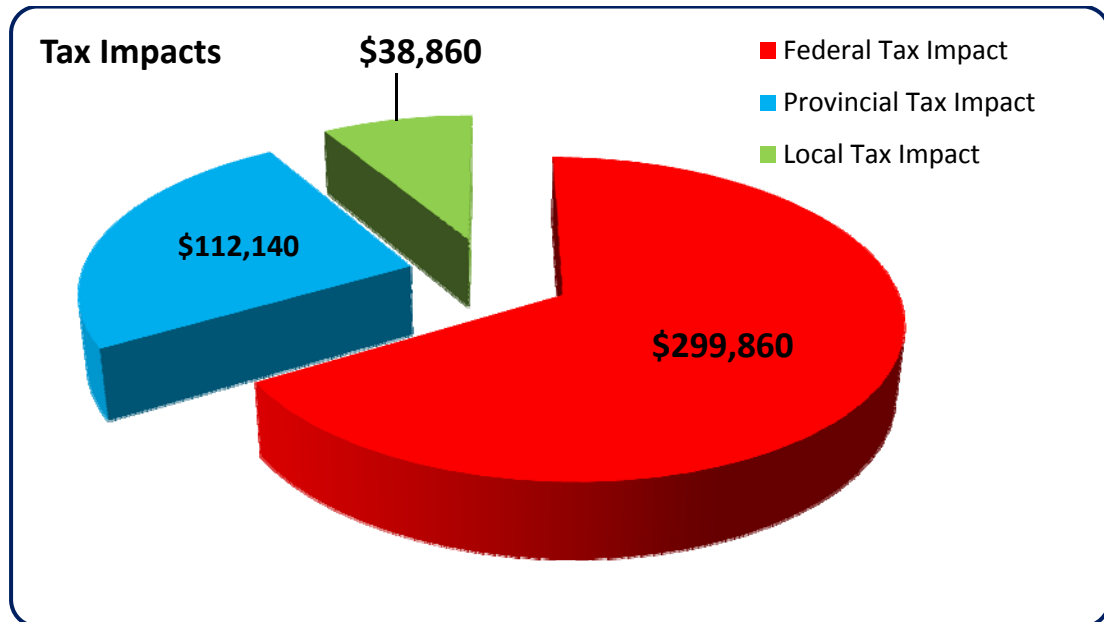


f. **GRAPH #4: TAX IMPACTS: REGIONAL-ONLY AND PROVINCE-WIDE**



* 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.

