

ECONOMIC IMPACT STUDY

THE EVENT

2011 SNOWBOARD WORLD CUP

FEBRUARY 21-27, 2011



Caroline Calvé - Photo ©FIS/Oliver Kraus

THE SPORT
SNOWBOARD

THE LOCATION
CALGARY, ALBERTA

THE VENUE
CANADA OLYMPIC PARK

THE HOST ORGANIZATION
SNOWBOARD WORLD CUP SOCIETY

Survey and Data Management Consultant
infact Research and Consulting Inc.

Software

S.I.M.A. (Sport Impact Model – Alberta)
Developed by: Econometric Research Limited

Release Date: June 6, 2013



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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 1994, the International Ski Federation (FIS) added the discipline of snowboarding to its organization and in that initial season the World Cup circuit supported 9 events in 7 countries around the world, including Canada. The first FIS Snowboard World Championships was held in Austria in 1996 and the sport debuted as an Olympic Sport in 1998.

2. VENUE OVERVIEW

Starting in 2006, as a part of the renewing Alberta's 1988 Winter Olympic Legacy facilities, new international standard snowboard facilities were built at Canada Olympic Park. The snowboard venue at Canada Olympic Park is now a key part of keeping Calgary and Alberta as a regular stop on the winter world cup circuit.

3. EVENT OVERVIEW

a. EVENT DATES: February 22-26, 2011

b. PARTICIPATING COUNTRIES

The 2011 event this year's event drew athletes from 14 countries competing in Halfpipe and Slopestyle disciplines: Australia, Austria, Bahamas, Brazil, Canada, Chile, China, France, Japan, Korea, Netherlands, Slovenia, Switzerland, USA.

c. MEDIA INFORMATION

The estimated *world-wide media audience was over 14 million.*

In total, there were approximately 49 media related people including television, newspapers, radio and internet reporters. Canadian media represented at the event included the CBC, Calgary Herald, CTV and Rogers. Newer mediums used for the first time included Twitter and Facebook.

Two television commercials profiling the event were broadcast in the Netherlands as part of a sponsor agreement with Travel Alberta.



d. ATTENDANCE

<i>Total attendees weighted by type of attendee and rebalanced by origin</i>	
By Type	1617
Total Spectators	1125
Total Participants	492
Volunteers	93
Media	49
Athletes, team members, competition officials	102
VIPs & Vendors	249

By Origin	1617
Local (Calgary and area within 80 kms)	1177
Other Alberta	128
Other Canada	147
Other Country (including USA visitors)	165

e. EVENT OPERATIONAL REVENUES SUMMARY

Source	Amount	Percentage
Value In-Kind (volunteer, supplies and services)	\$163,664	26.82%
Sport Canada	\$122,500	20.08%
Sponsorships	\$85,250	13.97%
Alberta Government (TPR)	\$80,000	13.11%
FIS Contribution (International Federation)	\$50,000	8.20%
Travel Alberta	\$40,000	6.56%
TV Distribution	\$24,000	3.93%
Registration Fees	\$22,204	3.64%
DMF (Calgary Hotel Arts)	\$20,000	3.28%
Tourism Calgary	\$2,500	0.41%

Note: Figures are rounded to nearest thousand.

f. EVENT OPERATIONAL EXPENSES SUMMARY

Expenditure Area	Amount	Percentage
Value In-Kind (volunteer, supplies and services)	\$163,664	27.35%
Team & Visitor Support	\$163,126	27.26%
Event Management	\$126,156	21.08%
TV Production	\$92,423	15.44%
Operations & Production Expenses	\$52,012	8.69%
Marketing & Promotions	\$1,028	0.17%

Note: Figures are rounded to nearest thousand.



5. EVENT ECONOMIC IMPACTS

a. ECONOMIC IMPACTS PROVINCE-WIDE

- Direct visitor spending and event operations expenditures attributed to hosting the 2011 LG Snowboard FIS World Cup was approximately \$630,740 in 2011 dollars
- These expenditures resulted in an economic impact value-added of \$794,220 province-wide
- A total of 11.5 person years of employment equivalent were generated province-wide by expenditures attributed to the event
- Approximately \$300,440 in total taxation revenues accrued to all three levels of government as a result of provincial-wide impacts. Of this, there was:
 - \$200,220 to the federal government
 - \$74,760 to the provincial government
 - \$25,460 to local* governments, province-wide.

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

b. ECONOMIC IMPACTS REGION-ONLY (CALGARY)

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

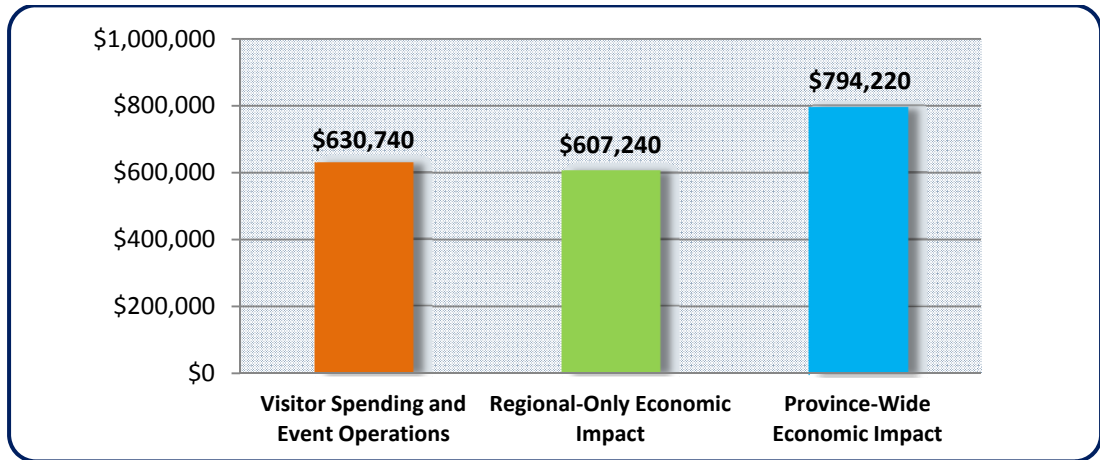
- Direct visitor spending and event operations expenditures attributed to hosting the 2011 LG Snowboard FIS World Cup was approximately \$630,740 in 2011 dollars
- These expenditures resulted in an economic impact (value-added) of \$607,240 in the Calgary Region
- A total of 10.5 person years of employment equivalent were generated in Calgary region only by expenditures attributed to the event
- Approximately \$240,000 in total taxation revenues accrued to all three levels of government as a result of the Calgary region only Impacts. Of this, there was:
 - \$158,650 to the federal government
 - \$61,200 to the provincial government
 - \$20,400 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

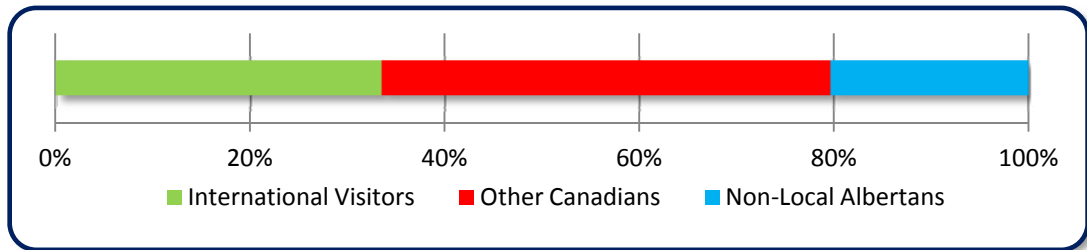
The graph shows the direct spending and event operational expenditures attributed to hosting this event and the related *value-added economic impact*, both “Regional-Only” and “Province-Wide”



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

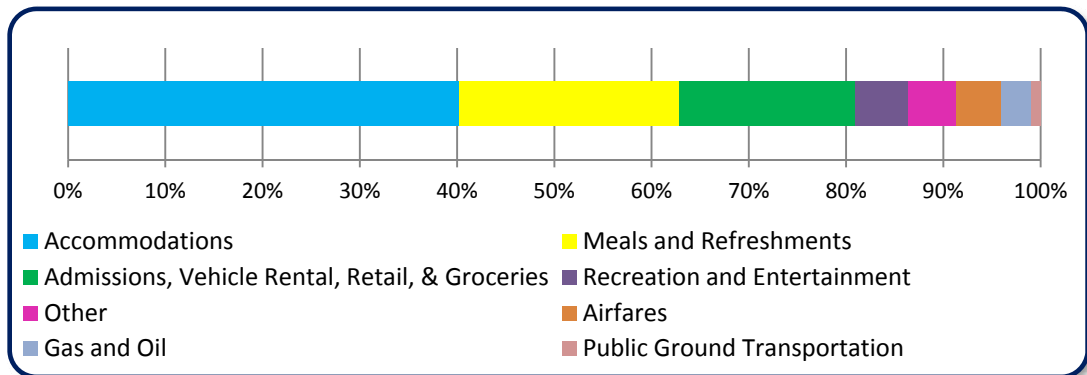
d. GRAPH #2: TOTAL VISITOR EXPENDITURES BY PERCENTAGE AND BY ORIGIN OF VISITOR

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.

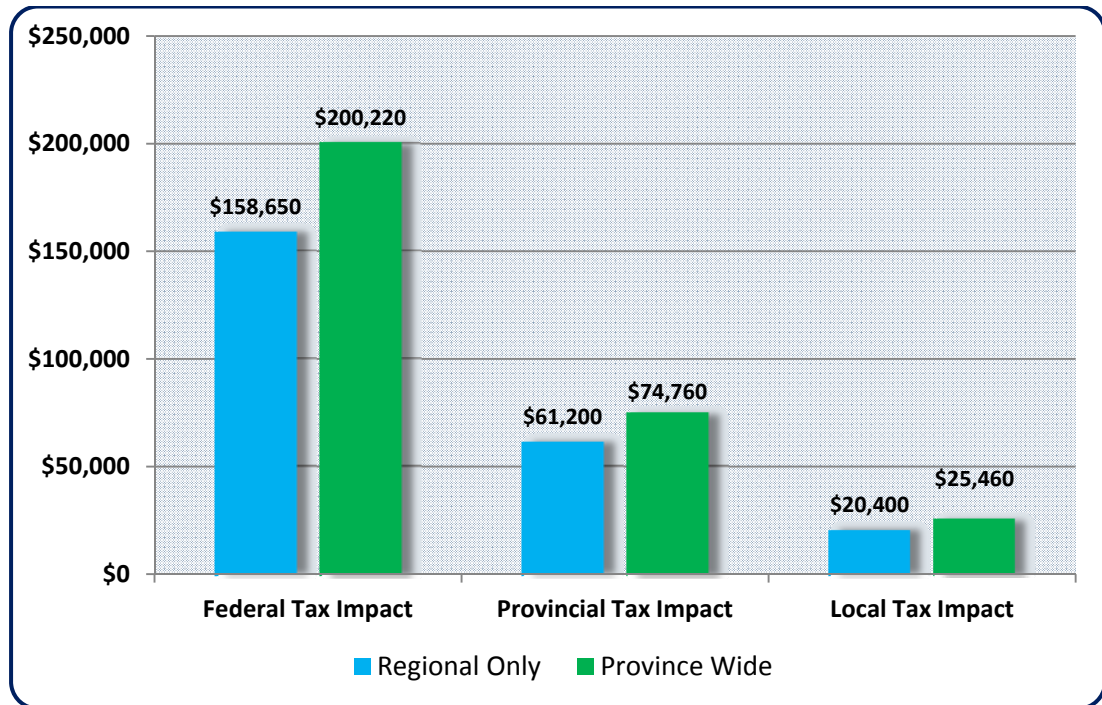


e. GRAPH #3: VISITOR EXPENDITURES BY PERCENTAGE OF TYPE

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.

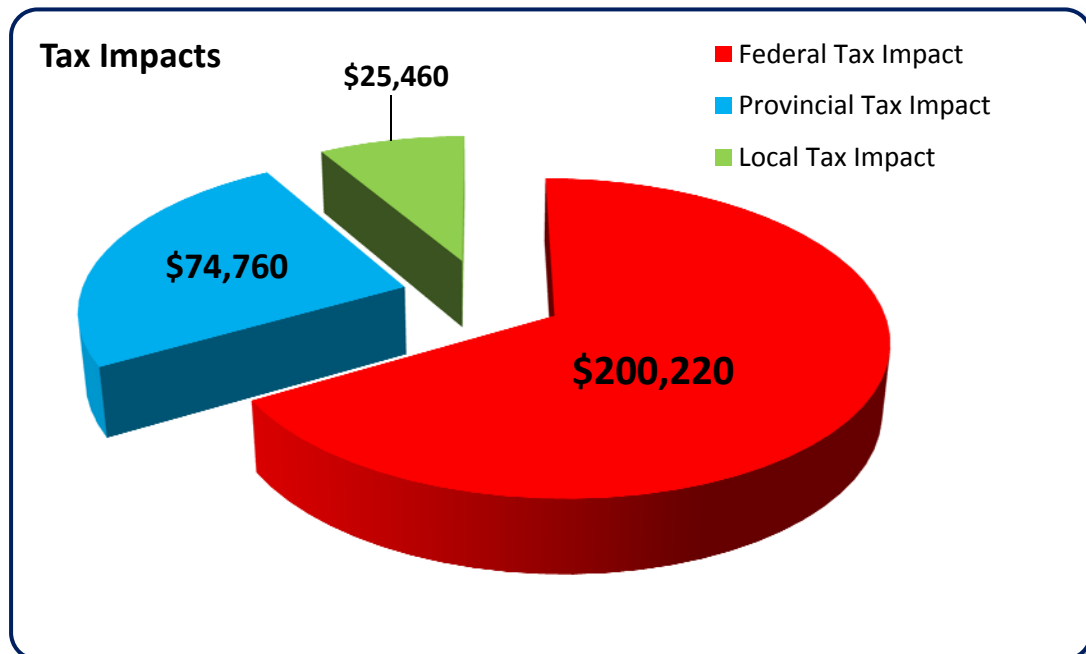


f. **GRAPH #2: TAX IMPACTS: REGIONAL-ONLY AND PROVINCE-WIDE**



* see glossary (Appendix B) 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.

