

REPORT

Economic and Fiscal Impact
Analysis- Selected Events at the
National Trade Centre in 1998
Prepared for the National Trade Centre
October 1999

The foregoing report was reviewed by the Executive Committee at its meeting held on October 22, 1999 and is referred to the Board of Governors for INFORMATION.

C.H. JOHNSON CONSULTING, INC.

EXPERTS IN CONVENTION, SPORT AND REAL ESTATE CONSULTING

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I. REPORT LETTER

C.H. JOHNSON CONSULTING, INC.

EXPERTS IN CONVENTION, SPORT AND REAL ESTATE CONSULTING

October 6, 1999

Ms. Laura Purdy
Director of Marketing
O&Y/SMG Canada
The National Trade Centre, Exhibition Place
100 Princes' Blvd.
Toronto, ON M6K 3C3

Dear Ms. Purdy:

Pursuant to our engagement with the National Trade Centre (NTC), C.H. Johnson Consulting, Inc. (Johnson Consulting) is pleased to present this analysis of the economic and fiscal impacts for events held at the NTC during 1998.

The intent of this analysis is to assess the economic impact that various shows generate for the City of Toronto, the Greater Toronto Area, and the Province of Ontario. The NTC can utilize this information to publicize the positive economic impact that the NTC generates. It also establishes a methodology and set of procedures that NTC staff can employ to analyze future events and estimate the overall economic impact of the NTC.

Our analysis reflects review of primary and secondary sources of information. We have utilized sources deemed to be reliable, but we cannot guarantee their accuracy. Moreover, estimates and analyses regarding the project are based on trends and assumptions that may result in differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

We have truly enjoyed serving O&Y/SMG Canada, your clients, and the Exhibition Place Board of Governors on this engagement.

Sincerely yours,

C.H. Johnson Consulting, Inc.

C.H. JOHNSON CONSULTING, INC.

Attachment

II. INTRODUCTION

INTRODUCTION

Purposes of the Study

The National Trade Centre (NTC) and the Canadian National Exhibition (CNE) engaged C.H. Johnson Consulting, Inc. (Johnson Consulting) to assist NTC staff with the preparation of economic and fiscal impact analyses for a variety of events held at the newly opened facility. Johnson Consulting was selected among competing firms to perform this analysis because of the prior work of Johnson Consulting staff for the NTC, experience in Toronto, Vancouver, Calgary, and Winnipeg, and expertise in performing economic impact studies for convention and exhibition centers across North America.

The purposes of this economic impact study are as follows:

- The analysis provides information about the economic impact of individual events, which will allow the NTC to evaluate and compare the potential economic and fiscal impacts of proposed events. NTC has quickly achieved high levels of occupancy and NTC management will be required to resolve conflicts regarding the dates and locations of events. With this analysis in place, both NTC and CNE management will have a basis for making informed choices that consider the relative economic benefits of different events and operating policies.
- Events that generate a higher level of economic impact may become models for the improvement of events that generate lower levels of economic impact. For example, a tradeshow event may incorporate a conference component or use other techniques to extend the length of stay of attendees.
- This analysis substantiates the primary rationale for public funding of the NTC. NTC's Board of Governors and its tenants compete with other entities in Toronto for public support and this economic impact analysis will demonstrate the relatively high level of net new economic impacts generated by the NTC.
- The study results have an important public relations role because they document the benefits of NTC events to hotels, restaurants, retail establishments, and the overall local provincial, and federal economies. These recurring positive impacts easily exceed amortized public capital costs and annual operating subsidies.

Approach

The goal of this study is to provide an impact model that is easy to use and adapt for future events. This model—in combination with interviews with event managers to confirm and assess reported attendance, exhibitor and sponsor figures—will enable management to quickly assess the character and potential impact of various events. Subsequently, management can use the analysis and base model to calculate economic and fiscal impacts of an increasing number of events annually, ultimately analyzing all events held at the NTC on an annual basis.

LIMITATIONS OF THE STUDY

Johnson Consulting worked within fairly stringent budget constraints for this assignment. The NTC and Johnson Consulting selected a limited sample of seven events and the Canadian National Exhibition to profile for this analysis. Nonetheless, the study provides an impact model that NTC management will be able to use on an ongoing basis and which, in our opinion, produces reasonable estimates. The study methodology is described in the following section of the report.

Since the number of sample events was limited, ongoing survey work should be performed to test and refine the assumptions contained in the model. These assumptions include but are not limited to daily delegate, exhibitor, and association spending figures, per attendee NTC spending, the number and origin of exhibiting companies, the number of people per exhibiting company, and others.

Johnson Consulting also relied on industry data, specifically the International Association of Convention and Visitor Bureau (IACVB) convention income survey. This data may also be subject to change and should be updated accordingly. Tourism Toronto also provided specific survey data on 1998 delegate spending. The NTC should continue to administer surveys to events and their attendees in order to develop a more complete data set on event spending for specific shows at this facility. Should any of the assumptions or conditions found during the conduct of this analysis change, the results would require re-evaluation for possible modification in light of the new data.

Johnson Consulting has no obligation to update this study after the date of the final report.

III. EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Introduction

The National Trade Centre (NTC) engaged C.H. Johnson Consulting, Inc. (Johnson Consulting) to assist NTC staff with the preparation of economic and fiscal impact analyses for a variety of events held at the newly opened facility. The information compiled for the analysis of the selected events enables preliminary impact estimates for the balance of the NTC's events.

In 1998 the NTC hosted over 92 events, 75 of which were trade/consumer shows and special events. In 1998 the total number of events generated approximately \$237 million in new direct spending in Toronto's economy. This new direct spending reflects the total amount of new spending imported into Toronto's economy--or the spending that would not have occurred if the NTC's events had not been held.

This analysis takes a detailed look at seven of these events and the Canadian National Exhibition. These seven events alone generated more than \$119 million in new spending in Toronto's economy in 1998. This spending supported approximately 1,400 jobs and yielded \$14.0 million in new Federal, Provincial and local tax revenue. The economic impact of these events is substantial and is more impressive when one considers that these are repeat events that occur on an annual basis.

Economic Impact Estimates

This analysis estimates the impact of a group of selected events occurring at the NTC during 1998, and reports all spending and impact estimates in 1998 dollars.

Estimated New Direct Spending Generated by the Selected Events

Table 3-1 displays Johnson Consulting's estimates of the new direct spending impact each of the selected events generates for the Toronto, GTA, and Ontario economies. The totals for each area are not additive, but rather reflect the infusion of new spending into that area.

C.H. JOHNSON CONSULTING, INC.

EXPERTS IN CONVENTION, SPORT AND REAL ESTATE CONSULTING

Table 3-1

Direct Spending by Source (in thousands of \$1998)

Event Name	Delegate	Exhibitor- Personal	Exhibitor- Event	Associa- tion	National Trade Centre	Total Direct Spending
New Spending Impact to Toronto						
Canadian National Exhibition	\$20,451	3,691	1,467	9,000	0	\$34,608
Fall Gift Show	\$8,081	3,067	1,492	959	60	\$13,659
International Boat Show	\$1,480	6,310	1,472	1,892	142	\$11,296
Hardware Show	\$4,541	2,729	724	465	88	\$8,547
National Home Show	\$1,789	3,205	1,303	1,676	154	\$8,127
Print Ontario	\$3,278	2,144	203	130	81	\$5,836
Welding & Fabricating Expo	\$1,380	2,460	347	223	59	\$4,469
Creative Sewing & Needlework Festival	\$1,145	616	255	656	25	\$2,698
New Spending Impact to the Greater Toronto Area						
Canadian National Exhibition	\$6,817	2,836	1,467	9,000	0	\$20,120
Fall Gift Show	\$7,075	2,603	1,492	959	60	\$12,189
International Boat Show	\$634	5,472	1,472	1,892	142	\$9,611
Hardware Show	\$3,184	2,372	724	465	88	\$6,832
National Home Show	\$1,395	2,041	1,303	1,676	154	\$6,570
Print Ontario	\$2,831	1,613	203	130	81	\$4,858
Welding & Fabricating Expo	\$701	2,156	347	223	59	\$3,486
Creative Sewing & Needlework Festival	\$981	556	255	328	25	\$2,146
New Spending Impact to the Province of Ontario						
Canadian National Exhibition	\$1,704	2,013	1,467	9,000	0	\$14,184
Fall Gift Show	\$1,415	1,382	1,492	959	60	\$5,308
International Boat Show	\$0	2,641	1,472	1,892	142	\$6,147
Hardware Show	\$1,061	1,826	724	465	88	\$4,164
National Home Show	\$82	814	1,303	1,676	154	\$4,029
Print Ontario	\$1,007	1,472	203	130	81	\$2,892
Welding & Fabricating Expo	\$412	1,438	347	223	59	\$2,479
Creative Sewing & Needlework Festival	\$162	259	255	328	25	\$1,029

Source: Johnson Consulting

Each of the events Johnson Consulting analyzed in this report generates a significant amount of spending in the local and regional economies.

Estimated New Economic Impact

Table 3-2 displays the estimates of new economic impact (total spending and employment) for each of the selected events. The estimates for each of the three areas represents the new economic impact of the spending imported into that area from outside its boundaries, and excludes spending that originates within each area.

Table 3-2

Total Estimated New Economic Impact by Area (\$ in thousands of \$1998)						
Event Name	New Impact to Toronto		New Impact to GTA		New Impact to Ontario	
	Spending*	Jobs**	Spending*	Jobs**	Spending*	Jobs**
Canadian National Exhibition	\$46,276	550	\$35,538	445	\$27,590	350
Fall Gift Show	\$18,264	217	\$21,530	269	\$10,325	131
International Boat Show	\$15,104	180	\$16,976	212	\$11,956	152
Hardware Show	\$11,429	136	\$12,068	151	\$8,099	103
National Home Show	\$10,867	129	\$11,604	145	\$7,837	100
Print Ontario	\$7,804	93	\$8,581	107	\$5,626	71
Welding & Fabricating Expo	\$5,976	71	\$6,158	77	\$4,822	61
Creative Sewing & Needlework Festival	\$3,607	43	\$3,791	47	\$2,002	25

* Total direct, indirect, and induced industry output
 ** Full-time equivalent jobs
 Source: Johnson Consulting

Estimated New Fiscal Impact

Table 3-3 displays the estimates of new fiscal impact—the Federal, Provincial, and local government revenues that result from the new spending and income related to the selected NTC events—for each selected event.

Table 3-3

Estimates of Incremental Fiscal Impact (\$ in thousands of \$1998)							
Event Name	All Federal Taxes	All Provincial Taxes	Toronto Property Tax Revenue				Total Fiscal Impact
			Hotels	Restaurants	Retail Developments	Total Property Tax Revenue	
Canadian National Exhibition	\$536	\$3,096	\$442	447	87	\$976	\$4,608
Fall Gift Show	\$227	\$1,158	\$515	153	40	\$709	\$2,094
International Boat Show	\$190	\$1,341	\$499	133	28	\$660	\$2,192
Hardware Show	\$143	\$909	\$295	95	26	\$417	\$1,468
National Home Show	\$154	\$879	\$187	96	18	\$301	\$1,335
Print Ontario	\$101	\$631	\$226	65	19	\$311	\$1,043
Welding & Fabricating Expo	\$74	\$541	\$181	50	14	\$245	\$859
Creative Sewing & Needlework Festival	\$46	\$225	\$68	34	6	\$108	\$379

Source: Johnson Consulting

Since tax revenues are attributed to the government unit that collects the tax, the fiscal impact of the two levels of governments are additive.

Event Data

Table 3-4 displays a summary of some of the data that Johnson Consulting compiled on the selected events from the NTC and its staff and the promoters of the individual events.

Table 3-4

Individual Shows Profiled for the Analysis								
Event Name	Event Type	Delegate or Consumer Attendance	Occupied Square Feet	Move-In/Out Days	Event Days	Total Exhibitors	NTC Revenue	NTC Expenses
Canadian National Exhibition	Fair	1,708,569	1,000,000 +	12	18	883		
Fall Gift Show	Trade	14,000	1,000,000	6	4	900	538,333	107,416
International Boat Show	Consumer	106,000	1,000,000	6	9	789	954,443	253,585
Hardware Show	Trade	14,000	1,000,000	5	3	582	490,667	157,138
National Home Show	Consumer	152,000	1,000,000	11	10	629	\$1,214,971	\$275,634
Print Ontario	Trade	8,300	125,000	4	3	163	295,474	144,405
Welding & Fabricating Expo	Trade	5,438	232,390	7	3	279	419,816	105,797
Creative Sewing & Needlework Fest.	Consumer	40,140	128,043	2	4	308	142,645	45,473

Sources: National Trade Centre & Johnson Consulting

Economic & Fiscal Impact Model

Johnson Consulting developed an economic and fiscal impact model that NTC staff can use to estimate impacts for additional and future events. The model enables staff to input the event variables that are known and use conservative default assumptions for variables that are not derived from actual NTC event data.

Economic & Fiscal Impact Estimate of Other Events

NTC staff asked Johnson Consulting to use the model developed in this study to also estimate the economic and fiscal impacts of the remainder of the events occurring in 1998. Since the NTC provided only basic event information on number of attendees and exhibitors and event length, these estimates will not be as precise as those for the selected events this study analyzes in detail. However, Table 3-5 and Table 3-6 display preliminary estimates of the overall economic and fiscal impact of the NTC during 1998.

Table 3-5

Total Estimated New Economic Impact by Area (\$ in thousands of \$1998)						
Event Name	New Impact to Toronto		New Impact to GTA		New Impact to Ontario	
	Spending*	Jobs**	Spending*	Jobs**	Spending*	Jobs**
Total for Selected Events	\$119,328	1,419	\$116,246	1,454	\$78,256	994
All Other Events	117,576	1,398	127,508	1,596	91,552	1,163
Total	<u>\$236,904</u>	<u>2,817</u>	<u>\$243,754</u>	<u>3,050</u>	<u>\$169,808</u>	<u>2,156</u>

* Total direct, indirect, and induced industry output

** Full-time equivalent jobs

Source: Johnson Consulting

Table 3-6

Estimates of Incremental Fiscal Impact (\$ in thousands of \$1998)							
Event Name	All Federal Taxes	All Provincial Taxes	Toronto Property Tax Revenue			Total Property Tax Revenue	Total Fiscal Impact
			Hotels	Restaurants	Retail Developments		
Total for Selected Events	\$1,472	\$8,780	\$2,415	\$1,072	\$238	\$3,726	\$13,978
All Other Events	1,498	10,272	2,086	1,012	225	3,323	15,093
Total	<u>\$2,969</u>	<u>\$19,052</u>	<u>\$4,501</u>	<u>\$2,085</u>	<u>\$463</u>	<u>\$7,049</u>	<u>\$29,071</u>

Source: Johnson Consulting

Surveys

The most important factor that influences the accuracy of the economic and fiscal impact estimates is the quality of the data for each event. The report includes a set of surveys for event attendees, exhibitors, and associations that will enable NTC staff to collect detailed information concerning specific events and utilize this survey data to modify the various assumptions contained in the economic and fiscal impact model.

IV. ECONOMIC AND FISCAL IMPACT ANALYSIS

ECONOMIC AND FISCAL IMPACT ANALYSIS

The spending impacts of different types of events held at the National Trade Centre vary by the type of event, attendance, number of exhibitors, and other factors. This analysis estimates the impact of a group of selected events occurring at the NTC during 1998, and reports all spending and impact estimates in 1998 dollars. Johnson Consulting then applied the information derived from the impact estimates of these events to calculate preliminary impact estimates for the rest of the NTC's events.

Economic Impact Estimates

Estimated New Direct Spending Generated by Selected Events

Table 4-1 displays Johnson Consulting's estimates of the new direct spending impact each of the selected events generates for the Toronto, GTA, and Ontario economies. The direct spending impact estimates for each of the three areas reflects the total amount of new spending imported into that area—or the spending that would not have occurred in each area if the event had not been held. The totals for each area are not additive, but rather reflect the new infusion of spending into that area.

Table 4-1

Direct Spending by Source (in thousands of \$1998)						
Event Name	Delegate	Exhibitor- Personal	Exhibitor- Event	Associa- tion	National Trade Centre	Total Direct Spending
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National Home Show	\$1,789	3,205	1,303	1,676	154	\$8,127
Print Ontario	\$3,278	2,144	203	130	81	\$5,836
Welding & Fabricating Expo	\$1,380	2,460	347	223	59	\$4,469
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International Boat Show	\$0	2,641	1,472	1,892	142	\$6,147
Hardware Show	\$1,061	1,826	724	465	88	\$4,164
National Home Show	\$82	814	1,303	1,676	154	\$4,029
Print Ontario	\$1,007	1,472	203	130	81	\$2,892
Welding & Fabricating Expo	\$412	1,438	347	223	59	\$2,479
Creative Sewing & Needlework Festival	\$162	259	255	328	25	\$1,029

Source: Johnson Consulting

Estimated Transfer Spending Originating in Toronto

Table 4-2 displays the estimated local, or transfer, spending originating within Toronto. This spending reflects the personal expenditures of event attendees and exhibitors that live within Toronto on things such as food, retail goods, and local transit.

Table 4-2

Local Direct Spending Originating in Toronto by Source (in thousands of \$1998)			
Event Name	Delegate	Exhibitor- Personal	Total Direct Spending
Canadian National Exhibition	\$13,634	1,620	\$15,254
Fall Gift Show	\$1,005	347	\$1,353
International Boat Show	\$634	628	\$1,263
Hardware Show	\$754	157	\$911
National Home Show	\$1,243	826	\$2,070
Print Ontario	\$536	322	\$858
Welding & Fabricating Expo	\$293	105	\$398
Creative Sewing & Needlework Festival	\$300	65	\$366

Source: Johnson Consulting

Table 4-3 displays the distribution of total direct delegate spending (including local Toronto spending) by type of expenditure.

Table 4-3

Estimated Delegate Spending by Category for Selected Events (\$ in thousands of \$1998)	
Type	Total Spending
Restaurants	\$83,938
Hotel Services	70,871
Other	48,336
Retail Stores	36,735
Gasoline	18,828
Local Transport	9,619
Admission to Shows	2,813
Tours/sightseeing	2,318
Auto Rental	832
Sporting Events	649
Total	<u>\$274,939</u>

Source: Johnson Consulting

Restaurants and hotels are the two largest recipients of delegate spending with 31 and 26 percent of total spending, respectively.

Estimated New Economic Impact

Table 4-4 displays the estimates of new economic impact (total spending and employment) for each of the selected events. The estimates for each of the three areas represent the new economic impact of the spending imported into that area from outside its boundaries, and excludes spending that originates within each area.

Table 4-4

Total Estimated New Economic Impact by Area (\$ in thousands of \$1998)						
Event Name	New Impact to Toronto		New Impact to GTA		New Impact to Ontario	
	Spending*	Jobs**	Spending*	Jobs**	Spending*	Jobs**
Canadian National Exhibition	\$46,276	550	\$35,538	445	\$27,590	350
Fall Gift Show	\$18,264	217	\$21,530	269	\$10,325	131
International Boat Show	\$15,104	180	\$16,976	212	\$11,956	152
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National Home Show	\$10,867	129	\$11,604	145	\$7,837	100
Print Ontario	\$7,804	93	\$8,581	107	\$5,626	71
Welding & Fabricating Expo	\$5,976	71	\$6,158	77	\$4,822	61
Creative Sewing & Needlework Festival	\$3,607	43	\$3,791	47	\$2,002	25

* Total direct, indirect, and induced industry output
 ** Full-time equivalent jobs
 Source: Johnson Consulting

The estimates of new economic impact reflect the relative effect of indirect and induced impacts on total impact by area. Larger areas capture greater percentages of the indirect and induced impacts that result from direct spending. Therefore, while Toronto has the largest share of new direct spending, the GTA and Ontario economy's are able to capture a greater percentage of the indirect and induced spending and employment generated by the infusion of direct spending. Ontario's lower new impacts reflect the fact that a large proportion of the event attendees and exhibitors at NTC consumer and trade show events originate within the Province, and therefore do not import any new spending from outside its borders.

Estimated Fiscal Impact

Table 4-5 displays the estimates of new fiscal impact—the federal, provincial, and local government revenues that result from the new spending and income related to the selected NTC events—for each selected event.

Table 4-5

Estimates of Incremental Fiscal Impact (\$ in thousands of \$1998)							
Event Name	All Federal Taxes	All Provincial Taxes	Toronto Property Tax Revenue			Total Property Tax Revenue ^a	Total Fiscal Impact
			Hotels	Restaurants	Retail Developments		
Canadian National Exhibition	\$536	\$3,096	\$442	447	87	\$976	\$4,608
Fall Gift Show	\$227	\$1,158	\$515	153	40	\$709	\$2,094
International Boat Show	\$190	\$1,341	\$499	133	28	\$660	\$2,192
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Print Ontario	\$101	\$631	\$226	65	19	\$311	\$1,043
Welding & Fabricating Expo	\$74	\$541	\$181	50	14	\$245	\$859
Creative Sewing & Needlework Festival	\$46	\$225	\$68	34	6	\$108	\$379

Source: Johnson Consulting

Data regarding the portion of attendees and exhibitors residing outside of Canada was unavailable at the time of this report. The analysis assumes that 5 percent of all spending is new to Canada. Since tax revenues are attributed to the government unit that collects the tax, the fiscal impact of the three levels of governments are additive.

The City of Toronto, the Province of Ontario, and the government of Canada incur various expenses—both direct and indirect—related to providing services to events at the NTC that are not estimated in this analysis. These expenses include police, fire protection, emergency medical services, traffic control, street maintenance, sanitation, and other ongoing operating expenses required to maintain the environment around the NTC. These inevitable costs would, to some extent, decrease the overall net fiscal benefit.

Economic and Fiscal Impact Estimate of Other Events

NTC staff asked Johnson Consulting to use the model developed in this study to also estimate the economic and fiscal impacts of the remainder of the events occurring in 1998. The NTC provided data on the type, estimated attendance, length, square feet of exhibit space rented, number of exhibitors, and facility revenues and expenses associated with each of its events. However, because the additional detail concerning the place of origin of exhibitors and attendees and other event attributes was not collected for these other events, the impact estimates for them will not be as precise as for the eight selected events detailed in this study.

Table 4-6 displays a summary of the estimated economic impact of the eight selected events, all other events held at the NTC, and the total impact for 1998.

Table 4-6

Total Estimated New Economic Impact by Area (\$ in thousands of \$1998)						
Event Name	New Impact to Toronto		New Impact to GTA		New Impact to Ontario	
	Spending*	Jobs**	Spending*	Jobs**	Spending*	Jobs**
Total for Selected Events	\$119,328	1,419	\$116,246	1,454	\$78,256	994
All Other Events	117,576	1,398	127,508	1,596	91,552	1,163
Total	<u>\$236,904</u>	<u>2,817</u>	<u>\$243,754</u>	<u>3,050</u>	<u>\$169,808</u>	<u>2,156</u>
* Total direct, indirect, and induced industry output						
** Full-time equivalent jobs						
Source: Johnson Consulting						

Events at the NTC during 1998 generated an estimated new economic impact of \$237 million in new spending to the City of Toronto, which supported 2,800 full-time equivalent jobs. New spending to the GTA amounted to \$244 million and supported 3,000 jobs. New spending to Ontario was an estimated \$170 million and supported around 2,200 jobs.

Table 4-7 displays the estimates of provincial and local fiscal impacts of the eight selected events, all other events held at the NTC, and the total fiscal impact of all events at the facility in 1998.

Table 4-7

Estimates of Incremental Fiscal Impact (\$ in thousands of \$1998)							
Event Name	All Federal Taxes	All Provincial Taxes	Toronto Property Tax Revenue			Total Property Tax Revenue	Total Fiscal Impact
			Hotels	Restaurants	Retail Developments		
Total for Selected Events	\$1,472	\$8,780	\$2,415	\$1,072	\$238	\$3,726	\$13,978
All Other Events	1,498	10,272	2,086	1,012	225	3,323	15,093
Total	<u>\$2,969</u>	<u>\$19,052</u>	<u>\$4,501</u>	<u>\$2,085</u>	<u>\$463</u>	<u>\$7,049</u>	<u>\$29,071</u>
Source: Johnson Consulting							

The total fiscal impacts of the NTC's events during 1998 was an estimated \$29.1 million, \$19.1 million of which was provincial tax revenue. Since the estimated of spending impacts include only the spending that was new to each area, the fiscal impacts from this spending also represent new dollars to the federal, Ontario, and Toronto economies. The analysis assumes that 5 percent of the total spending associated with all events came from persons residing outside of Canada.

Description of Methodology and Analytical Process

Selection of Sample Events

The NTC, in consultation with Johnson Consulting, selected a sample of eight events that were held at the facility during 1998. The selected events represent examples of typical, annually recurring trade and consumer shows held at the NTC. The NTC also asked Johnson Consulting to estimate the economic impact of the Canadian National Exhibition, an annual summer fair held on the grounds of Exhibition Place. One criteria for selecting the events was the availability of detailed information regarding the event, including attendance and the number of exhibitors at the event and their place of origin. The report analyzes each of these selected events individually and estimates the total level of spending associated with each event. Table 4-8 lists the events the NTC selected for this analysis.

Table 4-8

NTC Events Selected for Economic Impact Analysis	
Event Name	Type
Canadian National Exhibition	Fair
Fall Gift Show	Trade
International Boat Show	Consumer
Hardware Show	Trade
National Home Show	Consumer
Print Ontario	Trade
Welding & Fabricating Expo	Trade
Creative Sewing & Needlework Festival	Consumer/Trade
Sources: National Trade Centre & Johnson Consulting	

Process for Developing the Impact Estimates

Johnson Consulting developed estimates of the economic impact of the selected events using a four-step process:

1. Event Analysis—Johnson Consulting collects and analyzes a set of necessary data regarding each event. The analysis utilizes actual event data, as reported by the National Trade Centre and/or the event's promoter, whenever possible. Industry assumptions supplement actual event data as necessary.
2. Direct Spending Estimates—Data from the analysis of each event serves as inputs for a spending model Johnson Consulting developed for this analysis.

The model estimates the new direct spending impact that each event generated within Toronto, the Greater Toronto Area (GTA), and the Province of Ontario.

3. Economic Impact Analysis—Direct spending generates additional spending on goods and services in the local economy, which is defined as indirect and induced spending and is often referred to as the multiplier effect. Johnson Consulting applies a multiplier drawn from previous studies of the economic impact of convention and trade facilities to estimate the indirect and induced spending generated by direct spending associated with NTC events. The economic impact analysis also includes an estimate of the increase in employment generated by the increase in total spending.
4. Fiscal Impact Analysis—The total new spending (direct, indirect, and induced) that occurs as a result of events at the NTC is subject to federal, provincial, and local taxation. The analysis of fiscal impacts estimates the tax revenue that results from the new spending impact.

The information and survey tools included in this report will enable the NTC to develop internal estimates of the direct spending and economic and fiscal impacts generated by its events.

Description & Summary of Selected Events

The event analysis starts with the compilation and sorting of existing event data provided by the NTC. This information includes:

- Event attendance,
- Event length (including move-in and move-out days), and
- Number of exhibitors and place of origin.

Johnson Consulting analyzed exhibitor data provided by the NTC and calculated the number of exhibitors by place of origin from data it maintains.

The next step in gathering data to enable impact estimates of the selected events is surveys and interviews with the promoters of these events. Johnson Consulting faxed survey forms to each of the selected events and then followed up with phone calls to elicit more detailed information as necessary. These interviews were helpful in clarifying certain characteristics of each individual event. Johnson Consulting updated information in some instances based upon data provided by event promoters. The surveys and interviews also collected data on the origins of attendees—information that the analysis uses in conjunction with exhibitor origin

in order to estimate the level of spending and corresponding economic impact imported into Toronto, the Greater Toronto Area, and Ontario.

The analysis also incorporates industry data for certain variables for which event specific data was unavailable. Johnson Consulting uses industry research and its experiences on various projects to develop estimates of variables that are generally unavailable from facilities or through promoter and event surveys. The estimate of direct spending requires certain assumptions such as the number of staff per exhibit booth, the level of spending by attendees to consumer shows relative to trade shows and conventions, average length of stay as a percent of total event length, and others.

Johnson Consulting compiled data on each of the events the NTC selected for this analysis, including:

- a short synopsis describing the event and
- a table summarizing the event data necessary for estimating the direct spending generated by each event.

Canadian National Exhibition

The Canadian National Exhibition (CNE) is an annual national fair that takes place on the grounds of Exhibition Place. Each summer the CNE occupies all of Exhibition Place, including the NTC, with a variety of exhibits, rides, agricultural displays and competitions, entertainment acts, food booths, and other attractions.

Table 4-9 displays event, attendee, and exhibitor data for the 1998 Canadian National Exhibition.

Table 4-9

Canadian National Exhibition Data			
Event Type	Fair		
Event Length in Days	18		
Move-in+Move-Out Days	12		
	Attendees	Exhibitors	Attractions
Number	1,708,569	883	200
% from Toronto	40%	49%	49%
% from GTA	80%	75%	75%
% from Ontario	95%	83%	83%
% from Outside Ontario	5%	17%	17%
# of People per Booth	1,935	18	5

Sources: Canadian National Exhibition & National Trade Centre

Fall Gift Show

The Toronto Gift Shows are national trade shows for the Canadian giftware retail trade, with an emphasis on new products. The NTC hosts a gift show in the spring and fall. This analysis focuses solely on the Fall Gift Show. Occurring in September, the Fall Gift Show occupies roughly one million gross square feet of space in the NTC and surrounding facilities at Exhibition Place.

Table 4-10 displays event, attendee, and exhibitor data for the 1998 Fall Gift Show.

Table 4-10

Fall Gift Show Data		
Event Type	Trade	
Event Length in Days	4	
Move-in+Move-Out Days	6	
	Attendees	Exhibitors
Number	14,000	900
% from Toronto	25%	22%
% from GTA	50%	52%
% from Ontario	90%	75%
% from Outside Ontario	10%	25%
# of People per Booth	16	2.7

Sources: Fall Gift Show & National Trade Centre

International Boat Show

The Toronto International Boat Show features a variety of marine products. Held in January, the show occupies approximately one million gross square feet of space in the NTC and surrounding facilities at Exhibition Place. Special exhibits include:

- Lake Wow—a million-gallon indoor lake constructed on the 30,000 square foot floor of the Coliseum enables performances and marine and boating demonstrations,
- High Tech Marine Electronics Pavilion—this area showcases the latest in marine electronics and features an area for seminars on new products,
- Antique Classic Boat Society—dedicated to the preservation of the golden years of boating, this area features a collection of crafts from the 1950's,
- Kid-Zone—an interactive children's play area with marine-related activities, and
- DIY-MRT Workshops—a series of workshops intended to supply attendees with the tools and techniques needed to maintain and repair boats, engines and other equipment and avoid costly repair bills.

Table 4-11 displays event, attendee, and exhibitor data for the 1998 International Boat Show.

Table 4-11

International Boat Show Data		
Event Type	Consumer	
Event Length in Days	9	
Move-in+Move-Out Days	6	
	Attendees	Exhibitors
Number	106,000	789
% from Toronto	30%	21%
% from GTA	70%	49%
% from Ontario	100%	75%
% from Outside Ontario	0%	25%
# of People per Booth	134	5
<i>Sources: International Boat Show & National Trade Centre</i>		

The Canadian Hardware and Home Improvement Show

An important showcase for Canada's hardlines industry, the Canadian Hardware and Home Improvement Show (CHS) has brought together hardware, housewares, and home improvement buyers and sellers from throughout Canada and the world for more than 94 years. Held in February, the CHS occupies approximately one million gross square feet of space in the NTC and other facilities at Exhibition Place. Each year over 730 exhibitors participate in the show to make sales, obtain sales leads from new or potential customers and to maintain a strong image within the industry. The primary reason they exhibit is because more than 22,000 retailers, dealers, wholesalers, mass merchandisers and volume buyers come to the show to purchase goods, to source new suppliers or products, and to keep informed about industry trends.

Table 4-12 displays event, attendee, and exhibitor data for the 1998 CHS.

Table 4-12

Canadian Hardware and Home Improvement Show Data		
Event Type	Trade	
Event Length in Days	3	
Move-in+Move-Out Days	5	
	Attendees	Exhibitors
Number	14,000	582
% from Toronto	25%	13%
% from GTA	70%	43%
% from Ontario	90%	56%
% from Outside Ontario	10%	44%
# of People per Booth	24	4

Sources: Canadian Hardware and Home Improvement Show & National Trade Centre

National Home Show

The National Home Show is a consumer show that exposes home owners to new ideas and expert advice and enables them to shop for and compare a selection of new homes and home-related products for remodeling, gardening, and decorating. The show, held in April, features special exhibits including dream homes, landscaping and gardening displays, design competitions, and how-to demonstrations. The National Home Show occupies approximately one million gross square feet of space at the NTC.

Table 4-13 displays event, attendee, and exhibitor data for the 1998 National Home Show.

Table 4-13

National Home Show Data		
Event Type	Consumer	
Event Length in Days	10	
Move-in+Move-Out Days	6	
	Attendees	Exhibitors
Number	152,000	629
% from Toronto	41%	32%
% from GTA	54%	77%
% from Ontario	97%	91%
% from Outside Ontario	3%	9%
# of People per Booth	242	5
<i>Sources: National Home Show & National Trade Centre</i>		

Print Ontario

The Print Ontario trade show caters to North American print shops with multi-color presses. The show features the unveiling of new products, equipment displays, and technological and business seminars. Small and medium commercial printers, instant printers, in-plant shops, and printing brokers use the event as an opportunity to make business contacts in addition to learning about the latest products, technologies, and business practices. Print Ontario, held in late November, occupies roughly 125,000 square feet of space in the NTC.

Table 4-14 displays event, attendee, and exhibitor data for the 1998 Print Ontario trade show.

Table 4-14

Print Ontario Trade Show Data		
Event Type	Trade	
Event Length in Days	3	
Move-in+Move-Out Days	4	
	Attendees	Exhibitors
Number	8,300	163
% from Toronto	30%	25%
% from GTA	55%	65%
% from Ontario	84%	68%
% from Outside Ontario	16%	32%
# of People per Booth	51	18
Sources: Print Ontario Trade Show & National Trade Centre		

Welding & Fabricating Expo

The Welding & Fabricating Expo is a trade show that features metalforming, fabricating, and welding equipment. More than 200 leading welding equipment manufacturers and distributors and more than 500 metalforming and fabricating companies display the largest collection of equipment in Canada. In addition, the Precision Metalforming Association and its Canada District hold a technical and management symposium as part of this event. The Welding & Fabricating Expo, held in October, takes up just over 230,000 square feet of space in the NTC.

Table 4-15 displays event, attendee, and exhibitor data for the 1998 Welding & Fabricating Expo.

Table 4-15

Welding & Fabricating Expo Data		
Event Type	Trade	
Event Length in Days	3	
Move-in+Move-Out Days	7	
	Attendees	Exhibitors
Number	5,438	279
% from Toronto	25%	10%
% from GTA	83%	40%
% from Ontario	90%	60%
% from Outside Ontario	10%	40%
# of People per Booth	19	6
Sources: Welding & Fabricating Expo & National Trade Centre		

Creative Sewing & Needlework Festival

This combination consumer show and conference features a variety of craft and needle art goods and activities. Instructors from all over the world teach the latest techniques in more than 100 different classes. The festival includes demonstrations, celebrity experts, displays, fashion shows, children's workshops, specialty crafts, and clinics. The NTC hosts two sewing and needlework festivals each year, both of which are produced and managed by the same company. One show is held in the spring and the other is held in the fall. This analysis looks exclusively at the fall show, the larger of the two shows, which occupies 126,000 square feet of space in the NTC. The fall show attracts more total attendees and attendees from a broader geographic area than the spring show because people throughout rural Ontario are busy readying their farms for the upcoming season in the spring. Additionally, the conference component of the fall show helps to attract additional attendees. Show management estimates that 90 to 95 percent of show attendees are women. However, they are trying to attract more men to the show with the recent additions of a woodworking seminar and a power tool area designed to appeal to spouses of current attendees.

Table 4-16 displays event, attendee, and exhibitor data for the 1998 fall Creative Sewing & Needlework Festival.

Table 4-16

Creative Sewing & Needlework Festival Data			
Event Type	Consumer		
Event Length in Days	4		
Move-in+Move-Out Days	2		
	Consumer Attendees	Conference Attendees	Exhibitors
Number	38,977	1,163	308
% from Toronto	28%	25%	23%
% from GTA	42%	43%	44%
% from Ontario	96%	85%	74%
% from Outside Ontario	4%	15%	26%
# of People per Booth	127	4	3

Sources: Creative Sewing & Needlework Festival & National Trade Centre

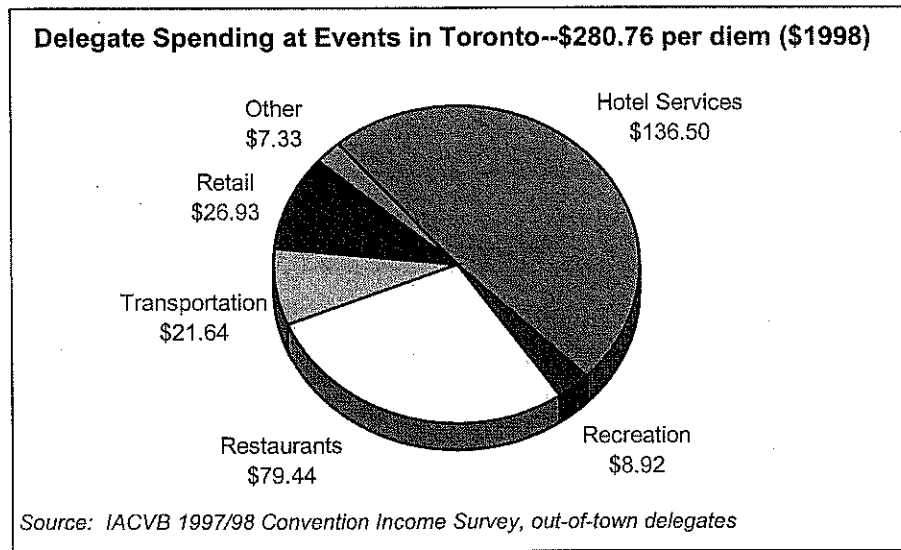
Because this event is a combination consumer show and conference, the analysis separates the conference component of event attendance and applies the appropriate spending assumptions to the estimate of direct spending associated with this event.

Method for Estimating Direct Spending

The estimates of new direct spending impact are driven largely by the event data Johnson Consulting collected from the NTC and the promoters of the selected events. Johnson Consulting used daily spending figures from the 1997/98 International Association of Convention & Visitor Bureaus (IACVB) Convention Income Survey to estimate expenditures. The delegate spending figures come directly from the Tourism Toronto/Metro Toronto Convention & Visitors Association survey of Toronto-area events. The analysis uses Canadian figures for association and exhibitor spending, because Toronto-only figures were not available for these types of spending. The analysis estimates three categories of direct expenditures.

Delegate spending is spending by delegates and other attendees to conventions and meetings. Delegates typically spend significant amounts on lodging, food, local transportation, recreation and entertainment, and other items. Delegate spending is the single largest source of direct economic impact. Figure 4-1 displays the IACVB daily delegate spending figures for out-of-town delegates at Toronto events.

Figure 4-1



Hotel services account for nearly 50 percent of total daily spending. The total spending figure for in-town delegates is \$79.80 per day.

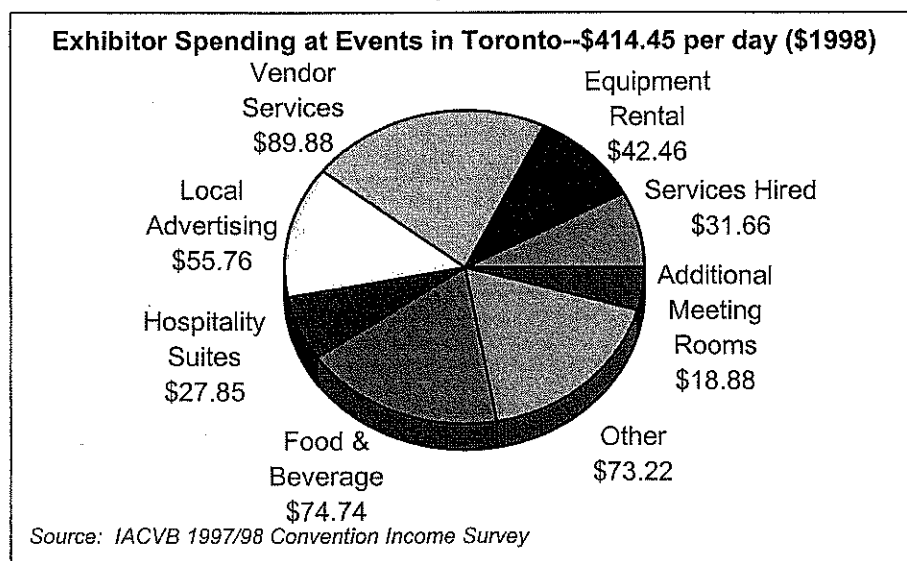
Exhibitor spending includes the local spending by exhibitors at conventions and tradeshows for services as well as their personal expenditures.

Personal Exhibitor Spending—Exhibitors make expenditures in the local economy during NTC events that are similar to those made by delegates. On average, exhibitors spend less on a daily basis than delegates do because exhibitors travel to events as a matter of course. An exhibitor is likely to engage in less recreational activities and retail spending than a convention delegate that attends only one or two such events per year. However, exhibitors that travel considerable distances to Toronto are more likely than their local counterparts to engage in recreational, tourist type activities. The analysis assumes that, on average, each person working for exhibiting companies at NTC events from out-of-town will spend 80 percent of the IACVB delegate spending figure, which equals \$224.61 for out-of-town exhibit staff and \$63.84 for in-town exhibit staff.

Exhibitor Event Spending—The other component of exhibitor expenditures associated with NTC events is their event-related spending. Exhibiting companies spend money on setting up booths, transporting goods and displays to the facility, advertising, equipment rental, temporary services, and other items and services. The analysis assumes that all exhibitor event spending occurs locally. In fact, a small percentage of exhibitor expenditures may not occur within Toronto. Drayage is an example of an expenditure that

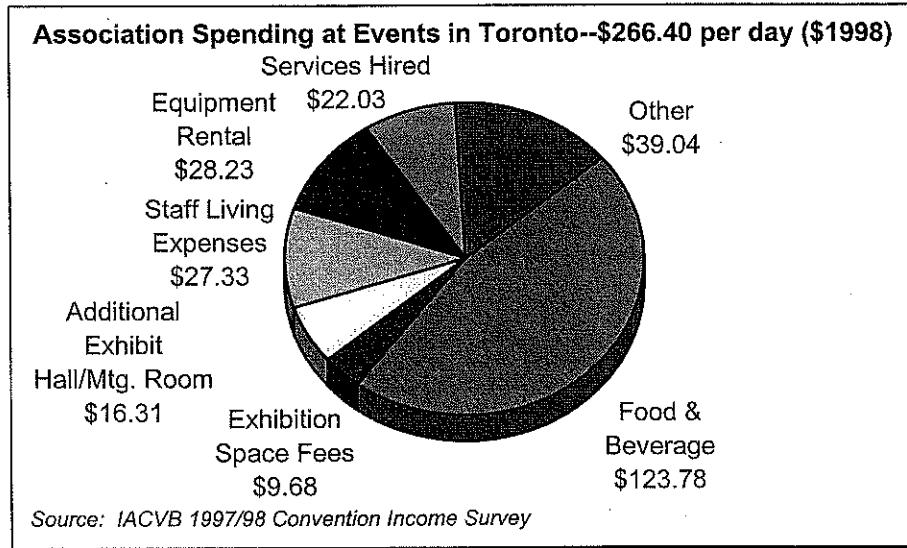
may not be entirely local. The amount an exhibiting company expends in the local area will vary depending upon the type of show and exhibit. This analysis assumes that each convention/trade show exhibitor spends the IACVB figure for exhibitor event-related spending at Canadian events of \$414.45 per event day. Adjustments for spending at consumer shows, detailed later in this section, account for the different spending characteristics of these events. Figure 4-2 displays daily exhibitor spending figures for Canadian events.

Figure 4-2



Association spending is the local spending by organizations that sponsor events. Associations make expenditures for lodging, exhibit space rental, meeting room rental, food and beverage services, equipment rental, staff living expenses, and other services. The IACVB figure for association spending at Canadian events is \$266.40 per exhibiting company per day. Figure 4-3 displays daily association spending figures for Canadian events.

Figure 4-3



Adjustments to the IACVB Spending Figures

Consumer Shows

Various adjustments are made to the IACVB spending figures to account for the different spending characteristics of consumer shows. As described in the introduction to this report, the analytical process set in motion by this study includes surveys of attendees, exhibitors, and associations to determine what they spend during events at the NTC. In the interim, Johnson Consulting utilizes the most relevant IACVB spending figures available to estimate the impacts reported in this analysis.

Analysis of the economic impact of consumer shows requires adjustments to the IACVB spending figures applied to convention and trade shows. Consumer shows attract significantly more attendees than conventions or trade shows, because they are open to the public and they have a retail orientation. Johnson Consulting has applied its experience in the overall events industry to develop a set of spending assumptions for spending at consumer shows relative to convention and trade shows. Table 4-17 displays the assumptions regarding the levels of spending associated with consumer shows relative to conventions and trade shows.

Table 4-17

Consumer Show Spending Assumptions		
Type of Spending	Daily Spending	% of Convention / Trade Show Per Day Figure
Exhibitor-Personal	\$179.69*	80%
In-Town Attendees	\$19.95	25%
Exhibitor-Event Spending per Exhibiting Company	\$207.23	50%
Association-Event Spending per Exhibiting Company	\$266.40	100%

* Figure for out-of-town attendees

Sources: International Association of Convention and Visitor Bureaus & Johnson Consulting

In the absence of specific data on association spending at consumer shows, which the NTC plans to collect with the surveys developed as part of this analysis, the projections use the IACVB per event association spending figure for conventions and trade shows. The analysis assumes that out-of-town exhibitors at consumer shows will spend 80 percent of what their counterparts at conventions and trade shows spend on a daily basis.

The analysis applies one quarter of the IACVB in-town spending figure to all consumer show attendees, regardless of their place of origin. This reduced in-town figure of just less than \$20 is more appropriate for consumer show attendees because few, if any, are willing to incur the expense of an overnight stay to attend and they are not reimbursed for a large portion of their spending as is the case with most convention and trade show attendees.

The analysis reduces the per event IACVB exhibitor event spending figure for Canadian events by 50 percent. Consumer show exhibitors typically do not spend as much as their convention and trade show counterparts on items such as meals, staff support, and lodging. The analysis applies the same distribution of spending by type for each of the consumer show adjustments.

The analysis assumes that sponsoring organizations at consumer shows spend an equal amount per each exhibiting company as their convention and trade show counterparts. Consumer show sponsors are likely to spend more on commercial exhibits and media and less on services and drayage than convention and trade associations, but the analysis assumes that the total amount of spending is equivalent. The survey forms are designed to elicit specific data on association spending at various types of NTC events.

Canadian National Exhibition

Johnson Consulting adjusted IACVB spending figures in order to reflect lower spending levels associated with the CNE. Overall, the exhibits at the CNE are less costly than those at an industry trade show and convention. Further, the exhibitors at the CNE engage in less personal spending than their convention and trade show counterparts. Surveys of CNE exhibitors, using the forms provided in this report, will enable more precise estimates of the spending by CNE exhibitors. In the interim, Johnson Consulting has applied assumptions it considers to be conservative to estimate spending by exhibitors at the CNE as part of this analysis.

The analysis applies 20 percent of the IACVB daily per exhibiting company expenditure for conventions and trade shows to the estimate of exhibiting company expenditures at the CNE. This reduced figure for CNE exhibitors equates to \$82.89 per day of event-related expenditures. The analysis also assumes that CNE exhibitor personal expenditures amount to 50 percent of the estimated spending figures for consumer show exhibitors. This personal spending adjustment yields a daily out-of-town spending figure of \$89.84 and an in-town figure of \$25.54. For attendees, the analysis assumes that CNE attendee spending is equivalent to spending by attendees to consumer shows.

The CNE also includes a group of people who operate the various rides and attractions (attraction personnel), in addition to the more typical exhibitors. The analysis applies a separate set of spending assumptions to these attractions and the people who operate them because their spending habits are likely to be more modest than exhibitors. A large proportion of attraction personnel travel in, and live out of, their trailers and are less likely to spend money on lodging and general living expenses than typical exhibitors.

The analysis applies 10 percent of the IACVB daily per exhibiting company expenditure for conventions and trade shows to the estimate of attraction expenditures at the CNE. This reduced figure for CNE exhibitors equates to \$41.45 per day of event-related expenditures. The analysis also assumes that the personal expenditures of attraction personnel are 75 percent of the personal expenditures of CNE exhibitors. This spending adjustment yields a daily out-of-town spending figure of \$67.38 and an in-town figure of \$19.15.

Table 4-18 displays a summary of the assumptions and resultant daily spending figures that Johnson Consulting applies to adjust certain spending estimates for the CNE.

Table 4-18

Canadian National Exhibition Spending Assumptions		
Type of Spending	Daily Spending	Assumption
Exhibitors		
Event Spending per Exhibiting Company	\$82.89	20% of IACVB per Exhibiting Company Spending at Conventions & Trade Shows
Personal Spending		
Out-of-Town	\$89.84	50% of Estimated Spending Figure for Consumer Show Exhibitors
In-Town	\$25.54	" "
Attractions		
Event Spending per Attraction	\$41.45	10% of IACVB per Exhibiting Company Spending at Conventions & Trade Shows
Personal Spending		
Out-of-Town	\$67.38	75% of the Personal Spending of CNE Exhibitors
In-Town	\$19.15	" "
Sources: International Association of Convention and Visitor Bureaus & Johnson Consulting		

New Versus Transfer Spending

Personal Spending by Event Attendees and Exhibitors

For the purposes of this analysis, personal spending by event attendees and exhibitors who live within a geographic area is considered a transfer of income from one sector of the area's economy to another, and therefore is not included as a new economic impact for that area. For example, an event attendee or exhibitor that lives in Toronto and attends an event at the NTC does not import any new income into the local economy. Residents of Toronto would presumably spend their money in the local economy whether or not they attend a particular NTC event.

By excluding in-area spending, the new spending and impact estimates more accurately represent the economic impact created by the event at the NTC—a more conservative projection methodology than counting the gross economic impact. Further, the direct spending for each successive region analyzed in this report—Toronto, the Greater Toronto Area (GTA), and Ontario—includes only the direct spending that originates from outside each respective area and is transferred, or imported, into the economy as a result of an NTC event. The analysis reports the

local, transfer spending that originates within Toronto separately in this section in Table 4-2, subsequent to the new spending and economic impact estimates.

Exhibitor, Association, and NTC Event Spending

The direct spending estimates consider event spending by exhibiting companies, associations, and the NTC itself as new spending impacts for each area. These types of spending would not occur without the existence of the events that generate them. Therefore, all event spending by exhibitors, associations, and the NTC constitutes a new impact benefiting the economy.

Economic Impact Analysis

The total economic impact of events held at the NTC includes not only the direct spending they generate, but also the indirect and induced spending that results from the new infusion of direct spending into the economy. The following defines these two types of impacts:

- *Indirect impacts* are the supply of goods and services resulting from the initial direct spending at the proposed facility. For example, a delegate's direct expenditure on a restaurant meal causes the restaurant to purchase food and other items from suppliers. The portion of these restaurant purchases that are within the local, regional, or provincial economies is counted as an indirect economic impact.
- *Induced impacts* represent the change in local consumption due to the personal spending by employees whose incomes are affected by direct and indirect spending. For example, a waitress at the restaurant may have more personal income as a result of the delegate's visit. The amount of the increased income that the waitress spends in the local economy is considered an induced impact.

Indirect and induced impacts are often referred to together as the multiplier effect. As will be shown later, indirect and induced impacts are approximately 34, 77, and 95 percent of the direct economic impact in Toronto, the GTA, and Ontario respectively. The increase in direct, indirect, and induced spending generates a corresponding increase in employment.

The indirect and induced spending and employment effects in this analysis represent the estimated changes in the flow of income and goods caused by the projected direct spending at the NTC. Johnson Consulting selected a set of ratios, drawn from prior economic impact analyses of convention and trade facilities, to conservatively estimate the indirect and induced impacts and increased

employment resulting from the direct spending associated with NTC events. This ratio approach expedites impact estimates for several separate events and provides a comparable framework that enables the NTC to estimate the impact of other events in the future.

Fiscal Impact Analysis

The spending by attendees, exhibitors, and associations at NTC events also generates fiscal impacts.

- *Fiscal impacts* represent the government's share of total economic impact and consist of provincial and local government revenues that result from the new spending and income related to the selected NTC events. This analysis estimates fiscal impacts for the governmental unit that imposes the taxes or fees. The analysis does not estimate subsequent redistribution of revenue to local government units.

Table 4-19 summarizes the assumptions used to calculate the overall fiscal impacts of each event.

Table 4-19

Summary of Fiscal Impact Assumptions		
Tax	Effective Tax Rate [1]	Description of Tax Base
Federal Revenue	15.55%	Federal revenue as a percent of Federal Gross Domestic Product
Provincial Revenue [2]	11.22%	Provincial revenue as a percent of Provincial Gross Domestic Product
City of Toronto Property Taxes [3]		
Hotels	\$4,490	Number of hotel rooms supported by NTC events.
Restaurants	3.95%	Taxable value of restaurant space assuming sales of \$335 per square foot.
Retail	3.66%	Taxable value of retail space assuming sales of \$400 per square foot.
[1] Based on most recently available fiscal and economic data.		
[2] Sources for effective tax rate: Ontario Ministry of Finance and Johnson Consulting		
[3] Source for effective tax rates: City of Toronto Economic Development Division		

Federal Revenue

The federal government generates revenue from several sources including personal and corporate income taxes, employment insurance premiums, goods and services tax, and customs and import duties. According to data provided by the Department of Finance, tax revenue as a percent of Gross Domestic Product (GDP) is approximately 15.55 percent. The analysis estimates federal fiscal impacts by multiplying this effective tax rate by the estimated increase in GDP, represented by

the total new spending impact from each event. The analysis assumes that 5 percent of all event spending comes from persons residing outside of Canada.

Provincial Revenue

The Province of Ontario generates revenue from numerous tax sources including the personal income tax, retail sales tax, corporations tax, employer health tax, gasoline and fuel taxes, and other taxes. The budget plan for fiscal year 1998-99 projects \$40.4 billion in tax revenue. During the same period the Provincial economy is projected to generate \$360.4 billion of GDP. Consequently, the effective tax rate for all provincial taxes is 11.2 percent of GDP. To estimate Provincial fiscal impacts, this effective tax rate is multiplied by the estimated increase in GDP, represented by the total new economic impact to the Province, caused by each individual event.

Property Taxes in Toronto

Events at the NTC generate additional direct spending primarily in hotels, restaurants, and retail establishments. To the extent that new direct spending causes or supports the development of commercial space, the property taxes on that space can be considered a positive fiscal impact. Property tax impacts are calculated as follows:

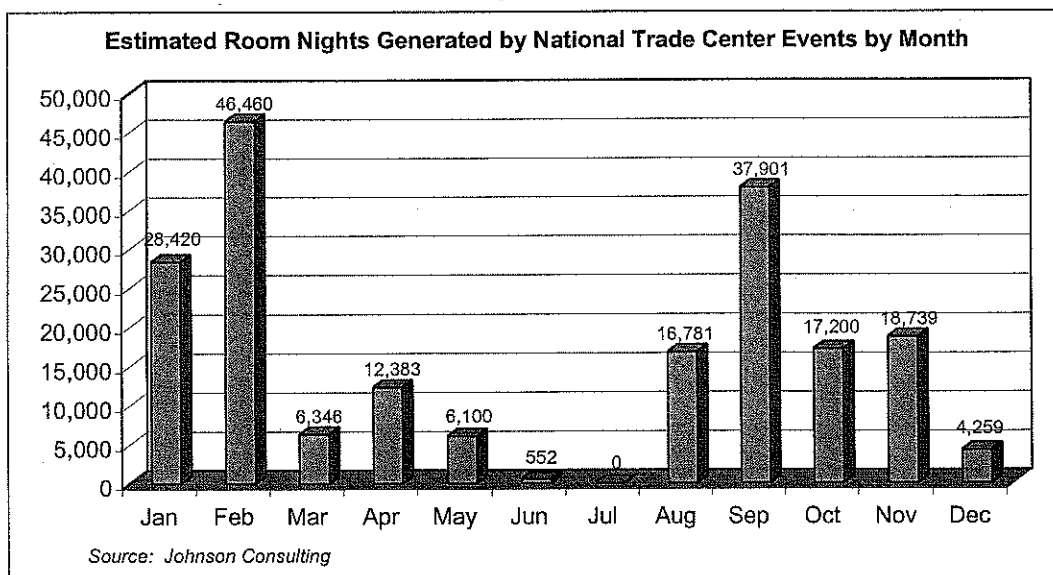
- **Hotel Impacts**—The economic impact analysis estimates the number of room nights that each event at the NTC would generate. Johnson Consulting analyzed hotel valuations and property tax liability for five full-service hotels that serve NTC demand in Toronto. This analysis found that hotels pay an estimated \$4,490 in annual property taxes per hotel room.
- **Restaurants**—According to the City of Toronto's Economic Development Division, the effective tax rate on restaurant sales is 3.95 percent. The amount of restaurant sales associated with events at the NTC divided by the average sales per square foot produces an estimate of the square footage of restaurant space supported by NTC events. This analysis assumes that restaurant sales average \$335 per square foot of space and restaurant space in Toronto is valued at an average of \$175 per square foot.
- **Retail**—Retail fiscal impacts are calculated in the same way that restaurant impacts are calculated, except that the average sales per square foot is estimated at \$400 and the City's Economic Development Division estimates that the effective tax rate is 3.66 percent.

Fiscal impacts typically amount to only a small portion of the overall impacts associated with trade and consumer events. The new tax revenue facilities such as the NTC generate do not, in and of themselves, justify public expenditures for the capital costs of these facilities. The majority of the economic benefit accrues to area hotels, restaurants, and other visitor-related businesses and activities. However, the new fiscal revenue that NTC events generate does help to offset capital, operating, and maintenance costs borne by the public sector.

Room Nights

NTC events and the attendees and exhibitors they attract generate hotel stays in the local market. Johnson Consulting devised a preliminary estimate of the number of room nights activity at the NTC supported during 1998. This analysis considers all events held at the facility, including the CNE. Figure 4-4 displays the estimated room nights associated with the event activity at the NTC by month.

Figure 4-4



This analysis estimates that events at the NTC generated a total of 195,139 room nights. The NTC generates its highest volume of room nights in the winter and fall months. The volume and seasonality of event-related room demand are important factors in planning for potential hotel development near the facility. The seasonality of event-related room demand counterbalances the general patterns of tourist demand, which is strong in the summer months.

Johnson Consulting derived the assumptions for the calculation of room nights from the information attained from the detailed analysis of the subset of selected events and other industry data. Table 4-20 displays the key assumptions Johnson Consulting used to estimate the number of room nights generated by various types of events. The analysis assumes that consumer shows only generate room nights from exhibitors and not attendees.

Table 4-20

Assumptions for Room Night Estimates			
Assumptions	% from Outside the GTA	% Stay as % of Event Length	% Stay as % of Show Length
Attendees			
Conventions	60%	85%	NA
Trade Shows	60%	90%	NA
Other	5%	75%	NA
Exhibitors			
Conventions	60%	NA	60%
Trade Shows	50%	NA	50%
Other	20%	NA	20%
Consumer	40%	NA	40%
NA=Not applicable			
Source: Johnson Consulting			

In a stabilized year of demand, a large convention and exhibition facility that has a sufficient supply of meeting space should generate 1 to 1.5 room nights per square foot of exhibit space. The number of room nights the NTC generated in 1998 is a reasonable number given that it was the facility's first year of operation and that it has little meeting space.

**V. PROCEDURES FOR ANALYSIS OF ADDITIONAL AND FUTURE
EVENTS**

PROCEDURES FOR ANALYSIS OF ADDITIONAL & FUTURE EVENTS

Johnson Consulting developed an economic impact model that enables NTC staff to estimate the impact for any of the more than 70 events it hosts, as well as potential or future events. NTC staff can aggregate the results from individual events to calculate the overall annual economic impact of events at the NTC. Table 5-1 displays a copy of the data entry table that NTC staff will use to enter the variables that drive the economic impact model. The "Mandatory Inputs" are those that are necessary to produce the estimate of economic impact. The "Optional Inputs" are those that NTC staff can enter if they are known, but are not necessary to complete the economic impact estimate.

Table 5-1

Data Entry for Event Characteristics	
Mandatory Inputs	
Event Name	
Event Type-Convention=C, Trade Show=T, Consumer Show=N, Other=O	
Estimated Attendance	
% Delegates	
% Consumers	
Sqaure Feet of Exhibit Space Rented	
Optional Inputs	
Attendance Charateristics:	
% from Inside Toronto	
% from Inside the GTA	
% form Inside Ontario	
Estimated Exhibitors	
Exhibitor Characteristics	
% from Inside Toronto	
% from Inside the GTA	
% form Inside Ontario	
Exhibit Personnel per Booth	
Move-In Days	
Event Days	
Move-Out Days	
NTC Event Expenses	
NTC Event Revenues	

Johnson Consulting devised the model so that it will use defaults drawn from actual 1998 event data and industry assumptions for the optional variables if event specific

data is unavailable. If information on the optional inputs is not known, the cells should be left blank and the model will assume a default value. Whenever possible, the model derives the default value from 1998 data on events held at the NTC for the corresponding size and type of event. For instance, if the number of event days is unknown for a future trade show the NTC wishes to analyze, the model will apply the average event length for trade shows of the size category corresponding to this future event.

After NTC staff enters the mandatory variables, and any known optional variables, the model calculates the estimated direct spending generated by the event. The direct spending estimate drives the estimates of indirect and induced spending and employment using the same ratios employed in the estimates of the selected events in Section 3. The analysis then applies the total impact estimate to the appropriate tax rates to estimate the fiscal impact of the event. The model performs these impact calculations in read-only sheets that do not require any user input.

Data Collection

This modeling process provides a reasonable economic impact estimate of NTC events. However, the accuracy of the estimate is highly dependent upon the level and quality of data available on a particular event. NTC management participated in face-to-face interviews with some of the show managers of the specific events this report analyzed. These interviews revealed how key characteristics of different events can vary widely. The accuracy of the estimates the impact model generates is significantly improved when there is detailed information on the subject event.

The survey forms, included at the end of this section, are designed to collect the data necessary to improve the accuracy of the impact model. The forms are similar to the IACVB delegate spending survey, but also include additional questions specifically tailored to obtain the information necessary to augment the accuracy of the impact model's estimates.

A combination of NTC sales, research and accounting staff should conduct the necessary surveys and interviews. The sales and research staff would interview the event manager in order to understand the unique characteristics of the event. The NTC should distribute a sufficient number of attendee surveys to produce a representative sample for each event it analyzes. The research staff would follow up, compile the data, and run the model. The accounting department would then audit the analysis and produce the report as part of a post-event analysis. In the case of potential or future events, NTC sales staff would interview the event manager concerning key event characteristics. The research and accounting staff would then assess the reasonableness of the information provided by the event manager prior to running the impact model on each event.

Application of Economic Impact Estimates

On an ongoing basis, NTC staff can utilize the data from their growing inventory of impact estimates to assess the relative economic contributions of different types of events and identify key event characteristics that generate the largest economic impacts. The marketing department can use this information to identify attractive potential events. This economic impact information can also serve a public relations role by communicating the benefits that NTC events generate in the local and regional economies.

Convention Attendee Survey

Please indicate in the appropriate spaces below the total amount you and members of your personal travel party spent on the following items while visiting our city, even if some or all of your expenses are paid or reimbursed by your employer. Please do not include transportation to and from the convention city, convention registration fees or what other convention attendees spent. Please enter amounts to the nearest dollar and enter \$0 for no expenditure.

Which country's currency are your expenditures in? Canadian ☐ US ☐

Lodging and incidentals.....	\$ _____
Hotel food and beverage (restaurants, Lounges, etc.)....	\$ _____
Other food and beverage (restaurants, lounges, etc.).....	\$ _____
Tours/ sightseeing.....	\$ _____
Admission to museums, attractions, theaters, etc	\$ _____
Recreation (greens fees, tennis etc.).....	\$ _____
Sports events.....	\$ _____
Gaming (casinos, racetracks etc.)	\$ _____
Retail stores	\$ _____
Local transportation (bus, taxi, limo, etc.)	\$ _____
Auto rental (within convention city)	\$ _____
Gasoline, tolls and parking (within convention city)	\$ _____
Other, please specify.....	\$ _____
Other, please specify.....	\$ _____
Other, please specify.....	\$ _____

Did you attend this event as:

a registered trade show / conference delegate _____ or

an unregistered public consumer show attendee _____?

What is your home telephone area code? _____ (for persons living outside Canada and the US please enter country of origin)

What was your immediate travel party's mode of arrival?

Plane _____ Auto _____ Train _____

How many people were in your travel party? _____

How many days did you attend the event at the National Trade Centre? _____

How many nights were spent on the trip? _____ In Toronto? _____

Convention Association / Corporation Survey

1. How many days did your event occupy the National Trade Centre for each of the following:

Activity	Number of Days
Move In	_____
Event	_____
Move Out	_____

2. Please enter the number of delegates (registered trade show, conference, and or convention attendees), public attendees (non-registered consumer attendees), and exhibiting companies and the estimated percentage of each that originate from Toronto, the Greater Toronto Area, and Ontario? If your event includes both registered delegates and public, consumer-type attendees please enter the attendance and place of origin data on the appropriate line for each component of your total attendance.

Type of Event Attendance	Attendance	Percent Originating From The Greater Toronto			
		Toronto	Area	Ontario	Canada
Delegates (Trade Show, Conference, Convention)	_____	____%	____%	____%	____%
Public (Consumer Show)	_____	____%	____%	____%	____%
Exhibitors	_____	____%	____%	____%	____%

3. What was the average number of exhibit personnel per exhibiting company during your event (total exhibit personnel divided by the number of exhibiting companies)? _____
4. Do you survey your event attendees and or exhibitors regarding their spending habits, place of origin, length of stay, etc.?
☐ Yes ☐ No

5. Over the entire event, approximately how much did your association/corporation spend in the convention city on the following items? Please enter to the nearest \$1 and enter \$0 for no expenditure.

Which country's currency are your expenditures in? Canadian ☐ US ☐

Food and beverage functions	\$ _____
Exhibition space fees to facility (includes all fees paid by your company/association to the facility).....	\$ _____
Additional exhibit hall/meeting room charges	\$ _____
Staff members' living expenses	\$ _____
Equipment rental (audio-visual, computers, etc.)	\$ _____
Services hired (translators, transportation, etc.)	\$ _____
Other, please specify	\$ _____

Convention Exhibitor Survey

1. How many days did your company / organization hold its exhibit at this convention/tradeshow?
? _____
2. What was the average number of exhibit personnel you had at your exhibit? _____
3. Over the course of this convention/tradeshow, approximately how much did your company/organization spend in the convention city on the following items, to hold its exhibit? Please do not include personal lodging or travel expenses. Please enter to the nearest \$1 and enter \$0 for no expenditure.

Which country's currency are your expenditures in? Canadian ☐ US ☐

Food and beverage functions	\$ _____
Hospitality suites	\$ _____
Advertising in the convention city	\$ _____
Exhibition space/ booth rental fees	\$ _____
Additional meeting rooms	\$ _____
Equipment rental (audio-visual, computers, etc.) ...	\$ _____
Services hired (translators, transportation, etc.)	\$ _____
Vendor services (drayage, electrical, etc.)	\$ _____
Other, please specify _____	\$ _____
Other, please specify _____	\$ _____
Other, please specify _____	\$ _____

4. What is your company's / organization's telephone area code? _____ (for companies / organizations located outside Canada and the US please enter country of origin)

