

## REPORT

### Economic and Fiscal Impact Analysis- Canadian National Exhibition

Prepared for the National Trade Centre  
& the Canadian National Exhibition

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 8, 1999

Mr. David Bednar  
The Canadian National Exhibition  
Exhibition Place, Press Bldg.  
Toronto, ON M6K 3C3 Canada

Dear Mr. Bednar:

Pursuant to our engagement with the National Trade Centre (NTC) and the Canadian National Exhibition (CNE), C.H. Johnson Consulting, Inc. (Johnson Consulting) is pleased to present this analysis of the economic and fiscal impacts for the CNE. This report represents a subset of a broader analysis that pertains to events held at the NTC.

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

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, the CNE, 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 analyze the economic impact of the events at the NTC, and provide an impact model that is easy to use and adapt for future years. This model—in combination with interviews with event managers to confirm and assess reported attendance, exhibitor and sponsor figures—will enable management to track the economic impact of events at the NTC, including the CNE. 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. This report estimates the economic impact of the Canadian National Exhibition (CNE), an annual summer fair held on the grounds of Exhibition Place.

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.

### Economic Impact Estimates

This analysis estimates the impact of the CNE during 1998, and reports all spending and impact estimates in 1998 dollars.

### Estimated New Direct Spending Generated by the CNE

Table 3-1 displays Johnson Consulting's estimates of the new direct spending impact that the CNE 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.

**Table 3-1**

Canadian National Exhibition Direct Spending (in thousands of \$1998)					
Event Name	Delegate	Exhibitor- Personal	Exhibitor- Event	CNE Operations	Total Direct Spending
New Spending Impact to Toronto	\$20,451	3,691	1,467	9,000	\$34,608
New Spending Impact to the Greater Toronto Area	\$6,817	2,836	1,467	9,000	\$20,120
New Spending Impact to the Province of Ontario	\$1,704	2,013	1,467	9,000	\$14,184

Source: Johnson Consulting

The CNE generates a significant amount of direct 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 the CNE. 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

\* Total direct, indirect, and induced industry output

Source: Johnson Consulting

## Estimated New Fiscal Impact

Table 3-3 displays the estimates of new fiscal impact—the provincial and local government revenues that result from the new spending and income related to the CNE.

**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	
Canadian National Exhibition	\$536	\$3,096	\$442	447	87	\$976
						\$4,608

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 CNE from CNE and NTC staff.

Table 3-4

Event Name	Event Type	CNE Event Data				
		Delegate or Consumer Attendance	Occupied Square Feet	Move-In/Out Days	Event Days	Total Exhibitors
Canadian National Exhibition	Fair	1,708,569	1,000,000 +	12	18	883

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.

## 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 (NTC) vary by the type of event, attendance, number of exhibitors, and other factors. This analysis estimates the impact of the Canadian National Exhibition (CNE) and reports all spending and impact estimates in 1998 dollars.

### Economic Impact Estimates

#### Estimated New Direct Spending Generated by the Canadian National Exhibition

Table 4-1 displays C.H. Johnson Consulting, Inc.'s (Johnson Consulting) estimates of the new direct spending impact that the Canadian National Exhibition generates for the Toronto, GTA, and Ontario economies. The direct spending impact estimates for each of the three areas reflect 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

Canadian National Exhibition Direct Spending (in thousands of \$1998)					
Event Name	Delegate	Exhibitor- Personal	Exhibitor- Event	Associa-tion	Total Direct Spending
New Spending Impact to Toronto	\$20,451	3,691	1,467	9,000	\$34,608
New Spending Impact to the Greater Toronto Area	\$6,817	2,836	1,467	9,000	\$20,120
New Spending Impact to the Province of Ontario	\$1,704	2,013	1,467	9,000	\$14,184

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

Canadian National Exhibition Local Direct Spending Originating in Toronto (in thousands of \$1998)			
Event Name	Delegate	Exhibitor-Personal	Total Direct Spending
Canadian National Exhibition	\$13,634	1,620	\$15,254

Source: Johnson Consulting

### Estimated New Economic Impact

Table 4-3 displays the estimates of new economic impact (total spending and employment) for the CNE. 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 4-3

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

\* Total direct, indirect, and induced industry output

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 economies 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 originate within the Province, and therefore do not import any new spending from outside its borders.

## Estimated New Fiscal Impact

Table 4-4 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 CNE.

**Table 4-4**

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
Total						
\$4,608						

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 impacts of the three levels of governments are additive.

The City of Toronto and the Province of Ontario incur various expenses 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.

## Description of Methodology and Analytical Process

NTC management asked Johnson Consulting to estimate the economic impact of the CNE, an annual summer fair held on the grounds of Exhibition Place. The following description details the methodology and process Johnson Consulting employed to estimate the impact of this annual fair.

### Process for Developing the Impact Estimates

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

1. **Event Analysis**—Johnson Consulting collects and analyzes a set of necessary data regarding the event. The analysis utilizes actual event data, as reported by



the National Trade Centre and/or the CNE whenever possible. Industry assumptions supplement actual event data as necessary.

2. Direct Spending Estimates – Data from the analysis of the event serves as inputs for a spending model Johnson Consulting developed for this analysis. The model estimates the new direct spending impact that the CNE 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 the CNE. 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 the CNE 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 the CNE in future years.

### The Canadian National Exhibition

The 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 4-5 displays event, attendee, and exhibitor data for the 1998 Canadian National Exhibition.

Table 4-5

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			

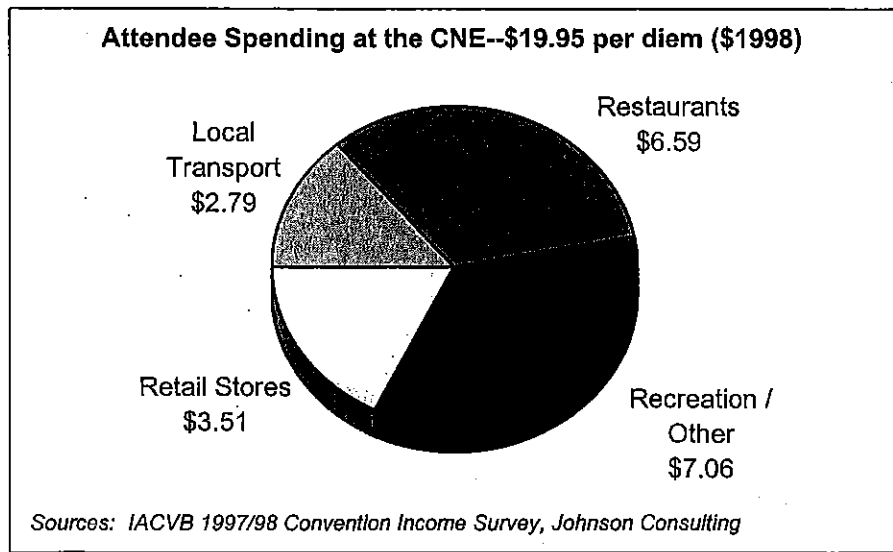
### Method for Estimating Direct Spending

The estimates of new direct spending impact are driven largely by the event data Johnson Consulting collected from the NTC and the Canadian National Exhibition. Johnson Consulting used daily spending figures from the 1997/98 International Association of Convention & Visitor Bureaus (IACVB) Convention Income Survey as a base, and adjusted them to estimate expenditures related to the CNE.

The CNE's average spending figures will be lower than those for conventions and trade shows because its exposition/fair orientation lends itself to more modest spending levels. Johnson Consulting employed assumptions regarding the difference between IACVB figures for conventions and trade shows and the CNE, and adjusted the IACVB figure accordingly. Surveys of CNE exhibitors, using the forms provided in this report, will enable more precise estimates of the spending by CNE attendees and exhibitors. In the interim, Johnson Consulting has applied assumptions it considers to be conservative to estimate spending by attendees and exhibitors at the CNE as part of this analysis. The analysis estimates three categories of direct expenditures.

*Attendee spending* is spending by persons attending the CNE. Attendees typically spend money on food, local transportation, and recreation and other items. Attendee spending is the single largest source of direct economic impact. Johnson Consulting assumes that daily spending by attendees will be 25 percent of the IACVB in-town spending figure for conventions and trade shows. Figure 4-1 displays the daily attendee spending figures Johnson Consulting applies in the analysis.

Figure 4-1



Restaurants and recreation and other each account for roughly one third of total daily spending. The total spending figure for CNE attendees is \$19.95 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 the CNE that are similar to those made by attendees. Exhibitors at the CNE spend more on a daily basis than attendees do because exhibitors travel to the events from longer distances and often stay overnight. The analysis assumes that, on average, each person working for exhibiting companies at the CNE from out-of-town will spend \$89.84 per day and each person from in-town will spend \$25.54 per day, which is 32 percent of the IACVB out-of-town delegate spending figures.

**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. This analysis assumes that each CNE exhibitor spends 20 percent of the IACVB figure for exhibitor event-related spending at Canadian events, which equals \$82.89 per event day.

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*Attraction personnel spending* is the spending by the 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 4-6 displays a summary of the assumptions and resultant daily spending figures that Johnson Consulting applies to adjust certain spending estimates for exhibitors and attraction personnel at the CNE.

Table 4-6

Canadian National Exhibition Spending Assumptions		
Type of Spending	Daily Spending	Assumption
<b>Exhibitors</b>		
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	32% of IACVB Spending Figure for Delegates
In-Town	\$25.54	" "
<b>Attractions</b>		
Event Spending per Attraction	\$41.45	10% of IACVB per Exhibiting Company Spending at Conventions & Trade Shows
Personal Spending		
Out-of-Town	\$67.38	24% of the Personal Spending of CNE Exhibitors
In-Town	\$19.15	" "
<i>Sources: International Association of Convention and Visitor Bureaus &amp; Johnson Consulting</i>		

*CNE spending* is the local spending made by the CNE to operate the fair. The CNE spends money for a variety of services including labor and event services. The CNE estimates that these expenditures amounted to \$9 million in 1998.

### 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 the CNE 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 the CNE.

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 and CNE Event Spending

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

### Economic Impact Analysis

The total economic impact of the CNE includes not only the direct spending it generates, 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. 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 also 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 associated with CNE. 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 the CNE. This ratio approach expedites impact estimates for the CNE and provides a comparable framework that enables the NTC to estimate the impact of future CNE's and other future events.

### Fiscal Impact Analysis

The spending by attendees, exhibitors, and the CNE 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 CNE. 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 4-7 summarizes the assumptions used to calculate the overall fiscal impacts of the CNE.

Table 4-7

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 Gross Domestic Product (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 the CNE.

### Property Taxes in Toronto

The CNE generates 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 the CNE would generate. Based on analysis of hotel valuations and property tax liability, the Consulting Team projects that hotels pay an estimated \$4,490 in property taxes per supported hotel room.
- **Restaurants**—In Toronto, restaurant sales average \$335 per square foot of space. The amount of restaurant sales associated with the CNE divided by the average sales per square foot produces an estimate of the square footage of restaurant space supported by the CNE. This analysis assumes that 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 effective tax rate is 3.66 percent.



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Fiscal impacts typically amount to only a small portion of the overall impacts associated with events such as the CNE. The new tax revenue that events such as the CNE generate do not, in and of themselves, justify public expenditures for the facilities necessary to accommodate them. A significant portion of the economic benefit accrues to area hotels, restaurants, and other visitor-related businesses and activities. However, the new fiscal revenue that the CNE generates does help to offset the public capital, operating, and maintenance costs associated with the fair and the facilities that it utilizes.

## **V. PROCEDURES FOR FUTURE ECONOMIC IMPACT ANALYSIS**

## PROCEDURES FOR FUTURE ECONOMIC IMPACT ANALYSIS

C.H. Johnson Consulting, Inc. (Johnson Consulting) developed an economic impact model that enables National Trade Centre (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. NTC staff can work in conjunction with Canadian National Exhibition (CNE) staff to estimate the impact of future CNE's. Table 5-1 displays a copy of the data entry table that local staff can 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 staff can enter if they are known, but are not necessary to complete the economic impact estimate.

**Table 5-1**

<b>Data Entry for Event Characteristics</b>	
<b>Mandatory Inputs</b>	
Event Name	
Event Type-Convention=C, Trade Show=T, Consumer Show=N, Other=O	
Estimated Attendance	
% Delegates	
% Consumers	
Sqaure Feet of Exhibit Space Rented	
<b>Optional Inputs</b>	
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. However, the unique nature of the CNE relative to the balance of the NTC's events makes it particularly important to gather as much specific information on the characteristics of the CNE and its attendees and exhibitor as possible.

After 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, especially in the case of the CNE. 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 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. Staff should distribute a sufficient number of attendee surveys to produce a representative sample. 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. 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, staff can utilize the impact estimates and survey data to develop strategies to increase the economic impact of the CNE and to make it more profitable. The economic impact information can also serve a public relations role by communicating the benefits that CNE generates 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		Percent Originating From			
		The Greater Toronto Area			
	Attendance	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)