

Economic Impact of Olympic Games-Related Activities in the Comox Valley

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1. INTRODUCTION AND IMPACTS SUMMARY

This report estimates the economic impact of Comox Valley activities related to the 2010 Winter Olympic Games.

The focus of the analysis is the *incremental* economic impacts, which are those impacts that occur strictly as a result of Games-related activities. In the absence of the Games, the impacts would not have been realized.

Some impacts can be quantified with a reasonable degree of precision, such as those related to pre-Games training activities by multiple national teams in alpine skiing, Nordic events and women's hockey. Other impacts of a longer-term nature, such as the benefits of an increased profile among national and international sports federations or the increased visibility in the eyes of potential tourists and investors, are identified but not quantified. These longer-term impacts can be monitored over time and re-examined at a future point in time.

All financial numbers used in this report are expressed in 2010 dollars. For spending that occurred in years prior to 2010, the value of the spending was inflated to 2010 dollars for purposes of calculating economic impacts.

SUMMARY OF IMPACTS

The table below summarizes the economic impact results that are explained in the rest of this report.

Summary of Comox Valley Olympics-Related Economic Impacts

Source of Impacts	Additional Local Spending	Job Creation
Pre-Games Training in Jan/Feb 2010	\$570,000	7.9 person-years
Pre-Games Activities in Prior Years	\$675,000	10.0 person-years
Infrastructure and Facilities Development	\$2.9 million	26.5 person-years
Total Quantified Impacts	\$4.35 million	44.4 person-years

Potential Long-Term Impacts

- Driven by extensive international media coverage with estimated media exposure value of \$480,000 for 32 media reports (extrapolating to all media reports might yield total media exposure value in excess of \$1 million).
- Possible economic benefits include expanded tourism (including hosting of significant events at Mount Washington), increased investment attraction, more immigrant attraction and greater ease of international trade for Comox Valley companies.

2. SHORT-TERM ECONOMIC IMPACTS

PRE-GAMES TRAINING IN JANUARY & FEBRUARY 2010

In the weeks leading up to the Olympic Winter Games and again leading up to the Paralympic Winter Games, the Comox Valley hosted a total of 33 teams from 14 countries¹. With the exception of women's hockey teams from China and Sweden, the other teams all used Mount Washington alpine or Nordic facilities for pre-Games training. A total of 355 athletes and team personnel stayed in the Comox Valley for an average of 6.4 nights per person.

The large contingent of teams attracted considerable media attention and at least 25 media members visited the Comox Valley to cover the events and activities. Their written and digital reports were carried by more than 130 media outlets around the world (the impact of which is discussed later in the report).

An exhibition hockey game between the Swedish and Chinese women's teams generated spending on a variety of supporting services, including broadcasting, media advertisements, and food services for both the teams and invited VIPs.² Although an exact count is not available, it is further assumed that 10% of the approximately 1,100 tickets were purchased by out-of-town visitors who would not otherwise have visited the Comox Valley. These visitors are assumed to be same-day tourists who may have purchased food, gasoline and other miscellaneous retail items while visiting the Comox Valley.

The estimated direct spending generated by pre-Games activities in January and February, 2010 is summarized in the table below. Spending estimates are derived in several ways:

1. CVEDS obtained exact spending figures in several categories for visiting teams.
2. Mount Washington Alpine Resort provided per-day estimates for several categories of team spending
3. Where team information was missing, data was estimated using the average spending of teams that had available information.
4. Standard per diem spending estimates from Tourism BC³ were used for spending categories where no other information was available, such as food and beverage spending by visiting media members.

Only direct spending in the Comox Valley was included, so only portions of certain expenditures (e.g., airline flights, bus transportation) were counted. In all cases, conservative estimates were applied so as not to overstate the calculated impacts.

¹ The 14 countries were Australia, Canada, China, Czech Republic, Finland, France, Ghana, Germany, Great Britain, Netherlands, Norway, Sweden, Switzerland and the United States.

² Many of the goods and services provided for the hockey game were donated by event sponsors. For the purposes of this analysis, sponsored items are discounted by 33% from their reported retail value. It is assumed that due to the special one-time nature of this event that these sponsorships are incremental to the Comox Valley, meaning they would not otherwise exist.

³ Tourism BC (March 2007), *Value of the Comox Valley Visitor Centre* and Tourism BC (1998), *The Report on Visitors to Vancouver Island Tourism Region*.

Summary of Direct Spending in Immediate Pre-Games Period (January & February 2010)

Direct Spending Category	Estimated Value
Accommodation	\$185,000
Food and beverage services	\$130,000
Transportation-related	\$100,000
Arts, entertainment and recreation (including gym rentals, mountain lift tickets, etc.)	\$85,000
Groceries and assorted retail spending	\$55,000
Other (including special services for hockey game)	\$15,000
Total	\$570,000

Sources: Comox Valley Economic Development Society, Mount Washington Alpine Resort, Vann Struth Consulting Group Inc., Tourism BC.

PRE-GAMES ACTIVITIES IN PRIOR YEARS

While much of the focus of the Comox Valley's Olympic-related activities was the immediate pre-Games training period, there were a variety of events and activities that occurred in the years prior to 2010 that also would not have taken place without the impetus of the Games.

Some of these activities include:

- **2007 and 2009 International Paralympic Committee (IPC) World Cup events.** Neither of these events would have occurred without the Olympic-related investment in facilities and infrastructure (see next section). They were also test events for VANOC to demonstrate the ability of Mount Washington and the Comox Valley to host Olympic teams.

Each event had a duration of one week, with 120 athletes and support staff from 18 countries attending the 2007 event, while 174 athletes and support staff from 20 countries attended the 2009 event.

Local spending by the participants in these events is estimated using per-day spending averages calculated in the 2010 pre-Games training period.

- **Training and inspections by national teams prior to 2010.** Many of the national teams that trained in the Comox Valley in January/February 2010 sent representatives to inspect the facilities and community in prior years. Team officials from Sweden, France, Ukraine, Russia, Switzerland and Canada all made trips to test and inspect Mount Washington facilities.

In addition, several teams trained on Mount Washington during the winter of 2008-09. These include:

- Snowboard teams from Canada, Sweden and Switzerland
- Cross-country and freestyle ski teams from Sweden

- Biathlon teams from Sweden, Ukraine and the United States

Each of these training trips lasted for 5 to 7 days and averaged 10 people. Local spending is estimated using per-day averages calculated in the 2010 pre-Games training period.

- **Additional disabled skiing events.** Mount Washington hosted the 2006 Canadian National Disabled Alpine Ski Championships. This week-long event featured 95 competitors from Canada and the United States who participated in a five-day training and development program for disabled skiers and snowboarders. Investments in course-setting gear and safety netting for this event were used in future disabled skiing events (such as the IPC World Cups) and a pool of 125 volunteers was trained.⁴

On a somewhat smaller scale, Mount Washington hosted a Soldiering On event in 2009. This program is operated by the Canadian Forces Personnel Support Agency (CFPSA) and provides financial and other support to injured or ill Canadian Forces personnel to enable them to participate in skiing and other sports and recreational activities.

- **Multiple Spirit Committee events.** Over the six years leading up to 2010, the Comox Valley Spirit Committee organized a wide variety of activities and events, many of which attracted visitors from outside the Valley and generated economic activity for local businesses. Specific spending data is not available for these events and they are therefore not included in the economic impact calculations, but they are recognized for their contribution to Olympic-related economic impacts in the Comox Valley.

In summary, the events for which at least some data is available are estimated to have generated an additional \$675,000 in spending in the Comox Valley in the years prior to 2010. The distribution of spending would be similar to the table on the previous page, but due to lack of data such a specific breakdown is not provided for these events.

INFRASTRUCTURE AND FACILITIES DEVELOPMENT

In preparation for the pre-Games training period, a range of new facilities and infrastructure was constructed at Mount Washington, with further investment to come through the construction of the Vancouver Island Mountain Sports Centre (VIMSC). Total expenditures (past and future) are estimated at \$3.6 million, including VIMSC, a new biathlon range and automated targets, parks, supporting infrastructure, a trail system and stadium, interpretive centre, and ski-cross gates installed at the request of visiting teams.

These are assumed to be *incremental* investments in the Comox Valley that would not have occurred without the Games. Note that not all of these expenditures are local – some supplies and support services are purchased outside the Comox Valley, while specialized equipment in some cases is imported from locations around the world. The share of spending that applies directly in the Comox Valley was estimated around 75% for most components of the project (lower for those with a large purchase of specialized equipment).

⁴ Description of this event provided by 2010 Legacies Now.

Funding for these investments was secured from a variety of external sources, including senior levels of government, regional trusts, and the private sector. Investments by Mount Washington Alpine Resort are also considered incremental because they are accelerated and due to the unique, one-time opportunity afforded by the Olympics, are not replacing alternative investments of a similar scale.

In summary, about \$2.9 million in local infrastructure and facilities spending is attributed to the Olympic Games. This includes an estimated \$2.3 million in local construction spending and \$550,000 in spending on local professional and technical services.

OTHER POSSIBLE IMPACTS

In addition to the Olympic-related spending already identified, there are several other possible sources of economic impact that are not counted in this analysis.

First, Comox Valley communities have received funding, much of it from the provincial government, for investment in community recreational facilities. Even though the funding programs may have had an Olympic theme, it is likely that in the absence of the Olympics this funding would still have been available under a different name. These investments are also not as closely related to the extraordinary efforts of the Spirit Committee, Mount Washington, and CVEDS staff to leverage the Games for economic benefit. These community investments are therefore not counted in the economic impact calculations.

Second is the tremendous volunteer effort of many Comox Valley residents in association with a wide variety of Olympic-related activities, including Spirit Committee events, the torch relay, IPC World Cups and other events at Mount Washington, and the intensive pre-Games training period early in 2010. The value of this work is substantial and vital for supporting the creation of economic impacts and other community benefits. Many sporting events that generate substantial economic impacts are simply not possible without volunteers. The importance of volunteer effort is recognized, but not directly measured in the economic impact calculations.

SUMMARY

The spending figures identified above for the pre-Games activities and for infrastructure and facilities development can be used to generate estimates of indirect and induced economic activity and related employment.

- The direct effect is created by the initial spending listed above.
- The indirect effect is created by the suppliers to the direct activity, such as companies providing laundry services for local hotels or farmers supplying food products to local restaurants.
- The induced effect is created by the additional income received by all of the employees and company owners who benefit from additional direct or indirect revenue.

Economic impacts are estimated using multipliers from the BC Input-Output Model. Multipliers for total output, gross domestic product and government tax revenue can only be calculated at the provincial level, but employment impacts can be calculated locally. These are shown in the table below.

Employment Impacts (including indirect and induced impacts)⁵

Source of Impacts	Direct Employment	Indirect/Induced Employment	Total Employment
Pre-Games Training in Jan/Feb 2010	6.9 person-years	1.0 person-years	7.9 person-years
Pre-Games Activities in Prior Years	8.8 person-years	1.2 person-years	10.0 person-years
Infrastructure and Facilities Development	18.7 person-years	7.8 person-years	26.5 person-years
Total	34.4 person-years	10.0 person-years	44.4 person-years

⁵ Multipliers used to calculate these impacts are from the following two reports:

Garry Horne (January 2004), *British Columbia's Heartland at the Dawn of the 21st Century: 2001 Economic Dependencies and Impact Ratios for 63 Local Areas*.

Garry Horne (2007), *British Columbia Provincial Economic Multipliers and How to Use Them*, published by BC Stats.

3. LONG-TERM ECONOMIC IMPACTS

The local employment impacts calculated in the previous section are particularly valuable in the difficult economic environment of the last several years. But the greatest potential value from the Comox Valley's Olympic-related activities is the long-term economic benefits that cannot currently be measured. Exactly what and how these benefits are realized over time remains uncertain, but significant potential has been created due to:

- The tremendous media exposure enjoyed by the Comox Valley. More than 100 media outlets around the world have carried stories or broadcast reports from the Comox Valley. According to an analysis prepared by Tartan Group, 89% of identified media reports mentioned the Comox Valley brand and 51% included an image or photo.
- The 32 media reports for which information was available had a media exposure value of \$480,000, according to Tartan Group. Extrapolating this figure to the media coverage for which data is not available suggests well over \$1 million in media exposure value for the Comox Valley brand around the world.
- Word-of-mouth by the athletes, team officials and international media that visited the Comox Valley will further expand the area's worldwide profile.
- The new facilities at Mount Washington have the potential to attract more and larger events, as well as more everyday visitors.

These factors have the potential to create substantial economic benefits in the following areas:

- Increased tourist visitation, either specifically to Mount Washington or to the Comox Valley in general.
- Hosting of more large-scale international events at Mount Washington, such as another IPC World Cup or World Championship event or possibly a future FIS (nordic or alpine disciplines) and/or IBU World Cup event. The facility improvement also positions the venue to attract a range of other popular and sport events (including multisport games) from the regional through international level, many of which are larger in scope and imply greater socio-economic impacts than World Cups.
- Greater ease for Comox Valley companies to engage in international trade with partners who may have a new realization of the Comox Valley based on media coverage.
- Greater success attracting international investment to the Comox Valley. This may occur in any of the Comox Valley's opportunity sectors, such as agriculture and food, aquaculture, transportation, health care, education, etc.
- Greater success attracting immigrants to the Comox Valley, especially skilled workers and/or entrepreneurs. New residents create economic benefits for a local community through their demand for everyday goods and services, but new residents who could make a significant contribution to high-skill, high-value economic activity would be of tremendous benefit to the local economy.