

2016 Country Music Week

London, Ontario

Economic Impact Assessment
March 2017

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Summary: 2016 Country Music Week

In 2016, the Canadian Country Music Association (CCMA) held their 40th annual Country Music Week in London, Ontario (September 8-11, 2016). The 2016 Country Music Week featured a number of industry and fan oriented public events which served to attract thousands of fans and industry professionals from across Canada.



The combined spending of out of town attendees, industry delegates and other visitors who went to London for the 2016 Country Music Week, in combination with the expenditures made by the organizers of the event totaled \$4.9 million, supporting \$8.4 million in economic activity in Ontario including \$6.3 million of economic activity in London. These expenditures supported \$2.5 million in wages and salaries in the province through the support of 44 jobs, of which 29 jobs and \$1.3 million in wages and salaries were supported in London. The total net economic activity (GDP) generated by the 2016 Country Music Week was \$4.6 million when considering Canada as a whole; \$4.3 million for the province of Ontario and \$2.0 million in the City of London.

The 2016 Country Music Week also supported tax revenues totaling \$1.3 million for Canada as a whole. The 2016 Country Music Week events supported federal government tax revenues of \$604,000 with an additional \$601,000 in taxes accruing to the Province of Ontario. Moreover, \$115,000 in municipal taxes were supported in Ontario, of which \$54,000 was in London.

2016 Country Music Week by the Numbers

18,500+ music fans & industry professionals	\$2.3 million in visitor spending attributable to the 2016 Country Music Week	29 London jobs supported by 2016 Country Music Week	\$8.4 million in economic activity in Ontario
4,900 out of town visitors to London	\$1.3 million in wages and salaries supported in London	\$4.3 million boost to provincial GDP	\$1.3 million in taxes supported across Canada

Background

The 40th annual Canadian Country Music Week was hosted in London, Ontario from September 8-11, 2016. For country music enthusiasts, Country Music Week (CMW) featured number of fan focused events including a Songwriters' Series, several talent showcases, along with a series of live music events featuring some of Canada's top country artists. As always, CMW finishes with the CCMA Awards Show, which is a two-hour live television special highlighting the year in country music. Running in parallel with these events, CMW also incorporates an industry conference which allows the Canadian Country Music Association (CCMA) to deliver its mandate of EDUCATE, ELEVATE and CELEBRATE through educational workshops and seminars, networking receptions, awards ceremonies and more. CMW attracted more than 18,000 participants, including 4,900 visitors from outside London. The spending of out of town fans, along with participants at the industry conference and the investment made by the event organizers in hosting a world-class event provided a considerable boost in economic activity for the City of London.

Economic Impact studies measure the positive effects that festivals and events have on the economic activity in a specific region. They first calculate the amount of new money being spent in the host community as a direct result of holding the event, and then the impact these new monies have on the regional, provincial, and national economy as a whole.¹



¹ The Canadian Sport Tourism Alliance's (CSTA's) **Sport Tourism Economic Assessment Model**, Professional version (STEAM PRO 2.0) was used to generate the economic impact estimates detailed in this report. STEAM PRO, which was developed in 2006, is a model that has been designed to incorporate the results of primary data collected from event visitors and the budget / capital expenditures of event organizers and others to prepare economic impact assessments. The model, updated in 2016 is based on the Canadian Tourism Research Institute's (CTRI - a branch of The Conference Board of Canada) TEAM model, which is the most widely used tourism economic impact model in Canada. The results of STEAM PRO 2.0 are fully consistent with the CSTA's STEAM 2.0 model. A more detailed description of STEAM PRO 2.0 is contained within Appendix 1.

Methodology

The visitor statistics used in this study were derived from an on-site intercept survey that was conducted with event attendees at a number of Country Music Week events. The survey was performed by Country Music Week volunteers and staff of the host committee.² The CSTA prepared an electronic survey using Survey Analytics Survey Pocket Software in consultation with Tourism London and CCMA partners. A total of 743 intercepts were made, with 628 valid responses being collected.³ The survey asked information regarding the origin of attendees and the events they were going to be attending. Out of town attendees were also asked about their accommodation use and expenditures while in London. A separate on-line survey was sent to conference delegates immediately following the conference with an additional 60 valid responses being collected.

Visitor Origin & Volume

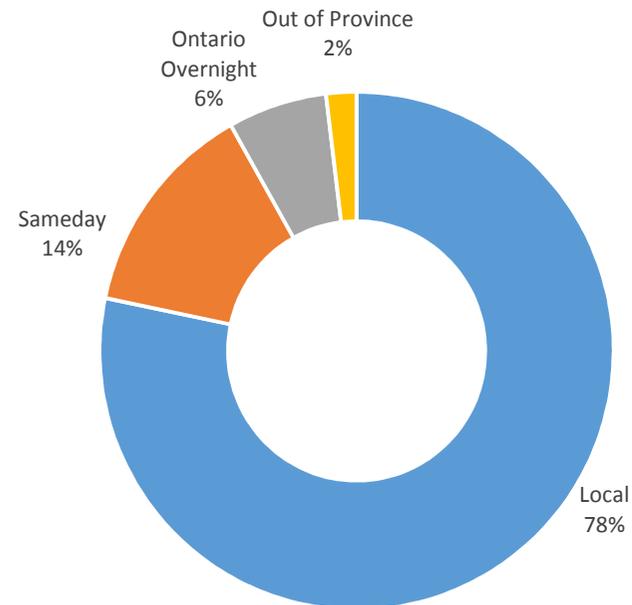
The number of unique individuals taking part in CMW events was developed through the use of ticketing and survey information. The share of respondents who attended the CCMA Awards Show versus those who only went to the Fan Festival was calculated, with the calculations finding that for every one person attending the CCMA Awards Show there were 1.29 individuals who went to CMW events but not to the awards ceremony. There were a total of 7,821 people attending the CCMA Awards Show, consequently there were an additional 10,093 people who went to other fan oriented events for a total of 17,915 attendees.

This calculation was done separately for four visitor origin categories (Local, Day trip traveller, overnight from Ontario, and Overnight outside of Ontario). (Slide 6)

In addition to the CCMA Awards Show and the fan oriented event attendees, there were 1,075 delegates who came to London to take part in the industry conference. As most industry visitors (98%) stayed overnight in London, they were divided into two categories: Ontario and out of province.

A final group of visitors included media members, with 92 media members coming from Ontario and 16 from outside the province.

CCMA Awards Show & Fan Oriented Events
Origin



² We wish to acknowledge the efforts of Chris Campbell with Tourism London for his efforts in collecting the survey data.

³ The total of 408 responses to the survey representing 1,090 people gives a statistically valid sample with a confidence interval of +/- 3.8%, 19 times in 20.

Visitor Origin (cont.)

CCMA Awards Show & Fan Oriented Events

	CCMA Awards Show Origin (%)	CCMA Awards Show Origin (#)	Not @ CCMA Awards Show	Total Attendance
Local	71%	5,521	8,503	14,024
Sameday	16%	1,255	1,177	2,432
Ontario Overnight	10%	753	365	1,118
Out of Province Overnight	4%	293	49	342
Total	100%	7,821	10,093	17,915

Industry Conference

	Delegates	Origin
Local	11	1.5%
Other Ontario	500	46.5%
Out of Province	564	52.5%
Total	1075	100%

Visitor Spending

As noted, the survey asked out of town attendees about their spending while in London, with spending ranging between \$100 and \$530 per person. Sameday attendees came to London an average of 1.6 times during the CMW, while overnight visitors spent an average of 3.4 nights in London.

	Sameday	Ontario Overnight	Non-Ontario Overnight	Average
Accommodation	\$0.00	\$134.68	\$231.34	\$59.02
Restaurants	\$45.45	\$192.05	\$145.59	\$96.37
Grocery / Other Food & Beverage	\$8.35	\$22.71	\$43.00	\$15.52
Recreation & Entertainment	\$16.55	\$36.13	\$38.88	\$24.14
Shopping	\$14.48	\$41.56	\$41.18	\$24.61
Transportation in London	\$15.98	\$39.05	\$30.07	\$23.85
Total	\$100.81	\$466.19	\$530.06	\$243.50

Visitor Spending - Aggregate

Combining the visitor expenditure results with the overall attendance figures shows that visitors attending CMW spent \$948,000 in London.

	Sameday	Ontario Overnight	Non-Ontario Overnight	Total
<i>Visitors</i>	2,432	1,118	342	3,891
Accommodation	\$0	\$150,583	\$79,079	\$229,662
Restaurants	\$110,509	\$214,734	\$49,769	\$375,012
Grocery / Other Food & Beverage	\$20,305	\$25,395	\$14,699	\$60,399
Recreation & Entertainment	\$40,247	\$40,391	\$13,289	\$93,927
Shopping	\$35,207	\$46,469	\$14,076	\$95,752
Transportation in London	\$38,863	\$43,666	\$10,280	\$92,809
Total	\$245,132	\$521,238	\$181,191	\$947,561

Industry Delegate Spending

Spending questions were also asked as a part of the industry survey. With a total of 515 out of town visitors and an average spending of \$1,175 per person, total visitor spending associated with industry delegates was \$1.25 million.

Per Person	Ontario	Non-Ontario	Total
Accommodation	\$702.54	\$587.61	\$641.62
Restaurants	\$286.44	\$216.18	\$249.20
Grocery / Other Food & Beverage	\$52.07	\$115.02	\$85.44
Recreation & Entertainment	\$116.96	\$37.77	\$74.98
Shopping	\$49.78	\$39.70	\$44.44
Transportation in London	\$95.59	\$65.05	\$79.40
Total	\$1,303.38	\$1,061.33	\$1,175.07

Aggregate	Ontario	Non-Ontario	Total
<i>Visitors</i>	<i>500</i>	<i>564</i>	<i>1064</i>
Accommodation	\$351,268	\$331,413	\$682,681
Restaurants	\$143,218	\$121,926	\$265,144
Grocery / Other Food & Beverage	\$26,036	\$64,873	\$90,909
Recreation & Entertainment	\$58,480	\$21,301	\$79,781
Shopping	\$24,889	\$22,390	\$47,279
Transportation in London	\$47,797	\$36,686	\$84,484
Total	\$651,688	\$598,590	\$1,250,278

Country Music Week – Operational Expenditures

Operations

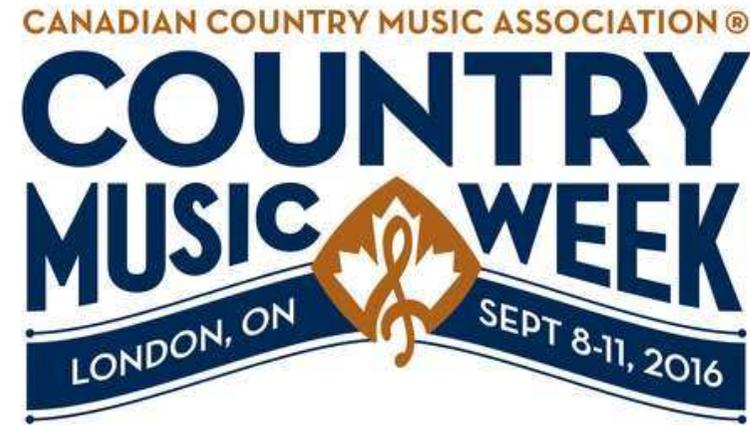
The organizers of the 2016 Country Music Week, industry sponsors, the City of London and others involved spent approximately \$2.6 million in hosting Country Music Week for events such as the fan oriented events, the industry conference along with a wide range of industry hospitality and social events.



Economic Impact Results

The combined spending of out of town attendees, industry delegates and other visitors who went to London for the 2016 Country Music Week, in combination with the expenditures made by the organizers of the event totaled \$4.9 million, supporting \$8.4 million in economic activity in Ontario including \$6.3 million of economic activity in London. These expenditures supported \$2.5 million in wages and salaries in the province through the support of 44 jobs, of which 29 jobs and \$1.3 million in wages and salaries were supported in London.⁴ The total net economic activity (GDP) generated by the 2016 Country Music Week was \$4.6 million when considering Canada as a whole; \$4.3 million for the province of Ontario and \$2.0 million in the City of London.

The 2016 Country Music Week also supported tax revenues totaling \$1.3 million for Canada as a whole. The Canadian Country Music Week events supported federal government tax revenues of \$604,000 with an additional \$601,000 in taxes accruing to the Province of Ontario. Moreover, \$115,000 in municipal taxes were supported in Ontario, of which \$54,000 was in London.



	London	Ontario	Canada
Initial Expenditure	\$4,894,484	\$4,894,484	\$4,894,484
GDP	\$2,015,983	\$4,311,493	\$4,552,769
Wages & Salaries	\$1,337,669	\$2,469,612	\$2,591,623
Employment	28.5	43.9	44.5
Industry Output	\$6,253,262	\$8,387,856	\$8,895,895
Total Taxes	\$765,315	\$1,294,733	\$1,347,890
Federal	\$335,343	\$578,557	\$604,064
Provincial	\$375,821	\$600,702	\$622,095
Municipal	\$54,150	\$115,475	\$121,731

⁴ Jobs reported in this study refer to the number of jobs, vs. full time equivalent (i.e.: two people working half time in a job that typically features half time employment would represent two jobs or one FTE). Additionally, the direct employment effects are generally extra shifts or overtime for existing workers rather than new employment.

Economic
Impact
Results -
Detailed

	London	Ontario	Canada
Initial Expenditure	\$4,894,484	\$4,894,484	\$4,894,484
Gross Domestic Product			
Direct Impact	\$878,688	\$1,065,979	\$1,065,979
Indirect Impact	\$837,659	\$2,408,879	\$2,549,220
Induced Impact	\$299,636	\$836,634	\$937,570
Total Impact	\$2,015,983	\$4,311,493	\$4,552,769
Industry Output			
Direct & Indirect	\$5,748,254	\$6,977,790	\$7,294,314
Induced Impact	\$505,007	\$1,410,066	\$1,601,581
Total Impact	\$6,253,262	\$8,387,856	\$8,895,895
Wages & Salaries			
Direct Impact	\$674,023	\$780,807	\$780,807
Indirect Impact	\$505,285	\$1,287,515	\$1,359,634
Induced Impact	\$158,361	\$401,290	\$451,182
Total Impact	\$1,337,669	\$2,469,612	\$2,591,623
Employment (Full-year jobs)			
Direct Impact	15.5	17.0	15.9
Indirect Impact	9.5	20.2	21.2
Induced Impact	3.5	6.6	7.3
Total Impact	28.5	43.9	44.5
Taxes (Total)			
Federal	\$335,343	\$578,557	\$604,064
Provincial	\$375,821	\$600,702	\$622,095
Municipal	\$54,150	\$115,475	\$121,731
Total	\$765,315	\$1,294,733	\$1,347,890

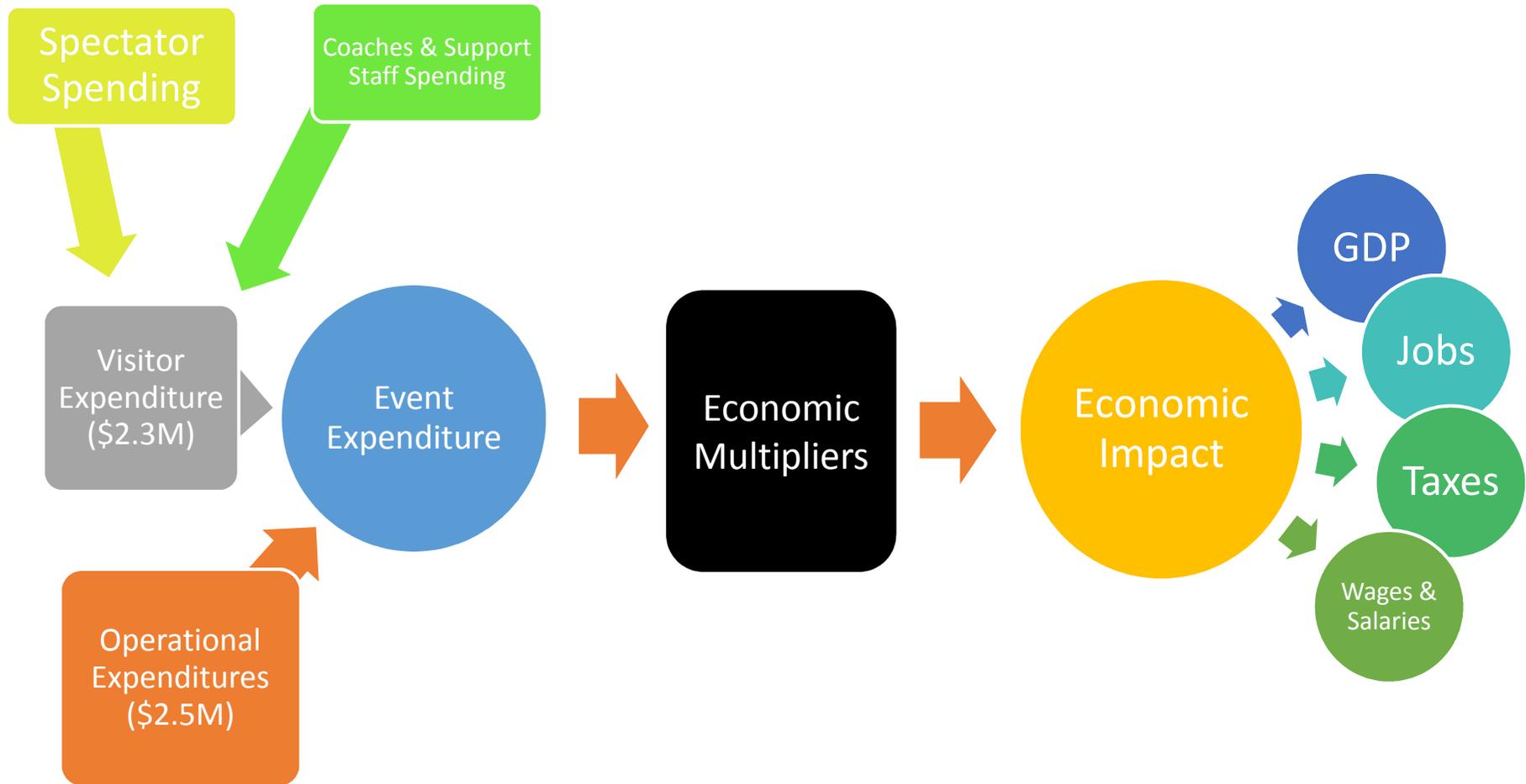
Economic Impact Results – Historical Comparison

The inputs from the 2015 assessment of the CMW in Halifax have been used to restate the results of the 2015 study using the new STEAM^{2.0} economic impact assessment model which is used in this study. The new model is significantly different than STEAM^{1.0}, consequently the results are not comparable between the two models.

	2016		2015	
	London	Ontario	Halifax	Nova Scotia
Initial Expenditure	\$4,894,484	\$4,894,484	\$5,242,535	\$5,242,535
GDP	\$2,015,983	\$4,311,493	\$2,902,687	\$3,875,162
Wages & Salaries	\$1,337,669	\$2,469,612	\$1,858,526	\$2,393,651
Jobs	28.5	43.9	43.6	53.5
Economic Activity	\$6,253,262	\$8,387,856	\$6,896,914	\$7,859,907
Taxes	\$765,315	\$1,294,733	\$909,627	\$942,853
Federal	\$335,343	\$578,557	\$109,557	\$187,531
Provincial	\$375,821	\$600,702	\$115,934	\$190,842
Municipal	\$54,150	\$115,475	\$18,951	\$40,885

The majority of the difference between STEAM^{1.0} and STEAM^{2.0} is the incorporation of Government Revenue Attributable to Tourism Study (GRATS). This framework, developed by Statistics Canada for Destination Canada, is the one that is used to determine the economic and fiscal impact of the tourism industry for Canada as a whole, thus the modelling changes ensure that STEAM^{2.0} results are consistent with this measure. The GRATS framework reduces the amount of induced economic activity and reduces the taxation that is considered to be attributable to tourism, particularly at the municipal level. Full details of the model changes are contained in Appendix 1.

How Economic Impact Modelling Works



Event Expenditure

- Represents the combined spending of:
 - Event Visitors (Tourism)
 - Event Operations
 - Event Capital Construction
- Is the amount of money being spent in the community **BEFORE** the application of any economic multipliers



Gross
Domestic
Product

Gross Domestic Product (GDP)

- Represents the total value of production of goods and services in the economy resulting from the initial expenditure under analysis
- This is a **NET** measure and represents the value of goods and services produced less the cost of inputs used. It also accounts for the value of any imports to the region under consideration
- The concept is well understood by most government stakeholders and economists

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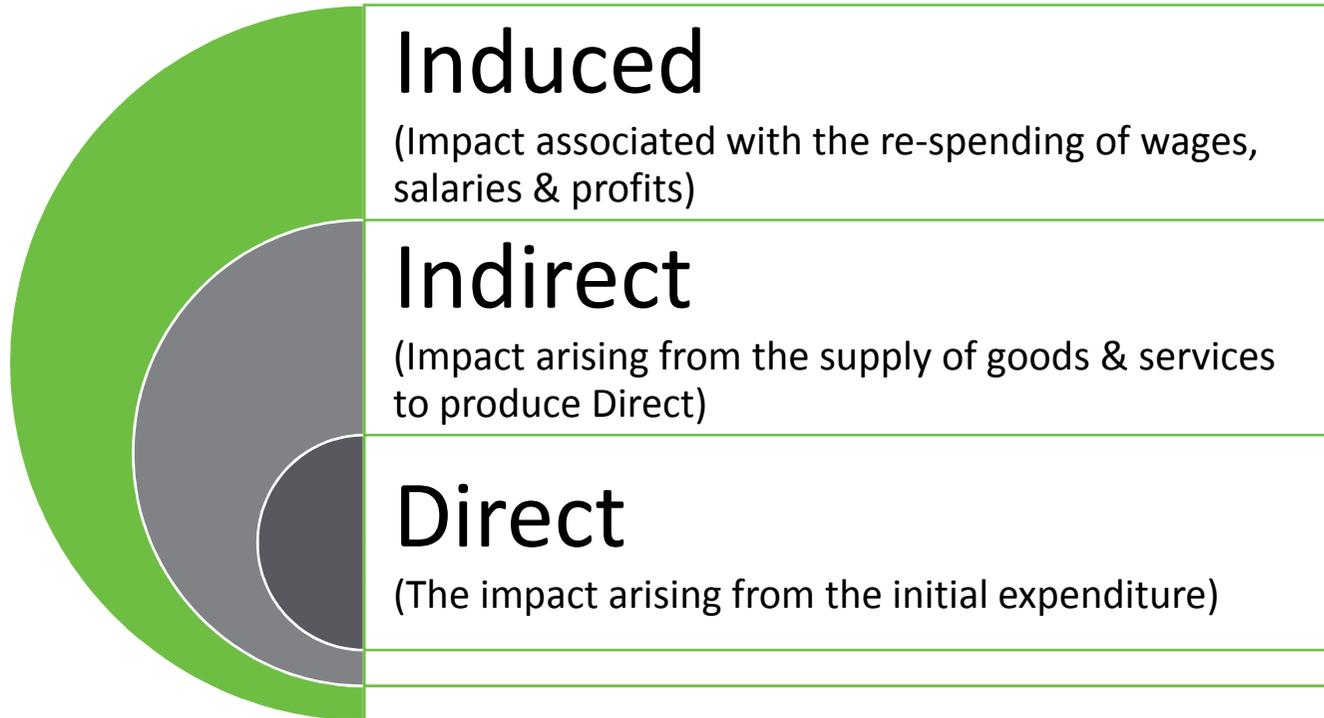
Economic
Activity

Economic Activity

This figure represent the direct, indirect and induced impacts on industry output generated by the initial tourism expenditure. It should be noted that the industry output measure represents the **sum** total of all economic activity that has taken place and consequently involve double counting on the part of the intermediate production phase.

Since the Gross Domestic Product (GDP) figure includes only the **net** total of all economic activity (i.e. considers only the value added), the industry output measure will always exceed or at least equal the value of GDP.

Economics Background



Appendix 1: Economic Impact Methodology STEAM^{2.0}

Background

Briefly, the purpose of STEAM 2.0 is to calculate both the provincial and regional economic impacts of sport and event based tourism. The economic impacts are calculated on the basis of capital and operating expenditures on goods, services and employee salaries, and on the basis of tourist spending within a designated tourism sector. The elements used to measure the economic impacts are Gross Domestic Product (GDP), Employment, Taxes, Industry Output and Imports. STEAM measures the direct, indirect & induced effects for each of these elements.

In order to produce economic contribution assessments that are robust and reliable, we developed specific economic contribution models at the national, provincial and metropolitan levels that make use of the most current and most detailed input-output tables and multipliers available from Statistics Canada. The approach also leverages the credibility and robustness of sector specific tax data available from Statistics Canada's Government Revenues Attributable to Tourism (GRAT) report.

Technical Description of the Impact Methodology Used by STEAM^{2.0}

While the economic contribution analysis will be conducted primarily at the provincial level, developing highly disaggregated provincial economic models required first the construction of a highly disaggregated national economic contribution model. The reason for this was that detailed input-output tables from Statistics Canada are only publicly available at the national level.

For STEAM 2.0 and STEAM PRO 2.0, we pioneered a solution that leveraged the detail available on an industry basis from the national model using aggregate multipliers that are available for each province and territory.

While the set of multipliers that Statistics Canada produces do not provide insights into the economic contributions attributed to specific industries operating within the economy, they do represent a known aggregate level which the overall economy can be expected to benefit by. The key to our approach is the linkage between the industry level detail (provided by the model developed from the input-output tables) with the benchmarks provided by the various multipliers.

Appendix 1: Economic Impact Methodology STEAM^{2.0}

STEAM 2.0 and many other impact studies are based on input-output techniques. Input-output models involve the use of coefficients that are based on economic or business linkages. These linkages trace how tourist expenditures or business operations filter through the economy. In turn, the coefficients applied are then used to quantify how tourism related activity in a particular region generates employment, taxes, income, etc. The input-output approach indicates not only the direct and indirect impact of tourism, but can also indicate the induced effect resulting from the re-spending of wages and salaries generated.

All impacts generated by the model are given at the direct impact stage (i.e. the "front line" businesses impacted by tourism expenditures), indirect impact stage (i.e. those industries which supply commodities and/or services to the "front line" businesses) and the induced impact stage (induced consumption attributable to the wages and salaries generated from both the direct and indirect impact).

The direct and indirect impact phase results are benchmarked with the corresponding direct and indirect multipliers from Statistics Canada at the national level, on an industry by industry basis.

We developed induced round effects that replicate the re-spending behavior of consumers (who benefited through wages either directly or indirectly by sport events) along income ranges. The re-spending profiles used account for different average wages that exist in specific industry sectors. Ultimately, the re-spending profiles permit the determination of distinct levels and composition of induced consumption depending upon the extent to which those industries are directly and indirectly affected by economic activity arising from hosting sports events and festivals.

After the level and composition of induced consumption is determined, the process involved treating the induced consumption spending in a separate analysis—much the same as the original sport event related expenditures were. Hence, these expenditures were simulated through the direct and indirect impact phase and treated as if they were initial expenditures.

Once again, the magnitude of the results of the induced impact phase was benchmarked against the corresponding multipliers supplied by Statistics Canada. Again, this is done to ensure that, in aggregate, the estimates align with those from Statistics Canada but at the same time the analysis also provides an industry by industry breakdown.

Taxes and employment are two key impact measures that require data sources beyond those available in the input-output model.

Appendix 1: Economic Impact Methodology STEAM^{2.0}

Taxes

Despite the fact that many of the sales tax ratios are available from the margins tables produced by Statistics Canada, additional work was required to adjust these rates based on possible changes in tax rates between 2010 (the year of the input-output tables) and 2012 (the year of the analysis). To extend the analysis to include the full range of taxes and fees impacted by sport events, we relied on statistics reported in Statistics Canada's Government Revenues Attributable to Tourism (GRAT) report. This report is particularly useful because it follows the concepts and definitions as identified in the Canadian Tourism Satellite Account (CTSA). As well, the scope of taxes covered by the GRAT is more comprehensive than what would be possible using only the input-output tables. In particular, the GRAT includes taxes on incomes (i.e., on employment earnings, corporate profits, net income of unincorporated business and government business enterprises), contributions to social insurance plans (i.e., premiums for Canada/Quebec Pension Plan, Employment Insurance and workers compensation), taxes on production and products (such as sales and property taxes), and from sales of government goods and services.

Aside from reporting on the tax collections directly attributable to tourism, the GRAT study also identifies the composition and level of taxes attributed to various industry segments of the economy. At the present time, the most recent GRAT report relates to the 2011 calendar year. The established rates calculated from GRAT were adjusted, where applicable, to reflect rate changes that occurred between 2011 and subsequent years.

To incorporate the findings from the GRAT study into our analysis, we estimated ratios that were based on the most current industry sector tax data along with the most current GDP estimates on an industry basis. The resulting tax coefficients were then used to determine tax calculations that would be based on GDP estimates stemming from the model on an industry by industry basis.

The categories of taxes that were benchmarked against the GRAT statistics include corporate taxes, contributions to social insurance plans and other taxes on production. Other taxes on production comprise property taxes, payroll taxes, capital taxes, permits and many other miscellaneous taxes covering federal, provincial and municipal levels of government. The contributions to social insurance plans include employment insurance, worker's compensation and the Canada and Quebec pension plans.

We also went outside of the figures reported in the GRAT report to assemble income tax coefficients. This was done to capture the detail that was already available from the input-output analysis and to better align with the granular demand associated with sporting event expenditures. The source used to assemble specific income tax rates, by income range, was the Canadian Tax Foundation's most recent Finances of the Nation report. This report provide insights on taxes on incomes (i.e., on employment earnings, corporate profits, net income of unincorporated business and government business enterprises) and contributions to social insurance plans (i.e., premiums for Canada/Quebec Pension Plan, Employment Insurance and workers compensation).

Appendix 1: Economic Impact Methodology STEAM^{2.0}

Employment

Employment is a measure that is available, in aggregate form, from the multiplier tables produced by Statistics Canada. However, the employment multipliers relate to the year of the tables (2010) and not the year of the current analysis. To adjust for this difference, indices of average wage growth by industry were incorporated to reflect the period between 2010 and the year under analysis. Annual data from Statistics Canada's Labour Force survey were used on an industry basis to capture the change in average earnings.

Once again, in order to preserve the industry by industry detail available from the model, appropriate average wages were applied against industry labour income estimates to align with the employment multipliers from Statistics Canada. The one distinction being that the employment multipliers reflect the economy operating in 2010. Hence, adjustments on average wages were made to estimate what the employment multipliers would resemble had they been produced for subsequent years.

Regional (Sub-Provincial) Impact Methodology

The method used to simulate intraprovincial commodity flows and ultimately regional impacts follows directly from regional economic principles. The principle is referred to as the "gravity model". Basically the "gravity model" states that the required commodity (& service) inputs will be "recruited" in a manner that takes into consideration economies of scale (i.e. production costs), transportation costs and the availability of specific industries. Economies of scale (i.e. lower production costs) are positively correlated with input demand while greater transportation costs are negatively correlated with input demand. Fulfilling that demand from other provincial regions is contingent on the fact that the specific industry does actually exist. An advantage of using the "gravity model" to simulate intraprovincial commodity flows is that as the industrial composition of the labour force changes, or as new industries appear for the first time in specific regions, the share of production between the various sub-provincial regions also changes.

By following this principle of the gravity model, all sub-provincial regions of a province are assigned a coefficient for their relative economies of scale in each industry (using the latest industry labour force measures) as well as a coefficient to represent the transportation cost involved to get each industry's output to the designated market. One variation on the "gravity model" principle involves the estimation of "relative trade distances" by incorporating different "weights" for different modes of transport. Once these coefficients are generated for all regions and over all industries, a measure of sensitivity (mostly relative to price, but in the case of service industries also to a "local preference criteria") is then applied to all commodities. Another variation on the strict "gravity model" approach is that the measure of sensitivity is adjusted by varying the distance exponent (which in the basic "gravity model" is 2) based on the commodity or service required. The variation in distance exponents revolve, principally, around two research hypotheses: (1) the greater the proportion of total shipments from the largest producer (or shipper), the lower the exponent, and (2) the greater the proportion of total flow which is local (intraregional), the higher the exponent.

Appendix 2: Glossary of Terms Used by STEAM^{2.0}

Initial Expenditure - This figure indicates the amount of initial expenditures or revenue used in the analysis. This heading indicates not only the total magnitude of the spending but also the region in which it was spent (thus establishing the "impact" region).

Direct Impact - Relates ONLY to the impact on "front-line" businesses. These are businesses that initially receive the operating revenue or tourist expenditures for the project under analysis. From a business perspective, this impact is limited only to that particular business or group of businesses involved. From a tourist spending perspective, this can include all businesses such as hotels, restaurants, retail stores, transportation carriers, attraction facilities and so forth.

Indirect Impact - Refers to the impacts resulting from all intermediate rounds of production in the supply of goods and services to industry sectors identified in the direct impact phase. An example of this would be the supply and production of bed sheets to a hotel.

Induced Impact - These impacts are generated as a result of spending by employees (in the form of consumer spending) and businesses (in the form of investment) that benefited either directly or indirectly from the initial expenditures under analysis. An example of induced consumer spending would be the impacts generated by hotel employees on typical consumer items such as groceries, shoes, cameras, etc. An example of induced business investment would be the impacts generated by the spending of retained earnings, attributable to the expenditures under analysis, on machinery and equipment.

Gross Domestic Product (GDP) - This figure represents the total value of production of goods and services in the economy resulting from the initial expenditure under analysis (valued at market prices).

- **NOTE:** The multiplier of Total/Initial, represents the total (direct, indirect and induced) impact on GDP for every dollar of direct GDP. This is a measure of the level of spin-off activity generated as a result of a particular project. For instance if this multiplier is 1.5 then this implies that for every dollar of GDP directly generated by "front-line" tourism businesses an additional \$0.50 of GDP is generated in spin-off activity (e.g. suppliers).
- The multiplier of total/\$ Expenditure, represent the total (direct, indirect and induced) impact on GDP for every dollar of expenditure (or revenue from a business perspective). This is a measure of how effective project related expenditures translate into GDP for the province (or region). Depending upon the level of expenditures, this multiplier ultimately determines the overall level of net economic activity associated with the project. To take an example, if this multiplier is 1.0, this means that for every dollar of expenditure, one dollar of total GDP is generated. The magnitude of this multiplier is influenced by the level of withdrawals, or imports, necessary to sustain both production and final demand requirements. The less capable a region or province is at fulfilling all necessary production and final demand requirements, all things being equal, the lower the eventual economic impact will be.

Appendix 2: Glossary of Terms Used by STEAM^{2.0}

GDP (at factor cost) - This figure represents the total value of production of goods and services produced by industries resulting from the factors of production. The distinction to GDP (at market prices) is that GDP (at factor cost) is less by the amount of indirect taxes plus subsidies.

Wages & Salaries - This figure represents the amount of wages and salaries generated by the initial expenditure. This information is broken down by the direct, indirect and induced impacts.

Employment - Depending upon the selection of employment units (person-years or equivalent full-year jobs) these figures represent the employment generated by the initial expenditure. These figures distinguish between the direct, indirect and induced impact. "Equivalent Full-Year Jobs", if selected, include both part-time and full-time work in ratios consistent with the specific industries.

- **NOTE:** The multiplier (B) is analogous to Multiplier (B) described earlier with the exception being that employment values are represented per \$1,000,000 of spending rather than per dollar of spending. This is done to alleviate the problem of comparing very small numbers that would be generated using the traditional notion of a multiplier (i.e. employment per dollar of initial expenditure).

Industry Output - These figures represent the direct & indirect and total impact (including induced impacts) on industry output generated by the initial tourism expenditure. It should be noted that the industry output measure represents the **sum** total of all economic activity that has taken place and consequently involve double counting on the part of the intermediate production phase. Since the Gross Domestic Product (GDP) figure includes only the **net** total of all economic activity (i.e. considers only the value added), the industry output measure will always exceed or at least equal the value of GDP.

Taxes - These figures represent the amount of taxes contributed to municipal, provincial and federal levels of government relating to the project under analysis. This information is broken down by the direct, indirect and induced impacts.

Imports - These figures indicate the direct, indirect and induced final demand and intermediate production requirements for imports both outside the province and internationally.