

## **The Economic Impact of the Keystone Centre to Brandon: A Preliminary Report**

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### **Introduction**

The Keystone Centre (KC) is the largest recreational and event facility in Manitoba and it is located in the City of Brandon with a population of just over 50,000. While the economic impacts of specific events have been conducted in recent years, no study of the economic impact of the facility on the City has been undertaken. The Summer Fair was estimated to have a gross economic impact of \$2.7 million in 2008 (Enigma Research Corporation, 2008). The Royal Manitoba Winter Fair was estimated to have a gross economic impact of \$9.0 million in 2010 (Enigma Research Corporation, 2010). These are annual events held at the Keystone Centre and, in addition to the annual Manitoba Livestock Exhibition, are organized and operated by the Provincial Exhibition of Manitoba. The economic impact of the Memorial Cup, a national junior hockey tournament held at the KC in 2010 was estimated to be \$2.8 million (Black, 2011). This figure does not include the economic impact of approximately \$5.3 million in capital expenditures that were made to the facility in order to attract the event. These improvements, including the construction of seven private suites, dressing room upgrades, the purchase of a new jumbotron, and other facility renovations, were justified as they would have future benefits to the facility and the community.

The KC Board and Management indicated an interest in better understanding the economic impact of the facility, as opposed to *ad hoc* event impacts, on the City of Brandon. This proved to be a difficult task because while the KC tracks total attendance for most events (including estimating local versus non-local attendance), they do not collect information on expenditures. This report is based only spending and spending multipliers. That is, it does not include employment generators or multipliers.

### **Economic Impact Analysis**

Economic impact assessments of events are prevalent in the tourism (*e.g.* Grado *et al.*, 1997; Huang, 1997; Janeczko *et al.*, 2002; Kim *et al.*, 2011; Lee, 2007; Synovate Research Reinvented, 2009) and recreation (Walo *et al.*, 1996) literature. Less work is based on regions (*e.g.* Var and Quayson, 1985). There are a range of methods and techniques for conducting economic impact analyses ranging from simpler techniques of calculating visitor spending (*e.g.* Wilton and Nickerson, 2006), multipliers (Kim *et al.*, 2010) and direct observation (*e.g.* Frechtling, 2006) to more comprehensive cost-factor and expenditure ratio models (Frechtling, 2006). This work is not without its critics (Bonn and Harrington, 2008; Jug-Eun and Weber, 2005). Crompton (2006), for example, cites manipulation of data to achieve political

ends. One of his main concerns is the primary impact assessment assumption that without the spending in question, there would be no spending at all. He argues that money is just as easily spent elsewhere either within the community or beyond. The study of the KC argues that the Canadian prairies are unique as there is so much distance between large scale venues and that given the lower comparative urban populations that money may not in fact be spent in the region.

The economic impact assessment described below focuses only on spending rather than the more traditional spending plus employment generation calculations. This approach was taken because the assessment is based on secondary spending data as a baseline. That is, no user surveys were conducted to estimate spending. In order to provide an estimation of the overall economic impact of the KC, the data from the economic impact of the Royal Manitoba Winter Fair (RMWF) in 2010 was used as a baseline. We simply calculated average individual spending as an average based on Enigma’s total spending estimate by local and non-local visitors to the RMWF in 2010. Table 1 lists the spending estimates for non-local and local visitors as well as participants.

**Table 1. Spending Estimates, Royal Manitoba Winter Fair, Keystone Centre, 2010**

Spending Type	Non-local	Local	Participant	Total
Accommodations	1,375,000	0	145,000	1,520,000
Merchandise purchased on site	835,000	690,000	0	1,525,000
Parking, fuel or repairs (within region)	565,000	75,000	30,000	670,000
Restaurants, bars and clubs	550,000	215,000	51,000	816,000
Tickets or admissions	545,000	510,000	13,000	1,068,000
Event concessions (food and beverage)	490,000	375,000	18,000	883,000
Retail clothing (off-site)	200,000	35,000	6,000	241,000
Groceries, other food and beverages	185,000	0	19,000	204,000
Other merchandise (off-site)	150,000	90,000	12,000	252,000
Other entertainment, attractions, museums	25,000	0	3,000	28,000
Public transit or taxis	5,000	5,000	0	10,000
Total	4,925,000	1,995,000	297,000	7,217,000

Source: Data taken from Enigma Research (2010).

From this baseline, an average expenditure per person was calculated. Non-local and participant data were combined. This was done because as will be described below, the KC only tracks visitors as local or non-local (i.e. not delineating local vs. non-local participant). Given the nature of the RMWF, we decided that most participants would come from outside the local area (beyond 40 kilometres). Based on the number of visitors and total expenditures estimated by Enigma Research (2010), the following averages for spending per person were calculated:

Total expenditure ÷ non-local/participants = average spending per person  
 \$5,222,000 ÷ 35,900 = **\$145.46**

Total expenditure ÷ local attendees = average spending per person  
 \$1,995,000 ÷ 29,500 = **\$67.62**

These average expenditure estimates were then applied to the attendance figures for events at the KC for a one year period from July 2011 to June 2012 (the KC fiscal year), when possible (Table 2). In addition to the 56 individual events in which KC staff tracked attendance, the spending estimates were also applied to the entire hockey season of the junior hockey team (Brandon Wheat Kings) and the three annual fairs operated by the Provincial Exhibition of Manitoba. As illustrated, the total spending for these events and activities is estimated to be more than \$46 million, including \$27.3 million for non-local and \$19.3 million for local attendees.

<b>Event(s)</b>	<b>Non-local (\$145.46/person)</b>	<b>Local (\$67.62/person)</b>	<b>Total</b>
56 Events 2011-2012*	10,430,500	1,437,195	11,867,695
Wheat Kings 2011-2012 Season**	n/a	9,507,372	9,507,372
Royal Manitoba Winter Fair, 2012***	8,940,227	3,552,214	12,492,441
Manitoba Livestock Expo 2012***	261,828	81,144	342,972
Summer Fair 2012***	4,159,283	4,733,806	8,893,089
Arabian Horse Show 2013****	3,537,389	n/a	3,537,389
<b>Total</b>	<b>27,329,227</b>	<b>19,311,731</b>	<b>46,640,958</b>

Source: Data provided by Keystone Centre Management and Provincial Exhibition Management.

Notes:  
 \*does not include Arabian Horse Show or the three Provincial Exhibition Events.  
 \*\*based on 38 games with average attendance of 3,700 per game. Local average used for all.  
 \*\*\*attendance data provided by the Provincial Exhibition of Manitoba Staff.  
 \*\*\*\*attendance data provided by the Arabian and Half-Arabian Horse Show Organizers.

The total includes the Arabian and Half-Arabian Horse Show which is an international event that does not include a fee for visitors, and therefore is not tracked at the gate as is done with other events. The Arabian and Half-Arabian Show organizers estimate a total economic impact of between \$11 and \$12 million based on 3,040 participants for their August 2013 event. No details on how this estimate was calculated were provided. According to the KC, the length of stay per participant is between seven and ten days (Thomson, pers. comm., 2013). We used eight days as a conservative baseline.

Based on the total direct spending of \$46,640,958 listed in Table 2, indirect spending was calculated using multipliers identified in the literature (Gazel and Schwer, 1997; Saayman and Saayman, 2006; Chubabra *et al.*, 2003) and the Manitoba multipliers used by Statistics Canada (2008). The latter is used by the federal and provincial governments in Canada and lies in

between the lowest (1.13) and highest multipliers (1.73) adopted for this analysis. As indicated, the total economic impact of the events listed in Table 3 is estimated to be between \$53 million and \$80 million. The total calculated using Statistics Canada’s spending multiplier for Manitoba was \$62,032,474. These figures do not include employment multipliers as only facility-specific employment could be calculated. That is, employment by organizers of the various events was not available.

It also does not include the value of recreational events to the KC. The following participation numbers were provided by the relevant sporting associations for 2012: hockey (724), figure skating (260), curling (992), and indoor soccer (256). The soccer figures are lower than previous years because the poor condition of the KC facility has meant games are now being played in local schools and at a facility in Shilo. It has been estimated in the past that approximately 2,500 individuals are registered in the various soccer leagues in Brandon throughout the year (i.e. indoor and outdoor).

Finally, the study does not include recent concert data. A future impact assessment should consider this as concerts reflect one market segment that if not available in Brandon, residents will certainly make the trip to other communities (e.g. Regina, Winnipeg).

<b>Table 3. Direct and Indirect Effects of Events Based on Various Multiplier Factors.</b>		
Source	Indirect Multiplier Based on \$46,640,958 Spending Estimate	Total Economic Impact Estimate (\$)
Saayman and Saayman (2006)	1.15	53,637,102
Chubabra et al. (2003)	1.29	60,166,836
<b>Statistics Canada (2008)*</b>	<b>1.33</b>	<b>62,032,474</b>
Chubabra et al. (2003)	1.43	66,696,570
Saayman and Saayman (2006)	1.52	70,894,256
Gazel and Schwer (1997)	1.73	80,688,857
Note: The “Within Province Multiplier” for Manitoba was used.		

**Summary Statement**

The estimated direct and indirect effects of events held at the Keystone Centre (Tables 2 and 3) are conservative. It does not include all events nor does it estimate the impact of recreational sporting events (i.e. ice hockey, figure skating, curling, indoor soccer) on the local economy. Further, employment impacts and multipliers are not included. This is simply direct and indirect spending based on based on select primary event estimates.

The estimated spending of \$62,032,474 is substantial yet conservative. It is recommended that the Keystone Centre undertake a project that collects spending data from participants and spectators at a sample of events in 2014 in order to obtain a more accurate calculation. Further, an assessment of the economic contribution of recreation (e.g. hockey, figure skating,

curling, indoor soccer) should be conducted. Based on such data, employment multipliers could also be applied to the impact analysis, providing a more accurate indication of the total economic impact of the KC on Brandon.

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