

- **Background**
- **Analytical Approach**
- **Indigenous Resources Mapping**
- **Cluster Identification and Description**
- **Industry Cluster Assessments**
- **Enabling Environment Assessment**
- **British Columbia's Competitiveness**
- **Regional Perspectives**
- **2010 Games--Leveraging Regional Benefits**
- **Economic Roadmap and Recommendations**
- **Bibliography**

The Olympics have become a highly desirable event for countries and cities wanting to increase their competitive profile and boost their economies

| ECONOMIC & POLITICAL ENVIRONMENT DRIVERS |
|---|
| <ul style="list-style-type: none">• Increasing requirement for countries and cities to compete globally• Adoption of consumption-based approaches to economic development, i.e, sports stadiums, gentrified downtowns, etc.• Increasing willingness of city governments to take entrepreneurial risks to achieve economic development• Increasing cooperation among city and regional governments in economic development• Greater use of public/private partnerships |

| ATTRACTIVENESS OF THE OLYMPIC GAMES |
|--|
| <ul style="list-style-type: none">• Raise the international profile and recognition of the host city• Have the potential to provide a positive world-wide image for the host city• Provide a means to overcome political and economic barriers to development• Short-term direct economic stimulus from facility construction, increased tourism, TV rights, ticket sales, etc.• Perceived long-term economic development benefits |

Source: Signal Hill Research and Analysis

©2004 ViTAL Economy, Inc.

The Olympics provide short- and long-term drivers of economic growth which can provide short- and long-term economic benefits to a host city and the surrounding region

SHORT-TERM ECONOMIC DRIVERS

- Spending for new infrastructure construction, i.e. sports venues, pre-fab systems and structures
- Games-associated spending from promotion, tourists, media, athletes, coaches, etc.



**SHORT-TERM
ECONOMIC BENEFITS**

LONG-TERM ECONOMIC DRIVERS

- New transportation, sports and other infrastructure from hosting the games
- Enhanced awareness and image of the natural, human and physical resources of the host city and surrounding region



**LONG-TERM
ECONOMIC BENEFITS**

The Government of British Columbia and British Columbia’s communities want to maximize the long-term economic benefits from hosting the 2010 Winter Olympic Games

**GOVERNMENT OF
BRITISH COLUMBIA**



- Economic benefits that extend beyond the Games will help justify the initial investment made to hold the Games
- Long-term economic benefits will more directly help all the people of British Columbia

**BRITISH COLUMBIA’S
COMMUNITIES**



- All of British Columbia wants to benefit from holding the 2010 Games
- The 2010 Games provide a unique opportunity to showcase all of British Columbia’s natural, physical and human resources to the world

In general, Olympic host cities face a number of opportunities and challenges in successfully capturing long-term economic benefits from the Games

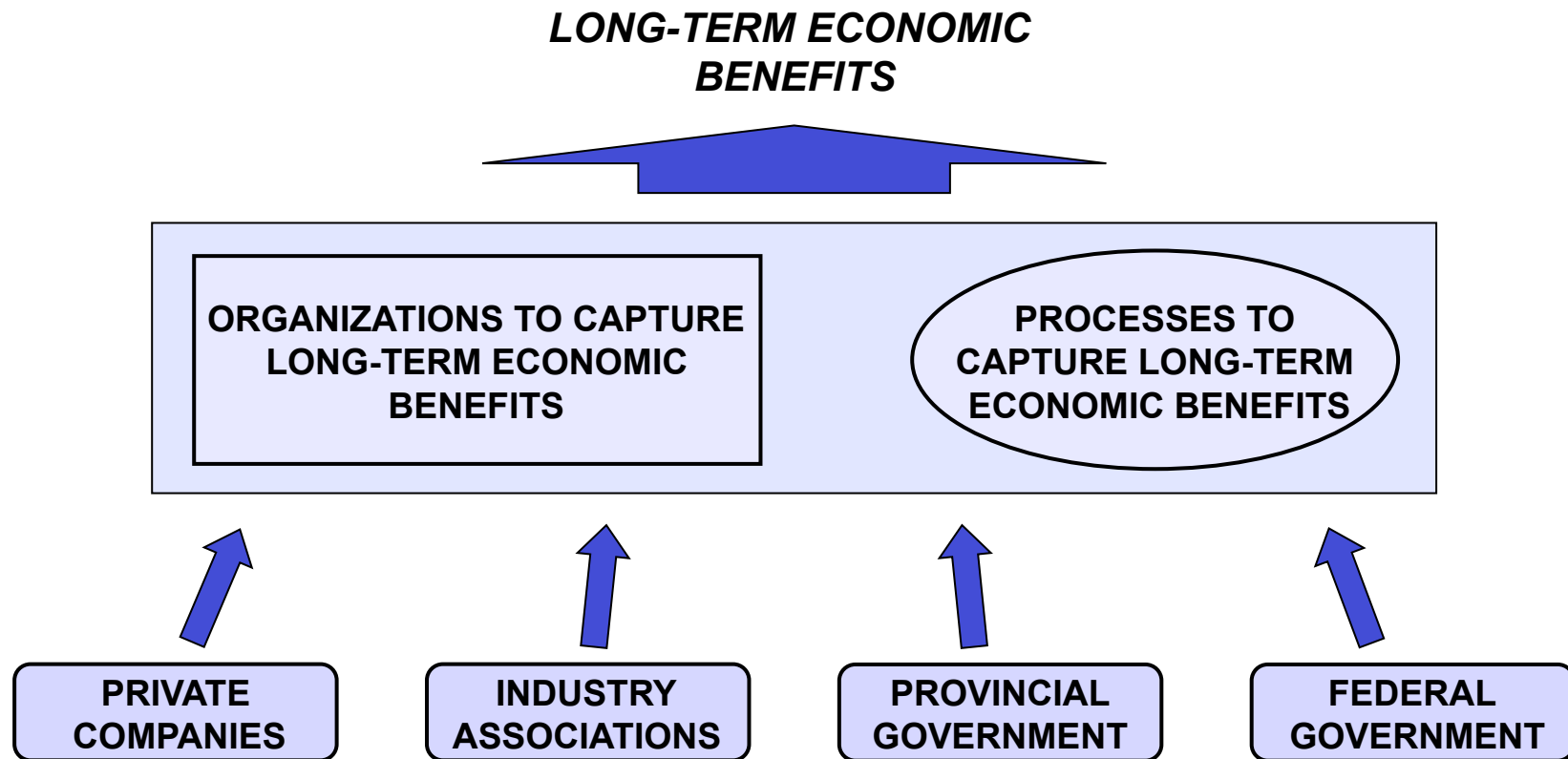
Opportunities

- **Improvement of the host city's infrastructure and image**
- **Increased national and world-wide visibility**
- **Mobilization of the public and private sector around an event**
- **Exposure of local businesses to international best practice and markets**
- **Increase direct foreign investments from global firms attracted to BC**
- **Increase exposure of the regions to outside investors**

Challenges

- **Successfully delivering the Games--logistically and financially**
- **Focusing the public and private sector on deriving long-term economic benefits from the Games**
- **Transforming the short-term financial and image enhancement impact of the Games into long-term economic benefits**
- **Extending the benefits of the Games beyond the host city**
- **Creating the organizations and processes needed to create and capture long-term economic benefits.**

British Columbia's challenge is to put in place the right organizations and processes to capture the long-term economic development potential of the Games for Vancouver as well as British Columbia's regions



While most host cities capture short-term benefits from the Games, long-term benefits are elusive

| HOST CITY | Stated Goals | ECONOMIC BENEFITS OUTCOMES | | | |
|-------------|---|--|------------|--|------------|
| | | Short-term Benefits | Met Goals? | Long-term Benefits | Met Goals? |
| Los Angeles | The “capitalist” Olympics -- goal was to avoid a repeat of Montreal’s financial fiasco | <ul style="list-style-type: none"> • \$225 million surplus | Yes | Few direct benefits seen | N/A |
| Calgary | Enhance long-term tourism impacts -- boost Calgary’s profile | <ul style="list-style-type: none"> • Study of effect of Games on entrepreneurial enterprises found “positive effects” | Yes | <ul style="list-style-type: none"> • Financial endowment fund created to operate new sports facilities • Most new athletic facilities under-utilized | NO |
| Barcelona | “An opportunity to transform and relaunch the city” | <ul style="list-style-type: none"> • \$8 billion spent to transform the city | Yes | Few direct benefits seen | NO |
| Lillehammer | “Revitalize the local economy” -- the “green” Olympics | <ul style="list-style-type: none"> • short term economic activity of \$US1.7-2 billion | Yes | <ul style="list-style-type: none"> • 400-500 new tourism jobs • 4-5 world championship / cup events each year | NO |
| Atlanta | Short term -- <ul style="list-style-type: none"> • A “ successful athletic event” and “revitalize inner city Atlanta”; Long term-- <ul style="list-style-type: none"> • “Use the excitement, exposure, mystique of the Games to showcase Georgia from a business point of view” | <ul style="list-style-type: none"> • Some urban renewal • Expected short-term economic boost of \$5 billion in tourism revenues • \$650 million in new construction | Yes | <ul style="list-style-type: none"> • 42 new establishments, 6,671 new jobs • \$373M new direct investment | Yes |

Source: Interviews, Signal Hill Research and Analysis

©2004 ViTAL Economy, Inc.

THE CHALLENGE...

While most host cities capture short-term benefits from the Games, long-term benefits are elusive--cont.

| HOST CITY | Stated Goals | ECONOMIC BENEFITS OUTCOMES | | | |
|-----------------------|---|---|------------|---|------------|
| | | Short-term Benefits | Met Goals? | Long-term Benefits | Met Goals? |
| Nagano | “Boost the city’s economy” -- leave facilities that would be enjoyed “for generations to come” | <ul style="list-style-type: none"> • Y2.4 trillion spent on infrastructure development • “Nagano burned the books” | NO | None | N/A |
| Sydney | “Reinforce Australia’s international standing as a leading sporting nation, promote its image from a geo-political perspective and offer opportunities for trade, business investment and tourism” | <ul style="list-style-type: none"> • \$A6 billion in inbound tourism spending during 2001 • \$A1.2 billion in convention business for NSW between 1993 and 1997 | Yes | <ul style="list-style-type: none"> • 45 new businesses, 1,150 new jobs • \$A260M new direct investment • \$A500M+ new sales | Yes |
| Salt Lake City | <p>Short Term--</p> <ul style="list-style-type: none"> • Primary focus on boosting tourism revenues --“Reimage Utah” <p>Long Term--</p> <ul style="list-style-type: none"> • provide opportunities for local companies to expand markets throughout US and overseas | <ul style="list-style-type: none"> • \$76 million net revenue • \$40 million legacy fund established to operate state-built facilities after the Games • Survey reported increased awareness among Europeans of Salt Lake as tourist destination | Yes | <p>Few direct benefits seen --</p> <ul style="list-style-type: none"> • Contract awarded to Salt Lake catering company to provide meals to US Olympic Committee during Athens Games • Power Innovations and Canopy Group selected to bid on \$2.7 million contract for Athens Games | NO |

Source: Interviews, Signal Hill Research and Analysis

©2004 ViTAL Economy, Inc.

Economic realities, lack of focus, poor planning and poor organization are barriers to capturing economic benefits

CHALLENGES TO CAPTURING ECONOMIC BENEFITS

ECONOMIC REALITIES



- “Crowding out”
- Lack of local capacity
- Larger economic drivers

***LACK OF FOCUS ON
CAPTURING LONG-TERM
ECONOMIC BENEFITS***



- Hosting a successful Olympics, not capturing long-term economic benefits, is the sole priority
- Belief that long-term economic benefits will happen automatically
- Organizations not created to focus on capturing long-term economic benefits

***COORDINATING PUBLIC
AND PRIVATE SECTOR
EFFORTS***



- The private sector must be involved in capturing long-term benefits
- The public and private sector must start joint efforts early

Source: Signal Hill Research and Analysis

©2004 ViTAL Economy, Inc.

Short-term economic benefits can be reduced by “crowding out” and the need to import goods and services from outside the host city and surrounding region

SHORT-TERM CHALLENGES

“CROWDING OUT” EFFECT

- **Businesses servicing tourists will not increase capacity for a one-time event like the Olympic Games**
- **Visitors who visit the host city for the Olympics “crowd out” visitors who would have visited the city anyway**

IMPORT EFFECT

- **Host cities rarely have the indigenous capacity to provide all the goods and services required to host the Games**
- **Goods and services are imported from outside the host city region**



IMPACT ON SHORT-TERM ECONOMIC BENEFITS

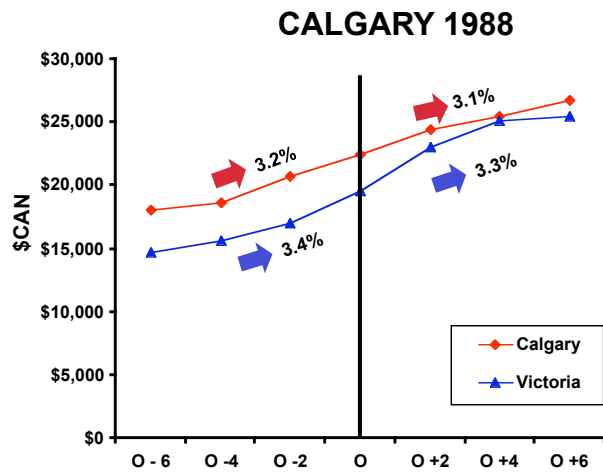
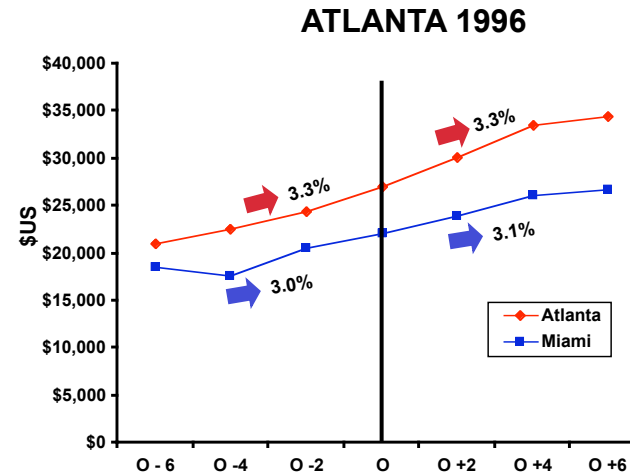
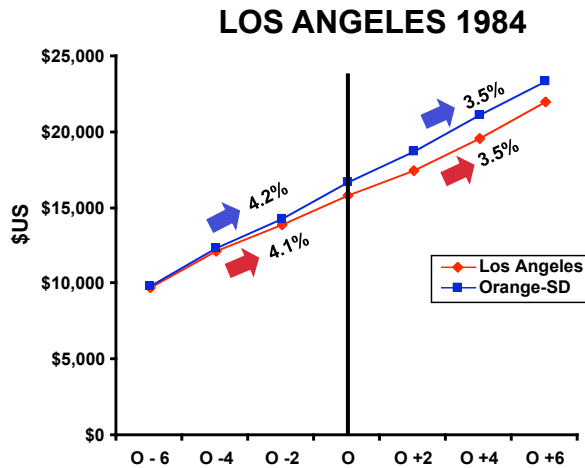
HOST CITY DOES NOT RECEIVE A ONE-FOR-ONE NEAR TERM ECONOMIC BENEFIT FROM EXPENDITURES TO SET-UP AND HOST THE GAMES

Source: Signal Hill Research and Analysis

©2004 ViTAL Economy, Inc.

Long-term economic benefits of hosting the Games can be overpowered by the impact of existing economic trends driving the economy of the host city

**PER CAPITA INCOME TRENDS
(% p.a.)**



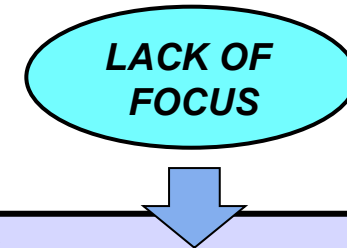
OBSERVATIONS

- Per-capita income not noticeably impacted from hosting Games
- Similar cities who do not host the Games may have better economic performance during same time period

Source: Signal Hill Research and Analysis

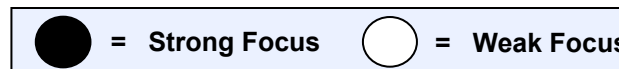
©2004 ViTAL Economy, Inc.

Most host cities have focused on game preparation and game execution activities at the expense of creating organizations and programs to capture long-term economic development benefits



FOCUS OF HOST CITY GAME PREPARATION

| HOST CITY | Stated Economic Development Goals | HOST CITY FOCUS | | | |
|-------------|--|-----------------------------|-------------------|-------------------|--------------------------------|
| | | Infrastructure Construction | Image Enhancement | Tourism Promotion | Long-Term Economic Development |
| Los Angeles | The “capitalist” Olympics -- goal was to avoid a repeat of Montreal’s financial fiasco | | | | |
| Calgary | Enhance long-term tourism impacts | | | | |
| Barcelona | “An opportunity to transform and relaunch the cit.” | | | | |
| Lillehammer | “Revitalize the local economy” -- the “green” Olympics | | | | |
| Atlanta | Conflicting visions -- “successful athletic event” vs. “revitalize inner city Atlanta” | | | | |



Source: Interviews, Signal Hill Research and Analysis

©2004 ViTAL Economy, Inc.

CONTINUED...

LACK OF FOCUS

FOCUS OF HOST CITY GAME PREPARATION

| HOST CITY | Stated Goals | HOST CITY FOCUS | | | |
|----------------|---|-----------------------------|-------------------|-------------------|--------------------------------|
| | | Infrastructure Construction | Image Enhancement | Tourism Promotion | Long-Term Economic Development |
| Nagano | “Boost the city’s economy” -- leave facilities that would be enjoyed “for generations to come” | ◐ | ◐ | ◐ | ○ |
| Sydney | “Reinforce Australia's international standing as a leading sporting nation, promote its image from a geo-political perspective and offer opportunities for trade, business investment and tourism.” | ◑ | ● | ● | ◑ |
| Salt Lake City | Primary focus on boosting tourism revenues --“Reimage Utah” | ◐ | ● | ● | ◑ |

● = Strong Focus ○ = Weak Focus

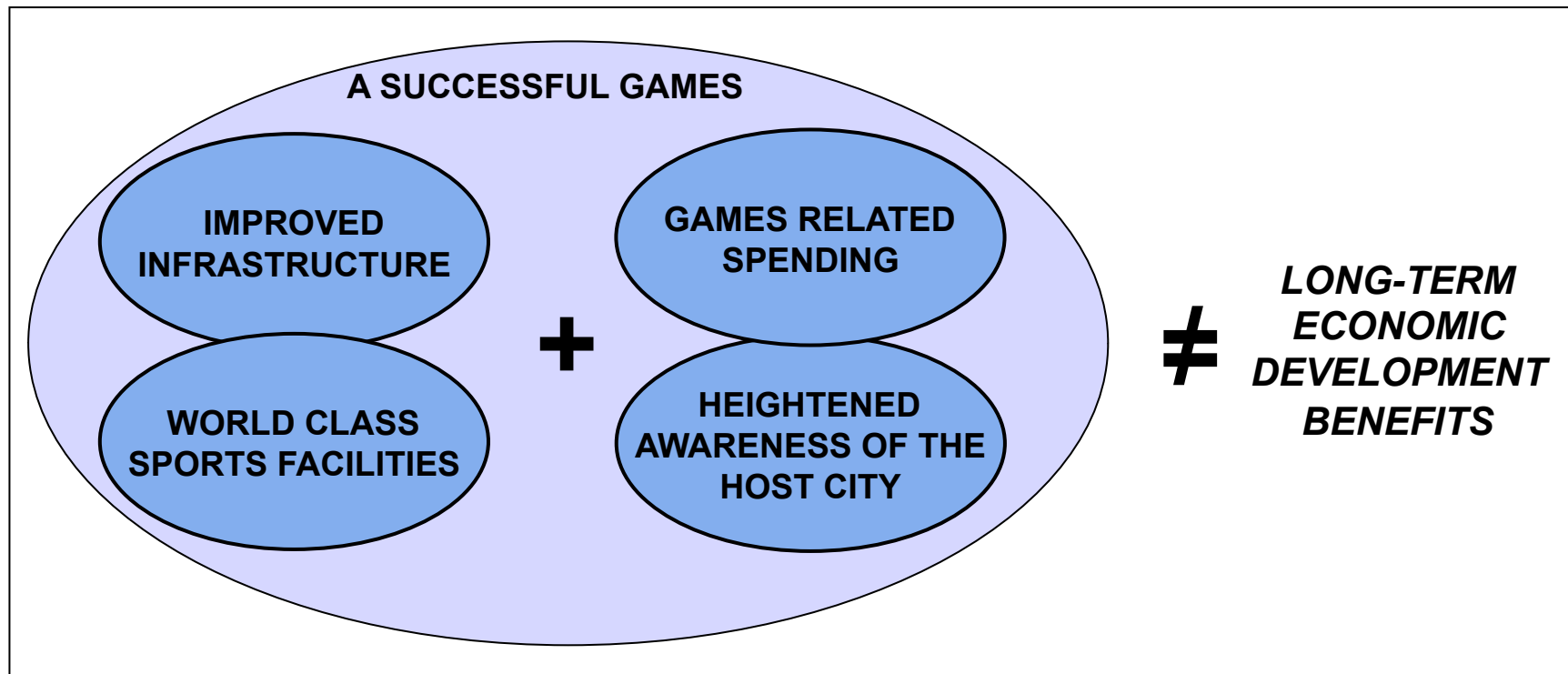
Source: Interviews, Signal Hill Research and Analysis

©2004 ViTAL Economy, Inc.

2010 GAMES...THE CHALLENGE..

Many host cities mistakenly believe a successful Games, infrastructure improvement, image enhancement and Games-associated spending will translate into long-term economic benefits and fail to develop a plan to capture long-term economic development benefits

“IF YOU BUILD IT THEY WILL COME” -- BUT THEY PROBABLY WON'T STAY”

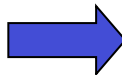


Source: Interviews, Signal Hill Research and Analysis

©2004 ViTAL Economy, Inc.

Lack of coordination between public and private sector efforts and late start have also hindered efforts to capture long-term economic development benefits

**COORDINATING PUBLIC
AND PRIVATE SECTOR
EFFORTS**



- “...we could not maximize the impact of our efforts because Atlanta’s politicians wanted long-term benefits capture focused on improving the downtown...”

Private Sector Executive, Atlanta

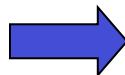
- “Norway’s private sector never got involved in helping us get the economic benefits we wanted from the Games...”

Olympic Organizer, Lillehammer

- “...we lost ground because we did not get the private sector focused on capturing long-term benefits until after the Games...”

Olympic Organizer, Salt Lake City

A LATE START

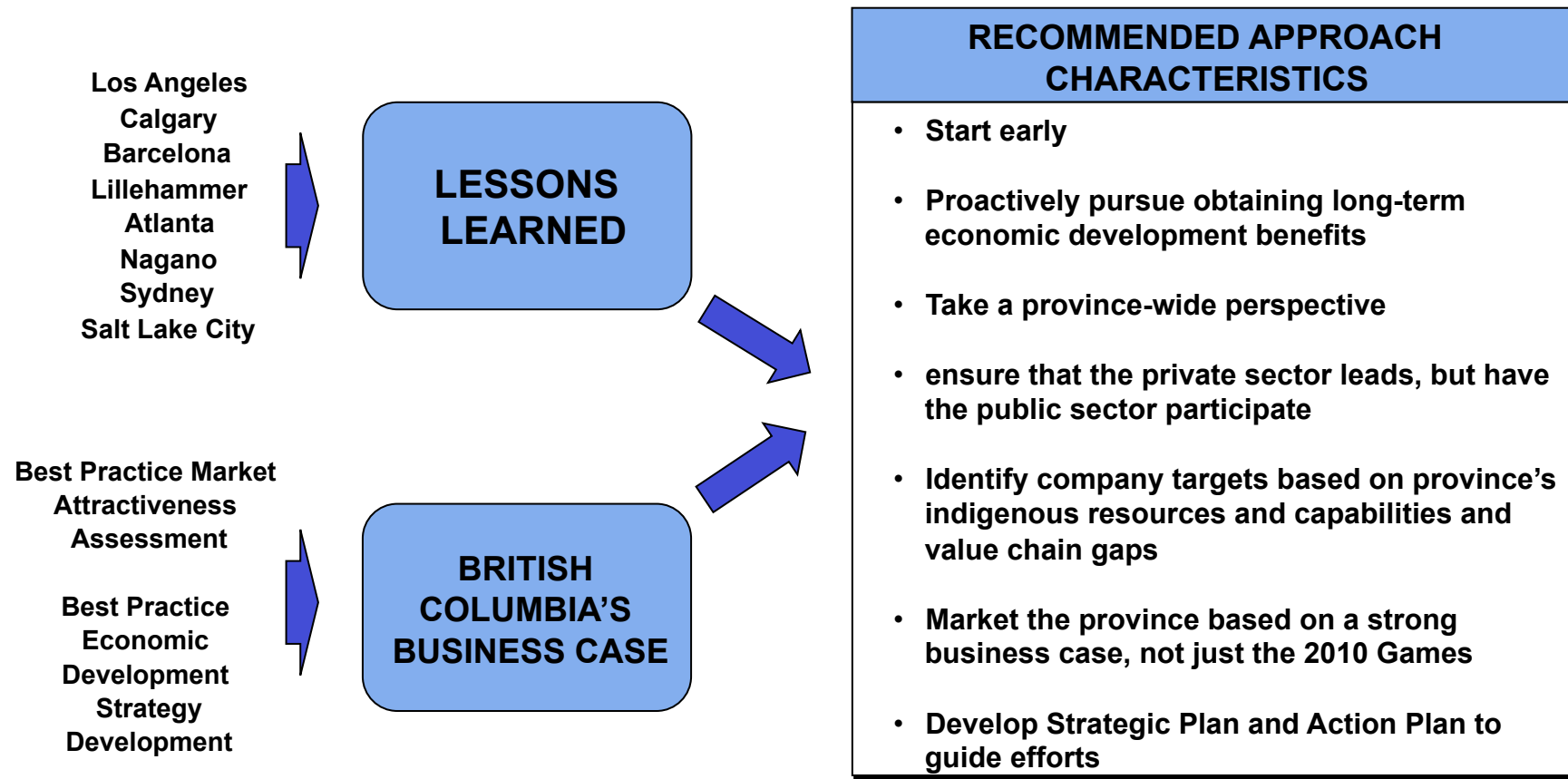


- “...we should have started our efforts two years earlier...”

Director of Private/Public Sector Initiative, Sydney

British Columbia should build on the lessons learned from prior Games and develop a private sector-led approach to capture long-term economic benefits from the 2010 Games for all of British Columbia

RECOMMENDED APPROACH TO CAPTURE LONG-TERM ECONOMIC BENEFITS

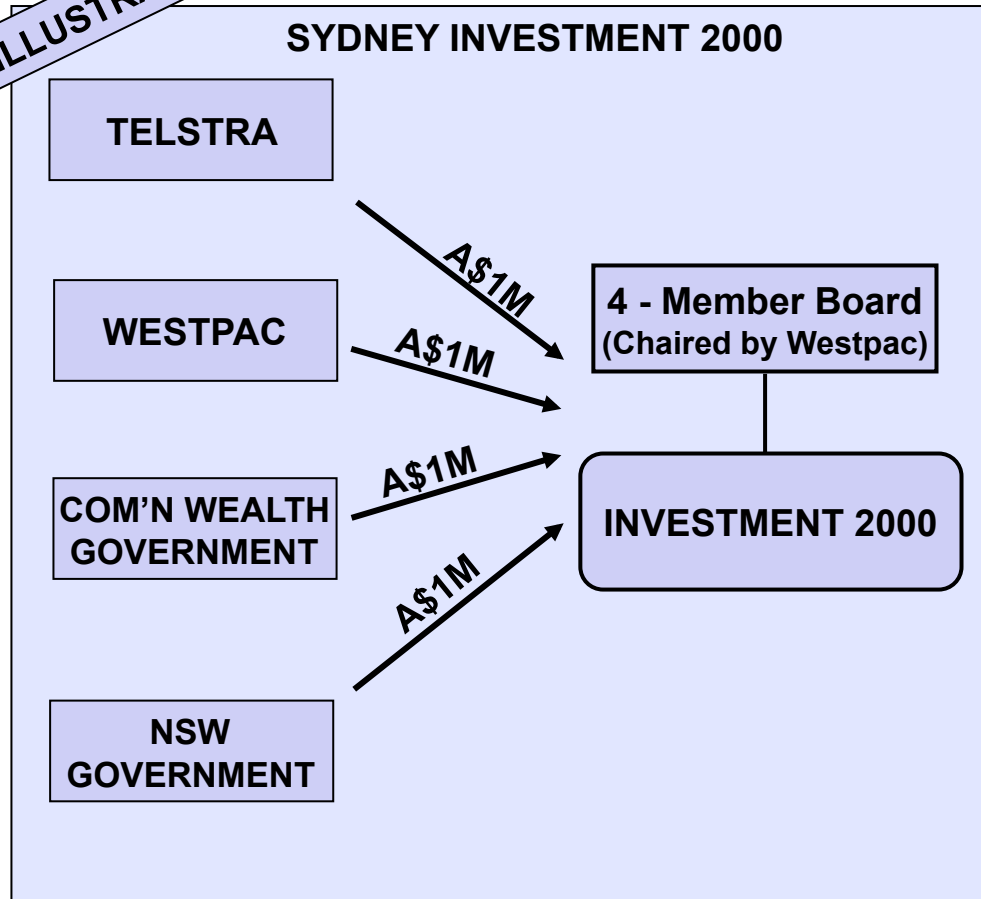


Source: Interviews, Signal Hill Research and Analysis

©2004 ViTAL Economy, Inc.

The organization managing the initiative can be modeled on the Investment 2000 organization set up for the Sydney Games--this organization focused on insuring benefits for all of Australia, not just Sydney

ILLUSTRATIVE

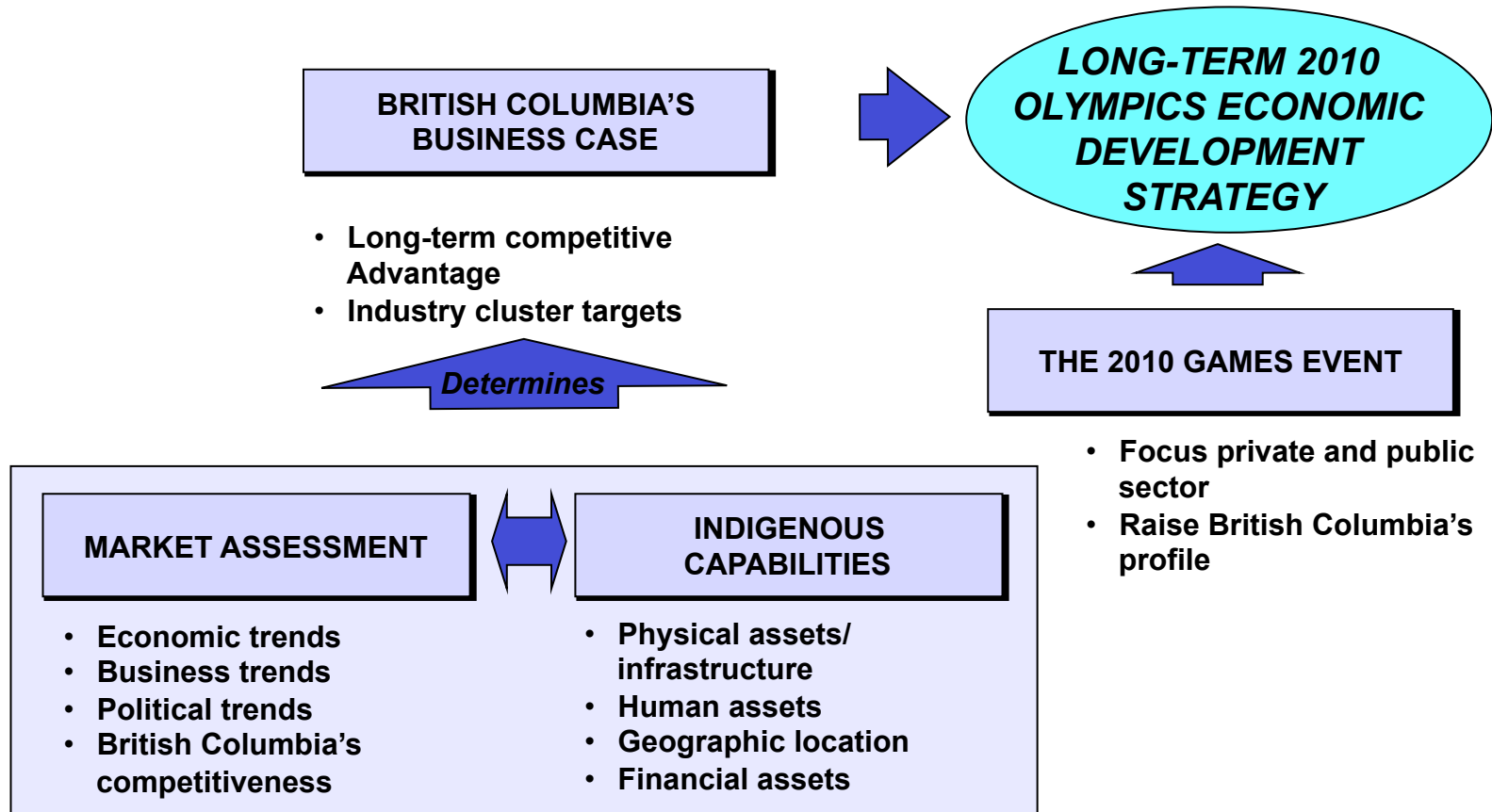


- INVESTMENT 2000 OVERVIEW**
- Based on Atlanta experience
 - Stock company
 - Used the Olympic logo
 - 8 Investment 2000 staff
 - Primarily seconded staff
 - Company dissolved after the Games
 - A\$4M → A\$500M in new investment

Source: Interviews, Signal Hill Research and Analysis

The organization should develop the long-term economic development strategy for the 2010 Games based on the business case for doing business in all of British Columbia--the Games should be used to focus British Columbia's private and public sector on the effort and raise British Columbia's profile

RECOMMENDED LONG-TERM ECONOMIC DEVELOPMENT APPROACH



Source: Interviews, Signal Hill Research and Analysis

©2004 ViTAL Economy, Inc.

The Government of British Columbia should facilitate the creation of the private/public sector entity that develops and drives the long-term economic development strategy for the 2010 Games--the regions should play a key role in this organization

| GOVERNMENT OF BRITISH COLUMBIA POSITIONING | RECOMMENDED ACTIONS |
|---|---|
| <ul style="list-style-type: none"> • Organization that can bring private sector, public sector and Olympic Committee together • Resources to drive effort • Province-wide presence • Strong interest in driving long-term economic growth in British Columbia • Strong interest in spreading Olympic Games benefits to the entire Province | <ul style="list-style-type: none"> • <i>CONVENE</i> private sector, public sector and Olympic Games management • <i>DIRECT</i> public sector participants • <i>CONTRIBUTE</i> funding and staffing to organization • <i>HELP</i> develop and manage Games - associated long-term economic development strategy • <i>NETWORK</i> with regional and international contacts to drive effort |

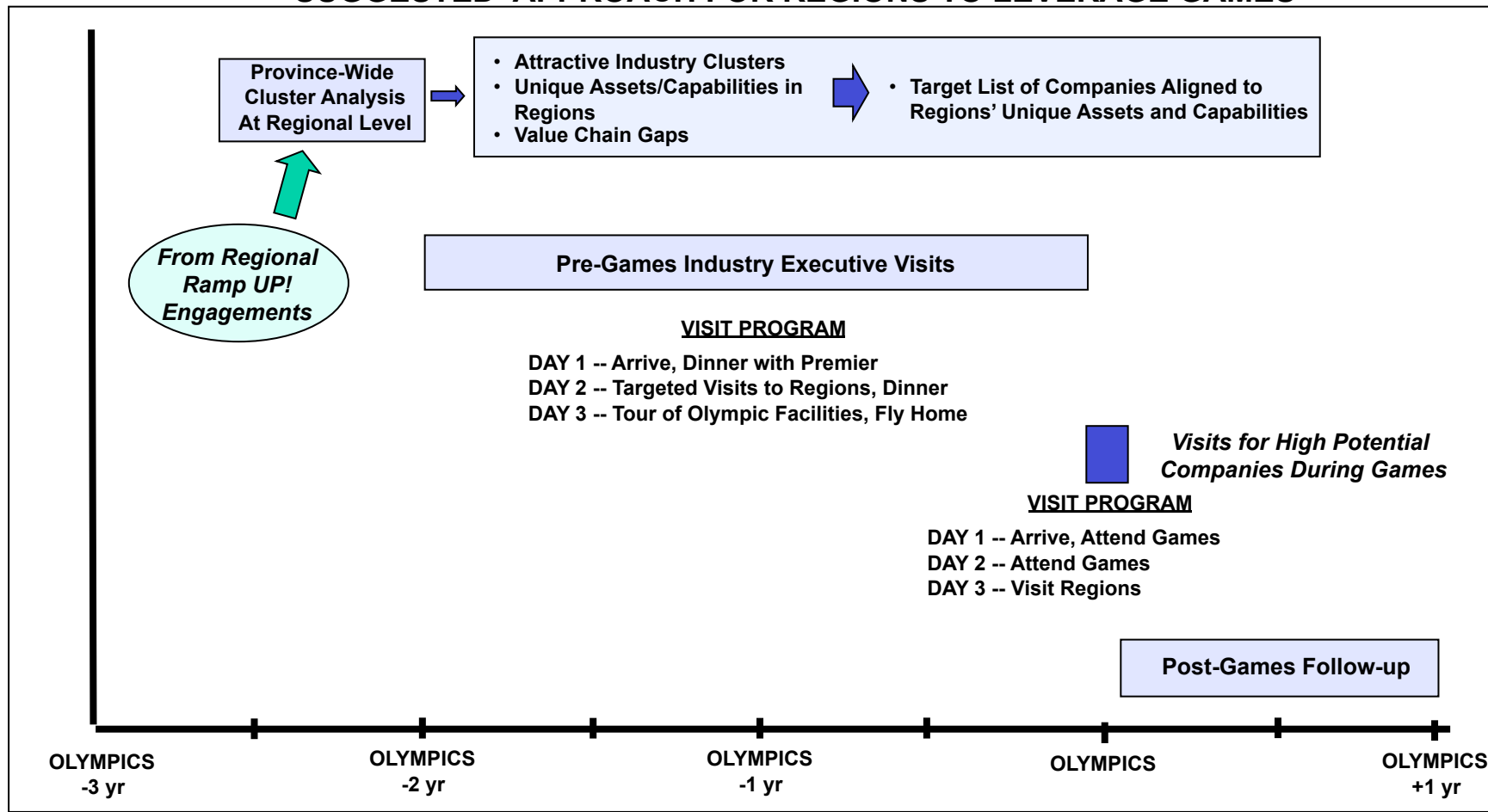
BC’s economic regions, outside of the Lower Mainland, can obtain long-term benefits from 2010 if they pro-actively develop a collaborative strategy modeled on the Atlanta Olympic Games experience in creating economic benefits for regions outside of the host city

| Short-Term 2010 Strategies |
|--|
| <ul style="list-style-type: none"> • ASSESS “crowding out” effect challenges in tourism & infrastructure for 2010 • DEVELOP tourism experience circuits outside the Lower Mainland to serve non-Olympic tourists before & after 2010 • EXPAND 3 & 4 star regional tourist accommodations prior to 2010 • IDENTIFY infrastructure gaps in human skills and services that can be addressed by leveraging indigenous regional resources • CREATE a youth-based work-force development strategy that builds a critical mass of skilled workers to minimize workforce imports |

| Long-Term 2010 Strategies |
|--|
| <ul style="list-style-type: none"> • CONVENE regional public & private sector leaders to endorse & sponsor an Atlanta modeled 2010 regional economic development strategy • MAP unique regional resources, priority strategic & emerging industry clusters connected to 2010 opportunity • RESEARCH linkage of these resources & cluster priorities to global market value chain opportunity gaps • TARGET global firms that can benefit from regional assets, invite them to experience BC regions and 2010 • IMPLEMENT 2010 related goals for job creation, business development and attraction in BC economic regions |

A centrally managed initiative would use the identification of attractive industry clusters, unique regional assets/capabilities and value chain gaps to target companies who could visit the regions in conjunction with a visit to the Games

SUGGESTED APPROACH FOR REGIONS TO LEVERAGE GAMES



Source: Interviews, Signal Hill Research and Analysis

©2004 ViTAL Economy, Inc.