



# CANADIAN GAMING ASSOCIATION

## National Gaming Impact Study Backgrounder

The National Gaming Impact study is the most comprehensive study ever conducted on the economic impact of gaming in Canada. It reveals that the gaming industry is responsible for more than \$15 billion in direct revenue, more than \$2 billion in direct salaried employment for Canadians working in the industry, and \$10 billion in current capital investment.

The first phase of the study was released on April 26 at the Canadian Gaming Summit, a three-day gathering of more than 1,200 industry representatives in Toronto hosted by the Canadian Gaming Association (CGA).

The study covers the economic impact of gaming, broken down by type and region, with a focus on overall revenues, direct employment, revenues generated for all three levels of government, and other ancillary benefits. The study was conducted by HLT Advisory Inc., a leading provider of consulting and support services to the Canadian and international hospitality, leisure and tourism industries.

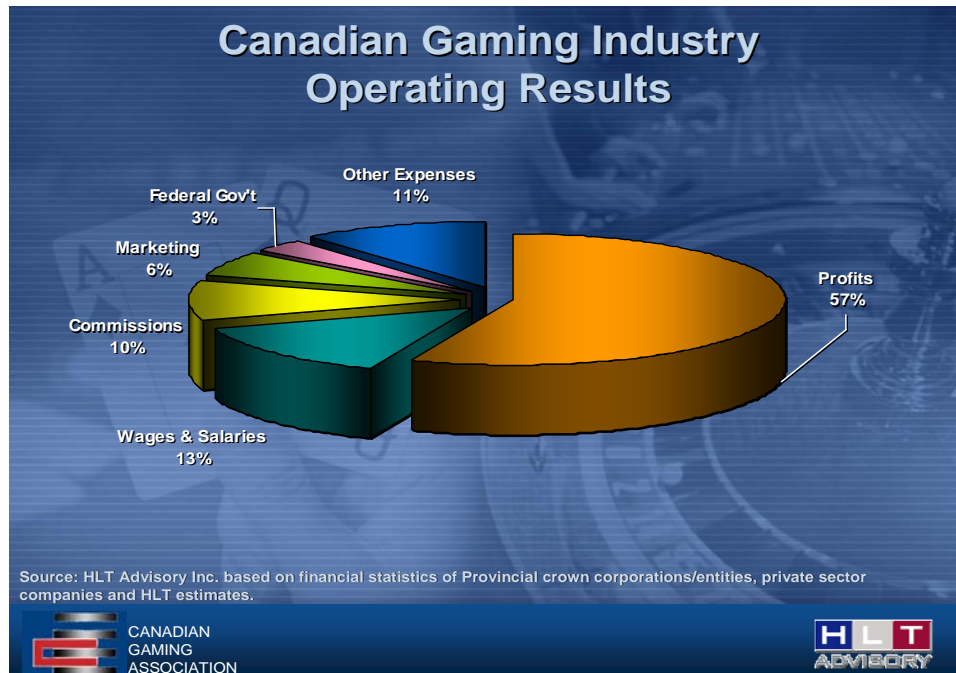
The study has four phases, with the first phase being released at the CGA's Canadian Gaming Summit. Subsequent phases of the study will include an assessment of both the indirect and induced impacts of the gaming industry in Canada to provide an even greater level of detail concerning the overall impact, as well as further regional breakdowns on the impacts of specific gaming activities. Case studies will also be developed to illustrate localized impacts in specific regions.





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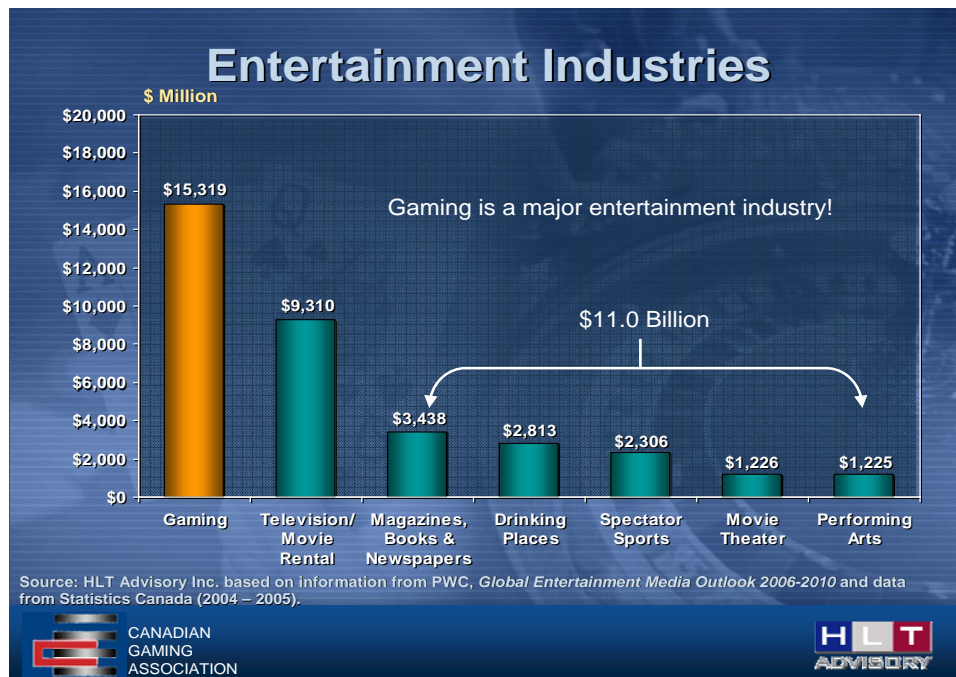
Specific findings include the fact that gaming industry contributes \$15.3 billion to the economy directly. This includes more than \$2 billion in direct salaried employment for Canadians working in the industry. Assuming an average annual salary of \$40,000, this level of compensation translates into over 51,000 jobs. Not included in this labour income figure are suppliers, vendors, or other non-salaried or indirect gaming services. Other expenses include all other operating costs, such as utilities, occupancy costs, supplies, repairs and maintenance.



The largest portion of gaming revenue (\$8.6 billion or 57 percent) goes to government programs and services, as well as to charities. The second largest slice is wages and salaries (13 percent). The gaming industry is a significant source of direct employment in Canada. It should be noted that revenues directed to marketing and commissions also result in further employment and tax revenues.



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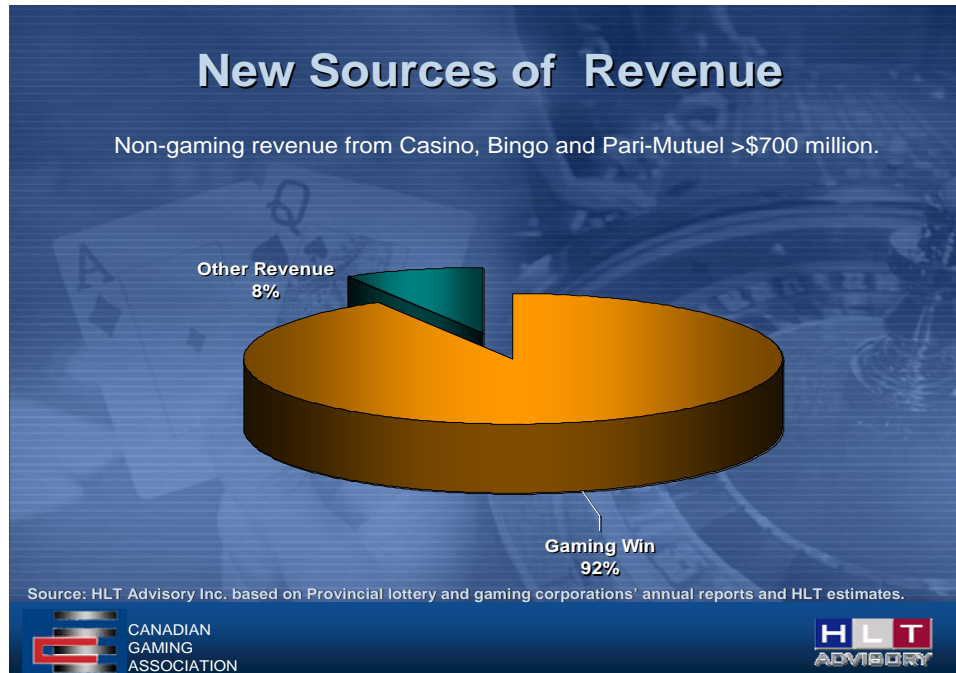
Gaming sizably exceeds other segments of the entertainment industry in terms of the direct impact on the economy. In fact, gaming revenues approximate those of spectator sports, the movies and television combined. (Entertainment industries are defined by total revenue according to Statistics Canada and PWC data.)





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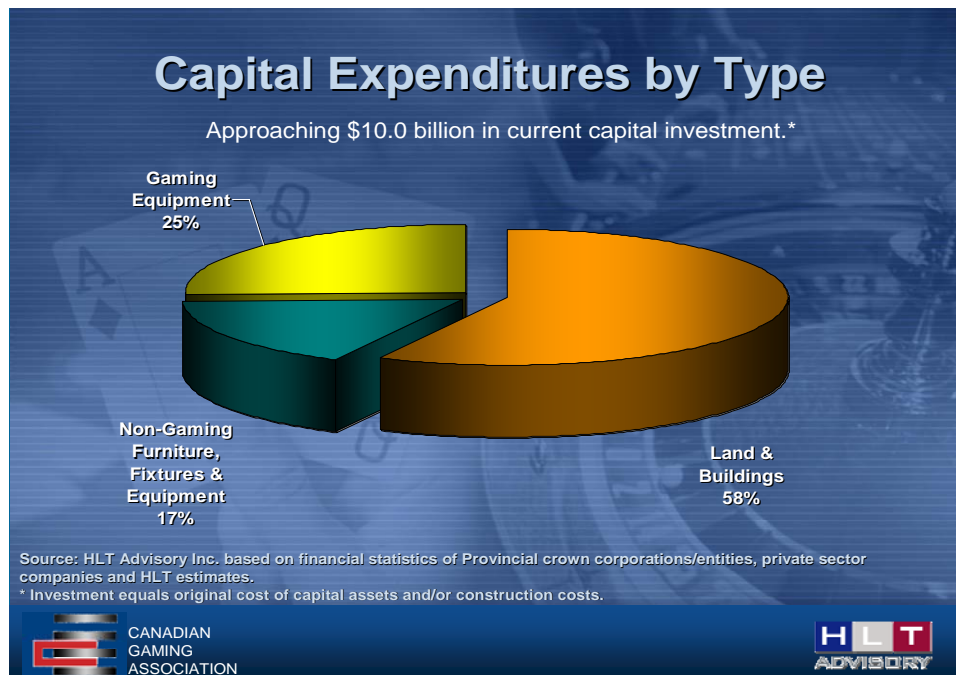
From the perspective of the hospitality sector, gaming is just behind full-service restaurants (at \$17.2 billion) and on par with limited-service restaurants (at \$15.4 billion) in terms of economic contribution. Gaming also ranks ahead of accommodation services, including all types of lodging revenue, at \$14.3 billion, and air travel at \$11.9 billion (defined for comparative purposes as the revenues of Air Canada and WestJet, the two largest air carriers in Canada).



The industry also generates approximately \$700 million in non-gaming revenue, such as food, beverage and entertainment.



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The gaming industry is capital intensive. At almost \$10.0 billion in investment, it compares to \$3 billion in capital investment for the four largest Canadian hotel REITs: Legacy (Royal York, Empress, Chateau Laurier), CHIP, INNvest, and Royal Host. Of that, 75 percent of total investment is in land, buildings and non-gaming FF&E. Most of this investment is sourced from Canadian based companies. The remaining 25 percent is in gaming equipment. While most gaming equipment companies are foreign owned, many have set up Canadian operations, thereby boosting employment and tax revenues generated with Canada.

Subsequent phases of the study will include:

- Running the Statistics Canada Input-Output Model and analyzing direct and indirect impacts by:
  - Gaming sector
  - Province/region



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The Canadian Gaming Industry has far reaching impacts into other sectors of the Canadian economy. The indirect impact analysis will include the following sectors:

- Food & beverage
- Uniforms and other clothing
- Furniture products
- Printing and publishing
- Electrical/electronic products
- Repairs and maintenance
- Transportation services
- Communication, courier and postal services
- Accountants, insurance, financial services and lawyers