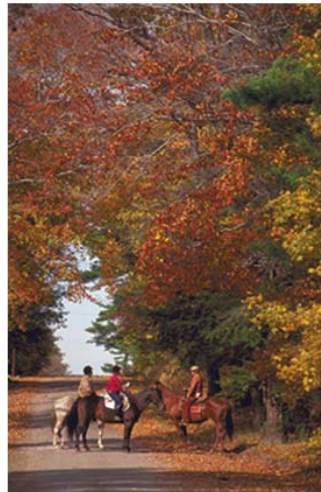


Economic Impact Analysis Trans Canada Trail in Ontario Executive Summary

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The Ontario Trillium Foundation, an agency of the Ministry of Culture, receives annually \$100 million of government funding generated through Ontario's charity casino initiative.

Executive Summary

Stretching approximately 18,000 kilometres across every Canadian province and territory, the Trans Canada Trail will be the longest trail of its kind in the world. The Trail is intended for the shared use of 5 core activities: hiking/walking, biking, horseback riding, cross-country skiing and snowmobiling. The Trail will be geographically diverse; established along existing trails, parks and Crown lands, abandoned railway lines, alongside railway lines and across private land.

The Province of Ontario's section of trail is a 4,061-kilometre stretch of both existing and proposed trail that runs across the entire province. Approximately 2,250-kilometres are complete, while over 1,800-kilometres remain undeveloped. The trail enters Western Ontario from Manitoba at Highway 17, heads east to Thunder Bay, runs along Lake Superior east to North Bay, south through the Muskokas and further into the Greater Toronto Area, splitting off south to the Windsor and Niagara peninsula areas and east out to Ottawa, where it enters Quebec at Gatineau.

Among the many reasons for building the Trans Canada Trail, including the preservation of the environment, promoting physical exercise and a venue for safe, family activity, is the generation of economic benefits that increased visitation can bring to the many communities located near the trail.

Trans Canada Trail Ontario engaged PricewaterhouseCoopers LLP to undertake a study to examine the potential regional and province-wide economic impacts of the entire Ontario portion of the Trans Canada Trail. With the assistance of Econometric Research Limited, Schollen and Company, and Environics Research Group, PricewaterhouseCoopers LLP quantified the economic benefits that will be generated for the regional and Ontario economies as a result of the one-time construction costs, and the annual non-local (i.e., visitor) user expenditures, trail maintenance costs for the Trans Canada Trail in Ontario and expenditures for durable goods (i.e., equipment) associated with activity use (i.e. hiking/walking, biking, horseback riding, cross-country skiing, and snowmobiling) on the Trail.

An economic impact analysis is the study of how a dollar spent on trail construction, maintenance or by users of the Trail, circulates and re-circulates within the economy, thereby, multiplying the effects of the original expenditures on overall economic activity. This process is referred to as the economic multiplier effect. The economic multiplier effect operates at several different levels including: initial (direct) effects, indirect effects, and induced effects.

The sum of these three effects – direct, indirect and induced – represents the economic impact of the Trail.

The study scope measured the economic benefits that are likely to be realized by the Province of Ontario and its 12 Travel Regions as a result of the following aspects of the Trans Canada Trail:

- Impact of Trail construction;
- Impact of Trail maintenance;
- Impact of trail user non-durable expenditures;
- Impact of trail user durable expenditures;
- Employment impacts; and
- Federal, provincial and local tax impacts.

For the purposes of this study, the PricewaterhouseCoopers' team undertook the following approach to complete the economic impact analysis:

1. Conducted a full literature and Internet search for existing trail economic impact studies and trail user studies, such as;
2. Reviewed and analyzed available studies, and Ontario recreation, tourism and trail related data and information;
3. Environics Research Group conducted a province-wide, random telephone survey with 2,100 Ontario residents living within the 40 km boundary on either side of the Trail (i.e., the local population) to determine their activity patterns, associated expenditures and propensity to use trails for their activities;
4. Conducted phone interviews with rail-trail associations and organizations, trail and recreation administrators, Ontario jurisdictions and trail activity organizations to solicit their comments on trail usage, expenditure patterns, and trail maintenance costs.
5. Developed activity usage estimates based on the survey results, benchmarking of other trails, discussions with activity and trail associations and published data from sources such as the Province of Ontario, Statistics Canada and the Canadian Fitness and Lifestyle Research Institute;
6. Developed daily expenditure figures for each activity based on the survey results, previous studies and review of Provincial visitor expenditure data;
7. Incorporated the daily expenditure and activity usage estimates into demand side inputs for the economic impact model;

8. Schollen developed the construction cost estimates and estimated annual trail maintenance costs; and
9. Econometric Research Ltd. undertook economic impact modelling using the DEIM model.

Results of the economic impact analysis indicate that Ontario and its 12 Travel Regions are shown to derive significant and real economic impacts from a completed trail. The outcome of the economic impact study indicates that all users' recurrent non-durable good and durable good expenditures, as well as trail maintenance expenditures on an annual basis will result in the following impacts:

- Over **42,000 Ontarians** can attribute their jobs to the Trans Canada Trail in Ontario's recurrent expenditures;
- A total of about **\$2.4 billion** will be generated annually in value added income in the Province of Ontario. Of that, a total of **\$152.8 million** will be sustained by non-local user expenditures (representing "new money" into the economy).
- Total recurrent tax collections will add to about **\$1.04 billion** annually for all levels of government, of which nearly \$140.7 million per year will remain with local governments in Ontario.

Construction of the currently undeveloped portions of the TCT-ON will generate an additional **\$247.5 million** in new income to the province, which supports **3,688 person years** of total provincial employment and combined tax impacts for all three levels of government in the amount of **\$92 million**.

One of the major challenges facing the Trans Canada Trail in Ontario at present is a lack of funds to complete the currently undeveloped sections of Trail. It is interesting to note that the cost of constructing the currently undeveloped sections of Trail could be recovered in just **four years** worth of total tax revenue from all three levels of government from the non-local users' non-durable expenditures alone.

This study also indicates the importance of marketing, promotion and attraction efforts in order to achieve significant economic impacts. Additionally, communities will need to work together to encourage the development of the infrastructure, businesses and services required by trail users. There are significant opportunities to be realized and many ongoing economic benefits can occur as a result of a well established, well marketed and well supported Trans Canada Trail in Ontario.

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