



Beyond the Finish Line

Ensuring a Successful Legacy for the Toronto
2015 Pan Am & Parapan American Games



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About the Ontario Chamber of Commerce

The Ontario Chamber of Commerce (OCC) is a business network of 160 local chambers of commerce and boards of trade in Ontario. Through this network, we are the voice of 60,000 members that range from small businesses to major corporations and industry associations. Together, our members employ over two million people and produce nearly 17 percent of Ontario's GDP.

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Beyond the Finish Line: Ensuring a Successful Legacy for the 2015 Pan Am & Parapan American Games

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Message from the President & CEO of the Ontario Chamber of Commerce

Ontario is now less than a year away from the Toronto 2015 Pan Am & Parapan American Games. Despite their proximity, very few Ontarians appreciate the scale of the Games, the largest multi-sport event in Canada's history. In terms of athlete participation, the Games will be three times larger than the 2010 Vancouver Olympics. More than 10,000 athletes, coaches, and officials will participate.

Even fewer Ontarians appreciate the impact of the Games. They will have a huge impact on Ontario's economy, generating 250,000 new visitors to the Greater Toronto Hamilton Area (GTHA) and 26,000 new jobs. Yet the scope of the Games extends well beyond its events. If successfully executed, they will bring about long-term and sustainable benefits for the provincial economy and Ontario businesses. The Ontario Chamber of Commerce and its members are supportive of the Games and are excited by the opportunities they will bring to Ontario.

In order to secure a positive legacy for Ontario and the GTHA, the Province should continue to work with its partners to lay the groundwork over the coming year. The Province has so far made excellent progress on a number of fronts: it has invested in major infrastructure projects across the GTHA; trade shows are being organized; businesses, including SMEs, have been engaged in the business opportunities presented by the Games. But there is more to be done.

Government cannot bear sole responsibility for the success of the Games. Businesses and all Ontarians need to get excited about their potential and take advantage of the tremendous opportunities they provide.



Allan O'Dette
President & CEO
Ontario Chamber of Commerce

Executive Summary

With the Toronto 2015 Pan Am & Parapan American Games (Pan Am Games) less than a year away, this paper identifies key actions that the Government of Ontario and its partners can take to ensure that they leave a positive, lasting legacy.

While the Games are expected to bring 250,000 new visitors to the Greater Toronto Hamilton Area (GTHA) along with 26,000 new jobs, those benefits, along with the longer-term benefits, are not guaranteed. Solidifying a positive legacy for the Games will require deliberate actions over the final year before the Games begin.

The Province has already made significant progress on a number of fronts by investing in infrastructure, organizing Pan Am trade shows, and engaging small and medium-sized enterprises (SMEs) in Pan Am related business opportunities. But work remains.

As a start, the Province, together with the federal government, should ensure that they apply their tourism marketing resources strategically in order to generate a sustained increase in tourism. As it stands, too few marketing dollars are devoted to attracting international visitors – on whom the success of the Games depends. Further, the Government of Ontario should think long-term by developing, in conjunction with Ontario businesses, a plan that leverages Pan Am sports infrastructure to create future economic development opportunities for GTHA communities.

In addition, the private sector must work closely with the Province and leverage these Games to build trade relationships with new partners from emerging Latin American markets. The Ontario government and Ontario businesses have largely failed to tap into a rapidly growing Latin American and Caribbean economy that produces \$5.7 trillion USD a year in GDP (just over 2 percent of Ontario's exports are destined for South America). As tourists, business leaders, and government officials pour into the province, Ontario businesses have an unprecedented opportunity to strike new relationships and get their goods and services to new markets.

Finally, the Government of Ontario should continue to work closely with Ontario businesses to maximize the economic benefits that the Games will bring to our province. This can be accomplished with small tweaks to the procurement system that encourages both local and SME vendors to bid on government Requests for Proposal.

The Ontario Chamber of Commerce and its members believe that, with the right planning, the Games will bring about long-term and sustainable benefits for the provincial economy and Ontario businesses.

Summary of Recommendations

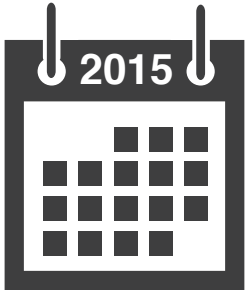
As Ontario's largest business organization, the goal of the Ontario Chamber of Commerce is to maximize the economic benefits that accrue to Ontario as a result of the Games. In that spirit, we see excellent progress on a number of fronts, including procurement and trade promotion. Where there is progress, we caution against complacency and urge government to continue to concentrate on the tasks at hand. However, where progress is not yet visible, we urge government to take a number of immediate steps. We recommend that the Government of Ontario:

1	Allocate additional resources to the Ontario Tourism Marketing Partnership Corporation to fund advertising and awareness campaigns beyond Ontario.
2	Together with business, press the federal government to reduce wait times and eliminate needless complexity in the Canadian travel visa application process. <ul style="list-style-type: none">• Where possible, the federal government should eliminate the visa requirement.
3	Together with host municipalities and Ontario sporting bodies, enhance and then follow through on a plan to use the Games' facilities to attract other major sporting events in the future, and brand the Greater Toronto Hamilton Area as a region of sports excellence.
4	Ensure that the Games' traffic reduction targets do not have an unduly negative impact on goods movement.
5	Continue its successful efforts to minimize economic leakage by procuring goods and services for the Games, as much as possible, from within the province.
6	Continue its successful efforts to ensure that Ontario small businesses are aware of the procurement opportunities available to them and encourage them to participate in the bidding process.
7	Together with Ontario businesses, leverage the unique opportunity presented by the Games to establish deeper relationships with Latin American countries. <ul style="list-style-type: none">• Use the Games as an opportunity to develop a comprehensive Latin American trade strategy.• Plan post-Games trade missions to major Latin American markets.
8	Together with the postsecondary sector, leverage the Games and develop a marketing strategy to attract students from across the Americas to study at Ontario's world class universities and colleges.

Key Facts About the Pan Am Games



The Pan Am Games will be the largest multi sport Games ever hosted in Canada. In terms of athlete participation, they will be three times larger than the 2010 Vancouver Olympics with more than 10,000 athletes, coaches, and officials participating.



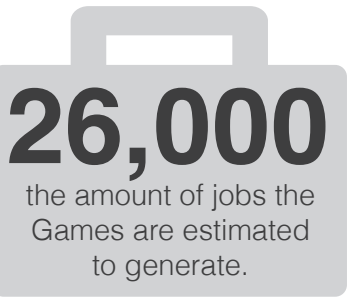
Pan Am Games
July 10-26

Parapan American Games
August 7-15

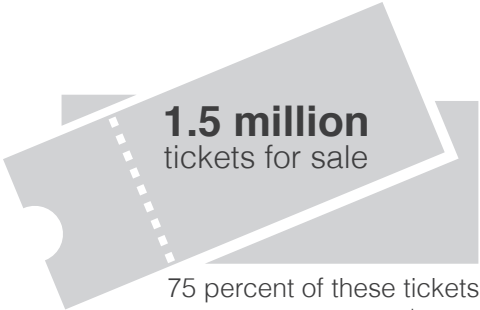
Athletes and officials will represent

41

Pan American countries and territories.



26,000
the amount of jobs the Games are estimated to generate.



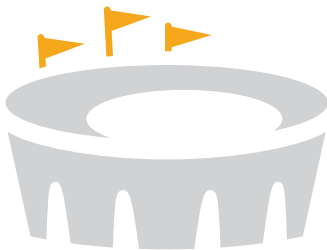
75 percent of these tickets will cost less than \$45.



2.5 Billion is the estimated total cost of the Games.



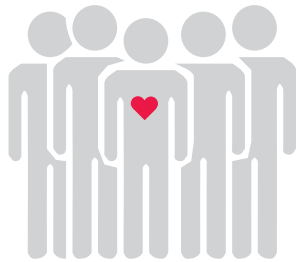
51 SPORTS will be played during the Games (36 for Pan Am and 15 for Parapan).



The Games are taking place at **43 venues** across **15 municipalities** and **17 different communities** in the GTHA (see page 16).



250,000 additional visitors will come to the GTHA for the 2015 Games.



The Games will be supported by up to **20,000** volunteers.

Source: Grantham and Tal, 2013

Introduction

This paper identifies the crucial steps that governments and the private sector must take in order to ensure that the Pan Am Games leave a positive, lasting legacy in the province. The report then assesses Ontario's progress against those steps. We find, on the whole, that Ontario is in a strong position to capitalize on the Games. However, there are key actions that need to be taken in the next year to ensure that the Games are a slam dunk for Ontario.

Research shows that successful sporting events are carefully planned to maximize the benefit for the host region. Failing to plan, as the adage goes, is planning to fail. With less than one year before the Games begin, there is much at stake for the GTHA and the province.

Throughout this paper, we point to examples of positive and negative impacts that major sporting events have had in other jurisdictions. When planned and executed properly, these types of events can bestow plenty of long-term benefits on their host city or region. However, it is important to note that none of the traditional benefits associated with major sporting events—including investment attraction, stronger trade ties, increases in foreign arrivals and visitor spending, and the development of urban infrastructure—are automatic.

The Ontario Chamber of Commerce and its members are eager to take advantage of the opportunities these Games offer. But there is much work that remains to be done to ensure a positive, lasting legacy for the Games.

Failing to plan, as the adage goes, is planning to fail, and so with less than one year before the Games begin, there is much at stake for the GTHA and the province.

Table 1: Scale of the Pan Am Games, compared

	Vancouver 2010 Winter Olympics	London 2012 Olympics	Toronto 2015 Pan Am Games
Number of Athletes	2,600	More than 10,000	7,600
Levels of Government Involved	3	2	3
Number of Municipalities Involved	3	1	15

The Impacts of Major Sporting Events

As research shows, when planned and executed properly, major sporting events can bestow plenty of long-term benefits on their hosts. On the other hand, poorly planned and executed events can have the opposite effect. The following section outlines the impacts that comparable sporting events to the 2015 Toronto Pan Am & Parapan American Games have had on their hosts across four broad areas: infrastructure, fiscal impacts, employment, and tourism.

Infrastructure

Cities that are awarded a major sporting event often use it as the impetus to invest in transportation and service infrastructure, clean their streets, and generally present their region favourably as they welcome visitors from around the world (Gold and Gold 2008, 301).

Barcelona, Spain is the most commonly cited example of a city that used a major sporting event to upgrade its infrastructure. All levels of government made significant investments in the lead up to the 1992 Summer Olympics. Eighty three percent of Spain's Olympic expenditures were invested in urban improvement measures, including the extension of Barcelona's Metro system, the re-routing of Spanish coastal railway, the redesign of their airport, and upgrades to the Spanish telecommunications system (Ibid). Barcelona also invested extensively in their cultural and tourism sectors, in part by opening up five kilometres of coastline and beaches to the public. These investments had a substantial impact on the local economy, and transformed the city into the tourism capital it is today (Malfas et al. 2004, 212).

Fiscal Impacts

The size of the investments needed to host a major sporting event are substantial. On occasion, the many dollars spent on a major sporting event are found by reducing services, borrowing money, or increasing taxes—all of which can have a negative impact on the local economy (Matheson 2006, 12). The economic impact of hosting a major sporting event can be negated by the employment losses associated with higher taxes or spending cuts elsewhere in the system.

The benefits to the overall economy depend on the city and region's economic health at the time the related investments take place. For example, hosting an event during an economic recession will considerably strengthen the economy due to the influx of capital. Conversely, investment during an economic upswing may diminish the aggregate impact, and investments will be less economically stimulative (Malfas et al. 2004, 214).

Despite government's best intentions, major sporting events can sometimes leave cities with crippling debt. The 1976 Montreal Summer Olympics left the municipal government with a deficit of \$1.2 billion due to poor financial and logistical management, and overly ambitious and unnecessary infrastructure projects (Gold and Gold 2008, 305).

Employment

Major sporting events have been shown to increase employment in the host city (Cowe 2013, 2). In the case of Toronto's Pan Am Games, a 2013 study by CIBC estimates that they will generate 26,000 jobs (Grantham and Tal 2013, 2). However, there is some controversy over whether these job gains will be sustained after the Games' end since many of them are linked with capital investments and event logistics.

Studies of past Olympics have found that many of the jobs created are low-paying and temporary. In Barcelona, the general rate of unemployment fell from 18.4 percent to 9.6 percent between October 1986 and July 1992 in advance of the 1992 Olympics, but resulted in a limited number of new permanent jobs (Malfas et al. 2004, 212).

Sporting events can also negatively impact productivity as a result of increased congestion and tourist avoidance. The São Paulo Federation of Commerce estimates the output lost as a result of the recent World Cup could reach \$14 billion USD, which far surpasses the estimated tourism related earnings of \$3 billion USD (Economist, 2014).

Tourism

Major sporting events generally boost tourism and economic activity in the host city/region. For example, the 1996 European Football Championship helped push Britain's trade balance into a surplus. Over 280,000 spectators came to the UK to attend the matches, spending over \$200 million USD in the host cities and regions during the event (Malfas et al. 2004, 212).

This kind of tourist activity is often limited to the duration of the event. A study of 18 major sporting events found that tourism increased on average 8 percent but that this effect was short lived (Cowe 2013, 3).

Other studies reveal that large events can sometimes 'crowd out' the tourism market by dissuading regular recreational and business visitors from coming to the host city. As a result, the event supplants, rather than supplements, the regular tourist industry. In other words, while the economic impact of the event appears to be positive, the net impact may be negligible (Matheson 2006, 10). For example, the 2002 World Cup brought more European visitors to South Korea but this increase was offset by a similar decrease in regular tourists and business travelers who avoided South Korea during the event. The total number of foreign visitors was identical to the same period the previous year (Ibid).

Further studies reviewing the tourism impact of Olympic Games have found that their overall long term impact was negative (Pyo et al. and Kang and Perdue in Malfas et al. 2004, 213).



Ensuring Success: The Final Stretch

As past examples show, realizing long-term benefits from major sporting events cannot be assumed. Experience demonstrates that a number of actions are required across a wide variety of policy areas to ensure a positive economic legacy beyond the conclusion of the Games. These include:

1. Ensuring that the Games generate a sustained increase in tourism
2. Leveraging the Games to develop a robust sports infrastructure in the GTHA
3. Limiting the impact the Games have on transit and goods movement
4. Creating opportunities for local businesses, including SMEs, to participate in procurement
5. Building and strengthening trade relationships with those countries that are participating in the Games
6. Leveraging the Games to attract key talent and skills to Ontario

The remainder of this report outlines Ontario's progress against these six factors and highlights areas where further progress is required. Recognizing that success is not exclusively contingent on government, we also outline actions for businesses, the tourism sector, and local municipalities.



**Ensuring that
the Games
Generate a
Sustained
Increase
in Tourism**

Ensuring that the Games Generate a Sustained Increase in Tourism

Challenges

Tourism is an increasingly important sector of Ontario's economy: it accounts for 3.8 percent of provincial GDP and supports 347,000 indirect and direct jobs (Ontario Ministry of Tourism Culture and Sport, 2012). Yet the sector is facing new challenges that threaten its growth, many of which are outside of its direct control. These challenges include stiffer international competition, rising gas prices, a high and volatile Canadian dollar, tighter border controls and travel restrictions for international visitors, and a depressed US travel market (Ontario Ministry of Tourism, Culture, and Sport 2014).

One of the tourism industry's greatest challenges, however, lies in the harmful travel visa application process for visitors from many fast growing emerging markets. The high wait times and complex requirements currently associated with the process serve as an impediment to growth—and will almost certainly cause frustration and confusion for would-be Games' tourists.

The Pan Am Games provide a significant opportunity to boost Ontario's tourism sector, when an anticipated 250,000 additional visitors will travel to the GTHA. The challenge for policymakers is to ensure that those visits translate into sustained tourism activity in the province. A further challenge is to leverage the Games as a way of attracting more international tourists. As it stands, two-thirds of tourism spending in Ontario is done by Ontarians (Ontario Ministry of Tourism Culture and Sport 2012).

Despite lofty expectations, there are no guarantees that tourists will flock to the GTHA for the Games. Many major sporting events have actually coincided with a decrease in tourism as regular tourists and business travelers stay away from crowds (Smithers 2012).

The Pan Am Games provide a significant opportunity to boost Ontario's tourism sector, when an anticipated 250,000 additional visitors will travel to the GTHA.

Opportunity

The Games have the potential to attract tourists from across the Americas. CIBC estimates that the Games could attract up to 350,000 visitors if the Games generate the same kind of enthusiasm as the 2010 Vancouver Olympics (Grantham and 2013, 4). CIBC also estimates that tourism could generate an additional \$260 million in GDP and help boost employment in the industry by over 3,500 (Ibid).

However, these increases in visitors and tourism spending are not a sure thing. Tourists will not simply arrive unsolicited. Ontario needs to follow the lead of other major sporting event hosts and market itself to potential visitors. The UK, for example, unveiled its Tourism Strategy in advance of the 2012 London Olympics. The Strategy was designed to leverage the Games to provide a long-term boost to the UK economy (Department for Culture, Media, and Sport 2011). A major part of that strategy was the 'GREAT Britain campaign', the UK's \$930,000 USD initiative that promoted British attractions in addition to the UK's welcoming business environment. The advertising campaign encouraged people to visit, work, study, and invest in the UK; its posters were featured around the world, including in Toronto.

Recent figures show that the London Olympics succeeded in attracting 680,000 overseas residents to the UK for the express purpose of watching, participating in, or working at the London 2012 Games (Office for National Statistics 2012). Further, the UK's tourism strategy proved to have long-term staying power, as post-Olympics, tourism to the UK has increased: in the first seven months of 2013, foreign visitor numbers rose by 4 percent compared with the same period in 2012, and spending was up 12 percent. In July 2013 foreign visitors spent 30 percent more than in July 2012, setting a new record (Economist 2013).

The UK example demonstrates that investments in tourism marketing can pay off. Evidence shows that marketing investments would likely have a similar impact in an Ontario context: according to the Canadian Tourism Commission, direct-to-consumer advertising generated an associated return on investment of 38 to one (Canadian Tourism Commission 2013).

Currently, Ontario lags its competitors in tourism marketing spending. British Columbia spends \$49 million, Alberta spends \$57 million, and Canada (through the Canadian Tourism Commission) spends \$58 million on tourism marketing (Destination British Columbia 2013, 19; Travel Alberta 2013, 51; Canadian Chamber of Commerce 2013, 8). According to third party sources, Ontario, which comprises 40

percent of Canada's tourism business, spends less than each of these provinces. The contrast is even starker when compared to other tourist destinations like the US and Ireland, both of which spend over \$200 million on tourism marketing (Canadian Chamber of Commerce 2013,5; Canadian Chamber of Commerce 2013,8).

Progress to date

The Government of Ontario has invested in the Games through its Celebration Legacy Strategy. The Strategy dedicates funds for tourism activation, including \$300,000 which will go to the Ontario Tourism Marketing Partnership Corporation. The money primarily funds initiatives that target Ontarians and domestic visitors. The funds will not be used for international advertising.

Recommendations to the Province

1. Allocate additional resources to the Ontario Tourism Marketing Partnership Corporation to fund advertising and awareness campaigns that target international tourists.
2. Together with business, press the federal government to reduce wait times and eliminate needless complexity in the Canadian travel visa application process.
 - a. Where possible, the federal government should eliminate the visa requirement.



2

**Leveraging
the Games
to Develop a
Robust Sports
Infrastructure
in the GTHA**

Leveraging the Games to Develop a Robust Sports Infrastructure in the GTHA

Challenge

Major sporting events generally require substantial investments in sports infrastructure. This infrastructure is often used for the duration of the event, then used sparingly afterwards.

A substantial portion of the Pan Am budget—\$647 million—is being spent on venues and sports infrastructure. Ontario needs to leverage these assets for continued use and economic development purposes after the Games.

Pan Am Games venues are planned with their end use audience—Pan Am Games spectators, local communities, and Canadian athletes—in mind. But without an explicit and well articulated long-term plan for venue use, these venues risk being underused and underleveraged by communities that would significantly benefit from future international sporting events. The Province, as a link between regions and a source of funding, has a key role to play in developing and executing this plan.

Opportunity

World class sporting facilities can attract world class events and generate tourism receipts. For example, Manchester, UK, leveraged the 2002 Commonwealth Games to create a sports entertainment cluster that has attracted and hosted world class sporting events, such as triathlon, lacrosse, and rugby (BBC 2012). They have also attracted professional athletes who now live and train in the region.

Canada already has a robust sports tourism industry, which generates nearly \$3.6 billion in economic activity every year (Canadian Sports Tourism Alliance 2012). The industry is almost certain to grow due to the Pan Am Games and the resulting new and renovated sports infrastructure.

However, there is no guarantee that ‘if you build it, they will come’. Without a plan, we cannot assume that Ontario will attract future sporting events.

“We didn’t take advantage of this dynamic that we got in 2004.... We simply made the biggest mistake in our history: We switched off, locked up the stadiums, let them fall to pieces, and everything finished there.”

- Pyrrros Dimas, Member of Greek Parliament and former Olympian

Progress to date

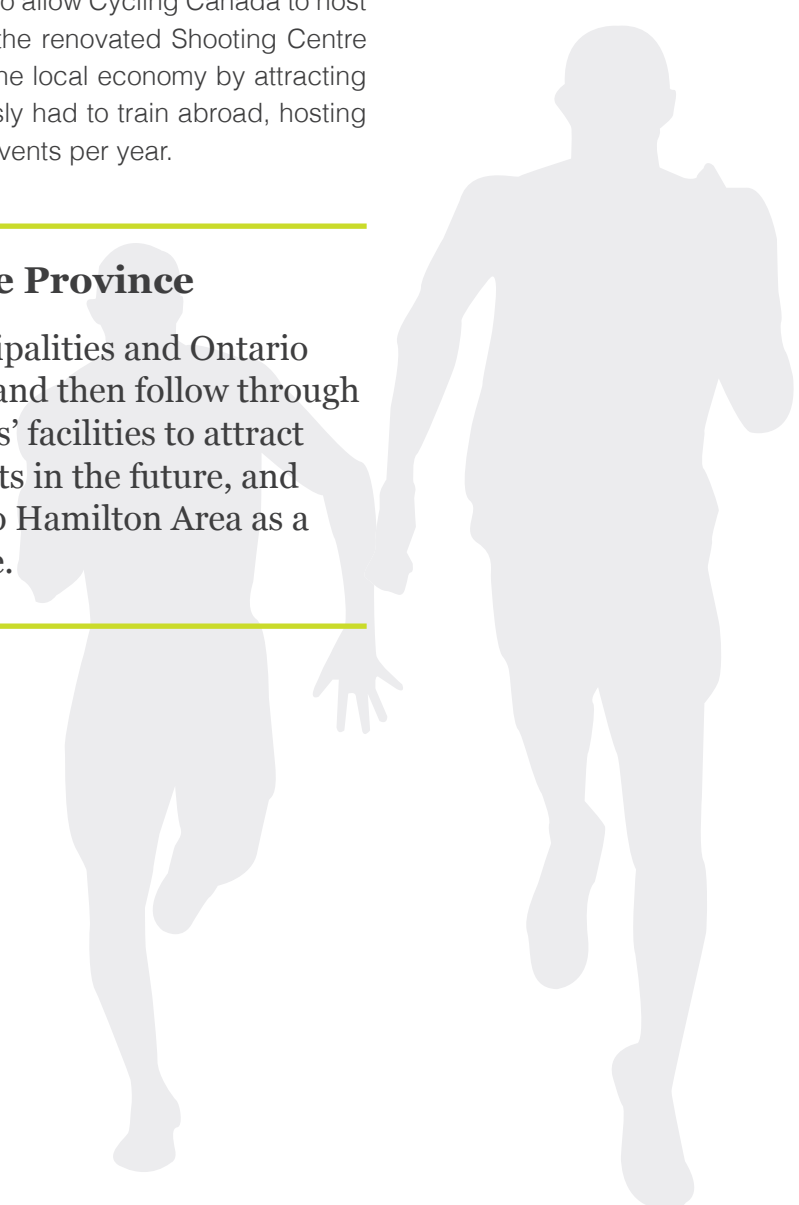
The provincial and federal governments have jointly founded the Sport Legacy Fund of \$70 million to contribute to the operation and capital maintenance of three brand new Games facilities (the Pan Am/Parapan Am Games Aquatic Centre and Field House, the Milton Velodrome, and the Pan Am/Parapan Am Athletics Stadium). The government expects the Sport Legacy Fund to maximize the community, recreational, and high-performance sport use of these facilities. In addition, the government recently expanded its Celebrate Ontario program to include a new, dedicated funding category to support International Amateur Sport Hosting. These funds will help sport organizations and municipalities deliver major sport events in Ontario.

The Province has built or renovated several venues that hold important long-term economic development potential. For example, the new Milton Velodrome will not only allow Canadian cyclists to train and compete in Canada for the first time, but will also allow Cycling Canada to host international competitions. Similarly, the renovated Shooting Centre in Innesville has the potential to boost the local economy by attracting Canadian athletes who have previously had to train abroad, hosting four to six national and international events per year.

Without an explicit and well articulated long-term plan for venue use, these venues risk being underused and underleveraged by communities that would significantly benefit from future international sporting events.

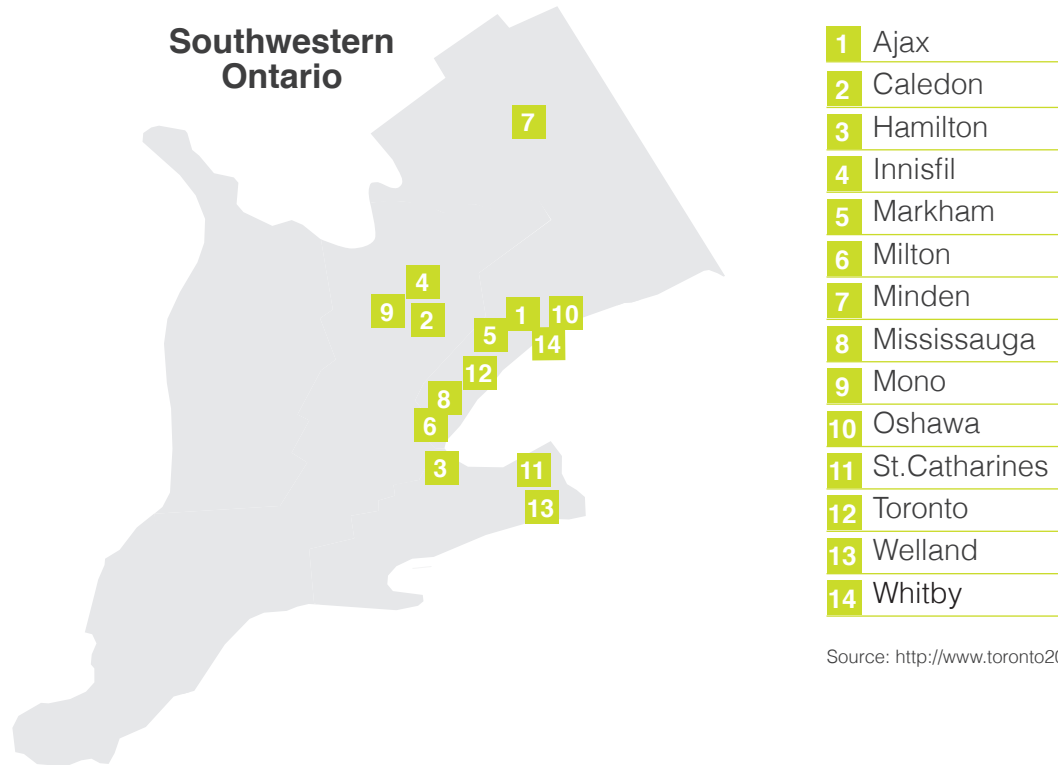
Recommendation to the Province

3. Together with host municipalities and Ontario sporting bodies, enhance and then follow through on a plan to use the Games' facilities to attract other major sporting events in the future, and brand the Greater Toronto Hamilton Area as a region of sports excellence.
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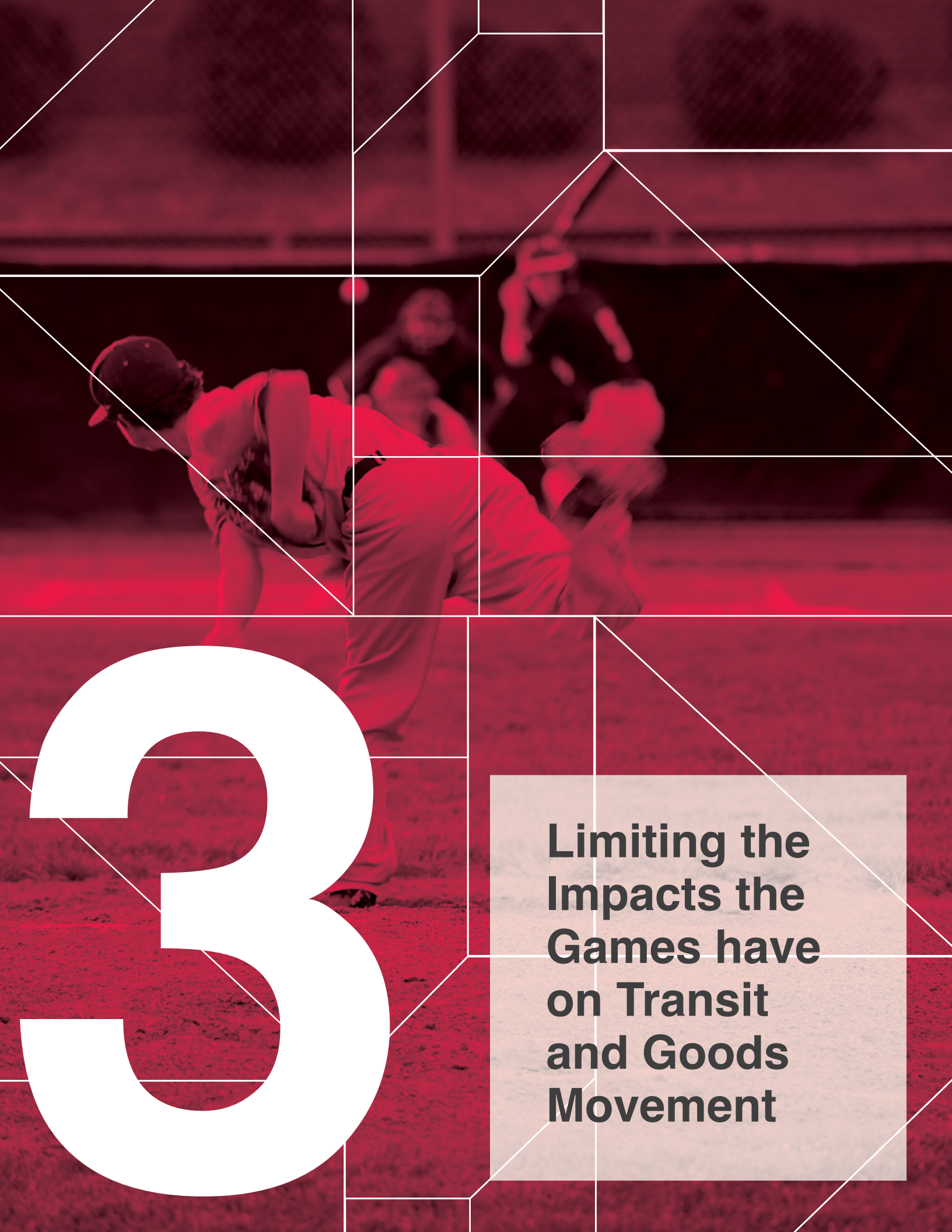


Venues of the Pan Am Games

The venues are located in over fourteen communities in the GTHA and Niagara.



Source: <http://www.toronto2015.org/venues>



3

Limiting the Impacts the Games have on Transit and Goods Movement

Limiting the Impact the Games have on Transit and Goods Movement

Challenge

Congestion costs the GTHA \$6 billion in lost productivity annually (Metrolinx 2008). Observers anticipate that congestion in the region will worsen during the Games, partially as a result of the government's ambitious 20 percent traffic reduction target. In order to meet this target, the Province is converting lanes of key arteries, such as the Queen Elizabeth Way/Gardiner Expressway and Don Valley Parkway/Highway 404, to High Priority Lanes for Games athletes and officials.

The Pan Am Games are likely to adversely affect goods movement and trade. After all, Ontario's highways transport almost 70 percent of Canada's road trade with the US, and a significant amount of this trade makes its way through the GTHA. The government's traffic reduction targets may force businesses to shift their trade routes or delay their shipments. There is a real risk that the Games will put a temporary damper on Ontario's trade flows, which is problematic considering that 25 percent of Ontario's economy and nearly 2 million jobs are supported by international trade.

The Ontario Ministry of Transportation's Commercial Vehicle Study found that in 2011, commercial vehicle trucking activities moved over \$1.2 trillion dollars of goods on Ontario roads. This breaks down to \$3.3 billion of goods on average, per day (Ontario Ministry of Transportation, 2014). Any transportation delays caused by the Games will not only impact the livelihoods of businesses across the province, but will have broader impacts on Ontario's trade dependent economy.

Opportunity

If the experiences of similar events are any indication, the GTHA should expect significant transportation challenges for the duration of the Games. The 2012 London Olympics, for example, saw an extra three million trips each day of the Games (Gibson 2012). During the Games, the London subway system carried over 101 million passengers—up by 28 percent on normal levels—including the most ever carried on a single day (4.5 million passengers).

The London Olympics Games' organizers took preventative steps to ensure that athletes and spectators got to their venues on time. The

UK government invested just short of \$11 billion USD in upgrading the transportation infrastructure in London (Ainsworth-Wells 2013). The government also carried out a widespread marketing campaign to help raise awareness of travel delays, and provided tips and alternative routes for London residents and visitors during the Olympics and Paralympics. This included a website with interactive graphics and maps that showed expected traffic impacts and suggested alternative routes (Telegraph 2012).

Progress to date

Here in Ontario, the Province has already invested in several major transportation projects, including the Union Pearson Express rail line, a 25km rail link which will connect downtown Toronto to the city's international airport, streetcar infrastructure in Toronto's West Don Lands, and a new GO Transit rail station at James Street North in Hamilton (Government of Ontario, 2014).

To address the Games' congestion challenges, the Province has developed a Strategic Framework for Transportation—a compilation of policies and strategies to guide “planners, decision-makers and the public in supporting effective Games-time transportation” (Government of Ontario 2014, E2). The Framework outlines a plan to utilize public transit to get spectators, Games staff, volunteers, and residents to their destinations. It estimates that transit will account for roughly half of all spectator trips during the Games, which will reduce traffic and parking around venues, and help to contain demand on the greater road network.

However, there is little indication that the Province has conducted the necessary economic impact analyses that measure the Games' impact on productivity. These impacts are almost certain to be compounded by the Province's plan to encourage businesses to change their goods movement behaviours for the duration of the Games. Given that an estimated \$79.2 billion of goods will move across Ontario's highways during the Games, any disruption to the movement of those goods will have serious adverse effects on Ontario business and the economy.

Public transit will account for roughly half of all spectator trips during the Games, which will reduce traffic and parking around venues, and help to contain demand on the greater road network.

Recommendation to the Province

4. Ensure that the Games' traffic reduction targets do not have an unduly negative impact on goods movement.
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4

**Creating
Opportunities
for Local
Businesses to
Participate in
Procurement**

Creating Opportunities for Local Businesses, Including SMEs, to Participate in Procurement

Challenges

When all is said and done, the Government of Ontario and Toronto 2015 will have procured over \$1 billion worth of goods and services from Pan Am Games vendors. Procurement on this scale generates considerable economic activity. The challenge for Ontario policymakers is to capture as much of that economic activity as possible. Government needs to employ a procurement strategy that minimizes economic leakage, in order to ensure that the Pan Am Games create as many jobs and generate as much economic activity here in Ontario as possible.

A second challenge for policymakers is to ensure that SMEs are not excluded from selling their goods or services to government by an onerous or inaccessible procurement system.

Opportunities

The bulk of non-capital procurement opportunities for these Games will occur within the year leading up to the event, including almost the entire operating budget, which is in excess of \$500 million. The supplies purchased include sports equipment, concessions, merchandise, and technical expertise.

Because of their proximity to venues and their expertise, Ontario businesses are well positioned to bid on and win procurement contracts. Roughly 98 percent of Ontario businesses have fewer than 100 employees. Many of these businesses would be more likely to engage in a streamlined procurement process that foregoes needless complexity. In many cases, small businesses that win a government procurement contract are able to use the public sector buyer as a reference client to drive export sales and gain access to financing.

Given the breadth of Pan Am procurement opportunities that still lie ahead, the Province has time to ensure that its procurement model encourages even greater participation from Ontario businesses, including SMEs. Toronto 2015—the Pan Am organizing body—is already off to a good start in this regard. Organizers have been hosting information workshops for small and medium sized Ontario businesses looking for procurement opportunities. Toronto 2015 has also built provisions into the bid process that award points to minority groups and joint bids in order to encourage non-traditional stakeholders to participate as vendors.

Progress to date

Results so far are encouraging. As of April 2014, Toronto 2015 had spent \$39,787,507 on third party suppliers for the Games (Toronto 2015). Significantly, 55 percent of the goods and services procured have been awarded to businesses operating in the Greater Golden Horseshoe. In total, 84 percent of goods and services have been awarded to businesses operating in the Greater Golden Horseshoe, Ontario, and Canada (Toronto 2015).

In total, 84 percent of Pan Am goods and services have been awarded to businesses operating in the Greater Golden Horseshoe, Ontario, and Canada.

Recommendations to the Province

5. Continue its successful efforts to minimize economic leakage by procuring goods and services for the Games, as much as possible, from within the province.
 6. Continue its successful efforts to ensure that Ontario small businesses are aware of the procurement opportunities available to them and encourage them to participate in the bidding process.
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5

**Building and
Strengthening
Trade
Relationships
with
Participating
Countries**

Building and Strengthening Trade Relationships with Participating Countries

Challenges

In building new trade relationships, the first challenge is one that is well known: Ontario businesses, especially small ones, do not trade enough. Only six percent of SMEs are engaged in export activities (Jobs and Prosperity Council, 2012). Too many of those businesses that do export look solely to the US for trading partners: 78 percent of Ontario's exports are destined for the US (Ontario Ministry of Economic Development, Employment, and Infrastructure, 2014). In an era of slow economic growth, building new trade relationships with emerging markets takes on greater importance. However, it can be daunting for business (and government) to build meaningful trade relationships with countries with whom they have limited economic linkages.

A second challenge is particular to major sporting events like the Pan Am Games: how do host countries/regions leverage the event to increase trade relationships with visiting countries? For many years, it was difficult to draw any link between hosting a major sporting event and increasing exports.

However, a landmark 2009 study from Rose and Spiegel found evidence of a large positive effect of mega events such as Olympics and World Cups on exports and overall trade. Their research found that countries that have hosted Olympic Games permanently increased their exports, on average, by 30 percent. The authors conclude that the "Olympic effect" on trade is attributable to the signal a country sends (i.e. that they are "open for business") when hosting or bidding to host a Games, rather than the act of actually holding a Games.

As it stands, Ontario trades very little with Latin American countries; in total Ontario's exports to the Americas (excluding the US) accounts for only 2.1 percent of provincial exports (see Table 2). This represents a huge missed opportunity given that Latin American and Caribbean economies produce \$5.7 trillion USD every year and many are growing rapidly (World Bank, 2014). The Pan Am Games provide Ontario businesses with unparalleled opportunities to build relationships with emerging markets.

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Opportunities

Ontario's ethnically diverse population provides it with an advantage as it seeks new trade relationships. The GTHA in particular is home to a large Latin American and Caribbean community: 20 percent of Toronto's population was born in the Caribbean, Central America, South America, the US or Mexico (Toronto 2015 2009, 11). Ontario can leverage the relationships between these countries and their diaspora communities to help establish new trade relationships.

Progress to date

Ontario recently opened an International Marketing Centre (IMC) in São Paulo, Brazil. The government also has IMCs in Mexico and the United States, whose mission is to raise Ontario's profile while helping Ontario firms grow their exports. In addition, the Latin America Global Export Forum was held in Toronto in May 2014 and attracted 400 attendees and 19 buyers from Latin America.

Before the Games next year, Ontario will host the Toronto Pan American Economic Summit, a two and a half day conference that will bring together up to 1,500 business leaders from across the Americas. The goal of the Summit is to facilitate trade and investment opportunities between Canadian businesses and their counterparts and showcase Ontario as a business and tourism destination of choice to participants from across the Americas and around the world. It will include initiatives that will support trade and promote Ontario's business environment, including buyer-to-buyer meetings. It is incumbent upon business to take advantage of this opportunity.

Recommendations to the Province

7. Together with Ontario businesses, leverage the unique opportunity presented by the Games to establish deeper relationships with Latin American countries.
 - a. Use the Games as an opportunity to develop a comprehensive Latin American trade strategy.
 - b. Plan post-Games trade missions to major Latin American markets.

Exports from Ontario to the Americas

The countries of the Pan Americas and the percentage of Ontario's exports that go there.



1	United States of America	78.48%
2	Mexico	1.18%
3	Brazil	0.23%
4	Chile	0.13%
5	Argentine	0.08%
6	Columbia	0.06%
6	Cuba	0.06%
7	Peru	0.05%
8	Cayman Islands	0.03%
8	Dominican Republic	0.03%
8	Venezuela	0.03%
9	Bermuda	0.02%
9	Jamaica	0.02%
9	Panama	0.02%
9	Trinidad and Tobago	0.02%
10	Bahamas	0.01%
10	Barbados	0.01%
10	Costa Rica	0.01%
10	Ecuador	0.01%
10	El Salvador	0.01%
10	Guatemala	0.01%
10	Haiti	0.01%
10	Honduras	0.01%
10	Uruguay	0.01%
11	Bolivia	0.004%
11	Nicaragua	0.004%
11	St.Vincent and The Grenadines	0.004%
12	Guyana	0.003%
12	Paraguay	0.003%
13	Antigua and Barbuda	0.002%
13	Aruba	0.002%
13	Saint Lucia	0.002%
13	St.Kitts and Nevis	0.002%
14	Belize	0.001%
14	Dominica	0.001%
15	Grenada	0.0004%
16	British Virgin Islands	0.0003%



**Leveraging
the Games
to Attract
Key Talent
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Leveraging the Games to Attract Key Talent and Skills to Ontario

Challenges

Ontario's ethnic diversity is well reflected in its universities and colleges, where 21 percent of students are classified as "international" (Bitran and Tan 2013, 24, Association of Canadian Colleges and Universities 2014). However, Canada ranks eighth in the world as a preferred destination for international students despite the fact that among the G8 countries, Canada has the highest proportion of foreign-born population (21 percent). Despite the large Latin American-born population living in the country, only 7 percent of Canada's foreign students are Latin American.

Opportunities

International students have an immediate impact on the economy through tuition fees, living expenses, and discretionary expenses. Their impact on government revenues was \$291 billion in 2008, and in 2009, international students contributed over \$6.5 billion to the Canadian economy (Bitran and Tan, 2013, p.34).

Citing the positive economic and innovation spinoffs from attracting more foreign students to the province's universities and colleges, the Ontario Government's Expert Roundtable on Immigration recommended that the province's postsecondary sector ramp up their efforts to attract the best and brightest to Ontario's colleges and universities (Bitran and Tan 2013, 4). Given their young audience, the Pan Am Games are an excellent opportunity to market Ontario's college and university sector across the Americas.

Table 2: International Students in Canada, 2011

China	21,814	22%
India	12,049	12%
Korea	8,178	8%
Latin America	6,903	7%
France	5,068	5%

Source: Bitran and Tan, 2013

Progress to date

Ontario has done a good job of attracting international students. Between 2000 and 2010, the number of international students at Ontario colleges increased five-fold and the number of international students at Ontario universities almost tripled (Canadian Federation of Students 2013).

Recommendation to the Province

8. Together with the postsecondary sector, leverage the Games and develop a marketing strategy to attract students from across the Americas to study at Ontario's world class universities and colleges.
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Conclusion

The Pan Am Games provide Ontario with a unique opportunity to generate sustained economic activity in the province. However, the positive legacy of the Games is not yet assured.

As other jurisdictions' experiences have shown, none of the traditional benefits associated with major sporting events—including investment attraction, stronger trade ties, increases in foreign arrivals and visitor spending, and the development of urban infrastructure—are earned without effort. The most successful major sporting events are the product of years of planning followed by meticulous execution. These same successful sporting events often endow their host cities and regions with new infrastructure, new trade ties, and the ability to leverage their new assets for the purposes of economic development.

That is why it is imperative that over the course of the next year the Government of Ontario put in place all the pieces needed to secure a positive legacy for the Games. Yet government cannot bear sole responsibility for their success. A successful Games requires businesses and ordinary Ontarians to get excited about the potential and take advantage of the tremendous economic opportunities that these Games provide. Ontario's chambers of commerce and boards of trade also an important role to play here.

Like the athletes diligently preparing for their events, Ontario has a year to refine its game before taking the world stage. Efforts made now will pay off next summer, and well into the future.

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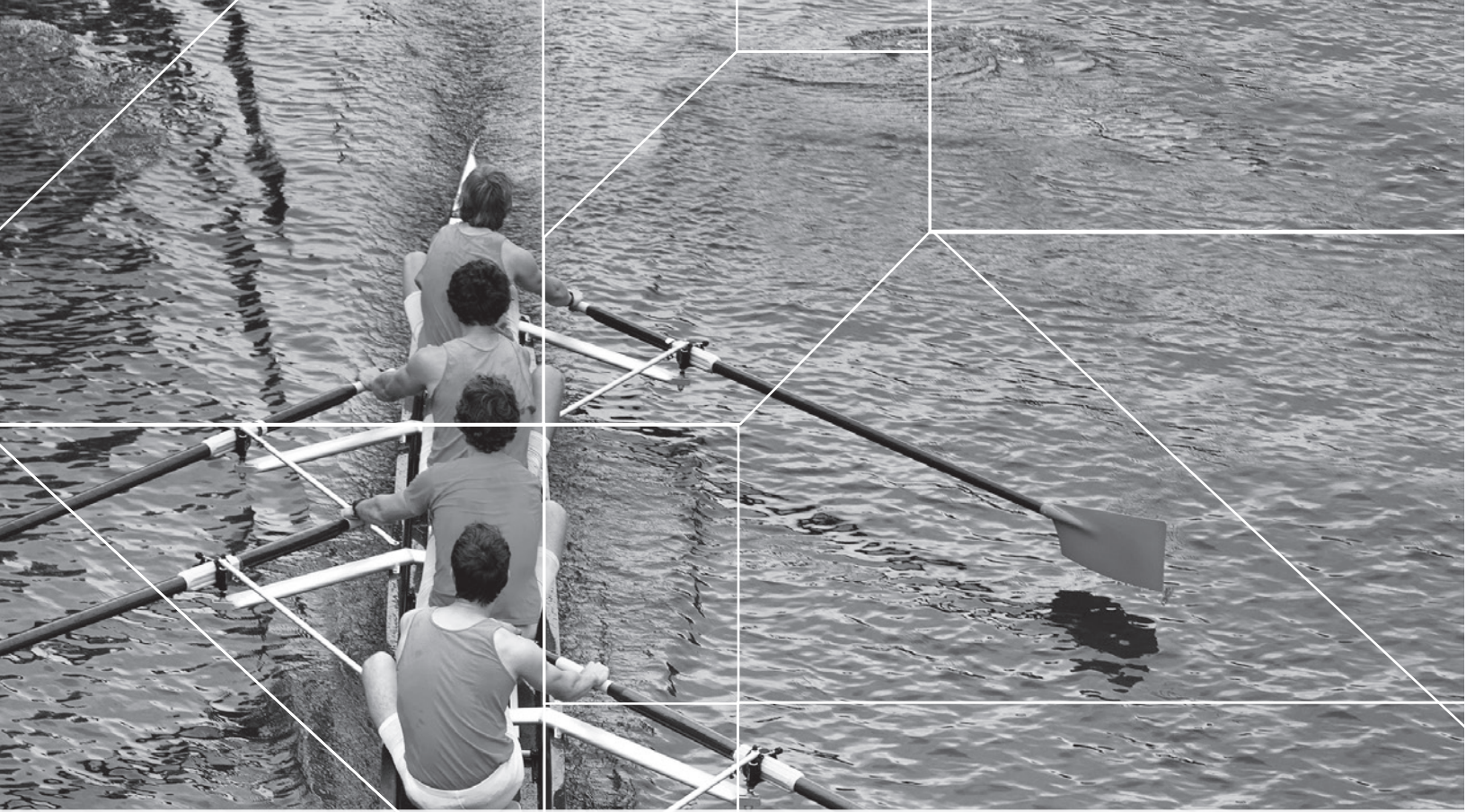
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The Pan Am Games will be the largest multi sport games ever hosted in Canada. With less than one year before the Games begin there is much at stake for the GTHA and the province.



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