

Appendix C

Economic Impact Considerations

This analysis estimates the potential economic impacts of a casino/integrated entertainment complex proposed to be located in OLG Gaming Zones C1 (downtown Toronto) and C2 (Woodbine). Based on the illustrative example described in this Appendix, construction value of these projects, if approved and go forward, could be in excess of \$3 billion and would be amongst the largest non-infrastructure development projects in North America. At a combined employment of over 10,000 persons, they would also be amongst the largest employers in Toronto. This Appendix outlines the types of impacts that could be expected, the differences between 'gross' and 'net' impacts, assumptions made with regard to size and nature of the casino complexes, staff's estimates of the size of the possible impacts and a discussion of mitigation strategies for the potential negative impacts.

1. IMPORTANT FACTORS IN DEVELOPING ESTIMATES OF ECONOMIC IMPACTS

In developing the following analyses, staff relied on experience elsewhere as reported in various studies and reviews of the literature, analyses undertaken by Ernst & Young (E&Y) as reported in earlier City Manager reports to Executive Committee as well as additional follow-on work, material supplied by OLG, the Ontario Ministry of Tourism, Culture and Sport's Tourism Regional Economic Impact Model (TREIM), and various other sources.

1.1 Components Associated with a Casino Development

For the purposes of these analyses, staff identified a number of components that could be included in a casino complex. The first issue is whether the casino is a stand-alone structure or an integrated complex that includes a variety of uses. Since all of the potential areas proposed by OLG for a casino are in parts of the City that have planning frameworks that encourage mixed uses, staff recommend that a new casino in the downtown area (C1) should be part of a mixed use development and that the economic impacts in C2 would also be enhanced if the casino is part of a larger development. In addition, as is frequently the case in other parts of the world, a casino complex often includes or is associated with a convention centre. A casino complex can be attractive to convention planners because a certain number of delegates will want to visit the casino (staff use an estimate of 20%) which is also why convention space is attractive to casino owners. As will be shown later in this Appendix, a convention expansion for Toronto will have a larger job and GDP impact than the casino itself. In addition to a casino and convention space, visitors to the complex will also want consumer amenities such as retail, restaurant/bar and entertainment opportunities.

In order to develop estimates of the size of economic impacts, in the absence of a specific proposal to be evaluated, assumptions must be made of the mix and sizes of these components. Staff has made the following assumptions:

- Gaming Floor: As described in the main report, the size of the floor drives the number of gaming positions (slots and tables) which in turn drives the gaming revenues that could be

expected. While the OLG and various proponents in the casino industry have made indications of what they think is possible for C1, this appendix works with an assumption of 175,000 square feet of gaming floor plus an associated back of house area that would be about 50,000 square feet. Roughly speaking, the economic impacts tied to gaming are reduced proportionately if the gaming floor size is reduced with the exception that the substitution impact may be reduced more significantly. This is explained further later.

- An associated convention complex that would include meeting rooms (break-out rooms), trade show floor space, auditorium/ballroom space and associated space such as catering and administrative offices: Since the two study areas analyzed in detail for C1 both have existing convention/trade show space, the analyses here for C1 focus on an expansion. For C2, it would be a new use for the site. A separate section on sizing of the convention facility for the C1 and C2 zones is included below.
- Hotel. For the purposes of this analysis a new 800 room hotel is assumed for both the C1 and C2 Zones. The hotel is an important element in attracting casino patrons from out of town as well as being a headquarters hub for conventions. Given the size of demand generated by the casino and the expanded convention facility, there would be much more room demand that would then flow out to other hotels in the vicinity. These 800 additional hotel rooms would both be a small increment to the existing base of 20,000 hotel rooms in the downtown and 7,000 rooms in the vicinity of Woodbine and Toronto International Airport. Staff has assumed that the hotel in the downtown area would be a somewhat higher-end hotel than the potential hotel at Woodbine.
- Ancillary retail, restaurant/bar, spa and entertainment facilities (referred to here as 'consumer space'). Each of the main components of a complex could have a variety of consumer space uses associated with them. Staff suggest a different strategy be used for a potential C1 complex and a C2 complex with respect to these uses. In the C1 zone, the amount of space used for these purposes should be restricted to protect downtown businesses and venues while the amount of such uses in C2 should be maximized to increase the economic impact in that part of Toronto. The main difference being that C2 is not located in an area with very many such uses present and the site has already been designated for significant consumer space expansion. For the purposes of estimating economic impacts in C1, staff have assumed that there would be 100,000 square feet of ancillary consumer space directly associated with the casino. For C2 staff have assumed that 450,000 square feet of consumer space is newly built. The exact configuration of these ancillary uses in either zone is unknown.

1.2 Types of Economic Impacts

The analyses and comments presented here focus on a number of key impacts that are typically measured. A particular focus is put on those elements that have been identified in the City's recently adopted economic development strategy, Collaborating for Competitiveness, namely:

- Jobs – The City of Toronto's unemployment rate is close to 10% with over 130,000 persons without work, well above the national average.
- Assessment increases (leading to increases in property taxes). These are a means to increase local municipal revenues and would help to pay for services and infrastructure.

Economists also focus on a key measure of the size of the economy – the Gross Domestic Product. In addition, an estimate is made here of the increase in various types of taxes that could be expected to accrue to all three orders of government tied to GDP increases caused by expanded gaming and associated uses. The main financial impact for the City could be the ‘Hosting fees’ paid to the local municipality by the OLG which are also a means to increase revenue without raising taxes. Hosting fees are dealt with in a separate Appendix.

Setting aside local population increase, the total amount of consumer and business spending on discretionary (casino-related spending is considered discretionary) elements within a community can reasonably be assumed to be fixed. Some Toronto residents and visitors who currently purchase goods and services from local businesses would redirect some of their spending to the new casino. Expansion of the existing gaming facilities at Woodbine would have a similar impact. This redirection impact is commonly referred to as the substitution effect or the cannibalization impact. Therefore, the total impact on the economy is not the same as the jobs and spending related to the casino complex since some of the spending will have been diverted from existing spending - meaning that existing operations will have lower receipts which would support fewer jobs. The opposite happens when new visitors come to the City due to the convention expansion or the casino complex. Since these new visitors will now spend new money in the City outside the casino complex, there will be new receipts and thus new jobs. Along the same lines, there may be some local residents that will spend more money locally than before because they may choose to go to the casino in Toronto rather than a casino elsewhere.

This analysis provides estimates of gross and net economic impacts in terms of job creation, taxes and gross domestic product (GDP). However, in addition to these impacts, development of a new casino in Toronto would generate additional costs related to social and health issues associated with problem gambling. As discussed in Appendix D, these costs are impossible to quantify accurately and have not been estimated here.

The impact on Toronto's image, or brand, has also been raised. A city's world brand and reputation can be assumed to have an impact on its overall economy (the more positive, the better for the future of the economy). Some commented in the consultation process that a casino would harm Toronto's international image. Staff could find no authoritative study that supports or denies this relationship. While some have a negative view of Las Vegas and Atlantic City due to the very large presence of casinos, other situations may not have such an impact. Certainly Sydney, Australia, with a large casino on the edge of the downtown core, is still placed very high in many rankings of world cities.

This image impact could also be true for a local area – some stakeholders and some of the persons responding to the consultation process, raised this possibility. There could be a decision by some businesses and residents and visitors to not want to be near a casino. Again, there is no clear evidence either way. There are very few large-scale casino complexes in the downtown core of any major North American city. Many of these localized negative impacts may be more associated with size, massing, pedestrian and automotive congestion, and competitive factors than with the image factor. The first three are discussed in the City Planning Analysis (Appendix B) and the competitive factors are discussed further below. If this is the case, then mitigation

strategies that reduce the size and increase the attraction to visitors would reduce the negative local impacts.

1.3 Direct, Indirect and Induced Impacts

Economic impact analyses typically measure different types of impacts. There are those that are directly related to the space and the operations within that space (staff on site, receipts of customers on site, etc). There are also indirect impacts when an operation purchases goods and services that are needed on the site but where the activity involved with the supply is located off-site (the manufacturing of furniture for the site, the ad agency staff supporting the promotion of activities at the site, etc). The money transferred and wages paid then also generate, or induce, further impacts through a subsequent round of purchases. In the cases of indirect and induced, also called the multiplier effect, these can spread out over a large geographic area. Economists typically try to identify those that are in the immediate market area (local) and those that are from further away. Service-based sectors typically have relatively low multipliers (less than 1 job created off-site for every job on site) whereas manufacturing can have very high multipliers (upwards of 3-7 jobs offsite for one on site). The Province's Tourism Regional Economic Impact Model (TREIM) was used for the estimates derived for hotel, consumer space, and convention space. The Canadian Gaming Association's model was used for casino impacts.

There are other types of impacts not covered by the multiplier calculation. The increased demand for construction and operations staff would likely attract many employees away from their current positions and/or delay other projects. Enhanced competition for labour could also bid up wages for these jobs depending on the overall economic climate at the time (this disruption would tend to be lower in larger regional settings). From a construction perspective, the trades unions have pointed out that if a major casino project was to happen in Toronto, it would likely happen after the current boom has run its course. There is a slowing of condominium construction underway. The Pan Am-related projects and the Union Station project would have been completed and most, if not all, of the infrastructure initiatives undertaken by the federal government to boost the economy as a result of the 'Great Recession' would have ended.

2. CONVENTION AND TRADE SHOW EXPANSION

A significantly expanded convention centre is potentially a bigger tourist draw than a casino, and would respond to a need that has been previously identified as a factor limiting Toronto's growth as a major tourist destination. Unlike many other cities that have a single major convention area, there are three areas within the city that compete for conferences and exhibitions/trade shows: the Metro Toronto Convention Centre (MTCC) in the downtown core, Direct Energy Centre/Allstream Centre at Exhibition Place and the Toronto Congress Centre and the International Centre, both close to the airport. While the total amount of space is considerable, as a result of fragmentation, none of these facilities provide both the scale and the mix of exhibition and meeting space required by some of the largest events seeking a host city and venue.

The MTCC includes 460,000 square feet of exhibition space, but it is divided between the North (200,000 square feet) and South (260,000 square feet) buildings. Although the North and South building are physically connected, they are not contiguous. The MTCC also provides 122,000

square feet of total meeting/ballroom space. Based on the mix and an associated hotel, the MTCC is considered an all-in-one convention centre but is ranked as only the 33rd largest in North America. The MTCC buildings could be expanded and upgraded at the current site to provide more contiguous space and more meeting space. This site is in close proximity to many amenities that serve as a draw to event planners including hotels and restaurants.

The following exhibit lists the major convention facilities in North America that compete to attract national and international conventions. A possible expanded MTCC to move it into the category of top ten facilities in North America is also shown.

Table 1. Major Convention Facilities in North America

Rank	Facility	City	State/Province	Type	North America's 50 Largest Dedicated Convention Centres/All-In-One Convention Hotels sorted by Contiguous Exhibit Space			Exhibit to Meeting/ Ballroom Space
					Largest Contiguous Exhibit Space	Total Meeting/Ballroom Space (s.f.)	Total Exhibit Space (s.f.)	
1	Orange County Convention Center	Orlando	FL	Convention Centre	1,103,538	475,830	2,053,820	4.3
2	New Orleans Ernest N. Morial Convention Center	New Orleans	LA	Convention Centre	966,327	459,473	966,327	2.1
3	McCormick Place	Chicago	IL	Convention Centre	840,000	599,120	2,598,500	4.3
4	Dallas Convention Center	Dallas	TX	Convention Centre	726,646	140,391	951,646	6.8
5	Anaheim Convention Center	Anaheim	CA	Convention Centre	670,133	119,481	813,607	6.8
6	Las Vegas Sands MEGACENTER	Las Vegas 1	NV	All-In-One Hotel	655,600	403,860	1,035,600	2.6
7	George R. Brown Convention Center	Houston	TX	Convention Centre	639,000	150,317	862,000	5.7
8	Las Vegas Convention Center	Las Vegas 2	NV	Convention Centre	623,058	233,915	1,940,631	8.3
9	Georgia World Congress Center	Atlanta	GA	Convention Centre	607,500	339,291	1,366,000	4.0
	Metro Toronto Convention Centre	Toronto (New)	ON	Convention Centre	600,000	300,000	600,000	2.0
10	Cobo Center	Detroit	MI	Convention Centre	599,000	180,119	698,484	3.9
11	Colorado Convention Center	Denver	CO	Convention Centre	579,000	146,888	579,000	3.9
12	Mandalay Bay Resort & Casino	Las Vegas 3	NV	All-In-One Hotel	577,175	275,787	936,308	3.4
13	Donald E. Stephens Convention Center	Rosemont	IL	Convention Centre	567,000	92,000	787,000	8.6
14	Indiana Convention Center	Indianapolis	IN	Convention Centre	566,600	168,685	566,600	3.4
15	Pennsylvania Convention Center	Philadelphia	PA	Convention Centre	528,000	235,200	679,000	2.9
16	San Diego Convention Center	San Diego	CA	Convention Centre	525,701	200,430	525,701	2.6
17	Boston Convention & Exhibition Center	Boston	MA	Convention Centre	516,000	165,020	516,000	3.1
18	Salt Palace Convention Center	Salt Lake City	UT	Convention Centre	511,100	194,700	511,100	2.6
19	Miami Beach Convention Center	Miami	FL	Convention Centre	502,848	145,000	502,848	3.5
20	America's Center	St. Louis	MO	Convention Centre	502,000	146,422	502,000	3.4
21	Atlantic City Convention Center	Atlantic City	NJ	Convention Centre	486,600	105,953	486,600	4.6
22	Walter E. Washington Convention Center	Washington	DC	Convention Centre	473,000	201,417	703,000	3.5
23	Jacob K. Javits Convention Center of New York	New York	NY	Convention Centre	410,000	72,978	715,000	9.8
24	Kansas City Convention Center	Kansas City	MO	Convention Centre	388,800	158,296	388,800	2.5
25	Minneapolis Convention Center	Minneapolis	MN	Convention Centre	376,200	120,770	475,200	3.9
26	Music City Center (Open May 2013)	Nashville	TN	Convention Centre	353,143	159,050	353,143	2.2
27	Los Angeles Convention Center	Los Angeles	CA	Convention Centre	346,890	150,125	741,132	4.9
28	Greater Columbus Convention Center	Columbus	OH	Convention Centre	338,400	49,522	338,400	6.8
29	Phoenix Convention Center	Phoenix	AZ	Convention Centre	312,500	263,295	612,500	2.3
30	Baltimore Convention Center	Baltimore	MD	Convention Centre	300,000	107,216	300,000	2.8
31	Charlotte Convention Center	Charlotte	NC	Convention Centre	280,000	132,238	280,000	2.1
32	Moscone Center & Moscone West	San Francisco	CA	Convention Centre	260,560	278,518	538,660	1.9
33	Metro Toronto Convention Centre	Toronto	ON	Convention Centre	260,000	122,227	453,648	3.7
34	Oregon Convention Center	Portland	OR	Convention Centre	255,000	111,732	255,000	2.3
35	Reno Sparks Convention Center	Reno	NV	Convention Centre	254,240	108,927	373,940	3.4
36	Austin Convention Center	Austin	TX	Convention Centre	246,097	71,109	246,097	3.5
37	The David L. Lawrence Conference Center	Pittsburgh	PA	Convention Centre	236,900	109,938	313,106	2.8
38	TD Convention Center (formerly Carolina First Center)	Greensville	SC	Convention Centre	230,000	56,069	280,000	5.0
39	Henry B. Gonzalez Convention Center	San Antonio	TX	Convention Centre	227,051	217,976	431,424	2.0
40	Cleveland Medical Mart (Open Summer 2013)	Cleveland	OH	Convention Centre	225,000	93,225	225,000	2.4
41	Long Beach Convention & Entertainment Center	Long Beach	CA	Convention Centre	224,000	60,790	224,000	3.7
42	Vancouver Convention Centre	Vancouver	BC	Convention Centre	220,500	154,292	311,500	2.0
43	Fort Worth Convention Center	Fort Worth	TX	Convention Centre	208,573	86,562	253,573	2.9
44	Washington State Convention Center	Seattle	WA	Convention Centre	205,700	133,169	205,700	1.5
45	Hawaii Convention Center	Honolulu	HI	Convention Centre	204,029	173,869	204,029	1.2
46	Tampa Convention Center	Tampa Bay	FL	Convention Centre	200,000	78,747	200,000	2.5
47	Greater Fort Lauderdale/Broward County Convention Center	Fort Lauderdale	FL	Convention Centre	199,526	97,233	199,526	2.1
48	Palais des Congress de Montreal	Montreal	QC	Convention Centre	199,052	131,730	199,052	1.5
49	Duke Energy Convention Center	Cincinnati	OH	Convention Centre	195,320	101,652	195,320	1.9
50	Delta Center	Milwaukee	WI	Convention Centre	188,695	77,008	188,695	2.5

Source: HLT Advisory Inc. based on Trade Show Executive's "The World's Top Convention Centers 2012" and HLT research.

The Direct Energy Centre (DEC), located at Exhibition Place, includes approximately 750,000 square feet of contiguous exhibition space. It is not included in the above table because it does not have an attached hotel and is therefore not considered an all-in-one convention centre. The DEC is connected by an underground walkway to the Allstream Centre which provides 122,000 square feet of meeting space. The requisite scale of convention centre (~600,000 square feet exhibition space and 300,000 square feet meeting room space) could be achieved at the DEC

with some exhibition space and much more meeting space added. There are few amenities in the immediate vicinity, notwithstanding plans to build a new hotel within Exhibition Place.

There are also two large convention centres, Toronto Congress Centre and International Centre, located near Woodbine and Toronto Pearson Airport. The Toronto Congress Centre is comprised of one million square feet in two buildings. The brand new North building offers 300,000 square feet of exhibit space and the South Building has 350,000 square feet of exhibit space. In addition, between both buildings there are 70 meeting rooms and two ballrooms - one at 27,000 square feet in the North Building, and a 10,000 square foot ballroom in the South Building. The International Centre includes six exhibition halls with 500,000 square feet of exhibit space and a 48,000 square foot Conference Centre. These two Centres in northwest Toronto are seen as more targeted to regional events and shows than the downtown facilities.

While there are several metrics used to compare convention facilities, and several different rankings, the most important factors are contiguous exhibition space and meeting/ballroom space. The ten largest convention centres in North America provide at least 813,000 square feet of total exhibit space including at least 600,000 square feet of contiguous exhibit space. The top ten convention centres in North America with exhibit space also provide at least 235,000 square feet of associated meeting space.

Toronto is already a highly rated destination amongst meeting planners. The Watkins Research Group's recent survey placed Toronto third in North America (and MTCC first in service) so the market demand exists but larger events simply cannot come to Toronto due to facility constraints (or they have to be split amongst various locations which disrupts planning, reducing the likelihood of Toronto being chosen). As shown in Table 2, the Destination Marketing Association International (MINT) database show that there are 864 conventions attracting over 3,000 delegates each year in North America. Of those conventions, 538 require at least 300,000 square feet of contiguous space. Toronto can compete at the lower range of this grouping provided only a modest amount of meeting room space is required in addition to exhibit space.

Table 2. Market Demand for Visitor-Based Conventions in North America by Facility Size¹

Delegates/ Event	MTCC/TT Events	MINT Events	Events Segmented by Exhibit Space Requirements					
			<200,000	200,000 - 299,999	300,000 – 399,999	400,000 – 599,999	600,000 – 799,999	800,000+
3,000 – 4,999	4	341	-	171	170	-	-	-
5,000 – 9,999	45	289	13	90	128	45	13	-
10,000+	90	234	10	42	60	81	16	26
Total	139	864	23	302	358	126	28	26
Cumulative % Total			3%	38%	79%	94%	97%	100%

To be competitive for these larger events, convention centres increasingly need to provide a mix of large contiguous exhibition space to accommodate trade shows, information booths and displays, combined with significant meeting space that can hold keynote addresses and breakout

¹ Source: MTCC, Destination Marketing Association International (MINT)

sessions. The largest conventions and conferences use both of these features and need them to be in close proximity. This type of venue is also flexible enough to accommodate a range of smaller trade shows and meetings in between larger events. Beyond the meeting facilities, event organizers are also looking for other amenities like hotel, retail and restaurants within close proximity to the convention space.

To compete with the top ten convention centres in North America, the illustrative example assumes provision of total exhibition space of 600,000 square feet together with 300,000 square feet of associated meeting room space and an added 100,000 square feet of back operations space. Event planners are increasingly requiring additional meeting room space and a ratio of no more than 2:1 of exhibition to meeting/ballroom space is preferred.

The requirement to leverage significantly upgraded convention facilities as part of the development of a casino gaming facility could be accomplished at either of the C1 locations reviewed in detail by staff. The downtown core area of the C1 Zone has the hotel and visitor service infrastructure required to attract and accommodate major conventions, conference and exhibitions. Exhibition Place is in close proximity, but would benefit from a fast, reliable transportation connect to/from the downtown core. The hotel community in Toronto would generally prefer a casino location close to existing hotels. This proximity will also encourage delegates and visitors to spend additional time in the city and visit other attractions. A smaller convention centre (170,000 square feet) could also be incorporated into an integrated development at an expanded Woodbine gaming facility to accommodate local and regional conferences and tradeshow but would not compete for larger events.

3. ILLUSTRATIVE EXAMPLE

Although a number of conceptual designs have been presented over the past few months, specific proposals have not been formally requested or submitted. Illustrative examples have therefore been used to facilitate this analysis. The major components of a casino/integrated entertainment complex: a gaming area (casino), hotel, convention centre and retail/amenity space, are listed below together with the floor area of the illustrative example used for the purpose of this analysis. The actual form and scale of these components varies considerably among existing facilities.

Table 3. Illustrative Example

Major Component	C1 Floor Area	% Total	C2 Floor Area	% Total
Casino/ Gaming Floor	175,000 ft ²	8%	80,000 ft ²	8%
Hotel (800 rooms)	800,000 ft ²	39%	800,000 ft ²	52%
Convention Centre				
Exhibition Space	600,000 ft ²	29%	120,000 ft ²	8%
Meeting Space	300,000 ft ²	14%	50,000 ft ²	3%
Other Space	100,000 ft ²	5%	0	0%
Total	1,000,000 ft ²	48%	170,000 ft ²	11%
Consumer Space	100,000 ft ²	5%	450,000 ft ²	29%
Total	2,075,000 ft²	100%	1,500,000 ft²	100%
Total Construction Cost	\$2.0-2.3 Billion		\$1.3 Billion	

The illustrative example in this analysis includes a gaming floor area of 175,000 square feet for the C1 downtown Zone. As shown in the table below, this assumed gaming floor area is slightly larger than The Bellagio (155,000 square feet) and slightly smaller than Fallsview Casino (200,000 square feet). The incremental expansion of the gaming floor area for the C2 Woodbine Zone is 80,000 square feet. Added to the existing gaming floor area at Woodbine of 150,000 square feet, the total casino floor area in the C2 Zone would be 230,000 square feet, comparable to the Sands Macau or the Crown Melbourne.

Table 4. Global Integrated Entertainment Centres²

Facility	Gaming Floor (ft ²)	Slots	Tables	Location	Location Type
The Venetian Macau	546,000	2,219	520	Macau, China	Resort Town
WinStar World Casino	500,000	6,700	120	Thackerville, OK	Suburban
City of Dreams Resort Macau	420,000	1,350	520	Macau, China	Resort Town
Foxwoods Resort Casino	344,000	6,300	350	Mashantucket, CT	Suburban
Mohegan Sun	300,000	6,425	372	Uncasville, CT	Suburban
Sands Macau	229,000	750	1,000	Macau, China	Resort Town
Crown Melbourne	225,000	2,500	500	Melbourne, Australia	Urban
MGM Grand Macau	222,000	835	410	Macau, China	Resort Town
Seminole Hard Rock	220,000	5,000	160	Tampa, FL	Suburban
Wynn Macau	205,000	939	504	Macau, China	Resort Town
Fallsview Casino	200,000	3,063	135	Niagara Falls, ON	Resort Town
MGM Grand Las Vegas	172,000	2,300	178	Las Vega, NV	Resort Town
Borgata Hotel Casino & Spa	161,000	3,305	258	Atlantic City, NJ	Resort Town
Marina Bay Sands	161,000	2,500	600	Singapore	Urban
Maryland, Live!	160,000	4,332	122	Hanover, MD	Suburban
The Bellagio	155,000	2,449	207	Las Vegas, NV	Resort Town
Harrah's New Orleans	115,000	3,800	120	New Orleans, LA	Urban

The table also indicates the number of slot positions and gaming tables at each facility. The number and mix of slot positions and tables is not directly proportional to the size of the gaming floor. For example, the Sands Macau at 229,000 square feet has 750 slot positions and 1,000 tables, while the Crown Melbourne at about the same size (225,000 square feet) has 2,500 slot positions and 500 tables.

The casino gaming activities are the key revenue generators for the integrated complex. Based on per slot and per table standards provided by OLG, a 175,000 square feet of gaming floor could accommodate a combination of 2,830 slots and 400 tables. On a gross impact basis this

² Source: OLG and annual reports of individual facilities

configuration would generate an estimated \$1.2 billion in total annual gaming revenue. How this then translates into jobs, taxes and GDP is discussed below.

4. THE SUBSTITUTION IMPACT

The magnitude of the local economic impact is related to the:

- value and distribution of the total economic activity generated (outlined later below)
- amount of net new spending generated within the city; and
- capacity of the local labour market and supply chains to satisfy the demand for labour, goods and services. (In Toronto's case, the size of the local market for labour and other inputs is so large that this challenge is not seen as relevant.)

Some locations that have introduced a casino have experienced negative impacts on the surrounding businesses, with Atlantic City frequently cited as an example. Many of the negative impacts result from the development of an insular, inward facing development, whereby the casino complex becomes the primary entertainment venue and related service provider in the area at the expense of existing venues in the surrounding community. The approach articulated in this report explicitly seeks to avoid this outcome by among other things, identifying conditions that would require the components of any proposed integrated entertainment complex to be appropriately sized and integrated with the surrounding businesses and community as well as with each other.

A casino and convention facility will both attract new visitors to Toronto that will benefit the economy of the city. To ensure this economic boost will benefit existing businesses and jobs, the entertainment complex should be designed as an element within the surrounding area and city and not as an island unto itself. For example, the hotel and retail/amenity space within the integrated entertainment complex should be undersized relative to the new demand it generates. Local businesses would then satisfy the remaining demand. (The hotel and retail/amenities space in the illustrative example above are considered to be undersized relative to the demand that would be generated by the casino, convention space and hotel, however, a market study is required to confirm this assumption.) The Provincial review process for consideration of a new casino provides City Council with the opportunity to shape the overall development to be complementary by setting out conditions for these and other parameters before a proposal is submitted.

Determining the net economic impact from a casino in the C1 zone requires distilling the total gaming revenue into revenue from new spending within the city and revenue from redistributed spending that already exists within the city.

- Toronto residents currently spend \$400 million at OLG gaming facilities outside the city. It is estimated that \$250 million of this spending would be captured by a new casino in downtown Toronto. While this spending is not new to the Province of Ontario, it is new spending within the city of Toronto.
- Similarly, GTA residents currently spend about \$600 million at OLG gaming facilities outside Toronto. It is estimated that \$120 million of this spending would be captured by a new casino in downtown Toronto.

- Tourists are expected to account for about 20%, or ~\$246 million, of the total gaming spend. About 50% (\$123 million) of this total tourist gaming spend is expected to come from the redistribution of spending by 'existing' tourists. The other 50% represents new spending by new tourists attracted to Toronto by the casino/integrated entertainment complex, including increased visitorship due to the expanded convention space, and increased spending by existing tourists generated by the new attraction.
- There will also be some redistribution of spending by Toronto residents away from goods and services that were obtained from outside Toronto (such as from trips formerly taken outside the City). While very difficult to measure, for these purposes it was assumed that 10% of the new casino spending by Toronto residents was formerly made outside the City – or about \$72 million.

Based on the above calculations, the estimated net new spend for a casino in C1 is \$565 million, or 47% of the total gaming spend. Rounded up this means that about half of the casino floor expenditure is redirected from other expenditure previously made in the City of Toronto. Thus the substitution effect for gaming is 50%. In other words, only half of the gaming expenditure in C1 can be regarded as generating an increase in economic activity in Toronto. It also means that the other half would displace existing economic activity. Since the local City patrons of the gaming floor would be expected to come from across Toronto, their displaced spending is also likely to come from across Toronto. This would then dilute the impact over a wide area. Thus the negative impacts are very hard to estimate in terms of loss of jobs and businesses.

The expanded gaming floor at Woodbine included in the illustrative example could accommodate an additional 1,500 slots (i.e. an increase from 3,000 to 4,500 slots) and 150 tables and generate potential gaming revenues of about \$1.25 billion. However, development of a new casino in downtown Toronto would reduce the total potential gaming revenue at Woodbine by about 30% or \$371 million. The total gaming revenue must also be reduced by the gaming revenue generated by the existing slot operations which is about \$600 million. Incremental new gaming revenue would therefore be about \$266 million. For the purposes of this analysis, 40% of this spending would be new to the City based on visits to the casino that would otherwise have been to other OLG facilities outside Toronto.

5. ENTERTAINMENT VENUES

Many resort style casinos also have one or more large entertainment/performance theatre and engage top name entertainers and shows to attract tourists. Some stakeholders have pointed out that a large casino complex in downtown Toronto that includes significant live entertainment venues would have a large negative impact on existing live performance venues. First they would draw local audiences away. Second, they can drive up the costs for acts (in effect because the gaming floor could subsidize the costs allowing the new venues to pay more for the acts) and third, they can reduce the availability of the acts due to exclusivity arrangements. Some of this has already happened due to Casino Rama and Fallsview Casino but would be exacerbated if new live venues came to a casino complex in Toronto.

At the same time, a top ten convention centre would require a large theatre style auditorium to accommodate plenary sessions for major conferences and other events such as new product

release announcements. If Council chooses to permit development of an integrated entertainment complex with an auditorium, it will be important to establish conditions to ensure the facility complements, and does not undermine, existing live entertainment venues. This could be achieved through an auditorium design that accommodates conference/exhibition uses while limiting the capacity for entertainment/performance uses, or alternatively, through joint programming agreement(s) with existing operators. Existing venues could then provide these types of entertainment/performance services either directly to casino patrons and convention delegates or to the operator(s) e.g. through co-productions or the sale/purchase of blocks of tickets.

6. ESTIMATED ECONOMIC IMPACTS

Based on all the assumptions about size and gaming revenues, staff with the assistance of Ernst & Young and the Province’s TREIM model compiled estimates of the gross impact (the size of the activity within the complex and their indirect and induced impacts) and the subsequent net impacts, calculated by subtracting substitution impacts.

6.1 Construction Impacts

The illustrative entertainment complex described above in downtown Toronto would carry an estimated construction value of up to \$2.3 billion if built in the downtown core with a newly constructed convention centre. The construction value would be closer to \$2.0 billion if built at Exhibition Place with an expanded Direct Energy Centre. Construction in the downtown core would generate for a 3-year period 4,235 FTE jobs in direct employment, 1,220 FTE jobs in indirect employment, 1,630 FTE jobs in induced employment, and \$1.75 billion in additional GDP. Construction at Exhibition Place would generate for a 3-year period 3,745 FTE jobs in direct employment, 1,080 FTE jobs in indirect employment, 1,440 FTE jobs in induced employment, and \$1.54 billion in additional GDP.

Table 5. C1 Downtown Core - Construction Impacts

C1 Downtown Core Casino Complex	Direct FTEs	Indirect FTEs	Induced FTEs	Total FTEs	GDP (million)
Size 3.1 million sf	4,235	1,220	1,630	7,085	\$1,745

Table 6. C1 Exhibition Place - Construction Impacts

C1 Ex Place Casino Complex	Direct FTEs	Indirect FTEs	Induced FTEs	Total FTEs	GDP (million)
Size 2.6 million sf	3,745	1,080	1,440	6,265	\$1,540

The illustrative expansion at Woodbine described above is expected to carry a construction value of \$1.3 billion. The expansion is expected to generate 2,415 FTE jobs in direct employment, 695 FTE jobs in indirect employment, and 930 FTE jobs in induced employment over a 3-year construction period, and \$995 million in additional GDP.

Table 7. C2 Woodbine Expansion- Construction Impacts

C2 Expanded Casino Complex	Direct FTEs	Indirect FTEs	Induced FTEs	Total FTEs	GDP (million)
Size 1.5 million sf	2,415	695	930	4,045	\$995

6.2 Operating Impacts

Gaming Impacts

Based on a total gaming spend of \$1.2 billion a new casino in downtown Toronto would generate about 5,420 FTE jobs in direct employment, 1,745 FTE jobs in indirect employment, and 1,120 FTE jobs in induced employment, as well as \$1.1 billion in additional GDP. Based on the calculation that 50% of this is new spending in Toronto, on a net basis the estimated employment is: 2,710 direct, 875 indirect and 560 induced FTE jobs, and \$535 million additional GDP within the city.

Table 8. C1 Downtown (Exhibition Place or Downtown Core) – Gaming Floor Impacts

C1 Downtown Casino	Gaming Revenue (million)	Direct FTEs	Indirect FTEs	Induced FTEs	Total FTEs	GDP (million)
Gross	\$1,232	5,420	1,745	1,120	8,285	\$1,070
Net	\$616	2,710	875	560	4,145	\$535

As described above, the expanded gaming floor at Woodbine included in the illustrative example could generate incremental new gaming revenue of about \$266 million. This additional spending would generate about 1,170 direct FTE jobs, 380 indirect FTE jobs, and 240 induced FTE jobs, and increase GDP by about \$231 million on a gross basis. There is an estimated net increase of 470 direct, 150 indirect and 95 induced FTE jobs, and \$92 million in GDP.

Table 9. C2 Woodbine Expansion – Gaming Floor Impacts

C2 Woodbine Casino	Gaming Revenue (million)	Direct FTEs	Indirect FTEs	Induced FTEs	Total FTEs	GDP (million)
Gross	\$266	1,170	380	240	1,790	\$231
Net	\$107	470	150	95	715	\$92

Hotel

A new 800 room hotel in downtown Toronto would generate about 370 direct FTE jobs, 55 indirect FTE jobs, 60 induced FTE jobs and \$30.9 million GDP. It is assumed that 80% of the hotel patrons will come from outside the city. On a net basis, the hotel would therefore generate 295 direct, 40 indirect and 45 induced FTE jobs, and about \$24.7 million additional GDP within the city. This calculation ignores the much larger new spend by the increased number of

delegates to an expanded convention centre that could not be accommodated in the one new hotel. These impacts are dealt with below under convention centre.

Table 10. C1 Downtown (Exhibition Place or Downtown Core) – Hotel Impacts

C1 Downtown Hotel	Direct FTEs	Indirect FTEs	Induced FTEs	Total FTEs	GDP (million)
Gross	370	55	60	485	\$30.9
Net	295	40	45	380	\$24.7

The same size hotel located at Woodbine would generate lower per room revenues and consequently have slightly lower employment and GDP impacts. The estimated gross impacts are 275 direct FTE jobs, 40 indirect FTE jobs, 45 induced FTE jobs, and \$23 million GDP, and on a net basis, 220 direct, 30 indirect, and 35 indirect FTE jobs, and \$18 million in additional GDP.

Table 11. C2 Woodbine Expansion – Hotel Impacts

C2 Woodbine Hotel	Direct FTEs	Indirect FTEs	Induced FTEs	Total FTEs	GDP (million)
Gross	275	40	45	360	\$23
Net	220	30	35	285	\$18

Consumer Space (Retail/Restaurant/Bar/Spa/Entertainment)

The total consumer space (100,000 ft²) in the illustrative example for downtown Toronto (C1 Zone) is assumed to be equally divided between restaurant and retail uses, i.e. 50,000 ft² each. Both uses would be required within an integrated entertainment complex. On a square foot basis restaurants are almost twice as labour intensive as retail operations. These combined uses would generate about 595 direct FTE jobs, 130 indirect FTE jobs, and 85 induced FTE jobs. New expenditures related to both uses is expected to be in similar proportion to the new spending on gaming, i.e. 50% new spend. Estimated net new employment is therefore 300 direct, 65 indirect and 40 induced FTE jobs. The total estimated GDP is \$55 million (gross) and \$28 million (net) within the city.

Table 12. C1 Downtown (Exhibition Place or Downtown Core) – Consumer Space Impacts

C1 Downtown Retail/Amenity	Direct FTEs	Indirect FTEs	Induced FTEs	Total FTEs	GDP (million)
Gross	595	130	85	810	\$55
Net	300	65	40	405	\$28

Consistent with the current land use permissions (approved as part of the proposed Woodbine Live development) the illustrative example includes 450,000 ft² of retail/amenity space for the integrated development at Woodbine. For this analysis, the total retail/amenity space is allocated to restaurants 100,000 ft²; and retail 350,000ft². Although the total amount of new space is large, it is assumed that this complex would primarily serve a local/regional market and that only

20% of the expenditures would be net new to Toronto. These combined uses are estimated to generate about 1,805 direct FTE jobs, 450 indirect FTE jobs, and 265 induced FTE jobs, and \$176 million GDP on a gross basis, and 360 direct, 90 indirect and 55 induced FTE jobs, and \$35 million in additional GDP net.

Table 13. C2 Woodbine Expansion – Consumer Space Impacts

C2 Woodbine Retail/Amenity	Direct FTEs	Indirect FTEs	Induced FTEs	Total FTEs	GDP (million)
Gross	1,805	450	265	2,520	\$176
Net	360	90	55	505	\$35

Detailed market studies should be undertaken to confirm the amount of retail/amenity space appropriate for each location. For instance, it is likely that more space would be required for an integrated entertainment complex at Exhibition Place given the limited amount of retail/amenity space within the grounds relative to a downtown core location.

Convention Centre

An expanded convention centre with total contiguous exhibition space of 600,000 ft² and 300,000 ft² of associated meeting room space would establish Toronto as one of the top ten convention destinations in North America and enable it to successfully compete for large scale conferences and exhibitions. An expanded convention centre would generate new employment within the facility, and through spinoff as a result of other spending by delegates. On-site new meetings would require about 455 direct FTE jobs, 85 indirect FTE jobs, and 95 induced FTE jobs. Like a hotel, approximately 80 percent of new revenues and employment are expected to come from delegates from outside the region. Estimated net new employment is therefore 360 direct, 70 indirect and 75 induced FTE jobs. The total estimated GDP is \$51 million (gross) and \$40 million (net) within the city.

Table 14. C1 Downtown (Exhibition Place or Downtown Core) – On-site Convention Impacts

C1 Downtown Convention (On- Site)	Direct FTEs	Indirect FTEs	Induced FTEs	Total FTEs	GDP (million)
Gross	455	85	95	635	\$51
Net	360	70	75	505	\$40

A convention venue of this scale, geared towards the largest class of events, could attract, as estimated by MTCC, over 130,000 net new visitors annually to Toronto, and generate an additional \$378 million of direct spending off-site. This additional visitor spend would generate about 3,450 direct FTE jobs, 620 indirect FTE jobs, and 560 induced FTE jobs as well as about \$310 million in additional GDP. The vast majority of these impacts would be outside the casino floor and given the sizing of the consumer space and hotel, would be outside the complex itself.

Table 15. C1 Downtown (Exhibition Place or Downtown Core) – Convention Spinoff Impacts

C1 Downtown Convention (Spinoff)	Direct FTEs	Indirect FTEs	Induced FTEs	Total FTEs	GDP (million)
Net	3,450	620	560	4,630	\$310

The new convention space (170,000 ft²) included in the illustrative example for Woodbine is also expected to serve a primarily local and regional market and to attract about 50% of its revenue from meetings that would not have otherwise occurred in Toronto. It is estimated to generate about 135 direct FTE jobs, 25 indirect FTE jobs, and 30 induced FTE jobs gross, and 70 direct, 15 indirect and 15 induced FTE jobs net, and increase the GDP within the city by an additional \$7.6 million.

Table 16. C2 Woodbine Expansion – On-site Convention Impacts

C2 Woodbine Convention	Direct FTEs	Indirect FTEs	Induced FTEs	Total FTEs	GDP (million)
Gross	135	25	30	190	\$15.2
Net	70	15	15	100	\$7.6

6.3 Total Impacts

Thus, as shown on Tables 17- 19 and Tables 20- 22 below, when the above impacts of the proposed components of the illustrative casino complex described above are added together, the NET economic impacts to the City of Toronto are:

- 6,200 to 7,000 construction related jobs and 10,000 jobs related to the casino complex and convention centre in C1, which represents in total about 81% - 85% of the annual job growth target included in Collaborating for Competitiveness: A Strategic Plan for Accelerating Economic Growth and Job Creation in Toronto, adopted by City Council, February 2013.
- 4,000 construction jobs and 1,605 jobs related to an expanded casino complex at Woodbine which represents in total about 28% of the annual job growth target included in Collaborating for Competitiveness.
- A \$938 million annual increase in GDP related to operations, and a \$1.5 - \$1.75 billion increase in GDP over the 3-year construction period in C1, compared to current annual GDP in Toronto of about \$151 billion. A \$153 million annual increase in GDP related to operations and a \$995 million increase in GDP over the 3-year construction period at Woodbine.

Summary – Construction Jobs & GDP (Net)

Table 17. C1 Downtown (Exhibition Place or Downtown Core)- Total Jobs & GDP (Net) Construction

C1 Downtown: Total Jobs & GDP (Net) - Construction					
Integrated Complex	Direct FTEs	Indirect FTEs	Induced FTEs	Total FTEs	GDP (million)
C1 Downtown Core 3.1 million sf	4,235	1,220	1,630	7,085	\$1,745
C1 Exhibition Place 2.6 million sf	3,745	1,080	1,440	6,265	\$1,540

Table 18. C2 Woodbine- Total Jobs & GDP (Net)- Construction

C2 Woodbine: Total Jobs & GDP (Net) - Construction					
Integrated Complex	Direct FTEs	Indirect FTEs	Induced FTEs	Total FTEs	GDP (million)
C2 Expanded Woodbine 1.5 million sf	2,415	695	930	4,045	\$995

Table 19. C1 Downtown & C2 Woodbine- Total Jobs & GDP (Net) Construction

C1 Downtown & C2 Woodbine: Total Jobs & GDP (Net) - Construction					
Integrated Complex	Direct FTEs	Indirect FTEs	Induced FTEs	Total FTEs	GDP (million)
C1 & C2					
Total C1 Downtown + C2 Expanded Woodbine	6,650	1,915	2,560	11,130	\$2,740
Total C1 Exhibition Place + C2 Ex. Woodbine	6,160	1,775	2,370	10,310	\$2,535

Table 20. C1 Downtown (Exhibition Place or Downtown Core) – Total Jobs & GDP (Net) - Operations

C1 Downtown: Total Jobs & GDP (Net) - Operations					
Integrated Complex	Direct FTEs	Indirect FTEs	Induced FTEs	Total FTEs	GDP (million)
Gaming	2,710	875	560	4,145	\$535
Hotel	295	40	45	380	\$24.7
Retail/Amenity	300	65	40	405	\$28
Convention Centre	360	70	75	505	\$40
Convention Delegate Spend	3,450	620	560	4,630	\$310
Total	7,115	1,670	1,280	10,065	\$938

Table 21. C2 Woodbine – Total Jobs & GDP (Net) - Operations

C2 Woodbine: Total Jobs & GDP (Net) - Operations					
Integrated Complex	Direct FTEs	Indirect FTEs	Induced FTEs	Total FTEs	GDP (million)
Gaming	470	150	95	715	\$92
Hotel	220	30	35	285	\$18
Retail/Amenity	360	90	55	505	\$35
Convention Centre	70	15	15	100	\$7.6
Total	1,120	285	200	1,605	\$153

Table 22. C1 Downtown & C2 Woodbine – Total Jobs & GDP (Net) - Operations

C1 Downtown & C2 Woodbine: Total Jobs & GDP (Net) - Operations					
Integrated Complex	Direct FTEs	Indirect FTEs	Induced FTEs	Total FTEs	GDP (million)
Gaming	3,180	1,025	655	4,860	\$627
Hotel	515	70	80	665	\$43
Retail/Amenity	660	155	95	910	\$63
Convention Centre	430	85	90	605	\$47.6
Convention Delegate Spend	3,450	620	560	4,630	\$310
Total	8,235	1,955	1,480	11,670	\$1,091

7. TAX REVENUES

As a result of both the construction investment and the net new spending that could come to Ontario and Canada as a result of expanded gaming in Toronto, both the provincial and federal governments will receive new tax revenues. Based on the amount of gaming and non-gaming revenue that is estimated to be net new spending in Ontario, Provincial taxes stand to increase by \$63 million annually. The Province could collect an additional \$211 million in tax revenues over a 3 year period related to construction if an entertainment complex is located in the downtown core and \$183 million over a 3-year construction period if a complex is located at Exhibition Place. The amount of out-of province spending at an expanded Woodbine facility is assumed to be negligible, but there are estimated new revenues to the Province of \$119 million over a 3 year period from construction.

Table 23. Incremental Provincial Tax Revenues

Incremental Tax Revenues (Provincial)	Ongoing Operations C1	Construction Downtown Core (C1)	Construction Exhibition Place (C1)	Construction C2
Corporate Income Tax	\$6 million	\$40 million	\$34 million	\$22 million
Personal Income Tax	\$15 million	\$94 million	\$82 million	\$53 million
Sales Tax	\$28 million	\$77 million	\$67 million	\$44 million
Property Tax	\$14 million	N/A	N/A	N/A
Total	\$63 million	\$211 million	\$183 million	\$119 million

The federal government will also receive additional tax revenues. Based on the amount of spending that is estimated to be from outside of Canada, Federal taxes stand to increase by \$51 million annually from the ongoing operations of a complex in C1. The federal government could also receive an additional \$358 million over 3 years related to construction if a new integrated entertainment complex is located in the downtown core, \$311 million over 3 years if a complex is located at Exhibition Place, and \$203 million from new construction at Woodbine.

Table 24. Incremental Federal Tax Revenues

Incremental Tax Revenues (Federal)	Ongoing Operations C1	Construction Downtown Core (C1)	Construction Exhibition Place (C1)	Construction C2
Corporate Income Tax	\$6 million	\$51 million	\$45 million	\$29 million
Personal Income Tax	\$31 million	\$258 million	\$224 million	\$146 million
Sales Tax	\$13 million	\$49 million	\$42 million	\$28 million
Total	\$51 million	\$358 million	\$311 million	\$203 million

At the municipal level, the assessed value increases due to a new integrated entertainment complex in C1 and an expanded facility at Woodbine are estimated to generate an additional \$19 million and \$15 million in property taxes respectively.

8. SUMMARY OF ECONOMIC IMPACTS

The following table assembles all the size assumptions used in this Appendix for both C1 and C2 and then summarizes the total gross and net impacts.

Table 6. Economic and Financial Impact of New Casino Development (Illustrative Scenarios)

OLG Zone		C1		C2 ³
		(Up to)		(Expansion) (Up to)
Description	Location	Downtown Core	Exhibition Place	Woodbine
		Casino Floor	175,000 ft ²	
	Food, Beverage, Retail & Other	100,000 ft ²		450,000 ft ²
	Hotel	800 rooms	800 rooms	800 rooms
	Convention & Trade Show Space Total (1,048,000 ft ²)	= 1,048,000 ft ² ⁴	313,000 ft ² ⁵ (For total of 1,048,000 ft ²)	170,000 ft ²
Construction	Direct, Indirect and Induced Jobs (FTE 3 yr period)	7,000	6,200	4,000
	Average Annual Income (FTE)	\$60,000	\$60,000	\$60,000
	Value	\$2.3 billion	\$2.0 billion	\$1.3 billion
Operations (Gross)	Gaming Revenue	\$1.2 billion	\$1.2 billion	\$0.3 billion
	Non-Gaming Revenue	\$0.2 billion	\$0.2 billion	\$0.4 billion
	Total Revenue	\$1.4 billion	\$1.4 billion	\$0.7 billion
	Direct Jobs (FTE)	6,840	6,840	3,385
	Indirect Jobs (FTE)	2,015	2,015	890
	Induced Jobs (FTE)	1,355	1,355	580
	Average Annual Income (FTE)	\$45,000	\$45,000	\$45,000
	GDP	\$1.2 billion	\$1.2 billion	\$0.4 billion
Operations (Net)	Direct Jobs (FTE)	3,665	3,665	1,115
	Indirect Jobs (FTE)	1,050	1,050	285
	Induced Jobs (FTE)	725	725	200
	GDP	\$625 million	\$625 million	\$155 million
Additional Convention Centre Delegates	Direct Jobs (FTE)	3,450	3,450	N/A
	Indirect Jobs (FTE)	620	620	N/A
	Induced Jobs (FTE)	560	560	N/A
City Revenues	Property Taxes	\$19 million	\$19 million	\$15 million
Provincial Tax Revenues⁶	Ongoing Operations	\$63 million	\$63 million	N/A
	Construction	\$211 million	\$183 million	\$119 million
Federal Tax Revenues	Ongoing Operations	\$51 million	\$51 million	N/A
	Construction	\$358 million	\$311 million	\$203 million

³ The numbers in this column are incremental to the existing Woodbine gaming site.

⁴ The MTCC site requires an additional 475,000 ft² of space. Another site may require 1,048,000 ft².

⁵ Exhibition Place requires an additional 313,000 ft² of exhibit/meeting/ballroom space to meet the 1,048,000 ft² target.

⁶ Provincial gaming revenues not included