

## Misinformation in the *Internal Report* of Trade Centre Limited of June, 2010

Trade Centre Limited (TCL) produced a document titled “*Market Projections for a Proposed New Convention Centre, 10 Year/by Market Segment, Internal Staff Report, June 2010*”.<sup>1</sup> That document was used as the basis of a July, 2010, economic impact assessment by Gardner Pinfold,<sup>2</sup> which was in turn used by the Province of Nova Scotia in considering the business case for a proposed convention centre.<sup>3</sup>

**That *Internal Report* is seriously flawed.** Some of these flaws were pointed out by Dr. Heywood Sanders when he visited Halifax in November, 2010.<sup>4-6</sup> That flawed document should not be a basis for any decision by any government. **But two governments have given the convention centre project approval in principle using that flawed document.**

The purpose of this article is to point out **some of the flaws** in the Trade Centre report.

1. The TCL *Market Projections Report* states that “The industry **grew by more than 800 international conferences** between 2007 and 2008.” (Page 4)<sup>1</sup> The references given for this are *ICCA Statistics Report 2007* and *ICCA Statistics Report 2008*. During his visit to Halifax, Dr. Sanders showed pages from the original reports, prepared by the International Congress and Convention Association (ICCA).<sup>6</sup> We have subsequently obtained copies of the full reports.<sup>7-10</sup> The increased number of events **reported** is attributed by ICCA as partly reflecting the strength of the market, and “partly thanks to a record number of ICCA members sending us their calendar information to help identify new events, and partly it is thanks to increased research investment.”<sup>7</sup> Similar words appear in the other ICCA reports. However, the TCL *Internal Staff Report* did not mention the improved reporting and increased research, but claimed the entire change in the numbers was an increase in the number of events occurring. The *ICCA Associations Meetings Market 1999-2008* reported that the number of international events was 7,578 events in 2007 and 7,475 events in 2008, **a decrease of 103 events.**<sup>6,7</sup> **This is the reverse of the claim by TCL.**
2. The TCL *Market Projections* states, “The average attendance at these events has also **grown at an average of 15%.**” (Page 4)<sup>1</sup> However, Dr. Sanders showed that the *ICCA Associations Meetings Market 1999-2008* stated that “In 2008 the average number of participants per meeting was 638, an increase of 20 compared to 2007.”<sup>6,7</sup> **This increase is only 3.2%, a fifth of the increase claimed by TCL.** Dr. Sanders also showed a page from the *ICCA Associations Meetings Market 2000-2009*, which showed that average attendance at international meetings **declined by 27% between 2000 and 2007, an average decline of 4.4% per year.**<sup>6,8</sup> **Again, this is the reverse of the claim by TCL.**

3. The *TCL Market Projections* says “Canada’s share of international events **increased from 132 events in 1999 to 231 events in 2008**, representing roughly 5% growth per year.” (Page 11)<sup>1</sup> The provincial bid summary and the TCL presentation to HRM Council repeated this statement.<sup>3,12</sup> TCL based its estimates of future events on the **assumption** that this trend would continue. However, as noted in point 1 above, the trends in the ICCA reports are changes in the number of events **reported**, not the number of events occurring. Dr. Sanders showed a page from the *ICCA Associations Meeting Market 2000-2009*, where the number of international events held in Canada in 2004 is listed as 204, and the number in 2009, as 213.<sup>6,8</sup> **This represents an average growth rate of only 0.9% per year in events reported.** Even going back to 2000, when ICCA says reporting was weak, the growth in Canadian events **reported** has only been 2.7% per year. The *ICCA Associations Meeting Market 1999-2008* shows that **Canada’s share of international events has remained static during that period at between 3.2% and 2.5% of world-wide events.**<sup>6,7</sup>
4. The *TCL Market Projections* says on page 3 that the existing World Trade and Convention Centre (WTCC) hosted **163,365 attendees** in fiscal 2008/09.<sup>1</sup> However, the official *Annual Report* of TCL for 2008/09 says the WTCC only hosted **96,534 attendees** in that year.<sup>13</sup> **The number in the Market Projections is 69% greater than that in the Annual Report.**
5. The title of the *Internal Report* is “*Market Projections ...*”.<sup>1</sup> “**Projection**” is defined in the on-line *Merriam-Webster Dictionary* as “an estimate of future possibilities **based on a current trend**”. The *Internal Report* gives tables of “**Projected Events**” on page 20.<sup>1</sup> For example, the number of international events is assumed to grow from seven events in 2008/09 and in the first year of operation of a new centre, to 29 events in the tenth year of operation. This is an increase of 314%, or an average growth rate of **17% per year** for each of the years of operation. **There is no “current trend” that could justify this assumption.** Indeed, as seen in items 1 and 3 above, the rate has been only 0.9 to 2.7%. In the past decade, no North American city has seen its international convention business grow at even half the rate assumed by TCL.<sup>8</sup>
6. Similarly, *Market Projections* has a table of “**Projected Attendance**” on page 21.<sup>1</sup> This assumes attendance at international events in Halifax would grow by 304% from the first year of operation to the tenth. The average growth rate would be **16.8% per year**. Again, **no “current trend” would justify this growth rate.** As shown in item 2 above, the trend is to **declining or stable** attendance per event.

7. Similar weaknesses exist in other aspects of the *Market Projections*. The “projected attendance” at national association meetings is assumed to grow by 2.9 times, a growth rate of **12.9% per year**. The attendance at national corporate meetings is assumed to increase six-fold. (Page 21)<sup>1</sup> These estimates are overblown and unsubstantiated.

The *Internal Report* is not a “projection”; it is an unsupportable, overblown **promotion**. And yet this is the basis of the economic impact analysis and business case used by governments in considering the expenditure of **\$374 million** in public money over the next 25 years.

TCL clearly has a **conflict of interest** in this matter. **No** staff member has taken **responsibility** by placing his or her name on the document. No professional qualifications are listed that would justify making these “projections”. A number of the statements made are clearly **not accurate**.

The TCL *Internal Staff Report* has supplanted a report prepared by **professional consultants**, HLT Advisory Inc.<sup>14</sup> The latter report estimated smaller numbers of attendees. This report was **not cited** as a reference in the *Internal Staff Report*. Based on the HLT report, Gardner Pinfold performed an economic impact analysis that estimated provincial tax revenues of about \$3 million a year,<sup>15</sup> very similar to the tax revenues estimated for the existing convention centre.<sup>13</sup> **These revenues would be too small to justify the expenditure of provincial funds.** It would be prudent for governments to give the arms-length, professional report by HLT more weight than the self-interested, anonymous, inaccurate report by TCL. **Public money should not be spent based in any way on the TCL *Internal Staff Report*.**

References: (Excerpts from these reports are available as a pdf file, with quoted sections highlighted in boxes or underlined.)

1. <https://conventioncentreinfo.com/wp-content/uploads/2010/06/Market-Projections-For-a-Proposed-New-Convention-Centre.pdf>
2. [https://conventioncentreinfo.com/wp-content/uploads/2010/07/July-2010\\_EIA\\_FINAL\\_.pdf](https://conventioncentreinfo.com/wp-content/uploads/2010/07/July-2010_EIA_FINAL_.pdf)
3. <https://conventioncentreinfo.com/wp-content/uploads/2010/10/WTCC-II-Bid-Summary.pdf>
4. Dr. Heywood Sanders, *The Convention Centre Market and the Case for Halifax*, Saint Mary’s University, November 8, 2010, DVD, Coalition to Save the View.
5. Dr. Heywood Sanders, *Sanders at HRM Council*, November 9, 2010, DVD, Coalition to Save the View.

6. Dr. Heywood Sanders, presentation at Halifax Regional Council, November 9, 2010, slides, <http://www.halifax.ca/council/agendasc/documents/101109cow3sanders.pdf>.
7. *Statistics Report, The International Association Meetings Market Abstract for non-members 1999-2008*, International Congress and Convention Association, Amsterdam, 2009.
8. *Statistics Report, The International Association Meetings Market Abstract for non-members 2000-2009*, <http://www.iccaworld.com/dcps/doc.cfm?docid=1130>
9. *Statistics Report, The International Association Meetings Market 2007*, International Congress and Convention Association, Amsterdam, 2008.
10. *Statistics Report, The International Association Meetings Market 2008*, International Congress and Convention Association, Amsterdam, 2009.
11. Telephone conversation with M. van Itterzon, January 3, 2011.
12. <http://www.halifax.ca/council/agendasc/documents/101019cow3pres.pdf>.
13. <http://www.tradecentrelimited.com/site-tcl/media/tradecentrelimited/TCL%20Annual%20Report%200809.pdf>
14. <https://conventioncentreinfo.com/wp-content/uploads/2010/11/HLT-Advisory-Report-1.pdf>
15. <https://conventioncentreinfo.com/wp-content/uploads/2010/06/Gardner-Pinfold-EIA-Report.pdf>.