



The Economic Impacts of Members of the New Car Dealers Association of BC in 2017

March 2018

Prepared by:



TABLE OF CONTENTS

| | |
|---|-----------|
| Executive Summary | 2 |
| Economic Impact of NCDA Members in BC | 3 |
| Industry Comparisons | 5 |
| 1. Introduction | 6 |
| 1.1 Background and Purpose | 6 |
| 1.2 Scope | 6 |
| 1.3 Approach | 6 |
| 1.4 Data Sources | 6 |
| 1.5 Report Limitations | 7 |
| 2. About the New Car Dealers Association of BC | 7 |
| 3. New Car Dealers in BC | 8 |
| 3.1 Overview | 8 |
| 3.2 Linkages Between New Car Dealers and Other Businesses | 10 |
| 3.3 Workforce | 11 |
| 4. Economic Impact Analysis | 13 |
| 4.1 Economic Impact Methodology | 13 |
| 4.2 Economic Impact of Operations | 14 |
| 4.3 Economic Impact of Construction and Renovation | 15 |
| 4.4 Comparison of Economic Impacts with Other Industries | 17 |
| 5. Community and Social Contributions | 17 |
| Appendix A – Glossary of Economic Impact Terms | 19 |
| Appendix B – Economic Impact Methodology | 20 |
| Appendix C - About MNP | 21 |

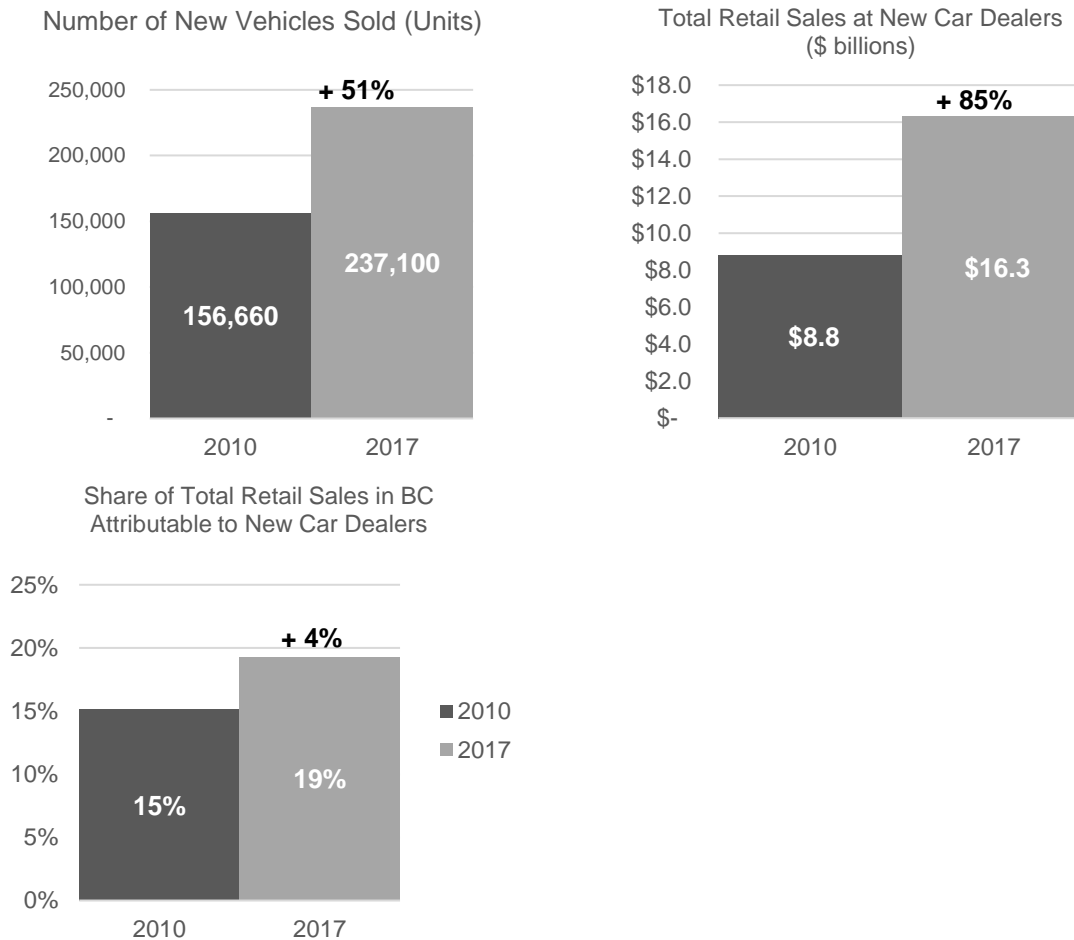
EXECUTIVE SUMMARY

MNP LLP (“MNP”) was engaged by the New Car Dealers Association of BC (“NCDA”), to conduct a study of the economic impacts of NCDA members in 2017. The study is an update to previous studies that estimated the economic impacts of NCDA members in 2010 and 2013¹.

NCDA is the industry association that represents new car dealers in BC. The NCDA has 389 member businesses, representing approximately 97 percent of new car dealers in BC. New car dealers are part of the retail automotive industry. In addition to new and used vehicle sales, new car dealers typically provide maintenance and repair services, collision repair services, and sell parts and accessories.

The following charts show the changes in sales statistics for new car dealers in BC since the time of MNP’s first study in 2010. Between 2010 and 2017 the number of new vehicles sold increased by 51 percent, while the value of retail sales at new car dealers increased by 85 percent, and the share of total retail sales in BC attributable to new car dealers increased from 15 percent to 19 percent.

Figure A: Sales Statistics for New Car Dealers in BC in 2010 and 2017



Source: Statistics Canada, CANSIM Tables 079-0003 and 080-0020

¹ Economic Impacts of the Members of the New Car Dealers Association of BC in 2013. Available here: <https://mvsabc.com/v1/wp-content/uploads/2015/01/NCDA-Update-Report-September-2014-FINAL.pdf>

ECONOMIC IMPACTS OF NCDA MEMBERS IN BC

The operations of NCDA members impact the BC economy through expenditures on goods and services (e.g. operating supplies, professional services, advertising, etc.), the employment of staff and the generation of tax revenues for local, provincial and federal governments.

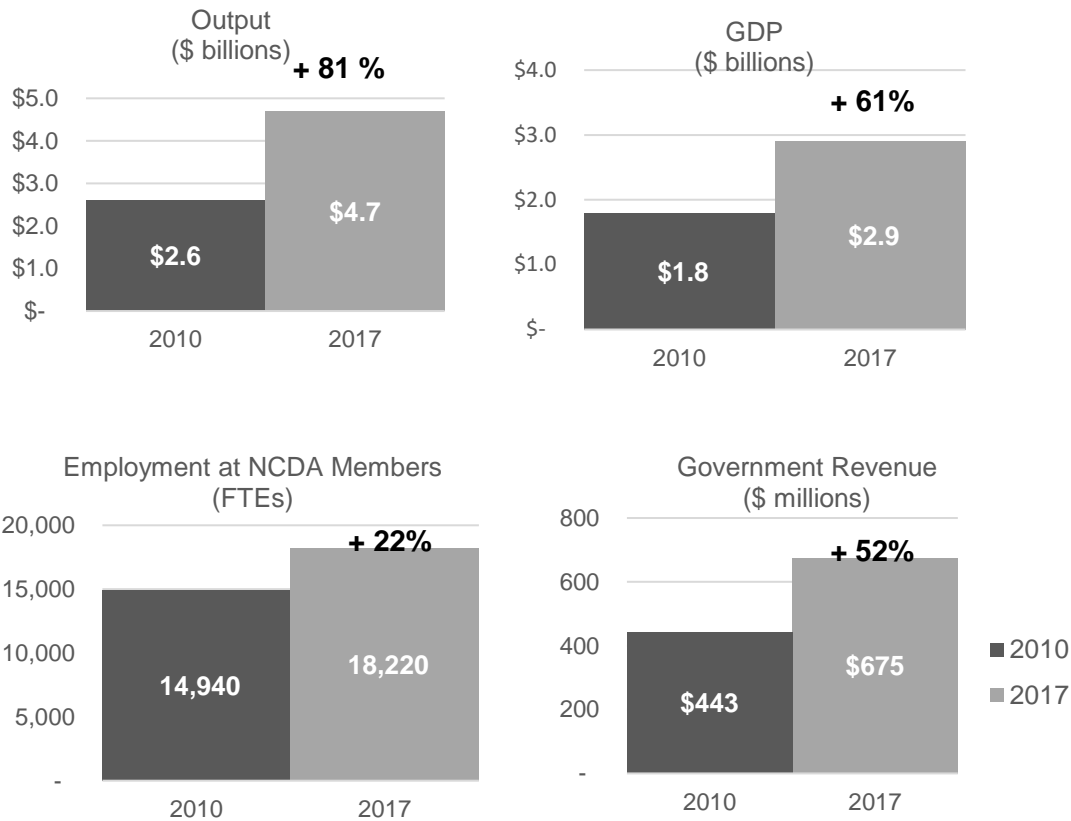
Economic Impacts of Operations

In 2017, the operations of NCDA members were estimated to generate approximately:

- **\$4.7 billion of total output.**
- **\$2.9 billion of total GDP.**
- **29,770 full time equivalents (FTEs) of total employment**, which includes 18,220 FTEs at the members and 11,550 FTEs at suppliers and other businesses.
- **\$675 million of total revenue for all three levels of government**, which includes \$350 million of revenue for the federal government, \$240 million of revenue for the provincial government and \$85 million of revenue for municipal governments.

The charts on the following page show the changes in economic impacts of the operations NCDA members since the time of MNP's first study in 2010.

Figure B: Estimated Economic Impacts of NCDAs Members in BC, 2010 and 2017²



Economic Impacts of Construction

In addition to spending on operations, NCDAs members spend approximately \$154 million each year on new dealership construction and renovation. The annual economic impacts of that expenditure were estimated to be approximately:

- \$261 million of total output.
- \$133 million of total GDP.
- 1,200 FTEs of total employment.
- \$34 million of total revenue for all three levels of government, which includes \$17 million of revenue for the federal government, \$13 million of revenue for the provincial government, and \$4 million for municipal governments.

² Please note that the comparison of total employment was not valid due to changes in methodology between 2010 and 2017. However, comparisons of direct employment remain valid and are shown in Figure B.

INDUSTRY COMPARISONS

The economic impacts generated by NCDA members can be placed in context through comparisons with other industries in BC.

Residential Construction – The employment generated by NCDA members in 2017 is equivalent to the employment supported by the construction of approximately 10,000 to 11,000 new homes in BC (approximately 25 percent of the new home starts in BC in 2017³).

Film and Television Production – The total employment generated from the operations of NCDA members in 2017 was equivalent to the employment supported by the filming of a full season of between 30 and 35 high-end television productions. In 2016, total spending on television production in BC was equivalent to that of 20 high-end television series.

Containers – The employment generated by the operations of NCDA members is equivalent to the employment generated through the handling of 3.5 million containers at the Port of Vancouver, or approximately 120 percent of the average annual volume of containers handled at the port.⁴

³ CMHC, “Housing Information Monthly”, January 2018.

⁴ InterVISTAS, “Port of Vancouver – 2016 Economic Impact Study – Final Report (26 May 2017). Between 2013 and 2016, approximately 2.9 million containers (20-foot-equivalents) were handled annually.

1. INTRODUCTION

1.1 BACKGROUND AND PURPOSE

The New Car Dealers Association of BC (“NCDA”) is the industry association that represents new car and truck dealers throughout BC. The NCDA advocates on behalf of the retail automotive industry in BC with respect to legal, environmental, and consumer issues, and provides a number of additional services to members.

To demonstrate the contribution its members make to the BC economy, the NCDA engaged MNP to conduct a study of the economic impacts generated by its members in BC in 2017. The study is an update to previous studies that estimated the economic impacts generated by NCDA members in 2010 and 2013.⁵

1.2 SCOPE

The scope of the study was to:

- Quantify the economic impacts of the operations of NCDA members in BC.
- Quantify the economic impacts of spending on construction and renovation by NCDA members in BC.
- Develop a value chain describing the linkages between new car dealers and other components of the BC economy.
- Describe the community and social contributions made by NCDA members in BC.

1.3 APPROACH

In preparing this report, MNP carried out the following activities:

- Gathered existing information on the sizes, locations, revenues, and expenditures of new car dealers in BC.
- Gathered information from publicly available sources.
- Identified gaps in data and information and developed strategies to fill those gaps.
- Developed a value chain describing the linkages between the activities of new car dealers and other components of the BC economy.
- Developed estimates of the economic impacts of the operations of NCDA members in BC.
- Developed estimates of the economic impacts arising from construction and renovation spending by new car dealers in BC.

1.4 DATA SOURCES

The information used in the study was gathered from publicly available sources, the NCDA, and through a survey of NCDA members conducted by the NCDA.

⁵ Economic Impacts of the Members of the New Car Dealers Association of BC in 2013. Available here: <https://mvsabc.com/v1/wp-content/uploads/2015/01/NCDA-Update-Report-September-2014-FINAL.pdf>

1.5 REPORT LIMITATIONS

This report is provided for information purposes and is intended for general guidance only. It should not be regarded as comprehensive or a substitute for personalized, professional advice.

We have relied upon the completeness, accuracy and fair presentation of all information and data obtained from the NCDA and public sources believed to be accurate. The accuracy and reliability of the findings and opinions expressed in the presentation are conditional upon the completeness, accuracy and fair presentation of the information underlying them. As a result, we caution readers not to rely upon any findings or opinions expressed for business or investment purposes and disclaim any liability to any party who relies upon them as such.

Additionally, the findings and opinions expressed in the presentation constitute judgments as of the date of the presentation, and are subject to change without notice. MNP is under no obligation to advise of any change brought to its attention which would alter those findings or opinions.

2. ABOUT THE NEW CAR DEALERS ASSOCIATION OF BC

The NCDA, formerly known as the British Columbia Automobile Dealers Association, was established in 1995 as the industry association representing new car and truck dealers in BC. The NCDA's primary purpose is to advocate on behalf of the new car and truck dealers with respect to legal, environmental, and consumer issues associated with new and used vehicle sales and repair in BC.⁶

The NCDA promotes positive corporate fellowship and social responsibility, both among its members and in the wider dealer community. NCDA members are governed under a code of ethics in which they pledge to comply with all NCDA standards and principles as well as all local, provincial and federal laws. Adherence with the code of ethics is promoted by the NCDA with the aim of strengthening the relationship between dealers, their customers and the members of their communities.

The NCDA has 389 members in 55 communities throughout BC, and represents approximately 97 percent of new car dealers in BC. The distribution of members by geographic region is provided in Table 1.

Table 1: Regional Distribution of NCDA Members

| Region | Number of NCDA Members |
|--|------------------------|
| Vancouver Island (including Sunshine Coast) | 71 |
| Lower Mainland (including Squamish) | 152 |
| Fraser Valley | 37 |
| Interior | 86 |
| Northern British Columbia | 43 |
| Total | 389 |

Source: NCDA

NCDA members include both small independent dealerships and large dealer networks with multiple locations. Table 2 shows the distribution of NCDA members by annual volume of vehicle sales.

⁶ "About Us" <http://www.newcardealers.ca/about-us/> (Accessed: January 15, 2018)

Approximately one-third of NCDAs members have annual sales volumes below 250 vehicles, one-third have sales volumes between 251 and 500 vehicles, and the remaining third have annual sales volumes greater than 500 vehicles.

Table 2: NCDAs Members by Sales Volume

| Annual Sales Volume (number of vehicles) | Number of NCDAs Members |
|---|-------------------------|
| 801 and over | 77 |
| 501 – 800 | 51 |
| 251 – 500 | 131 |
| 1 – 250 | 130 |
| Total | 389 |

Source: NCDAs

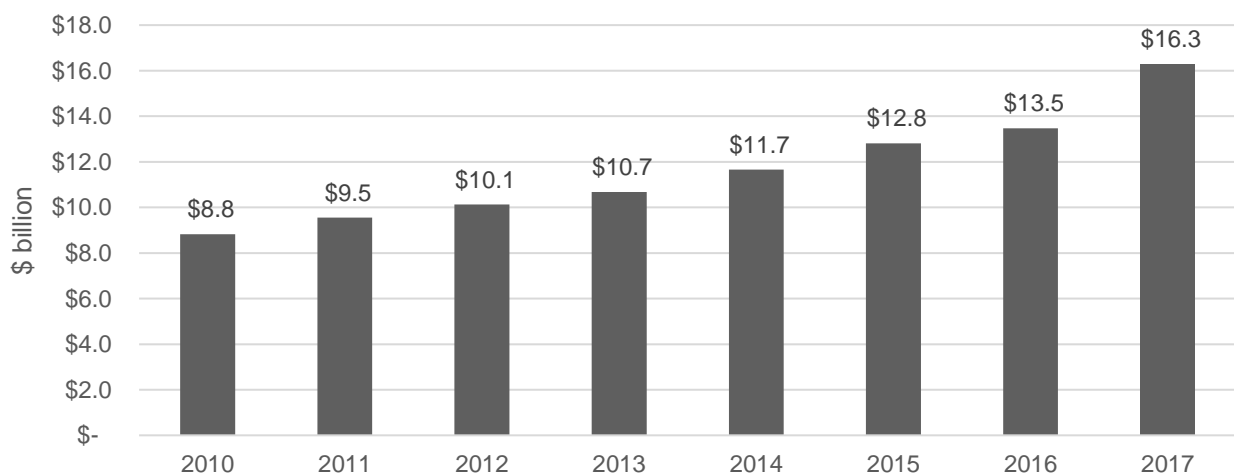
3. NEW CAR DEALERS IN BC

3.1 OVERVIEW

New car dealers are part of the retail automotive industry. In addition to new and used vehicle sales, new car dealers typically provide maintenance and repair services, collision repair services, and sell parts and accessories.

Figure 1 shows revenue from retail sales for new car dealers in BC between 2010 and 2017. Retail sales at new car dealers grew by approximately 6.5 percent annually between 2010 and 2013 and by approximately 8 percent annually between 2013 and 2016.

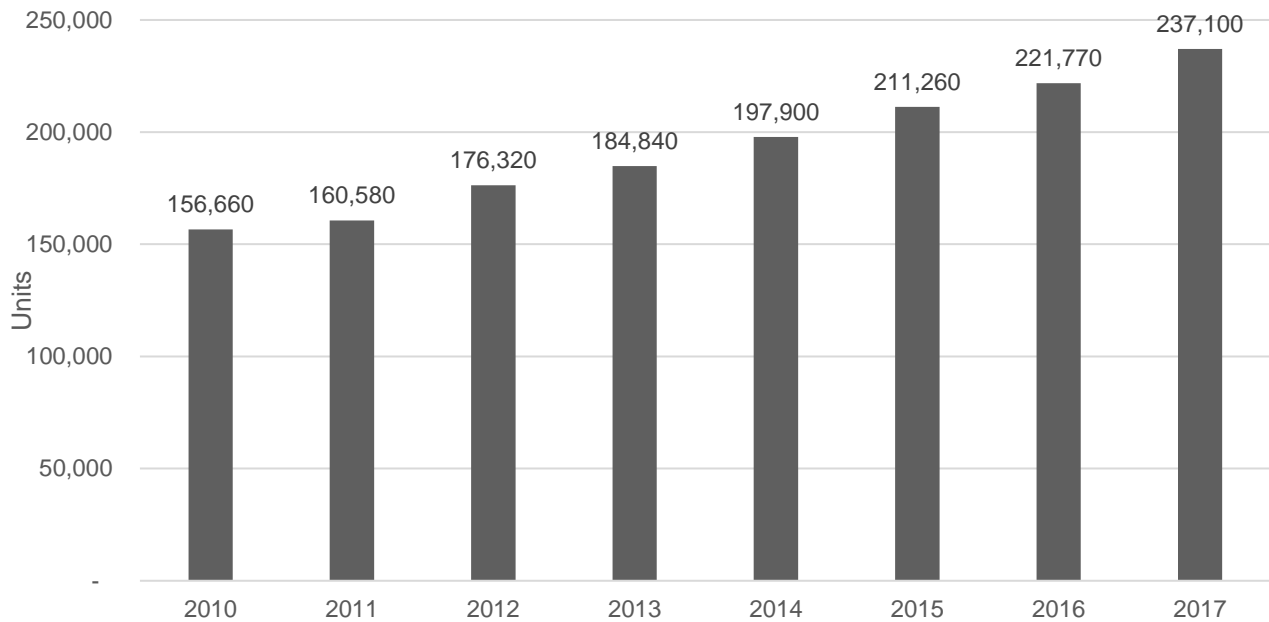
Figure 1: Retail Sales Revenue for New Car Dealers in BC (\$ Billions)



Source: Statistic Canada, CANSIM table 080-0020

Sales of new vehicles are the largest component of retail sales revenue for new car dealers. Between 2010 and 2017, the number of new vehicles sold in BC increased from 156,660 to 237,100 (Figure 2). Revenue from the sale of new vehicles accounted for over 60 percent of the increase in retail sales revenue for new car dealers, while the remainder was due to the sale of used vehicles, parts, accessories and services.

Figure 2: New Motor Vehicles Sales for New Car Dealers in BC



Source: Statistics Canada, CANSIM table 079-0003

Sales at new car dealers are the second largest category of retail sales in BC, after sales by food and beverage retailers. Since 2010, the share of total retail sales in BC accounted for by new car dealers has grown from approximately 15 percent to approximately 19 percent.⁷

⁷ Statistics Canada CANSIM table 080-0020

3.2 LINKAGES BETWEEN NEW CAR DEALERS AND OTHER BUSINESSES

The economic activity created by the operations of new car dealers can be described in terms of the industry “value chain”. A value chain illustrates the cycle of activities for a firm or specific industry. Products pass through all activities of the chain, and with each activity the product gains more value.

The value chain in Figure 3 demonstrates how other businesses are impacted by the purchases of goods and services by new car dealers. It demonstrates that while economic activity is created from the direct operations of NCDA members, indirect and induced impacts arise from the linkages that exist with suppliers and other sectors.



Figure 3: Value Chain for New Car Dealers



3.3 WORKFORCE

New car dealers provide stable, long-term employment for both skilled and unskilled labour. Skilled employment includes tradespeople, salespeople, finance officers, managers, administrative staff, marketing staff, and professionals. Unskilled and semi-skilled employment includes detailers, lot people, drivers, delivery people, and shop helpers. Table 3 provides an overview of the workforce at new car dealers.

Table 3: Workforce at New Car Dealers

| Function | Description |
|--|--|
| <p data-bbox="203 604 561 632">Sales and Customer Service</p>  | <p data-bbox="721 590 1414 709">This group of occupations includes receptionists, customer service representatives, licensed automotive salespersons, product advisors, appointment coordinators, brand ambassadors, and warranty clerks.</p> <p data-bbox="721 743 1393 800">The education requirements for these positions vary from high school to a Bachelor's degree.</p> |
| <p data-bbox="203 1026 467 1054">Finance and Leasing</p>  | <p data-bbox="721 1012 1349 1068">This group of occupations includes accounting clerks, leasing agents, and finance managers.</p> <p data-bbox="721 1102 1393 1159">The education requirements for these positions vary from high school to a Bachelor's degree.</p> |

| Function | Description |
|---|---|
| <p>Parts and Service</p>  | <p>This group of occupations includes skilled trade workers and technicians who are responsible for the maintenance and repair of vehicles, and support staff.</p> <p>Skilled positions include automotive service technicians, collision repair technicians, glass technicians, automotive painters, automotive refinishing prep technicians, as well as estimators and service advisors.</p> <p>Support positions include shop helpers, detailers, couriers, and delivery drivers.</p> <p>Most of the skilled occupations in this group require a trade certificate, while support positions do not require a formal certification and most training is on the job.</p> |
| <p>Marketing and Administration</p>  | <p>This group of occupations includes marketing, legal and IT professionals, as well as general office support workers.</p> <p>The education requirements for these positions vary from high school to a Bachelor's degree.</p> |
| <p>Management</p>  | <p>This group of occupations includes operations and strategic management positions.</p> <p>Operations management positions include fixed operations managers, parts managers, and service managers.</p> <p>Strategic management positions include controllers and general managers.</p> <p>Education requirements are typically a Bachelor's degree or above and significant experience in the relevant field. In some cases, professional certification is required.</p> |

4. ECONOMIC IMPACT ANALYSIS

4.1 ECONOMIC IMPACT METHODOLOGY

To estimate the economic impacts of NCDAs members in BC, MNP employed an input-output methodology that used economic multipliers published by Statistics Canada.

Input-output modeling is a widely-used and widely-accepted approach, making it recognizable by many different stakeholders and audiences. The structure of the approach also facilitates easy comparisons between reported results for different projects and facilities.

In general, economic impacts are viewed as being restricted to quantitative, well-established measures of economic activity. The most commonly used of these measures are output, GDP, employment, and government revenue:

- **Output** is the total gross value of goods and services produced by a given company or industry measured by the price paid to the producer. This is the broadest measure of economic activity.
- **Gross Domestic Product (“GDP”)**, or value added, refers to the additional value of a good or service over the cost of inputs used to produce it from the previous stage of production. Thus, GDP is equal to the unduplicated value of goods and services produced.
- **Employment** is the number of additional jobs created. Employment is measured in terms of full-time equivalents (“FTEs”). One FTE may be considered one person-year of employment. That is, one FTE is the equivalent of one person working full-time for a period of one year
- **Government Revenues** are the total amount of tax revenues generated for different levels of government. Tax revenues arise from personal income taxes, corporate income taxes, taxes on products and taxes on production.⁸

Economic impacts may be estimated at the direct, indirect and induced levels.

- **Direct impacts** are due to changes to “front end” businesses that would initially receive operating revenue as a direct consequence of the operations and activities of a facility or industry.
- **Indirect impacts** arise from changes in activity for suppliers of the “front end” businesses.
- **Induced impacts** arise from shifts in spending on goods and services as a consequence of changes to the payroll of the directly and indirectly affected businesses.
- **Total Impacts** are the sum of the direct, indirect and induced impacts.

A glossary of economic impact terms is provided in Appendix A, and a description of our approach to estimating the economic impacts of NCDAs members is provided in Appendix B.

⁸ Please note that because tax revenues can frequently change due to modifications in tax policy, the tax revenue impacts in this report are estimates only and subject to change. They should be viewed as approximate in nature.

4.2 ECONOMIC IMPACTS OF OPERATIONS

The operations of NCDA members impact the BC economy through direct expenditures on goods and services (e.g. operating supplies, professional services, advertising, etc.), the employment of staff and the generation of tax revenues for local, provincial and federal governments.

To estimate the economic impacts of NCDA members' operations we estimated the revenues and expenditures of new car dealers in BC based on data from Statistics Canada and information gathered from the NCDA.

In 2017, the expenditure of NCDA members was estimated to be approximately \$16.8 billion. Table 4 shows the main components of expenditure for NCDA members. The largest components of expenditure were goods for resale (e.g., vehicles, parts and accessories) followed by labour and rent.

Table 4: Estimated Expenditure of NCDA Members, 2017

| Category | Amount (\$ millions) | Percentage of Total Expenditure |
|---|-------------------------|------------------------------------|
| Goods for resale | \$14,460 | 86.3% |
| Labour | \$1,320 | 8.0% |
| Rent | \$235 | 1.4% |
| Advertising and promotion | \$170 | 1.0% |
| Interest | \$100 | 0.6% |
| Amortization | \$80 | 0.5% |
| Insurance | \$80 | 0.5% |
| Professional and business fees | \$55 | 0.3% |
| Repairs and maintenance | \$50 | 0.3% |
| Utilities and telephone/telecommunication | \$40 | 0.2% |
| Delivery, shipping and warehouse expenses | \$20 | 0.1% |
| Other expenses | \$140 | 0.8% |
| Total Expenditure | \$16,750 | 100% |

Source: MNP estimates.

The vehicles, parts and accessories sold by NCDA members are manufactured outside of BC. Consequently, the economic impacts associated with their production do not occur in BC. To account for this the expenditure on goods for resale was excluded from the calculations of economic impacts. Given that a significant amount of vehicle manufacturing occurs elsewhere in Canada, the economic impacts of NCDA members on the rest of Canada are substantial.

Also, it is important to note that the calculation of taxes generated is based on the spending by NCDA members. It does not include federal and provincial sales taxes paid by customers on purchases made at NCDA members. It can be assumed that the federal and provincial sales taxes on vehicles sold through NCDA members would amount to hundreds of millions of dollars in additional tax revenues.

Table 5 shows the estimated economic impacts of the operations of NCDA members in BC. In 2017, NCDA members were estimated to generate approximately:

- **\$4.7 billion of total output**, which includes \$2.6 billion of direct output and \$2.1 billion of indirect and induced output.
- **\$2.9 billion of total GDP**, which includes \$1.6 billion of direct GDP and \$1.3 billion of indirect and induced GDP.
- **29,770 full time equivalents (FTEs) of total employment**, which includes 18,220 FTEs of direct employment at members, and 11,550 FTEs of indirect and induced employment at suppliers and other businesses.
- **\$675 million of total revenue for all three levels of government**, which includes \$340 million of direct revenue and \$335 million of indirect and induced revenue.

Table 5: Estimated Economic Impacts of NCDA Members in BC, 2017

| | Output (\$ millions) | GDP (\$ millions) | Employment (FTEs) | Government Revenues (\$ millions) | | |
|---------------------------------------|-------------------------|----------------------|----------------------|--------------------------------------|--------------|-------------|
| | | | | Federal | Provincial | Municipal |
| Direct Impacts | \$2,610 | \$1,570 | 18,220 | \$190 | \$110 | \$40 |
| Indirect & Induced Impacts | \$2,100 | \$1,280 | 11,550 | \$160 | \$130 | \$45 |
| Total Impacts | \$4,710 | \$2,850 | 29,770 | \$350 | \$240 | \$85 |

4.3 ECONOMIC IMPACTS OF CONSTRUCTION AND RENOVATION

In addition to spending on operations, NCDA members spend a substantial amount on new dealership construction and renovation each year. To estimate the economic impacts of that expenditure we used a combination of historical and projected data. The data were gathered through a survey of members conducted by the NCDA in January 2018. The information collected included expenditure on renovation and new dealership construction over the period 2014 to 2017 and projected expenditures for the 2018 to 2020 period.

Survey respondents reported that they spent approximately \$373 million on new dealership construction between 2014 and 2017 and that they expect to spend an additional \$407 million between 2018 and 2020. Renovation expenditures were reported to be approximately \$81 million between 2014 and 2017 and were projected to be \$65 million between 2018 and 2020.

Based on the survey responses we estimated the average annual expenditures on renovation and construction for the period 2014 to 2020 (Table 6). New car dealers spend approximately \$154 million on construction and renovation each year. This is equivalent to approximately four percent of the annual investment in commercial building construction in BC.⁹

⁹ Statistics Canada, CANSIM Table 026-0016

Table 6: Estimated Average Annual Construction Expenditures by Type, 2014 to 2020

| Type of Construction | Estimated Average Annual Value |
|----------------------|--------------------------------|
| Renovation | \$30 million |
| New construction | \$124 million |
| Total | \$154 million |

Source: NCDCA Member Survey

Table 7 shows the estimated economic impacts of expenditure on construction and renovations by NCDCA members in BC. Construction and renovation expenditure by NCDCA members was estimated to generate annual impacts of approximately:

- **\$261 million of total output**, which includes \$18 million of direct output and \$16 million of indirect and induced output.
- **\$133 million of total GDP**, which includes \$71 million of direct GDP and \$62 million of indirect and induced GDP.
- **1,200 FTEs of total employment**, which includes 620 FTEs of direct employment and 580 FTEs of indirect and induced employment.
- **\$34 million of total revenue for all three levels of government**, which includes \$17 million for the federal government, \$13 million for the provincial government and \$4 million for municipal governments.

Table 7: Estimated Annual Economic Impacts of Construction and Renovation Expenditure

| | Output (\$ millions) | GDP (\$ millions) | Employment (FTEs) | Government Revenues (\$ millions) | | |
|---------------------------------------|-------------------------|----------------------|----------------------|--------------------------------------|-------------|------------|
| | | | | Federal | Provincial | Municipal |
| Direct Impacts | \$154 | \$71 | 620 | \$9 | \$7 | \$2 |
| Indirect & Induced Impacts | \$107 | \$62 | 580 | \$8 | \$6 | \$2 |
| Total Impacts | \$261 | \$133 | 1,200 | \$17 | \$13 | \$4 |

4.4 COMPARISON OF ECONOMIC IMPACTS WITH OTHER INDUSTRIES

To provide perspective on the size of the economic impacts of NCDA members in BC, it is useful to compare the impacts with those created by other industries and initiatives. Three such industries are residential construction, film and television production, and transportation.

Residential Construction

The employment generated by the operations of NCDA members in 2017 was roughly equivalent to the employment supported by the construction of between 10,000 to 11,000 new homes¹⁰ (approximately 25 percent of the new homes starts in BC in 2017¹¹).

Film and Television Production

The total employment generated from the operations of NCDA members in 2017 was equivalent to the total employment supported by the filming of a full season of between 30 and 35 high-end television productions.¹² In 2016, total spending on television production in BC was equivalent to that of 20 high-end television series.¹³

Transportation

The employment generated by the operations of NCDA members is equivalent to the employment generated through the handling of 3.5 million containers at the Port of Vancouver, or approximately 120 percent of the average annual volume of containers handled at the port.¹⁴

5. COMMUNITY AND SOCIAL CONTRIBUTIONS

In addition to the economic impacts created through their operations, the NCDA and its members visibly support the communities in which they operate through involvement in charities and non-profit organizations and the provision of bursaries for post-secondary training.

Examples of community and social contributions made by NCDA members include:

- **Creation of business partnerships** – many members are engaged with business associations and partners.
- **Training opportunities for new workers** – members are involved with industry training programs and with programs offered through educational organizations.
- **Creation of visitor and tourism events** – for example, the NCDA has been presenting the Vancouver International Auto Show (VIAS) annually for the past 98 years. VIAS is western

¹⁰ Will Dunning Inc., “Economic and Fiscal Impacts of Residential Construction – 2016” (http://www.chba.ca/CHBA/Housing_in_Canada/Information_and_Statistics/impacts/1%20British%20Columbia%20Economic%20Impacts%20of%20New%20Home%20Construction%202016.pdf)

¹¹ CMHC, “Housing Information Monthly”, January 2018

¹² MNP, Economic Impacts of Supernatural, prepared for the Motion Picture Association of Canada. (<http://www.mpa-canada.org/wpcontent/uploads/2016/05/Economic-Impacts-of-Supernatural.pdf>)

¹³ Approximately \$977 million was spent on filming television series in BC in 2016. Source: Creative BC fact sheet “Tax Credit Certification for Film and Television / Explanation of Reporting Methodology”. Supernatural, a major television production filmed in BC, has an annual production budget of approximately \$48.6 million. Source: (<http://www.mpa-canada.org/wpcontent/uploads/2016/05/Economic-Impacts-of-Supernatural.pdf>)

¹⁴ InterVISTAS, “Port of Vancouver – 2016 Economic Impact Study – Final Report (26 May 2017). Between 2013 and 2016, approximately 2.9 million containers (20-foot-equivalents) were handled annually.

Canada's best attended consumer show, and one of western North America's premier automotive exhibition events.¹⁵

- **Support for the community** – NCDA members are engaged in various local charities and sports groups as well as community and service clubs, charity boards and committees. The majority of members also sponsor charities and organizations through cash donations and merchandise prizes.
- **Partnership with Special Olympics BC** – the NCDA is the longest continual sponsor of Special Olympics BC. Since 1984, the NCDA and its members have raised \$4.8 million for the organization.

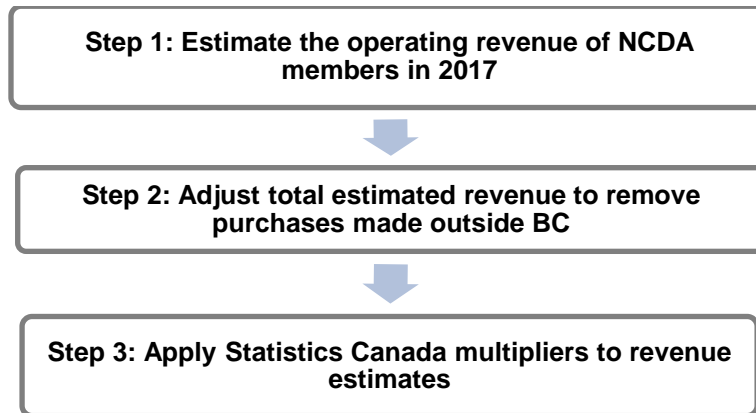
¹⁵ <http://vancouverinternationalautoshow.com/about>

APPENDIX A – GLOSSARY OF ECONOMIC IMPACT TERMS

| Term | Definition |
|-------------------------------------|--|
| Direct Impacts | <p>Direct impacts are changes that occur in “front-end” businesses that would initially receive expenditures and operating revenue as a direct consequence of the operations and activities of an industry, organization or project. Direct impacts are related to original purchases or “direct sales” from primary suppliers.</p> <ul style="list-style-type: none"> • <i>Example: In the case of NCDAs members, direct impacts are related to the spending that members make when purchasing goods and services from their suppliers; for instance, purchasing legal services from a local law firm.</i> |
| Indirect Impacts | <p>Indirect impacts are due to changes in the activity of an industry, organization or project’s suppliers. Indirect impacts include the spending that NCDAs members’ suppliers make when purchasing goods and services from their own suppliers (i.e. secondary suppliers) in order to meet the demand generated by the members.</p> <ul style="list-style-type: none"> • <i>Example: When NCDAs members spend money on legal services, the lawyers in turn purchase goods and services to meet the dealership’s demand. The spending by the law firm reflects the indirect impacts of dealer’s spending on legal services.</i> |
| Induced Impacts | <p>Induced impacts are due to shifts in spending on goods and services as a consequence of the payroll of the directly and indirectly affected businesses. In the case of NCDAs members, induced impacts reflect the additional spending by employees of NCDAs members, primary suppliers and secondary suppliers.</p> <ul style="list-style-type: none"> • <i>Example: Additional wages received by NCDAs employees “induce” spending. These employees in turn make consumer purchases that are considered induced impacts.</i> |
| Output | <p>The total gross value of goods and services produced by a given organization, industry, or project measured by the price paid to the producer. This is the broadest measure of economic activity.</p> |
| Gross Domestic Product (GDP) | <p>The additional value of a good or service over the cost of inputs used to produce it from the previous stage of production. Thus GDP is equal to net output, or the difference between revenues and expenses on intermediate inputs. It is the incremental value created through labour or mechanical processing. Total GDP is a more meaningful measure of economic impact than output, as it avoids double counting during each round of impacts.</p> |
| Government Revenue | <p>Government revenue is the total amount of tax revenue generated for different levels of government, including municipal, provincial and federal taxes.</p> |

APPENDIX B – ECONOMIC IMPACT METHODOLOGY

MNP's estimate of the economic impacts generated by NCDAs members were developed using an input-output model based on multipliers published by Statistics Canada. A step-by-step description of our approach is provided below.



Step 1: Estimate the operating revenue of NCDAs members in 2017

The first step in estimating the economic impacts of NCDAs members was to estimate the operating revenue of NCDAs members using the following sources from Statistics Canada:

- Retail trade sales (CANSIM table 080-0020) for New Car Dealers (NAICS 44111).
- Annual retail trade survey financial estimates (CANSIM table 080-0030) for New Car Dealers (NAICS 44111).

Step 2: Adjust total estimated revenue to remove purchases made outside BC

The next step was to adjust the total estimated revenue to better represent economic activity in the province. To adjust the revenue estimates, the cost of goods purchased from outside the province were excluded. To estimate the cost of goods sold, the following sources were used:

- Annual retail trade survey financial estimates from Statistics Canada (CANSIM table 080-0030) for New Car Dealers (NAICS 44111).
- Financial performance data from Innovation, Science and Economic Development Canada for New Car Dealers (NAICS 44111).

Step 3: Apply Statistics Canada multipliers to revenue estimates

The final step was to apply the Statistics Canada input-output multipliers for “motor vehicles and parts dealers” to the total adjusted estimated revenue from Step 2.

APPENDIX C - ABOUT MNP

MNP is the fastest growing major chartered accountancy and business advisory firm in Canada. Founded in 1958, MNP has grown to more than 70 offices and 4,000 team members across Canada. In British Columbia, MNP has more than 800 staff located in 19 offices throughout the province. The map below shows our office locations.

MNP provides a wide range of accounting, finance and business advisory services to clients. These include:

- Assurance
- Taxation
- Corporate Finance
- Mergers and Acquisitions
- Enterprise Risk Services
- Forensic Accounting
- Consulting
- Insolvency and Corporate Recovery
- Succession
- Valuations and Litigation Support



About MNP's Economics and Research Practice

Economic and industry studies are carried out by MNP's Economics and Research practice. Based in Vancouver, the Economics and Research practice consists of a team of professionals that has a successful track record of assisting clients with a wide variety of financial and economic impact studies. Our work has encompassed a wide range of programs, industries, company operations and policy initiatives and has helped clients with decision-making, communication of economic and financial contributions, documentation of the value of initiatives and activities and development of public policy.