

Economic Impact Estimate of Tariff No. 6, NRCC

Industry Gross Revenue Tariff

Compiled by Fitness Industry Council of Canada

Approx. # of commercial clubs in Canada	3,000
Average revenue per club	\$ 1,000,000
Estimated industry revenue	\$ 3,000,000,000
Proposed tariff: 5%	\$ 150,000,000

Fitness Class Tariff (sample calculations only)

	Low Range	High Range
Estimated # of clubs with group exercise	900	1,350
Average # of classes per week per club	20	20
Total classes per week in Canada per year	936,000	1,404,000
Total industry tariff per year @ \$3 per class	\$2,808,000	\$4,212,000

Estimated Impact by Club Size (sample calculations only)

GROSS REVENUE TARIFF	Small Club	Medium Club	Large Club
Number of Members	500	1,500	5,000
Estimated Revenue (@ Average \$600/member)	\$300,000	\$900,000	\$3,000,000
Tariff on Gross Sales (5%)	\$15,000	\$45,000	\$150,000
GROUP EXERCISE TARIFF			
Number of members	500	1500	5000
(\$3/class x est. # of classes per year)*	\$3,120	\$4,680	\$7,800
Percentage of revenue	1.04%	0.52%	0.26%
TOTAL NEW TARIFFS	\$18,120	\$49,680	\$157,800

Current SOCAN Fees (sample calculations only)

SOCAN Annual Fee**	\$642	\$963	\$1,605
Percentage of Revenue	0.21%	0.1%	0.053%

% Increase over SOCAN Fees	2822%	5158%	9732%
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*Calculation based on average of 20/30/50 classes per week x 52 weeks for small/medium/large clubs respectively

**Annual SOCAN fee is based on the following calculation: \$2.14 x (an estimated average of 15 class participants) X (average # of classes per week. We have used 20/30/50 classes per week for small/medium/large clubs respectively.)