



# Consolidated economic benefits of 17 members of the RÉMI

Final Report

May 18, 2018



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# Definition of key concepts

# Definition of key concepts (1/2)

## The methodology used takes into account two types of economic impacts generated by the holding of events: direct and indirect effects

- **Direct effects** include the economic benefits in companies belonging to the sectors of activity where the tourism expenditures are made. These are in the form of increased employment, added value, imports, taxes, etc.
- **Indirect effects** are the second component of short-term economic impact. They correspond to the economic benefits generated by companies in the sectors of activity that provide goods and services to the companies where the tourism expenditures are made, as well as the suppliers of the initial suppliers and the other subsequent suppliers.

## Direct and indirect impacts are expressed in terms of added value, jobs and government revenues

- **Added value** (shown at market prices) is the effort that the producer adds to its intermediate inputs to meet the demands placed on it. In the cross-sectoral model, it is obtained by adding up the amount of production inputs, namely wages and salaries before taxes, gross mixed revenues, and other gross revenues before taxes. The concept of economic benefit is therefore closely linked to that of added value and contribution to GDP.
  - **Pre-tax wages and salaries:** These are the taxable incomes (or gross earnings) of salaried employees.
  - **Gross mixed revenues:** Revenues from unincorporated businesses (e.g. self-employed, freelancers, artists)
  - **Other gross pre-tax revenues:** Also known as “other operating surplus”, they include, among other things, profits, depreciation, employer contributions and benefits.
- **Jobs** represent the number of full-time equivalent (FTE) workers supported through event operations and tourism spending, both direct (the organization’s employees) and indirect (in the supply chain)
- **Full-Time Equivalent:** A unit that provides a comparable measure of workloads, whereby two employees working part-time throughout the year correspond to 1 FTE. Similarly, two full-time employees who work 6 months during the year are also equivalent to 1 FTE.
- **Government revenues (or tax revenues)** include taxes on salaries, consumption taxes (QST, GST), and specific taxes (federal excise duties and Québec specific taxes such as the tax on lodging or on tobacco). These amounts exclude the amounts related to parafiscal charges (occupational health and safety program (CNESST), employment insurance, etc.)

Sources : Ministère du Tourisme du Québec, ISQ



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# Definition of key concepts (2/2)

## Total attendance (in number of days of attendance)

- Total number of **days of attendance** made by attendees of any age. This may include a spectator, a competitor, a professional or personal companion, etc. Attendance excludes volunteers, employees and service providers of the event.

## Attendees retained

- Single **attendees aged 16 and over** who attended the demonstration or the event were selected.
- Attendees are retained from two categories of **visitors** to events:
- **Same-day visitors** who travel the same day and whose usual place of residence is outside a 40 km radius of the location where the event takes place. This radius does not apply to attendees living outside of Québec, since they cross a border (provincial or national).
- **Tourists** (or excursionists) who are staying overnight or longer and whose usual place of residence is outside the event venue, regardless of distance travelled, and who use commercial or private accommodation.
- **Local attendees**, i.e. those who live within 40 km of the event venue, will therefore be excluded from the economic impact measure.

## Primary Purpose

- **The primary purpose** of attendees towards the event expresses the extent to which the presence of the visitor in the location is motivated by the holding of the event.
- This report presents two conceptual frameworks: the MTO-compliant restrictive approach and the adapted approach that is closer to previous years' economic impact assessment studies.
- The **restrictive approach** includes only visitors who say that the event was the primary motivation for their stay in the location where it takes place.
- The **adapted approach** scores, on a scale from 1 to 10, the importance of the event to the presence of the visitors. It calculates and takes into account a proportion of the visitors who have come partly because of the event.
- The index allows the total number of visitors to be weighted in order to exclude “non-primary purpose” visitors from the calculation of tourist spending benefits.

## Tourism expenditures

- Tourism expenditures include all the expenditures made by the visitors during their attendance at the event. We include only the expenditures of primary purpose visitors.

Sources: *Ministère du Tourisme du Québec*



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# Summary of results

# The economic benefits of 17 events of members of the RÉMI

This study presents the results of the consolidated economic impact of 17 major events of Québec members of the RÉMI. These were held between July 2016 and February 2018 (hereinafter 2016-2017<sup>1</sup>). In total, they attracted 5.9 million attendees of all ages<sup>2</sup>, representing 12.4 million days of attendance.

The breakdown of attendees is based on their place of residence:

- 66% local residents living in the event area (within 40 km)
- 34% visitors from outside the event area, i.e.:
  - 10% same day visitors
  - 10% tourists from Québec
  - 14% tourists from outside Québec

All the expenditures tabulated total **\$902.6 million**. These are from visitors from outside the region of the events under study and from event promoters. After eliminating double counting, expenditures of local visitors, expenditures of visitors who did not travel to the region for the event, and expenditures made outside Québec, these expenditures represent **\$483.5 M<sup>3</sup>** (adapted method).

However, for the purpose of calculating the economic impact, the approach advocated by the MTO and its government partners includes, in addition to the promoters' expenditures, only the expenditures of visitors whose arrival in the region is primarily due to the holding of the event (restrictive method).

**These expenditures totalled \$396.4 million. They allow to estimate that the events generated economic benefits of \$290.8 million (added value at market prices).**

The events also:

- Created or maintained **4,606 jobs** (in FTEs)
- Generated **tax revenues of \$49.3 million** for the Québec government and **\$17.3 million** for the federal government

It should be noted that **54%** of visitor spending was generated by visitors from outside Québec.

<sup>1</sup> The goal was to represent a typical year. Overall, four events took place in 2016, 13 in 2017 and only one event took place in 2018 (see Appendix).

<sup>2</sup> Of these, 4.4 million attendees are 16 years of age or older. This number excludes persons who acted as volunteers, officials and media representatives.

<sup>3</sup> These expenditures include those of visitors for whom the event contributed, at least partially, to their visit to the region. On this basis, the economic benefit (added value generated) would be \$355.1 million..

## Summary of results

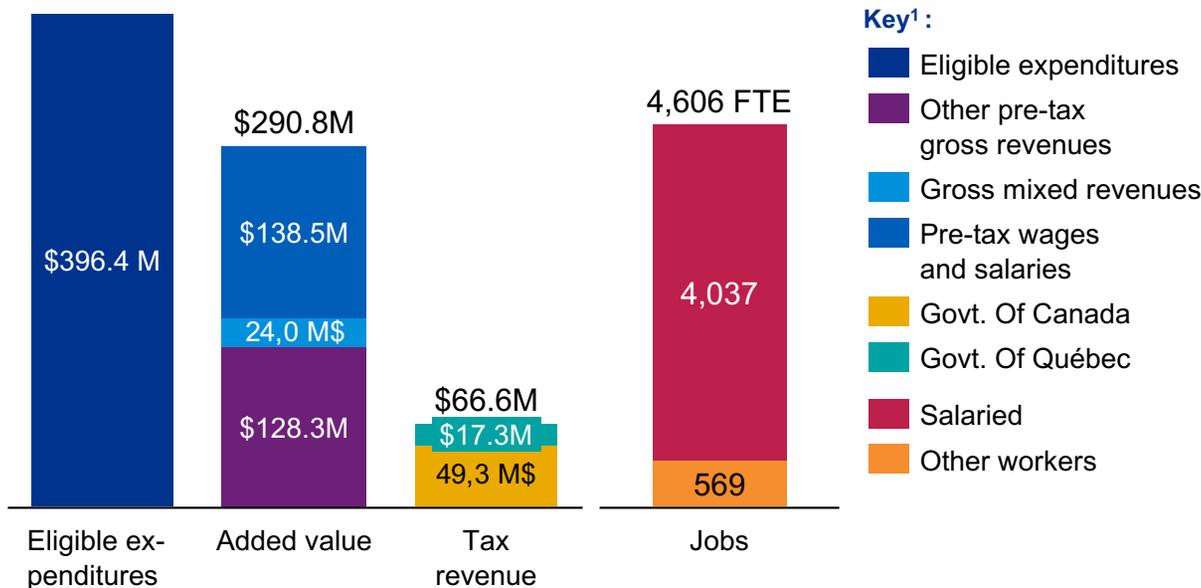
# The economic benefits of 17 events of members of the RÉMI

Using the approach advocated by the MTO (restrictive method), the impact of 17 added-value events amounted to **\$290.8 million**, including:

- \$138.5 million in wages and salaries before taxes
- \$24.0 million in gross mixed revenues
- \$128.3 million in other gross revenue before taxes
- Taking into account visitors who are partially motivated (adapted approach), the added value increases from \$290.8 million to \$355.1 million (see right table)

### Total economic benefits generated by 17 events using the restrictive approach

2016-2017, in millions of dollars (M\$) and full-time equivalent jobs (FTE)



### Comparison of economic impacts based on approach retained

2016-2017, in M\$ and FTE

Economic impacts	Restrictive approach	Adapted approach
<b>Expenditures retained (in M\$)</b>	<b>\$396.4 M</b>	<b>\$483.5 M</b>
Added value (in M\$)	\$290.8 M	\$355.1 M
Jobs (in FTE)	4,606 FTE	5,598 FTE
Government of Québec (in M\$)	\$49.3 M	\$62.4 M
Government of Canada (in M\$)	\$17.3 M	\$21.8 M

Source: KPMG analysis based on the model of the Institut de la statistique du Québec

Notes: (1) Definitions are available on pages 4 and 5.

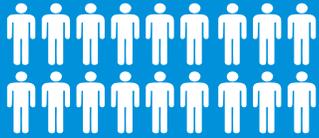
## Summary of results

# Several key numbers of consolidated benefits of 17 members of the RÉMI

## The 17 FESTIVALS AT A GLANCE

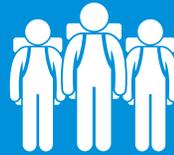
5.9 M

Number of attendees all ages



14%

are visitors from outside Québec



\$378

average expenditures of visitors from outside the region of the event coming primarily for the event

\$396 M

Expenditures retained



## BENEFITS\*

4,606

Jobs created or supported by the event (in full-time equivalent)



\$290.8 M

in added value for the Québec economy



\$66.6 M

in tax revenues for governments



\*Based on the restrictive method



# Study context

# Study context

Bringing together Québec's major cultural, sporting and entertainment events, the Regroupement des événements majeure internationales (RÉMI) is dedicated to promoting and representing Québec's major and international events sector and helping members reach the highest levels of performance and innovation while contributing to their growth.

Today, the RÉMI brings together 27 organizations producing events that are recognized as “major” thanks to their international influence and drawing power. Since 1999, members of the RÉMI have regularly conducted economic impact studies of their events in order to quantify their economic contribution to Québec and to respond to requests from their financial partners or funding agencies.

For the 2016-2017 edition, the RÉMI requested KPMG's services to support it and its members in carrying out these economic analyses. This report focuses on the aggregate economic impact of 17 of its members.

The methodology used is in accordance with the requirements of the Ministère du Tourisme du Québec; requirements set out in the *Methodological guide for economic impact analysis of large festivals and events*. As this is a new methodology, it is not possible to make a comparison with the results of previous studies.



# Portrait of members of the RÉMI

# A group that encompasses the events industry across Québec

The RÉMI contributes to the vitality and profile of the Québec events industry by representing its members under a single banner

- The RÉMI currently encompasses 27 major international events in Québec in the cultural, sports and entertainment fields

The organization acts as a catalyst for energizing the artistic and cultural sectors by fostering interactions among members spread across Québec

### Location of members of the RÉMI in 2017



Source: RÉMI, KPMG analysis

## A diversified sample in terms of type of event, size and location

This report presents the aggregate results of the economic and tourism impacts of 17 RÉMI member events

- The sample of attendees brings together international festivals of any size
- There are festivals located in various regions of Québec in all categories, including music and performing arts festivals, sports and entertainment events.
- A short description of each of the participating events is presented in the appendix

### List of 17 major international events included in the economic benefits study – 2016-2017



Source: RÉMI, KPMG analysis

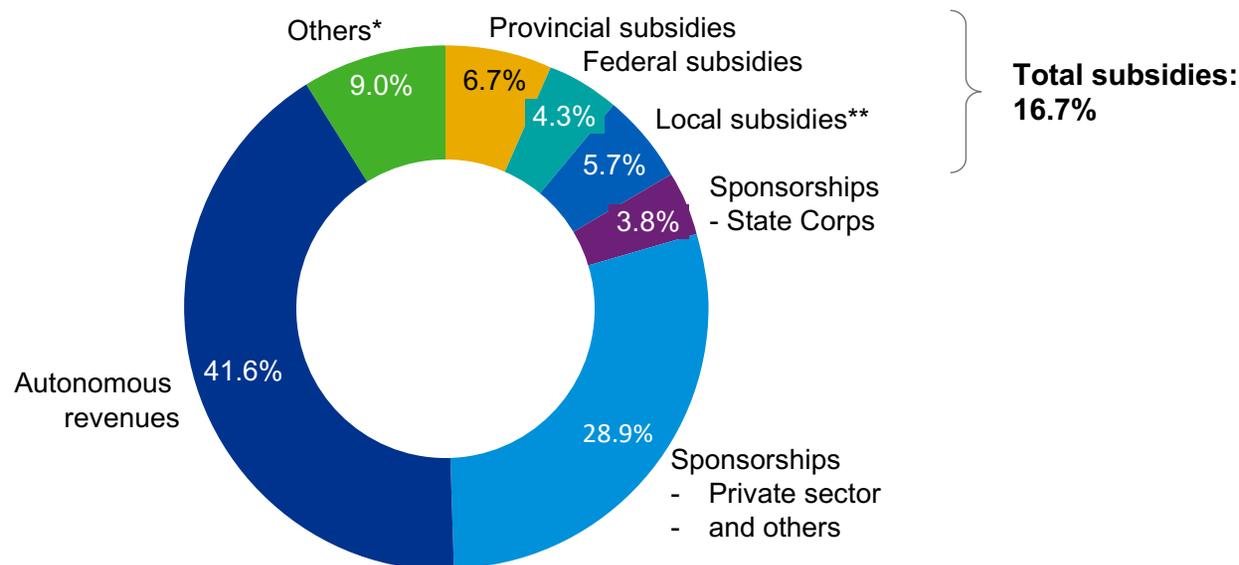
## Portrait of 17 participating members of the RÉMI

# A majority of event revenues come from private and autonomous sources

- In fact, autonomous revenues generated by members represent 42% of total revenues, while private sponsorships account for 29% of revenues
- Grants from various levels of government account for just under 17% of the organizations' total revenues

### Distribution of revenues of members of the RÉMI

2016-2017, in M\$ and shown in %, n = 17 membres



\* The Others category includes rental of space, kiosks or equipment, broadcasting rights, donations, ad sales, etc.

\*\* Local subsidies include municipal subsidies, regional tourism associations (ATR) and tourism offices

Sources: Survey among 17 members of the RÉMI participating in the study, KPMG analysis

## Portrait of the 17 participating members of the RÉMI

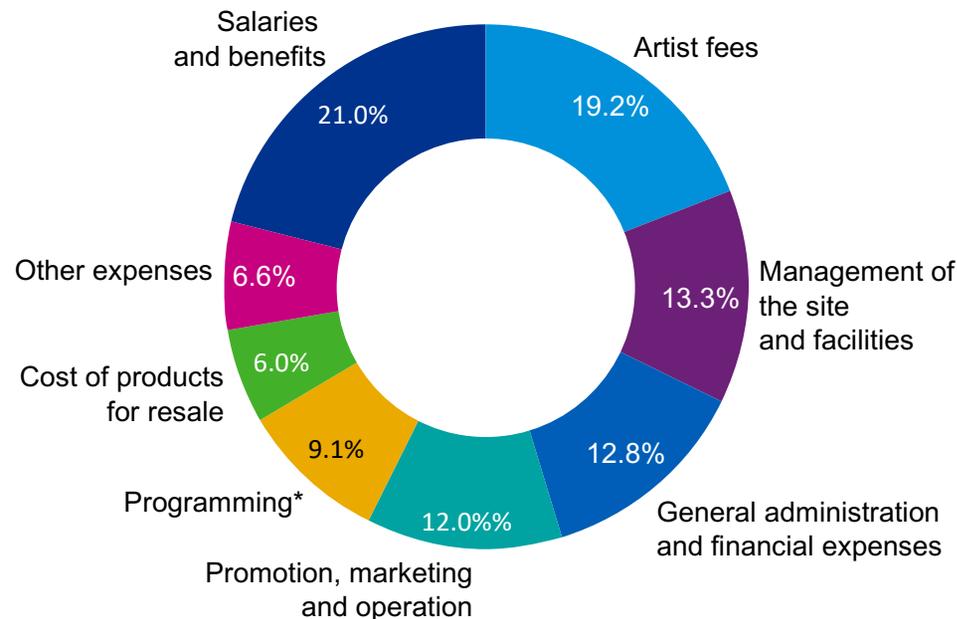
# Salaries and fees represent the biggest expenditures of the events

### 40% of total costs borne by the events are composed of salaries and fees

- The categories of expenses related to the management of the site and the facilities, the general, administrative and financial expenses, as well as promotion, marketing and marketing expenses represent, respectively, 12% to 13% of the expenditures.

### Distribution of expenses of members of the RÉMI

2016-2017, in M\$ and broken down in %, n = 17 members



\* Programming costs include production costs, lodging, meals and transportation, licence and presentation fees, television production and webcasting,, etc.

Sources: Survey of 17 members of the RÉMI participating in the study, KPMG analysis



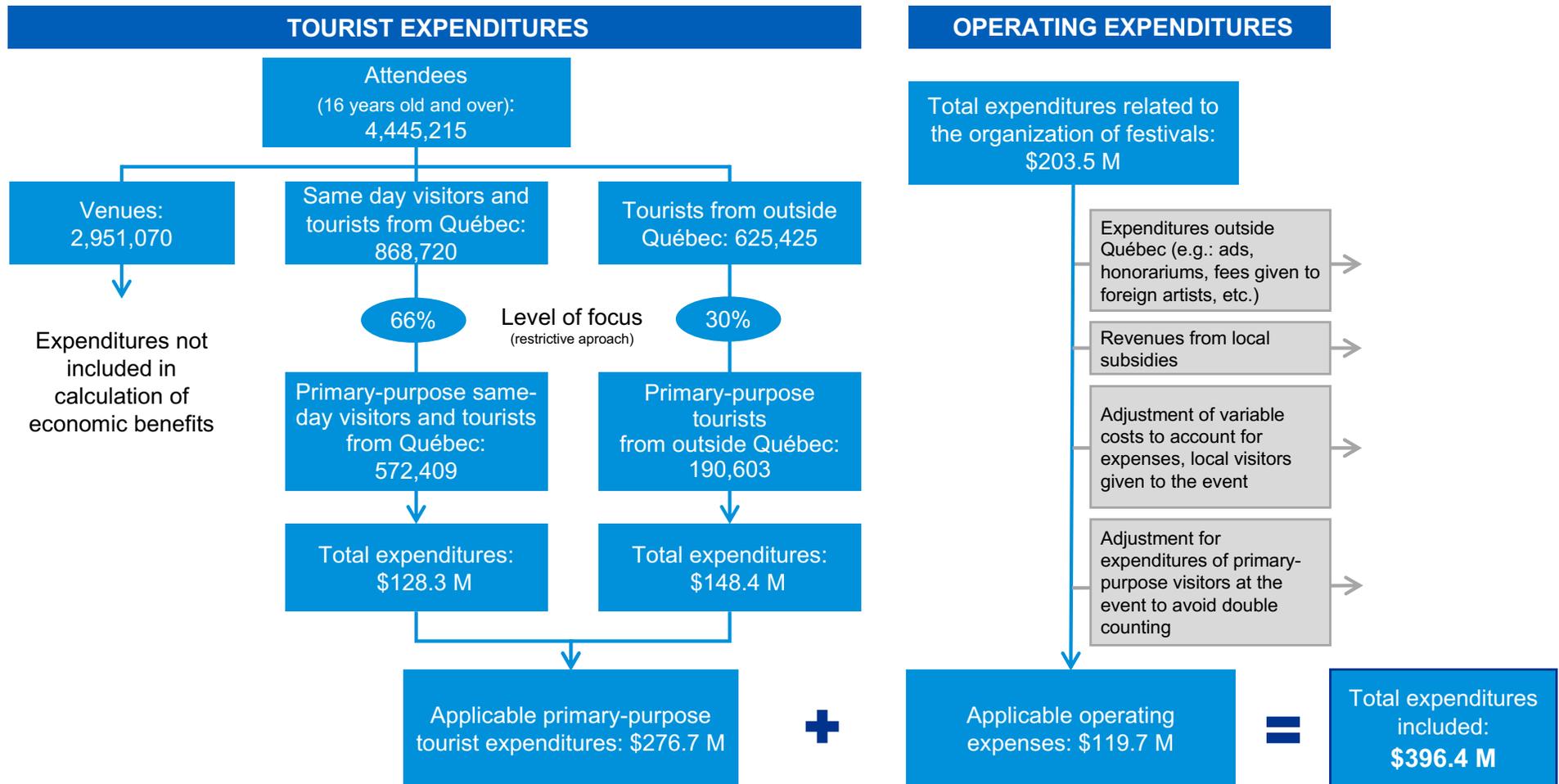
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# Operating and tourism expenditures

# Total expenditures included in the analysis of \$396.4 M

The following graphic shows the main elements for calculating expenditures included in the analysis of economic benefits



Note: Definitions of terms used are shown in the annex.

Source: KPMG analysis from survey results and organizational data

## Consolidated benefits of 17 members of the RÉMI

# Operating expenses related to the organization of festivals of \$203.5 M, of which \$119.7 M are included in the analysis

## The total operating expenses of promoters are \$203.5 M

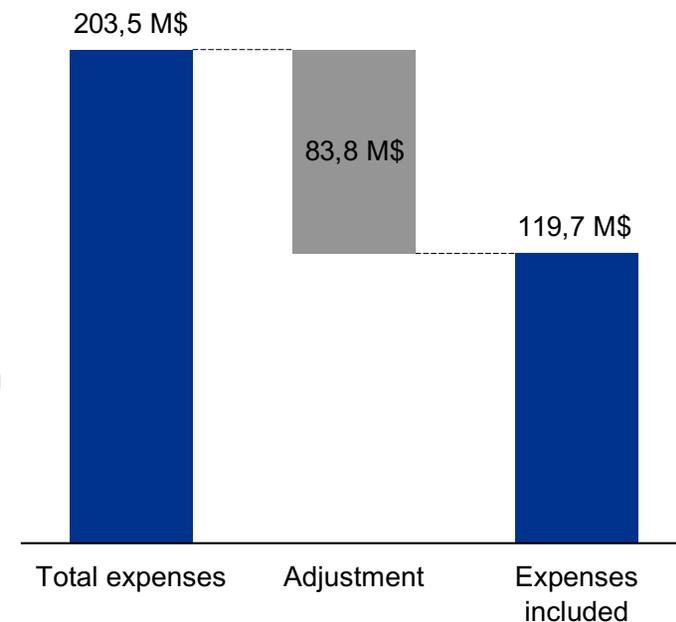
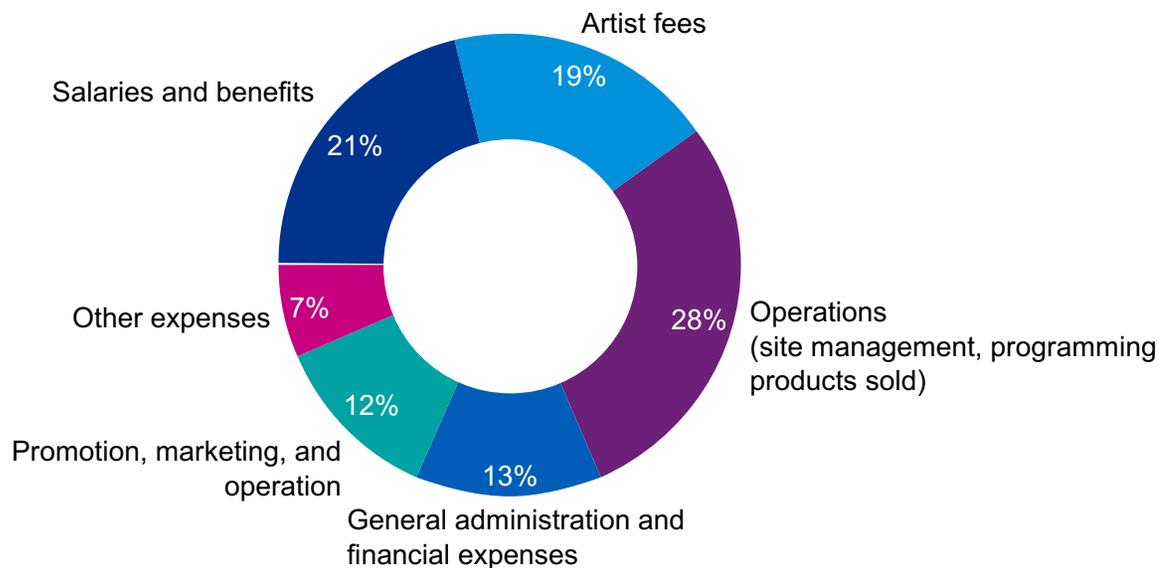
After eliminating double counting, local subsidies, local visitor spending and expenditures outside Québec, the expenses included in the economic impact calculation are \$119.7 million.

Overall, the fees paid to Québec artists, wages and benefits account for 40% of the expenses

Expenditures on goods and services from suppliers account for 60% of the costs

## Breakdown of promoters' operating expenses

2016-2017, in % and in millions of dollars



Source: KPMG analysis from data provided by the organizations



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Note : (1) Seuls les cachets payés aux artistes québécois sont inclus dans le calcul de retombées économiques

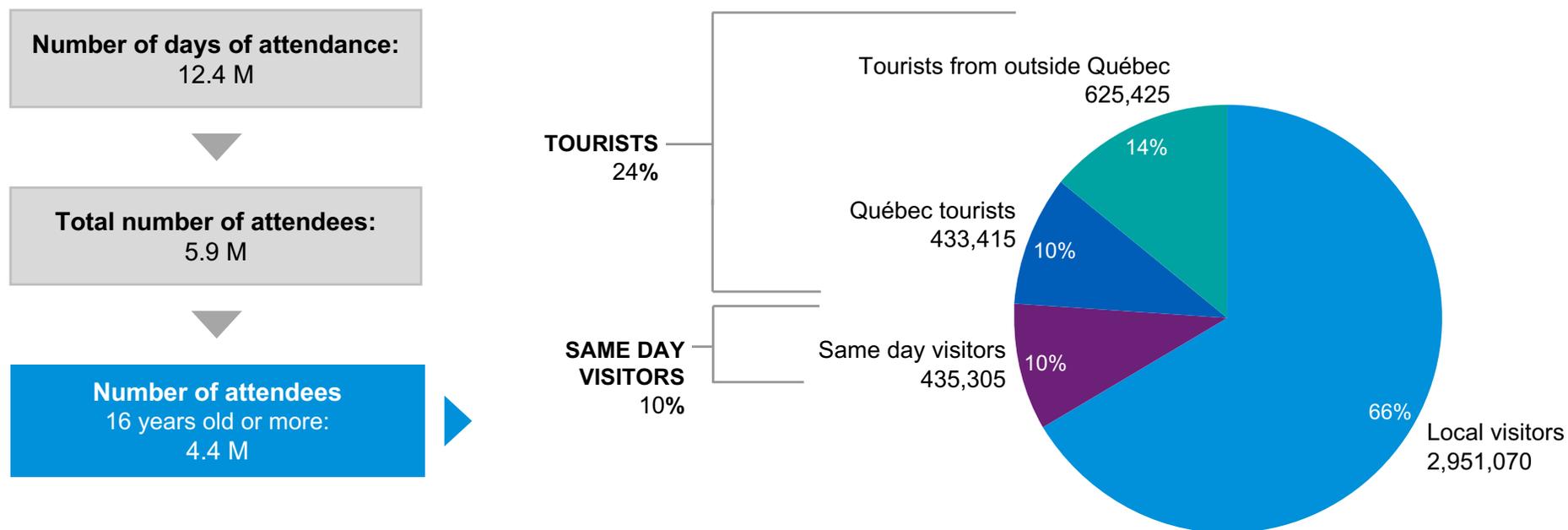
## A total 12.4 million days of attendance

The events attracted 5.9 million attendees of all ages, including 4.4 million attendees aged 16 years and over: their origin is shown in the chart below

- In total, 625,425 tourists from outside Québec participated in major events of the RÉMI

### Breakdown of attendees based on their origin

2016-2017, shown in % and in numbers



Source: Data from origin and attendance reports

## Consolidated benefits of 17 members of the RÉMI

# 30% of visitors from outside Québec and 66% of Québec visitors travel primarily for the event

## Calculation of primary-purpose visitors helps determine the influence of the festivals on visitors' travel motivation

Two calculation methods exist, although the MTO recommends the use of the restrictive method:

The restrictive method only includes visitors who came to the site primarily because of the event. All of these visitors, referred to as “primary-purpose,” are included in the calculation of the expenditures retained.

The adapted method also includes a proportion of visitors who came in part because of the event. A proportion of these visitors, said to be “partially motivated”, is included and varies depending on how important the event was in prompting their visit to the region (using a weighting based on a scale from 0 to 10). Only this proportion of partially-motivated visitors is then included in the calculation of expenditures.

### Estimation of share of focused visitors according to approach retained

2016-2017, in %

Visitors based on their origin	Breakdown of visitors	Level of motivation	
		Restrictive method	Adapted method
Same day visitors and Québec tourists		Same day visitors and Québec tourists	
• Primarily for the festival/event	66%	66%	79%
• Partially for the festival/event	20%		
• No influence	14%		
Tourists from outside Québec		Tourists from outside Québec	
• Primarily for the festival/event	30%	30%	43%
• Partially for the festival/event	21%		
• No influence	49%		

Source: Data from origin and attendance reports

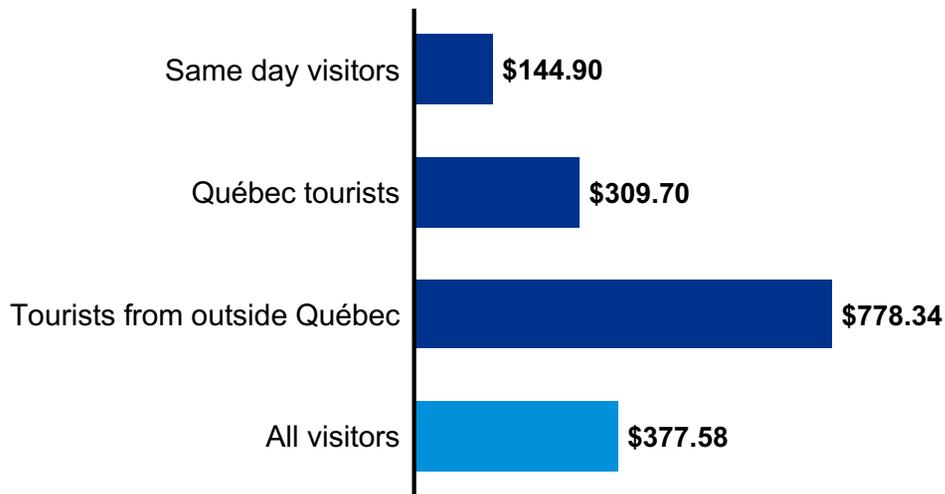
## Consolidated benefits of 17 members of the RÉMI

# Each visitor spent an average \$378 during their stay

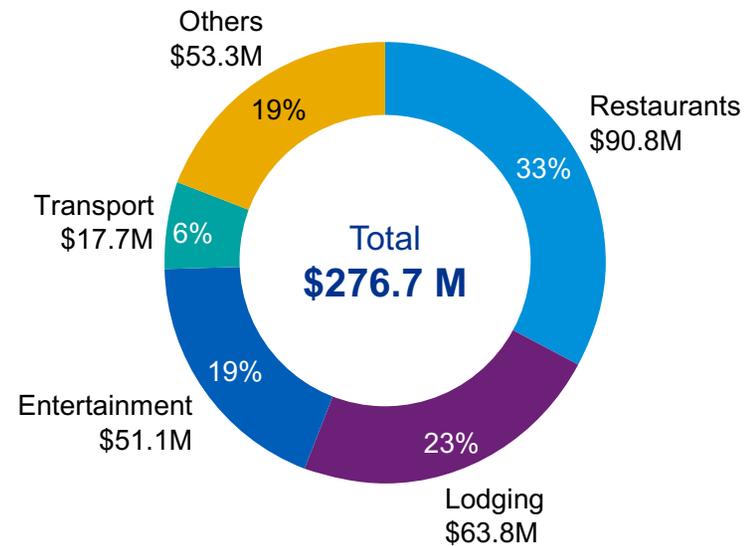
### Expenditures are composed mainly of spending on lodging and restaurants

- All expenditures are included, since the adjustment to avoid double counting was made directly in the festival expenditures

#### Average spending per visitor based on origin 2016-2017, in dollars



#### Breakdown of total expenditures of focused visitors by category 2016-2017, in %



Source: Data from origin and attendance reports



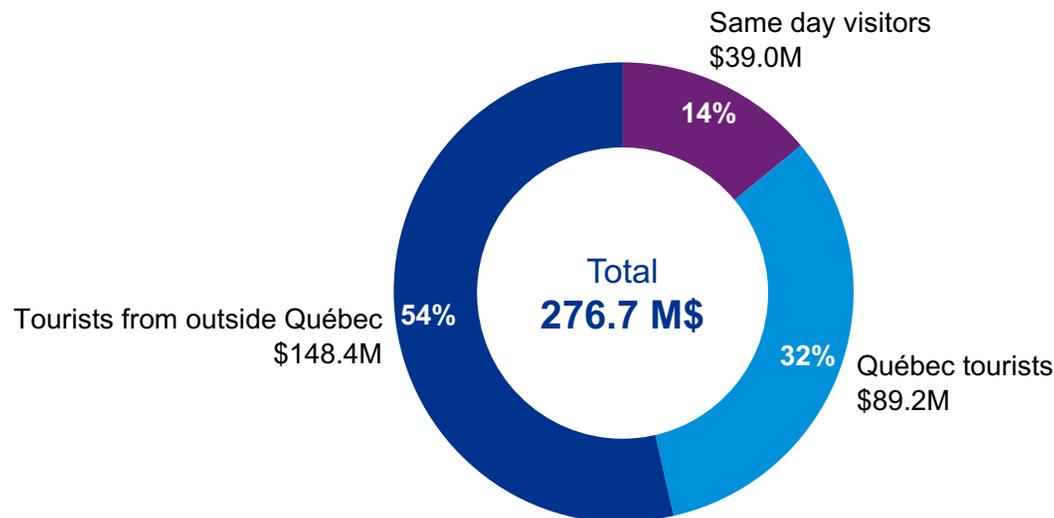
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## Consolidated benefits of 17 members of the RÉMI

# In total, primary-purpose visitors spent \$276.7 M because of the holding of events

**54% of the expenditures were made by tourists from outside Québec: that's \$148.4 M of new money coming from foreign tourists or visitors from the rest of Canada**

### Total expenditures of primary-purpose visitors\* and breakdown based on origin 2016-2017, in millions of dollars and %



\*According to the restrictive method

Source: KPMG analysis based on data from origin and attendance reports



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# Comparative analysis

# Comparison of economic impacts according to the total amount of expenditures

Since the festivals participating in the study vary in size, comparative analyses help to establish “typical” events according to the level of their operating expenses.

- Thus, on average, the events included in the study generated \$17 million in economic benefits each in terms of added value.
- Small events (less than \$5 million in expenditures) generate an average added value of \$4 million, while the largest events (more than \$20 million in expenditures) generate \$32 million

## Average economic benefits depending on size of event in terms of operating expenses

2016-2017, in millions de dollars and %

Average results per festival	Small Less than \$5M in expenses	Medium Between \$5&20 M in expenses	Large More than \$20 M in expenses	All the events
Number of festivals in this group	6	7	4	17
<b>Added value in M\$</b>	<b>\$4.3 M</b>	<b>\$19.6 M</b>	<b>\$32.1 M</b>	<b>\$17.1 M</b>
Jobs in FTE	69 ETP	308 ETP	510 ETP	271 ETP
Provincial government revenues in M\$	\$0.6 M	\$3.7 M	\$5.0 M	\$2.9 M
Federal government revenues in M\$	\$0.3 M	\$1.2 M	\$1.8 M	\$1.0 M

Source: KPMG analysis based on results of the 17 participating events



## Comparative analysis of benefits of 17 members of the RÉMI

# Comparison of economic impacts according to event attendance

When the results are compared according to the number of individual attendees, the smallest events generate an average \$8 million in added value for the Québec economy, while the largest events generate an average of nearly \$40 million in added value in Québec.

### Average economic benefits based on event size in terms of individual participants

2016-2017, in millions of dollars and %

Average results per festival	Under 100k individual attendees	Between 100k and 500k individual attendees	More than 500k individual attendees	All the events
Number of festivals in this group	6	8	3	17
<b>Added value in M\$</b>	<b>8.1</b>	<b>15.3</b>	<b>39.8</b>	<b>17.1</b>
Jobs in FTE	125	244	635	271
Provincial government revenues in M\$	1.5	2.7	6.4	2.9
Federal government revenues in M\$	0.5	1.0	2.3	1.0

Source: KPMG analysis based on results of the 17 participating events



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## Comparison of economic impacts based on geographic region

Events taking place in Montréal generated an average of \$19 million, for a total of \$190 million for the 10 events included in the study

The seven events held in other regions of Québec generated average benefits of \$14 million to \$15 million in added value, for a total of \$101 million.

### Average and total economic benefits according to event regions

2016-2017, in millions of dollars and %

Average results per festival	Montréal		Québec City		Other regions of Québec		All the events	
	Total	Average	Total	Average	Total	Average	Total	Average
Number of festivals in this group	10		3		4		17	
<b>Added value in M\$</b>	<b>189.6</b>	<b>19.0</b>	<b>44.4</b>	<b>14.8</b>	<b>56.8</b>	<b>14.2</b>	<b>290.8</b>	<b>17.1</b>
Jobs in FTE	3,050	305	696	232	860	215	4,606	271
Provincial government revenues in M\$	30.7	3.1	7.1	2.4	11.5	2.9	49.3	2.9
Federal government revenues in M\$	10.9	1.1	2.7	0.9	3.7	0.9	17.3	1.0

Source: KPMG analysis based on results of the 17 participating events



# Annexes

- A1. List and description of events included in the study**
- A2. Detailed economic benefits**
- A3. The main steps for conducting the study**
- A4. The main methodologies and hypotheses of the model**
- A5. Chart of expenditures included in the analysis**

# Events included in the study

List of events included in the study	
Festival	Année
International des Feux Loto-Québec	July 2 to 30, 2016
Osheaga	July 29 to 31, 2016
Grands feux Loto Québec	August 6 to 24, 2016
Fashion & Design Festival	August 12 to 20, 2016
Igloofest	January 12 to February 18, 2017
Montréal en Lumière	February 23 to March 11, 2017
FrancoFolies	June 8 to 18, 2017
Montréal International Jazz Festival	June 28 to July 8, 2017
Festival de Lanaudière	July 1 to August 6, 2017
Festival d'été de Québec	July 6 to 17, 2017
Régates de Valleyfield	July 14 to 16, 2017
Just for Laughs Festival	July 15 to 30, 2017
Rogers Cup	August 7 to 13, 2017
Montréal Pride	August 10 to 20, 2017
International de montgolfières de Saint-Jean-sur-Richelieu	August 12 to 20, 2017
Festival Western de St-Tite	September 7 to 17, 2017
Carnaval de Québec	January 26 to February 11, 2018

## Music festivals of all kinds and for all publics



### Festival d'été de Québec

- **Multi-genre** music festival held over **10 days**
- Attracts many international stars every year (e.g. Lady Gaga, Stevie Wonder, etc.) to **Québec City**



### Montréal International Jazz Festival

- **Biggest jazz festival in the world** featuring about 600 concerts a year
- Over **10 days**, **downtown Montréal** is transformed into a meeting place for jazz enthusiasts



### Festival de Lanaudière

- **Biggest classical music festival in Québec**
- Over the **festival's five weeks**, many music lovers travel to **Joliette** for the event



### Osheaga

- Independent music festival featuring 100 renowned artists (e.g. Lorde, MGMT, Muse, etc.)
- Features **three days** of concerts of all kinds in **Jean-Drapeau Park**.

### Les Francos de Montréal

- **Francophone music festival taking place over 10 days**
- A total of nearly 250 indoor and free outdoor shows take place in **downtown Montréal** during the event

### Igloofest

- **Over three weekends** in January and February, thousands of **electronic music** fans gather in the **Old Port of Montréal**

Source: Official website of each festival, KPMG analysis

## Annex 1 – List and description of events participating in the study

# Festivals that showcase a wide range of artistic and cultural performances



### Just for Laughs Festival

- For a **two-week period**, Just for Laughs is the **largest comedy festival in the world**
- In 2017, more than 1,600 comedians took part in 1,400 indoor and outdoor performances in the **Quartier des Spectacles**



### Fashion & Design Festival

- An open-air event in the **heart of Montréal** that celebrates **fashion and design**
- Over **four days** festival goers attend a wide range of activities, including fashion shows, live creativity sessions, musical performances, etc.



### Montréal Pride

- During **one week**, Montréal hosts the **largest LGBT festival in the francophonie**
- In addition to a pride parade, an array of activities are offered as part of the festival: concerts, shows, entertainment nights, etc., featuring local and international artists

### Festival Montréal en Lumière

- **One of the world's biggest winter festivals** featuring a program ranging from performing arts, gastronomy and outdoor family activities
  - The festival takes place over **20 days in Montréal**



### Carnaval de Québec

- **From the end of January to the end of February**, the Carnaval is a veritable **engine of winter tourism activity** for Québec City
- Every year, thousands of visitors can enjoy various event activities, including a parade and family fun.

Source: Official website of each festival, KPMG analysis

# Sports and entertainment events that enhance Québec's events offering



## Rogers Cup

- Major international **professional tennis tournament** organized by Tennis Canada
- Over **10 days**, the men's and women's tournaments take place simultaneously in **Montréal** and Toronto



## Régates de Valleyfield

- Sports festival in **Valleyfield** on the South Shore
- The program features **three days of hydroplane races** and five night concerts



## International des feux Loto-Québec

- **Month-long international fireworks competition**
- Every year, world-renowned companies representing their respective countries are invited to participate in this pyrotechnic competition considered one of the most prestigious in the world

## Grands feux Loto-Québec

- Fireworks festival held in **Québec City** throughout the **month of August**
- Festival goers can attend fireworks displays while enjoying entertainment on the shores of Québec City and Lévis



## Festival western de St-Tite

- **Largest western attraction in Eastern Canada** championing country culture in Québec
- Over **10 days of** festivities, participants take part in professional rodeos, sports activities and concerts

## International de montgolfières de Saint-Jean-sur-Richelieu

- Over **nine days**, the sky over **Saint-Jean-sur-Richelieu** is invaded by nearly **100 hot air balloons**, making it the largest gathering of hot-air balloons in Canada
- Festival goers can also take part in shows and concerts by Québec and international performers



Source: Official website of each festival, KPMG analysis

# Creation of added value of \$290.8 M for the Québec economy

With total expenditures of \$396.4 million, events held generated added value, or creation of wealth, in Québec of \$290.8 million

These expenditures also created or supported 4,606 jobs (in FTEs)

## Economic impacts of expenditures retained in added value and jobs – Restrictive method 2016-2017, for all of Québec, in millions of dollars and full-time equivalent (FTE)

Categories	Direct Impacts	Indirect impacts	Total impacts
<b>Added value (in M\$)</b>	<b>41.7</b>	<b>249.1</b>	<b>290.8</b>
Salaries and wages (excluding benefits)	25.5	113.0	138.5
Gross mixed revenues	8.5	15.5	24.0
Other pre-tax gross revenues	7.7	120.6	128.3
<b>Jobs (calculated in FTE*)</b>	<b>816</b>	<b>3,790</b>	<b>4,606</b>
Salaried	545	3,492	4,037
Other workers	271	298	569

*Note: 1- Tourism benefits are included in indirect benefits of the festivals*

*2- According to the adapted approach (including partially-motivated visitors), the economic benefits rise to \$355.1 M in added value and 5,598 jobs maintained.*

Source: KPMG analysis from simulations of the Institut de la statistique du Québec

*\*Permanent employees, seasonal, freelancers and artists are expressed in full time equivalent, i.e. according to a number of full-time employees over one year*

## Total government tax revenues of \$66.6 M

### The total expenditures retained generated tax revenues of \$49.3 million for the Government of Québec and \$7.3 million for the Government of Canada

- Among all government revenues, tourist spending outside Québec alone is responsible for \$22.3 million in tax revenues for the Government of Québec and \$7.3 million for the Government of Canada.
- Thus, the amounts of subsidies granted by the Québec government (\$15.1 million) remain lower than the tax revenues generated by events even when Québec visitors are excluded from the economic benefits and the impacts of operating expenses.
- For the Government of Canada, tax revenues for tourists outside Québec are slightly lower than the subsidies received by events (\$9.6 million in grants compared to \$7.27 million in tax revenues generated by tourists from outside Québec, including \$3 million in revenues generated by tourists from outside Canada \*)

### Economic impacts of expenditures retained on government revenues – Restrictive method

2016-2017, in millions of dollars

Categories	Direct impacts	Indirect impacts	Total impacts
<b>Revenues of the Government of Québec (in M\$)</b>	<b>3.9</b>	<b>45.4</b>	<b>49.3</b>
Taxes on salaries and wages	2.2	6.6	8.8
Sales and specific taxes	1.7	38.8	40.5
<b>Revenues of the Government of Canada (in M\$)</b>	<b>2.2</b>	<b>15.1</b>	<b>17.3</b>
Taxes on salaries and wages	1.3	3.6	4.9
Sales and specific taxes	0.9	11.5	12.4

Note : Tax benefits exclude para-fiscal revenues. Taxes include the Québec sales tax (QST), the goods and services tax (GST), federal excise taxes and duties, and other Québec specific taxes such as the tax on lodging and the tax on tobacco. They also include consumption taxes on the salaries of the direct employees of the event.

Source: KPMG based on simulations of the Institut de la statistique du Québec

\*This figure is probably underestimated since several events were not able to distinguish between the origins of tourists outside Québec and outside Canada. It should also be noted that spinoffs from operations are completely excluded from these estimates.

# An initiative in five major steps

1	<p style="text-align: center;"><b>ATTENDANCE AND ORIGIN</b></p>	Survey firms
	<ul style="list-style-type: none"> <li>• Total attendance and number of individual attendees</li> <li>• Origin of participants</li> </ul>	
2	<p style="text-align: center;"><b>ESTIMATE OF VISITOR SPENDING</b></p>	Survey firms KPMG
	<ul style="list-style-type: none"> <li>• Estimate of spending per visitor based on their origin – in total and by category (transport, restaurants, lodging, etc.)</li> <li>• Measure of attraction for “motivating” attendees</li> </ul>	
3	<p style="text-align: center;"><b>ESTIMATE OF FESTIVAL EXPENSES</b></p>	Internal data of the events KPMG
	<ul style="list-style-type: none"> <li>• Total expenses linked to the organization of the event by category (e.g. goods and services, salaries, etc.)</li> <li>• Adjustment to eliminate double counting (using details about costs and revenues)</li> </ul>	
4	<p style="text-align: center;"><b>SIMULATION OF IMPACTS</b></p>	Institut de la Statistique du Québec (ISQ) KPMG
	<ul style="list-style-type: none"> <li>• Preparation of simulations (operating expenses and tourism expenditures by origin)</li> <li>• Extraction of data estimating the economic impacts for the following components:                             <ul style="list-style-type: none"> <li>• Added value at market prices</li> <li>• Government revenues</li> <li>• Jobs (FTE)</li> </ul> </li> <li>• Aggregation of results of the 17 participating events</li> </ul>	
5	<p style="text-align: center;"><b>FINAL REPORT</b></p>	KPMG

## Annex 4 – Main methodologies and hypotheses of the model

# The main methodology principals guiding the approach for performing the consolidated analysis

**This economic impact study is based on the new methodology as described in the *Methodological guide for economic impact analysis of large festivals and events* of the Ministère du Tourisme du Québec.**

**The consolidated results aggregate the results of the economic impact studies of 17 major events, members of the RÉMI. The economic impact assessment for each of the events included in the analysis is based on a number of basic assumptions, the most important of which are:**

- The operating expenses included in this study are all expenses that would not have occurred without this event being held, and without it being held in the region where it occurred. An adjustment was made for variable costs to eliminate local visitor spending and local subsidies. In addition, operating expenses have been adjusted to avoid duplicating “primary-purpose visitor” expenditures.
- The information was provided by the promoter in the format of the MTO Budget Charter to ensure consistency in the processing of information. Some additional information was requested to identify the total number of employees and full-time equivalent (FTE) and expenditures made outside Québec (fees, advertising, etc.).

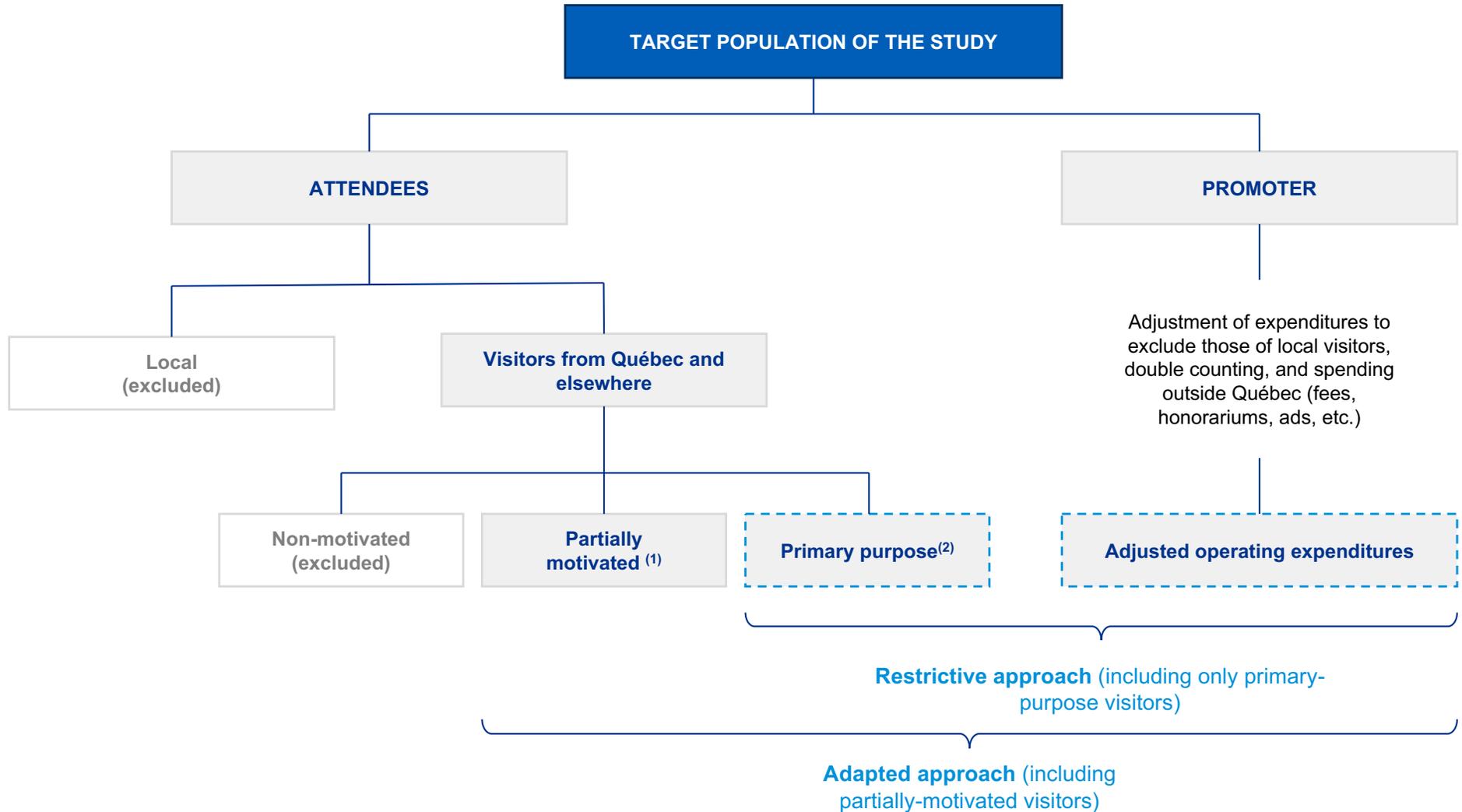
### **Tourist expenditures:**

- The information needed for estimating tourism expenditures comes from the reports on origin and individual attendance provided by each of the participating events.
- The tourist expenditures included in this study are all the expenses of the “primary-purpose visitors”, namely same day visitors and tourists coming to the region primarily because of the holding of the event (restrictive approach). The expenditures of tourists who came partly because of the event are also presented (adapted approach).
- The expenditures of same day visitors and tourists for whom the holding of the event had no influence on their presence (said to be “not motivated”), as well as those of local visitors, are excluded from the tourist expenditures.

### **Economic benefits:**

- The intersectoral ISQ model was used to estimate the economic impact of each event, which is the reference tool in this regard. The latter is based on Québec's 2010 economic structure and the tax structure as well as average salaries for 2016. The benefits could vary if the economic structure changed significantly.
- For each event, the benefit of tourist spending was calculated using five simulations per expenditure vector: transportation, restaurants, food and beverage, lodging, entertainment and recreation, and other expenditures. This allows to estimate the benefits according to the expenditure structure of the various visitors. In this case, the following visitor expenditures were estimated: same day visitors, Québec tourists and tourists from outside Québec
- For each event, a customized simulation was conducted to estimate the impact of operating expenses. The results of the two types of economic benefits (operating and tourism expenditures) were then aggregated.
- The results of the economic benefits of the 17 events were then aggregated for this study.

# Chart of expenditures included in the analysis



Notes: (1) Included in the calculation with the adapted approach

(2) For the restrictive approach complying with Ministère du Tourisme recommendations



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