



JFL42 Festival

Toronto

Economic Impact Study

December 2019

In collaboration with

elevant

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1.0 Terms of Reference

The Just for Laughs organization mandated ELEVENT to conduct a survey of participants in the event in order to characterise its clientele for marketing purposes and to calculate the economic impact. ELEVENT in turn entrusted the task of evaluating the event's economic impact to a firm specialising in this area: the Bureau d'études stratégiques et techniques en économie (B.E.S.T.E).

The purpose of this study is to use the information gathered in the participant survey to calculate the economic impact of focused tourists and the organizational expenditures related to the Just for Laughs event.

2.0 Methodology

All economic impact studies have the common purpose of measuring the impact in an economy of an increase in spending stemming from the injection of new money, which is money that would not have been spent in the region if the Just for Laughs event had not been held. For this reason, in the tourism industry, only the money spent by «focused» and «influenced» visitors should be taken into account in the calculation of the new money. Thus, only the spending of visitors whose trip in the region was mainly or partially motivated by the event should be considered, as well as part of the expenditures related to the organization of the event.

The method consists in estimating participant expenditures and breaking them down or combining them to match equivalent categories in the input-output model that the data will be fed to. In order to do this, participation data are analyzed and spending for each visitor category is estimated before proceeding with the simulation to assess the economic impact. The simulation reports are then used to analyse the economic impact. In 2019, the study is based on results obtained previously from an input-output simulation, adjusted to admissible visitor spending sourced from the 2019 survey of this year's attendants and organizational spending.

2.1 Participation and Visitors' Spending

Participation

As the purpose of the economic impact study is to measure the impact of spending financed by new money, it is necessary to split the participants into categories to isolate visitors. Visitors are participants that reside at least 40 km away from the site of the event. Visitors are said to be focused if their trip to the region was motivated by the JFL42 Festival. The questionnaire administered by ELEVENT in 2019 allows for the classification of spectators according to these criteria.

Visitors' Spending

Visitor spending was also estimated based on the participant survey by ELEVENT. The questionnaire included six spending categories, namely accommodation, food & beverages, shopping, transport, leisure & entertainment, and other expenditures. These spending categories are then broken down using data from other statistical surveys. For example, shopping is broken down into clothing, souvenirs and so on. The detailed spending vector is then used for the input-output simulation to calculate the economic impact.

2.2 Statistic Canada Input-Output Model

The economic spin-offs were estimated using the Statistics Canada input-output model. Basically, this linear programming model recreates the exchanges taking place in Ontario's economy in a matrix made up of production sectors and goods and services. As is the case for any model, it is a simplification of reality. The model assesses the impact on many economic parameters of the increase in spending resulting from an exogenous¹ shock on final demand or on productive sectors. The economic impact is a means of appreciating the social (economic) yield of investments or expenditures that are ill-suited to financial appraisal, especially when they are often not profit-driven.

More specifically, the input-output model reproduces in a condensed fashion the exchanges between various production agents in the Ontario economy that follow an increase in final demand. The information produced by the model allows us to follow the propagation of the demand and to calculate successive effects on activities it generates. Thus, the model measures the initial economic impact (direct effect) of spending on a given sector, hotels for example. The model then calculates the impact of hotels' demand

¹ The holding of a recurrent event or the coming of Sir Paul McCartney for example.

on their own suppliers (indirect effect), the food sector for example. It then calculates the indirect effect of the food sector on the agriculture sector, and so on. The model also calculates the induced effect, which is the impact of the increased consumption induced by the increase in income caused by the event. The total economic impact is the sum of the direct, indirect and induced effects.

The result of the simulation allows qualifying and quantifying the impacts on various economic sectors, such as:

- The labour market, that is, the number of jobs maintained or created;
- The remuneration of production factors, among which salaries and business profits;
- Leaks or imports;
- Fiscal revenues of the Canadian and Ontario governments.

3.0 Participation and Admissible Spending

3.1 Participation and Admissible Visitors' Spending

Total participation to the Just for Laughs Toronto Festival in 2019 was 44 725 unique visitors. Of this total, 10 466 were tourists according to the survey, 77.9 % of which were focused or influenced visitors for a total 8 153.

According to the survey, average spending per visitor was \$ 429.53 for the trip in the Toronto Metropolitan Area and gross total focused visitor spending \$ 3,501,963. This amount includes expenditures in restaurants and bars (\$ 21.21) and entertainment (\$ 81.40) in festival venues that need to be subtracted to avoid double counting in organization expenditures. Admissible spending per focused tourists is thus \$ 326.92 per visitor for a total of \$ 2,665,389. The grand total of focused and influenced tourist admissible expenditures is thus \$ 2,665,389 or \$ 2.7 M.

3.2 Admissible Organizational Expenditures

The economic stimulation resulting from Just for Laughs also takes its source in the spending necessary for the organization of the event. These expenditures must thus be added to the visitors' admissible spending to calculate the economic impact.

The budgetary data provided by the organisers of Just for Laughs indicate that organizational expenditures totaled \$ 3.6 M in 2019. However, money spent outside Ontario was subtracted, such as some artists' fees totalling \$ 1.5 M and other out-of-province expenditures totalling \$ 951 000. Admissible organizational (Ontario) spending thus totalled \$ 1.1 M.

3.3 Total Admissible Spending

The total admissible spending for the calculation of the economic impact is thus \$ 3.8 M (\$ 2.7 M + \$ 1.1 M).



4.0 Economic Impact – JFL42 - 2019

The following table provides a synoptic view of the economic impact, fiscal revenues and employment created in Ontario by the \$ 3.8 M in new money spent as a result of JFL42 activities.

Economic Impact in Ontario Overview Just For Laugh 2019

Item	Total
Economic impact on GDP (wealth creation)	2 470 210 \$
Fiscal Revenues	
Ontario	385 785 \$
Canada	391 055 \$
Municipal*	193 012 \$
Employment (FTE)	25

Source : Input-output simulation, Statistics Canada

* Fiscal revenues in Toronto based on TREIM model

The 2019 edition of JFL42 had an economic impact of \$ 2.5 M in Ontario, mainly in the Toronto Metropolitan Area, and created or maintained 25 jobs in full time equivalent.

Fiscal revenues of the Ontario government totaled \$ 385,785 and those of the Canadian government totaled \$391,055. Finally, municipal government received \$ 193,012 from various taxes.



Appendix 1: Lexicon

Final Demand

Demand for goods and services bought by the final demand sectors in order to consume them without further transformation.

Visitors' Spending

Money spent by visitors during their trip.

Direct Effects

The impact on the first order suppliers measured by the increase in added value, taxes and so on.

Indirect Effects

The impact on the second order suppliers measured by the increase in added value, taxes and so on.

Fiscality and Parafiscality

Fiscal contributions calculated on each income slice using the income tax tables of both the federal and the Ontario government.

In Ontario, parafiscality includes such things as the contributions to Workmens compensation Board. At the federal level, contributions to the employment insurance fund are taken into account.

Economic Impact

The economic impact is measured by the increase in added value, made up of the remuneration of factors in the economy, mostly salaries and small business incomes. It is a measure of wealth creation in an economy.

Jobs

Job creation is measured in full-time equivalent units, for example 2 part-time jobs of 6 months will be presented as 1 full-time equivalent job (FTE). Jobs created include regular employees in various sectors of the economy, and entrepreneurs such as small-business owners, farmers and persons practicing a liberal profession.

Added Value



Since 1997, the added value is equal to the sum of added values at basic prices. It is made up of the remuneration of factors in the economy, mostly salaries and small business incomes. It is a measure of wealth creation in an economy.

Focused Visitors

Persons whose trip originated 40 km and over from the event location and was motivated mostly or partly by the event. There are two types of visitors, tourists and excursionists. Tourists are visitors who stayed at least one night in the region hosting the event. Excursionists are visitors who did a round trip in the same day.

Source : ISQ Web site.

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