

Recreational Motorcycling in Canada And its Provinces - 2014-2040

Prepared for

The Motorcyclists Confederation of Canada

By

**Peter E. Gunther, President
Stephanie A. Smith, Director
Smith Gunther Associates Ltd.
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10 Armagh Way, Nepean, ON, K2J 4C3
(613) 823-0513

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“This year we gave \$528 to each of the six hospitals in Almonte, Arnprior, Renfrew, Pembroke, Shawville and Wakefield. And to the eight Food banks in Lanark, Arnprior, Renfrew, Pembroke, Eganville, Bouffe Pontiac, The Blessed Cupboard (Shawville Pentecostal Church) and the Wakefield United Church.¹”

¹ Northern Old Bastards Vintage Motorcycle Club (Excerpted from *Valley Vendor*, May 2015, p. 46)

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Executive Overview

Introduction

Within provinces and right across Canada, motorcyclists – veterans, EMS workers and their erstwhile contemporaries, competitors, and everyday riders – have formed over 420 motorcycle clubs. They do so for camaraderie, safety, building trails, organizing events, charitable fundraising, and lobbying governments. Club activities encompass all these functions as well as regular rides, sharing stories, advice, training, and competing.

This document gives the Motorcycling Confederation of Canada (MCC) and its member clubs statistical information by which they can discuss current and projected impacts of Canadian and provincial recreational motorcycling (2014-2040). The overview summarizes findings based on a survey of motorcyclists,² club executive interviews, and official sources.

In 2014, direct recreational motorcycling expenditures were \$1.89 billion of which \$1.34 billion was spent directly on domestically produced goods and services like helmets, safety gear and motorcycles. Recreational motorcycling generated Canadian output of at least \$2.68 billion dollars in 2014, twice the amount spent domestically.

Allowing for 2.5% annual growth to 2040 and using Regional Economic Model Inc.'s (REMI's) model, impacts will be close to or periodically exceed \$4.0 billion³ annually from 2020 to 2040.

Of particular notice, there were at least 17,500 Canadians employed in jobs dependent on motorcycling in 2014. As a comparison, this roughly equals 2.5% of all Canadians employed in information, culture and recreation, or 12% of utility employees.

Projecting into the future using the REMI model, recreational motorcycling dependent jobs peak at 23,100 in 2016 and remain roughly in the 20,000⁴ range from 2020 to 2040 due to expanding demands from a growing but cyclical economy accompanied by labour saving productivity gains within the supply chain.

These jobs generate personal income, before deducting personal income taxes, starting at \$1.1 billion in 2014 rising to \$3.9 billion by 2040 in current dollars. Personal income per job rises with the productivity gains and, because it is denominated in current annual dollars, from underlying inflation.

² Smith Gunther's Survey covered 1,400 motorcyclists with details discussed throughout the report.

³ That is within \$267 million of the \$4.0 billion.

⁴ Within 1,023 jobs of the 20,000.

With the question, “What?” covered above, the rest of this overview is organized under ‘who, where, why, when and how’. Following the five ‘Ws’, is a list of ways and means of improving the motorcycling experience suggested by 1,400 survey participants and club executives.

Who Motorcycles

In 2014, there were 708,700 Canadian licensed motorcyclists riding 717,500 licensed and in-use motorcycles. Motorcyclists are concentrated among youth and empty-nesters.

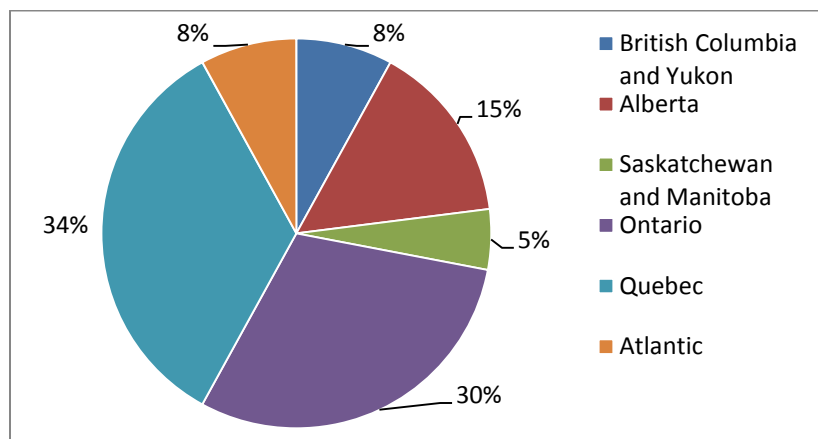
Motorcycling families are relatively affluent when compared with Canadian average family earnings. In 2014, 77% of motorcycling families had household incomes above the midpoint of Canadian household incomes of \$61,072⁵ determined by the 2011 Census. In 2014, 57.7% of motorcyclists’ household incomes exceeded \$95,000.

All club executives interviewed commented that female participation in motorcycling has been increasing relative to males. This is happening, they say, because female incomes improve and as children leave home, women buy their own motorcycles rather than ride pillion or in side-cars. Of the respondents to the survey, 8.7% were females with only 11% of between the ages of 30 and 50. The remaining 89% outside the child-rearing age reinforces concentration of riders either prior to family formation or after becoming empty-nesters

Where?

Motorcyclists are concentrated in the most populated provinces as noted in Chart EO-1, i.e. Quebec and Ontario. Alberta has a higher distribution relative to the other provinces due to that province’s age composition and the lack of its lack for a sales tax.

Chart EO-1: Geographical Distribution of Motorcyclists 2014



Note: Regions are ordered starting at the top-of-the-clock for BC and moving clockwise

⁵ Source: Statistics Canada, 2011 National Household Survey (NHS). <http://www5.statcan.gc.ca/cansim/a26>.

Motorcycling events attract motorcyclists from around the world. Held on each Friday the 13th, “D13” in Port Dover rivals competing cities worldwide to host the largest gathering of motorcyclists. Other host club executives mentioned attendees at their events from the United States and Mexico and, as far away as, Dubai.

Just as Canada attracts out-of-country participants, Canadians travel to the United States and a few to Europe, Africa and South America. Of the 1,392 respondents to a question on favourite events, 170 responded with events outside of Canada of which all but seven were in the United States. Of those venues 77 were located in boarder states and the majority further south. Note: Canadian event organizers have to fight for market share on an international basis, not just to attract foreigners but to retain their own.

Despite the glamour of international activities, most events are run locally and attended by those residing nearby. 87.7% of survey respondents indicated that their favourite event was Canadian while those with international preferences generally attended local events as well.

Why

Like most people in the broader society, motorcyclists have their own reasons for belonging to a particular group, association or club. Christian Motorcyclists, for instance, spread the word of God; women riders often ride with other women, Retreads are mostly oldies, veterans ride with other soldiers and the White Knights ride to save lives. Even amongst the chapters of a nationwide group, there are distinct personality traits.

In noting the importance of motorcycle club activities for themselves, motorcyclists also explain some of their reasons for motorcycling in conjunction with clubs. Chart EO-2 illustrates the number one reason for belonging to a motorcycling club was camaraderie, followed closely by notification of events, access to trails, and access to club events. Secondary to these are advisory functions (including advice on repairs, travel and training). Participation in charitable events was viewed as at least moderately important by a quarter of respondents.

When

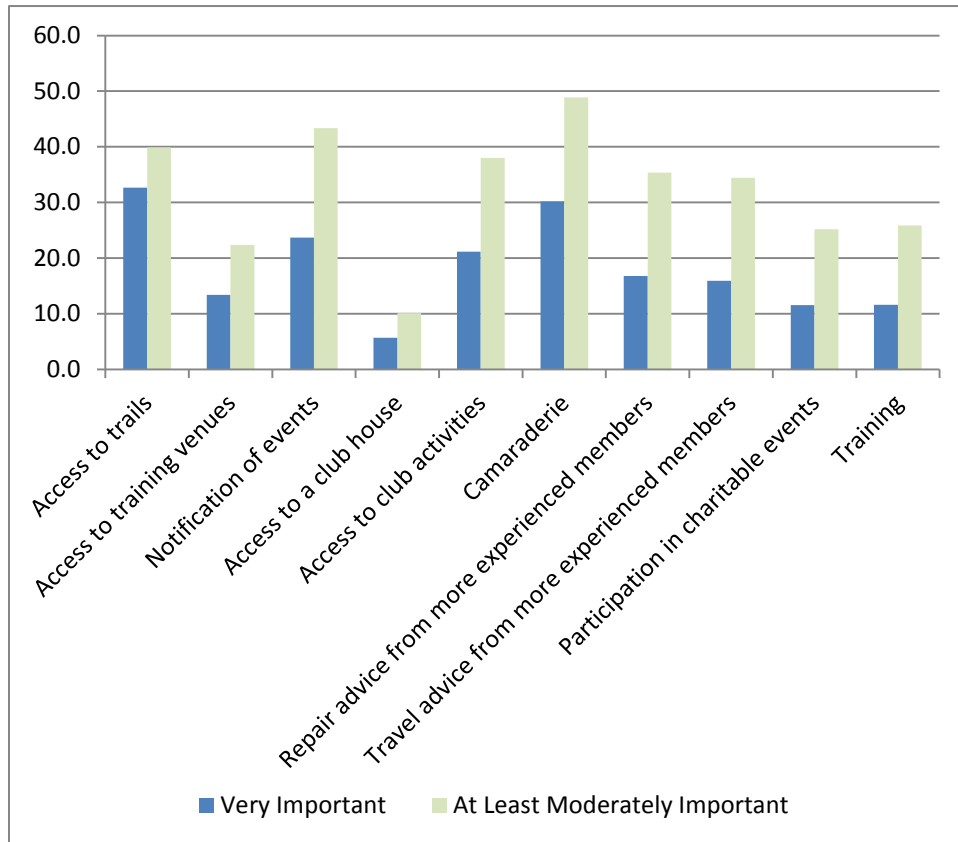
Weather dictates the Canadian motorcycling season; generally April 1 and the end of October, except in coastal areas of British Columbia’s Lower Mainland of and the West Coast Islands⁶. Some empty nesters who keep residences in the southern United States may also extend their season; that may explain why over 80 respondents had favourite events south of states adjacent to Canada’s border.

Winter and early spring motorcycle shows provide opportunities for suppliers to showcase their wares and consumers to whet appetites for the coming season. Other off-season activities

⁶ Remember that palm tree still flourish on the southern tip of Vancouver Island! Similarly residents near Windsor Ontario, which is south of a third of the continental United States, may also manage to extend their seasons.

include repairs and maintenance on motorcycles, but trail repairs need to wait for the frost to get out of the ground so there are seasonal cycles to particular motorcycling activities.

Chart EO-2: Importance of Club Activities to Motorcyclists
(n=1,400)



How

The “How” covered here is how to use the more technical aspects of this report, particularly in promoting motorcycling and related events. The purpose is to provide those who are considering hosting events with a way to use the report to make a case before provincial and local governments and other stakeholders. Government support is often useful not only for funding but also in gaining safer access to roads and trail systems.

The input-output results indicate that for every additional dollar spent by motorcyclists, the provincial output will grow as noted in the first line of Table EO-1. Growing economies usually experience job expansions. The last line of the table indicates the number of jobs generated per direct fulltime equivalent job⁷.

⁷ According to Statistics Canada, a fulltime equivalent (FTE) direct job requires at least 1,500 hours per year. It may be comprised of one full-time job of at least 30 hours per week for 50 weeks or the sum of several part-time ones.

**Table EO-1: Multiplier Impacts of a Dollar Spent on Motorcycling
Or for Every New Full-Time Job Created 2014**

	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC	Canada
Output	2.26	2.01	2.06	1.80	1.82	2.08	1.90	2.09	2.12	2.31	2.00
Jobs (FTEs)	1.52	1.77	1.80	1.66	1.81	2.27	1.83	1.79	1.71	2.08	1.94

Note: Jobs are in full-time equivalents.

Of the \$1.89 billion spent directly by motorcyclists, product and production taxes ensured that \$332 million ended up with governments - \$118 million with the Federal government and \$167 million with the provinces and \$47 million with municipalities⁸. Once any organization can estimate the total spend⁹, (or expected spend,) for its event, it can use the product tax levels above based on the \$1.89 billion to estimates likely product and production taxes from its event.

In 2014, additional personal income taxes added a further \$72 million to the tax take with the split between the orders of government dependent on relative tax rates. Use of the above amounts as fractions of the \$1.89 billion in direct expenditures will yield preliminary estimates of the tax revenues your event is likely to generate for each level of government.

Adding personal income taxes to product and production taxes results in over \$400 million of the \$1.89 billion in expenditures accruing to governments. Let them know what you as riders are contributing and this may create greater understanding when concessions are being sought.

Motorcyclists participate in one or both types of motorcycling – on-road and off-road¹⁰. In 2014 off-road motorcyclists spent \$1.21 billion while generating 7,923 jobs based using Statistic Canada’s I/O approach. Using REMI, Canadian job impacts from off-road motorcycling peak at 10,761 in 2016 but range annually around 9,460¹¹ from 2020-2040.

Canadian annual personal income impacts from off-road motorcycling start at \$506 million in 2014 and rise to \$1,819 million in 2040 generating personal disposable income of \$399 million in 2014 rising to \$1,443 million in 2040 yielding personal income taxes accruing to federal and provincial governments of \$107 million in 2014 rising to \$376 million in 2040.

⁸ Product taxes were derived in aggregate from the I/O analysis so individual tax sources are not available but it is safe to say the product taxes would have been dominated by federal and provincial sales taxes and production taxes revenues by gasoline taxes

⁹ “Total spend,” includes gate receipts, and all spending by participants and other attendees on travel, accommodations, food and beverages, mementos, and incremental repair and conditioning expenses. It also includes all site preparation covered from other than gate receipts, e.g. from government grants or by volunteers out of their own pockets, such as non-reimbursed trail workers commuting over several weekends.

¹⁰ Chapter II of this report encompasses both types of motorcycling and Chapter III off-road motorcycling.

¹¹ Within the range of 580 jobs from the 9,640 jobs.

This report first discusses the total impacts of recreational motorcycling before moving to off-road motorcycling. On-road motorcycling impacts are the total impacts less the off-road impacts for each of the above metrics.

Lessons Learned

Lessons learned from this process include:

- Over \$400 million in annual revenues accruing to governments from recreational motorcycling.
- Currently White Knights are legally constrained in the treatment they can give to ‘Good Samaritan levels. Expanding the treatment permitted to be given by White Knights to their medical training and capabilities could improve immediate medical care.
- The links between types of motorcycles owned by riders and used on trails is becoming more tenuous so that in future it would be useful to have separate questions on the percentage of time and kilometres travelled by dual motorcycle and other classes of motorcycles riders spend on and off trails.
- The Fédération Québécoise des Motos Hors Route (FQMHR) approach to both revenue sharing from the sale of license plates and partial payment of motorcyclists’ insurance warrants further study and thought.
- The legal terminology and approaches to licensing among the provinces are so different as to need separate provincial questions concerning their acceptability to fully do justice to each licensing process. A more detailed study than this one covering accidents and fatalities by age group and licensing stage needs to be undertaken to understand the efficacy of each licensing system and to optimize among them.

Highlights

Recreational motorcycling covers recreational activities in conjunction with motorized two-wheeled vehicles undertaken by Canadians. This report covers motorcycling *per se* as well as attendance at motorcycle shows, and motorcycling club activities such as site specifications, preparations and the hosting of events as well as charitable fundraising and donations by motorcycling clubs.

There are 708,700 participants in recreational motorcycling distributed across the country. The vast majority of motorcyclists cruise casually on road, off-road, or both, albeit a small percentage of participants are involved competitively both in Canada and abroad.

National and provincial highlights from the analysis include:

- 708,700 Canadian motorcyclists ride 717,500 licensed and in-use motorcycles.

- 77% of motorcycling families have household incomes above the midpoint of Canadian household incomes. The midpoint of motorcyclists' household income is \$95,000 to \$124,000 range compared to the 2011 Canadian average of \$61,072¹².
- In 2014 direct recreational motorcycling expenditures were \$1.89 billion of which \$1.34 billion was spent on domestically produced goods and services.
- Including direct, indirect and induced impacts, total 2014 recreational motorcycling outputs reached \$2.68 billion in constant 2014 dollars. Using more up-to-date data and the fully articulated Regional Economic Model Inc.'s (REMI) model in 2011 dollars annual output impacts 2014-2040 reached \$3.98±\$0.265 billion.
- Aside from Quebec and New Brunswick, Input Output (I/O) provincial output multipliers all exceeded the national multiplier of 2, indicating that total output impacts more than doubled what motorcyclists spent in each of the provinces.
- I/O provincial multipliers differed due to alternative motorcycling activities and industrial concentrations of suppliers as documented in the report.
- I/O employment impacts were 15,400 measured in full-time equivalents (FTEs) comprised of 17,500 jobs dependent on motorcycling when hours worked per week are ignored. This level of employment is roughly equivalent to 2.5% of those employed in information, culture and recreation, and 12% of utilities employees. Attaining the higher output levels estimated in the more complete REMI model generates even more jobs peaking at 23,100 in 2016 and in the 20,000±1,023 range annually from 2020 to 2038.
- The I/O estimates yield direct labour income of \$420.0 million with a total impact of \$826.5 million in 2014. The broader current dollar income measure used in REMI is all of personal income (PI) before deduction of personal income taxes where impacts start at \$1.1 billion and rise to \$3.98 billion in 2040 of which \$759 million (2014) and \$3.0 billion (2040) enhance citizens' personal disposable incomes (PDI).
- Discounted at 5%, the stream of personal income tax generated in Canada over the period 2014-2040 has a net present value (NPV) of \$6.5 billion.
- Discounted at 5%, the stream of personal income tax generated in Ontario over the period 2014-2040 has a net present value (NPV) of \$1.9 billion.
- Parallel NPV from personal income tax impacts in the rest of the country is \$4.6 billion.
- If relative provincial growth rates among provinces other than Ontario continue in the same proportion as they have during this century, there will be a massive shift in the impacts of recreational motorcycling to Alberta. From 2014 to 2040, Alberta's share of employment impacts will rise from 14% to 19%, GDP from 17% to 22.7% and PI in current dollars from 17% to 32%.
- Annual charitable donations in 2014 were \$13.2 million in time, effort, and money.

¹² Source: Statistics Canada, 2011 National Household Survey (NHS). <http://www5.statcan.gc.ca/cansim/a26> .

- There was a consensus among club executives that female participation has been increasing. 8.7% of the respondents to our motorcycle survey were females with 11% of those respondents between the ages of 30 and 50.
- Chapter III delineates off-road motorcycling impacts reaching \$1.21 billion in total expenditures generating 6,801 FTEs or 7,923 jobs based on the I/O approach. Based on REMI, Canadian job impacts peak at 10,761 in 2016 but range annually between 9,460±560 from 2020-2040.
- Canadian annual personal income (PI) impacts from off-road motorcycling start at \$506 million and rise to \$1,819 million generating PDI of \$399 million in 2014 rising to \$1,443 million yielding personal income taxes of \$107 million in 2014 rising to \$376 million in 2040.
- Ontario off-road PI impacts start modestly at \$158 million in 2014 before rising to \$515 million in 2040 accompanied by PDI increase of \$125 million to \$410 million yielding annual personal tax revenues of \$33 million in 2014 extending to \$105 million in 2040.
- At a 5% discount rate, the net personal value (NPV) of the increased personal income taxes from off-road motorcycling is \$3.1 billion of which \$886 million occurs in Ontario
- In addition to hiking personal income tax revenues, recreational motorcycling annually generates annual product and production taxes of \$117.6 million federally and \$166.6 million among all the provinces.
- The parallel assumptions in the I/O analysis and the initial REMI approaches are that recreational motorcycling expenditures come from savings, funds that would have been spent externally to Canada or from additional earnings. Modifying that assumption by taking 76% of the funds that would otherwise have been spent in Canada weakens the estimated impacts as documented in the report.

Provincial impacts from are delineated throughout the report where the alternative to expenditures on recreational motorcycling expenditures would either not be spent in Canada or saved. Cases where 76% of expenditures on recreational motorcycling substitute for other expenditures are covered in Appendix 2.

Any regional bias in favour of Ontario in the report stems from the modelling limitations where the dynamic REMI model is built for Canada and Ontario with the differences between the two jurisdictions being the rest of Canada. Within the rest of Canada Smith Gunther Associates Ltd has derived provincial and regional impacts by combining the REMI and Statistics Canada I/O results. Those outcomes are solely the responsibility of Smith Gunther Associates Ltd. and do not imply sanctions by either of the other organizations.