



Festivals and Events: The Tools for Canada's Economic and Touristic Recovery

*A brief to the House of Commons Standing
Committee on Finance*

Prebudget Consultation

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FAME

FESTIVALS AND MAJOR EVENTS
FESTIVALS ET ÉVÉNEMENTS MAJEURS
CANADA

RECOMMENDATION 1:

That the government intervene financially through a dedicated subsidy fund to reduce the deficits of cultural organizations - including festivals and events

RECOMMENDATION 2:

That the government extend the Canada Emergency Wage Subsidy and the Canada Emergency Response Benefit, or establish similar programs tailored to the culture and tourism sectors

RECOMMENDATION 3:

That the government introduce a new program, modelled on the Marquee Tourism Events Program, and provide it with **\$225 million over three years**

RECOMMENDATION 4:

That the government make permanent the investments announced in 2019 in the two main programs benefiting more than **1,300 festivals** and events, namely the Canada Arts Presentation Fund (**+\$8 million/year**) and the Building Communities Through Arts and Heritage program (**+\$7 million/year**)

RECOMMENDATION 5:

That the Government of Canada expand the criteria of the Security Infrastructure Program to enable festivals and events to apply

Festivals and Major Events Canada, also known by the acronym FAME, has a direct and affiliated membership of over **500 members** across the country, of all sizes and in **nine provinces**. The coalition works closely with RÉMI, the Regroupement des événements majeurs internationaux, which, in Québec, encompasses some 30 major events.

Because they are both “**hyper social**” and “**hyper seasonal**,” and because they have one foot in tourism and the other in culture, events are finding themselves **highly impacted by the COVID-19 crisis**.

1

REMOVING THE BURDEN OF DEFICITS TO ENSURE A RAPID RECOVERY

The reality is that festivals and events spend year-round but generate revenue from activities that last only 3 to 10 days a year. 80% to 90% of this revenue evaporates when events are cancelled for public health reasons. This leaves 10% to 20% of revenues, depending on the jurisdiction in Canada, consisting of subsidies from cities, provinces and the federal government.

The size of deficits will vary depending on the size of the event budget, but also on when organizers made the decision to cancel -- or when they were asked to make that decision, in some cities or provinces.

Given that the majority of organizations are non-profit, with no loss provisions or capitalization, their survival is at stake. The crisis could lead to the disappearance of many festivals and events.

The disappearance of events would represent massive losses in many communities – not only from a cultural and social point of view, but also from an economic and tourism standpoint.

Studies show that, across Canada, each year, the economic impact of events exceeds \$1 billion in wealth creation to the GDP, while creating or maintaining 30,000 jobs (full-time equivalent).

With estimated total annual revenues of between \$1.5 and \$2 billion for all festivals and events in Canada, a deficit of approximately 10% will require at least \$150 o \$200 million to finance them through loans or reduce them through subsidies. The Stratford Festival alone reported losses of over \$20 million. In Québec, within the RÉMI alone, the deficits amount between about \$10 million and \$15 million.

This is why FAME is asking for a form of “bail out”, like other sectors of the economy. Loans will not be enough (they are sometimes difficult to obtain for NPOs that do not offer guarantees). Some form of “silver bullet” is needed to write off some or all of these deficits.

This is the purpose of our first recommendation: **that the government intervene financially through a dedicated subsidy fund to reduce the deficits of cultural organizations - including festivals and events.**

2

EXTEND THE MEASURES THAT KEEP TEAMS AND THEIR EXPERTISE IN PLACE

The success of festivals and events has for years relied on teams that have developed valuable expertise and become highly specialized in their field. These teams are generally made up of a small group of permanent as well as contract employees who are added in the months leading up to and during the event, both in offices and in the field.

The Canada Emergency Wage Subsidy and the Canada Emergency Response Benefit have so far been extremely useful and appreciated by festivals and events, especially since, without the latter program, technicians and performers would have had no social safety net. Without these programs, the teams that are essential to an events' success would have been decimated.

But the crisis is not over: festivals and events as we knew them pre-crisis, involving physical social gatherings, are not allowed and will not be allowed for the foreseeable future.

Therefore, FAME is of the opinion **that the government must extend the Canada Emergency Wage Subsidy and the Canada Emergency Response Benefit, or establish similar programs tailored to the culture and tourism sectors**, especially until large gatherings are once again permitted and festivals and events are able to generate revenues from the presentation of their activities.

3

CREATE EXPERIENCES THAT ARE LIKELY TO ATTRACT MORE DOMESTIC AND INTERNATIONAL TOURISTS

As part of the 2009 budget unveiling Canada's Economic Action Plan, the federal government recognized the importance of tourism to Canada's economy by allocating \$100 million over two years (2009-2011) to provide short-term financial assistance to established marquee tourism events.

The objective of the Marquee Tourism Events Program (MTEP) was to help events improve their operations and develop world-class programs and experiences that would attract more tourists from Canada and other parts of the world, all in the wake of the major crisis of 2008.

In its subsequent evaluation of the program, the Government of Canada found that "by providing targeted financial assistance to marquee tourism events, the program responded to the need for an immediate economic stimulus to the tourism sector."

Since one-third of festival-goers' spending normally goes to restaurants and one-quarter to hotels, all of which are being hard hit by the current crisis, it will be worthwhile to once again focus on events as attraction products in the post-crisis period.

That is why one of FAME's recommendations is that the government introduce a new program, modelled on the Marquee Tourism Events Program, and provide it with \$225 million over three years. Such a program should be managed by regional economic development agencies, and could be an extension to the already-established Canadian Experience Fund.

In the evaluation of the MTEP, the Government of Canada notes that valuable time may have been lost, both for applicants and in the design of the program (see the evaluation's "lessons learned" section).

That's why FAME is now urging the Government of Canada not to waste valuable time. If it wants a rapid economic and tourism recovery, along with significant cultural and social benefits, the government must act now. By quickly announcing a 2020 version of the MTEP by the end of the year, it will give organizers enough time to put in place major events in 2021, 2022 and 2023, while keeping teams and their indispensable expertise intact.

4

NO TO CUTS IN CULTURE: MAKE 2 YEAR CANADIAN HERITAGE INVESTMENTS IN BUDGET 2019-2020 PERMANENT AND AVOID A RETURN TO PREVIOUS LEVELS

The 2019-2020 budget contained good news for performing arts presenters across Canada, including many festivals and events. The budgets for the Canada Arts Presentation Fund and Building Communities through Arts and Heritage program were upgraded after more than a decade of freezes and a difficult period during which demand exceeded the availability of funds by 40%.

While there is still some way to go to give these programs the means to achieve their objectives, the addition of \$8 million to the \$32.5 million Canada Arts Presentation Fund and \$7 million to the \$17.5 million Building Communities through Arts and Heritage program has made it possible to support new eligible presenters who were previously excluded due to a lack of available funds. It also increased funds that had not been indexed for over a decade or which no longer reflected the importance that certain presenters had gained over the course of their development.

Although it was a necessary upgrade of the programs concerned, this funding was only announced as a two year investment, i.e., until the end of 2020-2021. At the time of writing, the budgets for this coming year (2021-2022) are set to go back to those for 2018-2019. No less than \$15 million in total is to be reconfirmed as soon as possible.

It would therefore be necessary **that the government make permanent the investments announced in 2019 in the two main programs benefiting more than 1,300 festivals and events, namely the Canada Arts Presentation Fund (+\$8 million/year) and the Building Communities Through Arts and Heritage program (+\$7 million/year).**

Arts and culture are essential to the well-being and health of Canadians, and festivals and events are an integral part of their lifestyle and a highlight in every community, as well as for the many tourists who visit them.

5

ENSURE THE SAFETY AND HEALTH OF PARTICIPANTS

The costs of ensuring the safety of participants at festivals and events are constantly increasing. Data indicates that between 2013 and 2017, security costs had increased by 60% within FAME's membership. These increases are difficult to absorb for organizations that often have a fragile and precarious budget balance.

In recent years, and in the wake of terrorist attacks (particularly at events in Europe and the United States), FAME has advocated that festivals and events, and their participants, constitute a "community at risk", according to the criteria of the Communities at Risk: Security Infrastructure Program at the Department of Public Safety. This would allow them to submit eligible projects, such as the purchase of security cameras and metal detectors.

The 2019-2020 budget contained some good news in this regard: the program's funding was doubled and the Minister of Finance acknowledged in his speech that Canadians must be safe and secure wherever they live, work and play, which led FAME to believe that the desired changes would be made.

However, despite recent efforts, festivals and events are still not eligible for the program. This problem must be resolved by **expanding the Security Infrastructure Program to enable festivals and events to access the program. As well, expenses related to health safety should be eligible** in light of the COVID-19 pandemic.

CONCLUSION

The support of the Government of Canada is **essential to the survival and subsequent revitalization of the activities of all festivals and events**. Festivals and events are **economic and touristic engines in their communities**, as well as powerful **tools for cultural development and “social healing.”**

We are, of course, available to present this brief and our thoughts in person at the upcoming pre-budget consultations, wherever you wish in the country.