

**Written Submission for the Pre-Budget Consultations
in Advance of the Upcoming Federal Budget**

By:

**Toronto International
Film Festival Inc.**

List of Recommendations (REQUIRED)

- **Recommendation 1:** That Department of Canadian Heritage and Finance offer federal relief funding for arts and cultural institutions and intervene financially through a dedicated subsidy fund to reduce the deficits of cultural organizations - including festivals and events.
- **Recommendation 2:** That the Government of Canada assist in driving tourism and cultural spending through introducing a new program, modelled on the Marquee Tourism Events Program, and provide it with \$225 million over three years.
- **Recommendation 3:** That the Government of Canada for the removal of the capital gains tax on charitable donations of private company shares and real estate.
- **Recommendation 4:** That the Government of Canada extend the Canadian Emergency Wage Subsidy beyond Dec 19, 2020.

Body of Submission

We all understand the importance of the tourism sector on the Canadian economy and the fabric of our communities. The cultural industries sector is a powerhouse that fuels a spectacular double bottom line of the people of Canada---a clear representation of Canada's cultural fabric and identity and we, as a total group of industries, achieve a combined economic impact of estimated \$74 billion dollars annually. For every dollar the Province of Ontario invests into Festivals, \$21 is earned back in economic activity. TIFF is proud to be one of the leading economic partners supporting Canada's tourism industry.

We are aware that this Committee is hearing from many different organizations with specific sectoral needs and while it is important to address the universal needs of all organizations in a post-pandemic recovery, it is vital to remember that each business within the sector has inherently different needs for its economic recovery----meaning that performing arts organizations differ from galleries and museums as much as festivals and cinemas differ from attractions like the CN Tower and the National Gallery of Canada. The future decisions from the Canadian government in the upcoming budgets and post-pandemic planning will impact the business climate and tourism industry for Canada as a whole, for years to come.

Over the last several years, Canada has grown to be one of the world's top tourism destinations even amidst incredible competition and we are buoyed at TIFF to know that we have been a major contributor to that growth.

The impact of COVID-19 on TIFF and our sector is huge. In many instances we were the first to shut down and by all accounts will be the last to re-open. We recognize our significance and vitality to our industry. TIFF's annual Festival is vital to the regional economy. Our Festival creates significant measurable impacts:

- Our 11 day Festival generates more than \$200 million dollars in annual economic activity to the tourism and hospitality sector for the City of Toronto and Province.
- We drive over \$36 million dollars in taxes to the three levels of government annually through our Festival and year-round TIFF Bell Lightbox cinemas.
- TIFF typically employs 300+ people year-round and we expand to create an additional 700 Festival jobs annually.
- TIFF is the largest media and tourism voice for Canada to the world, reaching 851.7 million people globally over the 11 days of last year's Festival.
- TIFF has attracted tens of millions of visitors to Toronto over the last 45 years —more than 1.2 million visitors in the last 3 years alone.
- We annually welcome more than 5,400 film industry delegates and 1,350 international press for the Festival.
- And we engage close to 3,000 community volunteers.

And our business is vital to Canada's film and television industry:

- We represent the keystone of Ontario's \$2B (and growing) domestic and foreign investment in the Film & Television industry.
- TIFF represents the chief market to launch Canadian film content into the international marketplace.
- We are critical in the development of the Canadian film sector globally and we bring recognition to Toronto as a production destination.
- As well, TIFF is the calling-card to help attract U.S. and international productions.
- And we have been core for the branding of the City of Toronto as a film technology hub.

At TIFF, we have never relied solely on government funding to succeed. Other major international film festivals such as Cannes, Berlin and Venice are all heavily government funded and subsequently secure in their continued longevity during this pandemic. TIFF, on the other hand, has relied on growing and sustaining our operations through corporate and industry sponsorship, festival ticket sales, and philanthropic donors to present the largest publicly-attended film festival in the world. In the time of COVID-19, our corporate sponsorships, hospitality partners, industry support and membership revenues have been hit exceptionally hard by both the economic downturn and the uncertainty around whether the Festival can operate at its usual capacity.

We are doing our part to reduce the risk to the organization and to mitigate the loss we are facing, including the reduction of programming scope and activities, both for Festival and as part of our year-round cinemas; a further reduction of our expenditures; salary reductions of our leadership team; cessation of hiring; and significant reduction of staff positions. These efforts have considerable impact on our work, but will not be enough - we will need significant financial support from the government.

Further, data shows that even if our organization can return to its previous capacity with physical distancing measures in place, Ontarians do not feel comfortable returning to arts and cultural activities. For example, only 7% feel comfortable attending or sending their child to a theatre or cinema (MM survey data). Sectorally, we have lost \$17.6 billion already and at the pandemic's peak (March and April), our sector has seen over 350-400,000 job losses in Ontario alone. Given these grim statistics, the financial fall-out is likely to grow.

With TIFF's September Festival---the largest revenue driver for our organization, now precariously positioned in an inhospitable economic environment--- we are facing a COVID-19 induced revenue shortfall of \$25 million dollars for this year alone. The Canada Emergency Wage Subsidy, which covers a portion of our payroll--albeit helpful--is far from enough. TIFF's future is at risk.

The extension of the Canada Emergency Wage Subsidy to December is obviously good news, however data shows that greater recovery measures would help businesses recover from the

revenue shortfalls already underway. For instance, data from the Canada Council for the Arts indicates that survey respondents emphasized that additional assistance would be needed to address the challenges faced by the arts sector in the long-term. More specifically, however, survey respondents emphasized the importance of providing additional sector specific support through expansion or creation of new grant opportunities.

According to data from [Statistics Canada](#), 86% of the cancellation of services from the arts, entertainment, and recreation sector and 87% in the decreased demand for services has had a high level of impact on businesses in comparison to other sectors. More specifically, the tourism sector has suffered considerably. According to Statistics Canada, overseas travellers to Canada have dropped 81.6% due to the border closure (see below figure 1). Yet, at TIFF, we know that every September, the world comes to Toronto for a celebration of the best in Canadian and international cinema. With our strong global profile, TIFF leads the way in branding Canada as a top destination for cultural tourism. We recognize the importance of the tourism market for our core business and long-term planning, and consistently work to connect with the visitor market through a range of tourism products and services, including:

- Strong partnerships with Toronto's best hotels, restaurants, and attractions
- A robust multi-platform marketing campaign that extends beyond the GTA
- Strategic implementation of social media, including our website, mobile app, Facebook, Twitter and YouTube
- Helpful staff and volunteers to enhance the visitor experience (which has given us the nickname, "the friendly festival")

During TIFF 2019 and for the duration of September, the province saw a spike in tourists of over 1.4 million international visitors, 1.1 million United States tourists, and 344,001 overseas tourists. Every September, the province's number of overseas tourists gradually increases from the previous year--up nearly 16% since 2018. While not wholly responsible for the tourist boom, it is widely accepted that TIFF helps boost the country's tourism industry by bringing in visitors from all over the world.

TIFF will play an important medium for revitalizing cultural life in Toronto following the recovery of COVID-19, contributing to interest in culture and the arts, the supply of films, and fostering the city's attractiveness for tourism. Getting the Government of Canada's financial support to allow us to deliver on a strong Festival 2020 will play a significant role in the country's tourism economic recovery.



Figure 1. Overseas travellers to Canada month-to-month change.

The pandemic has also fueled our necessity to build new and stronger digital engagement options for audiences---all at new financial costs in an environment without any incoming revenue due to our closed doors.

And there are real impacts for our Festival suppliers as well - causing a ripple effect across the economy. Like us, our supplier income for Festival will be reduced as we require less AV equipment, less tents on streets, fewer restaurant and venue rentals, reduced security needs, less fencing, limited opportunity for food & beverage providers, even less portable washroom rentals needed--just to name a few. The multiplier effect across the entire sector is significant.

Without an immediate commitment of financial support at the federal and provincial level, the future of the Festival and our impact on the regional tourism economy, the film industry and Canadian culture is at risk.

It is important to note that TIFF is part of Toronto's Big 8--- the region's largest arts and cultural institutions---and COVID-19 has hit us all hard. With support to rebuild, TIFF and the other Big 8 members can help lead Canada's economic recovery. We are eager to work with federal and provincial leaders to re-open the economy: by introducing industry-leading health measures to our venues, making regulation more efficient, and encouraging audiences to return to the entertainment businesses and inspiration we provide.

We are already seeing some international destinations like Japan, Spain and Italy position themselves as post-COVID destinations by offering incentives. They've been working with and

preparing their businesses and tourism organizations for re-opening----all this underscoring the importance of Canada acting quickly and effectively in post-pandemic economic recovery support. Working with the industry, how can our government support its tourism industries with the burden of decreased revenues associated with reduced venue/gathering place capacities, and the new costs associated with enhanced cleaning and sanitization requirements, and PPE costs over the coming season?

To help arts and cultural organizations revitalize the Canadian economy and tourism sectors, we recommend:

- Develop funding assistance programs to support canceled festivals, fairs, live entertainment, and business
- Develop funding programs to support festivals, fairs, sporting events and business events, development of a federally-funded Special Events (business events, festivals, fairs, sporting)
- Development Fund to attract US and international meetings to Canada

TIFF is a critically important part of the tourism, hospitality and film ecosystems of Toronto, Ontario, and Canada as a whole. Canada cannot afford to lose our robust tourism attractions and our film and television industry to other markets, or we'll be playing catch-up for decades. We would all agree that it is imperative that we get Canada's re-opening right--a strong TIFF and strong September Festival can be at the forefront of that recovery.