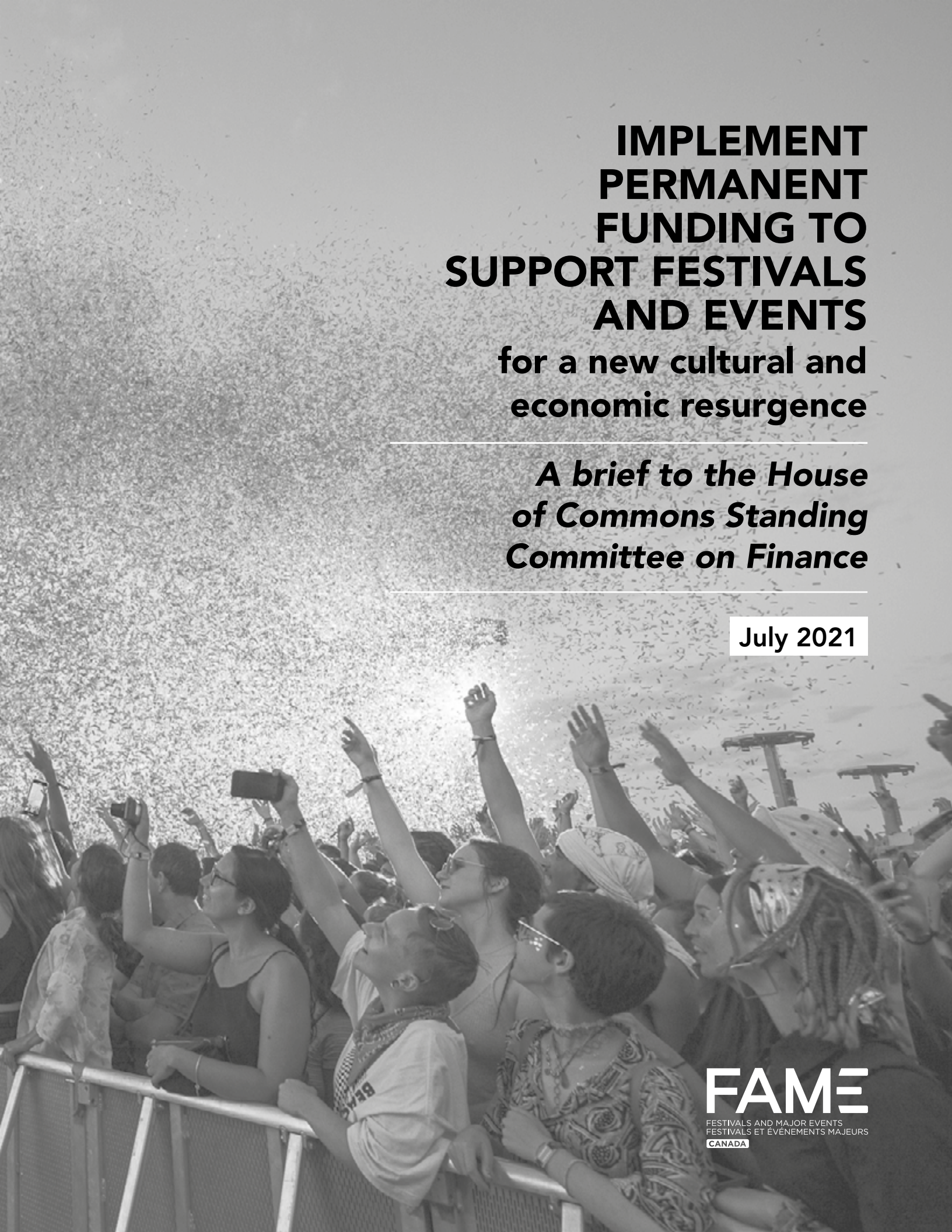

IMPLEMENT PERMANENT FUNDING TO SUPPORT FESTIVALS AND EVENTS

for a new cultural and economic resurgence

A brief to the House of Commons Standing Committee on Finance

July 2021

FAME
FESTIVALS AND MAJOR EVENTS
FESTIVALS ET ÉVÉNEMENTS MAJEURS
CANADA

Recommendations Proposed For The Festivals and Events Industry

1. **Implement permanent funding to support festivals and events for a new cultural and economic resurgence**

   a) **By making the investments made in 2019-2020 and 2020-2021**, extended by the 2020 Fall Economic Statement for 2021-2022, and again extended for 2022-2023 and 2023-2024 in the last budget (+**$8 million/year for the Canada Arts Presentation Fund** and +**$7 million/year for the Building Communities through Arts and Heritage program**) permanent;

   b) By adding **another $30 million** to these programs (**$15 million each**) starting in 2022-23;

   c) By providing an **indexation mechanism for the programs for the next five years** that takes into account inflation and the growing number of festivals and events to be supported;

   d) By creating a **new "complementary" program within Economic Development** (and the agencies) that will support festivals and events by virtue of their contribution to tourism and the economy, particularly festivals and events that are not "cultural" and are not supported by Canadian Heritage, and **allocating $25 million per year to this program**.

Festivals and Major Events Canada, also known by the acronym **FAME**, has a direct and affiliated membership of overs **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.

1 Implement Permanent Funding to Support Festivals and Events

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 increased after more than a decade of freezes and a difficult period during which demand exceeded the availability of funds by 40%.

Although it was a necessary to upgrade the programs concerned, this funding was only announced as a two-year investment, i.e. until the end of 2020-2021. It was subsequently extended by the 2020 Fall Economic Statement for 2021-22 and again extended for 2022-23 and 2023-24 in the last budget **(+$8 million/year for the Canada Arts Presentation Fund and +$7 million/ year for the Building Communities through Arts and Heritage program)**.

While there is still some work to do 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**, with 10% to 20% more in subsidies than they have been receiving for the last 10 years.

There is, however, one major problem: in 2021-2022, Canadian Heritage allowed in several festivals and events that had been waiting to "enter the programs." This had the perverse effect of reducing the subsidy of those that had benefited from adjustments in the past two years to the 2018-2019 level.

In other words, the increases have not been sufficient to meet the demands of new and existing clients. This means that many of these existing clients are now receiving less than they did in the last two years – and in some cases less than they did in 2018, an amount which itself was often the same as in 2008.

What's more, **the situation can only get worse for festivals and events** as the rate – determined by the number of applications – only decreases. For example, an event that applied for $200,000 in 2019 was granted 51% of that amount, whereas today it gets 38%. In other words, if the pie has grown a little bit over the last few years, the result is that diluted amounts and smaller slices have been handed out. And those same slices will get smaller and smaller if nothing is done. So the pie needs to be made bigger.

The Canada Arts Presentation Fund and the Building Communities Through Arts and Heritage program are victims of their own success. On the one hand, this is good news. Arts and culture are essential to the well-being and health of Canadians, and festivals and events are an integral part of their way of life and a highpoint in each community, as well as for the many tourists who attend them.

On the other hand, **it is not acceptable that support given to clients is constantly decreasing**.

That is why we are calling on the House of Commons Standing Committee on Finance to recommend "Implementing permanent funding to support festivals and events for a new cultural and economic resurgence".

a) **By making the investments made (in 2019-2020 and 2020-2021, extended by the 2020 Fall Economic Statement for 2021-2022, and again extended for 2022-2023 and 2023-2024 in the last budget: +$8 million/year for the Canada Arts Presentation Fund and +$7 million/ year for the Building Communities through Arts and Heritage permanent;**

b) **By adding another $30 million to these programs ($15 million each) starting in 2022-23;**

This would provide the **Canada Arts Presentation Fund with about $55 million**, up from about $32 million for a decade between 2008 and 2018, and about $40 million since 2019. For the **Building Communities Through Arts and Heritage program**, the envelope was about $17 million for a decade and increased to about $24 million in 2018, **so it would be $39 million**.

At the same time, we know that inflation is an issue for governments and festivals and events alike. In constant dollars, a $100,000 grant awarded in 2008 is not worth the same 13 years later, for example, when total inflation was 23%. We also know that new events will be created and that some will disappear.

Organizers tell us that they want to develop their products, promote culture and work on revitalizing their environments and communities rather than spending weeks each year on awareness campaigns or lobbying elected officials, without knowing what will happen to these valuable programs in the future.

We must **correct a historical and structural problem of underfunding**, which has been amplified by a decade of freezing, and put an end to endless cycles of representations by festivals and events and their associations, as well as to uncertainty and instability on the ground.

c) **By providing an indexation mechanism for the programs for the next five years that takes into account inflation and the growing number of festivals and events to be supported;**

Of course, we recognize the exceptional support that was provided by the Government of Canada during the COVID-19 crisis. But this one-time support responded to an immediate need related to the inability of festivals and events to bring people together and, as a result, to keep these organizations running on a regular basis. This support will come to an end in the next few months; it becomes even more important to secure the future of the regular programs.

Expected economic impact in addition to cultural and social benefits

We know that **these investments will pay off for the Government of Canada**.

A KPMG study estimated a few years ago that a group of **17 events generated a combined $290.8 million in economic benefits** (added value at market prices). This calculation is based on $396.4 million in eligible expenditures (operations and tourist). The study estimated that the 17 events **created or maintained the equivalent of 4,606 jobs** (full-time equivalent) and generated tax revenues of $66.6 million ($49.3 million for the Government of Québec, **$17.3 million for the Government of Canada**).

The study, commissioned by KPMG at the request of the Regroupement des événements majeur internationaux (RÉMI), included nine FAME members and also **concluded that the Government of Canada received 1.78 times what it invests in the events thanks to taxes and other levies**.

These figures were obtained under a so-called "restrictive" approach that only takes into account the spending of tourists who came to the destinations mainly because of the events. The numbers are even more impressive **when including tourists who came to the destinations** partly because of the events. This is another approach provided in the Québec government's *Guide méthodologique pour la réalisation des études sur l'impact économique des grands festivals & événements*. In this case, the 17 events generate **economic benefits of $355.1 million** (added value at market prices), based on $483.5 million in eligible expenditures (operations and tourist). The **number of jobs created or maintained rose to 5,598** (full-time equivalent) and **tax revenues** to $84.2 million ($62.4 million in Québec, **$21.8 million in Ottawa**).

The events industry can therefore be highly lucrative. The more funds are injected, the greater the economic rewards; as demonstrated by the experience of the Montréal International Jazz Festival, the subject of studies in 2016 and 2017. With $4 million in subsidies from the City of Montréal and the Québec and Canadian governments, the event generated $39.1 million in 2016. In 2017, additional contributions from the Canada 150 Fund and the Society for the Celebration of Montréal's 375th Anniversary raised the total subsidies to $5.5 million. These helped to extend the event and, as a result, increased the economic benefit to $48.5 million. This is an additional argument to sow more in order to reap more.

The KPMG study also showed that the holding of events encourages tourists from outside the province, often from abroad, to travel to the venues specially to attend the events and spend "new money" in the economy. Of the 17 events analyzed, 190,603 visitors came from another province or from outside Canada, spending an average of $778.34 per stay and leaving a total of $148.5 million in "new money" in Québec – nearly a quarter on hotels or lodging and one-third on restaurants.

FAME believes that with more resources, major Canadian festivals and events will be more attractive and draw more tourists, including international tourists.

It is also in this spirit that FAME completes its recommendation as follows:

d) By creating a new "complementary" program within Economic Development (and the agencies) that will support festivals and events by virtue of their contribution to tourism and the economy, particularly festivals and events that are not "cultural" and are not supported by Canadian Heritage, and allocating $25 million per year to this program.