

Festivals and Major Events Canada / Festival et Événements Majeurs Canada Response to the Finance Committee's Pre-Budget Questionnaire

1. *Economic Recovery and Growth*

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

According to Statistics Canada, the tourism industry contributed \$31.2 billion to Canada's Gross Domestic Product (GDP) in 2011, generating \$21.7 billion in government revenues. Tourism revenue totaled approximately \$78.8 billion per year—with domestic spending accounting for \$63.7 billion in revenues and \$15.1 billion from international travelers. The tourism industry is critically important to Canada's economic growth.

The Canada brand ranked #1 in 2011 (FutureBrand index), but ranked 18th in terms of international tourism arrivals. Positive brand interest is simply not translating into actual visits. Our international brand—often associated with Mounties, Moose and Mountains—places little urgency on travel to Canada and fails to highlight Canada as a destination for those seeking arts and cultural experiences. Canada's world-class festivals and events are an important conversion product that helps move Canada from the *might-see* list to the *must-see* list of high-yield international travelers.

A 2009 study commissioned by Festivals and Major Events Canada (FAME) estimated that just 15 of the largest festivals and events in Canada attract 12.6 million attendees annually, contribute \$650 million in GDP to their local economies, and supports the equivalent of 15,600 full-year jobs nationwide. This substantial economic impact is derived from both operational and tourism spending estimated at \$1.1 billion per year. The analysis also estimated that tourism and operational spending related to these 15 events generates approximately \$283 million in tax revenue for all three levels of government.

To drive growth in the tourism industry and thus the broader economy, FAME recommends that the federal government invest in Canada's leading cultural tourism events to develop and market product offerings that will drive domestic and international tourism through the creation of a \$30 million investment fund.

A Cultural Festivals and Events Development Fund that matched federal funds with resources raised from private sources would have a catalytic effect on sectoral growth and provide significant return to Canadians. The impact of this investment offers immediate returns.

Rather than investments that pay off years down the road, festivals are time-limited, and ROI is realized within the same fiscal year.

2. **Job Creation**

As Canadian companies face pressure resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade.

According to the United National World Tourism Organization (UNWTO), the global tourism market is one of the world fastest growing industries ranking fourth globally as an export category after fuels, chemicals and automotive products. For 2011, Statistics Canada estimated that there were 157,362 tourism businesses in Canada employing approximately 603,400 Canadians.

Festivals and major events are an integral component of Canada's tourism industry. They are complex businesses that employ highly skilled workers, anchor innovative industries, incubate talent, generate wealth and foster a tremendous amount of civic pride and volunteerism. Through volunteer programs and entry-level job opportunities, festivals also provide a venue for Canada's youth to gain valuable workforce experience. The sector also has broad beneficial flow-through effects on job creation and the growth of other sectors including transportation, hospitality, and accommodations.

Canada needs premier tourism attractions with internationally recognizable brands and sophisticated, world-class programming to attract discerning travelers in highly competitive foreign markets. Festivals and major events are such attractions. As Western economies in Europe and the USA continue to suffer, this naturally has an impact on the travel budgets of its citizens. A burgeoning middle-classes in emerging markets such as India, Brazil and China, is increasing the number of potential tourist from these areas. This realignment in the international tourism market requires Canada to invest in its product offerings, marketing tools and new programming to appeal to these new travelers.

The Cultural Festivals and Events Development Fund will enable major festivals and events to leverage additional partnerships, broaden their marketing reach, update their infrastructure, and augment their programming with the goal of increased local, domestic, and international attendance. These activities have a direct impact on job creation and generate major economic spinoffs across the country.

3. **Demographic Change**

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skill shortages?

Though Canada's aging population presents many challenges, it also offers an incredible opportunity as the baby boom generation moves into its prime travel years. There is a significant opportunity to increase Canada's \$63.7 billion dollar domestic tourism industry by incentivizing a larger percentage of Canadians to vacation at home by providing improved world-class tourism products. This will be particularly poignant during Canada's 150th celebrations in 2017, where festivals and events across the country will take the lead in sharing our collective cultural heritage with our citizens and with visitors from around the world.

Canadian seniors look for ways to give back and stay active in their community—and festivals and events provide just that. Our sector relies on a vibrant core of volunteers to help deliver programming. According to Ottawa Festivals, over 15,000 volunteers are engaged with festivals and events annually in our capital alone. Through its investment, the \$30 million Cultural Festivals and Events Development Fund would be able to drive volunteering opportunities in communities across the country enabling Canada's seniors and others to maintain healthy and connected lifestyles.

In addition to being an important economic driver, festivals and events provide a number of benefits at the community level. And while some seniors drive spending in the cultural sector, many seniors, and Canadians in general, have had to cut back on their discretionary spending on entertainment to weather stormy economic seas. Festivals provide important opportunities for community engagement and offer reasonably priced and free programming for Canadians to participate in enriching cultural activities even during economic downturns.

In terms of the skills shortage, major festivals and events are complex productions that rely on highly specialized personnel such as sound technicians, electricians, costume and set designers—even pyrotechnicians to produce fireworks displays. Many of the specialized trades involved in mounting Canada's diverse events are in need of new recruits. As a result of their nature as short-term productions, festivals serve to provide valuable work experience for apprentice tradesmen. Volunteer positions for students and underemployed youth provide exposure to these skilled trades showcasing alternative career options.

4. **Productivity**

With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

Similarly to solving the productivity woes of industries such as IT and manufacturing, festivals and major events need to invest in research and development (R&D) to improve the efficiency of their processes and the competitiveness of their product offerings. In the context of festivals and events this means investing in research and technologies that will help them better understand and communicate with their customers, effectively target their marketing efforts, and to develop, hone, and secure new product offerings that lead to more predictable and sustainable business outcomes.

For example the Stratford Shakespeare Festival knows their audience to be fifty-five plus, well educated, professional and urban—a demographic in their prime travel years with significant discretionary income to spend. There is an enormous opportunity for the Festival to reach out to similar audiences further afield. Drawing more visitors to Stratford, in turn, ignites significant economic activity. For every ticket sold at the Festival, \$270 in complementary economic activity is generated for the surrounding region. The Festival is running at 70% of its available capacity and with additional funds has the potential to achieve 90% of its available capacity within the next five years. With an investment of \$1 million, the Festival could expand online promotional presence, introduce a series of free online lectures in conjunction with media partners, and greatly enhance its website functionality to increase sales activity. The projected economic impact of this proposed \$1 million investment is over \$25.9 million.

R&D funding would also allow investment in new technologies. For example, instead of a traditional ticketing system, this year RBC Royal Bank Bluesfest launched a new radio-frequency identification (RFID)-enabled wristband access control system. This enabled them to offer highly customized ticketing packages, dramatically reduce counterfeit ticketing, provide festival goers with added security, and will provide organizers with a next generation platform for future creative initiatives with sponsors, partners and artists.

The creation of a permanent, \$30 million Cultural Festivals and Events Development Fund would provide Canada's major festivals and events with the resources to invest in R&D projects that improve the productivity and competitiveness of Canada's world-class attractions.

5. **Other Challenges**

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?

The tourism industry is particularly susceptible to external factors that can present enormous challenges. New passport requirements for US cross-border travelers, political events such as the Montreal student protests, a high dollar, comparatively high airport fees and taxes, and increased promotional spending in competitive markets have combined to

weaken the attractiveness of Canada as a destination for domestic, US and overseas travellers.

Canada needs to have world-class tourism products to overcome these significant challenges, thus FAME Canada recommends the creation of a permanent, \$30 million Cultural Festivals and Events Development Fund for festivals and major events to provide the world-class, compelling products that make Canada a *can't miss* country for international travellers. Through expanded product offerings and strengthened marketing programs, Canada's festivals and events would be better positioned to be key drivers of Canada's brand internationally.

FAME is recommending that the \$30 million Cultural Festivals and Events Development Fund:

- Invest \$20 million annually in Canada's major international cultural festivals and events (Tier 1) to be allocated by merit-based economic criteria and not subject to regional quotas and limitations
- Allocate \$10 million annually to mid-size and regional cultural festivals and events (Tier 2) based on empirical economic criteria and subject to regional considerations
- Provide for multi-year project funding to maximize opportunities for product development and ROI

Investment in festivals and events has significant flow-through benefits for local economies in which they are held. The transportation industry, hotels, restaurants, and other tourist sites are all vulnerable to the weakness in the economy. In many cases these are small businesses that have been struggling to rebound since recession began in 2008. Some regions have been hit harder than others. Annual festivals and events are often an essential anchor for the local tourism season. Promoting growth in the festival and events sector would spur significant economic activity in every Province and Territory in Canada.