



UNLEASHING THE FULL POTENTIAL OF EVENT AND FESTIVAL TOURISM

A brief to the House of Commons
Standing Committee on Finance

October 2022

FAME

FESTIVALS AND MAJOR EVENTS
FESTIVALS ET ÉVÉNEMENTS MAJEURS
CANADA

Recommendations:

1. Take structural action with regard to the tourism and economic potential of festivals and events by adjusting current programs or efforts, such as:

- a) **The Major Festivals and Events Support Initiative (MFESI)** could be extended and expanded to benefit more festivals and events across Canada;
- b) The **Canadian Experiences Fund** could include “event and festival tourism” as a priority.

2. Take greater action with regard to the social and cultural impact of festivals and events and to their potential, by:

- a) Making permanent the additions that were made to the 2019-2020 base budget, which have since been extended to 2023-2024 (**+\$8M/year** to the Canada Arts Presentation Fund and **+\$7M/year** to Building Communities Through Arts and Heritage);
- a) Adding an additional **\$30M** to these programs (**\$21M** to the CAPF and **\$9M** to the BCAH) to account for the growing number of clients and inflation (in constant dollars, the programs will soon have less funding than in 2008, with a greater number of clients).

Festivals and Major Events Canada, also known by the acronym FAME, has a direct and affiliated membership of over **500 members** of all sizes, in **nine provinces** across the country.

The coalition works closely with the **Regroupement des événements majeurs internationaux (RÉMI)**, which consists of some 30 major events in Quebec, as well as with the following organizations: Ontario Festival Industry Taskforce (OFIT), Événements Attractions Québec (ÉAQ), Event Atlantic, Atlantic Presenters Association (APA), Ottawa Festival Network (OFN) and the City of Charlottetown.

1. Take structural action with regard to the tourism and economic potential of festivals and events by adjusting current programs or efforts, such as:

- a) **The Major Festivals and Events Support Initiative (MFESI)** could be extended and expanded to benefit more festivals and events across Canada;
- a) The **Canadian Experiences Fund** could include “event and festival tourism” as a priority.
- The MFESI itself took several months to implement, and answers could not be given before late 2021. In practice, the 24-month program became a 16-month program, amidst labor shortages and inflation. Festivals and events whose projects have been selected must be given more time to complete them.
 - In that same extension, allow festivals and events with revenue under \$10M to benefit from the Major Festivals and Events Support Initiative (MFESI) announced for two years in the 2021-2022 budget, and partly fund projects with what remains of the previously announced \$200M.
 - It would be beneficial to give the festivals and events that are selected a sufficiently long period of time to implement their projects, as is being requested for those in the first phase.
 - Because only festivals and events with annual revenue of more than \$10M were eligible, the MFESI will have benefited only about 25 festivals and events in Canada, leaving a whole category of events without support or receiving substantially less assistance through Canadian Heritage. It is not too late to remedy this situation.
 - After the extension mentioned previously, modify the eligibility for and the nature of the MFESI program so that festivals and events with revenue of less than \$10M, as well as festivals and events that are not currently supported by Canadian Heritage, can benefit from it. Allocate \$25M per year to the program.
 - On a permanent basis, a revised “MFESI 2.0” would address the longstanding problem of events that strongly benefit tourism but do not qualify with Canadian Heritage because they are not considered “cultural”.
 - “Exclusive” support could also be considered, that is, allowing festivals and events to choose to be supported by “MFESI 2.0” (a tourism and economic program) or by Canadian Heritage (a cultural program).
 - The Canadian Experiences Fund, delivered by regional development agencies across the country, was a two-year \$58.5M national program to support communities across Canada to create, improve or enhance tourism products, facilities and experiences. The Canadian Experiences Fund was the first dedicated tourism fund of its kind offered by the Government of Canada. The Fund proved to be extremely popular in all regions of Canada and, as such, was quickly exhausted as it received a high number of applications far exceeding total available funding. FAME suggests bringing back the Canadian Experiences Fund.
 - This time around, festival and event tourism should be recognized as a key range of products, as are winter tourism, aboriginal tourism, rural and remote tourism, culinary tourism and inclusive tourism.

Do you know many conventions that attract more than 30,000 people? The Festival International de Jazz de Montréal attracts that number of festival-goers visiting from outside Quebec every year. Visitors from abroad spend an average of \$778 during their stay, about a quarter on lodging and a third on food.

In its submission, the Coalition of Hardest Hit Businesses suggests to support festivals and events of all sizes with industry-specific funding programs (such as a renewed Canadian Experiences Fund, a Major Festival and Events Support Initiative 2.0, Canadian Arts Presentation Fund, Building Communities Through Arts and Heritage, a revived Marquee Tourism Events Program, etc.)

2. Take greater action with regard to the social and cultural impact of festivals and events and to their potential, by:

- a) Making permanent the additions that were made to the 2019-2020 base budget, which have since been extended to 2023-2024 (+\$8M/year to the Canada Arts Presentation Fund and +\$7M/year to Building Communities Through Arts and Heritage);
 - b) Adding an additional \$30M to these programs (\$21M to the CAPF and \$9M to the BCAH) to account for the growing number of clients and inflation (in constant dollars, the programs will soon have less funding than in 2008, with a greater number of clients).
- The increases have not been sufficient enough 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.

Event	Program	2019	2022
Event A	BCAH	\$83,500	\$51,200
Event B	BCAH	\$102,500	\$99,800
Event C	CAPF	\$170,000	\$150,000

- The suggested additions would provide the Canada Arts Presentation Fund with about \$61M, up from about \$32M for a decade between 2008 and 2018, and about \$40M since 2019. For the Building Communities Through Arts and Heritage program, the envelope was about \$17M for a decade and increased to about \$24M in 2018, so it would be \$33M.
- 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%.

- 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.

Number of clients from Canada Arts Presentation Fund Program

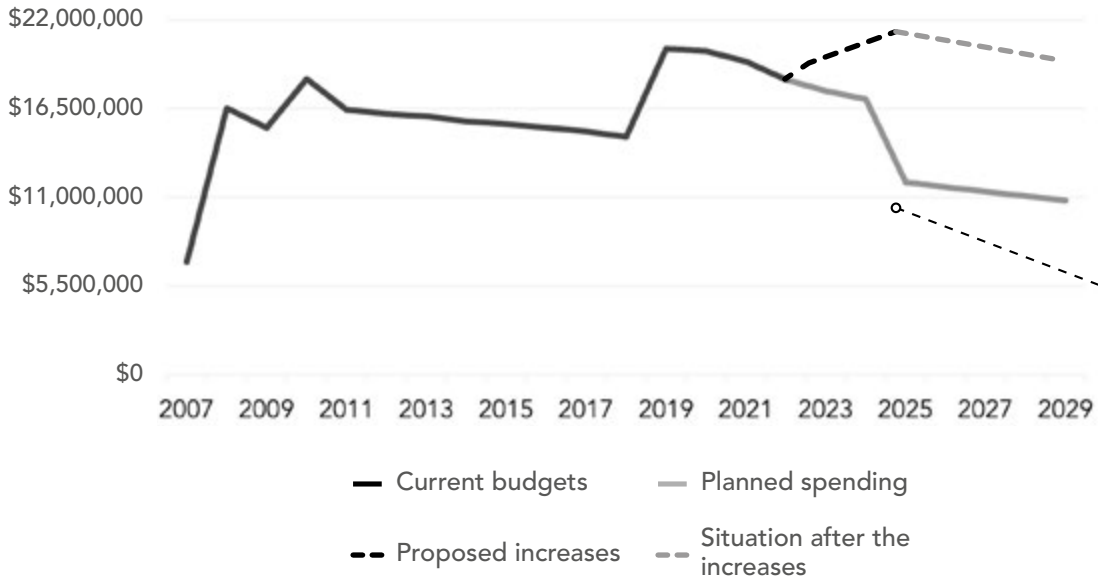
2010-2021	2020-2021	Increase
236	471	96%

Source: Canada, Open Government. Accessed online on September 27 at https://search.open.canada.ca/grants/?-sort=agreement_start_date+desc&search_text=%22Canada+Arts+Presentation+Fund%22&page=1&owner_org=pch

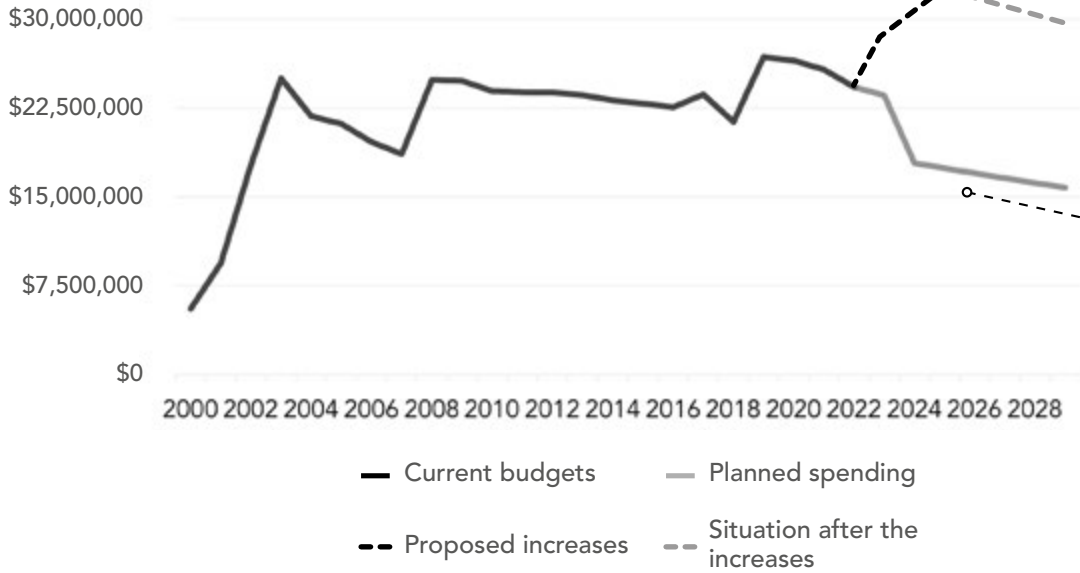
- We must correct a historical and structural problem of underfunding, which has been amplified by a decade of freezing, and put an end to endless cycles of campaigning by festivals and events and their associations, as well as to uncertainty and instability on the ground.

The budgets for the Canada Council for the Arts and CBC/Radio-Canada have been increased dramatically since 2015, but for Canadian Heritage, adjustments have not been made on the same scale, nor have they been made on a permanent basis.

BCAH Funding Level (constant 2007 dollars)



CAPF Funding Level (constant 2007 dollars)



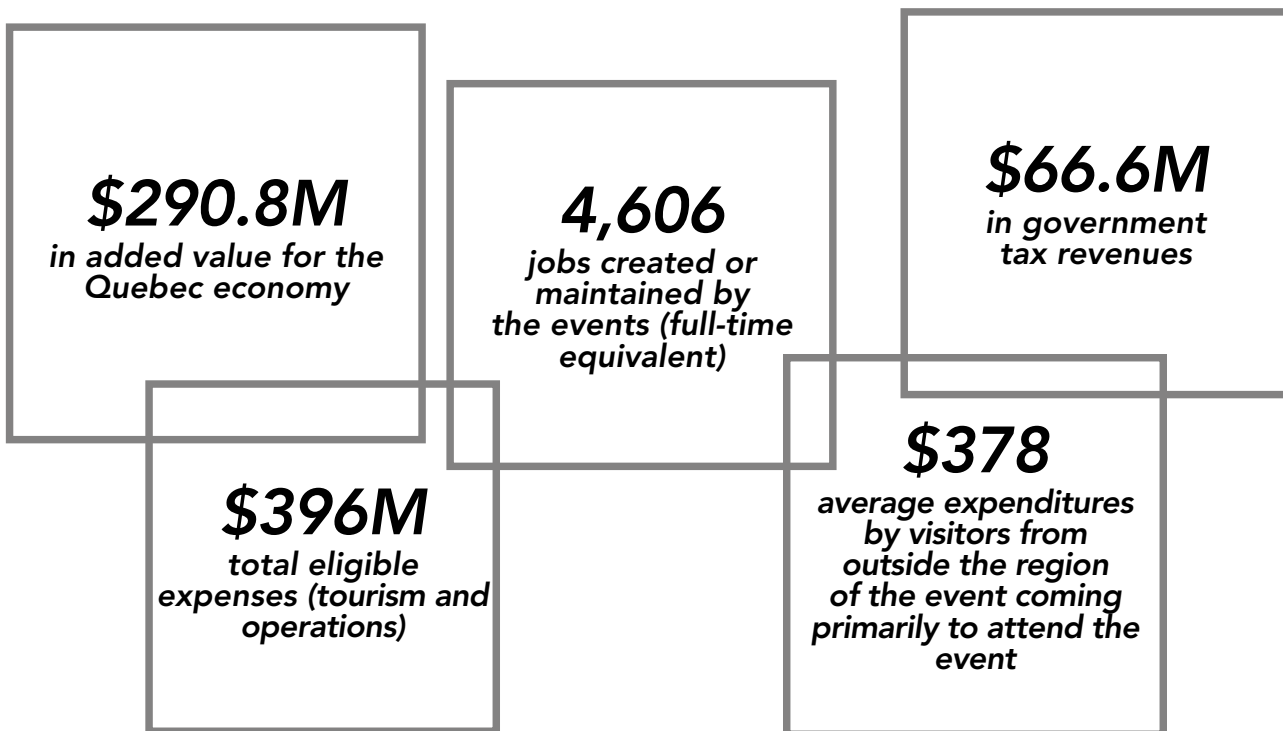
If the 2019-2020 investments are not made permanent beginning in 2024-2025.

NEW STUDY SHOWS THE IMPORTANCE OF FESTIVALS AND EVENTS FOR THE ECONOMY AND TOURISM

Highlights of the KPMG study released on May 31, 2018

The study, commissioned by the Regroupement des événements majeurs internationaux (RÉMI), covers **nine members of FAME** and concludes that the Government of Canada received 1.78 times what it invested in events through taxes. While it subsidized 17 events with up to **\$9.7M**, the **federal government** received **\$17.3M**, before even considering the economic impact and the creation or maintenance of jobs for the middle class.

THE BENEFITS



Festivals and Events: A Reason to Travel Domestically or From Abroad

- No fewer than **190,603** tourists came from outside the province where the 17 festivals and events reviewed by the study were held, in this case Quebec, primarily to attend these events.
- **66%** of Quebec visitors travelled primarily because of the event.
- **54%** of visitor expenditures were generated by those coming from outside of Quebec.

TO VIEW THE FULL STUDY, CLICK ON THIS LINK: <https://fame-feem.ca/2018/wp-content/uploads/2016/05/Consolidated-economic-benefits-Report-May-18-2018.pdf>