

# RESPONDING TO THE CRISIS IN THE FESTIVALS AND EVENTS SECTOR WHILE STIMULATING TOURISM

A brief to the House of Commons  
Standing Committee on Finance as  
part of the pre-budget consultations  
for the next federal budget

August  
2024

## FAME

FESTIVALS AND MAJOR EVENTS  
FESTIVALS ET ÉVÉNEMENTS MAJEURS  
CANADA



## **Recommendations:**

- 1. Create a program dedicated to the growth and the tourism attractiveness of Canadian festivals and events, managed by the regional development agencies and with a \$60M annual budget.**
- 2. Integrate the additions made to the Canada Arts Presentation Fund since 2019-2020, currently \$15.5M per year, into the program's base budget; integrate the additions made to the Building Communities Through Arts and Heritage program since 2019-2020, currently \$7M per year, into the program's base budget.**

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

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**.

# Context

## *In connection with the first recommendation*

- The pandemic and, more importantly, the recent **surge in inflation** in the festivals and events sector have made things very difficult for festivals and events in many countries. It is estimated that **it now costs 30% to 40% more to organize an event comparable to one held in 2019**. If the pandemic can be likened to a major earthquake, what has followed in the sector is a tsunami.
- In Canada, festivals and events that present all or part of their activities free of charge are particularly hard hit, as are those that rely proportionally more heavily on grants and sponsorships, since **this type of revenue has not kept pace with the growth in expenses**, leaving organizations with operating deficits or facing budget decisions that jeopardize the very development, growth and attractiveness of their festivals and events.
- Over the past fifteen years, specific programs for festivals and events, as well as tourism and economic programs, have helped develop the sector and increase its attractiveness and competitiveness. However, whether it's the Marquee Tourism Events Program (MTEP) (\$100M over two years), the Canadian Experiences Fund, the Major Festivals and Events Support Initiative (MFESI) (\$200M over two years) or even the Tourism Growth Program (TGP), these programs have been **short-lived** and, thus, have not had the lasting effect we might have hoped for.
- Simultaneously, the budgets for the main programs currently supporting festivals and events at Canadian Heritage - **the Canada Arts Presentation Fund (CAPF) and Building Communities Through Arts and Heritage (BCAH) - are no longer able to keep up with demand**. In the case of BCAH, for example, the maximum amount received decreases from year to year, despite additional funding being added to the base budget.
- In some provinces and regions, these programs are supplemented by regional development agencies, though there are major disparities across the country, and in some cases, budgets are under such pressure that they are unable to accommodate new requests.

## *In connection with the second recommendation*

- **The base budgets** for two of Canadian Heritage's most important programs, Building Communities Through Arts and Heritage (BCAH) and the Canada Arts Presentation Fund (CAPF), **have not been reviewed for some fifteen years**, and were established by the Harper government at \$17.7M for the former and \$32.5M for the latter.
- Since then, **the number of clients and their needs have increased** both "organically" and as a result of the recent surge in inflation.
- To mitigate the chronic underfunding of both programs, the Trudeau government has been adding sums every year since 2019-2020 that **have not been integrated into the base budgets**. At present, until the end of the 2025-2026 fiscal year, these sums are \$15.5M for the Canada Arts Presentation Fund and \$7M for Building Communities through Arts and Heritage.

# Making Headlines: A few examples

- **Taste of Danforth (ON)**  
Cancelled in 2024 due to funding issues
- **Just For Laughs (QC)**  
2024 edition derailed by fall of Just For Laughs Group
- **Hot Docs (ON)**  
Layoffs and an uncertain future
- **Toronto Fringe Festival (ON)**  
Downsized edition in 2024
- **Regina Folk Festival (SK)**  
On hold for 2024
- **Ambleside Music Festival (BC)**  
On hold for 2024
- **Vancouver Folk Music Festival (BC)**  
Facing difficulties
- **Vancouver Fringe Festival (BC)**  
Reduced programming in 2024
- **Rockin' River Music Festival (BC)**  
On hold in 2023, the event has not returned
- **Edmonton Fringe (AB)**  
Expenses soar, event calls for donations
- **Noth Bay Bluesfest (ON)**  
The event has come to an end
- **Tulip Festival (ON)**  
Downsized edition in 2024
- **International des montgolfières de St-Jean-sur-Richelieu (QC)**  
\$1.7M deficit in 2023, rescue and recovery plan implemented

# RECOMMENDATION 1

Create a program dedicated to the growth and the tourism attractiveness of Canadian festivals and events, managed by the regional development agencies and with a \$60M annual budget.


- This program would enhance the federal government's involvement in festivals and events, by **adding recognition of the economic and tourism value of festivals and events** across Canada, in addition to Canadian Heritage's recognition of strictly cultural and social criteria. Like the Quebec government's *Programme d'aide financière aux festivals et aux événements touristiques* (financial assistance program for festivals and tourist events), it would become a tool for recognizing tourism performance, as well as a **powerful engine for growth, promoting the attractiveness of festivals and events both domestically and internationally** (this program has a budget of \$30M in Quebec).
- Among other things, the program would support a category of festivals and events that are not recognized by Canadian Heritage, whether they be primarily entertainment or sporting events, those that are for-profit, or any others that are excluded by the Department; it would add other assessment criteria and new, different funding for those already supported by Canadian Heritage.
- This program could include components and levels, and would be tailored to the needs of **festivals and events of all sizes with growth potential and the ability to attract more domestic and international tourism**. Within the ecosystem, it would enable a form of recovery: festivals and events recognized in Canada would increase their international attractiveness, while others, recognized regionally, could have a greater impact throughout Canada. It would be in line with strategies aimed at restoring Canada's status as one of the world's most popular destinations and regaining market share.
- Funding awarded through this program should be primarily for **festival operations**, although it may require the presentation of a growth or development plan, a business plan or a strategy to enhance the festival's attractiveness and tourism performance. Consideration would be given to attendance, participant origin and, ultimately, results. We're not talking here about a program based on new projects requiring investments that too many organizations are unable to make.
- As with tourism in general, event tourism has a bright future: we must continue to focus on festivals and events that attract Canadian and international participants to a given city or region, and which, in comparative terms, "pay off" from an economic and tourism standpoint, as do conventions and business tourism, for example.
- Support for festivals and events has a multiplier effect on tourism: it has been shown that **for every dollar spent by a participant, \$0.25 is spent on accommodations and \$0.33 on dining**, not to mention transportation and other categories. Many communities and commercial arteries generate income comparable to a full year's revenue during a single short festival or event.
- With **economic impact studies**, festivals and events are in a position to assess actual progress, as is the case in Quebec for festivals and events with an operating budget of over \$6M. However, this would require the **implementation of a methodological guide across Canada**, like the one recognized in Quebec, under which more than fifteen festivals and events are already required to measure their impact (although this requirement has been temporarily suspended in the wake of the pandemic). This would also require the participation of partners such as FAME.

- FAME estimates that **the festivals and events sector generates over \$1B in GDP across Canada**. As the driving force behind the decision to visit a destination on a specific date, they bring in many international tourists, injecting new money into the economy.
- In a regional development agency like Canada Economic Development in Quebec, **it would be worthwhile to see how this new program could be articulated in relation to existing efforts**, and to a lesser extent, to do the same in other regional development agencies in Canada.



# RECOMMENDATION 2

Integrate the additions made to the Canada Arts Presentation Fund since 2019-2020, currently \$15.5M per year, into the program’s base budget; integrate the additions made to the Building Communities Through Arts and Heritage program since 2019-2020, currently \$7M per year, into the program’s base budget.

Program	Base annual funding since 2008	 Projected additional annual investments until the end of 2025-2026	Total funding until 2025-2026
Canada Arts Presentation Fund	\$32.5M	\$15.5M	\$48M
Building Communities Through Arts and Heritage	\$17.7M	\$7M	\$24.7M
<b>Total</b>	<b>\$50.2M</b>	<b>\$22.5M</b>	<b>\$72.7M</b>

- Over the past several years, FAME has called for the two programs to have a **combined base budget of \$95.2M**, but today they have around \$73M, made up of base budgets and one-off investments. FAME continues to call for a substantial catch-up and intends to step up its representations as the March 30, 2026 deadline approaches.
- The **base budgets** for two of Canadian Heritage’s most important programs, Building Communities Through Arts and Heritage (BCAH) and the Canada Arts Presentation Fund (CAPF), **have not been reviewed for some fifteen years**, and were established by the Harper government. By operating outside the budget and on a one- or two-year cycle, the federal government is condemning the cultural community to a perpetual cycle of representations to renew funding. This practice also puts these investments at greater risk once they come to an end, with or without a change of government.