



2010 Federal Budget: Investing in the Creative Economy

**Pre-budget submission by the Canadian Conference of the
Arts to the Standing Committee on Finance**

Submitted to:
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2010 Federal Pre-Budget Consultation

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Introduction

The Canadian Conference of the Arts (CCA) is Canada's oldest and most broadly based cultural umbrella organization. The CCA provides a national forum for the entire arts and culture community from all disciplines and regions. CCA's mission is to provide research, analysis and consultations on public policies affecting the arts and the Canadian cultural institutions and industries. The CCA fosters informed public debate on policy issues and seeks to advance the cultural life of Canadians.

The CCA welcomes the recent commitment of the government to invest in the arts within a five year plan. The CCA is pleased that programs set to sunset have been renewed. This crucial five year investment will enable organizations, institutions, and cultural workers to continue their creative endeavours in a stable manner. It is the belief of the CCA that investing in the arts can be conducted most efficiently through government agencies and arts service organizations already established for that purpose.

Given the unique breadth of its national mandate, it is difficult for the CCA to restrict its specific recommendations to only three: we have therefore grouped our recommendations under three common themes and encourage the Committee to take this submission under consideration.

Summary of Recommendations

1. Investing in Market Development and Cultural Diplomacy

Invest an additional \$ 40 million per year into the expansion of the capacity of the Canada Council for the Arts to invest in national and international market development.

Annual cost of new investments: \$ 40 million

2. Investing in the Creative Economy and its Numbers

Support the stability and growth of the creative economy through a recurrent increase of \$ 20 million a year, for four years starting in 2011, to the base budget of the Canada Council for the Arts. Encourage and finance a partnership, for \$1 million, between the Department of Canadian Heritage and Statistics Canada to develop new statistical tools to better gauge the growth and nature of the creative economy. The government's contribution to the *Canada Media Fund* should be increased to \$130 million annually. The additional \$ 60 million which the CBC has received annually since 2001 should be permanently added to its base budget and a long term memorandum of understanding raising its appropriation to an amount equivalent to at least \$ 40 per capita. Telefilm and the National Film Board should also have long-term funding agreements. The sums identified by the CBC, the Canada Council and the National Film Board within the context of the Strategic Review should be left to them to address their higher priorities. Finally, as an incentive to invest in Canada's creative economy, there should be a 25% tax credit for films shot in Canada, applicable to full production costs, including pre and post production.

Annual cost of new investments: \$268 million

3. Investing in Cultural Infrastructure - People and Places

Increase the support of *Canada Cultural Spaces Fund* to \$60 million, to ensure the ability of Canadians to access their cultural infrastructure. Invest in emerging cultural professionals with \$1.5 million a year for the next five years in the creation of a mentorship/internship program for the cultural sector. The CCA also asks for an annual commitment of \$50 million to finally implement a national museums policy.

Annual cost of new investments: \$ 81.5 million

Why invest in the arts and culture sector?

Millions of Canadians attend live performances and purchase books, magazines, films, new media products, and sound recording materials each year. Statistics Canada estimates that household expenditures on cultural products continue to grow. The arts and cultural sector is the livelihood for over 650 000 Canadians. Collectively, with direct, indirect, and induced inputs, the cultural sector contributed \$84.6 billion to the Gross Domestic Product (GDP) in 2007.¹

This sector is not one of hobbies or recreational pursuits, but is at the forefront of the new creative economy which our country must embrace if it is to maintain its status in the international community. In fact, Statistics Canada has noted that culture employment grew at a much greater rate than the workforce as a whole from 1981 to 2001. During this period, the growth in cultural employment was 81% in Canada, much higher than the 32% growth in the overall labour force during the same period.²

Those pursuing careers in the arts and culture sector are dynamic professionals within the Canadian labour market. They are characteristically better educated, boast a high level of self-employment and often work in multiple capacities, within a variety of fields. The Cultural Careers Council of Ontario claims that “artists may be models for the way we will be working in the future – independent, entrepreneurial, and more reliant on individual networks than conventional organizations.”³

Though investing in the cultural sector may seem less concrete than investing in infrastructure, natural resources or manufacturing, it is a sector which is proven to give strong returns on government funds. The cultural sector has the unique ability to put funds to work within a very short period of time, with low administrative costs. The sector continually evolves in order to stabilize its presence within Canada, but also to build robust audiences around the world.

The costs of creating jobs in the arts and culture sector are amongst the lowest compared to other sectors of the economy. There is a formidable return for every dollar invested in the arts and culture sector. According to the Conference Board of Canada, for every \$1 of real value-added GDP produced by Canada’s cultural industries, roughly \$1.84 is added to the overall real GDP. Even more specifically, Hill Strategies notes that the performing arts generate \$2.70 in

¹ *Valuing Culture: Measuring and Understanding Canada’s Creative Economy*, Conference Board of Canada, August 2008.

² *Culture Employment in a North American Context: 1981-2001*, Statistics Canada, August 2007.

³ *Enriching our Work in Culture: Professional Development in Ontario’s Cultural Sector*, Cultural Careers Council Ontario, March 2008.

non-governmental revenues for every \$1 invested by the government.⁴ An additional bonus to this small investment is the employment levels which naturally rise as a result.

In sum, the CCA submits that it is of utmost importance that the federal government develops a long-term vision for its support of the arts and culture sector of the Canadian creative economy, which has suffered from repeated short-term commitments and initiatives over the past five years.

Recommendation 1

Investing in Market Development and Cultural Diplomacy

Canada is blessed with a very high proportion of artists, creators, cultural institutions and industries but is greatly handicapped by its small internal market and immense geography. In order to survive and flourish, our cultural sector must develop markets both internally and externally. Despite several small international programs within the Canadian Heritage portfolio agencies, there is currently no coordinated pan-governmental strategy for the promotion of Canadian artists and cultural works to national and international audiences and markets. The Department of Foreign Affairs and International Trade (DFAIT) which formerly had a program devoted to developing cultural markets abroad, now only offers the *Global Opportunities for Associations* (GOA) contributions program, which generally supports national trade associations to benefit the entire realm of industry. Though the current government has shown definitive investments in the creative economy, the CCA urges that the 2010 budget should include a comprehensive program to ensure that our cultural sector can still cultivate new markets at home and abroad: accordingly, the CCA recommends that the federal government invest an additional \$ 40 million per year into the expansion of the capacity of the Canada Council for the Arts to assist in this process.

On a related issue, the CCA also encourages the Department of Foreign Affairs and International Trade to collaborate with the Canada Council for the Arts on its cultural initiatives abroad. Since the Federal Cultural Policy Review Committee Report of 1982, the government has been called upon to develop a comprehensive international cultural relations and promotion strategy. In the early 1990s, the *Special Joint Committee Responsible for the Review of Canadian Foreign Policy* recommended that international cultural relations become an integral element of a renewed foreign policy. The government reacted by declaring “the promotion of Canadian culture and values” as the Third Pillar of Canadian foreign policy. Unfortunately, this approach has been all but abandoned over the past four years, despite strong evidence that it not only contributed to much needed development of foreign markets for our cultural products but also supported Canada’s other commercial objectives abroad. The integration of a diplomatic strategy prioritizing cultural relations and trade is one which the CCA supports. This approach will yield both economic and diplomatic benefits for Canada.

Recommendation 2

Investing in the Creative Economy and its Numbers

Given the importance of investing in artists and creators who are at the vanguard of the creative economy, the CCA invites the Standing Committee on Finance to recommend to the Minister of Finance that the 2010 federal budget make an additional recurrent increase of \$ 20 million a

⁴ *Finances of Performing Arts Organizations*, Hill Strategies, November 2008.

year to the Canada Council base budget for a period of four years starting in 2011, with a view to eventually making its annual budget reach \$300 million by 2014. Also, the CCA urges that the results of the current Strategic Review underway be reallocated to Canada Council's higher priorities.

The CCA recommends that the federal government instruct Statistics Canada and the Department of Canadian Heritage to work in close cooperation to develop new statistical tools to better gauge the growth, nature and performance of the creative economy. We encourage the budget to allot \$1 million a year in order to accommodate this partnership. Recently, Statistics Canada dismantled its cultural statistics division, incorporating elements into the Demography Division and handing the responsibility for cultural surveys to the Service Industry Division. As part of cost-cutting measures, Statistics Canada recently cancelled its surveys of radio and television audiences and cut its much-needed analyses of and access to cultural data. The regularity of labour market data, export activity, and new forms of cultural activity are essential instruments to cultivate what is certain to become a dominant post-industrial element of the Canadian economy.

The CCA welcomes the renewed commitment of the government expressed in the funding and recasting of the *Canadian Television Fund* into the *Canada Media Fund*. The recognition of new media as a key factor for change in the broadcasting environment is the first step towards the establishment of a comprehensive National Digital Strategy with regards to culture. However, we regret that the government contribution to the *Fund* has remained at its 1996 level of just over \$114 million dollars. Therefore, the CCA recommends that government funding be increased to \$130 million to match inflation since 1996.

The CCA supports the Standing Committee on Heritage's 2008 recommendation that the government establish a long-term Memorandum of Understanding with the CBC. The CCA recommends that this be extended to both Telefilm and the National Film Board. In terms of the CBC, the agreement states that the additional \$ 60 million it has received annually since 2002 be permanently added to the Corporation's base budget and that its "core funding be increased to an amount equivalent to at least \$ 40 per capita."⁵ Moreover, the CCA strongly urges the Standing Committee to recommend to the government that the \$ 50 million or so which the CBC has been asked to identify as funding 'lower priorities' in the context of the Strategic Review ordered by the government be left with the public broadcaster to reinvest in its higher priorities, a recommendation which we also extend to the National Film Board.

In order to support the health of the Canadian film industry, the CCA recommends that the federal government follow the recent example of the Québec and Ontario governments and provide a 25% tax credit to the overall budgets of films shot in Canada and extend the application of the credits to cover pre- and post-production costs.

Recommendation 3

Investing in Cultural Infrastructure - People and Places

In 2008, the Centre of Expertise on Culture and Communities released a study noting a growing concern for the state of Canada's cultural infrastructure. Much of the cultural infrastructure built

⁵ *CBC/Radio-Canada : Defining distinctiveness in the changing media landscape*, Report of the Standing Committee on Canadian Heritage, February 2008, p. 144

around Canada's 1967 centennial celebration is in need of repair.⁶ Cultural spaces within Canada often have uneven distribution within communities, resulting in a lack of affordable and sustainable rental spaces in many regions of the country. This report states that there should be greater attention to issues of lifecycle, productivity, the interaction of social and built infrastructure, and long-term sustainability.⁷ There must also be a coordinated policy and funding effort in order to maintain accessibility to cultural sites for the Canadian public.

While the CCA rejoices in the fact that the government recently renewed the *Canada Cultural Spaces Fund* for five years, which had seen a one-time increase of \$ 30 million as part of the January 2009 Economic Stimulus Budget, we submit that the annual base budget of \$ 30 million is grossly inadequate given the established needs for investment in cultural infrastructures. We encourage the base budget be raised to \$60 million annually.

In respect to the 2010 federal budget, the CCA renews its support of the recommendation of the Creative Cities Network for the creation of a special multi-year capital program to address the \$80 billion deficit in funding for cultural and recreational facilities across Canada. Many of these were built to commemorate the Centennial and it would be fitting to mark Canada's Sesquicentennial by addressing this issue.

One critical element in sustaining the success of the arts and culture sector is the preparation for a new generation of talent. Here again, a long-term vision is greatly needed. In combination with a pan-provincial approach to arts education in primary and high school, the role of mentorships and internships must be addressed. While some modest internship programs exist, these are renewed on a year to year basis, which is inadequate to ensure a smooth and effective transition of culture professionals. As part of the an Employment Strategy, the CCA recommends that the government invest at least \$1.5 million a year for the next five years in the creation of a mentorship/internship program for the cultural sector.

In order to effectively invest in this specialized, dynamic, and creative workforce, the 2010 federal budget can help emerging cultural workers bridge the gap between formal training and the workforce. The most efficient means to reinforce this bridge is by supporting mentorships and internships. To administer such funds, the government has various options, including the Cultural Human Resources Council and a number of national arts service organizations.

The CCA has called for a National Museum Policy over the years, not only for stabilized funding, but for a stable policy commitment to protect and project our national heritage to Canadians and foreign visitors. Despite the broad consensus achieved in 2005 on this front, the past three years have seen significant cuts made to the museum community, particularly to the *Museum Assistance Program* (\$4.6M) and putting an end to the *Exhibition Transportation Services*. The National Portrait Gallery project, which was open for contending cities to compete as the site, was finally put on hold with little explanation. As we plan for sustainable growth for our economy, environment, and industry, so too must we for our national heritage. Accordingly, the CCA renews its recommendation that the government commit \$50 million to implement a long overdue national museum policy.

⁶ *From Road to Rinks: Government Spending on Infrastructure in Canada: 1961-2005*, Statistics Canada, Canadian Economic Observer, September 2007.

⁷ Marla Daschko Waltman, *The State of Data on Canada's Cultural Infrastructure*, Centre of Expertise on Culture and Communities, August 2008.

Arts Research Monitor 7.8: Facilities/Cultural Infrastructure, Hill Strategies, January 2009.