



2011 Federal Budget The creative sector: not yet recovered

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

Submitted to:

Jean-Francois Pagé
Clerk, Standing Committee on Finance
6-14, 131 Queen Street
House of Commons
Ottawa, Ontario K1A 0A6
fina@parl.gc.ca

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For more information please go to:

www.ccarts.ca

Or contact

Alain Pineau, National Director

Alain.Pineau@ccarts.ca

(613) 238-3561

Culture has been presented over the last few decades...as if somehow it were marginal and adjunct to society.... History tells us that this is nonsense...culture either exists as the core element to society or it really isn't culture at all. Culture is the motor of any successful society.

John Ralston Saul, 1999

The Arts & Culture Sector: A Core of Canada's Economy

The Canadian Conference of the Arts (CCA) is pleased to submit its brief for the 2011 pre-budget consultation undertaken by the Canadian Department of Finance. The CCA would welcome the opportunity to present its submission to the Parliamentary Committee on Finance in Ottawa.

The CCA is Canada's oldest and most broadly based cultural umbrella organization. The CCA provides a national forum for the entire arts, culture and heritage community, from all disciplines and regions. The CCA's mission is to provide research, analysis and consultations on public policies affecting the arts and 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 applauds the decision of the government to allow cultural agencies under review to keep the 5% of their funds which they had identified as "lower priority". The CCA welcomes the view of the government that the CBC, the National Film Board, Telefilm and the Canada Council for the Arts are all meeting the objectives and priorities of this government.

On another front, the CCA opposes the decision to replace the mandatory long form census with a voluntary household survey, whose quality and usefulness has been criticized by all experts. We deem contrary to responsible management of Canadian taxpayers' money to waste an extra \$30 million to gather data that cannot be relied upon to develop and evaluate fact-based public policies.

In this submission, the CCA will emphasize the need for the federal government to continue its commitment of stable funding for arts and culture as we come to the end of Canada's Economic Action Plan. According to a report prepared by the Conference Board of Canada for the Cultural Human Resources Council (CHRC), "the cultural sector of Canada's economy will be hit harder by the global recession than the overall Canadian economy." The real value-added output in the cultural sector "is expected to be 4.8% lower in 2009 than it would have been had there not been a recession". This reduction, which amounts to \$2.2 billion, is more significant than the 4.0% reduction expected in the overall Canadian economy.¹ On the other hand, revenues for Canada's culture sector are expected to be 4.3% —or about \$3.1 billion—lower in 2009 than they would have been in the absence of a global recession.²

Apart from government funding, cultural non-profit groups rely on philanthropy to survive. It is therefore worrying that, "endowment, donations and other revenues are expected to be most strongly affected (a 16% reduction), due to the weak economy and the decline in stock markets."³ The [CHRC] report indicates that this will likely have the largest effect on the performing arts and heritage sectors. Certain arts and culture fields depend heavily on business sponsorships and endowments will suffer an even greater loss in revenues because of the impact of the global recession on these two revenue sources.

¹ *The Effect of the Global Economic Recession on Canada's Creative Economy in 2009*, Conference Board of Canada/Cultural Human Resources Council, November 2009.

² Ibid.

³ Ibid

The CCA submits that it is only with financial support of various forms from the government that the non-profit arts organizations, companies, and institutions will continue to offer reliable programming with strategic vision.

Why Invest in the Arts and Culture Sector?

The arts and cultural sector is the source of 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 in 2007.⁴ The arts and culture sector is an actor within a competitive global market. As such, this sector is just as easily impacted by shifts in the economic climate. This sector is not one of hobbies or recreational pursuits. In fact, Statistics Canada has noted that culture employment grew at a much greater rate than the workforce as a whole over the period 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.⁵

There is a strong 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 non-governmental revenues for every \$1 invested by the government.⁶ An additional bonus to this small investment is the employment levels which naturally rise as a result. Millions of Canadians purchase books, magazines, films, new media products, and sound recording materials. Statistics Canada estimated that household expenditures on cultural products continue to grow every year.

Those pursuing careers in the arts and culture sector are dynamic professionals within the Canadian labour market. Generally more educated, they boast a high level of self-employment and often work in multiple capacities, within a variety of fields. The percentage of Canadians working in the culture sector who are self-employed (26%) is more than twice as high as the percentage of self-employed people in the overall economy (12%).⁷ 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."⁸

Though investing in the cultural sector may seem less concrete than in infrastructure, industry or natural resources, 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. Rooted in its increasing cultural diversity, Canadian creativity is a non-polluting and inexhaustible natural resource to help grow the Canadian economy.

Summary of Recommendations:

- 1) Audience and market development at home and abroad
 - The CCA asks the government to dedicate \$40 million of "new money" in order to expand its capacity to support market development nationally and internationally for Canadian artists, cultural institutions, and industries.
- 2) Canada Council for the Arts
 - The CCA asks the government to increase the base budget of the Canada Council for the

⁴ *Valuing Culture: Measuring and Understanding Canada's Creative Economy*, Conference Board of Canada, August 2008.

⁵ *Culture Employment in a North American Context: 1981-2001*, Statistics Canada, August 2007.

⁶ *Finances of Performing Arts Organizations*, Hill Strategies, November 2008.

⁷ *The Effect of the Global Economic Recession on Canada's Creative Economy in 2009*, Conference Board of Canada/Cultural Human Resources Council, November 2009.

⁸ *Enriching our Work in Culture: Professional Development in Ontario's Cultural Sector*, Cultural Careers Council Ontario, March 2008.

Arts by an additional \$30 million beginning in 2011-12, with a view to reach \$ 300 million by 2015.

- 3) Training and Internship/Mentorship Opportunities
 - The Department of Human Resources and Skill Development (HRSDC) should expand access to EI training support for the self-employed.
 - HRSDC should dedicate \$1 million per year for five years to foster the professional development of cultural workers through internships and mentorships.
- 4) National Museum Policy
 - In the context of a new National Museum Policy, the CCA asks the federal government to dedicate an additional \$ 50 million to promote Canada's national heritage, exhibit Canadian stories, and preserve our culture.
- 5) Cultural Statistics
 - The CCA asks the government to give an additional \$1 million to the Department of Canadian Heritage (PCH) to develop and maintain with Statistics Canada a satellite account for culture as is done for tourism and the voluntary sector.
- 6) Philanthropy Incentives
 - The CCA supports Imagine Canada's suggestion to establish a "stretch" tax credit that would increase the federal charitable tax credit by an additional 10% on all new giving up to \$10,000, in order to increase the flow of charitable gifts from Canadians

Recommendation 1: Audience and Market Development at Home and Abroad

Canada is blessed with a very high proportion of artists, creators, cultural institutions and industries but is greatly handicapped by its small internal markets 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.

There must be a targeted strategy to promote our cultural goods abroad in order to create a cultural goods surplus in trade. According to Hill Strategies and Statistics Canada, in 2008, total exports of culture goods amounted to \$1.7 billion, a deficit of \$2.4 billion when compared with the \$4.1 billion in imports in that year. While there has been a large trade deficit in culture goods since 2000, this is the largest deficit during the period. In fact, the culture goods deficit is 45% higher than in 2000.⁹

Though the government has made definitive investments in the creative economy, the CCA urges that the 2011 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 to assist in this process.

Recommendation 2: Canada Council for the Arts

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 2011 federal budget make an additional recurrent increase of \$ 30 million a 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 2015.

⁹ *Culture and International Trade*, Hill Strategies, Arts Research Monitor 8.8 - January 2010.

Recommendation 3: Training and Internship/Mentorship Opportunities

HRSDC should expand access to EI training support for the self-employed. Since an overwhelming number of artists are self employed, they are not eligible for access to training support through the EI system. They are nonetheless a critical component of the creative economy and it is important that the government support training for them so that artists can contribute fully in the new environment. In an ever changing technological environment, it is crucial that like other workers in the creative economy, artists keep their skills up to date (e.g. motion capture for performers and 3-D technologies for camera operators and cinematographers).

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. A recent study reveals the extent of this need:

“Cultural stakeholders have, by and large, underlined the difficulty of gaining access to relevant training in all sub-sectors: access to curriculum appropriate to market needs, access to proficiency training, access to properly equipped labs, access to qualified trainers and, on a basic level, access to training for workers in the regions, for French-speaking workers outside of Québec and for First Peoples.

The creator, performer and cultural worker of the new millennium are increasingly in need of multi-disciplinary competencies, i.e. the competencies not directly related to the artistic discipline or to the cultural work, but rather those competencies which round out the ‘tool box’ of skills possessed by workers in the sector.

To succeed and take an active role in the new economy, creators and cultural workers must develop, parallel to their professional skills, general and career management competencies. These include the ability to understand and negotiate contracts, to actively network, to assess one’s progress and review one’s goals.”¹⁰

HRSDC should dedicate \$1 million per year for five years to foster the professional development of cultural workers through internships and mentorships programs uniquely designed to meet the needs of the cultural sector. Current internship programs are renewed on a year to year basis, which does not allow for strategic planning to ensure a smooth and effective transition of culture professionals from school to work; and their criteria are often inappropriate for the needs of cultural employers. In combination with a pan-provincial approach to arts education in primary and high school, more opportunities are needed for mentorships and internships to bridge the gap from school to work. CHRC and a number of national arts service organizations are well placed to administer such funds.

In highlighting the importance of Training and Internship/Mentorship opportunities, the CCA also underlines the value of the leadership and strategic initiatives of CHRC in addressing HR and training challenges in the cultural sector. The CCA on behalf of the sector urges the government to continue its support of the Sector Council program which supports CHRC.

Recommendation 4: Museum Policy

The CCA applauds the decision to give an additional \$15 million in one-time funding for the capital-region national museums to address accumulated operating pressures. However, alleviating pressures on a one time basis will not correct systemic issues until museums can strategically orient themselves with financial security. Over the years, the CCA has called for a National Museum Policy in line with the three priorities established by the Canadian Museum Association.¹¹ These goals would prioritize: increased engagement of citizens and attraction for domestic and foreign visitors, better preservation of collections and

¹⁰ *Face of the Future: Findings and Recommendations*, Cultural Human Resources Council, 2002.

¹¹ *CMA’s Recommendation for the New Museum Policy*, Canadian Museums Association. www.museums.ca

knowledge, and the financial stabilization of museums in Canada. Programming components would include:

- Predictable, multi-year funding allowing museums to design and implement transformative programs.
- Project funding geared to the diverse needs of museums; including traveling exhibition assistance, professional development, international projects, and Aboriginal museums projects.
- Incentives to develop endowment programs, providing the means for some museums to be more self-reliant; this includes endowment incentives, development capacity building, conservations centres, and research granting councils.¹²

Despite the broad consensus achieved in 2005 on a new national museum policy, the past five 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 killed and turned into a programming branch of Library and Archives Canada.

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.

Recommendation 5: Cultural Statistics

Like for all other sectors of the Canadian economy, the arts and culture sector and different levels of governments need accurate and timely statistics to plan and evaluate policies and programs. Over the past fifteen years, due to successive budget cuts, the once internationally renowned Canadian cultural statistics have suffered considerable deterioration. 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 last year's cost-cutting measures, the agency 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 recommends that the next federal budget allocate an additional \$1 million to PCH to develop and maintain at Statistics Canada a satellite account for culture as is done for tourism and the voluntary sector.

On another note, the CCA asks once again the government not to forego the mandatory nature of the long-form census. Reliable statistics are a public good which the federal government is responsible for providing to Canadians. Depriving Canada of these vital statistics will disable any future comparison with past census. We will not know if our economy is improving, if our population is more diverse, if our educational system is catering to our multicultural needs or if our healthcare system is addressing major shifts if the population's age. Governments at all levels, as well as the nation's cultural organizations, directly or indirectly use the long-form census to help design policy, plan and evaluate programs. An understanding of the changing demographics of individual communities and neighbourhoods is essential when planning cultural programs, designing cultural infrastructure and more. As mentioned above, a voluntary survey of households with an increased advertising campaign will cost \$ 30 million more to Canadian taxpayers for useless data. This is contrary to the principles of fiscal responsibility which the government is constantly referring to.

Recommendation 6: Incentives for more philanthropy

The CCA supports the proposition of Imagine Canada to establish a "stretch" tax credit that would increase the federal charitable tax credit by an additional 10% on all new giving up to \$10,000, in order to increase the flow of charitable gifts from Canadians.

¹² *Canada's Museums: Key Policy Messages*, Canadian Museums Association. www.museums.ca

Conclusion

While the CCA understands the necessity to start eliminating the annual federal budget deficit, we submit that it would be very short-sighted to slash investments in the arts and culture sector, particularly given the fact that it still has to feel the main impacts of the recent economic crisis. Arts and culture are an important component of the creative economy - where Canada's future lies.

In the digital age, it is of utmost importance for a nation not only to invest in digital infrastructure but also in content development. Canadians have a duty to support the development of all forms of cultural content which reflects their identity as a nation, contributes to the country's reputation abroad and supports our commercial objectives on the international scene, while at the same time making an important financial contribution to the domestic economy.