

CREATING PROSPERITY:

The Canadian Arts Sector and the Creative Economy

Brief to the Standing Committee on Finance: Pre-budget consultations Fall 2009

Submitted to:

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"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

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The Canadian Arts Presenting Association/l'Association canadienne des organismes artistiques (CAPACOA) represents over 130 professional for-profit and not-for-profit presenters, presenter networks, artistic companies, agents, managers and other stake holders working across the presenting and touring sector in Canada. Collectively our network members represent more than 2000 professional and volunteer organizations, associations and companies. We are well positioned to inform the government about the contributions made by our members and the broader arts community regarding the quality of life enjoyed by, and the impact of arts and culture on, Canadian citizens.

CAPACOA makes the following recommendations to the committee for consideration for Canada's Federal budget 2010:

1. Supporting the development, production, promotion and dissemination of Canadian works of art through the Canada Council for the Arts by increasing its budget to \$300 million over three years.

Artistic Creation

Canada Council's base Parliamentary appropriation has increased from \$150m in 2005/06 to \$180m in 2009/10,¹ and while this growth is noted, more investment is required to effectively support artistic creation in this country. In order to meet the current, and increasing demands on existing programs, the base budget of the Canada Council for the Arts should be increased to \$300 million over the course of the next three years. The Canada Council continues to be acknowledged by the community as an appropriate organization to support, through its granting programs, artistic creation and dissemination. In 2008 the Office of the Auditor General praised the Canada Council for its dedication to accountability and transparency.

The Canada Council for the Arts funds a variety of programs, and shows unshakable commitment to its mission, mandate and strategic priorities. Increasing the funds available for operating, project, touring (public dissemination) and other types of programs will allow emerging, younger and more diverse arts organizations to gain access to a reliable level of support. Through this process new and exciting artistic creation will find its way onto stages and into venues in communities throughout the nation, and provide significant local economic, as well as artistic, impact. In "2005-06, dance touring artists and arts organizations generated \$2.7 million in earned and other revenue while music tours generated \$1.3 million and theatre generated \$1.8 million. Each dollar invested by the Canada Council in touring grants generated \$1.64 in guarantees and other revenue for artists and arts organizations in 2005-06."²

1 Canada Council Website, Grant Statistics

2 Report on the Outcomes of Performing Arts Touring Grants 2005-06, Canada Council for the Arts

2. Investing in a \$25 million Market Access and Development program that will help connect Canadians to arts and culture and help export-ready Canadian cultural products reach the global marketplace.

In Canada's Economic Action Plan: A Second Report to Canadians, the government states that it wants to "expand trade [to] ensure that trade keeps flowing [...] to better compete globally".³ Canada is a relatively small market dispersed across a large geography. Therefore, the success of many culture products and services depends significantly on international trade. The culture sector also helps to attract talent and investment in other sectors of the economy by contributing to the attractiveness of Canadian cities and communities. International trade serves to enhance understanding of diverse cultures and builds greater awareness of Canada's cultural milieu. Further, it provides an opportunity to promote Canada's distinctive cultural brand.^{4a}

The Conference Board of Canada estimates that real exports of culture services were worth over \$3.3 billion in 2007. Adding in exports of culture goods brings the total value of real culture exports to about \$5 billion in 2007, about 1 per cent of Canada's total exports.^{4b}

Canadian Arts and Culture at Home: Domestic Market Development

Canadian artistic companies and presenters are committed to working together, reaching as many Canadians as possible and overcoming geographic and other barriers through the expansion and development of domestic markets. CAPACOA members and network memberships work to present live performing arts in regions and venues as diverse as the North Peace Cultural Centre in Fort St. John, BC, through the RADARTS network in Caraquet, NB to the Banff Centre in Alberta to the Northern Arts and Cultural Centre in Yellowknife, NT. Canadian presenters, artists and arts organizations are committed to providing Canadians with arts experiences and engaging Canadian audiences no matter where they reside or what the challenges in touring such a vast country may be.

News of the renewal of the Canada Arts Presentation Fund (formerly APC) has been well received by CAPACOA members, emphasizing the governments commitment to ensuring access to a diversity of high-quality artistic experiences. This strategic approach to domestic market development and community engagement demonstrates the governments maturing appreciation of the sector, but in order to maintain and grow this commitment the CAPF program budget will need to expand beyond current levels.

Expanding domestic markets is important to all cultural industries. The Canadian arts and cultural sector produces a diverse range of goods and services in all provinces and territories of Canada. With [...] extraordinary creative potential, Canadian entrepreneurs need [domestic and] export markets for sustainable growth and development. In 2007, Statistics Canada released a study that examined the economic contribution of the culture sector in Canada. The result of the study showed that the sector:

³ Canada's Economic Action Plan A Second Report to Canadians June 2009

^{4 a} Valuing Culture: Measuring and Understanding Canada's Creative Economy, Conference Board of Canada, 2008

^{4b} Conference Board of Canada, op cit

- Contributed \$43.2 Billion to the Canadian economy,
- Represented 3.9% of national employment, and
- Accounted for 3.8% of Gross Domestic Product.⁵

Canadian Arts and Culture around the World: International Market Development

Arts and cultural activities express Canadian identity at home and abroad, and increasingly, Canada is becoming known as a cosmopolitan, multicultural, creative and dynamic country. This reputation is generating a greater demand for Canadian-produced works of art, and it is helping to position Canada internationally. Artists are a source of pride for Canadians, they speak volumes about the Canadian way of life and they are taking that message to the world.⁶ Development of international markets is extremely important to economic and artistic success, and many Canadian artistic companies seek opportunities in the global marketplace. To increase international trade the Government needs to help stimulate and support the global dissemination of Canadian cultural services. For example, the opportunity to *showcase* Canadian talent opens up foreign markets, conveys much about Canadian values to foreign audiences, and reinforces Canada's profile around the globe. Increasing the export of cultural products and services will also boost tourism at home by providing foreign travelers with exciting reasons to visit Canadian cities and see some of our celebrated presenters and artists through local festivals, series and events. [The recent MTEP program is an excellent example of the governments commitment to ensuring tourism events can remain competitive from within and outside Canada].

In order to compete in existing and emerging global markets, considerable support must be directed to artists, arts organizations, agents, arts managers, presenters and buyers for travel, touring, exhibitions and promotion in international markets. New technologies combined with more liberal trade policies are creating pressure on previous cultural policies that have served to create a strong and diverse, internationally renowned, Canadian culture. The rapid changes in the cultural marketplace highlight the urgent need for government to refine our cultural strategies⁷— and investing in international market development must be a priority. Performing arts organizations, like other businesses, want to respond to the global marketplace and “have ready access to foreign markets to compete with the best in the world.”⁸

3. Increase the tax credit to 39% on gifts between \$200 and \$10,000 to increase the flow of charitable gifts from middle-income Canadians.

The not-for-profit sector encompasses two million Canadians.⁹ Many of these organizations are capable of progress, high-quality service delivery, even innovation during times of economic downturn. CAPACOA would like to see bridge financing and employment and training programs funded

⁵ Canada's Cultural Trade – Trade and Investment Branch, Department of Canadian Heritage

⁶ Key Messages, Canada Council for the Arts www.canadacouncil.ca/aboutus/Promotion/sb127305898700625000.htm

⁷ New Strategies for Culture and Trade Canadian Culture in a Global World, DFAIT – Canadian Culture in a Global World

www.international.gc.ca/trade-agreements-accords-commerciaux/fo/canculture.aspx?lang=en

⁸ Canada Council for the Arts Annual report 2007-08 <http://www.canadacouncil.ca/home-e.htm>

⁹ Conference Board of Canada, op cit

through departments such as HRSDC and Industry Canada to recognize the remarkable contribution not-for-profits and charities and the many Canadians employed in the sector are making to the new economy.

The charitable tax credit is typically claimed by about 25% of tax filers every year. The credit is currently set at a 15% for the first \$200 donated and 29% on any portion above that amount. It creates a real incentive for Canadians to help other Canadians through charitable donations. This incentive is useful in every community of the country and is, in part, responsible for the \$8 billion in contributions made to charities each year.¹⁰ In the government's own Canada Survey of Giving, Volunteering and Participating, 53% of Canadians report that they would give more to charitable causes if a better tax credit were in place.¹¹

In the performing arts sector the economic slowdown has resulted in lost revenues from diminished corporate sponsorships and endowments. Increasing incentives for individual Canadians to support the charity of their choice by raising the tax credit on charitable donations will help off-set some of the losses that arts organizations are facing during the current economic slowdown, and will demonstrate the Government's support for and confidence in the charitable sector.

Creating Prosperity – The Canadian Arts Sector and the Creative Economy

The arts and culture sector is key to growth in prosperity for Canadians. Canadian arts and culture add value through:

- Significant and growing contributions to Canada's economy – 7.4% of Canada's GDP in 2007¹²
- Promoting an engaged citizenry [community engagement] as participation in arts and culture also promotes voluntarism, philanthropy and a sense of community¹³
- Improving quality of life for Canadians across the country, in every community – 36% of artists live and work outside major urban centres¹⁴
- Understanding every \$1 of real value-added GDP produced by Canada's culture industries is roughly \$1.84 is added to overall real GDP¹⁵
- Employing approximately 616,000 in 2003, which represented 3.9 per cent of national employment¹⁶

In June 2009 the government again recognized the important role that the arts and culture sector plays by renewing critical Canadian Heritage investments, including the Canada Arts Presentation Fund, Canada Cultural Spaces Fund, Canada Arts Training Fund, and the Canada Cultural Investment Fund for five years. In July the Canada Music Fund was renewed, with dedicated international development funds for that industry. We thank the government for these significant commitments to the stability of the broader sector and the resulting benefits to Canadians.

10 Hill, Kelly "Artists in Small and Rural Municipalities in Canada" Hill Strategies Research Inc. February, 2006.

11 Statistics Canada 2006 Census. "The Daily" June 17, 2008 www.statcan.ca/Daily/English/080617/d080617b.htm

12 Ibid.

13 Conference Board of Canada, op cit

14 Anhol-GMI Nation Brands Index, May 2005

15 Conference Board of Canada, op cit

16 Ibid.

It is essential that government continue to develop policy and make significant, ongoing investments in arts and culture for the benefit of Canada and all Canadians. These times create a keen opportunity for the government to take its rightful place as an international leader, championing its arts and cultural industries and bringing Canadian culture into homes, hearts and communities around the globe.

In Conclusion

CAPACOA and many of its presenter and network members are clients of the Canada Arts Presentation Fund (formerly Arts Presentation Canada - APC) delivered through the Department of Canadian Heritage. In June 2009, Minister Moore announced the five-year renewal of this highly-effective and important program. Presenters are an elemental part of the touring ecology and of arts and culture as a whole. CAPACOA feels that the Department of Canadian Heritage can and should enhance its role in the delivery of programs and services that support not only the domestic arts presentation, but international audience and market development as well. CAPACOA looks forward to working with both the Canada Council for the Arts and the Department of Canadian Heritage in the future to maximize potential for Canadians, Canadian arts and culture and the global economy.

We thank the committee for your thoughtful consideration in the past, and urge you to continue to show your support for the arts and culture sector by helping to ensure the above recommendations are integrated into the 2010 Federal Budget.

The arts are the foundation on which the creative economy is being built. The cultural sector provides jobs to more Canadians than the automotive sector and generates an increasing contribution to Canada's GDP. Strategic investment in the arts and culture sector *must* be part of any plan to ensure prosperity and a sustainable future for Canadians.

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The Canadian Arts Presenting Association/l'Association canadienne des organismes artistiques (CAPACOA) is a member of the Performing Arts Alliance (PAA – Canadian Dance Assembly, Opera.ca, Orchestras Canada and the Professional Association of Canadian Theatres).