

# Written Submission for the Pre-budget Consultations in Advance of the 2022 Federal Budget

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By

**Business / Arts**

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## Business / Arts recommends the following measures to the Federal Government:

1. Establish a national, independent commission to explore cultural policy for Canada in the 21<sup>st</sup> Century.
2. Build a new Income Insurance and Benefits program that is open and accessible to all workers to replace the out-dated Employment Insurance system.
3. Promote increased participation of audiences and donors in arts and culture to drive the recovery.

### About Business / Arts

Business / Arts is a national charitable organization that shows the power of partnership between business and arts. Through initiatives like the Canadian Arts Summit and the artsvest program, Business / Arts is uniquely positioned to bring together business, private patrons, government and the arts, all in the service of ensuring a thriving arts and culture sector.

Throughout the COVID-19 pandemic, Business / Arts had swiftly re-evaluated our role to meet the new needs of the arts sector. We mobilized a series of free virtual gatherings for the sector to hear from arts and business leaders and key government officials including Heritage Minister Stephen Guilbeault and Parliamentary Secretary to the Minister of Heritage Julie Dabrusin. Meanwhile, in partnership with the National Arts Centre and Nanos Research, Business / Arts spearheaded the [Arts Response Tracking Survey](#) to monitor and gauge Canadians attitudes on returning to arts and culture events across the country.

### A New Culture Industries Commission for the 21<sup>st</sup> Century

In April 2021, Peter Herrndorf, Chair of the Board of Directors of Luminato Festival and the former President and CEO of the National Arts Centre (1999 – 2018) presented to the Senate Action Group on Canadian Prosperity. He argued that the arts should play a vital role in the recovery from the COVID-19 pandemic but more importantly also play a key role in the “development of a prosperous 21<sup>st</sup> century Canada.”<sup>1</sup> In 2018, the creative industries accounted for \$56.1 Billion, making up 2.7% of Canada’s overall GDP and more than 655,000 jobs<sup>2</sup>, but with strategic investment and the proper policy framework we could see enormous growth in this sector in the coming years.

To achieve this aim, Business / Arts supports Mr. Herrndorf’s proposal that the Federal Government establish a new national commission to explore cultural policy for Canada in the 21<sup>st</sup> century. Looking back at the 1951 Massey Commission as a predecessor, it was fundamental in forming the public policies, institutions and funding structures that influenced and elevated

Canadian artists and culture producers in the second half of the 20<sup>th</sup> century until today. Initiatives stemming from the Massey Report included:

*"The expansion of CBC/Radio-Canada and the National Film Board. The creation of the Canada Council for the Arts. Later on, the National Arts Centre and the CRTC. Canadian content rules that got Canadian music onto the radio. And education initiatives that got Canadian books onto the curriculum ... and into the hearts and minds of Canadian kids. All of these efforts helped the country forge a much stronger sense of its own identity."<sup>3</sup>*

Considering how substantially our country, its culture and the nature of creative work have all grown and changed over the past 70 years, a careful examination of the structures, regulations and policies shaping the creative industries was already long overdue. Then, the disruptions of the pandemic revealed how deep the fault lines were within our sector. We suddenly could no longer ignore a long list of problems including: a precarious workforce, unpredictable and unsustainable revenue models, chronic under-resourcing and the lack of capacity, training and skill development at cultural organizations and the structural racism at play within our institutions, among other issues.

These are not problems that can be fixed by making small adjustments to existing structures. To meet the big challenges of the 21st century head-on we need to boldly look at the creative industries as a whole and ask: What radical changes and innovative new approaches can put us on a path to a thriving creative sector for the next 70 years?

A new commission could look at issues from taxation policies and regulations for charitable and not-for-profit organizations, to the big questions of what purpose does art serve in our communities and Canadian society at large. Owais Lightwala, writing in the Canadian Theatre Review, suggested, "A commission on arts and culture would have to tackle a major overhaul of our understanding of copyright, business models, and property ownership in a digital world. It would need to be in collaboration with, rather than defending against, other countries in a globalized and interconnected world. It would centre Indigenous reconciliation and sovereignty. It would move toward a deeper integration with overlapping parts of culture like education and urban planning. Perhaps most radically, it would propose the development of a new form of agile institution, one that does not require seventy years of criticism to change."<sup>4</sup>

The disruptions of the pandemic have created a momentous opportunity. As Mr. Herrndorf says "We can use this moment as an opportunity to do things differently, rather than fix the cracks that have appeared in the last 70 years. Let's see which public policies need additional support, which need to be adjusted, and which ones we can let go."<sup>5</sup> The time is ripe for a new Creative Industries Commission that embraces the rich and complex culture that Canada has become and

positions creative Canadians to reach their top potential as international leaders at the forefront of creativity and innovation. We have much to gain from such a project, as Mr. Lightwala concludes, “A new commission could cement the place of arts, not as an economic or nationalistic project, but as a contributor to well-being, identity, and meaning.”<sup>6</sup>

### **Build a New Income Support Programs for All Workers**

One of the first and most pressing structures that need substantial change is the Employment Insurance program. When the pandemic shut-downs occurred in March 2020, a large percentage of independent artists and culture workers were not eligible for EI support. The Canadian Emergency Response Benefit (CERB) was a critical lifeline for these workers. Access to CERB was essential for a large portion of arts workers to be able to cover life’s essentials such groceries and rent when their normal forms of revenue-generating activities within the cultural economy were almost completely shut-down. Business / Arts is grateful that these gig and freelance workers were supported during the critical time of emergency, but they should have access to income support regardless of a global health crisis.

The reality is that employment in many sectors no longer resembles the traditional 9-to-5 permanent job that the Employment Insurance system was designed around. Self-employed, gig and freelance workers represent a growing portion of the workforce, but is especially high in the arts and culture sector. 52% of professional artists and 26% of culture workers are self-employed compared to only 12% of all Canadian workers. In 2016, Hill Strategies reported there are 158,100 artists, representing almost 1% of the overall Canadian labour force and making up more than the total of workers in automotive manufacturing (146,000) and utilities (136,400). Additionally, cultural workers account for 4% of the overall labour force, double those working in real estate and slightly higher than the labour force in the wholesale trade industry.<sup>7</sup>

We call on the Federal government to design a new Income Insurance and Benefits Program that is open and accessible to *all workers*, regardless of whether they have full-time or part-time employment or are self-employed as freelance and gig workers. It is time to end a system that recognizes some workers as eligible for support while others are left out. All workers deserve to be able to access support when they need it most due to job loss, parental leave, being a care-giver, sickness or other related reasons. A fair and accessible Income Insurance program would make a life-changing difference to the most precarious and vulnerable workers in our society, artists and cultural workers among them.

## Promote Increased Participation of Audiences and Donors in the Arts to Drive Recovery

Business / Arts calls on the Federal Government to put in place initiatives that will promote increased public participation in the arts as both audiences and donors to stimulate the recovery. This can be done through a three-pronged strategy:

- a) Support a coordinated and collective marketing campaign to promote attendance at in-person events

The most recent [Arts Response Tracking Survey](#) reported there is still a significant percentage of Canadian culture-goers who are hesitant to attend indoor arts and culture events with 15% saying they will wait for 1 to 5 months, and 12% who would wait 6 months or more to return to indoor events after business reopen. More concerning, is the 28% who are even more reluctant, saying they are “not sure” when they will feel comfortable returning to indoor events and 4% who believe they never will return to the arts.<sup>8</sup>

This is a significant drop in the size of the arts and culture audience in the reopening phase compared to 2019 pre-pandemic levels. Arts organizations are following all public health guidelines and doing everything in their power to instill confidence that their venues and spaces are safe and comfortable. To reach 2019 attendance levels will take considerable time, as well as a concerted effort and ongoing messaging to motivate the reluctant members of the public to come back to venues and arts spaces.

There already exists a national annual arts and culture awareness and participation campaign, called [Culture Days](#) and the affiliated event [Les Journées de la culture](#) in Quebec, which take place in the fall. Thousands of cultural organizations across the country participate annually as a way of connecting with audiences and communities and to promote cultural participation. Annually, Culture Days and Les Journées attracts an estimated 2 million+ Canadians to hands-on and participatory events in their communities.

With this existing network in place, a new awareness campaign does not need to be built from scratch. The Federal Government should simply provide greater resources to this annual campaign to amplify its reach and effectiveness. Arts and cultural organizations of all sizes across the country should be encouraged to take part in the campaign as a collective sectoral-wide effort to re-engage the public and motivate their participation and attendance in arts and culture.

- b) Continue to invest in digital infrastructure so that arts and culture organizations can improve accessibility and reach

Throughout the pandemic, many arts and culture organizations pivoted quickly to digital offerings to be able to continue to connect with their audiences while venues and facilities were closed. Likewise, 81% of Canadian culture-goers accessed their favourite arts and culture organizations via virtual events and online content.<sup>9</sup> Not surprisingly, Canadians said they

appreciated the entertainment-value of these digital offerings but in the March edition of the Arts Response Tracking Survey, they also reported highly valuing the accessibility and convenience of virtual cultural activities. Meanwhile arts organizations realized that their digital offerings enabled them to reach audiences who may not be normally able to attend in-person events due to physical barriers, travel distances or other restrictions. Many organizations discovered they could reach national and even international audiences without the cost and environmental impact of touring.

Now that the public has become accustomed to experiencing online arts and culture 34% of Canadian culture-goers report that they expect to continue to consume online arts experiences after they can return to in-person events.<sup>10</sup> As a result, once arts organizations can fully reopen, it won't be a matter of simply pivoting back to original in-person programming. Instead, there will be continued demand for online and hybrid events.

Many arts organizations 'made-do' in their pandemic digital pivot with whatever equipment and facilities they had, which resulted in many low-tech and modest online presentations. Yet going forward, audiences will expect higher quality productions, more sophisticated interactivity and more professional digital experiences. As a result, arts organizations will need to continually keep up with the latest in digital technology, equipment, platforms and software to be able to compete for sophisticated online audiences.

Business / Arts applauds the investments to date in supporting the digital shift via the Canada Council's Digital Now program. We call on the Federal government to continue to invest on an on-going basis in digital infrastructure so that arts organizations can effectively engage national and international audiences online for years to come.

- c) Create a national matching fund program that encourages smaller donors to personally contribute to the pandemic recovery of arts and culture while instilling the habit of giving in the Canadian public.

In Fall 2020, the Arts Response Tracking Survey showed that intentions by private citizens to make donations to arts and cultural organizations dropped 20% in 2020 compared to the previous year, with the average intended donation estimated at just \$126.<sup>11</sup> This trend in arts and culture donations is more broadly reflected in the charitable sector where Imagine Canada reports that "Revenue from donations and earned income has declined for most charities."<sup>12</sup>

Prior to the pandemic, Imagine Canada estimated that individual Canadians made approximately \$14.3 Billion in donations to charities in 2014, with arts and culture accounting for just 1% of those donations.<sup>13</sup> Meanwhile, donations comprise a noteworthy portion of arts and cultural organizations' revenues, with individual donations and fundraising events accounting for 11% of operating revenues in 2010 for not-for-profit performing arts, heritage organizations and museums.<sup>14</sup> Additionally, large cultural institutions that have dedicated fundraising staff and access to affluent donors account for the bulk of these private donations. Small and medium-

sized cultural organizations, especially those run by members of equity-seeking groups lack the capacity, resources and access to pursue private giving campaigns. Thus, this data shows that private donations are important to the bottom-line of arts organizations but there is still much room to increase the role of private giving, especially for smaller organizations.

It would be a start to see previous donors return to pre-pandemic giving levels, but what the Canadian charitable sector really needs is a significant increase in overall giving. Only 55% of Canadians earning more than \$100,000 annually give to charity at an average of 1.63% of their income.<sup>15</sup> What if the remaining 45% of Canadian non-donors in that income bracket could also be encouraged to begin giving small amounts? Imagine Canada crunched the numbers:

*"If all those earning more than \$100,000 per year were to give at least 1% to charity, and current donors already giving more than 1% maintain those giving levels, giving would rise by \$1.6 billion. And, if all Canadians were to give at least 1%, while current donors already giving more than 1% maintain their giving levels, giving would rise by \$10.2 billion."*<sup>16</sup>

Thus, we can see individual Canadians have the power to make a profound impact on stimulating the recovery of arts and culture and the broader charitable sector. Yet, how do we nurture a stronger culture of philanthropy in Canada?

We know that most donors are motivated by emotional reasons such as compassion, personal affinity for a cause and the desire to have a positive impact rather than by tax receipts. Thus, the best method to stimulate charitable giving is by demonstrating to Canadians that their small gifts can have big impacts. This could be done through a Federal matching donation program that encourages Canadians to personally see themselves making a difference to the pandemic recovery by contributing their dollars, which are then multiplied through matching. Additionally, this program could have the greatest impact by targeted support to smaller arts and cultural organizations that struggle to secure donors on their own. Through such a matching fund, the federal government can encourage new and small donors to get into the giving habit while simultaneously building fundraising capacity in the arts and culture sector.

#### Notes:

1. Peter Herrndorf, Presentation to the Senate Action Group on Canadian Prosperity, April 19, 2021
2. Canada's Creative Export Strategy (<https://www.canada.ca/en/canadian-heritage/services/exporting-creative-industries/creative-export-strategy.html>)
3. Herrndorf.
4. Owais Lightwala, "All I want for Christmas is a New Massey Commission", Canadian Theatre Review, July 20, 2021 (<https://ctr.utpjournals.press/eprint/9TS7XRDKSZEUJBjTWVQ/full>)
5. Herrndorf.

6. Lightwala
7. Hill Strategies: A Statistical profile of Artists in Canada in 2016. November 27, 2019 (<https://hillstrategies.com/resource/statistical-profile-of-artists-in-canada-in-2016/> )
8. Business / Arts, National Arts Centre and Nanos Research: Arts Response Tracking Survey, July 7, 2021. (<http://www.businessandarts.org/resources/arts-response-tracking-study/>)
9. Business / Arts, National Arts Centre and Nanos Research: Arts Response Tracking Survey, March 24, 2021 (<http://www.businessandarts.org/resources/arts-response-tracking-study/>)
10. Business / Arts, National Arts Centre and Nanos Research: Arts Response Tracking Survey, March 24, 2021 (<http://www.businessandarts.org/resources/arts-response-tracking-study/>)
11. Business / Arts, National Arts Centre and Nanos Research: Arts Response Tracking Survey, July 2020 (<http://www.businessandarts.org/resources/arts-response-tracking-study/>)
12. Imagine Canada, "New Study: Ongoing Impacts of the Covid-19 Crisis on the Charitable sector", February 17, 2021 (<https://imaginecanada.ca/en/360/ongoing-impacts-covid-19-crisis-charitable-sector>)
13. Imagine Canada: 30 years of Giving in Canada. 2018 [https://imaginecanada.ca/sites/default/files/2019-05/30years\\_report\\_en.pdf](https://imaginecanada.ca/sites/default/files/2019-05/30years_report_en.pdf)
14. Hill Strategies: Volunteers and Donors in Arts and Culture organizations in Canada in 2010, March 20, 2013 (<https://hillstrategies.com/resource/volunteers-and-donors-in-arts-and-culture-organizations-in-canada-in-2010/> )
15. Michèle Benoit, "The Personal Philanthropy Project: Inspiring Canada's Affluent to Give More", The Philanthropist, March 6, 2017 ( <https://thephilanthropist.ca/2017/03/the-personal-philanthropy-project-inspiring-canadas-affluent-to-give-more/>)
16. Benoit