

Written Submission for the Pre-budget Consultations in Advance of the 2025 Federal Budget

August 2nd, 2024

About Business / Arts

Celebrating its 50th anniversary in 2024, Business / Arts is a national charitable organization that shows the power of partnership between business and arts. Through initiatives like the [Canadian Arts Summit](#), the [artsvest](#) program and ongoing research such as the [Arts Response Tracking Survey \(ARTS\)](#), 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.

Business / Arts recommends the following measures to the Federal Government for the 2025 Budget.

Recommendation #1 - Renew funding for artsvest - a national program that has operated since 2005 and currently provides skills training to 600+ arts and culture organizations in 176 federal ridings.

The 2024 budget eliminated the Strategic Initiatives Component of the Canada Cultural Investment Fund at the Department of Canadian Heritage. Major longstanding national programs that were funded through this stream are now facing the serious threat of closure in the absence of any alternate funding options provided by the Department. Among them is *artsvest*, our national skills training program that supports over 600 small arts organizations across Canada, 70% of whom serve rural, remote, BIPOC, and under-served communities.

At its core, *artsvest* aims to make small and medium sized arts and culture organizations less reliant on government funding by building their capacity for sponsorships and fundraising. The program is highly responsive and accessible, providing free training and mentorship in a broad range of themes including fund development, marketing, board governance, strategic planning, and change management. *artsvest* is a perfect example of a high-impact public-private partnership – for every dollar invested by the federal government, an additional 2.7 dollars are generated from businesses and partners – all leading to a healthier and more resilient society. Combined with regional matching funds, the cumulative financial impact of *artsvest* since 2005 is a \$38.4M investment into Canada's cultural sector.

The current phase (*artsvest* Phase V) is a 4-year federal investment of \$1.8 million. This phase is set to end in March 2026 with no future federal funding. At risk are also several long-term multilateral partnerships that match the federal contribution including: Province of BC, Alberta Foundation for the Arts, Province of Saskatchewan, City of Toronto, and Ontario Arts Council.

At a time when the arts and heritage sector is struggling with many financial pressures, we need investments that leverage public-private partnerships and strengthen the ability of arts organizations to seek private sector revenues. Continued investment in *artsvest* will ensure that we can continue to deliver national results that achieve your government's goals for a stronger and more resilient arts and culture sector.

We urge the Government of Canada to renew investment for *artsvest* and ensure that there is sustained long-term funding in 2026 and beyond. Further, it is critical that this funding stability be committed no later than April 2025 to ensure no gaps in service and to continue the momentum with partners across the country. We have also provided extensive documentation for this request to the Minister for the Department of Canadian Heritage.

Recommendation #2 - Utilize smart tax levers to stimulate philanthropic activity and boost investment in the arts and culture sector.

Business / Arts recommends the federal government utilize several tax levers at its disposal to stimulate philanthropy, volunteerism, and growth in the arts, culture and heritage sector.

- 1. To encourage giving among high-net worth donors and corporations:** We recommend the elimination of the capital gains tax on donations of private company shares and real estate to registered charities, as proposed by our Chair Emeritus, Mr. Donald K. Johnson, O.C. LL.D. ([Globe and Mail editorial](#) on October 18, 2021 and the January/February 2023 edition of [Policy Magazine](#)). It is estimated that the elimination of capital gains tax from private company shares and real estate would cost the government only an incremental \$50 million a year while stimulating an estimated \$200 million a year in donations to healthcare, educational, arts and cultural, and community organizations. Donations of real estate would be particularly beneficial for the infrastructure needs of the arts sector, where performance, exhibition, studio and rehearsal space is extremely difficult to finance and acquire in overheated real estate markets.
- 2. To encourage giving among younger and less affluent donors:** Over the last ten years, the number of Canadians donating to charitable organizations has dropped from 82% (2013) to 60% (2023). This represents about 6.2 million fewer donors, with almost half of them citing recent financial constraints as the primary barrier (Canada Helps, [The 2024 Giving Report](#)). This is compounded by a growing generational "Giving Gap," with the charitable sector over-relying on 55+ donors, who are a rapidly shrinking group.

We urge the government to create a national matching program that will encourage younger and less affluent donors to donate to the charitable sector with the knowledge that their small gift can double in impact. A precedent for this system exists through the federal government's matching programs during fundraising appeals for natural disasters. With public funding for the cultural sector becoming scarce, and increasing budgetary pressures on organizations, the sector needs a robust philanthropic strategy to thrive and this proposal would provide a much-needed immediate boost across the board. Government dollars will only be spent if individual Canadians first take the lead, and the direction of government spending would be determined by the causes where Canadians choose to direct their donation dollars.

- 3. To encourage volunteerism:** The arts sector is heavily reliant on a rapidly shrinking volunteer labour force, more so than any other industry. Arts and culture volunteers rank among the highest for hours contributed, with an average of 104 annual hours per volunteer, just behind hospitals, religious organizations and sports and recreation (StatsCan, [Volunteering Counts, 2021](#)). For the charitable sector as a whole, 59% of charities operating in Canada have no full-time staff and operate solely on the backs of volunteers (Canada Helps, [The 2024 Giving Report](#)). In 2018, Canada's charitable sector saw 12.7 million people (41% of Canadians) dedicate more than 1.6 billion hours to their formal volunteer activities, a volume of work equivalent to about 863,000 full-time year-round job equivalents. (StatsCan, [Volunteering Counts, 2021](#))

The same cost-of-living pressures affecting the labour-force are also discouraging volunteers from contributing their time to the charitable sector. Canada Helps reports that 55.2% of charities have fewer volunteers than before the pandemic and 42% are very concerned about volunteer attrition.

We recommend the Federal government explore how a tax credit for volunteers could stimulate citizens to consider giving-back to their local communities via the gift of their time. A tax credit would not only recognize the value of existing volunteer labour but would also stimulate new people to consider volunteering their time.

Recognizing volunteer labour with a tax credit would also encourage more diverse volunteers to serve in governance roles, leading to greater equity and representation in the sector.

There are already some precedents for such a policy in Canada, with both federal and provincial governments providing tax credits for volunteer firefighters as well as search and rescue volunteers. Meanwhile in France, a comparable policy permits companies that have a paid time-off policy for volunteering to apply for a tax reduction ([CBC, 2021](#))

Recommendation #3 - Permanently allocate 1% of government spending towards arts, culture and heritage, as proposed by the Canadian Arts Coalition.

As a founding member of the Canadian Arts Coalition, Business / Arts endorses their [submitted recommendation](#) that the government of Canada permanently allocate no less than 1% of its overall spending towards arts, culture and heritage. This translates into an overall increase of \$270 million, with a proposed distribution of \$140 million to the Canada Council for the Arts and \$130 million to the Department of Canadian Heritage.

Business / Arts also recommends that the federal government use its influence to encourage provincial and municipal governments to match this 1% target of spending dedicated to arts, culture and heritage. With a tri-lateral approach, we could see a reinvigorated and sustainable arts, culture and heritage sector that enriches our communities and Canadians' lives.

Conclusion

Budget 2024 was about Fairness for Every Generation. There is no other sector that brings different generations together and fosters a sense of belonging, empathy, and understanding, in the way that Canada's cultural sector does. The arts create space for dialogue and inclusion, they provide places for connection outside of work and home, and they provide hope for the future. The cultural sector is also a strong economic generator, providing over 835,000 jobs, a vast majority of which are filled by women and racialized Canadians. At a time when Canadians are struggling under immense pressures, it is critical for our cultural sector to remain accessible, vibrant, and resilient. Now, more than ever, Canada needs to invest in policies that will stimulate a more sustainable arts, culture and heritage sector, while providing a profound return on investment to the Canadian economy and also contributing to the well-being of our society.

Business / Arts recommends the investments and tax adjustments outlined above to support this goal, and we request to appear before the Committee during its deliberations in Fall 2024 to discuss this matter further. Thank you for considering this submission.