

Culture and the Arts

The state of the sector

The arts and culture sector in Canada is rich and diversified, but it remains relatively fragile and must count on public investments to thrive. Our country is blessed with a very high proportion of artists, creators, cultural institutions and industries, but these are greatly handicapped by our small internal markets and immense geography. In order to prosper, this important component of our economy must develop markets both internally and externally.

It is still difficult to analyze the exact impact of the economic crisis on the arts and culture sector, particularly since large segments are already impacted by structural changes brought about by new digital technologies. The good news is that the current government's 2009 Economic Action Plan did include some specific injections of new money and maintained the status quo for most existing federal investments in the sector. However, several cultural industries and institutions have suffered from a steep decline in publicity and sponsorship revenue and in subscription renewals. Several non-profit cultural organizations have also seen the revenue from their en-

dowment funds dry up. Finally, the abolition of some important programs in market development has put additional pressures on funding agencies like the Canada Council.

To ensure the continued stability and growth of the arts and culture sector, the changing realities in the Canadian labour force must be recognized. This may be implemented through measures providing greater access to social benefits and security to self-employed Canadians, which is the status of over a quarter of the cultural workforce.

Why invest in the arts and culture sector?

Investment in the arts and culture sector is good for Canada's economy, good for Canadian society, and good for building a strong, unified nation.

The ecology of Canada's economy is changing: the knowledge economy is progressively replacing an economy based on industry. The creative economy can tap into the most renewable of natural resources: the rich diversity of Canada's population. As the Cultural Careers Council of Ontario notes, "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.¹

The arts and culture sector is an important component of the creative economy, contributing in several ways to the economy, to the quality of life, and to our identity as a nation. Those pursuing careers in the arts and culture sector are dynamic professionals within the Canadian labour market. They boast a high level of self-employment and often work in multiple capacities, within a variety of fields. The sector continually evolves in order to stabilize its presence within Canada, but also to build robust audiences around the world.

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 2007.² Statistics Canada has noted that culture employment grew at a much greater rate than the workforce as a whole over the period between 1981 to 2001. During this time, the growth in cultural employment was 81% in Canada, much higher than the 32% growth in the overall labour force during the same period.³

The costs of creating jobs in the arts and culture sector are the lowest compared to other sectors of the economy, with an average cost of \$20,000 to \$30,000 for an arts sector job as compared to \$100,000 to \$300,000 for a light to heavy industry position.⁴ The cultural sector has the unique ability to put funds to work within a very short period of time, with low administrative costs.

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 reports that the performing arts generate \$2.70 in non-governmental revenues for every \$1 invested by the government.⁵ An additional bo-

nus to this small investment is the employment level, which naturally rises as a result. Millions of Canadians purchase books, magazines, films, new media products, and sound recording materials: Statistics Canada estimates that household expenditures on cultural products continue to grow every year.

Investing in market development and cultural diplomacy

As mentioned above, the Canadian arts and culture sector is greatly handicapped by Canada's small internal markets and immense geography. In order to survive, markets must be developed, both internally and externally, for our various cultural products.

Internationally, the arts can play an important role in Canada's foreign diplomatic and commercial strategies. 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. There is evidence that the integration of a diplomatic strategy prioritizing cultural relations and trade is one which yields both economic and diplomatic benefits for Canada. This, in fact, is a path followed by several countries, including the United States, China, and the European Union.

Despite several small international programs within the Canadian Heritage portfolio agencies, there is currently no coordinated strategy to promote Canadian artists and cultural works internationally. 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 supports industry-wide national trade associations.

The 2010 Alternative Federal Budget (AFB) launches a comprehensive program with an annual budget of \$25 million so our cultural sector can cultivate new markets at home and abroad, and fully support the government's foreign and trade policies.

Action items:

- Invest an additional \$25 million per year into the development of markets at home and abroad and reintroduce arts and culture as the third pillar of Canada's foreign and international trade strategies.
- Annual cost of new investments: \$25 million

Investing in the creative economy and its numbers

It is crucial, as Canada's economy changes, to invest in the development of creativity in the arts and culture sector. Given the demonstrated need for further investments in our artists and creators and the track record of the Canada Council in administering programs, the AFB includes a substantial increase to the Council's base budget over the next four years.

There is a crisis affecting the traditional broadcasting industry and the production of quality Canadian programming. This crisis could be partly remedied by adopting appropriate regulations to ensure that the cultural objectives of the Broadcasting Act are achieved. The federal government must also increase its own investments in the production of Canadian programs and support Canada's national broadcaster in achieving its extensive mandate.

Given the importance of investing in Canadian programs, film, video and new media production, the AFB also leaves with the Canada Council, the CBC, Telefilm and the National Film Board the sums they have been asked to identify in the context of the 2009 Strategic Review

exercise. Also, in order to support the health of the Canadian film industry, the AFB follows the recent example of the Québec and Ontario governments with regard to tax credits supporting film production in Canada.

The 2010 AFB reflects the 2008 unanimous recommendation of the Standing Committee on Heritage that the government effect a long-term Memorandum of Understanding with the CBC. The Committee stated that the additional \$60 million the CBC has received annually since 2002 be permanently added to the Corporation's base budget and that CBC's "core funding be increased to an amount equivalent to at least \$40 per capita."⁶

Although the Canada Music Fund was recently renewed for an additional five years, the AFB supports the reinstatement of recently cancelled programs supporting exploration in musical diversity. Investing in what is deemed to be at the fringe today may well shape our culture tomorrow. It is important for the federal government to help develop this natural resource, since it is our diverse cultural communities that weave the fabric of Canadian society. The AFB believes it is one of the responsibilities of the federal government to invest in experimentation which will lead to the development of new forms of music by Canadian artists. This is equivalent to risk investment or funding fundamental research in other sectors of the economy.

Finally, the AFB considers that it is crucial for the development of the cultural sector to have access to relevant and timely data. For a sector to be able to evaluate programs and adopt new policies, it must have data with which to gauge successes and failures. Canada was once a forerunner in developing cultural statistics. Over the past 15 years, however, the resources dedicated to cultural statistics have dwindled. Recently, Statistics Canada dismantled its cultural statistics division, incorporating elements into the Demography Division and handing the responsibility for cultural surveys to the Serv-

ice Industry Division. As part of its cost-cutting measures, Statistics Canada also recently cancelled its surveys of radio and television audiences and cut its 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 an evolving element of Canada's economy, a fact always recognized in the AFB.

Action items

- Raise to \$300 million the base budget of the Canada Council for the Arts by 2014, through annual increases of \$30 million starting in 2010–11.
- Increase to 25% the tax credit for films shot in Canada, applicable to full production costs, including pre- and post-production.
- Increase by \$7 to \$40 per capita the CBC appropriation in the context of a multi-year Memorandum of Understanding with the Corporation.
- Reinstate \$1.3 million to support musical diversity and experimentation by Canadian artists.
- Invest \$2 million a year to develop new statistical tools to better gauge the growth and nature of the arts and culture sector.
- Cost of new investments: \$815 million over three years.

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 around Canada's 1967 centennial celebration is in need of repair.⁷ 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 greater attention should be paid to issues of life-cycle, productivity, the interaction of social and built infrastructure, and long-term sustainability.⁸ There must also be a coordinated policy and funding effort in order to maintain accessibility to cultural sites for the Canadian public.

The government recently renewed the Canada Cultural Spaces Fund for five years, with a one-time increase of \$30 million as part of its January 2009 Economic Action Plan. This is a small step in the right direction, and the AFB will enhance it by allocating sufficient resources over the next several years to modernize and repair the cultural infrastructure in Canada's communities.

Infrastructure, however, is more than just bricks and mortar. One critical element in sustaining the success of the arts and culture sector is the preparation for a new generation of talent. Long-term vision is 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. As part of an employment strategy, an investment of \$1.5 million a year for the next five years will be made for the creation of a mentorship/internship program for the cultural sector. To administer such funds, the government has various options, including the Cultural Human Resources Council and a number of national arts service organizations.

Finally, a National Museum Policy must be established, not only for stabilized funding, but also for a stable policy commitment to protect and project our national heritage for Canadians and foreign visitors. All stakeholders and all political parties had come to a consensus four years ago on the adoption of a new National Museum Policy, but nothing has been done on that front since 2006. Quite the opposite: the past three years have seen significant cuts made to the museum community, particularly to the Museum Assistance Program (\$4.6 million) and with the termination of the Exhibition Transportation

Services. The National Portrait Gallery project, which was open for contending cities to compete, was finally put on hold with little explanation. The 2010 AFB reinstates the completion of the project to install the National Portrait Gallery in the former U.S. Embassy in Ottawa as a national priority.

Action items:

- Maintain spending in communities' cultural infrastructure for Canada Cultural Spaces Fund: \$60 million over two years.
- 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.
- Commit \$50 million a year to finally implement the new national museums policy.
- Commit \$25 million capital investment to the completion of the National Portrait Gallery project in Ottawa.
- Cost of new investments: \$240 million over three years.

- Total annual additional recurrent investments in arts and culture: \$1.1 Billion over three years.

Notes

¹ Enriching our Work in Culture: Professional Development in Ontario's Cultural Sector, Cultural Careers Council Ontario, March 2008.

² Valuing Culture: Measuring and Understanding Canada's Creative Economy, Conference Board of Canada, August 2008.

³ Culture Employment in a North American Context: 1981–2001, Statistics Canada, August 2007.

⁴ Cultural Human Resource Council.

⁵ Finances of Performing Arts Organizations, Hill Strategies, November 2008.

⁶ CBC/Radio-Canada: Defining distinctiveness in the changing media landscape, Report of the Standing Committee on Canadian Heritage, February 2008, p. 144

⁷ From Road to Rinks: Government Spending on Infrastructure in Canada: 1961–2005, Statistics Canada, Canadian Economic Observer, September 2007.

⁸ 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.