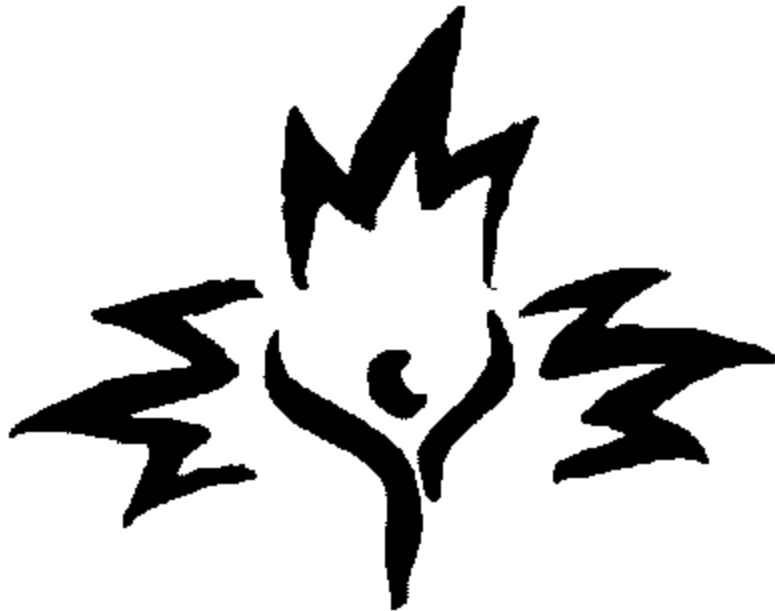




# FEEDING THE CANADIAN SPIRIT



PRE-BUDGET SUBMISSION 2003



*Canadian Conference of the Arts*  
804 - 130 Albert Street  
Ottawa, ON K1P 5G4  
tel (613) 238-3561  
fax (613) 238-4849  
info@ccarts.ca  
www.ccarts.ca

## **EXECUTIVE SUMMARY**

A couple of years ago the government announced, to great fanfare, a major influx of new funding to the cultural sector over a period of three years. This money runs out at the end of the current fiscal year with no guaranteed provision for the future. This state of uncertainty has resulted in considerable difficulties for artists and arts organizations. As with any type of business, the cultural sector needs stable, guaranteed funding in order to grow and prosper.

And grown it has! The cultural sector in Canada has grown enormously, both in its reach, depth, and breadth, since the Canadian Conference of the Arts first appeared on the scene nearly 60 years ago. During this time, CCA has dealt with numerous issues of importance to the sector and to the individual artists and creators who are its constituents. In some areas, progress has been made. In others, little has changed.

Issues which remain particularly pertinent include

- need for stable, sustainable government funding for arts organizations
- improved socio-economic conditions for Canada's artists and creators
- degree of advocacy work charitable organizations can perform

The CCA's pre-Budget submission, presented on behalf of the 250,000 artists, creators and cultural workers which it represents, has made these issues the focus of the eight recommendations upon which the attached brief is based. These recommendations are:

### **Recommendation 1:**

That the government of Canada ensure that the funding for the cultural sector announced in May 2001 be extended indefinitely, at an appropriately augmented level.

### **Recommendation 2:**

That the government of Canada provide adequate, stable, multi-year funding to Canada's cultural institutions and agencies, in all their diversity, to improve their stability, sustainability, and capacity building abilities.

### **Recommendation 3:**

That the Department of Finance take the lead in directing a full and comprehensive study into self-employment in today's Canadian labour market, examining public and private sector models from a variety of situations and countries, with particular emphasis on developing a framework for extending EI coverage to self-employed workers.

### **Recommendation 4:**

That the government of Canada, through the Department of Finance, institute without delay a system of income back averaging on a 5 year basis, to address the unique needs of the growing numbers of self-employed individuals in Canada, both within the cultural sector and in other sectors of the economy.

### **Recommendation 5:**

That the government of Canada amend the Status of the Artist legislation to guarantee the

economic livelihood of Canada's artists through improved access to social benefits.

**Recommendation 6:**

That the government of Canada give serious consideration to supporting Canada's professional artists and creators, the cornerstone of Canada's cultural industries and institutions, by exempting up to \$60,000 of annual copyright income.

**Recommendation 7:**

That, following the implementation of the above-mentioned tax exemption on copyright income, the government of Canada give serious consideration to extending such an exemption to apply to up to \$60,000 per annum of all artistic income.

**Recommendation 8:**

That the federal government encourage active dialogue between relevant departments and the voluntary sector regarding how the sector might best participate in the policy-making process without risking their charitable status.

# FEEDING THE CANADIAN SPIRIT

## INTRODUCTION

The Canadian Conference of the Arts (CCA) welcomes the annual opportunity to submit its pre-Budget brief to the Standing Committee on Finance. The CCA has been the leading advocate for the Canadian cultural community since its founding in 1945, at the dawn of the development of Canadian culture and cultural policy. It is the national forum for the arts and cultural community in Canada; a leader, advocating on behalf of artists in Canada; an authority, providing research, analysis and consultation on public policy in arts and culture; and a catalyst, fostering informed debate and collection action. The CCA has a vision of Canadian society in which artists are valued for the essential role they play, and the fundamental contribution they make to a creative, dynamic, and civil society.

Over the decades since its inception, CCA has responded to many, many issues: some have come and gone, others - such as those relating to taxation and the status of artists - have remained constant despite years of lobbying for change.

Two federal government reports, one from 1951 and the other from 1982, reached the same conclusion regarding artists' incomes:

*"What the artist really wants and needs is an increase in regular purchases and commissions. In Canada, it is very difficult for an artist to live by these means.... In Canada, it seems, the cultural environment is hostile or at least indifferent to the writer."*<sup>1</sup>

*"The income of many, if not most, of these artists classifies them as highly- specialized, working poor."*<sup>2</sup>

The situation today, in 2003, is little changed. Despite high levels of education, artists' incomes remain among the lowest in the Canadian workforce.

Innumerable other reports, royal commissions, task forces, etc. have examined the cultural sector in general, and the working conditions of artists in particular. During the 1980s alone there were "at least 12 federal undertakings that studied, debated, and made recommendations on the economic and social status of the artist"<sup>3</sup>. The findings and recommendations of these reports were fairly uniform, including the need for:

- access to universal programmes such as employment insurance and the Canada Pension Plan;
- improved taxation measures including income averaging and recognition of dual status for artists; and
- extension of the safety net of social benefits to artists.

---

<sup>1</sup>Report of the Royal Commission on National Development in the Arts, Letters and Sciences 1951 (known as the Massey-Lévesque Report, and available online at [www.nlc-bnc.ca](http://www.nlc-bnc.ca))

<sup>2</sup>Report of the Federal Cultural Policy Review Committee, 1982 (known as the Applebaum-Hébert Report)

<sup>3</sup>Status of the Artist or of Arts Organizations?: A Brief Discussion on the Canadian Status of the Artist Act, Danielle Cliche, International Institute of Communications, London (1996)

## CURRENT ENVIRONMENT FOR CULTURE

A number of events take place this fall which will have an effect on the environment in which the Canadian cultural sector operates.

- The final phase of the federal government's anti-tobacco legislation comes into effect, the net result of which is that tobacco companies have withdrawn all their support to arts organizations. We are not here to argue the pros or cons of tobacco sponsorships - however, there has been no financial recognition by the federal government of this dramatic loss in support to the sector.
- Statistics Canada released data which indicates that federal government funding has increased for the past three years (fiscal 1998-99 through to 2000-01).
- The party currently in power at the federal level will be holding a leadership convention to determine the successor to Prime Minister Jean Chrétien, a situation which seems to have left government departments in a state of semi-paralysis.

In May 2001, the Prime Minister joined Canadian Heritage Minister Sheila Copps in making a major announcement regarding funding for the cultural sector. The federal government's investment, entitled Tomorrow Starts Today and comprising \$560 million spread out over three years, might have seemed the answer to the needs of the cultural sector. However, it should be remembered that this sector had suffered funding cuts for the previous 8 years<sup>4</sup>, so in effect this investment was more of a catch up than a windfall. It should also be realised that this funding only covered a three year period, a period which concludes at the end of the current fiscal year. The Department of Canadian Heritage is pursuing Cabinet renewal of the funding, but the unstable political climate gives no assurance that the funding will be continued let alone augmented - something the sector really needs.

"Recent trends in funding, however, appear to threaten the continued viability of the [nonprofit and voluntary] sector. Much organizational time is now devoted to chasing short-term sources of funding, often at the expense of the organizations' mission and core activities.... Many organizations that survived government funding cutbacks in the 1990s are financially fragile because they are now dependent on a complex web of unpredictable, short-term, targeted project funding that may unravel at any time."

Katherine Scott, Canadian Council on Social Development, *Funding Matters: The Impact of Canada's New Funding Regime on Nonprofit and Voluntary Organizations* (2003)

This state of uncertainty results in considerable difficulties for artists and arts organizations especially festivals and events which involve international participation and for which advance planning of several months (if not years) is needed. **The cultural sector needs increased stable, guaranteed funding.** In the past few years, the government of Canada has placed a premium on programmes which support "stabilization", "sustainability", and "capacity building". The current climate of uncertainty over the future of this funding, and its potential vulnerability in the face of government-wide expenditure reallocation exercises, together with the current political interregnum, are negating any gains to be made towards sound economic planning in the sector.

We sincerely hope that cultural organizations, festivals and other events will be able to survive this period of stasis on the part of government decision makers.

---

<sup>4</sup> Statistics Canada data

Recommendation 1:

That the government of Canada ensure that the funding for the cultural sector announced in May 2001 be extended indefinitely, at an appropriately augmented level.

Recommendation 2:

That the government of Canada provide adequate, stable, multi-year funding to Canada's cultural institutions and agencies, in all their diversity, to improve their stability, sustainability, and capacity building abilities.

In the wake of recent blows to Canada's international profile (SARS, mad cow disease, West Nile virus, high Canadian dollar, etc), considerable federal effort needs to be channelled into promoting Canada as a tourist destination - and cultural tourism is the fastest-growing and most lucrative segment of the North American travel industry (see side bar).

It is well-recognised that the "baby boom" demographic bulge is hitting retirement age. Data indicates that these individuals will increasingly be drawn to live performing arts, and will seek out cultural festivals and related events when travelling. In addition, as many prepare to "downsize" from their existing environments, they will increasingly seek out communities with a healthy arts, heritage, and leisure infrastructure.

Canada's demographic is also changing with regard to our ethnic make-up, providing increasing opportunities to experience different types of cultural expression. To quote from the most recent issue of *Tourism*: "*Of all the activity-based market segments, the Performing Arts domestic market is expected to grow at the fastest rate over the next twenty-five years, fuelled by the aging population as well as an increase in immigration*<sup>5</sup>".

It is imperative that the federal government recognise the important role the cultural sector can play in returning Canada to a position of eminence from a tourist, economic, and productivity point of view. Renewal of its investment in the cultural sector at this time is crucial.

In 2001, Canadians travelling in Canada took

- 5.7 million person trips that included a cultural performance;
- total domestic spending by Canadian cultural tourists exceeds \$3 billion annually.

For American tourists in 2000

- 93 million included at least one cultural or heritage activity on a domestic trip;
- these "cultural tourists" spent \$631 (on average) in the destinations they visited, compared to \$457 for other US travellers;
- 21% of all domestic person trips taken in 2000 included a cultural or heritage activity;
- attending cultural events is the third most popular travel activity for Americans over the age of 55.

(Source: Burnett Thorne Cultural Tourism)

---

<sup>5</sup> *Tourism*, Canadian Tourism Commission, July-August 2003

## TAXATION, SPENDING AND OTHER MEASURES

### Long-Standing Taxation Issues

In 1992, Canada's Status of the Artist Act (SofA) received royal assent, but was only brought fully into force in May 1995. This Act established the Canadian Council on the Status of the Artist (currently in abeyance), and the Canadian Artists and Producers Professional Relations Tribunal (CAPPRT) to administer the provisions governing relations between self-employed artists and producers, within federal jurisdiction. However, as mentioned above, it did not address the socio-economic situation of artists in this country.

Last fall, an evaluation of the Act was commissioned by the Department of Canadian Heritage. As part of this report, the consultants asked respondents to rank existing and potential measures in order of importance. The results indicated that the most important existing measure was "deductions for business expenses under the Income Tax Act" (95% support). **Among the measures viewed by artists as potentially the most beneficial were:**

- **income averaging (88%)**
- **tax exemption on copyright income (81%)**
- **access to employment insurance and other social programmes (77%)**

This evaluation found that the legislation was extremely narrow in scope, limited to federal jurisdiction and to labour relations. In the Executive Summary, the evaluation notes that *"Although the Status of the Artist Act was strongly endorsed by almost all of those whom we consulted in this evaluation, there was also a consensus that the legislation by itself is insufficient to bring about significant change in artists' socio-economic circumstances"*. SofA definitely fell short of providing these measures which Canada had signed on to in the Belgrade Convention. The report went on to state that *"most key informants believe that other measures, in addition to the Status of the Artist Act, must be implemented if the economic circumstances of self-employed artists are to improve, and three-quarters of the artists we surveyed expressed a similar opinion"*.

Rather like a kaleidoscope, the picture has changed slightly (see sidebar, and Appendix A which provides an overview of the non-standard work carried out by artists), but the shape and colour of the key issues remain the same. These are the very issues on which the CCA has based previous pre-Budget submissions and, given the pertinent questions posed by the Standing Committee on Finance in its framework for this year's consultation, we beg your indulgence to do so again this year. We sincerely hope it might become unnecessary to advocate for the same issues in future years.

### Self-Employment

The government of Canada uses employed/self-employed status, as defined by the criteria used by CCRA, to determine an individual's right to access a variety of social benefits, the most important of which is employment insurance.

In 1980, Canada was a signatory to the Belgrade Convention. This UNESCO Recommendation on Status of the Artist highlighted the necessity to integrate the arts "in their fullest and broadest definition" into all facets of our lives, and reinforced the importance of the role of governments "to help create and sustain not only a climate encouraging freedom of artistic expression but also

the material conditions facilitating the release of this creative talent”. The Belgrade Convention also stressed that artists should be entitled to benefit from a country’s social safety net and insurance provisions, whether they be employed or self-employed.

In 1988, in the lead up to federal SoFA legislation, the Canadian Advisory Committee on the Status of the Artist (CACSA), a committee comprised of eminent artists and cultural workers, and representatives of the then Department of Communications, produced a document (the Canadian Artists’ Code) which outlined clearly and concisely what the sector wanted and needed. Among the building blocks which the document proposed for the Act were the following:

12. ...

- e) *the unique circumstances surrounding the artistic profession are recognized in taxation policy and practice;*
- f) *self-employed artists enjoy the right of access to the same social benefits as are offered to employees which include, but are not limited to, workers’ compensation, unemployment insurance and Canada pension; ...*

14. *The Government of Canada recognizes: ...*

- n) *the right of professional artistic organizations to deliver social benefit programs such as pension plans, income protection plans, disability insurance and other benefits appropriate to the needs of its membership, and to access government funds to accomplish these objectives; ...*
- b) *For the purpose of calculating the income of an artist under the Income Tax Act, the following conditions shall apply:*
  - *recognition of the unique circumstances surrounding the artistic profession;*
  - *a definition of artistic activity in conformity with this Act;*
  - *allowing losses incurred by professional artists to be deducted from other sources of income;*
  - *allowing employed professional artists to deduct costs associated with artistic employment from their employment incomes;*
  - *allowing professional artists to adopt income averaging; ...*

This template for the legislation was not accepted by the government in its entirety, and consequently many issues remain unresolved.

As indicated in the side bar, self-employment predominates in the cultural sector, with 29% of cultural workers acting solely as independent contractors<sup>6</sup>. This figure rises to more than 54%<sup>7</sup> when those who were self-employed but also held jobs as employees are added. (Multiple contracts are fairly common among artists and cultural workers, as is clearly indicated in the sector profile attached as Appendix A.)

Self-employment is not confined to the cultural sector; it also “*accounted for half of all the new jobs*

---

<sup>6</sup>Cultural Labour Force Survey, Statistics Canada, 1994

<sup>7</sup>Ibid



*created in Canada since 1989*<sup>8</sup>. Recent data indicates that the Canadian economy created 49,000 jobs in the month of June of this year - an extraordinary figure. What is even more interesting, however, is that **nearly three-quarters of these “new jobs” were actually the result of people turning to self-employment.**

Contrary to public belief, self-employment does not confer automatic perks on those individuals who practise it. From the 1996 census data, Statistics Canada reported that most artists earn less than kitchen and food service helpers, hairstylists and barbers, general farm workers, and ironing, pressing and finishing occupations! Yes, various reasonable expenses can be claimed against income earned - a measure valued by artists - but the long hours; low pay; and lack of job security, benefits, pensions, or opportunities for professional development, still make it an act of courage to join the arts workforce.

In some Western countries, the whole notion of differentiating between those who are “employed” and those who are “self-employed” is considered irrelevant. In Denmark, Finland, France, Sweden and the United States, such a distinction is not enforced<sup>10</sup>. By contrast, in Canada the Canada Customs and Revenue Agency (CCRA) has taken a considerable amount of time, energy and effort to examine what constitutes an employer-employee relationship, especially the one it generally considers to exist between performing arts companies and the artists they engage. Given the non-traditional nature in which much of the work is carried out, CCRA has had difficulty aligning the four-fold test for defining independent contractor status with the working environment of Canada’s professional artists, most of whom consider themselves self-employed.

An unofficial poll of its members carried out by the CCA elicited the feedback that an overwhelming majority of respondents were in favour of a “presumption of independent status” by CCRA in its dealings with artists. In response to the statement “*Given that audits by CCRA of*

A snapshot of the cultural community today:

- nearly 1 million people strong;
- self-employment predominates (29% versus 15% for the general workforce);
- highly educated;
- multi-skilled;
- working for incomes significantly lower than for the workforce in general (see Table 1);
- many individuals hold down more than one job in order to make ends meet;
- a workforce that is adaptable, flexible and highly mobile;
- creating a new job in the cultural sector is estimated to cost \$20,000-\$30,000 compared with light industry (\$100,000) or heavy industry (\$200,000-\$300,000);
- from 1981 to 1991, the cultural labour force grew by 32%. Growth for the period between 1991 and 2000 is projected to be 45%;
- public support for the arts puts money back into the economy; the GDP impact multiplier for the Ontario economy was estimated at 1.23 in 1994-95;
- the cultural sector contributes \$22 billion per year to the GDP;
- in 1995, creation and entertainment expenditures by tourists in Canada amounted to \$949 million (11% of total foreign tourist spending in Canada).

Source: Cultural Human Resources Council, Statistics Canada

---

<sup>8</sup>Globe and Mail, June 14, 1999

<sup>9</sup>Globe and Mail, 12 July 2003

<sup>10</sup>Ibid

*performing arts companies are increasingly ruling that there is an employer-employee relationship with artists, would you be in favour of artists being presumed to be independent contractors for income tax purposes, in accordance with the Status of the Artist Act, unless otherwise indicated in their contract”, 93% were in agreement.*

The criteria used by CCRA to determine independent contractor status have evolved over the years, but are still largely based on an industrial era model and are not flexible enough to reflect the realities of the self-employed artist or cultural worker. Trying to match an independent cultural contractor with the four-fold test has always been a case of hammering square pegs into round holes. The vocabulary and framework used in the four-fold test simply don't conform with the unique circumstances of the workplace for artists.

A working group of the leading national arts service organizations, spearheaded by the CCA, has been working with CCRA over the past year to find an administrative solution that does not force artists into a contractual relationship with performing arts companies. A Joint Task Force is to be established and we are hopeful this will lead to a set of guidelines acceptable to arts labour and producers groups and officials.

**Recommendation 3:**

That the Department of Finance take the lead in directing a full and comprehensive study into self-employment in today's Canadian labour market, examining public and private sector models from a variety of situations and countries, with particular emphasis on developing a framework for extending EI coverage to self-employed workers.

CCA urges an in-depth review by the government of Canada into the specific issues and needs of all those involved in self-employed work in this country, in the cultural sector and beyond.

**Income Averaging**

Given the large and ever-increasing numbers of self-employed in Canadian society, CCA suggests a regulatory solution: a return to income back averaging for all self-employed individuals in this country. To quote from Price Waterhouse Coopers' Canadian Tax News<sup>11</sup>: *“In any progressive system of income taxation, fairness would seem to dictate that there should be some form of income averaging.... There are many other sources of income that may be received sporadically (authors or artists come to mind) and it seems unfair that a large income in one year (that may have been many years in the making) should fall prey to high marginal rates without some relief. Various forms of income averaging have been tried over the years and then discarded, presumably because of administrative difficulties. But the answer is not to say that income-averaging is too hard to administer. Rather, the challenge is to develop a system that is administratively feasible.”*

---

<sup>11</sup> Canadian Tax News Vol.XXVIII (2000), Number 4

This recommendation to return to income averaging is one which the CCA has brought to the Standing Committee on Finance for the past several years. And we are not the only ones to believe in the importance of this measure. Since 1981, when income averaging was repealed, cogent arguments have emerged from several sectors of the economy urging the reintroduction of this mechanism. Many reports deal specifically with the situation of artists, like the 1987 guide to proposed changes in the tax treatment of artists compiled by the Canada Council. It listed five separate government task forces and special committee reports (see side bar) which were unanimous on the issue of income averaging for artists.

- The Canadian Artist and the Income Tax Act, February 1984, 5.0
- Report of the Sub-Committee on the Taxation of Visual and Performing Artists (Fisher), June 1984, 26.
- Funding of the Arts in Canada to the year 2000: The report of the Task Force on the Funding of the Arts (Bovey), June 1986, 58a).
- The Status of the Artist - Report of the Task Force (Siren/Gélinas), August 1986, 5.
- Taxation of Artists and the Arts (Standing Committee on Communications and Culture), January 1987, 4.

A report prepared by consultant E Jane Condon in June 1993, indicated there were seven principal recommendations which appear repeatedly in reports on fiscal issues and the arts from 1986 on, one of which is *“That some form of income stabilization or averaging for artists be established”*<sup>12</sup>.

In June 1997, in Paris, a conference held by UNESCO reported that *“... Income averaging for artists over several years is practised in several countries (Germany, Denmark, the Netherlands, Greece, France, the United Kingdom, and Luxembourg)...”*<sup>13</sup>. In Australia, where artists are classified as “special professionals”, those with fluctuating incomes are permitted to average their income for tax purposes for a period of up to five years, as a measure *“to alleviate detrimental tax implications where you might earn a good income in one year but receive little art related income in other years”*<sup>14</sup>

In December 1997, a report prepared for the Department of Canadian Heritage by Price Waterhouse stated: *“The Department of Canadian Heritage was aware that income averaging had been eliminated and recognized that some individuals were still exposed to the tax inequity related to fluctuating income. Canadian Heritage therefore suggested to the Department of Finance that income averaging be considered as an option for tax reform. Finance’s response indicated that more analysis may be required, and that they were looking at certain averaging provisions....”* As this report points out, *“it is not just self-employed artists, but all self-employed individuals, who are exposed to greater income volatility as compared to individuals who are employed. In addition ... the self-employed do not have the same access to the social safety net, such as Employment Insurance. This additional economic vulnerability further supports some measure to improve the fairness of the tax system for the self-employed.”* [CCA emphasis]

The Standing Committee on Finance has itself recommended income averaging to the Department

<sup>12</sup> *Fiscal Issues Affecting Individual Artists: an update*, E Jane Condon, April 1993 (revised June 1993)

<sup>13</sup> CCA translation

<sup>14</sup> Australian Department of Communications, Information Technology and the Arts ([www.artsinfo.net.au](http://www.artsinfo.net.au))

of Finance on more than one occasion; in its 1999 report it stated: *“The Committee therefore continues to recommend that the government consider the introduction of income averaging for those forms of income that fluctuate substantially from year to year”*<sup>15</sup>.

The CCA wonders how much more analysis the government of Canada in general, and the Department of Finance in particular, requires. Direct requests to the Department have been met with the repeated answer that fewer tax brackets and lower marginal tax rates make income averaging virtually unnecessary. Departmental officials have stated that if only artists would stock up their RRSPs in fat years, they would manage to get through the lean ones with ease. This indicates a profound misunderstanding of the issues, namely:

- The low incomes experienced by most artists severely limit their ability to contribute to RRSPs at all.
- Artists who spend years in the creation process, and finally enjoy some financial rewards at the end, *“cannot make a substantial RRSP contribution in the high income year because maximum allowable RRSP contributions are based on the previous year’s earned income”*<sup>16</sup>. In addition, many need to pay off debts incurred during the lean years.
- When a flush third year follows two years of poverty-line income, an artist would be required to pay tax at a considerably higher rate, *“leaving less disposable income to be invested in an RRSP in the subsequent, lower income, year when the maximum allowable contribution will be higher”*<sup>17</sup>.

The income tax system as it currently exists is patently neither fair nor equitable when it comes to self-employed individuals, and sloughing off the issue by referring these people to RRSPs is not the answer.

Recommendation 4:

That the government of Canada, through the Department of Finance, institute without delay a system of income back averaging on a 5 year basis, to address the unique needs of the growing numbers of self-employed individuals in Canada, both within the cultural sector and in other sectors of the economy.

### **“Universal access” to social benefits**

In 1998, in the review Policy Options, Anne McLellan (then Minister of Justice and Attorney General of Canada, and also Chair of the Social Union Committee of Cabinet) stated

*“Canada’s social programs reflect and give expression to our fundamental beliefs and values and help define us as a country. They have contributed immeasurably to providing Canadians with a quality of life that is envied by the rest of the world.*

---

<sup>15</sup> *Facing the Future: Challenges and Choices for a New Era*, Report of the Standing Committee on Finance, December 1998, page 85

<sup>16</sup> *Fiscal Issues Affecting Individual Artists: an update*, E Jane Condon, April 1993 (revised June 1993)

<sup>17</sup> Ibid

*Canadians are deeply attached to their social programmes. Now that the federal and provincial governments have achieved considerable success in putting their fiscal houses in order, **Canadians are looking to them to work together to modernize and strengthen our social programs to ensure that they will be their for them and their families in the future....***

*The Government of Canada believes a new partnership should have three objectives: **promoting equality of opportunity for Canadians**, wherever they live or move within Canada, improving collaboration among governments to serve Canadians better; and enhancing accountability to Canadians for the results achieved.”*

Ms McLellan went on to state that “*Equality of opportunity means **ensuring access for all Canadians to reasonably comparable levels of services to meet their basic needs**”, and “*that they will get help if they are unable to work or lose their job*” (CCA emphases).*

CCA respectfully points out that such equality of opportunity and access currently only applies to Canadians engaged as “employees”. As we have already indicated, the largest growing segment of the workforce is, in fact, the self-employed - and by these measures they are disenfranchised when it comes to access to social benefits. Most in the cultural sector earn extremely low salaries through their artistic work, and lack access to social benefits such as Employment Insurance, even when obliged to pay premiums through deductions from work carried out in an employment situation.

There is currently no social safety net for self-employed individuals. In Quebec, a group of leading artists’ associations (le Mouvement pour les arts et les lettres du Québec or MAL) is advocating strongly for access by artists to the social safety net, a message which is receiving a sympathetic hearing in that province.

Subsequent to a presentation made in March 2001 before another parliamentary Standing Committee, this one on Human Resources Development, two recommendations based on the CCA’s arguments were included in the final report<sup>18</sup>:

*“Recommendation 8:*

*In view of the growing incidence of self-employment in the Canadian labour market, the Committee recommends that the government consider developing a framework for extending EI coverage, both in terms of regular and special benefits, to self-employed workers.”*

*“Recommendation 9:*

*The Committee recommends that the government consider extending better EI coverage to workers employed in both paid and self-employment. In the event that the government does not extend coverage to self-employed workers, a premium refund should be provided to those who work in insurable employment but are unable to establish a claim because they are also self-employed.”*

The government’s response to these recommendations was:

*“EI coverage for the self-employed through regular benefits has always presented a policy challenge.... No less*

---

<sup>18</sup>Report of the Standing Committee on Human Resources Development and the Status of Persons with Disabilities Resources, Peter Adams MP (Chair), May 2001)

*challenging is the diversity among the self-employed.... The Government would welcome further study by the Standing Committee on support to the self-employed.”*

In other words, the Department of Human Resources Development hit the ball back into the Standing Committee’s court. A further parliamentary Committee, that on Canadian Heritage, has also commented on this issue in the recent past. In its report entitled *A Sense of Place - A Sense of Being*<sup>19</sup>, it stated:

*“The Canadian system of health insurance, unemployment insurance, labour law and pension programs is based largely on the assumption that most of the work force is made up of employees rather than self-employed persons .... The Committee therefore considers the clarification of the rights and obligations of the self-employed to be of central importance.”*

CCA sincerely believes the time is long-overdue for such an examination and urges the Standing Committee on Finance to put its support behind such a move.

CCA believes it bears repeating that, as recommended in the Canadian Artists’ Code and quoted in the introduction of this submission, the unique circumstances surrounding the artistic profession should be recognized in taxation policy and practice, and that self-employed artists should be able to enjoy the right of access to the same social benefits as are offered to employees. These include, but are not limited to, workers’ compensation, unemployment insurance (and the professional development opportunities which are accessible through it), and Canada pensions. The Status of the Artist legislation must be amended to ensure the measures outlined in the Belgrade Convention, to which Canada is a signatory, are enshrined in the Act.

Recommendation 5:

That the government of Canada amend the Status of the Artist legislation to guarantee the economic livelihood of Canada’s artists through improved access to social benefits.

### **Tax Exemption on Artists’ Income**

Another issue which rated high on the wish list of respondents to the evaluative report on the Status of the Artist Act was that of exempting certain copyright income from income tax. This issue came to the fore on a national level nearly three years ago when MP Nelson Riis introduced a private member’s motion in the House. This past spring, a similar motion was presented by playwright and MP Wendy Lill:

*“That, in the opinion of this House, the government should celebrate and encourage our magnificent and diverse culture by changing the Income Tax Act to exempt creative and interpretive artists from paying income tax on a percentage of income derived from copyright, neighbouring rights, and/ or other income derived from the sale of any creative work”.*

As part of her address in the House, Ms Lill stated:

---

<sup>19</sup> *A Sense of Place - A Sense of Being*, Standing Committee on Canadian Heritage, June 1999

*“Although the motion involves changes to the Income Tax Act, the motion, strangely, is not about income. The motion is not about money, given the fact that artists are not making very much money to begin with. I would say it is more about recognition and respect for the creators in our country, and respect and recognition within one of the central laws of our country, the Income Tax Act.... Our current Income Tax Act is full of special statuses for classes of people, mostly people with money.... When artists have come looking for tax recognition the government has said no because the Finance Department cries “special status” as if it is a brand new concept. The fact is that art and culture in this country are special. Art and culture are special in the life of a nation.”*

(Background information on this measure, in the form of frequently asked questions, is attached as Appendix B.)

CCA asked its membership to write to their politicians in support of this motion and to copy us on these missives. To date, our stack of copies of emails on this issue stands 1" deep. Even in metric (2.4cm) - and given that many individuals and organizations might have forgotten to copy us - that is impressive! This is obviously a measure which touches right at the heart of the creative spirit.

This is not a new concept. Quebec introduced an annual income tax exemption on copyright income of up to \$30,000 in 1995; the upper limit has now been raised to \$60,000<sup>20</sup>. The exemption works on a sliding scale: all copyright income up to \$30,000 is tax exempt, following which the exemption decreases. After \$60,000 of copyright income, no further exemption applies.

In Ireland, long held up by Canada as an economic model to emulate, the exemption for income tax for creators is absolute. The total cost of this measure in Ireland has been estimated at less than \$14 million (or, as Ms Lill points out, 50¢ per Canadian). [As a side bar, we would like to point out that Ireland is frequently held up as a model for economic development - the Celtic Tiger. In Ireland, special treatment for artists was one pillar of a global initiative which also encompassed education; cooperation between business, labour, and government leaders; encouragement of foreign investment; and corporate tax cuts. All too often, Canada's Finance Ministers have focussed solely on the area of tax cuts, and are then surprised when our economy does not perform as well as that of Ireland.]

Without our artists and creators, where would Canada be? Most Canadians are more aware of the cultural industries which have built up over the past years: music and sound recording, book and periodical publishing, broadcasting, films and videos. But surprisingly few remember that all these mega industries, with their multi-million dollar budgets, turn on the creative talents of individual artists: the writers, composers, painters and sculptors, choreographers and performers. The ability of our cultural industries *“to create an enduring place in our lives is dependent on the creativity and talent of Canada's artists, creators and producers...”*<sup>21</sup>. By the very nature of their work, *“... the largest subsidy to*

---

<sup>20</sup>Copyright provision does not extend to performers rights/copyright of their performances.

<sup>21</sup> *Canadian Culture in a Global World: New Strategies for Culture and Trade*, the Cultural Industries Sectoral Advisory Group on International Trade, February 1999.

*the cultural life of Canada comes not from governments, corporations or other patrons, but from the artists themselves, through their unpaid or underpaid labour*<sup>22</sup>.

Recommendation 6:

That the government of Canada give serious consideration to supporting Canada's professional artists and creators, the cornerstone of Canada's cultural industries and institutions, by exempting up to \$60,000 of annual copyright income.

We further recommend:

Recommendation 7:

That, following the implementation of the above-mentioned tax exemption on copyright income, the government of Canada give serious consideration to extending such an exemption to apply to up to \$60,000 per annum of all artistic income.

### **Preserving our Quality of Life**

As was mentioned at the outset of this submission, the CCA believes artists must be valued for the essential role they play, and their fundamental contribution to our society. The arts are an integral element in enhancing the quality of public and private life. Studies abound regarding the benefits of the arts to a community's quality of life: for the young, for the elderly, for troubled youth, in health care, in the revitalization of downtown cores, in problem solving for corporate managers, and many other areas. Every aspect of our lives is touched by the arts and culture - they are the threads which stitch the diverse patchwork of Canadian communities together.

A new study out of Hong Kong indicates that *"children with music training develop a far better memory and vocabulary than children without such training, and that the longer children persevere with their music training, the greater the benefits"*<sup>23</sup>. ArtsSmarts, a programme of the McConnell Family Foundation operated under the aegis of the CCA, stresses *"the importance of engaging young people in artistic activity [as it] is critical to their evolution as creative thinkers. It is they who will soon be leading Canada's growth in terms of cultural, social and economic development.... A curriculum that integrates artistic expression promotes successful learning outcomes that benefit young people, educators, the artistic community - and Canada's overall development."*<sup>24</sup>

Canada is a country with 30 million people of diverse origins. It has been placed at or near the top of the United Nations' list of best countries in which to live for the past several years. "Quality of

---

<sup>22</sup> Report of the Federal Cultural Policy Review Committee (known as the Applebaum-Hébert Report), 1982

<sup>23</sup>Globe and Mail, 29 July 2003

<sup>24</sup>ArtsSmarts: *Using the power of the arts to release the creative potential of young people*, A handbook for artists and educators (2003)



life” generally refers to all the elements which add up to a community being a wonderful place in which to live, and a vibrant cultural sector is an intrinsic factor in this formula.

In announcing the Tomorrow Starts Today funding (May 2001), Prime Minister Jean Chrétien said “... *arts and culture are about more than economic growth. About more than the Gross Domestic Product. Our artists, writers and performers enrich the quality of our lives. They can inspire and challenge us. They can help us understand our past. They can help us know who we are. They can help us to imagine new possibilities, new choices for the future. Arts and culture are not for the few. Cultural participation develops our creativity, enriches our citizenship, feeds the spirit. Arts and culture must be integrated into our lives and our communities.*”

In many countries, there appears to be a recognition, finally, of the importance of the arts to our existing and future way of life. Professor John M Eger describes the city of the 21<sup>st</sup> century as being “*not so much about technology as it is about jobs, dollars and quality of life .... At the heart of this effort is recognition of the vital role that art and culture play in enhancing economic development...*”<sup>25</sup> There has been much mention recently of Richard Florida’s book, *The Rise of the Creative Class, and how it’s transforming work, leisure, community and everyday life*, in which he describes the rise of a new social group. He states “*because creativity is the driving force of economic growth, in terms of influence the Creative Class has become the dominant class in society*”. In the United Kingdom, Charles Handy, an economist, writer, broadcaster and teacher, suggests that “*buzzy*” cities - his term for cities which are thriving, stimulating and exciting places - owe their success to the “*combination of research universities with their new ideas, available finance, a thriving arts community, stimulating architecture and a good communications infrastructure which underpins the creative clusters*” [CCA emphasis].

The government of Canada wants Canadian society to be creative, innovative and thriving, but seems not to perceive the link between a creative, innovative society and the presence of equally creative, innovative, **and thriving**, artists. Despite the immense contribution our artists make to our cultural and societal development, they remain undervalued by society, government, and industry. In addition to investing in such infrastructure as sewers and roads, Canada needs to invest in a meaningful, ongoing way in its cultural infrastructure. Arts and urban regeneration are closely allied. A vibrant arts programme and healthy cultural infrastructure have a tremendous impact on the survival and renewal of communities of all sizes, including the ability to attract new businesses, provide improved quality of life, attract increased tourism, and much more.

### **Advocacy for charitable organizations**

This time last year, CCA appeared with other like-minded organizations and a common message was audible throughout the presentations: it is imperative that charitable organizations be allowed to advocate on behalf of their members. CCA was encouraged last year to see that this message was supported by the Standing Committee on Finance in its report to the Minister (*Canada: People, Places and Priorities*). However, since that time there has been no further movement on the issue. To quote from the pre-Budget brief which the Voluntary Sector Forum is presenting this year, there are “*two key problems related to advocacy. The first is that registered charities are subject to undue*

---

<sup>25</sup> *The Creative Community: forging the links between art, culture, commerce and community*, John M Eger, Executive Director, The California Institute for Smart Communities, San Diego State University, 2003 (one of a series of white papers on Cities of the Future)

*restrictions that limit their ability to play a more meaningful role in the public policy process. The second is that there are many groups and organizations that are unable to obtain charitable registration because they work in areas that are not currently considered to be charitable or because advocacy forms too large a percentage of their activities”.*

Charitable status is extremely important to not-for-profit arts organizations and many others in the voluntary sector. Current legislation is based on 400 year old laws imported from Great Britain. The Charities Division at CCRA has made significant improvements over the past year or two: more responsive, better organized, greater transparency. However, CCRA officials are hamstrung by a poorly-drafted Income Tax Act.

In last year’s submission, CCA included a quote from the Canadian Centre for Philanthropy: “... *all of the non-partisan public policy work, public education and awareness initiatives, and policy advocacy that is undertaken by charities in furtherance of their recognized charitable objects (or purposes) is not ‘political activity’, but is ‘charitable activity’ that enriches our society and our democracy...*”. CCA still believes this holds true. However, given the fact that there has been no movement on this issue at all over the past 12 months, CCA would content itself - as a first step- with the Finance Committee’s own recommendation from last year’s report:

**Recommendation 8:**

That the federal government encourage active dialogue between relevant departments and the voluntary sector regarding how the sector might best participate in the policy-making process without risking their charitable status.

**Conclusion**

Most of the eight recommendations made in this submission refer to measures contained in the Belgrade Convention, signed by Canada in 1980. Canada’s Status of the Artist legislation provided a good start towards implementation of some of these measures, but it did not go far enough. Work must now be carried out to ensure that Canadian artists and cultural workers are treated fairly and equitably under the Income Tax Act, with due recognition given to the non-standard work which they carry out.

More needs to be done to provide support to the cultural sector. The level of funding must be sustained or increased. In addition, there are several important steps which must be taken to fully provide Canadian artists, creators and cultural workers, and the cultural industries which depend on them, with the moral and financial support necessary to ensure a vibrant, cultural and economically sustaining way of life. These steps include:

- a coherent, all-encompassing federal cultural policy
- increased funding to the Canada Council for the Arts
- adequate, stable, multi-year funding to the Canadian Broadcasting Corporation and other federal cultural agencies and institutions
- amendments to the Copyright Act that reward creativity, and advance and protect the economic and moral rights of creators and copyright owners
- amendments to the Status of the Artist legislation to guarantee the economic livelihood of

Canada's artists through improved access to social benefits

- development of programs and funding levels to respond to the needs of Canada's aboriginal artists and artists of colour, as well as emerging artists and organizations, and those artists practising non-Western art forms
- development of programs and strategies to attract and retain the next generation of cultural managers, particularly in the non-profit sector
- creation of a national strategy for arts and education.

As Canada heads into a new era of government under a new leader, the CCA, speaking on behalf of the 250,000 artists and cultural workers whom it represents through its membership, urges the Standing Committee on Finance to give its backing to each and every one of the recommendations included in this submission. The benefits of doing so will prove to be one of the best investments the government could make.

1. DIFFICULT WORKING RELATIONSHIPS/CONDITIONS OF WORK

The reasons for this include<sup>1</sup> but are not limited to

- variable length of contracts and commissions
- variable terms and conditions of contracts
- short notice of engagements and commissions
- delays in the start of a production (eg: film, television)
- sequential stop/start patterns of engagement
- concurrent projects and contracts
- the need to be available at all hours for work offers
- seasonal work
- unsocial hours of work
- unpredictable locations of work
- unpredictability of work offers and consequently variable income
- vulnerability to changes in fashion, in broader cultural trends and in “market” preferences
- uncertain status of arts organizations - are they employers or engagers of the self-employed?

2. FLUCTUATING INCOMES

Most professional artists and creators are primarily self-employed, with incomes that are unpredictable and which fluctuate dramatically from

*“In the acting profession, we occasionally experience a so-called ‘good year’ only to have the next year be a considerably below average one in which we must pay for the ‘good year’ in the lean year; this can and does cause great hardship.”*

Daphne Goldrick, actor

year to year. Artists can, and usually do, spend a lifetime lurching from financial crisis to financial crisis. This acute income fluctuation, coupled with the inflexibility of the current system of taxation, makes tax payment a problem when tax on a “high earning” year has to be paid in a year when there might be very low income. In addition, this very pattern of earnings, is believed to prompt investigation by CCRA due to its non-standard nature. The threat of such investigation is of concern to artists, and CCA continually fields calls from those expressing anxiety because CCRA is examining their records.

Lean years can occur at any age or stage of development. Claimant rules do not acknowledge patterns of artistic work; officials know little of their working environments, and tend to be sceptical of artists’ accounts of their work (or lack of it) and earnings (or lack thereof). Anticipation of profit must be measured with the understanding that it can take years to develop the creative “product” and writers, visual artists, choreographers, composers, playwrights, etc. need support while this is happening. Many artists are forced to take at least one “predictable” or traditional job, or to take on additional contracts, such

---

<sup>1</sup>A balancing act: artists’ labour markets and the tax and benefit systems (Arts Council of England, Research Report 29, December 2002)

as teaching, coaching or training, in order to provide a secure income flow with which to pay basic bills. This in turn takes time away from their artistic endeavour. In practice, supporting an artistic career is sometimes a household decision and much artistic activity in Canada is actually supported through the employment incomes of a spouse or partner.

In addition, artists who seek financial support to sustain them while they are undertaking essential research and development, through agencies such as the Canada Council, find that “subsistence”<sup>2</sup> grants for self-employed artists are taxed; the maximum value of these grants is only \$20,000.

*“For years creators have been subsidizing innovation through this unfair tax penalty ... subsistence grants [should be] tax-exempt.”*

Creators’ Impact upon the Financial Fabric of this Country, pre-Budget submission from The Writers’ Union of Canada, September 2002

Most self-employed artists cannot conceive of retiring at 65 or earlier, and do not have access to private pension plans. In addition, given their relatively low and fluctuating incomes, and their unpredictable and discontinuous work environment, artists are usually unable to make use of RRSPs in order to set aside money for old age. Little wonder so many artists continue to practise their craft until well into their senior years. (It should be noted that some artists, those who are members of professional associations such as Actors Equity, ACTRA, Union des artistes, and the American Federation of Musicians, do have access to pension plans. However, even in these instances, the amount of retirement funds generated through monies set aside from artistic income is not sufficient for more than minimal retirement income.)

### 3. MULTIPLE CONTRACTS

It is a fact of life for many artists to have multiple contracts over the course of the year; indeed some may have contracts for services which run concurrently.

*“The main strategy to reduce the effects of variable income was the second job or indeed multiple jobs.”*

A balancing act: artists’ labour markets and the tax and benefit systems, Arts Council of England, Research Report 29, December 2002

Even as employees, artists may find they still juggle several additional contracts for services as a result of which they will undoubtedly find they do not qualify for EI even if they have been paying into the scheme through their employment income: either they will not have accumulated enough hours, or the fact that they are also independent contractors will count against them. In addition, performing artists such as musicians and dancers must practice for several hours each day in order to remain at peak performance standard, so they are deemed ineligible for employment insurance as they are not always available for work. When the scheme was amended in 1996, it did not consider the particular work habits of

---

<sup>2</sup>“Subsistence” is defined in the Concise Oxford Dictionary as “a minimal level of existence or the income providing this”.

artists - irregular hours, fluctuating incomes, seasonal work, multiple contracts, the need to ensure they are always at performance standards, etc. Claimant rules disregard the unique work patterns of artists. Many members of the cultural sector are ill-served by this programme although it is touted as being “universal”.

For many artists, secondary jobs must retain a high level of flexibility, allowing them to pursue their artistic endeavours at irregular periods or hours.

We suggest that the Department of Finance develop a better system of taxation to take account of variable earnings, freelance work, and other peculiarities of work in the cultural sector.

#### 4. INDEPENDENT CONTRACTORS

Self-employment offers greater flexibility in scheduling, leading to greater opportunities for creative activity, greater choice (especially in allowing the individual to work for several different organizations), and the chance to deduct many out-of-pocket reasonable expenses (agents’ fees; travel expenses for auditions, work in a variety of locations; practice space; maintenance of an instrument; etc). This is not confined to the cultural sector; it also *“accounted for half of all the new jobs created in Canada since 1989”*<sup>3</sup>. Being freelance gives more control over creative work and, contrary to public belief, does not confer automatic perks.

As employees, artists would not have the ability to deduct reasonable expenses and it is feared many could find themselves with a greatly reduced pay cheque. As artists are already among the lowest paid members of the workforce, this is not acceptable. Requests from artists to their newly configured employers for pay increases would likely be impossible to meet as the organizations themselves will be struggling to pay the new taxes.

Despite all the bureaucratic obstacles, there is a higher percentage of artists who are independent contractors than employees. A recent poll of its members conducted by the Canadian Conference of the Arts indicated that 93% of respondents consider themselves first and foremost independent contractors. The recent CHRC study, *Face of the Future*, recommends that recognition of and support for the needs of self-employed cultural workers is needed:

*“Creators, performers and cultural workers across all sub-sectors and disciplines are experiencing insecurity and instability in their employment and independent/contract work.... The problem manifests [itself] in a variety of ways: the decline in available full-time and permanent jobs, the transitoriness of employment/engagement, the need to secure and balance multiple jobs to make a reasonable living, systemic barriers for the self-employed, the absence of a social safety net, and wholly inadequate remuneration.”*

Face of the Future: A Study of Human Resource Issues in Canada’s Cultural Sector, Mercadex International Inc. for the Cultural Human Resources Council, December 2002

---

<sup>3</sup> Globe and Mail, June 14, 1999

*“The large proportion of the cultural sector that is self-employed faces particular human resource challenges, including precariousness of status, career self-management, inadequate or fluctuating income and benefits, and instability of work. Those creators and cultural workers who choose the self-employed or independent contractor status, by and large, value that status and do not aspire to become employed or to have a full-time job. However, they need certain issues addressed in order for this mode of employment to be workable and fair.”*

The majority of independent contractors in the cultural community wish to remain so. Nonetheless there is a growing need for access to social benefits, such as a form of income insurance, for independent contractors.

## 5. UNCOSTED COMPONENTS OF PROFESSIONAL PRACTICE

These include

- ▶ time for practice, or attendance at classes (eg: voice, movement) to maintain performance standards
- ▶ time preparing proposals, or new material for auditions
- ▶ attendance at auditions
- ▶ meeting potential sponsors and promoting new work
- ▶ research and development aspects associated with professional practice
- ▶ uncosted time spent on marketing and administration

To take the example of attendance at an audition by an actor: routine expenditures would include any transportation and hotel costs involved. An actor also needs to provide a portfolio including professional photographs, video demo tape, and voice tape. And, depending on the role being tried for, an audition could also involve expenditures for wardrobe, hair and makeup; several voice classes to perfect an accent, and other such audition-specific requirements. As an independent contractor, these are reasonable expenses to claim; as an employee, the actor would not be able to claim them against income earned should he or she land the job.

## 6. LACK OF PROFESSIONAL DEVELOPMENT OPPORTUNITIES

Undertaking training and/or professional development means accepting a loss of earned income and/or time for self-employed individuals in addition to shouldering the entire cost of the training. For self-employed artists, PD opportunities offered through EI are not available, and regular attendance at courses is difficult given the lack of a consistent schedule.

## 7. INABILITY TO ACCESS SOCIAL BENEFITS

Those in the cultural sector, as with self-employed individuals in all other sectors, absorb periods of ill-health or injury at their own cost. Although the actual costs of private health coverage is considered a deductible expense, this is a hefty chunk of money to outlay for individuals whose overall incomes are already very low. In addition, these people have a double jeopardy in that during the period of ill-health they are not only unable to work but

also unable to look for work, thus incurring a substantial loss of income in both the short term and the longer term. For employed individuals, this lost income can be supplemented by Employment Insurance. No such income insurance scheme exists for the self-employed worker in Canada at the present time.

The Employment Insurance plan, as it currently exists, simply does not address enough people and circumstances to be relevant any more. Constant tinkering with it - an amendment here, an amendment there - will not make much difference. The CCA believes what is needed is a completely new and innovative system, one which addresses more adequately the workforce of today and tomorrow, rather than the workforce of yesterday - *"the century of the employee"*. We need a system for the 21<sup>st</sup> century.

Not only is there no access to a social safety net (particularly Employment Insurance) for self-employed individuals, but those who are employed in the cultural sector find it difficult to access EI benefits owing to the current restrictive guidelines for eligibility. This "Catch 22" precludes many employed artists from ever benefiting from the EI scheme into which they pay.





***What will passing M-293 accomplish?***

M-293 is designed to give our cultural creators tangible recognition and respect. Providing recognition in the tax system will say to our painters, our writers, dancers, sculptors, composers, actors and all other creators that our national community supports their creative efforts.

***Won't such a tax exemption cost the tax system too much money?***

The total cost to exempt all income from all artists in Ireland is less than \$14 million Cdn; a M-293 partial exemption would obviously cost much less. The size of the income exemption is left in the hands of the government. It would, therefore, be up to the government to determine the amount of tax expenditure involved as part of the regular budgetary process.

***Won't this be an unfair cost for other taxpayers?***

M-293 will stop a current unfair tax practice. A 1997 Price Waterhouse report done for the Department of Canadian Heritage found that cultural workers who are self-employed and who earn low, fluctuating incomes, shoulder an unfair level of tax. According to their analysis, the Canadian who is most vulnerable under the present income tax system is the one who is an artist and self-employed.

***Won't anyone be able to say they're an "artist" to claim the tax break?***

No. M-293 specifically states only "income derived from copyright, neighbouring rights, and/or other income derived from the sale of any creative work", so only someone who is making an income from creative work could qualify.

***How can I support a "special interest" tax break when I want a "tax break for all Canadians"?***

M-293 is asking that people who gain income from art deserve similar recognition as seniors, couples, students, parents, investors, people with disabilities and/or large medical bills, northerners, people who give gifts or who contribute to political parties. The tax system already says these other groups deserve recognition through deductions, credits, shelters and exemptions; M-293 says our artists deserve recognition too.

***Don't we support the arts enough through the Canada Council?***

No. One of the unique features of M-293 is that every creator who is making income from their art would be recognised for their creative spirit without having to apply to an arts organization. It is worth remembering that the Canada Council for the Arts has to turn down over 75% of their applicants for individual support every year - and that artists can only apply twice every four years.

***Do other jurisdictions directly support their artists through the tax system?***

Yes! Quebec has a copyright deduction similar to that called for in M-293; Ireland does not charge any income tax to artists; in the United Kingdom grants from the Arts Council are tax exempt; in Australia, Germany, the Netherlands and the UK artists have access to income averaging; plus Germany, Ireland and the Netherlands even have a special pension plan for artists.

***Won't this just benefit rich artists, the small percentage of artists who already make a good income?***

Almost all artists in Canada are poor. In 2000, the average Canadian income was \$31,757. However, in the same year, a painter/visual artist made an average of \$18,266, a musician made an average of \$16,090, and a dancer managed only an average of \$14,587. All major studies have clearly shown that the greatest subsidy to arts in Canada is given by the artist in the form of unpaid, or under-paid work. M-293 is trying to give this impoverished group a much-needed break.