

“THE ARTIST IS AT THE CENTRE OF EVERYTHING.”

Liza Frulla, Minister of Canadian Heritage

PRE-BUDGET SUBMISSION 2004

Executive Summary

The Canadian Conference of the Arts' pre-Budget submission for 2004 contains 6 recommendations. These recommendations have come forward following consultation with the cultural sector in general, and with our members in particular. The recommendations are not new, but the very fact that the same arguments and recommendations come to the fore year after year speaks to the urgent need in the sector for solutions to resolve these issues. Some address the future financial health of the entire sector, some the complex issues regarding those who work in the sector – all have a huge impact on the quality of life for those living in this country.

We sincerely hope the Standing Committee on Finance will be able to include these recommendations in its final report to the Department of Finance.

Recommendation 1

That the government of Canada move immediately to renew its investment in the cultural sector and that it ensure there is adequate, stable, multi-year funding for the future so that cultural institutions and agencies, in all their diversity, are able to improve their stability, sustainability, and capacity building abilities.

Recommendation 2

That the government of Canada recognize the economic contribution of the cultural sector by extending access to reasonable operating lines of credit for small and medium-sized non-profit and/or charitable organizations.

Recommendation 3

That the Department of Finance take a leading role in 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 access to social benefits and developing a framework for extending employment insurance in one form or another 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, who experience substantial income fluctuations.

Recommendation 5

That the government of Canada introduce an income tax exemption of up to \$60,000 of annual copyright income, on a sliding scale similar to that which currently exists in Quebec, for Canada's professional artists and creators, who form the nucleus of Canada's cultural industries and institutions.

Recommendation 6

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.

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Preamble

The Canadian Conference of the Arts (CCA) has been making pre-Budget submissions to the Standing Committee on Finance for a number of years now, and welcomes the opportunity to do so again this year on behalf of its members. A leadership organization, the CCA is Canada's oldest and largest arts service organization, representing quarter of a million artists and creators, cultural workers, and arts activists and supporters.

This year, CCA finds itself in a new environment. Internally, there is a new National Director at the helm. On the Hill, there is a minority government, MPs are being given greater latitude in House votes, and the structure and balance of power in the Standing Committees has changed. CCA hopes that this new environment will ensure our submission this year is heard with new, or at least renewed, ears, hearts and minds.

The Standing Committee's questions for this year's consultations posed something of a dilemma for CCA. We would like to take a few sentences to outline our concerns here:

Is ongoing expenditure review a useful exercise?

From the point of view of the CCA and its members, and of many other non-profit organizations across the country, expenditure review has had the unfortunate result of slowing down already very slow program administration. It has added to delays in channelling monies through to the program recipients. These groups have already been greatly affected by *“the increasing accountability requirements of governments burned by scandals [which] create a heavy burden on non-profit businesses.”*¹ (This issue is reiterated later in our submission.)

What is/are the estimated cost/s of your proposal/s?

CCA would like to point out that, although it speaks for a large section of the cultural sector, our organization is run on a shoe-string, with a skeleton staff. Providing these types of estimates is a responsibility of government, and are beyond the capacity of our organization, and many others like us in the cultural and voluntary sectors.

Which programs should have their funding reduced and/or what tax changes would you suggest?

CCA finds this sort of question, which has the potential to pit sector against sector, and program against program, is not a helpful exercise. To quote Ann MacLean, President of the Federation of Canadian Municipalities: *“This shouldn't be about triage.”*² CCA

¹ Silver Donald Cameron: *The Art of Development and the Development of Art: A Powerful Partnership – Business, Community and the Arts*, May 2004

² *Globe and Mail*, 31 August 2004, “Big or Small, Cities Need a New Deal”

views all programs administered by the Department of Canadian Heritage as crucial to the wellbeing of the sector.

INTRODUCTION

In 2003, the Department of Canadian Heritage released an evaluative review of the Status of the Artist (SofA) Act, as required by the legislation. The SofA legislation was enacted “to express the federal government’s commitment to improving the working conditions and economic circumstances of artists”³. The following is a description of the sector prior to legislation:

- Canadian artists and their work received little recognition.
- Their working and living conditions were well below that of other workers.
- Professional artists were among the highest educated but lowest paid individuals in the country.
- Artists were primarily self-employed, predominantly engaged in part-time or seasonal work, but with none of the job security or social benefits available to others in the workforce.

These four bullets could just as well be describing the sector today. It is disappointing to note that nothing has changed in the intervening decade.

The SofA review asked respondents to rank potential regulatory measures in order of importance. Of those listed, the following were key and form the basis of this pre-Budget submission to the Standing Committee on Finance:

- A return to income averaging (88% of respondents).
- A tax exemption on copyright income (81%).
- Access to employment insurance and other social programs (77%).

However, before getting into much-needed specific regulatory measures, CCA would like to outline the current situation regarding government support of the sector.

THE CULTURAL SECTOR WORKFORCE ...

- is 740,000 strong (total direct employment)
- has 20% more people than those working in computer-related occupations;
- grew much more quickly between 1991 and 2000 than the workforce as a whole: 31% compared to 20%
- is highly educated with recent growth coming largely from those with high education levels
- earns low incomes, with average earnings (\$29,951) 6% below average earnings in the total labour force in Canada (\$31,757);
- comprises a large number of self-employed workers – 21% versus 8% for the overall labour force; in some artistic occupations, the rate of self-employment is even higher (50% - 67%).

Canadian Cultural Sector Labour Force study, commissioned by Cultural Human Resources Council from Hill Strategies Research Inc. (2004); and Statistics Canada

³ Review of the Status of the Artist Act, Prairie Research Associates (April 2003)

Requirement for stable, reliable funding

In May 2001, the federal government announced a major new funding initiative for the cultural sector, under the rubric *Tomorrow Starts Today*. This investment, \$560 million over a period of three years, was renewed at the last minute for a further one year period (2004-5) and will terminate as of 31 March 2005. **At the time of writing, there has been no announcement from the government regarding reinstatement of this crucial investment in the sector.**

This kind of uncertainty presents considerable difficulties for artists and arts organizations, especially festivals and events which require several months - if not years - of lead time. Over the past years, the government of Canada has placed a premium on programs 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, negates any gains being made toward sound economic planning in the sector.

The investment in the cultural sector of half a billion dollars over a 3 year period provides an incredibly good rate of return for the government of Canada:

- Canadians spent \$21.3 billion on cultural goods and services in 2001, or 3.2% of total consumer spending in the country. This is more than is socked away in RRSPs, or spent on tobacco, alcohol and games of chance combined. On a per capital basis, cultural spending amounts to \$720 for every Canadian resident.⁴
- Total domestic spending by Canadian cultural tourists in 2001 exceeded \$3 billion⁵
- Cultural tourism is expected to grow globally by an annual rate of 15% through 2010.⁶

[Further statistics on the value and contribution of the cultural sector are attached as Appendix A.]

The arts as a key component of the “social economy”

There has been considerable mention of the social economy over the past year or so. It comprises the voluntary, non-profit and cooperative sectors – what used to be called the “third sector”. Essentially, these are the organizations and institutions which embody the human side of our society.

“The arts and the creative sector is the fastest-growing part of the new economy, and ultimately the more important part, because it’s the source of new ideas and new products.”

The Art of Development and the Development of Art: A Powerful Partnership – Business, Community and the Arts, by Silver Donald Cameron (May 2004)

“As important as they are, physical and social infrastructure do not differentiate us from our international competition. Cultural infrastructure does. High in the selection criteria of expanding businesses is the presence and quality of cultural activities in a community.”

Greg Reed, President and CEO of Altamira Investment Services, as quoted in *The Toronto Star*, 13 August 2004

⁴ Consumer Spending on Culture in Canada, the Provinces and 13 Municipal Regions in 2001, prepared by Kelly Hill, Hill Strategies 2003

⁵ Burnett Thorne Cultural Tourism

⁶ World Tourism Organization

The arts play a key role in Canada's social economy. Our communities thrive when they embrace the arts, and the quality of life of all Canadians is enhanced. A number of examples of the returns provided through investment in the arts are attached hereto as Appendix B. They have been drawn from a recent publication written by one of Canada's most versatile and widely-published authors, Silver Donald Cameron. Entitled *The Art of Development and the Development of Art: A Powerful Partnership – Business, Community and the Arts*, this book highlights several examples of cultural organizations or initiatives which grew out of their communities to become successful community businesses. (NB: as pointed out in the book, "a community arts business is generally ... a non-profit organization".) [Copies of this book have been sent to all MPs; we hope they found it enlightening. Additional copies, in English and in French, can be obtained from the CCA at no cost.]

It is imperative that the government of Canada recognize the importance of investing in the cultural sector, and the necessity for organizations within this sector to be able to observe good business practices through stable multi-year funding sources.

Recommendation 1

That the government of Canada move immediately to renew its investment in the cultural sector. It is essential that there is adequate, stable, multi-year funding for the future so that cultural institutions and agencies, in all their diversity, are able to improve their stability, sustainability, and capacity building capabilities.

An additional recommendation relating to the stability and sustainability of all small to medium-sized non-profit and/or charitable arts organizations, concerns improving access to reasonable operating lines of credit in the commercial banking community.

The Canada Small Business Financing Act (1998) increases the availability of financing for the establishment, expansion, modernization and improvement of small business. Under the Act, the government guarantees loans by lenders to small businesses (defined as a business with an estimated gross annual revenue not exceeding more than \$5 million per year) up to a maximum liability to the program of \$1.5 billion. The Act will guarantee loans of up to \$250,000.

However, the Act specifically "does not include the business of farming or a business having as its principal object the furtherance of a charitable or religious purpose". It would greatly improve the quality of the working lives for those in the non-profit arts if the government of Canada would recognize the economic contribution of the cultural sector and extend a similar guarantee to support reasonable operating lines of credit for non-profit and/or charitable arts organizations. At the present time, many banks require personal guarantees from Board trustees – a requirement not usually demanded of the commercial sector.

The gross reduction in operating funding to arts organizations and the increasing delay in pay-out on operating grants when available (mentioned in one of the opening paragraphs of this submission), continue to create unwarranted hardship and layoffs in the cultural sector.

Recommendation 2

That the government of Canada recognize the economic contribution of the cultural sector by extending access to reasonable operating lines of credit for small and medium-sized non-profit and/or charitable organizations.

The 2004 Budget mentioned the development of a bank for the charitable sector to “broaden the range of financial instruments available to the sector”⁷, to be established with private and voluntary sector support, rather than funding from the government. It may be that this “charities” bank will provide the type of lines of credit these organizations so desperately need. If so, CCA urges the government of Canada to proceed with all due haste to implement this 2004 Budget proposal.

Self-Employment in the Cultural Sector

As indicated in the first sidebar, the cultural sector in Canada has a number of key characteristics:

- It is large and growing more quickly than the workforce as a whole.
- It has a high percentage of self-employed individuals who experience awkward working relationships and conditions of work.⁸
- Workers are highly educated but poorly recompensed, with fluctuating earnings.

This makes it distinct from the Canadian workforce as a whole, although self-employment is on the rise right across the country, in all sectors of the economy, “accounting for half of all the new jobs created in Canada since 1989”⁹.

In March 2001, CCA made a presentation to the Human Resources Standing Committee regarding reforming the Employment Insurance program. Our contention at that time was that the program didn’t need reform – it needed a total overhaul. It remains our belief that Employment Insurance is based on an outdated post-Industrial Revolution model and is ill-suited to the workforce or workplace of the 21st Century.

Two recommendations, based on CCA’s arguments, were included in the final report of the Standing Committee on Human Resources Development:

“Recommendation 8:

⁷ 2004 Budget documents

⁸ These include: variable length of contracts and commissions, variable terms and conditions of contracts, short notice of engagements and commissions, sequential stop/start patterns of engagement, concurrent projects and contracts, the need to be available at all hours for work offers, seasonal work, unpredictable locations of work, vulnerability to cultural trends and market “preferences”.

⁹ Globe and Mail, 14 June 1999

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.”

To our knowledge, no further government action has been taken in this regard.

However, we were encouraged to note that the Canadian Policy Research Networks (CPRN) has come out with a report entitled *Beyond EI* (May 2004) which essentially says the same thing: EI is not a program for the 21st Century reflecting, as it does, the outdated social risks of the post-war era. It lists self-employment as one of the new social risks.

Self-employment in the cultural sector is high, in some disciplines as great as 67%. Contrary to public belief, self-employment does not confer automatic perks on those individuals who choose this form of work. Statistics Canada reports that most artists earn less than kitchen and food service helpers, hairstylists and barbers, general farm workers, and ironing, pressing and finishing occupations. In addition, self-employed individuals have no access to the social benefits available to those employed in the workforce, particularly Employment Insurance.

Being self-employed in Canada today is akin to swimming against the current: it is not viewed with favour by those who work in government. For several years now, CCA has been at the forefront of efforts to demonstrate to officials in the Canada Revenue Agency (CRA) the special characteristics of work in the cultural sector, especially as they relate to self-employment. Despite significant effort, numerous meetings, and collaboration on a yet-to-be-released interpretation bulletin, CCA regrettably reports that the situation in the field is worse today than ever. Independent contractors in many performing arts organizations in Canada are being deemed employees by CRA faster than we can keep track of the cases. This is of major concern to the cultural sector as a whole and should be a concern to MPs and the Canadian government.

“It is extremely difficult to get CRA to accept that an individual rendering services to a company (unless done through a corporation) is in fact self-employed. This problem, which has been the bane of individuals and those who use their services alike, has been going on for a number of years CRA is ruthless in its pursuit of self-employed taxpayers who, in its view, are really employees”

Smith Nixon Chartered Accountants,
Toronto, *Financial Statements*
newsletter (September 2004)

The status of performing artists has been at issue for decades. The period 1982-1989 was one of great turmoil for the arts community in its dealings with Revenue Canada. Writers and visual artists were under attack on the very question of whether they were “professionals”. Similarly, the status of performing artists was brought into question. The situation was exacerbated by the fact that there were disparate Revenue Canada rulings on status from region to region, in cases which appeared identical.

Throughout the several years of negotiations between representatives of the arts community and Revenue Canada, it became clear that the rules of general application were being applied to the arts community. Given the nature of artistic endeavour, however, the “normal” rules were producing inappropriate results for the cultural sector. The solution at that time was for Revenue Canada to adopt special administrative policies which were tailored to the economic realities of the arts community. (It is important to remember that, in the beginning, Revenue Canada and the arts community cooperated in order to let both the community *and Revenue Canada’s officials* know that the “general” tests which applied to other work situations did not apply to visual artists, writers and performers.) In the first few years, this special administrative treatment approach worked. Over subsequent years, however, the rationale for the jointly prepared interpretative bulletins was forgotten and inappropriate results have become increasingly apparent, as we can see today.

In 1980, Canada was a signatory to UNESCO’S Belgrade Convention, which highlighted the necessity to integrate the arts *“in their fullest and broadest definition”* into all facets of our lives, and which 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”*.

This Convention led to the introduction of federal Status of the Artist legislation, which received Royal Assent in 1992, becoming fully effective in May 1995. Under this Act, Canada recognized the importance of artists in Canadian society and *“the importance to Canadian society of conferring on artists a status that reflects their primary role in developing and enhancing Canada’s artistic and cultural life, and in sustaining Canada’s quality of life”*. Unfortunately, the Income Tax Act takes priority over all other pieces of legislation and artists are not deemed to have any special status or value in the ITA.

CCA urges an in-depth review by the government of Canada into the specific issues and needs of ALL those involved in self-employment in this country, in the cultural sector and beyond. Such a review is now long overdue.

Recommendation 3

That the Department of Finance take a leading role in a full and comprehensive study into self-employment in today’s Canadian labour market. The scope should encompass public and private sector models from a variety of situations and countries, with particular emphasis on access to social benefits and developing a framework for extending employment insurance in one form or another to self-employed workers.

The Case for Income Averaging

A regulatory solution to the taxation inequality experienced by the large and ever-increasing number of self-employed individuals in Canadian society would be a return to income back averaging.

As an example, it can take several years to write a book, years in which the writer might earn little or no income from his or her artistic occupation. However, if the writer is lucky and is able to sell the manuscript to a publisher, a large sum of money might eventually be realised. This feast would follow several years of famine, and result in considerably higher taxes being paid than would be the case if the income could be amortized over a period of, say, five years.

Over the years, numerous government task forces and special committee reports have come to similar conclusions¹⁰: they were unanimous on the need for income averaging for artists.

The Standing Committee on Finance has itself recommended income averaging to the Department of Finance on more than one occasion; in its 1998 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”*¹¹.

Recommendation 4
That the government of Canada, through the Department of Finance, institute without delay a system of income back averaging, to benefit self-employed individuals in Canada, both within the cultural sector and in other sectors of the economy, who experience substantial income fluctuations.

“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.”

Canadian Tax News Vol.XXVIII (2000), Number 4,
PriceWaterhouse Coopers

¹⁰ The Canadian Artist and the Income Tax Act (Feb. 1984); Report of the Sub-Committee on the Taxation of Visual and Performing Artists, Fisher (June 1984); 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); The Status of the Artist – Report of the Task Force, Siren/Gélinas (Aug.1986); Taxation of Artists and the Arts, Standing Committee on Communications and Culture (Jan.1987).

¹¹ Facing the Future: Challenges and Choices for a New Era, Report of the Standing Committee on Finance, December 1998, page 85

Tax Exemption on Artists' Income

This issue came to the fore on a national level some years ago when then MP Nelson Riis introduced a private member's motion in the House. In March 2003, then MP (and playwright) Wendy Lill introduced a similar motion: *"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."*

Ms Lill went on to say that there is government support for cultural industries and institutions, but artists and creators themselves are significantly undervalued.

CCA has been considerably heartened by statements made by the new Minister of Canadian Heritage, Liza Frulla, to the effect that *"the artist has to be at the centre of everything, because without the artist, without creativity, there's no industry, there's no culture! They are at the centre. They're the most important, pivotal reason why we're here. We have to sustain them. We have to protect them. We have to cherish them."*¹²

The CCA is in complete agreement with this statement. We would like to see the government of Canada bring in a regulatory measure, such as that recommended by Wendy Lill, which would effectively provide artists with some small measure of financial support.

In the United Kingdom, grants from the Arts Council are tax exempt – not so in Canada. In Ireland, all income from all artists is exempt. Artists in Australia, Germany, the Netherlands and the UK have access to income averaging – Germany, Ireland and the Netherlands even have special pension plans for artists.

In Quebec, the only Canadian province with an enlightened vision of the value of the arts and artists in our society, and the only one where the annual average earnings of cultural workers equal the average earnings of the overall provincial labour force, such an exemption has been in place for a number of years and was, in fact, recently increased from \$30,000 to a

¹² Interview with Liza Frulla, CBC Radio, 18 August 2003

"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."
Excerpt from address of Wendy Lill to the House of Commons, 31 March 2003

cap of \$60,000. The Quebec exemption works on a sliding scale. Given that the vast majority of artists earn remarkably little from their art (the average income in 2000 for a visual artist was \$18,266, and for a dancer only \$14,587), it is clear that the greatest subsidy to the arts in Canada is given by the artist in the form of unpaid or under-paid work. This tax exemption would merely provide this impoverished group with a much-needed break.

Recommendation 5

That the government of Canada introduce an income tax exemption of up to \$60,000 of annual copyright income, on a sliding scale similar to that which currently exists in Quebec, for Canada's professional artists and creators, who form the nucleus of Canada's cultural industries and institutions.

In fact, CCA would go one step further. We believe it is time that ALL those who derive income from art (not simply income related to copyright monies) receive similar recognition to others – seniors, couples, students, parents, investors, people with disabilities and/or large medical bills, northerners, people who give gifts or who contribute to political parties – who the government currently feels deserve recognition through deductions, credits, shelters and exemptions. CCA would therefore add a further recommendation to #5 above.

Recommendation 6

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.

CONCLUSION

The arts in Canada nourish the heart, soul and minds of Canadians, providing a quality of life that is the envy of nations around the globe. They also provide an incredibly good

"For those hardworking and upstanding Canadians who roll their eyes at this idea, I would reiterate that the income artists gain from "copyright, neighbouring rights, and/or the sale of any creative work," is generally minuscule. Most artists excepting a select few in Canada (think Oryx and Crake) don't come close to making their living off such income, but must be subsidized by the Canada Council and other arts-funding bodies, if not a second job. And Canada Council income, like all government artistic grants, is taxable. So calm yourself, Mr. Canadian Taxpayer. Artists would still have to pony up with everybody else in April. In addition, Lill herself points out, "Our tax system is currently a maze of special benefits designed to reward Canadians such as those who invest in their retirement RRSP, or in Canadian businesses. But there is nothing in our current tax system to encourage Canadians to invest with their creative soul through art."

Lynn Coady, Globe and Mail, 27 May 2003

rate of return for the government of Canada's fairly modest investment. In addition, this investment reaps the type of rewards on which one cannot put a dollar figure, providing

- International recognition for Canada through the achievements of our artists;
- a high standard of artistic output recognised and appreciated by cultural tourists from around the world;
- a powerful economic driver for the social economy resulting in flourishing, healthy and diverse communities (creative capital for creative cities);
- a means of expression for the creative spirit in children;
- a dynamic aid in developing learning skills; and
- an enhanced quality of life for all this country's citizens.

But the cultural sector performs in a different way from other sectors in Canada; its members do not fit into the nice round holes developed at the Canada Revenue Agency.

It is imperative that the government, AT A BARE MINIMUM, implement Recommendation 1 of this submission, in order that at least the status quo in Canada's cultural sector be maintained. It is our hope, however, that prudence will prevail and that the government, through recommendations from the Standing Committee on Finance, will in fact recognise the importance of valuing our artists and arts organizations by providing them with increased support and appropriate fiscal measures to ensure their ongoing growth and sustainability.

APPENDIX A

DID YOU KNOW ...

The arts provide positive benefits:

- Young Canadians believe active participation in arts, cultural and creative activities enhances their: interpersonal skills (88%); self-esteem (84%); and employability (73%). (Ipsos-Reid 2003)
- In a survey of parents whose children were enrolled in arts programs, 85% reported a positive impact on their child's creativity, 78% on their child's personal growth, and 78% on their child's confidence/self-esteem. (Ipsos-Reid 2002)
- 75% of Canadians believe the arts are important in enhancing the quality of their lives. (Decima 2002)

Cultural tourism brings in millions:

- Arts organizations and events are the cultural "product" that attracts visitors in search of authentic travel experiences
 - In a two-year period (2000-2002), 8.8 million US travellers who came to Canada included at least four cultural or heritage experiences in their trip.
 - In 2001, Canadians travelling in Canada took 20 million trips that included an historic site, a museum or art gallery, or a cultural performance. Domestic spending by Canadian cultural tourists exceeds \$3 billion annually. (Canadian Tourism Commission)
- In 2000-2, Canadian performing arts organizations offered over 12,000 performances while on tour. Approximately 10,000 of these were in Canada. (StatsCan Performing Arts Survey)

Artists promote Canada's unique identity:

- 91% of Canadians agree that artists and works of art play important roles in helping maintain this country's cultural identity. (Environics 2000)
- 87% of Canadians believe it is important that creative Canadians (musicians, artists, actors, etc) be able to live and work in Canada. (Goldfarb 2002)

The cultural sector is growing:

- Increase in numbers of professional artists in Canada from 1991 to 2002
 - 22,000 composers, musicians, singers, dancers, and actors (up 56%)
 - 21,000 producers, directors and choreographers (up 145%)
 - 15,813 visual artists and artisans (up 70%)
 - 24,000 authors (up 64%)(StatsCan 2004)
- In Canada in 2001
 - There were 583 professional non-profit performing arts organizations, with a total of \$540 million in total revenues
 - 14.3 million people attended the performing arts (StatsCan performing Arts Survey 2003)
 - One in every 32 people in Canada has a cultural occupation (Canadian Cultural Sector Labour Force report)

Artists earn very little:

- Despite their high levels of education, artists earnings remain among the lowest in the Canadian workforce:
 - The average earnings in artistic occupations (\$23,500) are particularly low. The economic situation of artists is therefore a significant concern in the nation's cultural labour force.
 - The lowest paid occupations in the cultural sector are among the worst paid of any occupations in the entire labour force. Of over 500 occupation groups captured by the census, only 23 have average earnings that are lower than the lowest paid cultural occupation (library clerks). Only 27 have average earnings that are lower than the second lowest paid cultural occupation (dancers).
 - A key factor in the relatively low earnings in the cultural sector labour force is the situation of self-employed cultural workers who earn, on average, 28% less than self-employed workers in the overall labour force and about 32% less than cultural workers who have a paid employment position.
(Canadian Cultural Sector Labour Force report)

APPENDIX B

Excerpts from *The Art of Development and the Development of Art: A Powerful Partnership – Business, Community and the Arts*, by Silver Donald Cameron.¹³

THE STRATFORD FESTIVAL

By 2004, the Festival's budget was nearly \$52 million. Directly and indirectly it sustained nearly 3300 jobs and injected \$145 million into the local economy. Eighty-one percent of its revenues were earned, chiefly from ticket sales, and another 14% came from fundraising. It received about 4% of its budget (\$2.03 million) from government grants, but the \$55.8 million it generated in taxes represents a spectacular return to the taxpayer – roughly 2750% in less than a year.

The Stratford Festival ... [also] sells workshops on theatre arts and crafts, university courses on Shakespeare, backstage tours, luncheon speakers, and special train expeditions from Toronto – as well as the usual range of gifts, books and souvenirs.

CELTIC COLOURS

Celtic Colours only breaks even – but everyone else turns a profit. Tickets and other sales account for 39% of Festival revenues, and donations another 13%. Subsidies account for 48%. But with taxable revenues from 19,000 ticket purchasers flowing to hotels, restaurants, service stations, gift shops and other enterprises, "it's a good business deal for all of Cape Breton", says Festival co-organizer Max MacDonald.

TORONTO ARTSCAPE

As Artscape's literature notes, "the arts and real estate have a volatile relationship." Impecunious artists nose out cheap, adaptable space – old warehouses and factories, seedy waterfronts, immigrant districts, down-at-heel neighbourhoods. The word spreads. It's a good 'hood. More artists move in. Cafés and galleries spring up. Funky boutiques appear. Arts businesses rent offices and rehearsal halls – publishers, agents, arts organizations. There's music in the air, vibrant colour in the windows, hot argument on the sidewalks. It's a neat street, with a fresh beat.

THE MURALS OF CHEMAINUS

The murals are everywhere, life-sized and larger, looming up beside you, greeting you as you come around a corner or leave a shop. [They] have transformed Chemainus from a moribund sawmill town into a world-celebrated open-air art gallery which attracts up to half a million tourists a year.

The town had 40 businesses in 1981. Today it has more than 300. To occupy all [the] tourists in the evenings, Chemainus built a \$4 million theatre which has commissioned seven new plays as well as presenting classics like Shaw, Wilde and Tennessee Williams. An upcoming \$9 million expansion will include a 75-suite Chemainus Festival

¹³ Developed in May 2004 through a partnership of the Canadian Conference of the Arts and the Community Economic Development Technical Assistance Program of Carleton University

Inn. The goal is an international-quality theatre festival modelled on the Shaw Festival in Niagara-on-the-Lake.

The truly astonishing thing about the Chemainus murals is their ripple effect. Without the murals, people say, we wouldn't have the bright and vibrant downtown. We wouldn't have the theatre. We wouldn't have the tourist businesses.

TOHU: LA CITÉ DES ARTS DU CIRQUE

Tohu sprang out of the fertile confusion of circus arts in Quebec, best-known to the outside world through the internationally-famed Cirque du Soleil. Begun 20 years ago as a group of buskers, Cirque du Soleil now runs nine shows simultaneously in Las Vegas, at Disney World, and on tour in Europe and Asia. It employs 3000 people, 1200 of them at its international headquarters in Montreal.

But the new organization was not only about circus arts. It would participate in the reclamation of the second-largest urban landfill in North America. In addition, it would help revitalize the impoverished, gritty neighbourhood of St-Michel. In a word: Tohu. Circus magic, transforming a dump-site into a gem – in the second poorest neighbourhood in Canada.

The entrance to the whole complex is the circus precinct, a \$73 million set of projects. The 32,000-square metre headquarters of Cirque du Soleil houses not only its offices and rehearsal studios, but also an enormous range of workshops and ateliers. Nearby are the stacked and cantilevered boxes of Cirque du Soleil's new artists' residence, and the dramatic angles and soaring glass of the new École nationale de cirque.

Tohu is a demonstration project which advances deep Canadian social, cultural and environmental values – and also expresses confidence in the future of its immediate neighbourhood, demonstrating that even an appalling blight can be transformed into a showplace.