



Fédération culturelle
canadienne-française

**Memorandum to the
House of Commons
Standing Committee on Finance**

**Pre-Budget Consultations in
Preparation for Budget 2019**

August 3, 2018

List of recommendations

Recommendation 1

- That the Canada Arts Presentation Fund (CAPF) be increased by \$30 million in order to reinforce presenter networks across the country.

Recommendation 2

- That the government put measures in place so that foreign companies that do business in Canada via the Internet collect GST/HST on sales made in Canada, whether of tangible or intangible goods.

Recommendation 3

- That a monitoring centre on the arts and culture in the Canadian Francophonie be created in order to ensure research, gathering and analysis of data related to the arts and cultural space within the Francophone and Acadian Communities (FAC) in the country.

Recommendation 4

- That a centre for expertise in social innovation for the arts and cultural sectors in the Canadian Francophonie be established to ensure the optimal development of a network of creative hubs in the Canadian Francophonie.

Preamble

The Fédération culturelle canadienne-française (FCCF) is the national voice of the arts and culture in the Canadian Francophonie. Its network brings together seven national theatre, literary, musical, media arts and visual arts groups, 13 organizations working on cultural and artistic development in eleven provinces and territories in Canada, as well as a group of presenter networks and a community radio coalition.

These recommendations come out of consultations with the 22 members of the FCCF representing more than 3,125 artists and 150 organizations working in more than 180 FACs.

In this memorandum, the term “Canadian Francophonie” refers to all the minority Francophone and Acadian communities in Canada.

The FCCF, via its president, **Martin Théberge**, wishes to present these recommendations in the context of the pre-budget consultations that will take place in fall 2018.

Recommendation 1

A funding increase of \$30 million per year for the Canada Arts Presentation Fund (CAPF) in order to galvanize presentation both domestically and internationally.

Rationale

This recommendation echoes that made by the Canadian Arts Coalition in its memorandum during pre-budget consultations for Budget 2019.

The Canada Arts Presentation Fund (CAPF) provides financial assistance to organizations that present arts festivals or professional performing arts series, and to organizations that support arts presenters. Thanks to the CAPF, Canadians can experience a variety of professional arts events in their communities.

The development of new audiences contributes to the vitality and longevity of the arts and culture sector in the FACs. Specifically, the CAPF facilitates the organization of tours and cultural performances in our communities and elsewhere. With these funds at their limit, several organizations are unable to access them despite significant need in the sector.

In a context where the Canadian government is seeking to open new markets and to find new niches for Canadian creative entrepreneurs, it is imperative that these efforts be supported by solid presenter networks that allow artists and cultural entrepreneurs to get off the ground.

The cultural sector represents a significant segment of Canadian labour. In 2016, there were 652,406 jobs that were associated with culture, or 3.5% of total employment in Canada. This represents \$53.8 billion in contributions to the GDP.¹ Direct investment in production and presentation will directly impact salaries and working conditions in the sector. An arts sector in good health will inevitably generate significant economic benefits in our communities. What's more, increased and adequate funding of presenter networks in Canada is central to the medium- and long-term success of a strategy of exporting cultural industries.

Action

The FCCF asks that CAPF funding be increased to reinforce the presenter networks across the country and so that our artists can be seen and heard by audiences here and abroad. This investment could be distributed over a period of three years, beginning in 2019–2020 to reach \$30 million per year by 2021–2022.

Estimated cost: 30 million dollars per year (by 2021–2022)

Recipients: Artists, artisans, cultural industries and businesses, cultural workers and the public across the country.

¹ <https://bit.ly/2OFdCzl>

Impact: By enabling growth in the number of cultural and arts events offered through the presenter networks, this measure would create further opportunities to develop the arts in all the FACs. These investments will ensure greater competitiveness among the businesses that form part of a constantly evolving ecosystem, which is why it is important that the available funding not fall behind and weaken Canada’s competitiveness.

Recommendation 2

Put measures in place so that foreign companies doing business in Canada via the Internet collect GST/HST on their sales in Canada, whether of tangibles or intangible goods.

Rationale

This recommendation is based on the priorities of the Coalition for culture and the media. They describe the current state of inequality as follows:

“Canadian tax laws were developed during an era when the Internet did not exist and consequently do not provide specific guidance concerning e-commerce activities. As a result, under current legislation, online transactions are subject to the general guidelines governing GST and harmonized sales tax (HST). Companies are required to collect these taxes only if they have a physical presence in Canada. Under the current rules, when purchasing from suppliers located outside of Canada, Canadian customers are expected to self-assess and remit the taxes payable on goods and services acquired from these suppliers via the Internet, except in cases where personal property is imported to Canada. In practice, this obligation to self-assess is not respected—in large part due to lack of awareness. It is also, for all intents and purposes, impossible for tax authorities to monitor its enforcement.”²

Canada is not the only country to face this fiscal challenge and to be slow in acting on it, despite repeated requests from the key stakeholders in this area. However, there is no shortage of examples of successful enforcement of the VAT/GST. In 2015, the OECD completed a series of guidelines for the enforcement of the VAT/GST,³ which were approved by 104 international jurisdictions and organizations.⁴

Beginning next January, the province of Quebec will collect its sales tax (QST) on all intangible goods and services offered via the Internet.

² https://coalitionculturemedia.ca/files/2018/05/171201-Coalition_taxation-document-ENG-FINAL.pdf

³ OECD, *International VAT/GST Guidelines*, OECD Publishing, Paris, 2017.

⁴ *Ibid.*, p. 4.

Action

Amend the *Excise Tax Act*⁵ so that it applies to companies who sell digital goods and services for consumption in Canada, wherever the company is located, in accordance with the International VAT/GST Guidelines.

Estimated cost: No cost

Recipients: Canadian businesses and all Canadians.

Impact: The impact of this measure will be particularly felt by Canadian businesses offering products and services via the Internet that are perceived as being more expensive than foreign services. As a result, the competitiveness of Canadian businesses will be greatly improved and the level playing field among the various players in this ecosystem will be re-established. All Canadians will be able to benefit from revenue that will allow them to fund program expenses. Tax expert Marwah Rizqy from the Université de Sherbrooke estimates that with such a measure, Canadian governments could collect up to \$700 million per year from Facebook and Google ads alone.⁶

Recommendation 3

Create a monitoring centre on the arts and culture in the Canadian Francophonie in order to ensure research, gathering and analysis of data related to the Francophone arts and culture space.

Rationale

The arts and cultural sector in the Canadian Francophonie has good access, here and there, to data taken from reports or statistics to accurately back up its positions, or to fuel discussions with key institutions. But it cannot rely on an organized and regularly updated database that would quickly and easily provide a portrait of the whole situation for this sector.

This initiative will allow us to provide arts and cultural organizations with the means to measure their own effectiveness and thus, to take action on the social and economic development of the FACs. In addition, it would contribute to achieving the goals and visions of the Creative Canada Policy Framework.⁷

Action

That the Finance Department provide financial support for the creation of a monitoring centre on arts and culture in the Canadian Francophonie within Statistics Canada tasked

⁵ *Excise Tax Act* (R.S.C. (1985), c. E-15)

⁶ <https://bit.ly/2ADCR1R>

⁷ Creative Canada POLICY FRAMEWORK, p. 5

with producing and disseminating public statistics and analyses on cultural activities in the Canadian Francophonie.

Estimated cost: \$300,000 per year⁸

Recipients: Cultural industries, arts service and cultural development organizations in the Canadian Francophonie, funders, and all Canadians who will have access to reliable data on Francophone cultural vitality in the country.

Impact: The government is committed to making the changes necessary for the eventual development of a renewed cultural policy in Canada. This monitoring centre represents a key investment for understanding the contribution of the arts sector in the Francophonie culture as an engine of development and job creation, and will make it possible to assess the impact of government investment here and internationally.

Recommendation 4

That a centre for expertise in social innovation for the arts and cultural sectors in the Canadian Francophonie be established to ensure the optimal development of a network of creative hubs in the Canadian Francophonie.

Rationale

In Budget 2017, the government announced an additional investment of \$300 million over ten years to provide greater support for creative hubs and cultural spaces.⁹

The success of such an infrastructure project rests in large part on collaborative spaces where tools, training, equipment and mentorship are available for creative entrepreneurs. The activation of a network of creative hubs requires the deployment of expertise in the field of social innovation. Yet, this element is not part of allowable expenditures in the context of infrastructure investments. In fact, no federal department has anticipated funding these types of activities, which are, however, operationally necessary and which bring coherence to this entire pioneering project

Action

That the government establish, as an experiment, a centre of expertise in social innovation where a mobile team could offer services and tools to the recipients from the creative hubs in the Canadian Francophonie.

Estimated cost: \$800,000 per year¹⁰

⁸ Does not include potential own-source revenues for statistical work carried out for various clients.

⁹ <https://bit.ly/2IU97x>

¹⁰ Estimates of salaries, development, research, communications, entertainment, and travel.

Recipients: Artists, artisans, entrepreneurs, and organizations who work within the FACs across the country who wish to benefit from the network of creative hubs in their region. Canadians living within the FACs.

Impact: Once the network is activated, thanks to the requested investments, the impacts will be tangible within the FACs since the opportunities offered for training, creation and exchange will be multiplied, which will revitalize the whole ecosystem. These available tools and resources will be creators of wealth for our communities. This will result in the increased competitiveness of the sector, which will undoubtedly bring with it new and interesting professional perspectives.