



Canadian Arts Coalition's Pre-Budget Submission 2018

Brief to the Standing Committee on Finance

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Executive Summary

The Canadian Arts Coalition is grateful for the recent investments in social infrastructure and in the Canada Council for the Arts. Moving forward, the Coalition recognizes the vital role of digital platforms for artists as content creators in multiple art forms. As a result, the Canadian Arts Coalition's budget recommendations take into account the concerns of several stakeholders.

1. Implement the **Artist's Resale Right** in order to grant visual artists, especially Indigenous artists, the right to collect royalties on the resale of their works.
2. As the arts programs at the Department of Canadian Heritage are currently under review, the Coalition offers these recommendations for consideration in 2018 and beyond:
 - a. Increase the funding to the **Canada Arts Presentation Fund** for performing arts presenters and festivals by \$30 million in order to create domestic touring opportunities in synergy with international market development and correspondingly, clarify the focus of the **Showcasing Canada Fund**.
 - b. Invest in the **training and development** through two essential programmes (Canada Arts Training Fund and Building Careers in Heritage) in order to recognize the significant growth in the arts sector
 - c. Raise the annual cap on the **Canada Cultural Investment fund – Endowment Incentives** to \$3 million in order to make Canadian arts organizations more competitive and to encourage new revenue streams.
3. Review the **Copyright Act** and clarify fair dealing provisions to ensure fair compensation for the educational use of copyright-protected work, and the continued production of Canadian learning resources for our students.

These recommendations were identified as priorities by 31 member associations, including the **Canadian Arts Summit**, during consultations held in May 2017.

Recommendation One

Implement the **Artist's Resale Right** in order to grant visual artists, especially Indigenous artists, the right to collect royalties on the resale of their works.

Rationale:

The Artist's Resale Right (ARR), also known as *droit de suite*, is a market-based mechanism that entitles visual artists to share in the ongoing commercial success of their work by entitling them to a percentage of the sale price each time their work is resold through an auction house or commercial gallery. It is common for visual art to appreciate in value over time. If an artwork is resold in the secondary market, Canadian artists do not currently benefit financially from further sales of that work, even though its increased value is usually based on the experience and reputation of the artist.

Canada's Indigenous artists in particular are losing out on the tremendous profits being made on their work in the secondary market. Many artists living in isolated northern communities live in impoverished conditions, while their work dramatically increases in value. For example, acclaimed Inuit artist, Kenojuak Ashevak, sold her piece *Enchanted Owl* in 1960 for \$24. It was later resold by Waddington's auction house in 2001 for \$58,650. Ashevak received no profits from the auction sale. The Canadian Arts Coalition proposes that visual artists receive 5% from the public sale of their work in the secondary market.

The establishment of this new Right will allow artists to achieve a more sustainable living income¹ based on the value of their own work, in a way that is not reliant on public funding. The positive impact of the ARR has already been documented in other countries. For example, the ARR was first legislated in France in 1920; as many as 93 countries world-wide have endorsed the ARR. If implemented, this recommendation would help Canadian artists maximize their contribution to economic growth and productivity, without the need to increase public funding.

Actions: That the Minister of Canadian Heritage present the Artist's Resale Right as an addition to the *Copyright Act*.

Expected cost: market-based mechanism

Period of time: Recurring, starting in 2018

¹ Between 1990 and 2005, the average earnings of artists decreased by 11% while the earnings of the average labourer increased by 9%. Visual artists, by comparison, earn 61% less than the average Canadian worker, and their average earnings (\$13,976) are much reduced from the \$18,700 reported in 2001.

Recommendation Two

a. Increase the funding to the **Canada Arts Presentation Fund** for performing arts presenters and festivals by \$30 million in order to create domestic touring opportunities in synergy with international market development; and correspondingly, clarify the focus of the **Showcasing Canada Fund**.

Rationale: The Canada Arts Presentation Fund supports performing arts presenters and festivals across the country. These presenting organizations and festivals provide access to a variety of professional artistic experiences in their communities. This year the *Vital Signs: Arts and Belonging* study shone a spotlight on the power of the arts to build a greater sense of belonging to our communities, especially rural communities. In particular, the study found that Canadians who attend live music regularly were almost two times more likely to have a very strong sense of belonging to their city or town as a to those who do not attend. In addition, Indigenous and racialized participants are consistently more engaged than White participants with the presentation of the arts in their communities.²

Moreover, arts presentation is a crucial part of the performing arts production chain and can create synergies with other federal investments. With the doubling of the budget of the Canada Council, there will soon be more productions by Canadian artists available. Those productions need to tour domestically in order to amortize production expenses. With each performance in front of a live audience, productions improve and become ready to enter the competitive international markets, with the assistance of the **Showcasing Canada Fund**.

The Canadian Arts Coalition respectfully requests a \$30 million investment in the Canada Arts Presentation Fund in order to provide a launch pad for Canadian productions. The impact of this investment will be international tour-ready productions prepared to compete in a global marketplace and represent Canada with pride. The Canada Arts Presentation Fund and Showcasing Canada Fund are intrinsically linked: investment in both these funds increases productivity and competitiveness.

In addition, the Canadian Arts Coalition respectfully requests clarification as to the focus of the **Showcasing Canada Fund**. Investment in international market access is essential to the health of the arts sector and for the promotion of Canadian creativity abroad.

Period of time: Beginning in 2018, for five years

Expected cost: \$30 million annually, phased in over three years (raising the fund to \$62 million annually in the third year)³

b. Invest in the **training and development** through two essential programmes (Canada Arts Training Fund and Building Careers in Heritage) in order to recognize the significant growth in the arts sector

Rationale: In light of the doubling of the budget of the Canada Council, the arts sector is poised to significantly increase productivity.⁴ This productivity will mean more jobs for curators, actors, musicians, dancers, directors, designers, and managers and more support for independent artists in writing, film, visual, and media arts. But training of emerging artists and managers, especially from marginalized communities, is essential for the ongoing stability and longevity of the field because we have an aging

² WolfBrown, *Ontario Arts Engagement Study: Results from a 2011 Province-wide Study of the Arts Engagement Patterns of Ontario Adults*, Ontario Arts Council, September 2011

³ CAPF is currently funded at \$32 million a year and is over-subscribed.

⁴ The 2100 applications to the New Chapter fund at the Canada Council is evidence of the desire of artists and arts organizations to increase productivity.

workforce in comparison to the overall Canadian workforce. (There are fewer artists than the overall labour force under 25 years of age (12% vs. 14%) but many more artists 55 and over (25% vs. 19%).⁵

There are two essential programmes that invest in the development of artists and managers. First, the Canada Arts Training Fund (CATF) supports thirty-six outstanding training institutes across the country. These institutes train the next generation of Olympic-calibre Canadian artists; these artists are employed around the world and represent a competitive and mobile workforce. CATF has similar goals to the Own the Podium organization in that the graduates represent Canadian achievement internationally.

Second, Building Careers in Heritage (BCH) is an internship programme for cultural workers who are beginning their careers – coordinated by the Cultural Human Resources Council. BCH provides these arts workers with their first work experience after completing their education. These two training programmes readily prepare talented Canadians to spend their entire creative careers here, unlike generations before them. Therefore, the Canadian Arts Coalition respectfully requests a \$10 million increase to CATF and a \$500,000 increase to Building Careers in Heritage to account for the growth in the sector over the last decade.

Period of time: permanent
Expected cost: \$10.5 million annually

c. Raise the annual cap on the **Canada Cultural Investment fund – Endowment Incentives** to \$3 million in order to make Canadian arts organizations more competitive and to encourage new revenue streams

Rationale: In today's competitive market, charitable arts organizations spend a significant amount of time fundraising. Arts organizations need to demonstrate to Canadian donors that their investments can go further in order to be competitive. Increasingly, major arts organizations want to better demonstrate the private and public partnership in their fundraising. Many of the generous individual donations from Canadians, especially bequests, now exceed the outdated limitations of the Endowment Incentives program. Therefore the Canadian Arts Coalition requests that the annual maximum amount for matching be raised from \$2 million to \$3 million for organizations to recognize the generosity of Canadian philanthropists.

Notably, arts museums have not be eligible for this program in the past; the Canadian Arts Coalition recommends that the Department of Canadian Heritage explore the budgetary implications of extending the Canada Cultural Investment fund to art museums, as recommended by the Canadian Museums Association.

Period of time: Two years
Expected cost: Year One: \$0
Year Two: Assess usage and adjust as needed, based on subscription rate to the Fund

⁵ A Statistical Profile of Artists and Cultural Works in Canada: Based on the 2011 National Household Survey and the Labour Force Survey

Recommendation Three

Review the *Copyright Act* and clarify fair dealing provisions to ensure fair compensation for the educational use of copyright-protected work, and the continued production of Canadian learning resources for our students.

Rationale: Copyright is the foundation on which the writing and publishing business is built, and provides a mechanism for rights-holders to be compensated for their investment in new works, while allowing consumers access to content. Since the implementation of the *Copyright Modernization Act* in 2012, educators at both the K-12 and post-secondary level have interpreted new fair dealing provisions very broadly, and ceased making payment for much of the copyright protected materials. Revenues earned by Canadian writers and publishers have dropped dramatically since 2012, limiting the sector's capacity to re-invest in new Canadian work. The education sector's interpretation of fair dealing has led to costly and disruptive litigation that, at best, will take several years to resolve, while putting financial strain on all parties.

Clarifying fair dealing will allow students and educators continued access to Canadian content while ensuring rights-holders earn a return on the investment they make in the creation of written works. Creators and publishers will be able to reinvest in new works, and Canadian students will benefit from a continued supply of professionally produced, Canadian-specific learning resources and commercial cultural works that will support their educational pursuits.

Actions: That the Ministers of Canadian Heritage and Innovation, Science and Economic Development clarify fair dealing for education and ensure a fair licensing environment by amending the *Copyright Act*.

Expected cost: market mechanism

Period of time: Recurring, beginning in 2018

About the [Canadian Arts Coalition](#)

The Canadian Arts Coalition is a collaborative non-partisan movement spearheaded by a group of national arts service and membership organizations representing a broad range of artistic disciplines.