

CRAFT

An Entrepreneurial Investment

Written Submission for the Pre-Budget Consultations in Advance of the 2019 Budget

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List of Recommendations

1. That the government accept the Canadian Arts Coalition's recommendation to recognize the professional status of Canadian artists by implementing fair taxation in order to establish a more coherent and predictable support and fiscal ecosystem.
2. That the government re-commit to, and follow through on the budgetary increases already confirmed for the Canada Council for the Arts.
3. That the government provide extended funding to the Red Seal Trade apprenticeship programs, opening the program to Craft artists, and incorporating Craft apprenticeship programs as part of the existing system.
4. That the government amend the Canadian Copyright Act to include an Artist's Resale Right.
5. That the government accept the Canadian Museums Association's recommendation to modernize the National Museum Policy, and identify new financial support for programming to advance Indigenous reconciliation, inclusion and diversity, digitization, and infrastructure.

About the CCF/FCMA

The Canadian Crafts Federation / Fédération canadienne des métiers d'art (CCF/FCMA) is the only national arts service organization dedicated to the promotion of Canadian Craft at home and abroad. Our mission is to create connections and champion craft. Our strength is found in the national network of craft organizations, including close partnership with all the Provincial and Territorial Craft Councils, supporting collaborative projects and actions to benefit the sector.

This craft sector is alive and well in Canada, with over 5,500 practising artists listed as members of our organization, and with many more working independently across the country. Our recommendations will directly and indirectly impact their ability to succeed in a valuable sector, by supporting craft artists during key moments in their careers, or by supporting the systems which allow craft artists to succeed. The CCF/FCMA's recommendations are essential to the development and health of the cultural economy, and are deserving of increased federal support as Canada works to increase home-grown, sustainable jobs for Canadians.

Craft in Context

By allocating funding specifically to support the cultural sector, the government can ensure Canada's competitiveness. As a key contributor to the cultural economy, the craft sector is unique in its ability to overlap with many other industries, including the broader cultural sector, manufacturing, design, education, tourism, health, and much more. A majority of the professional craft workers in Canada are self-employed small business owners who create jobs in and outside of the cultural sector. Like any business, they require accountants, sales associates, marketing professionals, shipping assistance, etc, contributing to the Canadian economy at large.

The impact of the cultural sector is felt elsewhere as well, particularly in tourism. Craft artists and cultural workers are a major part of this industry, as a thriving culture attracts visitors not only from abroad, but also within our own country. Inter-provincial/territorial tourism should be encouraged to

ensure Canadians explore all that Canada has to offer, including the visual arts and craft. (Craft plays a significant role in tourism, as visitors often purchase craft to commemorate their travel experience.)

Promoting craft and culture is by no means a new idea in tourism, but it is important to draw the correlation between supporting the Canada Council for the Arts, providing new revenue sources for artists and clarifying their tax requirements, as well as supporting venues for the public presentation of culture, to increases in tourism. Supporting cultural development at the macro and micro level allows the sector to thrive. This leads to better and increased programming and production, driving increased attendance, participation and spending in the cultural sector by the Canadian and international public.

Recommendations in Context

1. *That the government accept the Canadian Arts Coalition's recommendation to recognize the professional status of Canadian artists by implementing fair taxation in order to establish a more coherent and predictable support and fiscal ecosystem.*

For years, craft artists (and professional artists across disciplines) have faced unclear guidelines and confusion regarding the reporting of grant income. This has led to unnecessary audits, wasted time and a deepening negative relationship between artists and the Canada Revenue Agency. This difficulty was brought to the forefront of public knowledge through the April 2018 CBC article about sculptor Steve Higgins and the \$14,000 tax bill he received due to reassessment, and the ensuing re-categorization of his professional work to 'hobbyist'. The term hobbyist has plagued professional craft artists, as confusion in the interpretation of work by CRA auditors has created lengthy delays and financial difficulties for those who are simply following the existing rules, only to be targeted unfairly by broad interpretations.

The issue, as described by the Canadian Arts Coalition, lies here: "The Canada Council for the Arts, and numerous other public funders, document project grants income on T4As. The income is initially reported in Box 105, however, reporting grant income in Box 105 equates artist's project grants with students' scholarships and does not facilitate the reporting all expenses related to artistic projects. It is paramount for artists to deduct the necessary related expenses, as any other business would."

Artists who have received grants of this level have already been deemed professional artists by the professional and peer jurying processes employed by arts funding agencies. There is no need for an additional layer of assessment by CRA officers to determine the accuracy of this professional title.

This recommendation encourages the federal government to invest in a relatively small amount of internal support for the CRA, providing clearer guidance for officers and auditors. This will reduce the number of unnecessary audits and increase productivity at the CRA, relieving the burden of reassessment and re-categorization for artists across Canada.

2. *That the government re-commit to, and follow through on the budgetary increases already confirmed for the Canada Council for the Arts.*

Since 2015, the Canada Council for the Arts has received increased funding from the government of Canada, with the promise of further funding increases through to 2021. The CCF/FCMA has directly benefited from this increase of available funding, as have many of our partner organizations and individual members across the country. This funding increase has had a significant impact on

organizational capacity, collaborative activity, and individual arts practices across Canada. We want to take this opportunity to thank the government of Canada for this extremely important investment. We look forward to continuing to showcase the impact it has had on the craft sector in the years to come.

This investment has only just begun to scratch the surface for the sector, easing organizations and collectives away from extreme financial strain and providing a base for more formal, professional support, creating a stable platform for growth. Continued investment, as previously pledged by this government, will raise Canadian culture to further heights, increasing our visibility in the general public and on the international stage. The Canada Council for the Arts has gone to great lengths to redefine its priorities, realigning the funding available to reflect an inclusive, modern Canadian arts practice. By following through on the committed funding for the Council, in full, through to 2021, this government will prove its dedication to, and its understanding of, the social and economic value of the cultural sector.

- 3. That the government provide extended funding to the Red Seal Trade apprenticeship programs, opening the program to craft artists, and incorporating craft apprenticeship programs as part of the existing system.*

In a study released by Statistics Canada in June 2017 titled ‘The Impact of Aging on Labour Market Participation Rates’, it was reported that in 2016 there was “a widening gap between the number of younger people entering the labour force and the number of people preparing to exit”. The next generation of craft artists also face this reality, with more young people starting their professional craft careers with extensive University and College debt. The detachment between young artists working to learn business management or technical skills and more experienced professional artists who require assistants to support their solid businesses, is an unfortunate reality. Funding for mentorship and apprenticeship programs would assist both sides with development and growth.

While apprenticeships are supported in other, often closely related trades (such as welding, carpentry and iron work) this is not the case for the more refined artistically aimed skills. It is an unfortunate bias that furniture makers are not covered but cabinet makers are – glassblowers are not covered but glaziers are – metalsmiths and jewellery makers are not covered but metal fabricators are. The differences between these are broad in the finished product, but the basic skill sets required are extremely similar. It is not a simple bias or ingrained elitism that backs this claim, it is an understanding of the realities of these positions and the skills required. The Red Seal trades receive federally funded grants for taking and completing apprenticeships, and equally if not higher skilled artisans working in very similar fields do not. By improving access to financial support for these programs in these fields, the Canadian labour market would directly assist craft artists to advance their practices, reduce debt burdens, increase formalized apprenticeship and career development, and lead more craft artists toward entrepreneurship and small business development.

Additionally, the CCF/FCMA supports continued funding toward training, professional development and internships managed by the Cultural Human Resources Council, who work to expand the skills of individuals building careers in arts and cultural organizations. Inter-generational mentorship programs are essential to allow artists of all ages to interact and share skills to create new and exciting opportunities in today’s digital creative economy.

4. *That the government amend the Canadian Copyright Act to include an Artist's Resale Right.*

The CCF/FCMA has long supported the development of an Artist's Resale Right in Canada. Proposed legislation from the Canadian Artist's Representation/ Le Front des artistes canadiens (CARFAC) and le Regroupement des artistes en arts visuels du Québec (RAAV) should be implemented immediately. This copyright royalty would provide a new means of taxable income for craft artists whose work is re-sold in the professional market. The proposed structure from CARFAC and RAAV would come at no cost to the federal government, described by April Britski of CARFAC as providing "an income stream for visual artists whose work has ongoing commercial success, with particular potential economic benefit to Indigenous and senior artists." We encourage the Finance Committee to push forward the recommendation that the Canadian Copyright Act include this Resale Right, aligning Canada with at least 93 other countries worldwide who currently have this legislation in place.

5. *That the government accept the Canadian Museums Association's recommendations to modernize the National Museum Policy, and identify new financial support for programming to advance Indigenous reconciliation, inclusion and diversity, digitization, and infrastructure.*

According to John McAvity, Director of the Canadian Museums Association (CMA), "Canada is home to approximately 3,000 non-profit museums, art galleries, science museums, and related institutions. They attract over 75 million in attendance each year." As one of the primary means for Canadians and international visitors alike to experience cultural programming, including craft programming, museums are a doorway for connection to the craft sector and an integral part of the Canadian cultural milieu. The CCF/FCMA recognizes the value of ensuring that Canadian museums are appropriately supported. Much like the recent review and transformation of the Canada Council for the Arts' model, Canadian museums should be supported in their endeavours to renew and refresh their structures, their content, and their relationship with a modern Canadian audience. Increased funding and support to enact upgraded national museum policies will only make Canadian museums more appealing, reflective, accurate and engaging. Strong museums are a strong draw, increasing Canada's ability to compete in the international tourism and cultural markets.

The CCF/FCMA is thankful to the Finance Committee for the opportunity to present these recommendations. We are open to presenting further information in support of these recommendations as well as those of our colleagues at the CMA, CARFAC, RAAV and the Canadian Arts Coalition.