



Recommendations to support the basic continuation and recovery of the performing arts ecosystem in Canada

Submission presented by CAPACOA (Canadian Association for Performing Arts / Association Canadienne des Organismes Artistiques) in advance of the 2021 Federal Budget.

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Summary of recommendations

1. That the government makes permanent the two-year supplements for live performance funding programs announced in the 2019 federal budget and currently set to terminate on March 31st, 2021.
2. That the government provides financial assistance for pandemic retrofitting capital investments in live performance venues.
3. That the government extends and expands the Canada Emergency Wage Subsidy as long as government-mandated restrictions on gatherings of over 2,500 are in effect, plus the three-month period following reopening.
4. That the government adapts the CEWS to permit organizations with seasonal fluctuations in monthly receipts to defer accessing the wage subsidy to the periods when it is most needed, according to their own needs.
5. That the government adapts the Canada Emergency Response Benefit or implements a new form of income support to ensure self-employed workers continue to receive basic support throughout the emergency and recovery period in the live performance sector.
6. That the government intensifies efforts to collect sales tax and income tax from multinational corporations that conduct business in Canada.

First out and last to reopen: How long it will take for the Live Performance sector to recover

The live performance sector¹ was abruptly and disproportionately impacted by the COVID-19 outbreak. It was among the first sectors to be shut down by public health authorities. The loss of revenues was immediate and consequences on labour were quickly felt by more than 30,000 artists, technicians, producing companies, venue operators, event organizers, agents and managers (see statistics 1-3 below).

As provinces and territories are rolling out their reopening plans, the live performance sector finds itself at the tail end of those plans. Restrictions on live performances are only lifted in the final phases of those plans. Moreover, restrictions are only partially lifted: where live performances are allowed, physical distancing rules restrict ticket sales to 25% of venues' normal capacity, which makes it impossible for event organizers to cover their costs.

It may well take a vaccine before live performance activities can recover any kind of profitability and revenues flow across the entire value chain. Many organizations and businesses – especially those operating a live performance venue – may not survive this long without ongoing assistance from the federal government (see statistics 4-5 below).

Even when restrictions are lifted, further stimulus funding will be needed while the live performance's value chain recovers some kind of cruising speed. Under normal circumstances, live performance series are booked 12-24 months in advance. This is the time frame for the recovery of the sector: lifting of all restrictions on gatherings + at least 12 months.

“Touring agents’ income is essentially made up of commissions on sales of performance engagements on behalf of the artists and companies they represent. We work 12 to 24 months ahead of the performance dates to receive a 10-20% commission on guaranteed fees. ... If live performance and touring activities aren’t expected to resume for another 12 to 24 months, then many touring agents won’t hold out and will have to cease activities.”

- Excerpt of a question asked by Annick-Patricia Carrière, founder and owner of Agence Station Bleue, to the Minister of Canadian Heritage during a webinar, April 30th, 2020.

¹ The live performance domain includes the performing arts and live concerts, as well as multidisciplinary events such as celebrations and festivals. The domain also includes facilities dedicated to live performance such as theatres or concert halls. The live performance domain is contained within NAICS 711 “Performing arts, spectator sports and related industries”. Formal definitions and mapping to [NAICS](#) are available in the [Conceptual Framework for Culture Statistics 2011](#).

Selected statistics

The following statistics illustrate how deeply the live performance sector was affected, from the very beginning of the crisis, and how devastating the long-term impact could be.

1. Businesses in the accommodation and food services [NAICS 72] (88.7%) and arts, entertainment and recreation [NAICS 71] (87.1%) sectors were most likely to be highly impacted by lower demand for their products or services in late March.²
2. Employment was down 23.4% (that's 34 900 jobs) in "Performing arts, spectator sports and related industries" [NAICS 711] in June 2020 compared to June 2019.³
3. Industry groups dependent on admission revenues lost proportionally considerably more jobs than other industry groups. These include "performing arts companies" [7111] (-44.1%), "spectator sports" [7112] (-60.3%), and "promoters (presenters) of performing arts, sports and similar events" [7113] (-56.7%).⁴
4. Arts organizations that operate a facility are disproportionately impacted by the loss of revenue from ticket sales and rentals (45%) compared with organizations without a facility (24%). Only 13% of organizations with a facility believe they can survive more than 9 months in "maintenance" mode, compared to 38% for organizations without a facility.⁵
5. "Arts, Recreation & Information" businesses face the highest risk of closing as a result of COVID-19. As many as 30% (10,800) were actively considering permanent closure in July.⁶

² Statistics Canada, [Canadian Survey on Business Conditions: Impact of COVID-19 on businesses in Canada, March 2020](#).

³ Statistics Canada, Labour Force Survey, June 2020. [Calculations and data reliability notes by CAPACOA](#). Interpretation notes: The "Live Performance" domain is contained within NAICS 711 "Performing arts, spectator sports and related industries" and it accounts for roughly half of the labour force within NAICS 711.

⁴ Idem.

⁵ Greater Vancouver Professional Theatre Alliance, [COVID-19 Impact Survey: British Columbia Arts and Culture Sector](#), June 2020. Data collected between March 12 and May 20, 2020; n=866.

⁶ Canadian Federation of Independent Businesses, [How many Canadian Businesses are at risk of permanently closing due to COVID-19?](#), July 2020. Survey of CFIB members started July 17, 2020; n=5,269.

Recommendations

Recommendations 3-5 aim to provide adapted emergency support to the sector through this difficult time. Recommendations 1 and 2 aim to provide industry-specific support to the sector through the slow recovery phase and beyond. With sufficient assistance from the federal government industry stakeholders have a better chance to survive and continue cultivating the exceptional live performance sector of Canada.

1. That the government makes permanent the two-year supplements for live performance funding programs announced in the 2019 federal budget and currently set to terminate on March 31st, 2021.

The [2019 federal budget](#) announced two-year investments for “expanding support to artists and cultural events” in three live performance programs:

- the Canada Arts Presentation Fund (CAPF): \$ 16 million over two years;
- the Building Communities through Arts and Heritage program (BCAH), Local Festivals component: \$ 14 million over two years;
- the Canada Music Fund: \$ 20 million over two years.

These three complementary programs support a range of touring and presenting activities – performing arts and music – by different kinds of presenting organizations – theatres and performing arts centres, festivals, music promoters – in more than 400 Canadian communities, urban and rural. These programs form a comprehensive support framework for activities that enable artists and production companies to connect with audiences.

The rationale for these investments hasn’t changed since the 2019 federal budget. On the contrary.

Devesting is not an option.

Total cost: \$25 million per year

Type of support: Recovery, stimulus and ongoing growth

2. That the government provides financial assistance for pandemic retrofitting capital investments in live performance venues.

Whether for the current pandemic or the next one, live performance will need to make capital investments to minimize risks of contagion on high-touch surfaces or airborne. Adaptations to ventilation systems could be particularly expensive.

The Canada Cultural Spaces Fund (CCSF) supports renovation and construction projects, the acquisition of specialized equipment and feasibility studies related to cultural spaces. The program has permanent funding of \$30 million per year, plus an additional \$30 million per year over 10 years, as part of the social infrastructure component of the Investing in Canada Plan. Additional funding, in the amount of \$20 million over two years, and more flexible guidelines regarding matching funds are needed.

Total cost: \$20 million

Type of support: Recovery and stimulus

3. That the government extends and expands the Canada Emergency Wage Subsidy (CEWS) as long as government-mandated restrictions on gatherings of over 2,500 are in effect, plus the three-month period following reopening.

4. That the government adapts the CEWS to permit organizations with seasonal fluctuations in monthly receipts to defer accessing the wage subsidy to the periods when it is most needed, according to their own needs.⁷

5. That the government adapts the Canada Emergency Response Benefit or implements a new form of income support to ensure self-employed workers continue to receive basic support throughout the emergency and recovery period in the live performance sector.

⁷ Recommendations 3 and 4 were framed by the COVID-19 ASO (Arts Service Organizations) Response Group. They were submitted to the Government and to opposition parties in a [joint letter](#) on June 17th.

So far, the Canada Emergency Wage Subsidy has been a relatively ill-adapted emergency response for the live performance sector:

- A large proportion of the workforce is self-employed. According to the 2016 Census, more than half (57%) of the labour force in “Performing arts, spectator sports and related industries” is self-employed.
- Many live performance facilities are operated by municipalities or other public entities.
- The seasonal nature of live performance activities – summer festivals, fall and winter series – has made it difficult for many organizations to meet eligibility criteria. Moreover, there are concerns that the program might no longer be available when the 2021 summer festival season picks up.

Based on the Census self-employment rates and the unemployment data from the Labour Force Survey, we estimate that, in June 2020, only 1 in 3 workers (35%) in performing arts, spectator sports and related industries were potential beneficiaries of CEWS (individuals who were employed and on payroll). And up to 2 in 3 (65%) were potential beneficiaries of CERB (individuals who were self-employed or unemployed and looking for work).

Table 1 – Estimation of potential demand for income support in June 2020

	Total Labour Force (as per LFS)	Employed, on payroll (estimated)	Employed, self-employed (estimated)	Unemployed (as per LFS)	Estimated potential demand for CERB (sum of self-employed and unemployed)	Estimated potential demand for CERB as % of total labour force
711 Performing arts, spectator sports and related industries	139,000	48,500	65,900	24,600	90,500	65.1%

Sources: Statistics Canada, Labour Force Survey, June 2020 and 2016 Census. Calculations by CAPACOA with custom Census data graciously provided by Hill Strategies Research.

In order for the live performance sector to survive and to recover from the crisis, both adapted wage support and income support will be needed as long as government-mandated restrictions on gatherings of over 2,500 are in effect, plus the three-month period following reopening. Universal basic income should be considered.

Type of support: Emergency support

6. That the government intensifies efforts to collect sales tax and income tax from multinational corporations that conduct business in Canada.

In order to fund emergency, recovery and stimulus measures the government will have little choice but to increase its revenue base.

We believe the government can both achieve this goal and level the playing field for Canadian businesses by targeting sales tax and income tax revenues from multinational corporations.

Among other things, the government should intensify participation in multilateral efforts to reduce [Base Erosion and Profits Shifting](#), and take a leadership role in negotiations to implement the [Two-Pillar Approach](#) to address the tax challenges arising from the digitalisation of the economy.

Until international instruments are adopted and enforced, the government should consider adopting a 3% digital services tax, following France's model. Whether Canada effectively levies such a tax or chooses not to (in order to avoid trade disputes with our most important trade partner), we must at least signal that stronger fiscal justice is a prerequisite for the long-term recovery from the economic crisis induced by the COVID pandemic.

About CAPACOA

The Canadian Association for the Performing Arts / l'Association canadienne des organismes artistiques (CAPACOA) is a national arts service organization for the performing arts touring and presenting community. CAPACOA represents 150 professional for-profit and not-for-profit presenters, festivals, presenter networks, artistic companies, agents, managers and other stakeholders working across the presenting and touring sector in Canada. Collectively, our network members represent nearly 2000 professional and volunteer organizations, associations and companies. CAPACOA's mission is to cultivate a vibrant, healthy and equitable performing arts ecosystem, from artists to audiences.