

Minister
of Canadian Heritage



Ministre
du Patrimoine canadien

Ottawa, Canada K1A 0M5

July 21, 2021

Scott Simms, M.P.
Chair of the Standing Committee on Canadian Heritage
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Mr. Simms,

Pursuant to Standing Order 109 of the House of Commons and on behalf of the Government of Canada, I am pleased to provide the Government Response to the Report of the Standing Committee on Impacts of the Covid-19 Pandemic on the Arts, Culture, Heritage and Sport Sectors.

The Government of Canada extends its gratitude to all of the members of the Committee for their comprehensive analysis of the impacts of the COVID-19 pandemic on the arts, culture, heritage and sport sectors. This report provides the Government of Canada with invaluable information that has and will be considered in future COVID-19-related initiatives and in the post-pandemic recovery period.

The Government of Canada also extends its appreciation to organizations and individuals who submitted briefs to the Committee for their collaboration in creating the report. The more information the Government has at its disposal, the better equipped it is to continue providing the necessary relief to affected Canadians and the arts, culture, heritage and sport sectors.

The arts, culture, heritage and sport sectors play critical economic and social roles. In 2019, the cultural sector contributed \$57.1 billion toward the Gross Domestic Product (GDP), or 2.7% of national GDP, and provided approximately 672,929 jobs in Canada, accounting for 3.5% of all jobs in the economy. The sport sector in Canada contributed \$6.1 billion toward the GDP and accounted for about 99,240 jobs in 2019. These sectors also contribute to nation building and fostering Canadian identity, both on a national and regional level. They are economically diverse and important from both national GDP and local economic perspectives, and are defining elements of Canada's trading relationships, tourism industry and diplomatic activities.

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While some of these sectors have shown resilience historically and in the face of the COVID-19 pandemic, others have been disproportionately impacted. The current crisis finds many organizations and business models struggling for viability because of underlying economic pressures and a typically precarious workforce. In addition, public health restrictions on large public gatherings may remain well into the near future, decreasing demand. As a result, the arts, culture, heritage and sport sectors have been among the first to suffer from the economic shutdowns in early 2020 and will be among the last to recover.

In response to these challenges, the Government, through the Department of Canadian Heritage (Canadian Heritage), has provided significant support to the arts, culture, heritage and sport sectors during the COVID-19 pandemic. Above ongoing programming, this includes the launch of a new \$500 million COVID-19 Emergency Support Fund for Cultural, Heritage and Sport Organizations in May 2020, as well as \$181.5 million for 2021-22 in funding through the Fall Economic Statement in November 2020 in order to support the arts and music sectors, including the planning and presentation of COVID-19-safe events. A further \$1.93 billion for Canadian Heritage and its Portfolio organizations was announced through Budget 2021, including for initiatives that relieve the financial pressures on important cultural institutions, advance equity, diversity and inclusion in these sectors, and support a safe return to sport, among many other initiatives

In this context, the Government takes note of the Committee's findings and recommendations and shares the Committee's views on the importance of public engagement on new funding models for the arts, culture, heritage and sport sectors; support for traditional media; and, support for the sport and physical activity sector during this time. In this letter, I want to highlight the significant work underway on these three themes.

THEME 1: PUBLIC ENGAGEMENT ON NEW FUNDING MODELS FOR THE ARTS, CULTURE, HERITAGE AND SPORT SECTORS

RELEVANT RECOMMENDATION: Recommendation 1: The Committee recommends that the Department of Canadian Heritage strike a committee to study new funding models for organizations in the arts, culture, heritage and sport sectors. Representatives of the cultural industry, including organizations representing official language minority communities, would be asked to sit on this committee. In addition, the committee structure would take into account Canadian diversity in its membership.

The Government agrees with the Committee on the importance of expert advice and engagement to ensure that funding models appropriately sustain the arts, culture, heritage and sport sectors through the COVID-19 pandemic, and support innovative and transformative approaches after. The Government further agrees that diversity, equity and inclusion must be a cornerstone of this work. The Government is pleased to report to the Committee that work in this regard is under way. While the creation of a new committee to study new funding models for organizations is not currently part of this work, the Government wishes to assure the Committee that it will continue to engage with stakeholders in meaningful ways and in a variety of forms in order to understand their unique contexts and challenges amid the broader impacts of the pandemic. In addition, the Government has increased its focus on equity, diversity and inclusion across all Canadian Heritage policies and programs. These commitments have guided and will continue to guide the Government's approach.

Engagement to better understand the impacts of the COVID-19 pandemic on the arts, culture, heritage and sport sectors

Emergency Support Fund Recipient Survey

Ongoing feedback and engagement with stakeholder organizations are essential in allowing the Government to adjust its approach in real time and to plan for the future. At Canadian Heritage, engagement has been central in informing decision-making throughout the pandemic. Through the quick design and delivery of a recipient survey for the \$500 million Emergency Support Fund, the Department was able to collect results, best practices and lessons learned in a dynamic and continuous way.

The pandemic has affected various communities differently, in many ways disproportionately exacerbating pre-existing inequities. To better understand how this dynamic unfolded in the arts, culture, heritage and sport sectors, diversity and inclusion considerations were built into the survey design. Canadian Heritage collected and analyzed information regarding funding impacts on 16 diverse communities, including Indigenous peoples, LGBTQ2 communities, persons with disabilities, official language minority communities, youth, seniors, women, and racialized communities and information from recipient organizations that advocate for the needs of diverse communities as part of their mandates. Results illustrate how these organizations experienced the funding process, and how they were differently impacted by COVID-19. The survey also collected information from all Emergency Support Fund recipients regarding the organizational strategies they undertake in support of reconciliation with Indigenous peoples and diversity and inclusion in the context of the funding received.

Ministerial Roundtables and Town Halls

In addition to ensuring that ongoing delivery of the Emergency Support Fund responded to identified gaps, in the fall of 2020, I hosted a series of fifteen roundtables and six town halls in order to gain further insight into how the arts, culture, heritage and sport sectors have been affected by the COVID-19 pandemic and how the Government might best support them. These engagements covered a wide range of topics spanning eight policy and program areas, including performing arts and heritage, music, screen industries, publishing, journalism, sport, diversity and inclusion, and the environment. Summaries of these events are available at <https://www.canada.ca/en/canadian-heritage/services/funding/information-covid-19.html>).

The engagements had a wide reach, engaging nearly 4,000 individuals and organizations and receiving close to 1,000 written submissions. Participants had an opportunity to share their views about the impacts of the COVID-19 pandemic on their sectors. They also discussed ideas for a relaunch that will be more fair, inclusive and green. The engagements were held entirely on Zoom, allowing for diverse geographic representation of the participants. Some of the roundtables focused on the realities of equity-seeking communities, such as an Indigenous Sport Roundtable, a Roundtable on Advancing Equity for Women, Non-Binary People and LGBTQ2+ Communities, as well as a French-Language Live Performance Sector Roundtable. All events were presented with interpretation in both official languages and were captioned for accessibility purposes.

Impacts of engagement on current priorities

Outcomes from these engagements played a large part in shaping the approach for the 2020 Fall Economic Statement, the 2021 Federal Budget and other related initiatives.

The Fall Economic Statement 2020 announced a number of measures to support the cultural workforce. These include \$181.5 million in 2021-22 to Canadian Heritage and the Canada Council for the Arts to stimulate short-term employment of cultural workers and to provide a one-year renewal of funding provided in Budget 2019 for the Building Communities through Arts and Heritage program, the Canada Arts Presentation Fund and the Canada Music Fund. Other supports include relief to local television and radio stations by supporting the waiving of broadcasting Part II licence fees in 2020-21, which are collected annually by the Canadian Radio-television and Telecommunications Commission, as well as a short-term compensation fund for Canadian audiovisual productions

To continue to support those sectors most hard-hit by the pandemic, Budget 2021 proposes to provide \$300 million over two years to establish a Recovery Fund and a further \$200 million for Community Festivals and Events. Together, these initiatives will promote the recovery from the pandemic for heritage, arts, sport sectors that contribute so much to the cultural life of Canada and allow for the reopening of local festivals, community cultural events, outdoor theatre performances, heritage celebrations, local museums, amateur sport events and more. Budget 2021 also proposes to provide \$23 million to the Museums Assistance Program over five years to support the digitization of information and collections, \$4 million to support the completion of the Memorial to the Victims of Communism, as well as \$66 million over the next five years to support national museums, the National Battlefields Commission and the RCMP Heritage Centre.

In Budget 2021, several initiatives were announced that further advance equity, diversity and inclusion objectives, such as providing the National Arts Centre with \$6 million over two years to support collaborations with equity seeking groups and providing the Canada Media Fund with \$60 million over three years to increase support for productions led by people from equity seeking groups working in the Canadian audiovisual sector.

Given the valuable feedback and data received through ongoing engagement, the Government will continue to seek views and experiences that reflect the full diversity of the arts, culture, heritage and sport sectors, so that new and existing funding mechanisms are as responsive as possible to the sectors' evolving contexts.

THEME 2: SUPPORT FOR TRADITIONAL MEDIA

RELEVANT RECOMMENDATION: Recommendation 2: The Committee recommends that the Government of Canada increase its use of advertising in traditional mediums, such as local, regional, and national newspapers rather than on platforms of international digital companies.

The Government shares the Committee's concern and recognizes that traditional media have faced significant challenges over the past few years, given the rapidly changing and expanding landscape of digital communications. That said, the most effective approach to supporting the traditional media industry remains building upon the current policy framework and measures in place to support media.

The *Policy on Communications and Federal Identity*, which guides the approach to federal advertising, has the primary objective of ensuring the Government of Canada fulfills its responsibility to inform Canadians about policies, programs, services and

initiatives, and of their rights and responsibilities under the law. The Government uses a wide variety of paid and unpaid media to ensure that its communications reach Canadians effectively, and in the official language of their choice. The Policy recognizes that Canadians use digital technologies to communicate in their daily lives, and expect to interact with the Government of Canada in the same way. The use of digital technologies, balanced with traditional communications methods, enables the Government of Canada to meet the diverse information needs of the public and engage with Canadians effectively and efficiently.¹

Robust support measures

The Government recognizes the important democratic role local, regional and national newspapers play by informing Canadians and keeping our public and private institutions accountable. Even before the COVID-19 pandemic, financial pressures facing traditional news organizations have been mounting for years and in response, the Government has established a number of targeted support measures with the specific intention of supporting the long-term sustainability of Canadian publishers and public interest journalism more generally. These measures are designed to deliver support in a manner that is predictable, tailored to foster the creation of journalistic content and crucially, structured to maintain a clear distance between the Government and news organizations.

To support this sector of critical importance to Canada's cultural and civic life, the federal approach is underpinned by key measures, including:

- **The Canada Periodical Fund.** Launched in 2010, the Canada Periodical Fund provides \$74.8 million annually to publishers of Canadian magazines, community newspapers and digital periodicals to help them overcome systemic market disadvantages and adapt to the digital world. In 2019-20 alone, the program provided over \$15.3 million to 326 community newspaper publishers, with the remaining funds going to magazine and digital-only periodical publishers.

The Local Journalism Initiative. Announced in Budget 2019, the Local Journalism Initiative is a program that is providing an additional \$50 million over five years to support the hiring of journalists in underserved communities across Canada: regions and community perspectives that

¹ The Government wishes to correct for the record a factual error in the Committee's report. Specifically, paragraph 4 of Section 1.4.4 on media and publishing should read: "In 2018–2019, out of the total federal advertising expenditure of \$58.6 million, **\$22.9 million** was spent on digital media; **of that amount, 33% was spent on social media, with the biggest investment being in Facebook Inc.**" [not \$43 million as stated in the report; Facebook was not the largest investment in digital media as stated in the report, it was the largest investment in social media, which represented a portion (33%) of the total amount spent on digital media]

receive little or no coverage by existing media outlets. In its first year, the program supported the hiring of 342 journalists to cover 418 communities, including 49 Indigenous, 66 ethno-cultural and 82 Official Language Minority communities.

- **Fiscal measures.** Budget 2019 also introduced three new fiscal measures to support Canadian journalism: 1) a labour tax credit on journalist salaries, 2) a temporary credit for consumers with subscriptions to paid digital news sources and 3) the inclusion of news organizations within the charitable tax regime, enabling them to become tax exempt, receive donations and issue tax receipts. Collectively, these measures are expected to provide \$595 million in support for the industry over five years.

Emergency Support for Community Newspapers and Magazines

Despite these ambitious measures, the abrupt, unanticipated and destabilizing effect of the COVID-19 pandemic has served to exacerbate financial pressures on the industry at a time when access to reliable news is perhaps more important than ever. In recognition of these acute pressures, the Government took rapid action to expedite payments to existing clients under the Canada Periodical Fund and provided an additional \$60.8 million in emergency support for community newspapers and magazines through the Emergency Support Fund for Cultural Industries.

These measures demonstrate the Government's commitment to both a robust, diverse and sustainable news ecosystem, and ensuring that Canadians can receive the timely information they require from their government. We remain committed to supporting the long-term vitality of the sector, including by advancing work to ensure that web giants more fairly share their revenues with creators and media.

THEME 3: SUPPORT FOR THE SPORT AND PHYSICAL ACTIVITY SECTOR

RELEVANT RECOMMENDATIONS:

- **Recommendation 3:** The Committee recommends that the Government of Canada increase support for local sport organizations that are struggling due to the COVID-19 pandemic.
- **Recommendation 4:** The Committee recommends that the Government of Canada create a community sport and recreation recovery fund to ensure that the parks and recreation sector, as well community sport organizations, are able to contribute to Canada's post-pandemic recovery.

- **Recommendation 5:** The Committee recommends that the Government of Canada create programs to both encourage Canadians to be active and ensure that all Canadians can access physical activity and recreational programs during and after the pandemic.

The Government agrees with the Committee that sport, recreation and physical activity have an important role to play in the recovery of Canadian society from the COVID-19 pandemic.

The COVID-19 pandemic has had a devastating impact on the Canadian sport system. Canadians of all ages have sacrificed time on the field, at the park, and on the ice to keep each other safe. Young Canadians, in particular, have missed out on the chance to learn new skills and make memories with their teammates. The COVID-19 pandemic has severely damaged the financial position of many sport organizations. Cancelled programs or restricted enrollment, inability to conduct fundraising activities and a reduction of sponsorship has pushed many organizations to the financial brink.

The Minister of Canadian Heritage is responsible for Sport and works with the Minister of Health and other key departments to implement the Government's commitments and activities to enhance opportunities for all Canadians to participate and excel in sport.

I wish to highlight several key measures, which align overall with the recommendations of the Committee, and together demonstrate significant commitment to ensuring that Canadians have access to sport, recreation, and physical activity opportunities. In particular:

Support for local sport during COVID-19.

The Government has supported key stakeholders and positioning the sport system for a restart. For instance, the COVID-19 Emergency Support Fund for Cultural, Heritage and Sport Organizations provided \$86 million in relief to the Canadian sport sector. Of that, \$34.5 million was provided to national level sport organizations (National Sport Organizations, Multisport Service Organizations, Canadian Sport Centres and Other Supporting Initiatives) already receiving funding. They received an increase of up to 25 percent of their current federal funding levels based on identified needs.

The Government of Canada also recognizes the role that provincial and territorial governments play in the Canadian sport system and provided \$46.5 million of the \$86 million allocated to Sport Canada in the Emergency Support Fund in top-up funding to provinces and territories, to be used to support provincial-territorial sport organizations as well as community and club-level sport organizations.

Recovery support for parks and recreation sector and community sport

Budget 2021 announced \$80 million over two years to remove barriers to participation in sport programming and to help community organizations kick-start local organized sport activity that is accessible to all Canadians.

The Government of Canada, through Infrastructure Canada, has a five-year \$1.5 billion Green and Inclusive Community Buildings Program that supports the construction and the improvement of community facilities that serve high-needs, underserved communities across Canada including those aimed at sport and recreation, to make them more energy efficient, lower carbon, more resilient, and higher performing. Municipal or regional governments, public sector bodies, not-for-profit organizations, provincial or territorial governments and Indigenous recipients may access funding for eligible projects.

Additionally, the Government of Canada, through Infrastructure Canada, is providing \$31 million for the Canada Healthy Communities Initiative to support communities as they deploy new ways to adapt spaces and services to respond to immediate and ongoing needs arising from COVID-19 over the next two years. This initiative is supporting small-scale infrastructure-related projects such as new multi-purpose community spaces; opened streets for increased pedestrian zones and active transportation.

Encouraging Canadians to be active and ensuring access to physical activity

Budget 2021 recently announced several investments to address physical inactivity, sedentary behaviour, mental health and wellbeing, as well as the other common risk factors that underlie chronic diseases.

These initiatives will build on work begun through previous initiatives related to enhancing equitable participation and representation in sport. Budget 2018 announced a target to achieve gender equality in sport at every level by 2035. This included an initial three-year commitment of \$30 million to support a comprehensive and long-term Gender Equity in Sport Strategy aimed at increasing the representation and participation of women and girls in all facets of sport.

The Government has also invested in expanding sport and physical activity programming in Indigenous Communities through a Budget 2018 commitment of \$47.5 million over five years, and \$9.5 million per year ongoing, targeting more than 300 Indigenous communities through the Sport for Social Development in Indigenous Communities Initiative of Canadian Heritage. This was further built on in Budget 2021 with an announcement of \$14.3 million over five years, beginning in 2021-22, and \$2.9 million ongoing, to ensure that Indigenous women and girls have access to meaningful sport activities.

Budget 2018 announced \$25 million over five years for the Public Health Agency of Canada to support ParticipACTION's *Let's Get Moving* initiative, to implement a national public education campaign and increase participation in daily physical activity among Canadians, including youth, through the Let's Get Moving initiative. Delivered through the Healthy Canadians and Communities Fund, the investment aims to change social norms and normalize daily physical activity through long-term, multi-sectoral partnerships and coordinated public education and engagement. The *Let's Get Moving* initiative includes an annual Community Better Challenge to inspire Canadians to be more active with friends, family members, coworkers and neighbours. The initial Challenge took place in 2019 and awarded a grand prize of \$150,000 to Canada's Most Active Community. To reflect the realities of COVID-19, ParticipACTION adapted its public education activities by cancelling the 2020 Community Better Challenge and developed virtual resources to help Canadians be more physically active during the pandemic.

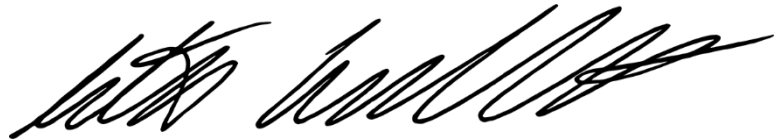
CONCLUSION

The pandemic has highlighted the importance of the arts, culture, heritage and sport sectors in bringing people together and celebrating the vitality of our country and its diverse regions and communities. The Government of Canada is responding to the needs of these sectors with urgency and is implementing related Budget 2021 commitments as a top priority, so that the arts, culture, heritage and sport sectors not only have the means to reopen and engage Canadians when it is safe to do so, but are also equipped for longer-term recovery. The Government's new and ongoing supports will help Canada to emerge from the COVID-19 pandemic recession by ensuring that lost jobs are recovered as swiftly as possible, that hard-hit businesses rebound quickly and are able to flourish, and that these sectors are able to do what they do best: bring Canadians together, share their diverse stories, and strengthen Canada's social fabric in equitable, inclusive ways.

On behalf of the Government of Canada, I would like to conclude by thanking the Committee once again for its in-depth examination of the impacts of the COVID-19 pandemic on the arts, culture, heritage and sport sectors. I appreciate your dedication as parliamentarians to improving the lives of Canadians, and to ensuring the viability of these economically and socially important sectors.

Please accept my best wishes.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steven Guilbeault', written in a cursive style.

The Honourable Steven Guilbeault, P.C., M.P. (il/lui/he/him)

c.c.

The Honourable Anita Anand, PC MP
Minister of Public Service and Procurement

The Honourable Catherine McKenna,
PC MP Minister of Infrastructure and
Communities

The Honourable Jean-Yves Duclos, PC MP FRSC
President of the Treasury Board

The Honourable Patty Hajdu, PC MP
Minister of Health