

# Alternative Federal Budget: Culture 2021

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*Mass Culture has assumed the Canadian Conference for the Arts' charitable number with a dedication to continue its annual budget analysis. The following are culture policy recommendations that have been incorporated into the Canadian Centre for Policy Alternatives' 2022 Alternative Federal Budget, but may also be read as a standalone living document that acts as a first step in Mass Culture's analysis of public funding of culture in Canada.*

*Thank you to Ben Dick, Naomi Stokes, and Neeha Dsouza for their fantastic work in creating this piece. We thank all those who contributed their thoughts and the readers who shared their perspectives. This piece would not have been possible without their input. As this is just a first step, we will continue to engage the culture sector in this analysis going forward.*

## Summary<sup>1</sup>

- Support the generation and publication of disaggregated community level data to address the needs of cultural sector stakeholders, with a view to expanding opportunities for Indigenous and equity-deserving communities and creating a more equitable cultural sector in Canada.
- Reform existing funding programs to increase long term funding opportunities, especially for artists and organizations from Indigenous and equity-deserving communities; and consider introducing demand side supports, such as ‘culture vouchers’ like those used in some European countries.
- Expand access to community infrastructure funding to include cultural organizations; and expand funding opportunities beyond programs offered through Canadian Heritage and other conventional cultural funding sources (e.g. Canada Council).
- Work with local cultural sector stakeholders, particularly those from underserved communities, to identify opportunities for including cultural spaces in infrastructure projects that receive federal funding.
- Target a portion of the funds collected via the new Digital Services Tax to support the development of Canadian content creators.
- Move ahead with reform of Employment Insurance and other income security programs to expand support for “non-standard” and self-employed workers, and work with the provinces to update labour laws to include meaningful protections for gig workers.

## Culture Counts

As the 2021 federal budget correctly points out, “cultural experiences . . . are central to our well-being.” The COVID-19 pandemic has meant that Canadians have been cut-off from many of the activities they normally enjoy. This has been a harsh reminder of how much culture matters in our lives. We need opportunities to create, to celebrate, to be entertained, and to be inspired to action.

*But whose culture counts?*

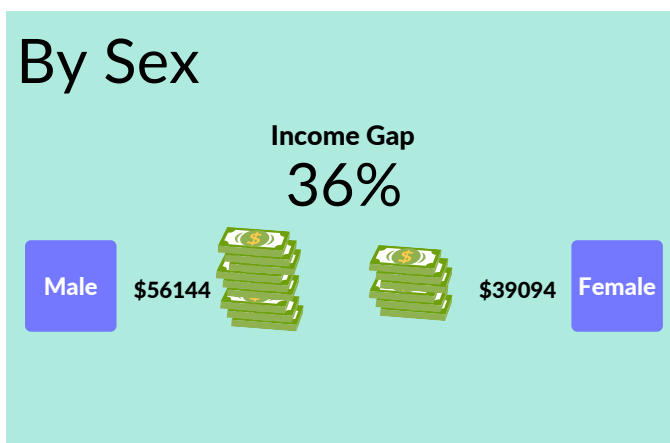
All levels of government in Canada have played a role in supporting Canada’s cultural sector and creating cultural opportunities for Canadians. The 2021 federal budget has made substantial commitments to the cultural sector to address the devastating effects of the pandemic. But as Canada’s demographics change, and as Indigenous and non-Indigenous Canadians reconcile with this country’s colonial past and present, are new investments

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<sup>1</sup> The costing for these recommendations has been determined by the Canadian Centre for Policy Alternatives. However, many of these recommendations are part of larger initiatives, such as EI reform, infrastructure, or childcare, and do not require additional allocations in the AFB.

merely reinforcing colonial models and dominant cultures? Are we truly ‘building back better’?

Prior to the COVID-19 pandemic, culture’s share of Canada’s GDP was more than \$57.5 billion and the sector accounted for 670,000 jobs.<sup>2</sup> As of the 2016 General Social Survey, half of Canadians aged 15 or older made or performed art that year; 86% attended at least one arts event.<sup>3</sup> But not everyone felt welcome. In a 2018 survey, Indigenous peoples and people of colour were 65% more likely to report that they stayed away from some cultural activities because they do not reflect people of a range of backgrounds.<sup>4</sup> Disparities also exist among the people who work in culture occupations. As of the 2016 Census, women working in culture occupations were earning 36% less than their male counterparts,<sup>5</sup> while Indigenous cultural workers earned 22% less than non-Indigenous cultural workers.<sup>6</sup>



<sup>2</sup> Culture Satellite Account, National Culture Indicators, 2019.

<sup>3</sup> Hill Strategies Research, Demographic Patterns in Canadians’ Arts Participation in 2016.

<sup>4</sup> Business for the Arts, “Culture Track”, 2018.

<sup>5</sup> Ottawa Culture Research Group, “Population Spotlight Series: Cultural Workforce Participation and Income by Sex” <[Cultural Workforce Participation and Income by Sex – GRCO | OCRG \(ocrg-grco.ca\)](#)> accessed June 23, 2021.

<sup>6</sup> Ottawa Culture Research Group, “Population Spotlight Series: Cultural Workforce Participation and Income for Indigenous Cultural Workers” <[Cultural Workforce Participation and Income for Indigenous Cultural Workers – GRCO | OCRG \(ocrg-grco.ca\)](#)> accessed June 23, 2021.

## It's time for change

It is encouraging that the Department of Canadian Heritage is planning to conduct a review of many of its programs, with equity, diversity, and inclusion as a key focus. We hope to see this review formally announced with more details in the coming months. Programs must be reviewed through a racial, gender, sexual orientation, ableism, and social-economic intersectional lens. Broad consultation with cultural workers, audiences, and other stakeholders will be key. Not all voices are represented in the organizations that Canadian Heritage typically consults.

The 2021 budget made an important commitment to developing a Disaggregated Data Action Plan - a first for Canada. How will culture be considered in this plan? To identify and address the needs of underserved communities, cultural sector organizations need reliable data on cultural activities and interests that are disaggregated by gender, race, language, and other demographic factors - and these data must be available for free for local/regional geographies, not just nationally.

***The AFB devotes \$20 million per year for three years beginning in 2022-23 to disaggregating data pertaining to culture, as part of the larger Disaggregated Data Action Plan.***

In addition, the government itself must use data on cultural producers and audiences, disaggregated by gender, race, language, and other demographic factors, to track progress towards the 2021 budget's objectives of creating more opportunities for Indigenous and equity-deserving communities. This includes federal agencies, commissions, and crown corporations, such as the CRTC, CBC, and Canada Council for the Arts. Canadian Heritage needs to establish clear targets for the diversity of the culture workforce and audiences, fair and equitable pay for cultural workers, and the equitable distribution of funding. Federal cultural institutions need to be held accountable for meeting these targets. As the Racial Equity Media Collective (REMC) noted in their brief for Bill C-10, "Without accountability, measurement, and ongoing engagement, we are bound to repeat the past."<sup>7</sup>

Substantial changes were already occurring in Canada's cultural sector before 2020, but the COVID-19 pandemic has accelerated some of these changes. One such change is the rapid growth of digital content and digital content creators. A new generation of creators has emerged in Canada by building audiences and revenue streams through online platforms. But the 'shift to digital' has created challenges with outdated copyright protections and broadcast regulations, and with ensuring the rights of Official Language minorities and Indigenous Peoples. The openness of some online platforms, such as YouTube and TikTok,

<sup>7</sup> Racial Equity Media Collective (REMC), Brief on Bill C-10, 2021, p. 5.

has created space for artists and creators whose work may not have been promoted through traditional media. But there are big differences in the level of connectivity across the country, with Indigenous and rural communities often left behind. These platforms, which are usually foreign-controlled entities, wield considerable power through their algorithms that determine which content is promoted and to whom. The platforms can also take a lot of the revenue that results from the content posted, through subscription fees, paid advertisements, selling user data, and other means.

A portion of the money collected from the new Digital Services Tax introduced in the 2021 budget should be used to support the development of Canadian digital content creators, including conventional artists and arts organizations that want to begin presenting their work through digital channels. Funds such as Digital Now and Digital Originals provided through the Canada Council helped support the shift to digital during the pandemic, but these were small one-time funds. The Digital Services Tax could offer a sustainable source of funding. The federal government must continue to work with the G7, OECD, and other international partners to ensure digital platforms pay their fair share of taxes, and that content creators (in both digital and traditional media) are fairly compensated for their work. The federal government also needs to invest in broadband infrastructure in Indigenous communities, as outlined in the AFB (see First Nations).

***The AFB commits \$85 million per year for three years beginning in 2022-23 to digital content creation. In future years, this amount will be adjusted based on Digital Services Tax revenues.<sup>8</sup>***

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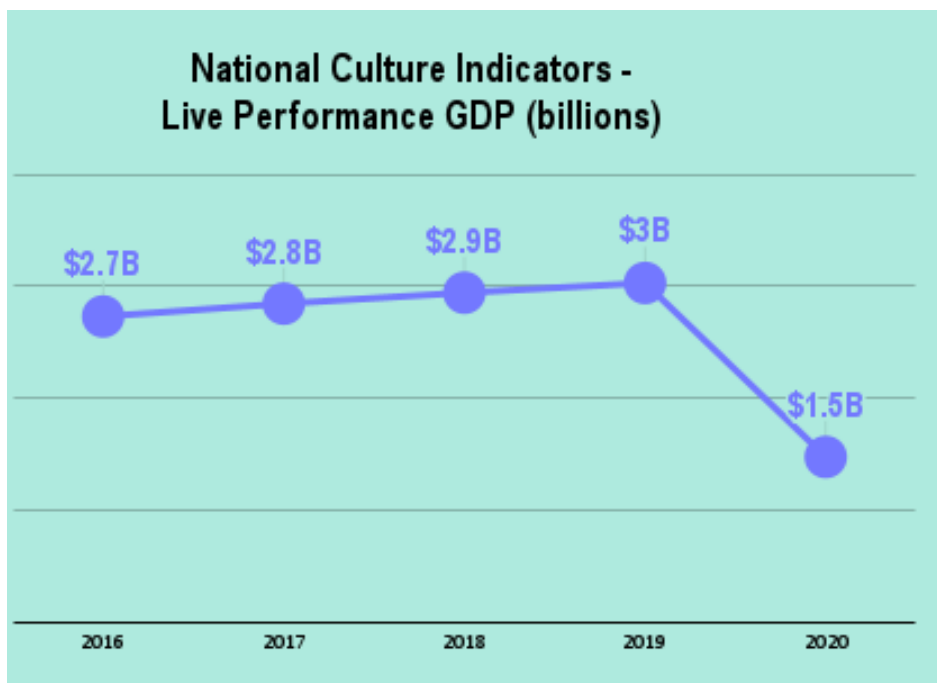
<sup>8</sup> The new Digital Services Tax will apply to “revenue from digital services that rely on data and content contributions from Canadian users” (Budget 2021). For the long-term, we propose that the federal government identify the share of the Digital Services Tax revenue that is coming from businesses that are primarily engaged in content distribution (e.g. Netflix, Spotify, YouTube, TikTok, etc.), and allocate that portion to content creators.

## Historic support

Words like “monumental”, “necessary”, and “historic” were used to describe the commitments in this year’s federal budget in opinion surveys conducted by Mass Culture shortly after the budget was released. Indeed, the government has made substantial commitments to the cultural sector to help the sector get through the pandemic.

*But more is needed!*

The COVID-19 pandemic is not yet over. Even with vaccines rolling out and much of the economy reopening, many parts of the cultural sector still face restrictions. This is especially true in the performing arts. The GDP of Live Performance (performing arts and festivals) declined by approximately 50% in 2020 compared to the previous year.<sup>9</sup>



It may be a while before the sector fully recovers, as restrictions on large public gatherings remain in place. Even as restrictions are lifted, some audiences may be hesitant to return. The wage and rent subsidies have made it possible for many cultural organizations to stay afloat, but with these programs set to expire soon, extensions will be needed in the hardest hit sectors (see Social Infrastructure).

<sup>9</sup> Culture Satellite Account, National Culture Indicators, 2019-20, released April 2021. This figure does not tell the full story. Since the lockdowns did not begin until March 2020, the 2020 Live Performance GDP includes the value of performances that took place during the first couple months of the year, before lockdowns began. This partially mitigates the decline. Comparing Q4 2020 to Q4 2019, the GDP of Live Performance was down more than 60%.

In addition, many organizations will incur extra costs to ensure the safety of their audience (e.g. improved ventilation, enhanced cleaning protocols, hand sanitizer, etc.). The \$3 billion stabilization fund for nonprofits and charities outlined in the AFB will be crucial (see Social Infrastructure). For upgrades to physical infrastructure, the \$15 million added to the Canada Cultural Spaces Fund is likely not sufficient, but the cultural sector should not be limited to receiving funding only from culture-specific sources. The cultural sector is not an island. Culture affects, and is affected by, issues related to health, education, justice, the environment, childcare, and much more. The sector needs to be able to access funding sources that address these cross-cutting issues. A first step could be to expand the definition of “community infrastructure” to include cultural infrastructure. This would make cultural organizations eligible for funding from the new Canada Community Revitalization Fund (\$500 million over 2 years) that was announced in budget 2021, as well as the additional GST/HST transfer for municipalities for community infrastructure proposed in the AFB (\$7.5 billion per year, see Physical Infrastructure).

The cultural sector can also add value to other large-scale public infrastructure projects, including schools, libraries, transit stations, hospitals, and more. The inclusion of spaces for making, performing, and observing art in these facilities can create opportunities for cultural expression and engagement in places Canadians visit regularly. The federal government should work with local cultural sector stakeholders, particularly those from underserved communities, to identify opportunities for including cultural spaces in infrastructure projects that receive federal funding.

## Intergovernmental cooperation

In addition to extending the wage subsidies for the hardest hit sectors, the federal government also needs to review this program to identify gaps. One of the limitations of the wage subsidy program is that it does not apply to public entities, meaning that municipally owned cultural facilities have not been eligible. Municipal arts centres and other municipal facilities can provide space for the local cultural sector, but municipal budgets took a huge hit during the pandemic due to sharp declines in revenue from transit, facility rentals, programming, property taxes, parking, and other sources. The limited flexibility in municipal budgets puts municipal cultural facilities at high risk of cuts without federal support.

The lower tiers of government are also significant funders of culture in Canada. In fact, CRA data show that registered charities in the cultural sector usually receive the bulk of their public support from either municipal or provincial/territorial governments. Only in Prince Edward Island is the federal government the largest contributor to the sector – in every other province and territory it is either municipal or provincial/ territorial governments.<sup>10</sup> As

<sup>10</sup> This is based on analysis of T3010 (Registered Charity Information Return) data obtained from the CRA for cultural sector charities with fiscal years ending in 2016, 2017, and 2018. An analysis of 2019 data is forthcoming.



the budgets of these governments are stretched by declining revenues and higher expenses for healthcare and other services due to the pandemic, all of this support for culture is vulnerable at a time when the sector is most in need. The federal government needs to review its agreements with the provinces and territories to ensure there is sustainable support for culture.

Cooperation between the different levels of government will also be needed to meet the 2021 budget's historic childcare commitments. These were especially important commitments for the cultural sector, where low wages currently make childcare unaffordable. As the federal government negotiates with all provinces except Quebec to establish \$10 per day childcare across the country, it is important that the needs of all workers be considered. In the cultural sector, lots of work happens outside of normal business hours. We need childcare for workers who do not just work 9 am – 5pm Monday – Friday and whose hours may vary week-to-week. Greater access to childcare will enable more participation in the sector, especially from women.

## Beyond stopgap measures

Although immediate support was needed (and needs to continue) to get the cultural sector through the COVID-19 pandemic, we must remember that some of these measures would not have been necessary if Canada's social safety net had kept pace with changing economic and social realities. The problems with Canada's Employment Insurance (EI) program did not begin in March 2020. EI had always been unavailable to many workers in the 'gig economy', workers who are independent/self-employed, and workers with precarious employment. This includes a lot of the cultural sector, including a growing number of digital content creators. To avoid future crises, many improvements to EI are needed and the Canada Liveable Income is a first step (see Income Supports). In addition, the federal government must work with the provinces to update labour laws to include meaningful protections for gig workers.

In the long-term, more stable and sustainable funding is needed for Canada's cultural sector. We cannot expect the sector to flourish when artists must survive from grant-to-grant. Although the Canada Council for the Arts provides "core" (multiyear operating) funding to major performing arts companies and visual arts institutions, this form of funding tends to benefit only a limited number of well-established organizations. Classical music organizations tend to be the biggest beneficiaries. Of the nine organizations which received more than \$1 million from Canada Council in 2019-20, eight of them were operas, symphonies, or ballets.<sup>11</sup> Artists outside of these large organizations face much greater uncertainty. The review by Canadian Heritage of its programs needs to find ways to increase longer-term funding opportunities, especially for individual artists and organizations from Indigenous and equity-deserving communities. Targets must be established for the diversity of long-term funding

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<sup>11</sup> Canada Council for the Arts, Open Data Tables, March 2020

recipients and Canadian Heritage must be held accountable for meeting these targets.

The federal government should also consider developing demand side supports for the cultural sector to complement the supply side supports. This could be a voucher, like those introduced in some European countries,<sup>12</sup> that would give Canadians money to spend on cultural activities and events. In addition to ‘nudging’ Canadians back to cultural activities after the pandemic, these vouchers could also bring funds to parts of the cultural sector that currently receive very little government support.

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<sup>12</sup> For example, Italy: <https://www.independent.co.uk/arts-entertainment/italian-government-giving-teens-eu500-their-18th-birthday-spend-books-a7205366.html>; France: <https://www.connexionfrance.com/French-news/France-gives-young-people-500-arts-and-culture-smartphone-app-pass>

<sup>13</sup> The AFB does not allocate money to the ‘culture vouchers’ at this time, as details of the program (i.e. who is eligible and how much they receive) need to be decided. The recommendation is being included here to encourage discussion of this alternative approach to public funding for culture.