

# PERFORMING ARTS HAVE IMPACT

## The Canadian Performing Arts Sector and Non-Resident Artists

Prepared by the Performing Arts Tax Working Group, April 2017

The live performance sector contributed **\$2.1 billion** to the Canadian Gross Domestic Product and accounted for **57,000 jobs** in 2010. This includes both performing arts organizations (53,000 jobs), as well as festivals and celebrations (4,000 jobs).<sup>i</sup>

Within this broad domain, there are organizations who primarily produce and present their own works, as well as organization who primarily or exclusively present other companies' or individual artists' works. Presenting organizations take on various forms: they can be performing arts centres, festivals or music promoters.

Producing organizations occasionally hire non-resident artists to work as part of their productions. When they do so, temporary foreign workers and non-resident taxation laws and regulations apply. It is important to note that a Labour Market Impact Assessment exemption was introduced in 2016 for foreign nationals hired by performing arts organizations in receipt of funding from the Canada Council for the Arts under the International Mobility Program.

Presenting organizations regularly engage non-resident artists within their festival or presentation series. Presentation engagements are very short in duration and are consequently exempt of work permit and Labour Market Impact Assessment requirements. They are however subject to the full range of non-resident taxation requirements.

Not-for-profit presenting organizations present more than 80,000 performances by professional artists, and pay artistic fees estimated at \$200 million per year.<sup>ii</sup> It is estimated that 70% of these fees are paid to Canadian artists, and 30% to foreign artists.

A survey of the Ontario live music sector (not-for-profit and for-profit organizations) indicates that 54% of respondents presented non-resident artists in 2013. Overall, Ontario music presenters attribute 68% of their total ticket sales to foreign acts.<sup>iii</sup>

Regardless of the type of organization or the nature of its activities, non-resident artists represent an important piece of a balanced performing arts program. It provides Canadian audiences with access to diverse cultural expressions from within their territory as well as from other countries of the world, and it fosters interculturality and social bridging.

Foreign acts also contribute significantly to the marquee character of Canada's festivals. Our 15 largest festivals attracted 12.6M visitors in 2009. 3.3M were tourists, including 1M from outside Canada. Such tourism and economic activity generated \$283M in tax revenue for all three levels of government, including \$131M for the federal government.<sup>iv</sup>

However, although foreign artists add value to a performing arts program, non-resident taxation have created such barriers that Canadian presenters and foreign artists are now thinking twice before agreeing to a presentation engagement:

*While most companies rated access to top foreign talent as having a positive impact on their success, some respondents also commented that attracting non-Canadian artists to Canada was a challenge. Many respondents indicated that when non-Canadian artists are successfully recruited to events in Ontario, red tape associated with current foreign worker policies and taxes can complicate the process and make it more costly.<sup>v</sup>*

Based on an economic model developed by the Performing Arts Tax Working Group, **non-resident taxation in the performing arts generates four times more red tape costs than it raises tax revenues.** In the non-profit presenting sector – performing arts centres and festivals – the costs of compliance are at least 10 times greater than the fiscal revenues. In the commercial sector – arenas – costs of compliance are roughly equivalent to the fiscal revenues.<sup>vi</sup>

For more information on arts presentation, visit [www.capacoa.ca](http://www.capacoa.ca).

---

<sup>i</sup> These figures include performing arts presenters as well as producing companies. They include all performing arts and presenting goods and/or services across the economy regardless of the producing industry. Statistics Canada, [Provincial and territorial Culture Statellite Account](#), 2015.

<sup>ii</sup> A Survey of Presenters conducted in 2011 established a sampling database of 1418 presenting organizations in Canada. Unweighted results indicated that these organizations present annually 60 artists or artistic groups and pay artistic fees in the amount of \$131,500 per year (N=288). Data collected by Canadian Heritage for the same period found that clients of the Canada Arts Presentation Fund paid on average artistic fees in the amount of \$177,000 per year (N=600). Using these two datasets, it is possible to estimate that 1,400 presenters paid \$212 million in artist fees in 2010 (no margin of error can be associated with this figure so it should be used with caution). This includes fees to both Canadian artists and foreign artists. The Canadian Heritage dataset indicates that 70% of fees were paid to Canadian artists and 30% were paid to foreign artists. EKOS Research Associates, [Survey of Presenters, The Value of Presenting](#), 2012; and, CAPACOA, [Trends Among Recipients of the Canada Arts Presentation Fund, 2003-2012](#), 2015.

<sup>iii</sup> Nordicity, [Live Music Measures Up](#), commissioned by Music Canada, 2015.

<sup>iv</sup> Enigma Research, [The Economic impact of Canada's Largest Festivals and Events](#), commissioned by the Canadian Festivals Coalition, 2009.

<sup>v</sup> [Live Music Measures Up](#), 2015.

<sup>vi</sup> This economic model does not take into consideration the administrative costs incurred by the Canada Revenue Agency, only those incurred by the Canadian payer and the non-resident artist.

CAPACOA, [Non-Resident Taxation : Costs of Compliance Outweigh Tax Revenues](#), 2017.