



CANADIAN ASSOCIATION
FOR THE PERFORMING ARTS
ASSOCIATION CANADIENNE
DES ORGANISMES ARTISTIQUES

Rebuilding the performing arts ecosystem after the COVID-19 pandemic

Submission presented by CAPACOA (Canadian Association for Performing Arts / Association Canadienne des Organismes Artistiques) as part of the *Let's Talk Budget 2021* consultation.

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Summary of recommendations

Base programming support

- Make permanent the two-year supplementary investments in the Canada Arts Presentation Fund, Building Communities through Arts and Heritage and the Canada Music Fund, first announced in the 2019 budget and extended by one year in the Speech from Throne.

Sector-specific relief

- Invest \$540 million over two years to provide phase 3 and phase 4 relief funding to the live performance sector.

Support to rebuild on new grounds

- Provide project funding in the amount of \$150 million over 5 years to support the rebuilding of a more resilient, innovative, equitable and sustainable arts sector.

Capital investments

- Provide financial assistance for pandemic retrofitting capital investments in live performance venues, including HVAC and touchless devices.

Labour support

- Extend the Canada Emergency Wage Subsidy as long as government-mandated restrictions on gatherings are in effect, plus the three-month period following reopening.
- When the wage subsidy sunsets, introduce a sector-specific employment program to continue to support rebuilding of the labour force in the live performance sector.
- Adapt the Canada Recovery Benefit or implement a new form of income support to ensure self-employed workers continue to receive basic support throughout the emergency and rebuilding period in the live performance sector.

Fiscal fairness

- Intensify efforts to collect sales tax and income tax from multinational corporations that conduct e-commerce in Canada.

Other budget recommendations endorsed by CAPACOA

- Festivals and Major Events is requesting \$225 million over three years for festivals and events to develop world-class programs and experiences that would attract more tourists. Such a program should be managed by regional economic development agencies, and could be an extension to the already-established Canadian Experience Fund.

- The Canadian Live Music Association is proposing changes to the Canada Emergency Rent Subsidy to enable access to the 90% top-up for businesses that are impacted by limitations on mass gatherings and travel restrictions, and include businesses that have provided essential services but have not closed due to the eligibility criteria.
- Orchestras Canada is recommending a multi-year donation-matching program to help arts organizations raise money for operating costs.

Background information

The live performance sector¹ was abruptly and disproportionately impacted by the COVID-19 pandemic. It was among the first sectors to be shut down by public health authorities. And it hadn't even begun its recovery when the second wave hit.

No matter what economic indicator you look at, the live performance sector is the hardest hit among hardest hit industries:

- Employment in the arts, entertainment and recreation sector [NAICS 71] fell from 450,500 in 2019 to 336,100 jobs in 2020. That's a 25.4% drop.
- Total actual hours worked declined 36.6% in the arts, entertainment and recreation sector [NAICS 71] in 2020 compared to 2019.
 - Within the arts sector, performing arts companies [7111] experienced the largest drop in total actual hours worked in 2020: -60.7%.²
- The GDP of the arts, entertainment and recreation sector [NAICS 71] in November 2020 was 48.2% away from its February level (\$16.2 billion). In comparison, the accommodation and food services [NAICS 72] sector was 33.1% lower than in February.
 - Within the arts sector, the "performing arts, spectator sports and related industries, and heritage institutions" cluster [NAICS 711, 712] was the furthest away from recovery in November 2020. At \$2.9 billion, it was 61.2% lower than in February 2020.³

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](#).

² Statistics Canada, [Labour Force Survey, by selected industries, Canada, annual](#). Calculations by CAPACOA.

³ Statistics Canada, [Table 36-10-0434-01 Gross domestic product \(GDP\) at basic prices, by industry, monthly \(x 1,000,000\)](#). Calculations by CAPACOA.

Even when restrictions are lifted, the recovery will be slow. 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. Depending on how quickly the vaccination campaign is rolled out, the live performance sector could be in recovery phase up until the spring 2023.

Detailed recommendations

Base programming support: Make the supplementary investments from the 2019 budget in the Canada Arts Presentation Fund, Building Communities through Arts and Heritage and the Canada Music Fund permanent.

Supplementary investments from the 2019 budget were made in response to long-standing requests for program increases. In the case of the Canada Arts Presentation Fund, the \$8 million it received barely made up for inflation since the program's previous increase, in 2007. This funding cannot be considered emergency or recovery support; it is base programming funding which should be made permanent. The domestic touring and presenting sector needs predictable funding to plan longer, more cost- and carbon-effective tours.

Cost: \$25 million per year

Sector-specific relief: Invest \$540 million over two years to provide phase 3 and phase 4 relief funding to the live performance sector.

The recovery of the live performance sector will be a long and slow one. Live performance organizations will likely still be under the effect of public health restrictions for most of fiscal year 2021-2022. Then, touring and presenting activities will progressively resume over the next fiscal year. During these two phases, the sector will operate at reduced capacity and increased operational costs (for personal protective equipment and for online programming).

Throughout these phases, the sector will need relief funding to assist with programming and presentation of live performances. According to feedback provided by sector stakeholders, support should be:

- Rapid – It could be delivered in part through existing programs at Canadian Heritage and the Canada Council for the Arts. However, support should not be limited to existing program clients.
- Simple – The application process should not be onerous. It could be partly formula-based.
- Strategic – Support should be based on needs and actual programming, not on funding history. Organizations serving under-represented communities and who have been historically underfunded should be given special consideration. Organizations that have not been eligible for the Canada Emergency Wage Subsidy, the Canada Emergency Rent

Subsidy or for any other emergency support should also be considered with particular care. Among them, publicly-owned facilities (such as municipal theatre/presenters) have lost nearly all sources of earned revenues and they were not eligible for any federal emergency support.

Cost: \$360 million in 2021-2022⁴
\$180 million in 2022-2023

Support to rebuild on new grounds: Provide project funding in the amount of \$150 million over 5 years to support the rebuilding of a more resilient, innovative, equitable and sustainable arts sector.

As highlighted in the Minister of Canadian Heritage's [recovery framework](#), performing arts organizations are under immense pressure to reinvent themselves while continuing to deliver on their core mission. They should be able to apply for project funding for activities that would support their transformation, including experimenting with new business models, implementing inclusive policies and programming, and any other transformative activities.

Such a program could have two streams: one stream for collective impact projects (single or multi-year funding), and one simplified stream for individual projects (single year funding only). The objective of this program would not be to supplement programming funding, but rather to foster change. Only activities that are beyond an organization's regular activities should be eligible. A more elaborate policy proposal is available upon request.

Cost: \$150 million over five years

Capital investments: Provide financial assistance for pandemic retrofitting capital investments in live performance venues, including HVAC and touchless devices.

Whether for the current pandemic or the next one, operators of live performance venues will need to renovate their buildings so as to minimize risks of contagion on high-touch surfaces or airborne.

Unless an economy-wide capital program is announced, the government should provide supplementary funding to the Canada Cultural Spaces Fund.

Cost: \$45 million over three years

⁴ Box office revenues are the sector's largest source of revenues, and all jobs in the primary value chain are dependent on them. According to Statistics Canada, admissions to live performing arts performances totalled \$3.6 billion in 2017 ([Table 36-10-0478-01 Supply and use tables, detail level, provincial and territorial \(x 1,000\)](#)). The costing of this budget recommendation is based on 10% of pre-COVID admission revenues for 2021-2022 and 5% of pre-COVID revenues in 2022-2023.

Labour support: Wage Subsidy and additional sector-specific employment support

Everyone in the live performance sector is asking for the Canada Emergency Wage Subsidy to be extended as long as government-mandated restrictions on live events are in effect. CAPACOA is of the same opinion. We further deem it should be extended another three months after restrictions are lifted, because that's how long it will take to rehire staff, announce programming, sell tickets and lift the curtain.

Extension of the Wage Subsidy may be enough to keep arts organizations afloat up until their reopening. But then additional employment support will still be needed throughout the recovery phase which, as explained above, may last until 2023.

Moreover, sector-specific labour support will be needed to rebuild and retrain the workforce.

As of December 2020, total labour force participation in the performing arts, spectator sports and related industries [NAICS 711] had decreased 20.7% compared to last year at the same period.⁵ Based on these statistics and anecdotes gathered in the sector, live performance organizations are likely to face a major shortage of skilled workers when in-person events resume. This anticipated labour crisis will call for interventions by both the federal government and provincial governments.

Other budget recommendations

There is no single way out of the pandemic. A successful recovery will require a range of budgetary and policy interventions. CAPACOA's recommendations are exhaustive and ambitious, but they are not exclusive. Many other associations have put a lot of thought and care in designing their own recommendations, many of which could be implemented alongside CAPACOA's recommendations. We highlighted a few recommendations endorsed by CAPACOA in the summary, above.

⁵ Statistics Canada, [Labour Force Survey, by selected industries, Canada, unadjusted for seasonality](#). Calculations by CAPACOA.

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.

Earlier submissions in relation to the federal budget and the COVID-19 pandemic

- [Pre-budget recommendations](#), August 6, 2020
- [Submission regarding the recovery framework](#), September 17, 2020
- [Standing Committee on Canadian Heritage study of *Challenges and Issues Faced by the Arts, Culture, Heritage and Sport Sectors During the COVID-19 Pandemic*](#), November 30, 2020