

The Canadian Dance Assembly's Pre-Budget Submission 2017

Brief to the Standing Committee on Finance:

Submitted August 4, 2017

Introduction

The Canadian Dance Assembly (CDA) is the national arts service organization for the dance sector. The CDA represents 600 organizations and dance artists across the country; with partner provincial organizations, it has a global reach of more than 3000 members. The CDA is grateful for the federal government's support of the arts in the 2016 and 2017 Budget, especially the investment in the Canada Council for the Arts.

Executive Summary

The Canadian Dance Assembly brings forth three recommendations for the development of the 2018 federal budget:

1. Invest in women in the arts with **training and development** (Programs: Canada Arts Training Fund and Building Careers in Heritage), in order to recognize the significant growth in the arts sector
2. Implement the **Artist's Resale Right** in order to grant visual artists, especially Indigenous artists, the right to collect royalties on the resale of their works.
3. Simplify and modernize the **non-resident taxation process**.

The Canadian Dance Assembly is an active member of the Canadian Arts Coalition and in many ways these recommendations are in support of the Coalition's brief.

Recommendation One: Invest in women in the arts with training and development (Programs: Canada Arts Training Fund and Building Careers in Heritage), in order to recognize the significant growth in the arts sector

Rationale: In light of the doubling of the budget of the Canada Council, the arts sector is poised to significantly increase productivity. ¹ This productivity will mean more jobs for curators, actors, musicians, dancers, directors, designers, and managers and more support for independent artists in writing, film, visual, and media arts. But training of emerging artists and managers, especially from marginalized communities, is essential for the ongoing stability and longevity of the field because we have an aging workforce in comparison to the overall Canadian workforce. (There are fewer artists than the overall labour force under 25 years of age (12% vs. 14%) but many more artists 55 and over (25% vs. 19%).²

There are two essential programmes that invest in the development of artists and managers. First, the Canada Arts Training Fund (CATF) supports thirty-six outstanding training institutes across the country. These institutes train the next generation of Olympic-calibre Canadian artists; these artists are employed around the world and represent a competitive and mobile workforce. CATF has similar goals to the Own the Podium organization in that the graduates represent Canadian achievement internationally.

Second, Building Careers in Heritage (BCH) is an internship programme for cultural workers who are beginning their careers – coordinated by the Cultural Human Resources Council. BCH provides these arts workers with their first work experience after completing their education. These two training programmes readily prepare talented Canadians to spend their entire creative careers here, unlike generations before them.

Both of these programs have a significant number of women as students and interns. In particular, the Building Careers in Heritage program has a mentorship component that is essential for cultivating more Canadian female arts leaders. Therefore, the Canadian Dance Assembly respectfully requests a \$10 million increase to CATF and a \$500,000 increase to Building Careers in Heritage to account for the growth in the sector over the last decade.

Period of time: permanent

Expected cost: \$10.5 million annually

¹ The 2100 applications to the New Chapter fund at the Canada Council is evidence of the desire of artists and arts organizations to increase productivity.

² A Statistical Profile of Artists and Cultural Works in Canada: Based on the 2011 National Household Survey and the Labour Force Survey

Recommendation Two: Implement the Artist’s Resale Right in order to grant visual artists, especially Indigenous artists, the right to collect royalties on the resale of their works.

Rationale: The Artist’s Resale Right (ARR), also known as *droit de suite*, is a market-based mechanism that entitles visual artists to share in the ongoing commercial success of their work by entitling them to a percentage of the sale price each time their work is resold through an auction house or commercial gallery. It is common for visual art to appreciate in value over time. If an artwork is resold in the secondary market, Canadian artists do not currently benefit financially from further sales of that work, even though its increased value is usually based on the experience and reputation of the artist. The establishment of this new Right will allow artists to achieve a more sustainable living income³ based on the value of their own work, in a way that is not reliant on public funding.

Canada’s Indigenous artists in particular are losing out on the tremendous profits being made on their work in the secondary market. Many artists living in isolated northern communities live in impoverished conditions, while their work dramatically increases in value. For example, acclaimed Inuit artist, Kenojuak Ashevak, sold her piece *Enchanted Owl* in 1960 for \$24. It was later resold by Waddington’s auction house in 2001 for \$58,650. Ashevak received no profits from the auction sale.

The Canadian Arts Coalition proposed that visual artists receive 5% from the public sale of their work in the secondary market. The Canadian Dance Assembly stands with CARFAC and the Canadian Arts Coalition in making this request. Visual artists play a significant role in dance productions and we are happy to support this regulatory change.

Actions: That the Minister of Canadian Heritage present the Artist’s Resale Right as an addition to the *Copyright Act*.

Expected cost: market-based mechanism

Period of time: Recurring, starting in 2018

³ Between 1990 and 2005, the average earnings of artists decreased by 11% while the earnings of the average labourer increased by 9%. Visual artists, by comparison, earn 61% less than the average Canadian worker, and their average earnings (\$13,976) are much reduced from the \$18,700 reported in 2001.

Recommendation Three: Simplify and modernize the non-resident taxation process

Rationale: The Canadian non-resident taxation regime is particularly cumbersome and ineffective in the performing arts. It interferes with the regular business activities of Canadian performing arts organizations and impedes their productivity. The Performing Arts Tax Working Group, an ad hoc coalition representing all major performing arts organizations and festivals in Canada, offers nine recommendations to simplify and to modernize the non-resident taxation process.

The Performing Arts Tax Working Group, a collective of arts organizations including the Canadian Dance Assembly, was assembled in March 2014 to examine ways to achieve greater efficiency and better risk management in the administration of taxation of non-resident artists.

Five recommendations address pre-performance activities (the waiver process):

- 1 – Develop Performing Arts Specific Guidelines
- 2 – Exempt Deposits from Withholding
- 3 – Streamline and Simplify the Individual Tax Number (ITN) Process
- 4 – Streamline and Centralize the Application Process by Using Electronic Means of Submission and Communication
- 5 – Increase and Index the De Minimis Threshold for Waivers

Three recommendations address post-performance activities (information return and tax return processes):

- 6 – Introduce an Information Return Exemption Program Modeled on the Non-Resident Employer Certification Program
- 7 – Adopt a Phased-In Approach in the Enforcement of Penalties for late filing of T4A-NR, T4-NR, T1, and T2 Returns of Non-Residents
- 8 – Introduce a De Minimis Exemption to the Tax Return Obligation

One recommendation offers overarching considerations at the treaty level:

- 9 – Integrate Exclusions from the Commentary on Article 17 of the 2014 OECD Model Tax Convention into Canada's Tax Treaties

The Canadian Dance Assembly stands with its partners, such as CAPAOCA, in asking for the simplification of the non-resident taxation process. Simplifying this process will mean international renowned companies, like the Bolshoi Ballet,⁴ would return to Canada and share their expertise with Canadian artists and audiences.

⁴ Les Grands Ballets Canadiens has received notification that the Bolshoi Ballet will not return to Canada while the current non-resident taxation regulations are in place. Reciprocity in international touring is essential for the health of Canadian dance.