

CRAFT

An Entrepreneurial Investment

Brief to the Standing Committee on Finance
Pre-budget hearings
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Submitted to:
Guyanne L. Desforges
Clerk of the Standing Committee on Finance
fina@parl.gc.ca

For more information, please contact:
Maegen Black, Administrative Director
Canadian Crafts Federation
(506) 462-9560, maegen@canadiancraftsfederation.ca

1. Economic recovery and growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

In periods of austerity, governments often have the reflex of cutting down investments in arts and culture which they perceive as luxuries to be supported in times of prosperity. Such a reflex ignores the economic and social returns stemming from the creation of jobs in that sector and the social cohesion that results from cultural production. While remaining prudent with expenses, the government must contribute to economic growth through investment.

The Canada Council for the Arts and Canadian Heritage are established institutions and departments which support arts programming through grants, awards and project sponsorship. This funding helps Canadian artists and organizations to execute quality projects and programming, programming which the public accesses to improve quality of life for all.

The Craft sector receives grants from these funding agencies, supporting travel, research, development, publications and presentation, all of which are essential to the development of a Craft career in a geographically large country. Craft organizations such as the CCF/FCMA and our members (the Provincial and Territorial Craft Councils) access funding for program and operational costs, as well as professional development in order to provide essential support to the industry.

Funding helps us, among others working in culture, to contribute to the economy, as demonstrated in the following data:

- According to the Conference Board of Canada, the economic contribution of the Canadian cultural sector in 2007 was estimated to be \$84.6 B or 7.4% of GDP (in direct, indirect and induced contributions).
- The direct economic impact of cultural industries (including information) has grown from \$39 B in 2002 to \$45.9 B in 2011, a 2.1% yearly growth.
- In Québec, the economic impact of arts and communications represents \$10 B, 4.1% of provincial GDP, 130,000 jobs, \$2.2 B in employment revenue and \$673 M of revenue for the government.
- In Alberta, the art sector provides 3 % of GDP and in Ontario, 4%.

Recommendation: *Increase investments in arts and culture via the Canada Council for the Arts, the Department of Canadian Heritage, and across the spectrum of cultural industries programs supporting growth in the arts sector.*

2. Job creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

Creating a job in culture is not expensive and offers real returns. It is less costly than in any other sector of the economy, as the average cost varies between \$20 K and \$30K compared to \$100K to \$300K for jobs in medium and heavy industry sectors.

Recommendation: *Increase the funding for the Youth Employment Strategy in cultural institutions and industries: such investments in youth will go a long way.*

For the Craft sector specifically, the international market for professionally handmade goods holds enormous potential outside the domestic market. Projects that boost the reputation and sales of Craft artists worldwide are essential in expanding export activity, whether through the exchange of exhibitions, the sale of works in an international market or the display of Canadian Craft in countries where the handmade is better appreciated than in the North American sensibility. Access to this international market is a pricey venture, requiring up-front capital that most small businesses and non-profit organizations simply do not have. With assistance from the federal government, these dedicated marketers of Craft would tap into an export market that in previous years reached near \$100 million dollars, according to the Profile and Development Strategy for Craft by Peartree Solutions conducted in October 2003. At the time, export and touring funding was available from the now defunct PromArt and Trade Routes programs.

Projects which display Canadian Craft in international venues, or even in regions outside the home market of the maker, expose their works to a broader audience. This is absolutely essential for Craft artists who wish to break out of their limited local market. The Canadian population is relatively low, and spread far across a geographic expanse. Touring and export support is essential to the development of our industry, but has benefits to other areas of the economy – namely, tourism. By exposing the work of Canadian artisans to the world, new viewers get a taste of our culture, which encourages tourism.

Recommendation: *Invest in touring at home and abroad and adopt mechanisms to facilitate and support the export of cultural products.*

3. Demographic changes

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

Canadian creativity is an inexhaustible and non-polluting natural resource. We do not suffer from manpower shortages in culture but rather from small markets, hence the importance of supporting touring. But there are also pressing needs in training to support intercultural cross-fertilization. We question the decision of the Department of Human Resources and Skills Development to stop funding the Cultural Human Resources Council (CHRC). CHRC is an important forum and delivery mechanism for training in arts and culture. We need inter-generational mentorship programs to allow artists of all ages to interact and share skills to create new and exciting cultural products and transition successfully towards a digital creative economy. The CHRC is ideally positioned to implement this direction.

Recommendation: *Find new ways of funding the Cultural Human Resources Council.*

That said, in the Craft industry, the age gap has affected development. The detachment between young artists working to learn business management or technical skills and the older professional artists who require assistants to support their solid businesses is an unfortunate reality. Funding for mentorship and apprenticeship programs would assist both sides with development and growth.

While apprenticeships are supported in other, often closely related trades (such as welding, carpentry and iron work) this is not the case for the more refined artistically aimed skills. It is an unfortunate bias that furniture makers are not covered but cabinet makers are – glassblowers are not covered but glaziers are – metalsmiths and jewellery makers are not covered but metal fabricators are. The differences between these are broad in the finished product, but the basic skill sets required are extremely similar. It is not a simple bias or ingrained elitism that backs this claim, it is an understanding of the realities of these positions and the skills required. The Red Seal tradesmen receive federally funded grants for taking and completing apprenticeships, and equally if not higher skilled artisans working in very similar fields do not.

Recommendation: *Ensure that matching funding to the Red Seal Trade grant program is accessible to Craft artists, and that Craft apprenticeship programs be developed.*

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

The cultural sector is in dire need of timely and reliable data to follow its own evolution and develop and evaluate appropriate programs and policies designed to boost its performance. Having to deal with successive budget cuts, Statistics Canada has abolished its Culture Division and put an end to a number of programs and surveys related to arts and culture. We submit that it is time to reinvest in the collection and analysis of trustworthy evidence when it comes to the multi-billion dollar arts and culture sector of the economy.

This is particularly important for the Craft sector, which has a direct relation to the cultural marketplace through the high-quality functional products made and sold by Canadian artists, galleries, boutiques and wholesalers. A majority of professional Craft workers are self-employed small business owners who creating jobs in and outside of the cultural sector. Like any business they require accountants, sales associates, marketing professionals, shipping assistance, etc. Those within the business know it is a thriving sector, but without proper studies on the activity and sales in the sector, it is difficult to express clearly what the national outcomes are. There are currently no resources available to conduct a national study of the sector, leaving Craft artists and the industry unable to verify the potential for their own businesses. This effectively cuts practitioners off from potential support (from sponsors or for new business owners) as without figures, pitches are unstable. Funding to study our sector would highlight an extremely productive part of the cultural economy, and would lead to new investment with a high return.

Recommendation: *Reinvest in the collection and analysis of culture statistics.*

The cultural sector is largely composed of small and medium sized enterprises, a classification that represents 90% of the Canadian economy. Found in every corner of the country, 75% to 85% of small cultural businesses are profitable, which compares favourably with SME in other sectors of Canadian economy. We must provide for the presence of Canadian content in all cultural fields.

Recommendation: *Develop coordinated policies to support the production of Canadian content.*

5. Other challenges

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?

Artists and cultural workers face huge challenges in their unique field of expertise. While we appreciate the many methods that exist to support the cultural sector, there is a key piece missing in the visual arts support system. A worthwhile legal right that currently does not exist in Canada would make a significant impact on the producers in our cultural economy: the Artist Resale Right.

The CCF/FCMA is a supporter of CARFAC national's efforts to institute the Artist Resale Right, which if made into law, would entitle artists to receive 5% from subsequent public sales of their work through auction houses and commercial galleries. This right is a recognized law in 59 other countries, and Canada should be the next to take it on.

It is common for visual art to appreciate in value over time, as the reputation of the artist grows. The Artist Resale Right would help all artists whose work is selling beyond the first exchange of hands. It would be particularly influential on the income of artists in the Territories, who generally live in remote regions and have limited options for secure employment and sustainable sales of their work.

In just one example, a print by Cape Dorset artist Kenojuak Ashevak, *Dog Sees the Spirits* sold for \$22,420 at Walker's Auction House in 2011, and her stonecut print *The Return of the Sun* sold for \$7,200 at Waddington's. If Canada had the Artist's Resale Right, Ms. Ashevak would have received \$1,481. In both instances, it is likely that she initially sold the work for less than what she should receive as a 5% royalty today.

Examples of this resale without any benefit to the original artist are a common occurrence, one which could be easily avoided with the institution of a Resale Right.

Recommendation: *Work with CARFAC National to institute the Artist Resale Right as law in Canada.*