Written Submission for the

Government of Canada's Pre-Budget Consultations in Advance of Budget 2026

Submitted: May 22, 2026
by

Canadian Crafts Federation
Fédération canadienne des métiers d'art

Recommendations

1. Review and adapt the timeline, eligibility and funding levels of existing and newly proposed federal funding programs in arts, culture, tourism and export.
2. Increase core funding for Arts Service Organizations (ASOs) to ensure they can support their communities and retain skilled staff.
3. Reduce trade barriers and invest in creative sector trade diversification. Lower trade costs for Canadian craft producers by addressing tariffs and material duties, while establishing targeted federal funding to support export development, market diversification, and sector-specific business supports.
4. Allocate a minimum of 1% of the Government of Canada's total spending towards arts, culture, and heritage. To accomplish this for the 2026-27 fiscal year, the Government should boost its allocations by $270 million through:
   a. An increase of $140 million to the Canada Council for the Arts; and
   b. An increase of $130 million to the Department of Canadian Heritage.
5. Implement an Employee Insurance program tailored explicitly for workers in the arts and culture sector.
6. That the Government of Canada ensure the principles of Authorization, Remuneration, and Transparency (ART) are in place for artists for the use of their work, whether auditory or visual, in all contexts, including for the training of generative artificial intelligence technologies and for any AI outputs.

Context

1. **Review and adapt the timeline, eligibility and funds of existing and newly proposed federal funding programs in arts, culture, tourism and export.**

As Canadian organizations develop new, innovative programs to support artists and arts-based businesses, underfunding, eligibility restrictions, and delayed service delivery timelines continue to hinder the craft sector's access to much-needed industry support. Many pre-pandemic federal funding programs were critically underfunded, excluded the craft sector, or imposed restrictive application and approval timelines that did not reflect the realities of project planning and delivery. In particular, service delivery standards for some federal programs remain a major barrier. For example, Canadian Heritage's Creative Export Canada program has had approval timelines of up to six months from the application deadline. For projects that must be completed by March 31, this can mean organizations are notified near fiscal year-end, leaving little or no realistic time to plan, contract, travel, deliver activities, or responsibly manage funds. By contrast, many other federal agencies provide decisions within three months or less, while Regional Development Agencies often respond within one to two months. Restrictions on sole proprietorships, fast-paced proposal processes, delayed approvals, and the need to stack multiple levels of government funding have left not-for-profit craft organizations at a significant disadvantage.

We request a review of existing program eligibility and timelines, particularly for the slate of programs at Canadian Heritage. Currently, there are no funding opportunities specific to visual arts and craft within this department. Access for our sector has been limited to competition within the project funds open to culture, sport, and heritage organizations. At the same time, other arts disciplines are supported through dedicated disciplinary funds, such as the Canadian Arts Presentation Fund, the Canada Book Fund, the Canada Media Fund, and the Canada Periodical Fund, among others.

We ask that two streams of visual arts-specific funding be developed:

a. Operational funding to support visual arts and craft-based organizations whose mandates focus on the advancement, professional development, promotion, expansion, and innovation of the visual arts, including craft.
b. Mentorship/training and marketing funding specifically targeted to provide sector-specific professional development and business advisory services to artists. This funding is particularly relevant to those running sole proprietorships, which are currently excluded from microgrant funding, such as the Grow Your Business Online programs through Innovation, Science, and Economic Development Canada.

2. **Increase core funding for arts service organizations (ASOs):**

Arts Service Organizations (ASOs), such as the Canadian Crafts Federation, play a crucial role in supporting artists and promoting the arts. However, many of our provincial and territorial councils and support organizations are in peril due to a lack of sustainable and stable core funding. **This lack of funding results in high turnover rates, the loss of institutional knowledge, and an inability to attract and retain skilled staff.**

Provincial and territorial craft councils receive varying funding levels which significantly impacts the safety and quality of life of craftspeople. Many councils, including the CCF/FCMA, have not received funding increases for several years and must rely on project funding to maintain their operations. This means constantly seeking short-term grants to secure permanent staff. The councils find it challenging to continue supporting members with insufficient funding, leading to struggles for the craftspeople who make up their membership. This is a vicious cycle where access to council support is crucial for survival and sustainability; yet, without an appropriate income, craftspeople cannot access council membership. Without visibility, funding is impossible, and without funding, visibility is challenging to attain.

The CCF/FCMA and provincial and territorial craft councils are expected to absorb the full costs of sector support, including administration, communications, advocacy, program development, member services, data collection, reporting, translation, digital infrastructure, governance, staff time, and the coordination required to connect artists with opportunities and resources.

Yet these organizations have little control over the timing, amount, or stability of the funding they receive. The CCF/FCMA frequently faces financial pressure caused by insufficient core funding, and its reliance on council membership fees is unsustainable. It is imperative that the Federation has access to sufficient funds to support our struggling council members, and that councils have the necessary resources to assist craftspeople in their jurisdictions. Regrettably, under our current funding structure, this is not possible.

The federal government must allocate funding to the parties closest to those in need, following the principle of subsidiarity.

3. **Trade, Tariffs, and Creative Sector Diversification**

Canadian craftspeople are being priced out of their own markets. As international trade tensions escalate, the makers who shape Canada’s cultural identity are becoming unintended casualties of economic policy.

The Canadian Craft Federation (CCF/FCMA) represents professional craft organizations across Canada, advocating for craft from this unique perspective. A recent survey of CCF/FCMA members found **that two-thirds of respondents rely on sales to the U.S. market, and one-quarter report earning up to 99% of their income** from these transactions. Significantly, beyond the cost of tariffs, the instability of the current trade environment has suppressed demand and triggered a marked downturn in sales throughout the craft sector. **78% describe being adversely affected by tariffs, political uncertainty, or economic instability.** Current and anticipated tariffs **threaten not only the ability of craft businesses to access affordable supplies** but also **jeopardize the sale of finished works and reduce overall market access.**

Current trade policies disproportionately impact craft-based businesses by:

- Increasing the cost of raw materials through tariffs and retaliatory duties
- Reducing the competitiveness of finished handmade goods in export markets
- Limiting market access for small-scale, independent producers

These impacts are intensified by the structure of the craft sector. Craft production is:

- Low-volume
- High-skill
- Labour-intensive

As a result, it does not align with standard industrial trade frameworks and requires tailored policy responses.

At the same time, craft represents a significant and under-leveraged economic driver. The sector contributes billions to Canada's GDP, supports nearly 30,000 jobs, and generates substantial export activity. Craft economies also drive tourism, support local economies, and act as a form of cultural diplomacy—connecting global markets to Canadian identity through handmade objects.

To address both immediate pressures and long-term opportunity, the Canadian Crafts Federation recommends a dual approach:

1. **Reduce trade barriers for the craft sector**
    - Remove or mitigate tariffs on handmade, low-volume Canadian cultural goods
    - Exempt small craft businesses from retaliatory duties on essential raw materials
    - Ensure trade policy better reflects the realities of micro-enterprise and creative production

2. **Invest in targeted trade diversification and sector development**

Support a dedicated federal funding envelope to support export growth and diversification for the creative sector, including:

- Market expansion beyond the United States (including Europe, the UK, and Asia)
- Participation in international fairs, exhibitions, and trade missions
- Export mentorship, training, and business development programs
- Investment in shipping, logistics, and digital sales infrastructure
- Market intelligence and sector-specific research

This approach aligns directly with federal priorities related to economic resilience, export diversification, and cultural diplomacy.

Craft is uniquely positioned as both a cultural ambassador and an export sector. With targeted investment and policy alignment, it can play a critical role in strengthening Canada's global presence while ensuring the sustainability of thousands of small creative businesses across the country.

Craft-based businesses are essential contributors to Canada's cultural fabric and entrepreneurial ecosystem. They are disproportionately impacted by broad trade policy measures that fail to account for their unique, low-volume, high-skill production models. Craft is more than commerce—it is a living expression of heritage, knowledge, and community.

Impact of Craft on Economic Development in Canada

Craft economies are a vital attraction for local and global buying markets, creating linkages between people and handmade objects. They drive tourism, export, and entrepreneurship, empowering communities across Canada. Craft is both a thriving cultural practice and a strong economic driver. **The latest data from Statistics Canada shows that the craft sector contributed approximately $2,770,570,000 to Canada's GDP and created 29,991 jobs in 2023**. This significant economic contribution underscores the importance of supporting and investing in the craft sector to promote economic development and cultural richness nationwide.

In summary, these recommendations are crucial for supporting the craft sector, ensuring the sustainability of arts service organizations, providing financial stability for craftspeople, and recognizing the significant role of arts, culture, and heritage in Canada.

Investing in these areas is overdue and urgently needed to foster a vibrant and inclusive cultural sector that benefits all Canadians.

3. Allocate at least 1% of the Government of Canada's overall spending towards arts, culture, and heritage:

The arts, culture, and heritage sectors are fundamental to Canada's economic and social life. Despite their significant contributions, these sectors often face funding challenges. We support the Canadian Arts Coalition's recommendation that the Government of Canada permanently allocate at least 1% of its overall spending towards arts, culture, and heritage. This allocation would involve an additional permanent investment of $270 million into these sectors, with $140 million to the Canada Council for the Arts and $130 million to the Department of Canadian Heritage

This recommendation aligns with the priorities articulated by the Prime Minister in his mandate letter.

The arts, culture, and heritage sectors have a significant impact on Canada's GDP. In the first quarter of 2024, the real GDP for the culture and sport sectors rose 0.6%, surpassing the growth for the total economy (0.4%). Including inflation, the nominal GDP for our sector increased by 1.2% over the same period. The craft sector alone created 29,991 jobs in Canada in 2023, underscoring its role as a key employer. This substantial number of jobs generated showcases the vibrant and essential role that the craft industry plays within the national labour market, underscoring its importance not only as a cultural and artistic endeavour but also as a significant economic driver that supports a wide range of professionals, from artisans working in traditional crafts to individuals engaged in the modern creative economy.

Moreover, the sector's contribution to cultural exports was substantial, with crafts accounting for $4.53 billion in 2021. These figures demonstrate the craft sector's vital contribution to the Canadian economy, cultural significance, and potential for future growth and development.

Allocating at least 1% of government spending would ensure sustained investment in these vital areas, support core operating grants, increase funding for museums, galleries, festivals, and cultural infrastructure, and address the financial precarity many artists and cultural workers face.

4. Implement an Employee Insurance program tailored explicitly for workers in the arts and culture sector:

Craftspeople and other cultural workers often lack the same social protections available to other sectors of the workforce.. An Employee Insurance program for arts and culture workers would provide much-needed support, similar to the special rules for self-employed individuals such as fishers, hairdressers, and drivers. This program would enable self-employed workers to contribute to and collect EI, providing a safety net during periods of reduced work.

The Strengthening the Status of the Artist in Canada report by the Standing Committee on Canadian Heritage (2023) highlighted the need for fair remuneration for artists. Implementing an Employee Insurance program for the arts and culture sector would address this need and provide financial stability for craftspeople and other cultural workers.

The rapid development of generative artificial intelligence is fundamentally reshaping the creation, use, dissemination and circulation of artistic works.

While these technologies offer opportunities for innovation and expanded reach, they also raise urgent questions regarding copyright protection, transparency, and the fair remuneration of creators. In this context, the recent report of the Standing Committee on Canadian Heritage on the Impacts of Artificial Intelligence on the Creative Industries includes the following first recommendation: That the Government of Canada protect the property rights and interests of artists through the principles of the Copyright Act, in accordance with the ART principle—authorization, remuneration and transparency. The principle of remuneration is central to ensuring that artists are fairly compensated when their works are used, in the training of generative AI technologies and in any output. The Canadian government must reject any calls for watering down a copyright system with a Text and Data Mining copyright exception. Establishing a framework that guarantees fair remuneration for artists is essential to maintaining a balanced and sustainable creative ecosystem. We look forward to seeing the ART principles included in the upcoming National AI Strategy that will soon be released by the Government of Canada. The strategy needs to reinforce Canada's commitment to protecting cultural sovereignty and supporting the long-term viability of its creative communities and industries.

The Canadian Crafts Federation

As a Federation of Organizations, the CCF/FCMA collaborates with Provincial and Territorial Craft Councils and affiliate organizations to unite, enrich, empower, and celebrate the professional contemporary craft sector through collaborative action, networking, and community development. Provincial and territorial craft councils (PCC/TCCs) operate on multiple levels—through individual and regional efforts, as well as under the umbrella of the CCF/FCMA—to foster creative and economic activity within the craft industry. The CCF/FCMA and the PCC/TCCs represent all craft media, and cross-media initiatives are frequent. The PCC/TCCs serve dual roles for the Canadian craft sector, promoting both the culture and commodity of craft. Their activities range from providing permanent public galleries, boutiques, and seasonal shows to their members and, in some cases, to all professional craftspersons, stimulating domestic and international business development. The CCF/FCMA has ten provincial council member organizations and 15 affiliate member organizations.

With a board of 18 directors, the CCF/FCMA ensures consistent representation from all provinces and territories. Operational funding is garnered through membership fees, fundraising, and the Canada Council's National Arts Service Organization grant. As of 2018, the CCF/FCMA reached over 5700 professional Canadian craftspeople through the Craft Council membership alone. Additionally, the CCF/FCMA reaches a breadth of national, international, and regional organizations through its activities and member organizations, utilizing live and online programming.

the CRAFT SPECTRUM

COMMUNITY

Craft is deeply rooted in community. Makers have long gathered together, seeking shared resilience, kindred purpose, and professional support.

MATERIALS & PROCESS

Craft centres on a deep engagement with materials and processes honed over time. It expresses the maker's knowledge in conversation with the materials they use.

TECHNOLOGY

Craft is closely linked to technological change within society. Making practices are ever-evolving, both reflecting and inspiring the use of new tools and technologies.

ECONOMY

Craft economies are vital attractions for local and global buying markets, creating linkages between people and handmade objects. They drive tourism, exports, and entrepreneurship, empowering communities across Canada.

LEARNING

Craft has long been fueled by an interest in learning through doing, propelled by a modern revival of peer-led skill sharing.

ARTISTIC EXPRESSION

Craft emanates from human experience, cutting across geographic and cultural boundaries. Acts of making can connect individuals to a community, to a sense of well-being, and to the transformative potential of their own skills.

CULTURAL EXCHANGE

Craft facilitates cultural exchange in a way that transcends language. Through making practices and traditions, we learn about each other, discover commonalities, and share knowledge.

HUMAN HISTORY

Craft is embedded in human history, spanning millennia. The impulse to make objects for use, ceremony, and expression extends to the earliest human societies and all global cultures.

MAKING TRADITIONS

Craft connects to longstanding traditions of making while continuing to develop them. Craft objects may express, reaffirm, and also question ideas of identity.