



Canadian Actors'  
**EQUITY**  
Association



Associated  
Designers of  
Canada

There is not a singular solution that will immediately get audiences back into theatres, ensure that these highly skilled workers are financially able to choose the arts as a career, and provide enough stability to employers to mount productions risk-free. Multiple tools will need to be used. We therefore offer a number of proposals.

### **Recommendations for Support for Live Performance Workers:**

1. **GUARANTEED BASIC INCOME:** The single most significant program any provincial (or federal) government could institute to provide stability for precarious workers would be the implementation of a guaranteed basic income. This type of program can be implemented by any level of government and with funding can come wholly from government, from foundations or organizations, or from a combination of the two. Ireland has implemented a basic income pilot project for artists, as has the City of San Francisco, as well as New York State. Creatives Rebuild New York just implemented its program in January. CRNY's Guaranteed Income for Artists program will provide regular, no-strings-attached cash payments for 2,400 artists who have financial need. Each artist will receive \$1,000 per month for 18 consecutive months. Such a program could be rolled out provincially as a pilot project, with eligibility restricted to artists and/or arts workers. (CRNY program info here:

<https://www.creativesrebuildny.org/apply/guaranteed-income/>)

2. **IMPROVING FEDERAL & PROVINCIAL TAXATION AND REGULATORY REGIMES FOR ARTS WORKERS:**

Artists in Canada are among the most impoverished social groups. Those who are self-employed, independent contractors face unique challenges and do not share in many of the same supports as other working Canadians. We support the introduction of **income averaging** to allow self-employed artists to cope with the significant fluctuations in annual income that routinely occur from year to year. Artists may spend many months or even years in preparation for a production with little or no remuneration during that time. The ability of off-set a higher income in one year against those years with little revenue would provide a greater level of stability for the creative sector.

Income averaging was in place until 1982 and currently businesses are allowed to both "carry forward" and "carry back" tax losses in a similar way. As an increasing number of businesses do not wish to hire full time workers and are choosing instead to switch to contract workers, the reinstatement of income averaging for certain sectors would likely benefit an increasing number of Canadians.

Other jurisdictions, like the UK and Australia, already offer their artists the ability to income average over a period of time, in recognition of the lack of stability inherent in the work. It would improve the ability of Canadian artists to financially plan, which in turn would keep more skilled workers in the field. The Province of Quebec also allows artists to average over a number of years a portion of their income over a certain threshold.

We would also support additional tax legislation:

- fully exempting income tax on grant income earned by artists through awards from the Canada Council, the provincial arts councils and other Canadian grant agencies; and
- a tax exemption, per year, on income derived from copyright, neighbouring rights and/or other income derived from the sale of any creative work. This already exists in Quebec on amounts up to \$10,000. Most artists rely on not only payment for their work at the time of creation but also some form of royalty or residual or other similar revenue derived from the sale or use of their work. These sums allow artists to maintain an on-going economic interest in their work although many of them may no longer have any control over that sale or use.

### **Recommendations for Support for Producers/Employers:**

#### **1. GOVERNMENT-BACKED LIVE PERFORMANCE INDUSTRY CANCELLATION INSURANCE:**

The uncertainty around changing COVID restrictions acts as a disincentive to mounting a show. It takes months to mount a production (see chart for breakdown). As a short-term solution to provide some security to producers/venues taking on that risk, we recommend instituting provincial government-backed cancellation insurance. Currently, it is riskier to mount a production than to simply run with a skeleton crew of management and admin staff for a few more months - until the producer is confident that there will not be another outbreak and the resulting lockdowns. Similar to what was done for the domestic film industry, we would like to see the creation of a government-backed insurance plan that would cover expenses to venues when a show is shut down due to COVID restrictions. Quebec has implemented such a plan. If government considers this, we would request that they consult with us. *(Note – While we are thankful to Quebec for acting, that plan does not cover the lost wages of the majority of production workers if a show is shut down, which is the employer’s largest expense. It covers lost wages only for workers who had a contract for the show [such as designers or actors] but not for technicians, most of whom work on a freelance basis - often day-by-day. The small number of crew who have fulltime positions might have a contract with the venue, but if so, it’s not specific to a production.)*

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- As we come out of the pandemic and crowd restrictions are lifted, many people are still hesitant to return to full venues and will be for some time. The industry would really benefit if the provinces undertook advertising campaigns to promote the safety of returning to performances and concerts, the positive aspects to people gathering together for events, etc.

3. **CHARITABLE TAX INCENTIVE:** The vast majority of theatres in Canada operate as not-for-profits and rely heavily on donations. The charitable tax incentive varies greatly from province to province. As a medium-term support, it would help if these rates were raised and/or more closely aligned. For donations over \$200, Quebec leads the pack at 24%, with Alberta and Nova Scotia not far behind at 21%. If all provinces could get closer to these rates, it would encourage more and higher donations to theatres and assist in building longer-term sustainability. In Ontario, raising the charitable tax incentive from 11% to 20% would be huge for all charities. Ontario has the lowest charitable incentive rate in Canada and has the largest number of charities, including arts charities. (see Appendix 1 Provincial Charitable Donation Tax Rates chart)
4. **PERFORMING ARTS LABOUR TAX CREDIT:** US states such as Illinois, New York, and Louisiana have implemented a live production tax credit. The lack of these measures, either federally or provincially, has made the Canadian theatre industry uncompetitive with these jurisdictions. As indication of this negative impact, we believe that Canada has lost out on a number of theatrical productions, as they no longer build or do long, pre-Broadway runs here, resulting in job losses for Canadians.

As a long-term solution to bolster the theatrical sector, Canada and its provinces should implement tax credit programs similar to those already in place for the film and television sector. A live performance labour tax credit program would not only encourage new commercial producers to enter the business, but could also encourage building and undertaking extended pre-Broadway runs in Canada. The Canadian Film or Video Production Tax Credit and the Film or Video Production Services Tax Credit programs have been incredibly successful in promoting and developing the Canadian motion picture and television industry, creating thousands of jobs. These tax credits are based on quantifiable labour expenditures and established infrastructures exist for ensuring compliance. Furthermore, they operate in conjunction with other financial support mechanisms like the Canada Media Fund, so a live performance labour tax credit should be compatible with other funders, such as the Canada Council for the Arts. The cost of administering these programs is minimal and the creation of a similar tax credit for live performance should not incur substantial Government administration or infrastructure.