Support Mechanisms for Canada’s Cultural and Creative Sectors during COVID-19

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Abstract: The cultural and creative industries enhance the quality of life for Canadians and visitors to Canada. However, definitions of the sector vary, presenting challenges for researchers and policymakers. Government data shows that the pandemic job and revenue loss were disproportionate in the arts. The Canadian government created a range of financial tools (grants and subsidies) to support the sector during the Pandemic. This paper analyzes these financial instruments created in response to the Pandemic. This paper offers a case study on how government can support the economic and social success of the creative and cultural sector (CCS) in Canada and avoid the risk of the cultural ecosystem collapsing. In addition, the key findings may be helpful in other industries and markets when exploring ways to support the cultural and creative sectors, which are vital components of domestic and tourism activity.

Keywords: cultural investment; stimulate tourism; pandemic recovery; Canada; public policy; grants and financial instruments; arts management; cultural policy

1. Introduction

Globally, the cultural and creative sectors (CCS) play an essential role in the affairs of any nation. Particularly in Canada, these industries are one of the leading drivers of economic growth and development. Going by numbers released by Statistics Canada, the direct economic impact of initiatives in the CCS was estimated to be $58.9 billion in 2017, which is 2.8% of the national gross domestic product (GDP) or $1611 per capita (Canadian Art 2019; Jeannotte 2021). It is important to note that these numbers did not include revenue generated by government-run organizations and education/training businesses within the sector. Those impacts are placed at $7.6 billion for government-run organizations and $3.7 billion for education and training businesses. Besides the direct economic contribution of cultural industries to Canadian society, there are also social benefits. Music tourism (which is a sub-sector of culture), for instance, helps Canadian artists showcase their talents and promote their work. Culturally prosperous communities also boost competitiveness by attracting businesses and top talents.

However, all these benefits are facing a shaky future. COVID-19 has rapidly spread globally throughout the past year, progressing quickly from a public health crisis into an entire financial and economic crisis. Culture and heritage industries were not only affected but were among the worst hit by the Pandemic. Although some industry experts observed that the arts, culture, heritage and sports sectors were already on shaky economic ground before the pandemic, the arrival of COVID-19 further worsened the situation.

To alleviate the pain in the industry, the Canadian government introduced a series of monetary and financial measures to help offset income losses culture workers and organizations suffered as a result of the Pandemic.

The core objective of this study is to identify the various emergency monetary policies the Canadian government put in place to help its cultural workers and businesses recover.
from the financial impacts of the Pandemic. However, to gain an understanding of what drives these policies, this research paper also delves into:

1. The contribution of the cultural and creative sectors to Canadian society.
2. The economic impact of the COVID-19 crisis on the country’s creative industries.
3. The reason why many culture workers suffered more than most and could not access earlier federal benefits. The section covering this also explains how the government later resolved this issue.
4. How crucial government financial support is to the sector.

2. Literature Review

Cultural industries contribute to the country’s economic wellbeing and prosperity. They also underpin the social fabric of communities and are a great source of civic pride. These sectors highly impact export earnings, job creation, and income generation; they stimulate innovation across society and supply ideas to other industries through business linkages and technological cross-overs. For instance, the famous “serious games” (SGs) were adapted as training tools for medical students and airline pilots; and therapeutic tools for slowing cognitive decline in Alzheimer patients. The tools and formats used for these games were developed and had their roots in the culture sector (OECD 2020; Bontchev 2015).

When COVID-19 struck full force in Canada in 2020 and the whole country went into lockdown for months, many industries suffered financially, resulting in a massive loss of jobs and income. Businesses in the cultural and creative field were among the worst hit in the country due to the cancellation of events and the closure of public spaces. Although some sectors in culture, such as the online content platform niche, benefited from the increased streaming of cultural content during the lockdown, many of those who gained more from this additional demand were the industry’s big companies (OECD 2020). Furthermore, while one would expect that CCS subsectors offering digital products would benefit from the large influx of consumers to online platforms, the harsh reality is that many micro-businesses—especially those in product design and software development—experienced low demand for their digital solutions as clients cut their marketing budgets and held back on already scheduled projects. See Figure 1:
Figure 1. Employment change (in percentage) 2020 compared to 2019. (As the above chart shows, CCS lost more jobs than any other sector in 2020. The only other sector that experienced a similar loss is accommodation and food service) Source: (CAPACOA 2020a).

3. Methodology

The methodology of this descriptive paper is to compile data about programs and financial instruments used to sustain and support the creative and cultural sectors in Canada. The data gathered is government data and reports from nonprofit organizations, financial advisors in the nonprofit sector and cultural workers through research and data collected online via the internet. Given the rapid response to support the creative and cultural sectors and the vulnerability to the industry, we believe it is essential to summarize the various programs in Canada, which may serve as a case study for future research directors and provide context for comparative analysis with other markets. The intent is to build on this research once Statistics Canada or government agencies makes the data and impact of these programs publically available.

Culture industries in Canada: Definition and structure of the subsectors

The definition of cultural and creative industries may differ across individuals, regions, and countries. In its simplest form, cultural industries consist of businesses that create, produce, and distribute cultural goods and services (Liang and Wang 2020; UNCTAD 2008; OECD 2020).

However, in the 2011 Canadian framework for Culture Statistics, the creative economy is classified into six core domains, sub-domains, and ancillary sub-domains, illustrated in the graphic below (StatCan 2015). See Table 1. The framework defined the ancillary culture sub-domains as those sectors:
“that produce goods and services that are the result of creative artistic activity, but whose primary purpose is not the transmission of an intellectual or culture concept.” The explanation further added that “The final products (of ancillary culture sub-domains) primarily have a practical purpose (e.g., a landscape, a building, an advertisement), that are not covered by the Framework definition of culture.” (StatCan 2015)

Table 1. Culture domains and sub-domains in Canada.

| Culture Domains                  | A. Heritage and libraries | B. Live Performance | C. Visual and applied arts | D. Written and published works | E. Auto-visual and interactive media | F. Sound recording |
|----------------------------------|---------------------------|---------------------|---------------------------|-------------------------------|-------------------------------------|-------------------|
| Core culture Sub-domains         | Archives                  | Libraries           | Performing arts           | Original visual art           | Books                               | Film and video     |
|                                  | Cultural heritage         | Natural heritage    | Festivals and celebrations | Art reproduction              | Periodicals                         | Broadcasting      |
|                                  |                            |                     |                           | Photography                  | Newspapers                          | Interactive media |
|                                  |                            |                     |                           | Crafts                        | Other published works                | Music publishing  |
| Ancillary Culture                | Advertising               | Architecture        | Collecting                |                              |                                     |                   |
| Sub-domains                      | Design                    |                     | information               |                              |                                     |                   |

(The Canadian Framework for culture statistics divides culture into six main domains, six sub-domains and two ancillary sub-domains)
Source: (StatCan 2015).

For this study, various terms were used interchangeably to represent the cultural and creative industries, including cultural and creative sectors (CCS), creative economy, culture, cultural industries, creative industries, and creative sectors. Moreover, to simplify things, below are the subsectors (and occupations) in Canada’s CCS. They include but are not limited to (See Table 2):

Table 2. Subsectors and occupations in Canada’s cultural and creative sector.

| Performing Arts | Visual Arts | Heritage Sector | Media | Creative Services |
|-----------------|-------------|-----------------|-------|-------------------|
| Music           | Painting    | Craft fairs     | Publishing | Cultural tourism  |
| Theatre         | Sculpture   | Heritage days   | Printed media | Design           |
| Circus          | Photography | Literary festivals | Audiovisual media | Fashion         |
| Dance           | Media arts  | Cultural sites  | (e.g., video, film, and new media) | Recreation |
| Actors &        |             | Museums         | Video games | Architect        |
| comedians       |             | Exhibitions     | Television  | Authors & writers|
|                 |             | Libraries       | Advertising  | Artisans & craftspersons |
|                 |             |                 |            | Patternmakers—leather, textile, & fur product |
|                 |             |                 |            | Related research |

(Source: (Toronto Artscape 2015).

So anywhere the cultural sector is mentioned in this research, these are the broad range of jobs, workers, and businesses we are referring to.

Contribution of cultural and creative industries to Canada
The cultural and creative sectors have contributed immensely to the growth and development of Canada. Their impacts include both economic and non-economic effects (Liang and Wang 2020). Economically, the sectors are one of the key contributors to Canada’s rising GDP. In 2017, estimates provided by Statistics Canada showed that culture
contributed a total of $59 billion to the nation’s GDP and 715,400 direct jobs or 3.8% of all the jobs in the country (Hill Strategies 2019). Moreover, between 2010 and 2017, the value of several culture products (e.g., music, film, entertainment, etc.) increased significantly, which positively impacted the earnings of the owners and employees: sound recording (33%), privately-owned heritage and libraries (47%), visual and applied arts (20%), live performance (26%), and audio-visual and interactive media (25%) (Hill Strategies 2019; Singh 2004).

Besides revenue generation and job provision, culture industries attract talents and investors to the country and help strengthen the country’s standing and competitive advantage on the international trade scene (Bhatiasevi and Dutot 2014). For the non-economic impacts, cultural experiences and events such as festivals and fairs bring people together. Furthermore, they foster social inclusion, solidarity, and tolerance, revitalizing local communities and the nation (Emilia and Monica 2008).

From data provided by Creative Canada, here is the economic impact of CCS for Canadians (See Figure 2):

![Figure 2. Contribution of the creative industries to Canada. (Contribution and critical figures of CCS)](source: Government of Canada 2017)

Economic consequences of the coronavirus on the Canadian cultural and creative sectors:

Tourism businesses shut down, cultural events were cancelled, and widespread layoffs of workers.

Each subsector of the Canadian creative sector sustained heavy losses; the impact of those losses varies. For instance, the venue-based niche (e.g., cinema, museums, festivals, live music, and performing arts) and their related supply chain were hit the hardest by the quarantine and social distancing measures (OECD 2020). Cultural tourism also came to a grinding halt as countries and states placed restrictions on domestic and international
travel. Art and recreational centers such as theatres and performing arts centres, museums, galleries, parks, and libraries were mandated to close shop, which led to the cancellation of several performances and events. As a result, widespread layoffs left many performers, writers, journalists, and library and museum personnel without a source of income.

About 192,300 CCS workers lost their jobs, and employment dropped 24% from 778,700 in February 2020 to 586,400 in May 2020—(CAPACOA 2020b). See Figure 3:

Figure 3. Employment in information, culture and recreation industries (2020). According to the Canadian Survey on Business Conditions, culture was one of the top three industries most severely affected by the Pandemic on all survey indicators in the country (Source: Hahmann et al. 2020). See Table 3.

Table 3. Percentage of businesses that reported layoffs to staff and laid off 80% or more of their workforce, by sector, Canada, March 2020.

| Sector                                         | %    |
|------------------------------------------------|------|
| All sectors                                    | 45.2 |
| Agriculture, forestry, fishing and hunting      | 23.6 |
| Mining, quarrying, and oil and gas extraction  | 26.9 |
| Utilities                                      | 26.7 |
| Construction                                   | 41.6 |
| Manufacturing                                  | 29.4 |
| Wholesale trade                                | 24.6 |
Table 3. Cont.

| Industry                                              | %    |
|-------------------------------------------------------|------|
| Retail trade                                          | 51.2 |
| Transportation and warehousing                        | 19.3 |
| Information and cultural industries                   | 19.2 |
| Finance and insurance                                 | 12.4 |
| Real estate and rental and leasing                     | 19.3 |
| Professional, scientific and technical services        | 24.6 |
| Management of companies and enterprises                | 21.9 |
| Administrative and support, waste management and remediation services | 18.6 |
| Education services                                    | 46.4 |
| Health care and social assistance                     | 64.2 |
| Arts, entertainment and recreation                     | 61.7 |
| Accommodation and food services                        | 69.0 |
| Other services (except public administration)          | 46.3 |
| Public administration                                 | 16.6 |

As the table above shows, next to the healthcare sector (64.2%) and accommodation sector (69%), the cultural sector, at 61.7%, is the third most affected industry in Canada (Source: Statistics Canada 2020).

While many sectors experienced an appreciable rebound two months into the lockdown, employment in the cultural sector declined again by 2.9% and shed an additional 6600 workers.

While the overall Canadian economy grew by 4.5% and 17 out of Canada’s 20 sectors experienced a rebound in May 2020, culture slipped further down to 2.9%. For instance, that May, accommodation and food services recovered by 24.2%, retail trade 16.6%, repairs 18.9%, and construction experienced a 17.6% growth. Likewise, when general employment rose by 1.8% during that same period, culture shed a further 1.1% in workers. (Deloitte 2020). Even the accommodation and food industries that topped culture in job loss at the onset of the COVID-19 crisis saw a rebound of 6.8% in May 2020. See Figure 4:
Figure 4. Employment in Information, Culture and Recreation in Canada (February–May 2020). (Although the general economy saw a rebound of 1.8% in May 2020, culture experienced further loss in the same month) Source: (CAPACOA 2020c).

Total hours worked in culture dipped by 37.1% between February–May 2020 and was still over 10% further away from recovery as of November 2020.

By May 2020, the total number of hours worked by CCS employees dropped 37.1%. By July 2020, when the Pandemic was in full swing, cumulative hours worked in the cultural and creative sector was 40.7% lower than what was observed in July 2019, and it is far below the 9.9% all-industries average hours drop comparing July 2019 to July 2020 (Jeannotte 2021).

Moreover, even with the slight increase in the CCS recorded in July 2020, the total hours worked in the art sector were considerably lower than all other sectors, including the low-performing accommodation and food niche (−23.1%). By November 2020, when cumulative hours worked across Canada’s 20 sectors increased 2.7% (still 3.5% lower than the same period in 2019), CCS at −35.2% was 10% farther from recovery and the lowest for all industries (CAPACOA 2020c). This decline is not surprising since CCS were among the first businesses to shut down and the last to return to everyday activities (many still not having returned at the time of publication). See Figure 5:
Figure 5. Total hours worked by industry (November 2019–November 2020). Compared to other sectors in the country, the total hours worked in culture experienced a sharper decline and slower recovery. Of the two culture subsectors shown above, the Arts, entertainment, and recreation industry improved significantly from April to August 2020. Even with the decline in September 2020, the Arts sector is still ahead of the performing arts and sports industry during the same period.

Source: (CAPACOA 2020c).

Sources of funding for Canada’s creative economy takes a hit due to COVID-19.

Beyond reducing the total hours worked in the cultural and creative sectors, the COVID-19 crisis also caused a drop in investment into the industry. As the organizers cancelled trade fairs, festivals, and other cultural events, investors working with writers, software designers, artists, and filmmakers had to suspend deals for many ongoing and future projects. Even artists selling digital products were not spared as a reduction in consumers’ purchasing power led to low demand for CCS products and services. This combined investment and demand shock put a significant strain on the earned income of creative professionals. The situation was further compounded as donations from philanthropic organizations and individuals reduced significantly. This certainly was not universal as many donors were more generous, but just like how the unexpected economic crisis affected the finances of many other establishments and individuals, the same happened to philanthropic organizations, which caused these donors to reassess their ability to give (I Lost My Gig 2021). Those charitable foundations that still had funds to provide were faced with the difficult choice of either meeting the needs of high-risk communities severely affected by the COVID-19 crisis or supporting nonprofit cultural establishments to ensure their financial sustainability. Moreover, the Pandemic caused economic pressures for businesses, combined with fewer public art presentations, creating
fewer resources for sponsorships and donations from corporations to support cultural programming. Many companies were faced with layoffs and scaling back resources to survive during the Pandemic themselves.

The Irregular Work Arrangement In CCS: A significant deterrent to many culture workers qualifying for government aid.

Before delving into the various programs the government employed to support CCS during the COVID-19 Pandemic, it is essential to understand why many workers in the sector could not access the earlier benefits. The moment it became apparent that the lockdown would be prolonged, the government introduced several financial benefits to assist affected workers nationwide. However, many of these programs were designed to meet the needs of traditional sectors targeting incorporated businesses with employees, not those, like CCS, which rely heavily on contract work or self-employment.

Typically, a CCS worker is more likely to be self-employed or have a short-term work arrangement than the average worker in the overall labour force. Most self-employed or short-term employees often find it hard to access income replacement benefits due to their distinctive social security contributions (OECD 2020; ILO 2021). Data from the National Household Survey (NHS) estimated that 51% of artists are in self-employed, a number three times more than the percentage of the national average (15%) (Hill Strategies 2014). A more recent study conducted by the Cultural Human Resource Council (CHRC) 2019 showed the self-employment rate for cultural workers to be 28%—more than twice the rate for the rest of the economy (12%). For artists, the rate of self-employment is 41% in the CHRC 2019 survey (CHRC 2019). From these figures, it can be seen why a disproportionate number of Canadian CCS workers could not meet the minimum qualifying conditions of many of the national employment-based emergency relief programs provided by the federal government.

Furthermore, the creative field is filled with workers like writers who receive royalties, artists who receive commissions when their recording or artwork is sold, and independent contractors who do not earn regularly. The remuneration of these individuals is highly irregular, fluctuates widely and depends significantly on demand for their work. Due to this, most of these earning types do not pay into Canada’s Employment Insurance program, thus, preventing many artists from having access to standard employment insurance mechanisms at the start of the Pandemic.

Another reason creatives have challenges qualifying for public financial benefits is the predominance of part-time and volunteer workers. Many CCS workers invest a significant amount of time in offering free labour to charity culture organizations. In the industry, this period is aptly tagged as the “hidden or unrecognized” work time. Employment records usually do not recognize these hours of free labour, which could reduce the total earning income of artists. Moreover, social protection systems do not take into account such work when setting minimum earning thresholds. The unfortunate outcome for this sector is that they cannot contribute adequately to social security or comply with the requirements needed to secure certain benefits

At first glance it may not be apparent how prevalent volunteer work is in the Canadian creative sectors. However, statistics reveal the enormity of it. Volunteering surveys in Canada have shown that culture workers engage in more volunteer gigs than workers in other sectors. The hours they put in are also higher than the national average (Hill Strategies 2013). For example, cultural volunteers in the book reading niche were 42%, performing arts 48%, Art gallery 50%, and movies 41%. Another survey conducted by Statistics Canada in 2018 showed that after hospitals and religion sectors, culture has the highest number of volunteer hours. Formal volunteers in the sector dedicated over 100 h on average to the sector in 2018 (StatCan 2021). The survey defined formal volunteers to be people who work without pay for a group or an organization such as schools, religious organizations, sports, and community associations (Hahmann et al. 2020). See Figure 6:
Most public surveys do not consider these volunteer workers or “invisible” workers, as industry experts call them. They also do not take into account creatives who have a primary job in the non-cultural field while at the same time maintaining a second cultural occupation (Hill Strategies 2013). The first outcome of these oversights is that official statistics contain underestimated results that do not accurately show how the cultural sector operates. The second consequence is that since public policies are formed based on these data, the unique circumstances of non-standard CCS professionals are not given full consideration. Hence, these workers, mainly self-employed contract workers, freelancers, and part-time workers, despite being highly educated and contributing economically to society, often lack access to financial safety nets that make them less vulnerable to sudden or anticipated economic shocks.

Understanding the impact of government financial assistance on culture

Over the years, the culture sector in Canada has been supported by what industry insiders call the “mixed” or “balanced” model (Wilhelm 2019; Miller 2009). The term “mixed model” implies that the sector sustains itself by relying on a combination of public, private, and earned-income sources (Klamer and Petrova 2007). Financial support from the private sector usually comes from donations, foundation grants, philanthropic giving, patronage, and corporate sponsorships. However, unlike places like the United States, which get more from philanthropic foundations and individual donors (Public 6.7%, private 38.2%, earned 40.7%), CCS in Canada is mainly funded by the government (Wilhelm 2019).
For decades now, the government has been the primary source of funding to the Canadian cultural sector, both at the regional (municipal and provincial) and national levels. In the early 2000s, grants from the government often reached as high as 75% to 95% of the revenue of CCS businesses, while private funding was 25% (Marsland 2013).

However, recent research into the revenue sources for 75 artist-run establishments revealed the current ratio to be 73% for government, 16% for private contributions, and 11% for earned (Wilhelm 2019; CADAC 2017). These artist-run centers are professional nonprofit organizations under the definition used by the Canadian Council for the Arts. See Figure 7 and Table 4:

![Figure 7. Sources of funding for 75 artist-run centres from 2010–2015 (actual amount).](image)

| Table 4. Revenue sources for the 75 artist-run centres from 2010–2015 (in percentages). |
|-----------------------------------------------|
| % of Total Revenues | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|----------------------|------|------|------|------|------|------|
| Total Earned Revenue | 10%  | 11%  | 12%  | 11%  | 12%  | 13%  |
| Total Private Sector Revenue | 13% | 11% | 12% | 15% | 13% | 14% |
| Total Public Sector Revenue | 77% | 77% | 75% | 73% | 74% | 73% |
| Total Canada Council Revenue | 49% | 51% | 48% | 46% | 43% | 42% |

From the official data of funding sources of the culture sector, it is clear that the government is the “sole financial lifeline” for culture businesses and workers. This was why the government needed to step up efforts to fund the industry during the crisis period.

OVERVIEW OF FEDERAL GOVERNMENT PROGRAMS: Monetary and Fiscal Policy Responses to Support Canadian Cultural Industries Through the Pandemic
The Canadian government created several support programs to enable its cultural workers and businesses to ride the Pandemic wave while minimizing stress. Some of these programs are specific to the CCS, and others are available to all qualifying companies nationwide. The major programs are discussed briefly below:

**General relief programs that were beneficial to CCS**

These are relief measures the government put for all businesses and individuals in the country, not only applicable to people in the culture sector. From early 2020 to mid-2020, the number of available general relief packages was far more than measures exclusively directed at CCS. However, as we speak, the government has made conscientious efforts to ween off the general economic stimulus. Besides the economy-wide stimulus, more funds have been allocated directly to the CCS. The general COVID-19 recovery packages that creative workers benefited from included the Employment Insurance (EI) program, the nationwide tax payment extension, CEBA loan, CEWS, CERB, and CRB benefits (Canadian Heritage 2020).

**TWS, CRHP, and CEWS**

The Temporary Wage Subsidy was one of the first nationwide programs to launch when the Pandemic hit. It offered a 10% savings on all wages paid to staff for three months from 18 March to 19 June 2020. The 10% subsidy was deducted from the payroll remittances filed to the Canada Revenue Agency (usually monthly or quarterly), resulting in a reasonably immediate cash flow effect, as less money left participating entities. However, it quickly became apparent that 10% was not enough, and the Canadian Emergency Wage Subsidy (CEWS) was created.

One of the longest-running COVID-19 funding programs, CEWS, launched and was backdated to 15 March 2020, ended 23 October 2021 (BDO Canada 2021). The program evolved through several iterations. The beginning parameters required entities to prove a 30% revenue drop compared to the same month of the previous year or the average of January and February 2020 to receive 75% in subsidies on the wages paid to each employee still employed based on the average weekly earnings of the employee for the 12 weeks pre-pandemic. Later it evolved to allow subsidies for new hires and employees returning from leave. The early edition also did not prevent employers from lowering working schedules to 75% pre-pandemic rates and using the subsidy to pay for 100% of the outgoing wages (Government of Canada 2021a). After four months, the program was adjusted to pay subsidies proportionately to the revenue drop experienced by the entity and based on continued payment of wages, not historical earnings. The percentage paid declined over the life of the program.

One special consideration of CEWS for the CCS was that the revenue calculations did not include public funding. So if an entity was predominantly funded by government funding and funding was sustained or increased during the Pandemic, they could still qualify. Furthermore, if non-government revenue sources were a small portion of the budget and dropped a large percentage of a small amount, the entity would still be eligible. For example, if an entity receives 90% of revenue from grants and 10% from donations, and in June 2019 received $1000 in donations, and in June 2020 received $700 in donations, they would have experienced the 30% revenue drop needed to qualify for the full 75% subsidy in June 2020. Given that wages are often the most considerable expense of many businesses, many Charitable entities could claim far more in subsidies than they lost in revenues.

One considerable drawback for CEWS for many businesses, including CCS enterprises (in particular), is that it does not consider seasonal or biennial programming. In the arts, many festivals and other types of organizations are highly seasonal in their programming, and the entire year’s work can build up to a single month’s activity. Depending on the revenue flow of the organization, they may only experience a revenue drop in the one month of activity and therefore miss out on the subsidy for 11 months of the year. Alternatively, biennial programmers were either greatly benefited by CEWS or were largely ineligible. Some organizations with 2019 programs and 2020 as the off-year qualified for
CEWS without having large employment plans for the year. Organizations with biennial events cancelled in 2020 had put two years of work and up-front and sunk costs into the cancelled festival and then could not qualify because they did not have a revenue drop from the off-year of programming.

The Canadian Recovery Hiring Program (CRHP) was introduced in June 2021 and is scheduled to continue at publication until 20 November 2021 (FBC 2021). Entities can either apply for CEWS or CRHP but not both, based on which program is most financially beneficial in any claim period. Unlike CEWS, CRHP is not based on requiring a revenue drop but is based on increased pay in any subsidy period compared to wages paid from 14 March to 10 April 2021.

The Employment Insurance (EI) Scheme and CERB

The Employment Insurance (EI) program, also called Unemployment Insurance (UI), is an unemployment benefit designed to provide short-term income support to unemployed workers. To accommodate the large influx of applicants seeking financial assistance, the government made temporary changes to the program (Government of Canada 2021b). By September 2020, the program was paying nothing less than $500 weekly to eligible candidates (Government of Canada 2020b). Eligibility for CERB was also extended to Canadians without traditional employment situations who had not paid into the country’s Employment Insurance program in the past. As long as the applicant had at least $5000 in income from any source in 2019 and was not making more than $1000 in 14 consecutive days, they were eligible for CERB. These eligibility criteria were far more accessible to many cultural workers than traditional EI eligibility criteria, which required traditional employment paying into the EI program for at least 600 h in the year leading up to the start of unemployment.

Temporary tax relief and filing extensions

The government instituted nationwide tax deadline extension measures in 2020. Due to these measures, many businesses and individuals could file their taxes later than the standing annual due date and defer tax owing payments interest-free, creating a de facto short term loan. For individuals, the Canadian Revenue Agency (CRA) deferred the deadline to 31 August 2020, instead of 30 April 2020 (KPMG 2021). Furthermore, the deadline for annual information returns by Charities, were universally extended to December 31, 2020, instead of the deadline of 6 months after their fiscal year-end, allowing charities to focus on their programming at the beginning of the pandemic.

The CEBA loan Program

The Canada Emergency Business Account (CEBA) initiative is a $25 billion investment that provides up to $60,000 interest-free loans to SMEs and not-for-profit organizations. The program started in March with $40,000 loan funds for eligible participants. Later, it was expanded to $60,000. One of the advantages of this loan benefit is that individuals who pay back the loan on or before 31 December 2022, will be granted loan forgiveness for as much as $20,000 (Government of Canada 2020b).

CERS and CECRA

The Canada Emergency Commercial Rent Assistance (CECRA) program for businesses was a program developed in partners with ten all ten provinces, where tenants were given a 75% reduction in rent – 25% covered by the federal government, 25% covered by the province and 25% covered by the landowner. The cooperation of all ten regions and the federal government was needed to put the program in place, requiring notable negotiation. The downside was that landowners had to agree to participate. So, if landowners could not afford the 25% loss or wanted to evict their tenant for non-payment or any other reason, it created an easy roadblock for tenant participation. CECRA began in July 2020 and ended in October 2020 (Elliot and ICLG 2020). It was replaced by the Canada Emergency Rent Subsidy (CERS) program from 27 September 2020, to 23 October 2021. Like CEWS, the
CERS program required the applying entity to experience a revenue drop to receive a proportionate subsidy on rent fees. Additionally, CERS applicants in a region of Canada with a government (municipal or provincial) Public Health lockdown mandate were eligible for additional coverage over the base subsidy rate. Unlike CECRA, CERS could also cover property tax, property insurance, and interest on commercial mortgages for building owners.

**CCS Specific Funding**

The $500 million COVID-19 Emergency Support Fund for Cultural, Heritage, and Sport Organizations—The recipients of this initiative include magazines and community newspapers, third-language producers, small broadcasters, organizations in live music, and local news organizations. When disbursing the $500 million, the money did not go directly from government coffers into the hands of CCS firms. Instead, it was administered through different industry associations, and the sharing formula is tabled below:

- $198.3 million was given to arts and culture organizations
- $72 million to the sport sector
- $53 million to support museums and other heritage firms and capital purchases of digitization equipment for arts and heritage organizations.
- $3.5 million for the Digital Citizen Initiative
- $115.8 million to support Canadian audio-visual companies. (Specifically, $88.8 million was distributed to members of the Canada Media Fund while Telefilm Canada members got $27 million) (Government of Canada 2020a).

The creation of the Support for Workers in Live Arts and Music Sectors Fund encompassed a $181.5 investment, which was launched in March 2021 to increase short-term contracting work opportunities for unemployed individuals in the live events sector. For the first phase, the government dispersed $40 million through the Department of Canadian Heritage to Canada’s CCS workers—$5 million for local festivals, $20 million for the Canada Art Presentation fund, and $15 million for the Canada Music Fund (Tétrauld 2021).

$55 million for members of the Canada Council for the Art (CADAC 2020a). Precisely, $7.8 million of the fund went to deaf and disabled, indigenous, culturally diverse, and minority groups. Canada Council Grant recipients received an additional 30% payment of their average grant amount received over the prior three years. Then in October 2021, the council’s operating funding beneficiaries were again given an additional 20% to assist with reopening efforts. New grants were also created to support digitization efforts. Furthermore, funds due to be paid to cultural organizations at the end of the year were accelerated. As a result, by March 2020, the government via the Canada Council for the Arts had already delivered 1100 cultural organizations an advance funding of $60 million (35% of their annual grant). Since the lockdown resulted in the cancellation of cultural events and public spaces, the revenue of these businesses stopped. Hence, with the aid of the advance payment, CCS businesses can pay off outstanding wages owed to employees and suppliers (CADAC 2020b). It also facilitated refunds to customers who purchased subscriptions and tickets in advance, or advanced payments.

**Waiving Licensing Fees**

Since the Pandemic began, the government exempted broadcasters who experienced a revenue reduction of 25% from paying license fees. For many radio and television operators, the lockdown caused a significant decrease in their advertising revenues. The government decided to waive broadcasters’ fees to the Radio-television and Telecommunications Commission (CRTC) with this understanding. In the first phase of license fee waiving in 2020, cable, IPTV, and satellite providers were exempted from paying license fees. However, during the second phase, which was announced in November 2020, these operators were not exempt. The reason given for this was that the revenue of these operators does not depend on advertising. Altogether, the fees waived for the TV-radio
broadcasting sector were estimated to provide financial relief worth $50 million to the operators (Canadian Heritage 2020).

Regional support

The focus of this paper is Federal support programs. However, it is essential to note that many CCS organizations were also able to benefit from provincial and municipal government support programs, many of which had a profound financial impact on eligible organizations.

4. Results and Discussion

In 2020, when all indicators showed that the virus outbreak would be more prolonged than anticipated and restriction on human movement would go beyond weeks, the Canadian government had to find ways to help its citizens survive the sustained economic suppression of the Pandemic. In terms of the financial crisis, various funding tools and policy interventions were deployed to provide direct financial support for Canadians when more than half of the country’s population was unable to work. Public support measures created ranged from short-term funds to provide liquidity for people and businesses to long-term funding tools aimed at helping society get back on its feet and recover from financial losses incurred during the period of complete lockdowns.

Unlike grants issued before the Pandemic, which were hard to obtain and took time to process, the pandemic response funds had much more flexible requirements. The funds were invested as a temporary relief for the financial pressures facing many groups and organizations in arts and sports. In addition, they provide affected CCS contract workers and businesses with quick access to the cash they need to pay staff and keep their business running.

At the beginning of the lockdowns, most measures were aimed at workers across all economic sectors. However, as the lockdown proceeded and complaints poured in about how the eligibility criteria for many of the general reliefs do not accommodate the unconventional work arrangement of most culture workers and firms, the government developed more relief programs targeted explicitly at CSS. Similarly, the qualifying conditions for some broad economy stimulus packages were lowered not only to benefit creative workers and businesses but also other sole proprietors and tiny startups in other sectors that were equally hard hit by the COVID-19 outbreak (Dunne and CBC 2020).

Due to the peculiar nature of employment in CCS, where many professionals are self-employed or doing more contract jobs, the government had to make different provisions for this set of people. For instance, the government employed two strategies to enable the culture of part-time and self-employed workers and freelancers to qualify for several benefits. The first strategy entails lowering the criteria and qualifying conditions of specific social protection schemes to adapt to the realities of culture workers (ILO 2021). However, this was only implemented after complaints were made that many CCS workers could not access most general schemes.

Another example is the interest-free CEBA loan program. To qualify for the loan, an enterprise is required to have paid salaries of at least $50,000 the previous year, a condition many SMEs with a small staff and equally low payroll cannot meet. Fortunately, after repeated calls from the public and concerned associations (e.g., The Canadian Federation of Independent Businesses, CFIB) to eliminate the payroll criteria, the government adjusted the loan terms so that applicants without payroll and micro-businesses with payroll less than $20,000 could apply for CEBA (Government of Canada 2020b). With the new modified requirements, CSS businesses with as little as two to four workers or an assistant or run solely by the owner have a better chance of getting the much-needed emergency funds.

March 2020 was a pivotal month. The federal government responded to the Pandemic by introducing the Canada Emergency Response Fund (CERB). When introduced, many culture workers could not meet CERB’s requirements, but some of the terms were revised to allow more artists to qualify for the benefit. By September, CERB was replaced with the Canada Recovery Benefit (CRB). Both CERB and CRB provided financial help to employed
and self-employed workers. A total 62.7% of arts, entertainment and recreation workers received CERB payments in 2020 (Statistics Canada 2021). See Figure 8:

Figure 8. Percentage of workers who received CERB payments in 2020, by industry. The chart shows workers who earned at least $5000 and above in 2019. The services not covered in other sectors include repairing and maintaining machinery or automobiles, laundry, personal care services, funeral services, and organizing and promoting religious activities. Lastly, the chart did not include about 14.6% of workers because their industry was unavailable for their business or employer. Source: (Statistics Canada 2021) (Emergency and recovery benefits from March 2020 to September 2020).

On the other hand, CRB provided relief for individuals directly impacted by the Pandemic but who did not qualify for Employment Insurance (EI) benefits. However, the impact of this program on micro-enterprise, freelancers, and self-employed was still limited. As an illustration, earlier this year, at a panel hosted by an Ontario-based advocacy group supporting the need for a national basic income plan, an artist narrated how she could not qualify for CERB and its successor, the Canada Recovery Benefit (CRB). In 2019, her earnings were small, and according to the eligibility criteria, recipients must have experienced 50% or more loss of income. In 2020, the artist earned a small amount, which made her unable to meet the 50% revenue loss requirement. She said she was only able to get by financially by moving back in with her parents. Her experience is not an isolated case. Many artists have continued some work online with earnings that cannot adequately cover even food and rent, let alone studio space or art materials. Unfortunately, their attempt to work, coupled with their previous small earnings, made them ineligible for beneficial government aids when they were in dire need of such support. This situation is one of many challenges culture workers face, which necessitated the development of industry-specific relief programs during the Pandemic (Pacheco 2021).

Finally, many large-scale sector-specific support initiatives were distributed through the same channels as standard government arts sector support—from arts councils to presenting and producing arts organizations. The assumption was that the funds would trickle down the supply chain for the CCS sustaining the whole industry. However, as work was not happening, much of the supply chain was not in use. Many suppliers to the sector like rental venues and other service organizations tailoring to the CCS were not eligible for sector-specific support even though they were as hard-hit as the eligible sector-specific organizations. Organizations that received sector-specific funding had no impetus to fund usual suppliers who were not completing work prevented by the Pandemic, and funded organizations were motivated to be highly conservative in spending as the length and the...
total impact of the Pandemic could not be estimated. As a result, the sector-specific funding did not impact many businesses in the CCS. The supply chains for work that continued during the Pandemic were completely different, and funding did not trickle down to the same businesses proportionately to pre-pandemic spending patterns.

5. Conclusions and Implications

It is not within the scope of this paper to discuss the economic impact of these programs because the Pandemic is not over, nor are these programs complete, nor is the data available on the post-pandemic effect of these programs. This is an overview of what the government did as of the present time. Future papers will likely study the economic impact of these programs. This paper can serve as a reference for framing various supports by the Canadian government available to organizations in the creative and cultural sector. Future studies can leverage Statistics Canada data in 2022 to measure the impact of the programs in 2021.

The precarious nature of employment in the cultural and creative sectors is well known to industry insiders and well documented (OECD 2020). While the Canadian creative workforce in full-time employment finds it marginally easier to access vital benefits like unemployment benefits, sick pay and benefits, social security, and other support packages, their counterparts in non-standard work arrangements have a more challenging time accessing these social protection schemes. The Pandemic emphasized existing problems creative workers have been struggling with. It is a well-known fact that the irregular nature of employment of creative workers is one of the key reasons they are not eligible for many beneficial support programs. Moreover, the most vulnerable groups in the sector are the contract workers, freelancers, self-employed persons, and the entrepreneurs. Knowing these two facts, how best can the government structure future financial support measures right from the start of the programs so that the vulnerable CCS workers would not be left out? Or alternatively, how best can the government structure non-emergency, standing support measure to protect CCS works? These question presents a good starting point for further research.

Moreover, as explained by the European Commission report of Mapping The Creative Value chain, we know that funding in the sector often trickles down various phases: creation, production, dissemination, and exhibition as core pillars before the output of cultural institutions and finally reaching the consumer. There is a value chain supported at meso and micro levels due to government financial support—how can the entire value chain be preserved with emergency funding models that rely on trickle-down mechanisms?

There are limitations in comparing international countries without subsidy programs or these subsidy programs to others—Canada’s CCS funding models are unique globally. Our heavy reliance on government funding puts us in a different financial structure pre-pandemic compared to the USA and other places worldwide. Thus the impact of the pandemic loss of earned and private revenues will have very different effects on organizations with higher and lower reliance on those revenues in their standard funding models.

The creative sectors are a mixture of different subsectors with varied needs. By utilizing various financial tools from grants to loans to income reimbursements, the Canadian government increased the chances of workers or businesses having access to support packages during the Pandemic. Even with this, access to these supports within the CCS is far from equitable and not based on the financial impact of the Pandemic on the entity. Many independent cultural workers and micro-businesses are falling through the cracks of these support programs. To further complement this study, future research might examine ways to rectify and ensure vulnerable culture workers get the adequate support they need.

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