



**Ontario Association of Art Galleries (OAAG) |  
Association ontarienne des galeries d'art (AOGA)**

**Impact of COVID-19 — Culture and Heritage**

**Prepared for the Standing Committee on Finance and  
Economic Affairs**

**July 2020**

*“I want to make sure that in 18 months when we get through this crisis that our cultural and sport institutions don’t just survive – they thrive. ... The decisions we make today, the dollars we invest, the ideas we deliver on, will create that Ontario in 18 months.”*

*— The Honourable Lisa MacLeod  
Minister of Heritage, Sport, Tourism and Culture Industries  
25 June 2020*

## About OAAG/AOGA

This year marks the 50th anniversary of the Ontario Association of Art Galleries (OAAG/AOGA). It is the only association of its kind in Canada that represents public art galleries, serving them through advocacy, network building, and professional development. We have over 270 members from different regions, scales and sectors. The Art Gallery of Ontario, National Gallery of Canada, McMichael Canadian Art Collection, and the Art Gallery of Hamilton are some of our larger member institutions. However, the majority of our membership is diverse small-to-medium scale art galleries with operating budgets of under \$2M (84% of our membership), including important regional galleries such as Woodland Cultural Centre, Thunder Bay Art Gallery, Agnes Etherington Art Centre, and Kitchener-Waterloo Art Gallery. In total, 63 Ontario communities are represented in our membership.

We wish to thank the Standing Committee on Finance and Economic Affairs for the valuable on-going work being done to restore and strengthen the province's economy, as well as taking the time to listen and read about the realities of many Ontario organizations. OAAG/AOGA is grateful to have presented orally to the committee some of the following facts and recommendations on Friday, 26 June 2020. We also thank the Honourable Lisa MacLeod and the Ministry of Heritage, Tourism, Sport, and Culture Industries for the work and support provided during this time.

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## Executive Summary

Public art galleries and art museums are an integral part of Ontario's visual arts sector and hold a key role in the province's economy. They are part of Ontario's arts and culture industry, which represents **\$25 billion or approximately 3.3 percent** of the province's GDP.<sup>1</sup> The sector employs approximately **300,000 cultural workers or 4.3%** of the province's labour force.<sup>2</sup>

Notably, within our sector, **for every dollar invested** in non-profit art galleries, there is a social **return of \$4**.<sup>3</sup> The important compounding economic effect of investment in our sector is substantial. In Ontario, government spending on culture at \$63 per capita is well below the national average of \$90 per capita, and the second lowest among all the provinces.<sup>4</sup>

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<sup>1</sup> ["Provincial and Territorial Culture Indicators, 2017,"](#) Statistics Canada, 25 April 2019.

<sup>2</sup> ["Artists in Canada's Provinces and Territories in 2016,"](#) Hill Strategies, 27 November 2019.

<sup>3</sup> ["Value Study of GLAMs in Canada,"](#) Oxford Economics and Ottawa Declaration Working Group, December 2019.

<sup>4</sup> ["Provincial Government Spending on the Arts and Culture in Saskatchewan in 2009/10,"](#) Hill Strategies, 11 June 2012.

The COVID-19 crisis has compelled us to closely examine the underlying conditions for the healthy recovery and re-emergence of the sector. Prior to the pandemic, art galleries and museums were already in a precarious position with razor thin margins. The **average working capital ratio for public art galleries is less than 1%** over the last four years, ranging between 0.84% to 0.95%.<sup>5</sup> A ratio of less than 1% indicates financial vulnerability regarding an organization's capacity to cover its short-term payables. This baseline reality is alarming. Moreover, the largest segment of our membership (26%) operates on annual budgets of less than \$300,000. These small galleries, mainly found in regional and rural Ontario, are the most vulnerable and need assistance during this time to ensure that they are able to reopen. If not, there will be a crippling effect on the art galleries and communities of Ontario.

The pandemic has destabilized the sector in unprecedented ways and endangered the future existence of galleries and museums in their communities. In OAAG's early COVID-19 impact survey with response from 60% of our membership, data indicates the devastating consequences and amplification of the crisis already felt by art galleries.<sup>6</sup> It showed a conservative **total loss of up to \$13 million** in gallery revenues in the months following mandated closure in March.<sup>7</sup> In another study conducted by the International Council of Museums (ICOM), **1 out of every 10 museums, including art galleries, are likely to close** in North America due to COVID-19.<sup>8</sup> These statistics directly translate to diminished access to vital services that communities rely on to thrive culturally and socially. Hence, the above underlying conditions of the art gallery sector indicate a vulnerability, making it fatally prone to the impact of this pandemic.

When an art gallery closes, all the businesses associated with it are impacted including services such as art transportation and logistics, cleaning, restaurants, hospitality, entertainment, audio visual, construction, printing, manufacturing, and many others. The government mandate to close under COVID-19 measures has had a devastating effect on this sector and its contributions to the larger economy, not to mention the larger social impacts felt by Ontario communities.

Prior to COVID-19, **4.5 million Ontarians** visited an art gallery or art museum every year.<sup>9</sup> However, in a recent study by Business for the Arts, **less than a third of those** individuals are likely to immediately return to an art gallery even though deemed safe by health regulations, with many others choosing to wait longer for a vaccine before they will return.<sup>10</sup> Even as restrictions continue to lift and galleries are allowed to reopen their doors to the public, they are doing so at such limited capacities for everyone's safety. Many are continuing to struggle to

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<sup>5</sup> "[Understanding Canadian Arts Through CADAC Data: A Portrait of 77 Art Museums and Public Art Galleries](#)," Canada Council for the Arts, 20 March 2015.

<sup>6</sup> "[COVID-19 Impact Survey](#)," Ontario Association of Art Galleries, 30 March 2020.

<sup>7</sup> Ibid.

<sup>8</sup> "[Museums, museum professionals, and COVID-19](#)," International Council of Museums, 26 May 2020.

<sup>9</sup> "[Canadians' Arts, Culture, and Heritage Participation in 2016](#)," Hill Strategies, 14 November 2018.

<sup>10</sup> "[Arts Response Tracking Study](#)," Business / Arts with National Arts Centre and Nanos, May 2020.

regain earned revenue lost due to cancellation of paid educational programming, venue rentals, and other fundraising events.

Thus **our recommendations are about setting clear priorities and investments for our sector to recover, rebuild and re-emerge, so that the effect of the investments made will benefit all Ontarians**. Short-term wage-based subsidies from the Federal government will not be enough to maintain stability of organizations within the sector. Municipal galleries (those that receive a majority of public funding from a local municipality) cannot rely on emergency relief from already slim arts and culture budgets from their municipalities. The Government of Ontario needs to provide a vital lifeline to ensure art galleries will be there to serve communities through this pandemic and into recovery. This critical support will help Ontario's economic and social impact from the pandemic.

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## OAAG/AOGA's Recommendations

1. Establish an **Art Gallery Stabilization Fund** comprised of three major elements that support the long-term viability of art galleries and art museums in Ontario

- A. **Resilience Grants:** to offset the collapse of revenue streams that are used to support operating expenses outside of wages (i.e. significant financial gaps that are not addressed by wage subsidies)

The goal of the grant programme is to ensure the continuance of organizations and their core services during a time of reduced revenue. Funding per organization will be based on demonstrable need, with a set maximum of 50% of 2019 earned revenues. Local and regional funding decisions will need to take into account the needs and challenges in a particular geographic area. To see if impaired revenues are recovering (or alternative revenues bolstered), there needs to be quarterly or annual consultation with the sector. If revenues are not recovering, the grant programme should be extended or adapted to meet the changing needs until the sector has healthily recovered.

- B. **Subsidies for Reopening Costs:** to ensure public art galleries and art museums can provide safe and enjoyable experiences for visitors and cultural workers with adequate supplies, labour, and infrastructure in response to current public health protocols

As art galleries reopen safely for both visitors and workers, there are additional considerations for new budget line items including supplies (PPE and cleaning products); additional labour (cleaning, management of physical distancing, security/monitoring); and infrastructure costs (contactless entry, motion-activated

faucets, disposal, plexi-glass barriers, HVAC filtration, signage). This comes on average an estimated 5% increase in global operating costs in order to provide safety to everyone. It is imperative for galleries and spaces to be safe to properly address the health, economic, and social recovery.

- C. A Digital Assets Fund:** to increase access for Ontarians (and the world) to visual art experiences through digitized collections, online education, and public programming at institutions of all scales.

Throughout the pandemic, there has undoubtedly been a need for all institutions to shift traditional analog programming to digital. Digital experiences have maintained a level of access to cultural resources in isolating scenarios. The creation of digital assets can take upwards of 24 weeks for art galleries to implement.<sup>11</sup> One channel for art galleries and art museums is digitizing collections; at the moment, only 2% of national collections/objects are digitized.<sup>12</sup> Currently, there is no funding at either a provincial or federal level to digitize collections. Additionally, this fund will support online presentations of programmes, online digital exhibitions, and online educational programmes. Creating any digital asset, there are a variety of costs to be covered under this fund including technology, expertise, training, security fees, and intellectual property fees (artist and creator fees).

The Ontario Arts Council (OAC) is the best agency to administer an Art Gallery Stabilization Fund. It needs to be created and administered separately from current public art gallery funding under the OAC to allow all art galleries to be eligible. Currently, less than half (48%) of OAG's membership receives OAC funding (project, operating, or other).

- 2. Increasing Ontario Arts Council funding by \$20M** to support the long-term sustainability of the arts sector

To ensure the long-term sustainability of public art galleries, an increase to the Ontario Arts Council of \$20M is needed. This funding also needs to include a reinstalment of the **Indigenous Culture Fund of at least \$5M**. This imperative funding will allow arts and culture to thrive in Ontario and benefit not only those working in the field but all Ontarians.

- 3. Create an Arts Education Tax Credit for Families** to encourage support to local art galleries

One of the biggest hits to many public art galleries has been the revenue lost due to cancelled March Break camps and summer camps for school-aged groups. Even though art galleries are opening in time for summer, the ability to host in-person summer camps is nearly impossible due to health concerns. Some have opted to shift to digital camps and

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<sup>11</sup> "[COVID-19 Impact Survey](#)," Ontario Association of Art Galleries, 30 March 2020.

<sup>12</sup> Kate Taylor, "[Going digital not easy for cultural institutions](#)," *The Globe and Mail*, 18 April 2020.

programmes. Establishing an Arts Education Tax Credit for families would provide relief to families to invest in arts education both digitally and in-person, when safe to do so. This credit would benefit art galleries, which would see increased enrollment in educational programming and consequently revenue, and families, especially those of low income, as a solution to other traditional child-care options that might not currently be available. Most importantly, this credit will encourage children to experience and engage with art in meaningful ways, which is an investment for life.

#### 4. Provide **Marketing Assistance** for Art Galleries

Through Minister Lisa MacLeod's many telephone town-halls during this crisis, she has continually emphasised the need for tourism marketing and has already announced a \$13M shared marketing fund to local tourism in Ontario. Art galleries and non-profit arts organizations need to be included in this funding; if not, additional funding must be added. They need assistance, at no cost to them as they cannot take on debt, to attract local, provincial, national, and international tourists back to their galleries as deemed safe and as restrictions are lifted at the various levels. This will benefit art galleries with increased foot traffic in the spaces, but ultimately the social needs that Ontarians who have been in isolation for so long are craving. Assisting with marketing expenses will help communicate that local galleries exist, are open, and are safe to visit. Ontario's art galleries contain important local, provincial, national, and international art that can be benefitted by all.

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## Conclusion

We are working for the long haul towards a sectoral recovery despite the fact that prior to the COVID-19 crisis, the prevailing precarity of the arts sector signalled a crisis and was amplified in multiple sub-sectors, especially public art galleries. The largest impact will be on rural and regional art galleries. Restoring resilience won't be accomplished by a one-time cash injection. Recovery will be a changing situation, and the Ontario Association of Art Galleries is eager to work with the Government of Ontario to see stability restored to the visual arts sector and the province.

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