Professional Association of Canadian Theatres

Professional Association of Canadian Theatres (PACT) Submission to the Standing Committee on Finance

2024 Budget Submission

Recommendations:

1. That the Government invest $15 million in national arts training, including a $5 million top up to the Canada Arts Training Fund (CATF) for existing training institutions, and a new $10 million program stream open to training initiatives led by arts producers and presenters.

2. To support capital and infrastructure for Canada's cultural sector, that the Government invest an additional $54 million in annual permanent funding to the Canada Cultural Spaces Fund and invest $500 million in permanent funding into the Green and Inclusive Community Buildings Program.

3. Double the allowed percent of eligible administrative costs and allocations within Canadian Heritage funding programs (for example, 15% to 30%).

4. That the Government encourage audience return through the following measures:

    a. implement a tax credit to encourage individuals to buy tickets to Canadian theatre productions.

    b. Invest $10 million in a public campaign through Destination Canada that promotes Canadian live performances as a tourist experience and to encourage audience return.

Professional Association of Canadian Theatres

Introduction:

The Professional Association of Canadian Theatres (PACT) is the collective voice of professional Canadian theatres, a leader in the performing arts community, and a devoted advocate of the value of live performance. We represent over 160 professional theatre companies operating in communities across the country, as well as supporting the needs of the English-speaking theatre community in Canada.

PACT's membership is diverse, ranging from the largest performing arts organizations in Canada to smaller theatre companies that serve their audiences in a wide variety of communities from coast to coast to coast; from rural to urban, commercial to independent, theatre for young audiences to culturally specific and everything else in between.

Through our latest survey conducted in July 2023, our members outlined issues that have helped guide our Budget 2024 recommendations. It is also worth noting that the overall cultural sector accounts for 2.3% of the country's GDP, yet Canada's live performing arts industry was among the hardest hit sectors nationally, and experienced the most stringent and longest-duration of restrictions globally. Our theatres are working to significantly rebuild audiences and the workforce, still reeling from closures.

Recommendation 1:

That the Government invest $15 million in national arts training, including a $5 million top up to Canada Arts Training Fund (CATF) for existing training institutions, and a new $10 million stream program stream open to training initiatives led by arts producers and presenters.

An issue theatre companies currently face is staffing shortages, especially in technical and production roles. 84% of respondents to PACT's survey reported difficulties in filling technical and production roles. Employment in the sector was 5.7% down from its pre-COVID level in the fourth quarter of 2022. These staffing levels are due to many in the sector leaving during the pandemic to seek employment that was more stable or left to work in sectors that could pay more. As a result of the current shortage, less experienced candidates are being hired for positions and are receiving on-the-job training and mentorship to account for knowledge gaps. However, this puts additional pressure on seasoned staff, who are now training people in addition to their day-to-day duties.

Due to the current labour shortage, competitive wages, and cost-of-living increases on operational and production costs, theatre companies are having their labour expenses increase exponentially. Since before the pandemic, operational costs have gone up on average 35% according to the survey with the main reason being increased labour costs, in comparison to a 31.1% increase in the healthcare sector. This year, the average wage in the theatre sector went up 8% and, for some, wages have increased by 18%. However, for smaller theatre companies, a labour shortage is a major issue due to generally lower pay scales, meaning that they must increase their salaries to hire and retain staff, which further increases their smaller and already overstretched operational budget capacity.

To help combat the current labour shortage in the sector, PACT recommends the government invest $15 million in national arts training, including a $5M top up to Canada Arts Training Fund for existing training institutions, and a new $10M stream program stream open to training initiatives led by arts producers and presenters. The new program stream would address the current shortage of technicians, administrators, and stage managers who currently do not fall under existing funded training programs by providing training for the next generation, all while the sector continues to rebuild financially with more competitive wages and retention.

Recommendation 2:

To support capital and infrastructure for Canada's cultural sector, that the Government invest $54 million in permanent funding to the Canada Cultural Spaces Fund (CCSF) and invest $500 million in permanent funding into the Green and Inclusive Community Buildings Program (GICB).

Transformation and maintenance of cultural infrastructure is imperative for companies that own or maintain their facilities. Main concerns include making buildings more sustainable and decreasing utility costs. With higher inflation, it is becoming increasingly expensive to operate facilities due to increasing operational costs. Additionally, during the height of the pandemic, theatres and equipment were not used for long periods of time, and much of that equipment was already outdated. As a result, these assets are now in need replacement or significant repair. With little funding towards cultural infrastructure, many within the sector cannot afford to either maintain or upgrade their current equipment and facilities, including making these buildings more carbon neutral, and safe and accessible to Canadians.

Two programs that have been integral to the development of cultural infrastructure projects are the Canada Cultural Spaces Fund and the Green and Inclusive Community Buildings Program. One of the reasons both programs have been so useful for the sector is due to the application requirements, and emphasis on culture, community development, and greening the sector.

CCSF, is heavily oversubscribed. As a result, projects that require immediate assistance, or are long term transformational projects for local communities, are not receiving investment. Furthermore, the CCSF is the only federal program of its kind that focus on cultural infrastructure, acquisition of equipment for productions, and feasibility studies for cultural spaces. With program funding remaining the same, higher inflation and more applicants, it is increasingly difficult for cultural venues to receive the necessary funding to invest in critical infrastructure repairs and upgrades, and many smaller companies cannot access funding due to application requirements.

The GICB, by comparison, is currently a temporary but higher-investment program that would complement funding through the CCSF for larger infrastructure and green initiatives for arts and culture. PACT was disappointed to see the program did not receive permanent investment in Budget 2023, with the original $1.5B from Budget 2021 quickly dwindling due to program demand.

Recommendation 3:

Double the allowed percent of eligible administrative costs and allocations within Canadian Heritage funding programs (for example, 15% to 30%).

During the COVID-19 recovery period, operational costs have increased significantly for theatre companies. In some regions of the country such as rural areas, operational costs have gone up as high as 41% according to the most recent PACT survey. Increased operational costs are seriously impacting the organizational health of theatres across Canada, with 38% of companies saying they are in a deficit position or have serious questions about their sustainability. Higher operational costs are forcing some theatre companies to put fewer resources towards productions or doing fewer productions overall, which means less opportunities for cultural events for communities, less arts education programming, and less retention of our cultural workforce. Balancing audience expectations for high calibre professional productions while monitoring and prioritizing the financial health of organizations is incredibly difficult at this time. This is why the government must double the allowed percent of eligible administrative costs and allocations within Canadian Heritage funding programs.

Current government priorities for the cultural sector include innovation, digital work and accessibility. However, with the current inflation crisis, it is incredibly difficult for organizations to focus on these areas without facing financial risks. Organizations have increased operational needs through ongoing equity, diversity and inclusion initiatives, and mandatory safety protocols that must be met.

Doubling the allowed percentage of eligible administrative costs for Canadian Heritage funding programs would provide a stable foundation on which to create on the key activities that will deliver on public funding outcomes.

Recommendation 4 (a):

That the Government implement a tax credit to encourage individuals to buy tickets to Canadian theatre productions.

The current cost of living crisis has many concerned about their disposable income. People are focusing more on where they are spending their money. As a result, experiences such as attending theatre are now perceived as a luxury, not a necessity, even though we know that almost all Canadians attend some sort of cultural event and that cultural events bring additional economic and social benefits.

According to a recent survey, 22% of individuals who regularly attend cultural events want to see free or more affordable tickets. Furthermore, in the recent PACT survey, 29% of members said ticket sales are down due to audiences being concerned about inflation and their personal financial health. Unfortunately, it is not feasible for most theatres to lower their ticket prices due to their increased operational costs. Audiences need to be financially incentivized to come back to theatre.

Instead of creating an entirely new program, PACT recommends the government introduce a tax credit that would benefit individuals who purchase tickets to live performances. By implementing this tax credit, audiences are encouraged to purchase tickets and return to the theatre. In turn, theatres can welcome back audiences, grow community development, and showcase new and innovative productions as a result of stable ticket sales.

Using the Ontario Staycation Tax credit as a case study, the provincial government implemented the credit to incentive local travel throughout the province during the pandemic. This tax credit was very successful, as many individuals and families who live in Ontario used the credit to book local vacations. The Ontario Government expects 1.85 million families to have claimed it in 2022 alone.

If audiences were eligible for a tax credit, this could also incentivize individuals who have never come to theatre before to initially attend for the tax benefits. Over time, these individuals could develop into a loyal, diverse patron base.

With the sector working to maintain current audience levels, engage with new underrepresented audiences, and rebuild from the closure of so many large gatherings from the pandemic, we recommend the government implement a ticket tax credit to encourage people to buy tickets and return to theatre.

Recommendation 4 (b):

That the Government of Canada, through Destination Canada, invests $10 million in a public campaign that promotes Canadian live performances as a tourist experience and to encourage audience return.

Live performance venues continue to feel the negative impact of the norms around avoiding large gatherings, communicated and stressed by government during the height of the COVID-19 pandemic. As a result of these norms, there has been a slow audience return. 43% of organizations are experiencing audience hesitancy and lower ticket sales due to continuing public health concerns around the pandemic. According to a recent study, 49% of audiences are likely to attend outdoor events in comparison to 36% who are likely to attend indoor events in 2023. This indicates audiences are still hesitant to attend indoor performances.

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We recommend the government invests $10 million in a campaign run by Destination Canada to promote live performance and encourage audiences to return.

Conclusion:

An investment in Canada's cultural sector will create a more resilient sector, with a focus on innovation, environmental sustainability, and growth of audiences and the workforce.

We look forward to continuing to work with our government partners to achieve these goals and support the growth and return of Canadian theatre. We would be pleased to present at committee and/or answer any questions Committee members may have about our submission.

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