



Submission to the House of Commons
Standing Committee on Finance
Pre-Budget Consultations 2012

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The Professional Association of Canadian Theatres (PACT) represents over 130 professional not-for-profit and for-profit theatre companies across Canada. As such, we are ideally placed to speak to the contributions made by our members and the arts as a whole to the high quality of life enjoyed by Canadian citizens and the critical role government policy and investment play in ensuring opportunity for all Canadians to experience arts and culture and the benefits that accrue first hand.

PACT is a founding member of the Performing Arts Alliance and works in tandem with the Canadian Arts Coalition, the Canadian Arts Summit, Imagine Canada and others.

The Government of Canada recognizes that the cultural sector is an important segment of Canada's economy, contributing \$46 billion a year. For Canada's theatre sector to sustain and increase its contribution going forward, public funding stability and predictability are important. PACT appreciates that public resources are strained. We also recognize that the theatre sector cannot stand still. The way Canadians engage with theatre, and arts generally, is changing. Like any business, our way of doing business needs to adapt and be responsive.

Working with the federal government, PACT sees opportunity for professional theatres to contribute to Canada's economic recovery through growth and innovation. Exploration of new business partnerships and the incorporation of new technologies in the business and craft of theatre will enable theatre companies to engage more Canadians and contribute more to the well-being of Canadian communities.

1. Economic Recovery and Growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

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Working with the federal government, PACT sees opportunity for growth and innovation through the exploration of new business partnerships and the incorporation of new technologies in the business and craft of theatre. This goes well beyond great websites. Truly exploratory measures in this area hold the potential to enhance collaboration among theatre producers, develop new delivery mechanisms to reach more Canadians, and enable new business models.

In the UK, the £ 7 million Digital R & D fund for Arts and Culture serves as a model of the kind of initiative Canada's arts sector could embrace. This program, a partnership of Nesta, the Arts Council of England and the Arts and Humanities Research Council, is designed to support research and development projects that use digital technology to

enhance audience reach and/or explore new business models. In essence, it provides risk-capital, something to which Canadian theatres do not currently have access. (www.artsdigitalrnd.org)

A Canadian R & D program for culture holds the potential to provide risk-capital for new partnerships and collaborations with technology companies and entrepreneurs that will break barriers and boundaries, thereby stimulating economic growth in high-value added areas of Canada's digital economy: It is a win-win proposition.

Recommendation:

PACT recommends that the Government of Canada, working in collaboration with the arts and technology sectors, explore the development of a pilot program to provide risk-capital for new partnerships. These collaborations with technology companies and entrepreneurs will break barriers and boundaries, thereby stimulating economic growth.

2. Job Creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

In the 2012 budget, the Government of Canada sustained funding to the Canada Council for the Arts and key arts programs at the Department of Canadian Heritage. This decision provides stability to the existing business model of Canada's arts sector, including the professional theatre community. This means that the theatre sector is able to look forward in a constructive way without the upheaval associated with a rapid erosion of funding and resultant job loss. This is an important decision that PACT applauds.

In 2008, the Conference Board released a report demonstrating that the cultural sector generates \$46 billion in direct economic activity. It employs over 650,000 Canadians, almost 4% of national employment. A similar and newer report concludes, "*This study puts to rest a common misconception that communities support arts and culture at the expense of local economic development. In fact, communities are investing in an industry that supports jobs, generates government revenue and is the cornerstone of tourism.*"

In announcing the opportunity for Canada to be part of the Trans Pacific Partnership the Prime Minister noted, "Opening new markets and creating new business opportunities leads to jobs, growth and long-term prosperity for all Canadians." PACT agrees that our country cannot depend on domestic markets if we are to grow economically and create new jobs. The development of new trading relationships, particularly in emerging markets, is key to Canada's economic prosperity.

Culture can play an important role in the development of trading relationships, as evidenced by the inclusion of culture in the Foreign Investment Promotion and Protection

Agreement (FIPA) between Canada and China signed this year. Beyond being great ambassadors, Canada's artists and arts organizations can be instrumental in expanding trade relationships

Recommendation:

PACT and the Canadian Arts Coalition recommend sustained investment in the Canada Council for the Arts and programs at Canadian Heritage to provide stable, predictable support. As the economy strengthens, we will seek to deepen our relationship with government through enhanced resources to foster job growth.

We urge the federal government to incorporate artists and arts organizations into cultural diplomacy and the development of trading relationships.

3. Demographic Change

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

PACT addressed the potential of the digital economy for Canada's theatre sector in Question 1. To fully embrace these opportunities will require skills training in our workforce, and investment throughout the cultural sector.

The challenges ahead were well-documented in the recent Cultural Human Resources Council report *Culture 3.0: Impact of Emerging Digital Technologies on Human Resources in the Cultural Sector*. It makes clear that digital impacts 'pose a number of disruptive challenges to cultural practitioners'.

For the live performing arts, of which theatre is a part, the report goes on to make a number of recommendations intended to address the necessary digital training requirements of our workforce. They include measures to develop strategies to ensure access to specialized skills training, knowledge sharing and an inventory of training programs.

Human Resources and Skills Development Canada identifies skills training as key to Canada's future prosperity. It has developed targeted strategies in the area of youth and older-worker employment, and measures to assist the needs of groups with specific challenges, such as the disabled. For the most part, these programs have not proven to be flexible enough to respond to the needs of the cultural sector.

Going forward, PACT recommends that Canada's human resources training strategy be sufficiently flexible and adaptable so that it can facilitate the skills training needs of specialized sectors, such as that of theatre and the live performing arts. The needs of our sector do not conform to traditional models of skills training, hence alternative responses are sought. The Government of Canada can be a catalyst in developing these.

Recommendation

PACT encourages the Standing Committee on Finance to recommend that Canada's human resources training strategy be sufficiently flexible and adaptable so that it can facilitate the skills training needs of specialized sectors, such as that of theatre and the live performing arts.

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

In our response to Question 1, we provided recommendations to strengthen theatre's ability to innovate, measures that would enhance the productivity of our sector.

In Question 2, we spoke of the importance of stability and predictability in funding resources. Without this, it is difficult if not impossible, to find new ways to be more productive and efficient.

To further assist with productivity in the day-to-day operation of theatre companies, it would be helpful if our administrative relationship to the federal government was streamlined and made more efficient. The federal government's focus on eliminating 'red-tape' for small and medium business is one that can be replicated for clients, like theatre companies, engaged with the government in different ways. The grant modernization process underway in the Department of Canadian Heritage holds the potential to be both beneficial to clients, like theatre companies, and save the federal government money in grant administration.

We encourage the federal government to continue moving forward with grant modernization in a way that improves efficiency for both clients and the government, while maintaining necessary ways to ensure accountability.

Recommendation

PACT encourages the Standing Committee on Finance to recommend that the Government of Canada continue to move forward with grant modernization in a way that improves efficiency for both clients and the government, while maintaining accountability.

5. Other Challenges

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?

As noted throughout, Canadian theatres are poised to adapt and respond to changing economic circumstances. Working with the federal government in a stable, yet forward

looking manner, we believe there are ways to address the challenges of our business model. (Please see our responses to Questions 1 and 2.)

As a sector, a key challenge for us is to engage more Canadians in the work and direct support of our companies, companies that contribute to the well-being of communities across Canada. Innovative research and initiatives are underway to expand audiences. From web-based and digital broadcast of theatre productions to a broader array of outreach activities, we are seeking to enrich the lives of more Canadians through theatre.

We also seek to deepen the engagement of audience members in our theatre companies by encouraging them to invest in our work and contribution to Canadian communities.

While many Canadians have a demonstrated track record in investing and supporting Canadian theatre through charitable donations, giving levels and participation rates are generally stagnant.

The proposed Stretch Tax Credit for Charitable Giving, a measure advanced by Imagine Canada and overwhelmingly supported by large and small charities, would be helpful in this regard. This measure would see the federal charitable tax credit increased by ten percent for new and increased giving, up to a limit of \$10,000 in donations. At a modest cost to government, this proposal is a way to invest in the charitable and nonprofit sector across Canada, including theatres.

Recommendation

The Standing Committee on Finance is urged to recommend implementation of the proposed Stretch Tax Credit for Charitable Giving.