



Submission to the House of Commons
Standing Committee on Finance
Pre-Budget Consultations 2013

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Professional Association of Canadian Theatres appreciates and applauds the Government of Canada for recognizing that the cultural sector is an economic driver, contributing to job creation and prosperity in communities across Canada. The sustained federal investment in key agencies like the Canada Council for the Arts and programs like the Canada Cultural Investment Program are important decisions that speak to the high value Canadians accord the arts sector.

PACT is also mindful of the priority Canadians attach to fiscally responsible government, and the need to manage spending and investment in a prudent way. In making our recommendations to the Standing Committee on Finance, we do so acknowledging the balancing act the government must manage.

It is in that light that our recommendations are designed to foster a more robust, healthier arts sector (including theatre) that is able to build adaptive business models and innovative programming that respond to the economic and cultural conditions of their communities, foster growth and contribute to social vitality. It is our view that modest increased investment in such agencies as the Canada Council for the Arts, and innovative pilot programs, are necessary to allow theatre companies to move from stability to growth, to being thriving organizations with the ability to respond to the needs of their audiences.

Such modest investment is also necessary to allow the growing number of Aboriginal and culturally diverse theatre companies and artists find an equitable place in the Canadian artistic ecosystem. Without growing population and increasing ethnocultural diversity, it's important to provide all Canadian artists and arts organizations with the resources to have a relevant and meaningful voice.

As Canada's rich array of theatre companies responds to the emerging and changing realities of their communities and expectations of their audiences, they also seek to engage more Canadians in their work. Many Canadians already invest significant resources of their own in theatre, through charitable donations. But it's not enough. As the Standing Committee on Finance has recognized, it's important to encourage more Canadians to invest in the organizations in their communities that matter to them. It is in this vein that PACT supports the recommendations to establish a timeline to fully implement the proposed 'stretch' tax credit for charitable donations. We also welcome the Government of Canada's commitment to work with the charitable sector to encourage more donations.

Recommendation #1 - Arts and Culture

To increase the investment in the Canada Council for the Arts by \$18 million to sustain the health and economic contribution of the arts sector, including theatre companies and artists.

To renew programs at the Department of Canadian Heritage (PCH) that support the performing arts, including the Canada Cultural Investment Program, Canada Arts Training Program, etc.

Estimated cost: \$18million

Advised Start: immediately

Federal Funding

Increased investment in the arts will result in increased spending and economic activity by arts organizations and artists across Canada. There is evidence that this increased artistic and ancillary spending will lead to substantial tax revenues for the Government.

To illustrate, in 2010, the Stratford Festival generated \$70m in tax revenues. This was leveraged from a Canada Council investment of \$1m in the Festival that year. We anticipate that increased revenues would more than offset the additional \$18m investment. The renewal of the PCH programs at existing levels would be cost neutral.

Intended Beneficiaries

Artists, arts organizations and audiences in all parts of Canada would be impacted, especially those from Aboriginal and culturally diverse communities.

General Impacts

Sustained and adequate support of Canada's arts sector would lead to healthier arts organizations, more robust artistic activity, and increased employment (jobs) and economic growth as a result.

Recommendation #2 - Charities, charitable giving and volunteerism

To build on the First-time Donor's Super Credit, announced in the 2013 federal budget, and the Government of Canada's commitment to work with the charitable sector, with the aim to implement the proposed Stretch Tax Credit for Charitable Donations.

Estimated cost: \$0

Advised Start: immediately

Federal Funding

The charitable sector, including PACT, is recommending a commitment to a realistic plan for implementation of the Stretch Tax Credit. This would not require any immediate tax expenditure.

Intended Beneficiaries

All Canadian tax filers claiming less than \$10,000 in charitable donations would be eligible to benefit. This would have a potential impact on a significant portion of donors to Canadian Theatre companies - particularly donors to smaller regional companies who rely on large numbers of smaller donors.

Imagine Canada, the lead proponent of this measure, report that it could generate up to \$250 million annually in new and increased charitable donations within three years, effectively leveraging \$10 for every \$1 in incremental federal investment.

General Impacts

When fully implemented, this Stretch Tax Credit for Charitable Donations will result in more Canadians making larger investments in their communities, and in the organizations that matter to them.

Recommendation #3 – Arts and Culture

To develop a pilot program which would provide risk-capital for innovative, collaborative partnerships to explore the incorporation of new technologies into the business and craft of theatre and the performing arts. This program is intended to break down existing structural, organization culture, regulatory and business barriers, thereby stimulating research and development in the sector leading to economic growth and job creation.

Estimated cost: \$0

Advised Start: immediately

Federal Funding

PACT is recommending the development of a suitable model to secure appropriate risk capital for the sector. At this stage, no immediate outlay is anticipated, other than the investment of policy staff time.

Intended Beneficiaries

Theatre companies and the performing arts in general are limited from finding and securing the necessary risk capital for innovations due to the current regulatory and funding regime of the not-for-profit sector in Canada. The development of a pilot program intended to provide the necessary capital to adapt to rapidly evolving technologies and resulting audience behaviour holds the potential to positively impact the operations of theatre and performing arts companies across the country.

General Impacts

When fully realized, a risk-capital program to encourage collaborative innovation and development of new business models will be beneficial to the health and sustainability of the overall Canadian arts sector, and the Canadians who benefit from it.