



Professional
Association of
Canadian Theatres

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

2023 Budget Submission

CONTACT

Boomer Stacey
Executive Director
PACT
boomers@pact.ca

PACT Recommendations:

1. That the government allows for full loan forgiveness for theatres and not-for-profit organizations who received support from the Canada Emergency Business Account (CEBA).
2. That the government implement a fulsome ticket-matching program which covers the 2022/2023 and 2023/2024 seasons for theatre organisations to protect against altered buying habits and reticence from audiences during the reopening transition for the theatre sector.
3. That the government improve equity and inclusion in program funding by simplifying and accelerating application and assessment processes for new applicants to funding programs at the Canada Council for the Arts and Canadian Heritage. This can be done by increasing the overall investment and accessibility to funding, specifically for previously unfunded applicants, and reducing standard decision-making timelines.
4. That the government, as part of the upcoming Green Buildings Strategy, increase investment to Canadian Heritage's Canada Cultural Spaces Fund and ensure eligibility of arts organizations in new Infrastructure programs and initiatives. This will prioritize climate change, protect the environment, and upgrade ventilation and filtration for safety in the performing arts.
5. That the government ensures that any future support funds reach smaller theatre companies, particularly those who are not already receiving core funding from Canada Council for the Arts and Canadian Heritage. In addition, the government should target these funds towards a marketing campaign focussing on smaller theatres, who have significantly less marketing resources than the larger companies.

INTRODUCTION

The [Professional Association of Canadian Theatres \(PACT\)](#) is pleased to have the opportunity to contribute to the Standing Committee on Finance's pre-budget consultation once again. PACT's budget recommendations focus on measures that support the ongoing recovery of this vital sector from the global pandemic, historic inequities, and the theatre sector's commitment to climate action.

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.

Theatre, as part of Canada's \$74 billion cultural sector, has contributed to jobs and the prosperity of our economy in communities large and small across the country. Over the past three years, there has been an unprecedented and extended closure of theatres across Canada which resulted in massive underemployment, unemployment, and lay-offs. Many theatres are still in recovery mode, with live performance still \$1.2 billion below its pre-pandemic GDP (Statistics Canada, 2022).

The changes not only impacted producers, managers, administrators, independent skilled workers and artists, but the eco-system of businesses and organizations that support the theatre sector such as hospitality, tourism, transportation, and more.

One thing is clear, the theatre sector is not yet on the full road to recovery, and a post-pandemic reality is still many years away. Theatres across Canada continue to lose a significant number of shows due to COVID amongst cast and crews. In far too many cases complete cancellation of performances is required due to the lack of funding to hire understudies, leading to the loss of vital revenue.

The next few years will be critical in determining how many of our theatres across the country will be able to survive, much yet thrive, as we move forward.

Through our last survey in September 2022, our members outlined the following ticket sale trends as they began to return to the stage:

- Theatres aimed for 65.75% of **pre-pandemic ticket revenue** and made 66% of that goal. This means **total ticket revenue was 43.83% of pre-pandemic levels**.
- Theatres aimed for 67.03% of **pre-pandemic ticket numbers** and made 66.39% of that goal. This means that **total ticket sales were 44.32% of pre-pandemic levels**.
- Based on these numbers, we can estimate that the price of the average ticket sold was 1% lower than pre-pandemic (despite inflation of 11.55% from Aug 2019 to Aug 2022).
- Only **six percent of respondents were at or above 80% of their pre-pandemic ticket sales revenue**. Only three companies were at or above 80% of their pre-pandemic number of tickets sold. Only four companies reported reaching their own budgeted ticketed sales revenue.
- The economic formula for theatre is becoming further imbalanced, with increased costs (ie material for sets, gas, staffing etc,) compared to significantly decreased revenue (less shows, less tickets sold, decreases in subscriptions and increased cancellations)

OUTLOOK

The PACT survey asked member companies at what point they **would face significant financial hardship** if their current ticket sales trend continued.

- **13%** reported that they **already face significant financial hardship**
- **52%** would face significant financial hardship **by summer 2023 or earlier**
- **26%** would face significant financial hardship **in more than a year**
- **Only 10% would be fine indefinitely** at their current levels of ticket sales

Small companies are particularly vulnerable. Of the responding companies with annual budgets less than \$1M:

- **23%** reported that they **already face significant financial hardship**
- 46% would face significant financial hardship by summer 2023 or earlier
- 31% would face significant financial hardship in more than a year
- **None would be fine indefinitely at their current levels of ticket sales**

Our survey found that 65% of theatre companies are in financial difficulty already or anticipate financial difficulty within a year if their ticket sales do not improve.

RECOMMENDATIONS

Recommendation 1: That the government allows for full loan forgiveness for theatres and not-for-profit organizations who received support from the Canada Emergency Business Account (CEBA).

As an entire suite of pandemic support programs have wound down, there has been a greater reliance by PACT members on short term loan support that have been made available through the Canada Emergency Business Account (CEBA). Although the government made changes to the program in light of the challenges brought forward by the Omicron variant, the extension of the repayment deadlines at transition to two-year term loans at 5% interest rates will continue to cripple the ability of the sector to recover.

In addition, the intended benefit of having 25% of the loan being forgiven is not going to be realized by the theatre sector. While many in the sector would have found it a tempting means of support in the early days of the pandemic, the realities of not being able to meet repayment deadlines and adding to a crippling debt load are too much for many companies to handle.

Full loan forgiveness from the CEBA program would be a positive short-term step the federal government can take to support the recovery of the theatre sector.

Recommendation 2: That the government implement a fulsome ticket-matching program which covers the 2022/2023 and 2023/2024 seasons for theatre organisations to protect against altered buying habits and reticence from audiences during the reopening transition for the theatre sector.

In its [2021 election platform](#), the Liberal Party of Canada committed to launching a program that would “match ticket sales for performing arts, live theatres, and other cultural venues to compensate for reduced capacity.” In June 2022, the Government of Canada [announced details](#) of the Canada Arts and Culture Recovery Program (CACRP), which the sector expected to reflect this election promise, but instead infused targeted funds to key government programs.

Despite this work, there remains a real need for a true ticket-matching program managed by the federal government. As outlined in the latest PACT survey, audiences have been slow to return to venues, in part due to the fear of COVID-19 and a change in ticket-buying habits. Theatres are uncertain how to forecast their seasons, and therefore ticket revenue.

This program would, as was originally intended, would mitigate some of the potential ticket revenue losses due to the pandemic and allow for theatres to continue their recovery from the pandemic period. It is important to note that not all theatres operate on a standard ticket sale model, such as touring companies, theatres for young audiences, digital companies and new

play development companies. Specific allocations from this new funding program would need to be adapted to fit those organizations needs.

Recommendation 3: That the government improve equity and inclusion in program funding by simplifying and accelerating application and assessment processes for new applicants to funding programs at the Canada Council for the Arts and Canadian Heritage. This can be done by increasing the overall investment and accessibility to funding, specifically for previously unfunded applicants, and reducing standard decision-making timelines.

When the government provided much-needed support to the arts sector in Spring 2020, existing recipients of funds through Canadian Heritage and CCA were provided a top-up on their existing funding to support them through the first wave of COVID-19. However, if organizations were not already existing funding recipients, they did not receive any of this top-up support.

A quicker and more inclusive application and assessment process for new applicants would ensure that more organizations, that often serve marginalized and under-served communities, would receive the support they need during the post-pandemic period through existing funding channels.

Recommendation 4: That the government, as part of the upcoming Green Buildings Strategy, increase investment to Canadian Heritage's Canada Cultural Spaces Fund and ensure eligibility of arts organizations in new Infrastructure programs and initiatives. This will prioritize climate change, protect the environment, and upgrade ventilation and filtration for safety in the performing arts.

As our survey shows, many companies are faced with decreased revenues and increased expenses potentially downplaying support of supporting sustainability in our creative process and operations. We need government support to guarantee environmental priorities and sustainable practice.

We want to acknowledge the investment made in previous budgets with the introduction of the *Green and Inclusive Community Buildings* which supports small to medium retrofit projects; however, our sector is still in the developing stages towards 'greening' practices and infrastructure and the minimum project cost (\$100,000) is too high for many of our companies, therefore, **we recommend that the government invests through targeted financial incentives and funding for the arts and culture sector through the existing mechanism of the *Canada Cultural Spaces Fund* and new *Green Building investments*, to allow us to continue working on the transition to greener creation practices, to adapt our theatres to**

make them more sustainable and energy-efficient and to train and raise awareness within our employees and artists to implement more sustainable practices.

Recommendation 5: That the government ensures that any future government support funds reach smaller theatre companies, particularly those who don't already receive core funding from Canada Council for the Arts and Canadian Heritage. In addition, the government should target support funds towards a marketing campaign focussing on smaller theatres, who have significantly less marketing resources than the large companies.

Based on the recent PACT survey, small and mid-sized theatres are facing additional challenges. Companies less than \$5-million in size only reached 38% of their pre-pandemic ticket revenue and sold only 40% of their pre-pandemic ticket totals. In addition, small and mid-sized theatres saw their average ticket price decrease by 5% overall.

There are a considerable number of small and mid-sized theatres who do not receive government funding and did not receive any additional pandemic supports over the past few years. The government pandemic funding strategy of getting money out the door to companies in need was still the right approach to take when the pandemic began, but as we see theatres starting to attempt to move forward, it has created a noticeable discrepancy.

In order to provide some balance to the sector, endorsing the above noted recommendation would be an important endeavour to help rebalance an uneven playing field.