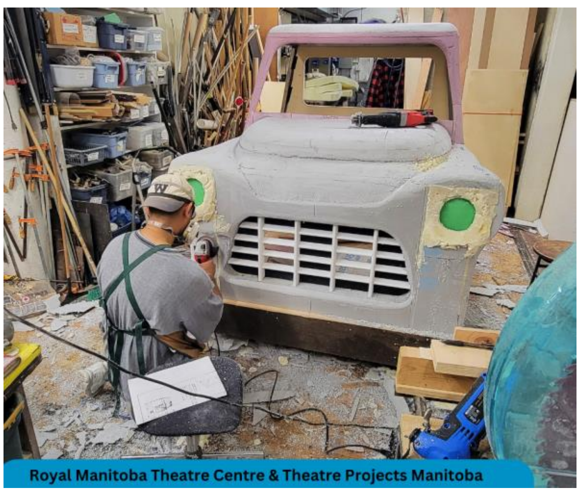
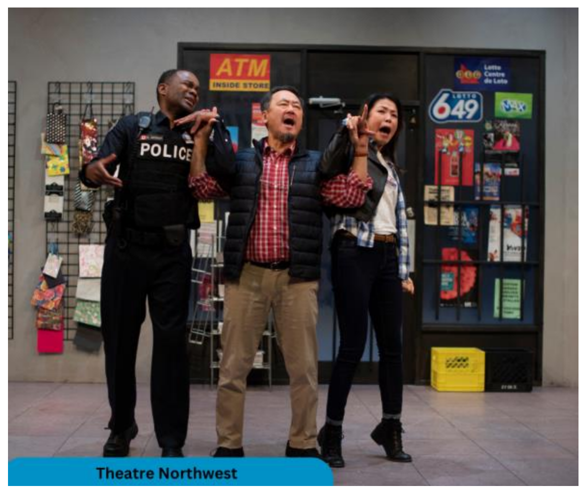
Professional Association of Canadian Theatres

Written Submission for Pre-Budget Consultations in Advance of 2025 Federal Budget

By: Professional Association of Canadian Theatres (PACT)



Royal Manitoba Theatre Centre & Theatre Projects Manitoba



Theatre Northwest

Segal Centre for Performing Arts

Catalyst Theatre

RECOMMENDATIONS

- **Recommendation 1:** That the Government of Canada allocate at least 1% of its overall spending towards arts, culture, and heritage. To achieve as part of 2025-26 fiscal year, the Government should increase its allocation by $330 million:
    a. $140 million to the Canada Council for the Arts
    b. $190 million to the Department of Canadian Heritage

- **Recommendation 2:** The Government of Canada implements a labour-based live performing arts tax credit for performing arts organizations, in order to increase capacity, cultural sovereignty, and economic growth in the Canadian live performing arts industry.

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 in communities across Canada. We represent over 180 professional English theatre companies, ranging from the largest performing arts organizations in Canada to smaller theatre companies that serve their audiences from coast to coast to coast. Through innovation and transformation our resilient sector is welcoming new and returning audiences in growing numbers.

The recommendations outlined below are not PACT's alone. We echo those from the sector, across regions and disciplines. The cohesion in the sector reflects the urgency and opportunity of the asks. Canada's artists, cultural workers, and arts organizations are stepping up and have a clearly defined role in building a culturally sovereign and economically vibrant Canada.

THEATRE AS ECONOMIC AND CIVIC CATALYST

In the face of economic pressure and global uncertainty, Canada's cultural sector—and theatres in particular—are vital to achieving the priorities outlined in the Prime Minister's mandate letter. Building a sovereign and affordable Canada is not possible without sustained investment in the institutions that foster belonging, resilience, and innovation. Theatres sit at the heart of that mission.

Canadian theatres are uniquely positioned to build belonging. With the Canada Strong Pass, the Government has recognized how culture and nature are key to how Canadians feel connected to their nation. This is underscored by reports that **80% of new Canadians felt an increased sense of belonging** thanks to recreational and cultural engagement. In the May 2024 Arts Response Tracking Survey produced by Business / Arts and Nanos Research, close to **66% of culture-goers said that attending arts and culture events improved their sense of belonging to Canada**. Similarly, PACT has found t**hat 94% of Canadians believe that theatres make their community a better place to live.**

Belonging and sovereignty are not abstract concepts for theatres – it is the ability to tell our own stories, to see ourselves reflected in our public spaces, languages, and narratives. In 2024 alone, over **5,000 Canadian works were performed** in theatres nationwide, including **2,484 new works**. Last year Canadian theatres presented over **36,000 public theatre events activities**. Beyond staff and artists, these activities were supported by **25,000 theatre volunteers**. We believe there is no greater indicator of the value Canadians place in the performing arts than the hours donated by their fellow Canadians.

The theatre sector is also a job creator and a catalyst for local economies. In 2024, theatres provided well-paying positions for **over 35,000 technicians, production personnel, performers, and arts workers.** For every one job on stage, there are seven jobs backstage, and nine jobs out in the community - restaurants, hotels, and vendors - whose livelihoods are reliant on the success of their local stages.

Yet despite this proven value, theatres and the cultural sector are often overlooked as essential elements of a successful economic growth strategy.

As such, we recommend a reliable, scalable metric for ensuring that culture remains a pillar of national policy—one proportionate to the public value it creates.

RECOMMENDATION 1

That the Government of Canada allocate at least 1% of its overall spending towards arts, culture, and heritage. To achieve as part of 2025-26 fiscal year, the Government should increase its allocation by $330 million:

a. **$140 million to the Canada Council for the Arts**
b. **$190 million to the Department of Canadian Heritage**

In 2025-2026, we estimate that the Government of Canada will spend approximately 0.93% of its expenditures on arts, culture, and heritage. A target of 1% of the Government of Canada's expenditures would require an additional investment of approximately $330 million in arts, culture, and heritage programs. We believe that this 1% target, which represents 0.15% of Canada's anticipated GDP, is essential given the significant economic and social impact of the cultural sector—especially theatres—in the broader Canadian economy and society.

This investment must not be made as a backfill for the reductions currently under consideration. As the Government pursues the upcoming Comprehensive Expenditure Review, we caution that a 15% cut to Canada Council for the Arts and Department of Canadian Heritage would unduly target theatres and the very programs that have them placed for success across the country. While PACT supports efforts to enhance public service efficiency, targeting these vital programs would harm the sector at a time when it is best positioned to contribute to Canada's growth. Now is not the time to weaken effective sectoral partnerships.

We therefore recommend an additional $330 million investment, split between the Canada Council for the Arts and the Department of Canadian Heritage. Allocating $140 million to the Canada Council has a clear return on investment, with every dollar the Council invests in core-funded organizations contributing $5.75 to the economy. This investment will reap **immediate and visible** differences for theatres across Canada who rely on core funding from the Council, which faces an impending crisis in core granting decisions for 2025-2026. This is a frightening reality for the 78% of theatres who depend upon core funding.

We recommend that the remaining $190 million be allocated to the Department of Canadian Heritage for programs across its portfolio. Canadian theatres heavily rely on the Canada Arts Presentation Fund, the Canada Arts Training Fund, and the Canada Cultural Spaces Fund. In particular, the Canada Cultural Spaces Fund (CCSF) is a lifeline for theatres seeking support for cultural infrastructure construction, renovation, and retrofits. Cultural Spaces exist as the only infrastructure avenue for many aging civic venues. However, the CCSF is facing a severe resource shortfall by 2026-2027 and urgently requires additional support. We stress the Department of Canadian Heritage is best positioned to serve cultural sector stakeholders promptly and effectively given its understanding of the unique business models of cultural not-for-profits.

RECOMMENDATION 2

The Government of Canada implements a labour-based live performing arts tax credit for

performing arts organizations, in order to increase capacity, cultural sovereignty, and economic growth in the Canadian live performing arts industry.

The Right Tool for the Right Moment

Nation building is not done through infrastructure alone. Imagine unlocking the full impact of Canada's live performing arts sector, where show business is big business in Canada's changing economy. The voices of our Canadian artists, the talents of our cultural workers, and the creativity of our arts organizations are incredible assets which can be leveraged to both **stimulate the economy and highlight our cultural sovereignty**.

The Live Performing Arts Tax Credit (LPTC) would offer both eligible non-profit and commercial organizations a 25% tax credit rebate on Canadian production-related labour expenses—provided at least 75% of the qualifying expense is on Canadian labour and that the organization attest they intend to invest in more productions in the following tax year.

This is a clear and targeted measure that is responsive to market forces. It provides a reliable and predictable program which directly reinforces and promotes Canadian investment in Canadian workers. It is a strategic reinvestment that ensures taxpayer dollars are leveraged by the private sector to directly support Canadian jobs, talent development, and creative innovation. Further, it responds directly to the Prime Minister's mandate letter priorities; building the strongest economy in the G7, helping Canadians get ahead, and reinforcing Canadian sovereignty.

Fulfilling Mandate Letter Priorities

1) Strongest Economy in the G7

In the mid-1990's, the Canadian government implemented the Canadian Film or Video Production Tax Credit and turned a struggling market into a $12 billion industry—earning the global nickname "Hollywood North". With a 30-year track record here at home, now is the time to replicate that success on our stages.

A national study by Nordicity estimates the LPTC would **generate $10 dollars of economic impact for every $1 of investment**. Case in point, theatres are often catalysts in downtown revitalization efforts across Canada, with restaurants and businesses reporting an **18% increase in sales on performance days**, bolstering traffic and reinforcing behaviours for other downtown festivals and events. This ancillary market dynamic would only be further reinforced with the LPTC.

Similar systems have already been implemented and are proving successful in the UK, France, and several US states. Noting its impact, the UK has furthered its investment and made the creative industries a key pillar of its global *Invest 2035* strategy. This has had a direct impact on reducing competitiveness in Canada, losing talent, revenue, programming opportunities, capital investments, and other induced impacts. Canada's cultural industry needs comparable support tools in place to compete and attract investment.

2) Helping Canadians Get Ahead

With the predictability of LPTC, organizations can effectively respond to market demands. For example, following the successful run of a new work, organizations would have the flexibility to extend the run, thereby maximizing Canadian viewership, selling further tickets, and retaining often hundreds of individual artists and cultural workers for additional weeks of work. In an affordability crisis, increased product availability and competition will reduce ticket prices, ensuring more Canadians could afford to see their favourite Canadian performers. Further, this maximizes work opportunities for cultural workers and artists, who face disproportionate employment precarity.

A recent survey conducted by Hill Strategies Research for the Cultural Human Resources Council found that **51% of artists earn under $40,000 annually**, **with 69% experiencing financial stress**. For Equity-deserving artists, that number climbs to 85%. PACT theatres will always prioritize the financial wellbeing of the over 30,000 cultural workers they employ, and **with LPTC, theatres will be able to further ensure fair wages and affordable living** for production professionals and artists in ridings across Canada.

In the live performing arts, every new show equals new Canadian jobs—backstage technicians, carpenters, costume designers, musicians, stage managers, and performers. It also means more jobs, shifts, and opportunities for auxiliary workers in the restaurant, tourism, and hospitality businesses. A LPTC guarantees more well-paying jobs and affordability for countless Canadians across communities and sectors.

3) Protecting Canadian Sovereignty

In a typical year, 1-in-4 Canadians attend the theatre. Local theatres are touchpoints for connection and discovery, promoting cohesion and civic engagement across Canada. And at a time of increased feelings of separation and loneliness among Canadians, we need more theatre. Whether it be a Shakespearean festival, the annual Christmas Carol, or a thrilling new Canadian work, Canadian theatres provide a constant in our cultural landscape. They are also a space where we may truly participate in supporting cultural sovereignty, discovering new stories, perspectives, and ideas about what it means to be Canadian.

A national program would mean a more connected country. Uneven provincial and territorial cultural funding programs and regional policy discrepancies creates a disjointed and unreliable marketplace. A clear, reliable, national program would foster interprovincial touring, business development, and exchanges, bringing communities closer to their favourite artists.

However cultural sovereignty does not only mean creating Canadian stories for Canadian audiences. Canadian theatre-makers are globally respected innovators and leaders in their field, transforming business mode
ls, forging new partnerships, and reaching new audiences. To compete on the global stage, we need to have the same tools as our competitors. **With the LPTC, organizations would be able to restore and increase touring capacity, attracting international investment, while playing a diplomatic role abroad.**

Thank you for your consideration and let's continue the conversation.

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