

Canada's Key to the World Stage: Arts and Culture Stimulus Measures

Presentation Notes for 4 March 2009

My name is Lucy White and I am the executive director of The Professional Association of Canadian Theatres or PACT. PACT represents over 140 professional not-for-profit and for-profit theatre companies in English Canada. We are a member of the Performing Arts Alliance and a founder of the Canadian Arts Coalition. I am very pleased to be able to speak to you today about the contributions made by our members and the arts community as a whole to the high quality of life enjoyed by Canadian citizens and the critical role government policy and support play in ensuring access and opportunity for all Canadians.

The current global crisis places Canadian arts organizations in a precarious position not of their making. Current federal government programs and recently announced funding increases go only part way in stabilizing the arts and culture sector. Cancellation of some programs threaten to topple other activities in the sector.

We thank the federal government for the recent increase of \$30 million to the base budget of the Canada Council for the Arts and for an additional one-time funding increase to Cultural Spaces Canada. Equally important is the continuation of the National Arts Training Contribution Program. These measures are invaluable to the sector and send an important message to Canadians of federal government confidence in the arts and culture sector.

In contrast, the cancellation of ProMart, (Foreign Affairs and International Trade) and Trade Routes (Canadian Heritage) threaten to destabilize the performing arts in Canada and to close down the development of international markets and the existing market in international touring by artists and arts organizations.

At present, the overall trade deficit in cultural services for Canada was \$919 million in 2004.ⁱ We cannot expect this deficit to become a surplus until Canadian artists have their creations exposed to the world stage.

A healthy and thriving performing arts sector requires ongoing complementary government support in five key, interrelated areas:

1. Arts Training;
2. Production, Domestic Access and Touring;
3. International Market Development and Touring;
4. Financial Stability and Organizational Health; and
5. Cultural Infrastructure.

These five key areas represent the spectrum of the vast amount of arts activity currently taking place in Canada, and there is real and immediate potential for destabilization of large numbers of performing arts companies when any one program area is significantly reduced or eliminated. And, of course, the reverse is true as well. Increased activity and viability results with investments from the government in strategic departments and programs that support the arts.

Canada's Key to the World Stage: Arts and Culture Stimulus Measures

Today, Canada is a leader. Our businesses, our athletes, our artists, musicians and writers, all excel on the world stage and our country leads by example, standing up for the values that make Canada great -- helping to ensure the spread of freedom, democracy and the rule of law around the world.

Prime Minister Stephen Harper, July 2006



Brief to the Standing Committee on Canadian Heritage
March 2009

Executive Summary

The Professional Association of Canadian Theatres (PACT) represents over 140 professional not-for-profit and for-profit theatre companies in English Canada. We are a member of the Performing Arts Alliance and a founder of the Canadian Arts Coalition. As such we are ideally placed to speak to the contributions made by our members and the arts community as a whole to the high quality of life enjoyed by Canadian citizens and the critical role government policy and support play in ensuring access and opportunity for all Canadians.

The current global crisis places Canadian arts organizations in a precarious position not of their making. Current federal government programs and recently announced funding increases go only part way in stabilizing the arts and culture sector. Cancellation of other programs threaten to topple other activities in the sector.

We thank the federal government for the recent increase of \$30 million to the base budget of the Canada Council for the Arts and for an additional one-time funding increase to Cultural Spaces Canada. Equally important is the continuation of the National Arts Training Contribution Program. These measures are invaluable to the sector's well-being and send an important message to Canadians of federal government confidence in the arts and culture sector.

In contradiction, the cancellation of ProMart, (Foreign Affairs and International Trade) and Trade Routes (Canadian Heritage) threaten to close down the development of international markets and the existing market in international touring by artists and arts organizations.

An increased investment in arts and culture will secure current and future prosperity for Canada. It will secure the sector's contribution of \$25 billion in taxes for all levels of government and \$46 billion input into the GDP -- economic returns that cannot be generated for Canada by an arts and culture sector in recession. A thriving arts sector will contribute to Canada's success as a leader in a global society. Accordingly we make the following recommendations to this Committee:

- **Increase the base budget of The Canada Council by \$100 million per year.**
- **Reinvest \$12 million at a minimum in international market development and touring for the arts and culture sector, such funding be allocated to The Canada Council and other established agencies to ensure maximum efficiency and impact of the investment.**
- **Continue the Endowment Incentives program past 2010, such announcement to be made at the earliest opportunity.**
- **Create a program of investment that will provide bridge funding to arts organizations over the short term in order to ensure they remain viable in this period of economic recession.**
- **Renew Cultural Spaces Canada to provide a knowable level of base funding, to encourage the capital campaigns on which arts and culture facility projects rely, and to contribute to the local economies in which these capital projects will occur.**

Previously, this committee has made bold recommendations, such as doubling the budget of the Canada Council for the Arts. We thank the committee for your thoughtful consideration in the past, and urge you to continue to show your support for the arts and culture sector.

Canada's Key to the World Stage: Arts and Culture Stimulus Measures

As Canadians, we enjoy an enviable quality of life. We are secure, prosperous and our shared values of freedom, democracy and human rights are the foundation that supports our high quality of life. But it is imagination, creativity and innovation in all fields of endeavour that ensure future prosperity. And the arts are the key to the future.

The Professional Association of Canadian Theatres (PACT) represents over 140 professional for-profit and not-for-profit theatre companies in English 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 support play in ensuring access and opportunity for all Canadians.

The recent elimination of international market development and touring programs at the departments of Canadian Heritage and Foreign Affairs has the potential to destabilize the performing arts in Canada. A healthy and thriving performing arts sector requires ongoing complementary government support in five key, interrelated areas:

1. Arts Training;
2. Production, Domestic Access and Touring;
3. International Market Development and Touring;
4. Financial Stability and Organizational Health; and
5. Cultural Infrastructure.

These five key areas represent the spectrum of the vast amount of arts activity currently taking place in Canada, and there is real and immediate potential for destabilization of large numbers of performing arts companies when any one program area is significantly reduced or eliminated. And, of course, the reverse is true as well. Increased activity and economic viability results from investments from the government in strategic departments and programs that support the arts.

Arts Training

Canada and Canadian workers must stay competitive in the global economy, and for artists excellence begins with world-class training. We thank the Government for securing arts training through the permanent continuation of the National Arts Training Contribution Program. Through this program, institutions including Canada's National Ballet School and National Theatre School attract students from all over the world, and admit only the best. As was promised in *Advantage Canada*: "Canada's *Knowledge Advantage* will create the best-educated, most-skilled and most flexible workforce in the world."

Production, Domestic Access and Touring

Once artists are trained, they have the opportunity to reach their full potential. Canada's performing arts sector is a cornerstone of Canadian culture. While the growth in arts organizations across the country has been extraordinary, there are still some rural and remote communities that don't have any local theatre, dance or music companies. One strategy often employed by theatres to overcome these geographic barriers is touring. Geordie Productions, a

Theatre for Young Audiences (TYA) company based in Montreal, does an annual tour across Quebec, Ontario and New Brunswick to the Eastern Townships, the Lower North Shore, the Gaspé, the Magdalen Islands, the Abitibi, the Outaouais and James Bay. Nakai Theatre is not only the sole professional theatre presenting a regular season in the City of Whitehorse, but it regularly tours to “fly-in” communities in the Yukon that cannot be reached by car. Rising gas prices and lately declining corporate and private support have put an additional financial strain on companies who tour across our vast, great country. Support for domestic touring, through the Canada Council for the Arts has been stagnant for many years making those tours, critical to Canadians, far less viable. Without increased stable funding for domestic touring, Canadians in rural and remote areas risk losing their access to professional art.

The government has wisely seen to invest in the arts through its arms-length agency, the Canada Council for the Arts, and recently bolstered its support for The Canada Council by adding \$30 million to its base budget. We wish to acknowledge this investment which helps to bolster the full confidence of the arts community in The Canada Council as the primary vehicle of support for the development and production of art. And we look forward to renewal of the annual additional allocation of \$25 million, money that goes primarily towards to development of aboriginal art and the promotion of diversity.

We have an abundance of talented artists who are raising Canada’s profile internationally and making significant contributions to Canada’s economy. In 2006, total operating revenue for the performing arts in Canada, encompassing theatre, dance, music and opera, reached \$1.2 billion.¹ Of that amount, 42% was generated by ticket sales to the 12.9 million audience members who attended performing arts events.² However, sustained adequate federal government support is also necessary for our arts organizations to stay competitive at home and abroad.

Report after report studying per capita funding, funding as a percentage of total public spending or as a percentage of GDP place Canada below the middle when compared to a range of Western countries. For example, the Arts Council England received \$22.99 per capita in federal support. Canada’s contribution to the arts has not kept pace.

A thriving arts sector will contribute to Canada’s success at home and as a leader in a global society. We are therefore renewing our call for increasing the base budget of The Canada Council by \$100 million per year.

International Market Development and Touring

In Advantage Canada, the government noted that other countries developed “competitive advantage based on their own strengths”. In Canada, the arts are the driving force behind the advancement of our position in a global society that values economic prosperity, creativity, innovation and excellence.

¹ Statistics Canada 2006 Census. “The Daily” June 17, 2008.
<http://www.statcan.ca/Daily/English/080617/d080617b.htm>

² Ibid.

In the Speech from the Throne presented October 16, 2007, the government spoke about the need to bolster international trade. The best way to increase international trade is to identify and support Canadian products for which there is great demand. Arts organizations such as Mermaid Theatre of Windsor, Nova Scotia, Volcano Theatre in Toronto and Green Thumb Theatre in Vancouver regularly tour the world.

For artists and organizations, international touring is a necessary and desirable route to enhanced artistic reputation. Attaining critical praise internationally helps to build reputation and audiences at home. The result can be improved audience numbers, ticket revenues, and corporate support. International touring also exposes Canadian artists and organizations to exemplars in the sector, and facilitates a two-way exchange of ideas and expertise. Upon their return to Canada artists can share their experience and learned knowledge with others in the arts community.

The current economic environment makes international touring both more necessary and more challenging. Added to the benefits cited above, international market development and touring is an increasing economic necessity for many companies and for Canada.

Prior to the cuts announced in August 2008, the budget of the ProMart program of the Department of Foreign Affairs had shrunk to less than \$5 million after steady reductions over the last decade. At the time Canadian Heritage's Trade Routes Program was eliminated, its budget was just \$7 million.

A recent study quantified the effects of ongoing erosion to international arts promotion and touring. The study determined that Canada's "brand" ranked second overall as one of the world's best places to live, work and invest but only 18th in terms of culture and heritage.³ We believe that insufficient attention to international market development on the part of government combined with the almost unaffordable costs of international touring, comparably skimpy production budgets and competition from foreign artists has overwhelmed Canada's ability to capture the attention of foreign audiences and media.

With the number of US visitors down last summer and indications that this summer US tourism will further decline, it is more important than ever to be attracting tourists from Europe, Asia and South America.⁴ A strong cultural tourism sector will also encourage more Canadians to spend their culture and travel dollars in Canada. We look forward with interest to the effect of the recently announced Marquee Festival program at Industry Canada but we note that a key driver of cultural tourism is to ensure exposure to Canadian arts before deciding to travel. This exposure occurs through visits of foreign presenters to Canada to see Canadian productions, and by international tours of Canadian productions to foreign venues – both activities that will be sharply curtailed if not eliminated by the end of the Trade Routes and ProMart programs.

³ Anhol-GMI Nation Brands Index, May 2005

⁴ Clipperton, Joshua. "'Perfect storm' dims hopes for summer tourism market" [The Globe and Mail](#), July 28, 2008.

We call on the Standing Committee of Canadian Heritage to recommend the reinvestment of \$12 million at a minimum in international market development and touring for the arts and culture sector. Further we request that such funding be allocated to The Canada Council and other such established agencies to ensure maximum efficiency and impact of the investment.

At present, the overall trade deficit in cultural services for Canada was \$919 million in 2004.⁵ We cannot expect this deficit to become a surplus until Canadian artists have their creations exposed to the world and foreign visitors can be exposed to the wealth of culture in Canada.

Financial Stability and Organizational Health

Canadian artists and arts organizations are entrepreneurial and efficient in their approach to generating of revenue. Federal funding of the non-profit performing arts, primarily through The Canada Council operating programs, accounted for 6% of total revenues in 2006/2007. This support, combined with municipal, provincial and other government support, forms the foundation of operating support on which earned revenues are built.

One way that arts organizations have sought to attain financial stability is through the creation of endowment funds. Through partnership with the public who contribute to the funds, endowments create revenue through interest, and also give the arts organization an asset against which they can borrow. PCH's highly successful Endowment Incentives program matches contributions made to a qualifying endowment fund, essentially doubling the value of the contributions from the public.

We recommend that public support for the non-profit arts be encouraged through continuation of the Endowment Incentives program past 2010, such announcement to be made at the earliest opportunity.

We further recommend that the federal government create a program of investment that will provide bridge funding to arts organizations over the short term in order to ensure they remain viable in this period of economic recession.

Cultural Infrastructure

In cities and towns alike, artists need space to develop, produce and present their art. Recent high profile constructions, such as the Persephone Theatre in Saskatoon, renovations, such as the Royal Ontario Museum in Toronto, and expansions, such as the Vancouver Art Gallery have drawn a lot of attention to the infrastructure needs of large arts organizations. But the facilities crisis extends to small and mid-sized arts organizations as well. Rising rent costs have priced many artists out of their studio and rehearsal spaces, and arts organizations across the country report a shortage of office, storage and rehearsal spaces. The very welcome one-time increase to

⁵ Statistics Canada "The Daily". Thursday September 9, 2004.
<http://www.statcan.ca/Daily/English/040909/d040909b.htm>

Cultural Spaces Canada will help to mitigate the impact of the current economy for those organizations with projects that can be completed by 2011. However, since the government has not committed to funding Cultural Spaces Canada beyond 2010, potential program applicants are left in limbo. Early renewal of Cultural Spaces Canada is an ideal opportunity to support both the new creative economy and the traditional economy.

We recommend the early renewal of Cultural Spaces Canada to provide a knowable level of base funding, to encourage the capital campaigns on which arts and culture facility projects rely, and to contribute to the local economies in which these capital projects will occur.

Conclusion

Like any other sector of the economy, the arts and culture sector is beginning to feel the effects of the global economic crisis. Unlike traditional industrial sectors, the arts and culture sector is growing and has the potential to increase its contribution to Canada's economy and the quality of life for Canadians in every community.

Recent statistics tell us that 616,000 Canadians are directly employed in the cultural sector and that this workforce grew by 31% over the past decade. A further 500,000 Canadians are indirectly employed as a result of cultural sector activity. Additionally, another 930,000 Canadians volunteer in arts and culture organizations both giving of their time to, and contributing from, engagement in creative organizations. The arts and culture sector is rapidly becoming a significant part of Canada's new knowledge economy, and with strategic investments from the government the arts in Canada can continue to grow and prosper.

We call on the Standing Committee to recommend that the Government of Canada invest in the arts and culture in all economic stimulus measures in order to increase Canada's competitive advantage.

An increased investment in arts and culture will secure current and future prosperity for Canada. It will secure the sector's contribution of \$25 billion in taxes for all levels of government and \$46 billion input into the GDP -- economic returns that cannot be generated for Canada by an arts and culture sector in recession. A thriving arts sector will contribute to Canada's success as a leader in a global society.

Today we are making 5 specific recommendations to this Committee:

- **Increase the base budget of The Canada Council by \$100 million per year.**
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We call on the Standing Committee to recommend that the Government of Canada invest in the arts and culture in all economic stimulus measures in order to increase Canada's competitive advantage.

We thank the committee for your thoughtful consideration in the past, and urge you to continue to show your support for the arts and culture sector.
Thank you for your attention today.
