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# 2012 Federal Pre-Budget Consultation

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***A Joint Submission to the House of Commons Standing Committee  
on Finance from Canadian Actors' Equity Association,  
the Canadian Federation of Musicians  
and the International Alliance of Theatrical Stage Employees.***



The Canadian Actors' Equity Association, Canadian Federation of Musicians and the International Alliance of Theatrical Stage Employees welcome the opportunity to make a pre-Budget consultation submission to the House of Commons Standing Committee on Finance.

## **WHO WE ARE**

Canadian Actors' Equity Association (Equity) is the voice of professional artists working in live performance in English Canada. We are a national artists' association representing more than 6,000 artists working in theatre, opera and dance from coast to coast. Our membership includes performers, directors, choreographers, fight directors and stage managers. The Association supports the creative efforts of its members by seeking to improve their working conditions and opportunities. The business of Equity is to negotiate and administer collective agreements, provide benefit plans, information and support, and act as an advocate for its membership.

The Canadian Federation of Musicians (CFM) with over 17,000 members coast-to-coast is the foremost organization in Canada representing the interests of professional musicians. Whether negotiating fair agreements, protecting ownership of recorded music, securing benefits such as health care and pension, or lobbying legislators, the CFM is committed to raising industry standards and placing the professional musician in the foreground of the cultural landscape.

Founded in 1898 in Canada, the International Alliance of Theatrical Stage Employees (IATSE) presently represents over 110,000 members in the United States and Canada, which makes it the largest trade union in the entertainment industry. The IATSE represents workers in a number of crafts, primarily in both legitimate theatre and in motion picture and television production, including set designers, sound designers, lighting designers and technicians, riggers, prop handlers, carpenters, scenic artists, audio visual technicians, electricians, wardrobe personnel, makeup artists and hairstylists, sound technicians, special effects technicians, and front of house employees such as ushers, box office, doorpersons and maintenance.

## **A DRIVER OF THE CREATIVE ECONOMY**

In their August 2008 report entitled "Valuing Culture: Measuring and Understanding Canada's Creative Economy", The Conference Board of Canada estimated that the economic contribution of Canada's culture sector was \$84.6 billion in 2007, or 7.4% of Canada's total real GDP. Arts and cultural sector employment exceeded 1.1 million jobs in 2007. These statistics are comparable to the employment figures for the energy, forestry, minerals and metals sectors, as reported by Natural Resources Canada, and demonstrate the increasing importance the creative sector plays in the overall economic health of the country.

The significance of this growth further reinforces the fact that, according to the latest Statistics Canada data available (2005), 41% of the Canadian population 15 years or older (10.76 million Canadians) attended a concert or performance by professional artists of music, dance, theatre or opera. Attendance figures of this scale serve to illustrate the important place that arts and culture plays in the daily lives of the citizens.

One need look no further than the cultural renaissance occurring in Toronto to measure the impact of investing in the cultural industry. Unprecedented capital investment in major cultural institutions in Toronto has benefited not only the cultural industry but the economic well-being of numerous related industries. The financial well-being of local economies throughout Canada are directly related to investment in the arts and cultural industry. Money put into in the arts and cultural industry is money well spent. That proposition is true whether the investment is in the

Canadian Opera Company, the Cowichan Valley Regional Theatre, the Neptune Theatre or Theatre de Nouveau Monde. Each dollar spent not only helps regional communities express their unique cultural identity but also has a major positive impact on a local economy.

The issues we raise about our industry cannot only be filtered through a discussion about the numbers – the concern is also for our national identity. Arts and culture are one of the primary ways we communicate our values to our own citizens and the rest of the world. As one of the primary driver nations behind the creation and implementation of the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions, Canada proudly recognizes the unique dual economic and social nature of the sector.

Despite this glowing picture, there remain many troubling aspects confronting the performing arts sector. The global economic crisis has forced many corporate sponsors to reconsider their financial commitment to the industry. This has placed incredible economic pressure on many producers and theatres throughout the country. In addition, the concept of a touring Canadian theatrical production is not financially sustainable resulting in many secondary markets throughout Canada unable to experience quality Canadian theatrical productions.

Given the challenges facing the manufacturing and product based sectors of the economy, investment in the arts and culture sector has the potential to provide substantial returns to the industry itself, the citizenry at large and the government in the form of increased tax revenue.

## **BUDGET 2012 RECOMMENDATION**

We recommend that the Federal Government create a tax credit program for live performance, including theatre, dance and opera, similar to the one that exists now as a stimulus for film and television production.

## **RATIONALE**

The Canadian Film or Video Production Tax Credit and the Foreign Service Film or Video Tax Credit programmes have been incredibly successful in promoting and developing the Canadian motion picture and television industry. These tax credits are based on quantifiable labour expenditures and established infrastructures exist for ensuring compliance. Furthermore, they operate in conjunction with other financial support mechanisms such as the Canadian Television Fund and so a live performance tax credit should be compatible with other funders such as the Canada Council for the Arts. The cost of administering these programs is minimal and so the creation of a similar tax credit for live performance should not incur substantial administration costs or needless infrastructure by the Government.

The state of Louisiana created a live production tax credit in the United States in 2007. The state of Illinois passed similar legislation in May 2011. Both measures have had a noticeable negative impact on Canada's entertainment and cultural sectors, most particularly affecting the theatrical industry of southern Ontario.

Due to the on-going success of the Film or Video Production Tax Credit and as an incentive to attract production despite a rising Canadian dollar, both the Quebec and Ontario provincial governments recently increased the percentage in their tax credit programs.

We believe that the creation of a live performance tax credit would provide a direct incentive for increased theatrical production in Canada, including large scale, Broadway-style productions. While the cost of mounting, running and touring these large scale productions is not

insubstantial, they provide long-term, well paying jobs for hundreds of our members. A labour credit would not only bring stable employment in our major centres but would benefit local communities through tourism to providing jobs for residents. Furthermore, conversations with significant Broadway producers indicate a substantial interest in starting large-scale theatre production in Canada. The creation of incentives such as a tax credit would likely open up additional avenues of employment for Canadians.

The Federal government has recognized the cultural imperative for investing in the motion picture and television industry as well as the economic benefits. However, the film and television industries are not the only sector of the arts with economic power. In August of 2006, the Council for Business and the Arts in Canada released its report entitled “A strategic and economic business case for investment in the arts in Canada” which contained the following observations and conclusions:

1. Public sector investment in the performing arts leverages equal private sector dollars and earns a positive return of 200% based on direct and indirect benefits alone.
2. There is more than an eight-fold return when induced benefits are included.

The current economic climate presents a unique opportunity for the Federal government to make a significant investment in the performing arts sector which will not only enhance Canadian culture but will also fuel economic development in both major cultural centres and smaller regions throughout Canada.

## **FINAL WORDS**

The live performance community is prepared to work with representatives from the Government to craft legislation that will provide meaningful stimulus to a sector with substantial growth potential. Representatives from many of Canada’s largest theatre, dance and opera companies have indicated their support for such a mechanism.

We look forward to a positive response from the Federal Government as we work together to build a new stimulus measure that will provide long term benefits to our country.