



17 January 2012

Mr. James Rajotte, MP
Chair, Standing Committee on Finance
Ottawa, Ontario K1A 0A6

Dear Mr. Rajotte,

The Standing Committee on Finance's study of charitable giving and incentives comes at an important and opportune time. As governments at all levels look to balance budgets and charitable organizations seek to strengthen, even overhaul, their business model, the Professional Association of Canadian Theatres (PACT) appreciates the opportunity to contribute to this review.

The Professional Association of Canadian Theatres represents over 130 professional theatre companies in English-Canada, the vast majority of which are charitable organizations. Through our member theatre companies, we serve Canadians from coast to coast to coast.

We are part of the **Performing Arts Alliance** and a member of **Imagine Canada**, both of which submitted briefs to the Committee. This letter is to add our voice to the call for the proposed 'stretch tax credit', the key recommendation put forward by the Performing Arts Alliance and Imagine Canada. We also put it in the context of the Canadian theatre sector.

Key recommendation

PACT supports the implementation of a 'stretch tax credit', a measure that would increase the federal charitable tax credit by an additional 10% on all new giving up to \$10,000, in order to increase the flow of charitable gifts from Canadians. (This measure was also included in PACT's brief to the pre-budget consultations.)

Stretch Tax Credit and its potential impact of Canada's theatre sector

Canadians' appetite and interest in the performing arts is well established. Over 13.7 million Canadians attended a performing arts event in 2008¹. Similarly, Canadians provide substantial support to the sector through charitable donations and ticket sales:

- ticket sales account for about half of total revenue;
- donations contribute one quarter of support.

Government investment, from all levels, and other sources make up the remaining one quarter of support. Public support, through such mechanisms as the Canada Council for the Arts, plays a vital and important role in the artistic excellence and operation of Canadian theatres. It is not taken for granted by any of our members.

The relatively stagnant growth of Canadian donations (and an increasingly difficult market for ticket sales) give cause for concern.

We recognize though, the need for governments to act prudently with respect to their spending. There is a very real prospect of funding constraint that could affect public investment in theatre.

The proposed 'stretch' tax credit holds the potential to do a number of things that will help address the level of donations made by Canadians and offset constrained public funding and unpredictable markets. These will benefit both our sector and Canadian communities generally:

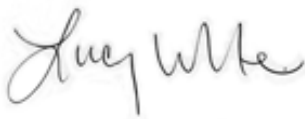
- The proposed 'stretch' tax credit will challenge existing donors to give a little bit more, resulting in increased donations to the overall charitable sector, including we expect, theatre. Arts organizations, like theatres, have a strong history of capitalizing on additional incentive measures, such as the Department of Canadian Heritage's matching Endowment program. Our members can be expected to do the same with this type of initiative.
- The proposed 'stretch' tax credit will encourage Canadians without a history of charitable giving to make a donation. As all theatres are looking to increase their donor base, this would be a welcome incentive to make theatres more outward looking and to help Canadians increase their 'ownership' in community assets like theatres.
- Recognizing that the stretch tax credit is aimed at middle-income earners, this recommendation would engage more Canadians in the organizations and charities that play a vital role in strengthening their communities.

As Imagine Canada notes in its brief, a more vibrant, intense dialogue between charities and Canadians will further enhance accountability and strengthen communities.

The Government of Canada's policies and measures in respect of these incentives is critical to the health and viability of our sector. Your recommendations hold the potential to significantly strengthen the connection between Canadians and community assets, like theatres, that make our communities strong and healthy.

We look forward to following the work of the Standing Committee on Finance on charitable giving and tax incentives. Thank you for considering our recommendation.

Sincerely,

A handwritten signature in cursive script that reads "Lucy White". The signature is written in a dark ink and is positioned above the typed name and title.

Lucy White
Executive Director

c.c. Honourable James Moore, Minister of Canadian Heritage
Paul Calandra, Parliamentary Secretary to the Minister of Canadian Heritage

ⁱ Hill Strategies. *Finances of Performing Arts Organizations, 2006-07* (November 2008).